

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**THE JOINT APPLICATION OF )**  
**SOUTHERN WATER AND SEWER )**  
**DISTRICT; PRESTONSBURG CITY'S )**  
**UTILITIES COMMISSION; AND THE )**  
**CITY OF PRESTONSBURG, KENTUCKY )**  
**FOR AN ORDER APPROVING THE )** **CASE NO. 2017-00044**  
**TRANSFER OF OWNERSHIP OF THE )**  
**WASTEWATER SYSTEM AND CERTAIN )**  
**PORTIONS OF THE WATER SYSTEM OF )**  
**SOUTHERN WATER AND SEWER )**  
**DISTRICT )**

**RESPONSE OF**

**JOINT APPLICANTS**

**TO**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

**DATED APRIL 6, 2017**

**FILED: April 21, 2017**

**COMMONWEALTH OF KENTUCKY**

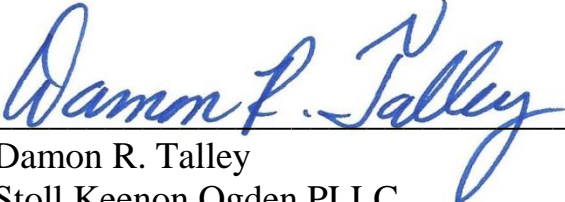
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DISTRICT )**

**RESPONSE OF JOINT APPLICANTS TO  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Come the Joint Applicants, Southern Water and Sewer District, Prestonsburg City's Utilities Commission, and the City of Prestonsburg, Kentucky, for their Response to the Commission Staff's Second Request for Information, and state as shown on the following pages.



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*Counsel for the Joint Applicants*

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**CERTIFICATION OF RESPONSE OF JOINT APPLICANTS TO  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of the Joint Applicants' Response to the Commission Staff's Second Request for Information. The responses submitted on behalf of the Joint Applicants are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: 4/21/17

  
\_\_\_\_\_  
Turner E. Campbell, Superintendent & CEO  
Prestonsburg City's Utilities Commission

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

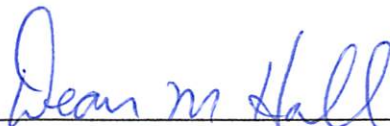
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Date: 4-21-17

  
 \_\_\_\_\_  
 Dean M. Hall, Manager  
 Southern Water and Sewer District

**JOINT APPLICANTS**

**CASE NO. 2017-00044**

**Response to Commission Staff's Second Request for Information**

**Question No. 1**

**Responding Witnesses:** Turner E. Campbell, Superintendent & CEO of PCUC;  
Dean M. Hall, Manager of Southern District;  
Jeff Reed, CPA at Michael R. Spears, CPA, PSC

- Q-1. Refer to the Joint Application, Items 13 and 14. The Joint Applications identifies the specific assets that will be transferred from Southern District to PCUC and Prestonsburg.
- a. Provide the Total Utility Plant and the associated Accumulated Depreciation values that are to be transferred from Southern District's Wastewater system, as described in Item 13.
  - b. Provide the Total Utility Plant and associated Accumulated Depreciation values that are to be transferred from Southern District's Water system, as described in Item 14.
  - c. Provide the journal entries that Southern District will record in its books of original entry for both water and sewer upon completion of the transfer of assets.
- A-1.
- a. See attached.
  - b. See attached.
  - c. See attached.

Attachment to Response to Question No. 1

- a. The Total Utility Plant and associated Accumulated Depreciation values to be transferred from Southern District’s Wastewater system, as described in Item 13, are:

Total Utility Plant	\$7,865,636
Accumulated Depreciation 12/31/2016	\$1,602,430

- b. The Total Utility Plant and associated Accumulated Depreciation values to be transferred from Southern District’s Water system, as described in Item 14, are:

Total Utility Plant – to be transferred	\$542,732
Accumulated Depreciation 12/31/2016	\$118,137

- c. Journal entries to record the **proceeds** from the transfer of assets from Southern District to PCUC:

	<u>Debit</u>	<u>Credit</u>
N/P – KIA No. A04-06	\$ 30,588	
N/P – KIA No. A11-16	660,525	
Bonds payable – RD No. 91-05	501,509	
Cash	947,378	
 Proceeds from Sale of Assets		 \$ 2,140,000

Journal entries to record the **transfer** of **Wastewater** assets:

	<u>Debit</u>	<u>Credit</u>
Utility Plant Wastewater Division		\$ 7,865,636
Accumulated Depreciation	\$ 1,602,430	
 Gain/Loss on Transfer of Assets	 \$ 6,263,206	

Journal entries to record the **transfer** of **Water** assets:

	<u>Debit</u>	<u>Credit</u>
Utility Plant Water Division		\$ 542,732
Accumulated Depreciation	\$ 118,137	
 Gain/Loss on Transfer of Assets	 \$ 424,595	

## CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the Joint Applicants' electronic filing of this Response is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on April 21, 2017; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this Response will be delivered to the Public Service Commission on or before April 25, 2017.

  
Damon R. Talley