

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BUTLER COUNTY WATER)	
SYSTEM, INC. FOR A GENERAL RATE)	CASE NO. 2003-00486
ADJUSTMENT PURSUANT TO THE PROVISIONS)	
OF KRS 278.030 AND 807 KAR 5:001)	

COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS
TO BUTLER COUNTY WATER SYSTEM, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Butler County Water System, Inc. ("Butler County") file the original and 8 copies of the following information with the Commission within 12 days of the date of this request, with a copy to all parties of record. Each copy of the information 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 its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to Butler County's Response to Commission Staff's First Set of Information Requests, Item 2. In Exhibit 2, Butler County lists different rates for its fire

protection customers than previously stated in Case No. 2002-00040.¹ The fire protection revenue rates provided in Case No. 2002-00040 generate revenues of \$13,143 while the reported fire protection revenues in the current case are only \$6,789.62. Explain the discrepancy. State all assumptions and provide all calculations upon which each revenue amount is based.

2. In Case No. 2002-00040, Butler County proposed the following monthly fire protection rates:

Service Size	Annual Connections	Monthly Rates
1.5	0	17.53
3	1	68.05
6	1	340.77
8	1	658.17

a. State whether Butler County is of the opinion that these are the appropriate rates to assess for fire protection service.

b. State why Butler County has not proposed these rates as part of its application for a general rate adjustment.

3. Refer to Butler County’s Response to Commission Staff’s First Set of Information Requests, Item 1. In Administrative Case No. 385,² the Commission stated:

The Commission places on notice all water utilities that provide fire protection services that their fire protection service rates will be closely reviewed in their next general rate adjustment proceeding. We expect these utilities to include with any application for rate adjustment a cost-of-service study that fully considers the cost of fire protection

¹ Case No. 2002-00040, An Investigation Into Butler County Water System, Inc.’s Rate Schedule for Services With Private Fire Protection Facilities.

² Administrative Case No. 385, An Investigation Into Fees for Fire Protection Services (Ky.PSC Dec. 7, 2001).

services and to clearly demonstrate that their rates for fire protection service rates are cost-based.

Explain how Butler County's Response and its lack of a cost-of-service study addressing fire protection service are consistent with the Commission's directive in Administrative Case No. 385.

4. State whether, given the method that Butler County used to calculate its fire protection service rates, Butler County is indifferent to the level of that rate so long as the total revenues generated by its entire schedule of rates produce the requested revenue requirement.

5. Identify the factors that in Butler County's opinion the Commission should consider in determining the rate for fire protection service.

6. State whether, in Butler County's opinion, the Commission should consider non-quantifiable factors such as public safety and enhanced economic development in determining the appropriate rate for fire protection services.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED: October 29, 2004

cc: Parties of Record