

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KNOTT COUNTY        )  
WATER AND SEWER DISTRICT FOR A        )  
RATE ADJUSTMENT PURSUANT TO        ) CASE NO. 2002-00292  
THE ALTERNATIVE RATE FILING        )  
PROCEDURE FOR SMALL UTILITIES        )

FIRST DATA REQUEST OF COMMISSION STAFF TO  
KNOTT COUNTY WATER AND SEWER DISTRICT

Knott County Water and Sewer District ( Knott District ) is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days from the date of this data request. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Refer to the November 29, 2001 Agreement for Operations, Maintenance and Management Services ( Agreement ) between Knott District and U. S. Filter Operating Services, Inc. ( U. S. Filter ) that is attached to the application.

a. Have Knott District and U. S. Filter either modified the Agreement or entered into a new agreement?

b. If the response to 1(a) is yes, provide copies of the modifications and/or the new agreement.

c. Paragraph 2.17 is U. S. Filter s commitment to provide Knott District with \$96,909 to fund the capital projects listed in Appendix E. Provide a schedule with the following information for each capital expenditure that has been funded as of December 1, 2002:

- (1) Date Project Completed.
- (2) Vendor
- (3) Project Description
- (4) Division (Water or Sewer)
- (5) Estimated Depreciation Life
- (6) Estimated Project Cost
- (7) Actual Project Cost

d. According to paragraph 8.1, U. S. Filter was paid an annual fee for the period December 1, 2001 through November 30, 2002 of \$132,883. Provide the annual fee for the period December 1, 2002 through November 30, 2003.

e. Included in the \$132,883 annual fee is a maintenance and repair limit of \$7,500. Were the actual maintenance and repair expenses for the period

December 1, 2001 through November 30, 2002 above or below the \$7,500 limit?

Provide detailed schedules for the Water and Sewer Divisions listing the test-period maintenance and repairs performed by U. S. Filter.

f. According to paragraph 8.2, Knott District agreed to pay U. S. Filter within 2 years from the date of the Agreement the principal amount of the capital funds advanced by U. S. Filter plus 9 percent per annum, compounded annually. Describe in detail how Knott District will reimburse U. S. Filter for the capital funds, including a list of all of the long-term financing alternatives that are being explored.

g. Given the current interest rates of the various lending agencies (i.e., Kentucky Infrastructure Authority, Rural Development, etc.), explain in detail why the Agreement has an interest rate of 9 percent per annum.

2. Refer to the schedule entitled Cost Division between Water Sewer that is attached to the application.

a. The services provided by U. S. Filter under the terms of the Agreement are included on this schedule as budget figures. Provide a similar breakdown of the actual calendar year 2002 costs incurred by U. S. Filter in operating Knott District's Water and Sewer Divisions.

b. For the actual salary and benefits expense for calendar year 2002 listed in 2(a), provide a separate breakdown for the Water and Sewer Divisions into the following categories:

- (1) Operator
- (2) Meter Reading
- (3) Office

(4) System Maintenance

c. Provide a schedule of the actual electricity expense for calendar year 2002 listed in 2(a), using the format attached hereto as Format 2(c).

d. Included as a direct expense of Knott District is \$6,000 in annual Commissioners fees. Provide the actual amount of Commissioners fees Knott District paid in calendar year 2002. If Knott District did not compensate its Commissioners in calendar year 2002, provide the date that it will begin to provide compensation to its Commissioners.

e. Provide documentation (i.e., invoice) to support the following proposed direct district expenses:

(1) Travel	\$ 1,800
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(2) Insurance	\$ 2,177
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f. Knott District proposes to allocate its debt service to its Water and Sewer Divisions. Provide documentation to show that Knott District's long-term debt was incurred for both divisions.

3. At its field review, Commission Staff learned that Knott District hired two employees in calendar year 2002. For the new Knott District employees provide the following information:

a. Official Position Title

b. Description of Duties

c. Date Hired

d. Employment Status (i.e., Full-Time or Part-Time)

e. Wage Rate (i.e., Monthly, Weekly, Hourly etc.)

- f. Weekly Hours Worked
- g. Fringe Benefits (i.e., Health Insurance, Automobile Allowance, etc.)
- h. Identify Funding Source of Salary (i.e., Knott District Operations or Outside Source)

- i. The Amount of Time Spent at each Division.

4. Given the Agreement with U.S. Filter covering the management and operations of Knott District, provide a detailed explanation as to why Knott District requires the services of a manager and office employee. Include in the explanation a description of the duties that will be performed by the Knott District manager and office employee that are not currently being provided by U. S. Filter under the terms of the Agreement.

5. a. Provide a monthly breakdown of Knott District's 2002 calendar year telephone expense using the format attached hereto as Format 5(a).

b. In its review of the invoices for calendar year 2002, Staff discovered that Knott District is receiving bills for three separate telephone numbers. Provide a description of the purpose for each of the following telephone numbers:

(1) 785 9231

(2) 785 5844

(3) 785 3118

6. a. Provide the insurance premium for Knott District's commercial coverage for the 12-month period December 2002 through December 2003. Include a copy of the invoice supporting the premium.

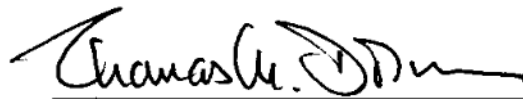
b. Provide the insurance premium for Knott District's Workers Compensation coverage for the latest 12-month period. Include a copy of the invoice supporting the premium.

7. In 2002, Knott District paid Alice Ritchie, the Knott District Chairwoman, \$1,684 in reimbursements. Provide a detailed description for each reimbursement listed in the table below:

Check		
<u>Date</u>	<u>No.</u>	<u>Amount</u>
02/13/02	2073	393.11
05/08/02	2086	318.11
08/16/02	2101	347.30
09/18/02	2115	625.36

8. In 2002, Knott District paid \$1,371 for Steve Basham to attend the National Rural Water Conference in Spokane, Washington. Describe in detail the benefits derived by the Knott District ratepayers as a result of Mr. Basham's attendance at this national conference.

9. Provide a depreciation schedule updated to reflect calendar year 2002 utility plant additions.



Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

Dated: 01/02/2003

cc: Parties of Record

Knott County Water and Sewer District

Case No. 2002-00292

Analysis of Calendar Year 2002 Electricity Expense

No.	Check No. (a)	Service		Account #'s			
		From (b)	To (c)	(Division) (Account #) (d)	(Division) (Account #) (e)	(Division) (Account #) (f)	(Division) (Account #) (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
<b>Totals</b>							

Knott County Water and Sewer District  
Case No. 2002-00292  
Analysis of Calendar Year 2002 Telephone Expense

No.	Month (a)	785-9231 (b)	785-5584 (c)	785-3118 (d)	Totals (e)	No.
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
	Totals					