

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF PEAKS MILL WATER)
DISTRICT TO INCREASE CERTAIN) CASE NO. 2009-00365
NONRECURRING CHARGES)

COMMISSION STAFF'S THIRD INFORMATION REQUEST
TO PEAKS MILL WATER DISTRICT

Peaks Mill Water District ("Peaks Mill"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due 14 days from the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Peaks Mill shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to

which Peaks Mill fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. 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 Peaks Mill's December 3, 2009 response to Commission Staff's First Information Request, Exhibit 1.

a. State whether Peaks Mill has installed automated meter reading ("AMR") technology on any of its residential meters.

b. If Peaks Mill has not made such installations, state when Peaks Mill anticipates beginning such installations.

c. If Peaks Mill has installed AMR technology on its water meters:

(1) State the number of meters on which the technology has been installed as of the date of this request.

(2) Provide invoices for all purchases of AMR equipment that Peaks Mill has made.

(3) Describe Peaks Mill's present plan to convert its existing meters to AMR technology. Include the expected date when all meters will be converted.

2. State whether Peaks Mill presently intends to apply to the Commission for a Certificate of Public Convenience and Necessity for the purchase and installation of AMR equipment.

a. If Peaks Mill does not intend to apply for a Certificate of Public Convenience and Necessity, explain why not.

b. If Peaks Mill intends to apply for a Certificate of Public Convenience and Necessity, state the date when it anticipates the application will be filed.

3. Provide the board minutes of each meeting in which the use of AMR technology was discussed and approved.

4. Provide all cost analyses, supporting documentation, and presentations made to Peaks Mill's Board of Commissioners regarding the installation and use of AMR technology.

5. Refer to Peaks Mill's December 3, 2009 response to Commission Staff's First Information Request, Exhibit 3, Item 2a, line 6 which begins "On half of the pushes"

a. Explain why Peaks Mill has not revised its filed rate schedules to include a provision requiring the individual customer to be charged the extraordinary costs associated with having to bore through rock.

b. State the total amount of time required to complete a "long-side" setting of a meter when rock is not encountered. Describe the specific actions that must be taken and provide a schedule similar to the one provided in Exhibit 3.

c. State the number of long-side meter installations performed since January 1, 2005 that required 16 or more hours to complete.

6. Refer to Peaks Mill's December 3, 2009 response to Commission Staff's First Information Request, Exhibit 5, Item 3, "Cost of Office Help."

a. Explain the statement "Cost of office help @ \$14.00 per hour with \$18.95%." If the intent is 18.95 percent, then show how and where the percentage is used in calculating expenses for office help, phones, computers, copiers and electricity.

b. Show all calculations, state all assumptions, and provide all work papers for the hourly cost of \$18.65 identified in Exhibit 5.

c. Show all calculations, state all assumptions, and provide all work papers for the "Cost of office, phone, computers, copiers & electric" for the hourly cost of \$9.52 identified in Exhibit 5.

d. What is the name and address of the individual who provides the office help for the district?

e. Why is the labor charge for the backhoe operator stated in 2.b. the exact same labor charge for the office help?

7. Refer to Peaks Mill's March 10, 2010 response to Commission Staff's Second Information Request. The contract that is dated January 2, 1987 states that Mr. Gatewood would be paid \$4,190 per month. The cover letter states that the contractual amount has been revised and Peaks Mill currently pays Mr. Gatewood \$4,190 per month.

a. State the monthly amount that Peaks Mill agreed to pay Mr. Gatewood per month to read the water meters and to provide general maintenance when the contract between the water district and Mr. Gatewood was executed on January 2, 1987.

b. Provide the minutes of the meeting of Peaks Mill's Board of Commissioners in which the contract between the water district and Mr. Gatewood was first approved.

c. State each date on which the amount set forth in the contract between the water district and Mr. Gatewood was revised and the revised amount. For each revision, provide the minutes of the meeting of Peaks Mill's Board of Commissioners in which the revised amount was approved.

d. Provide a list and describe the duties that are included in general maintenance.

e. How many hours per week does Gatewood Water Services work for Peaks Mill?

f. In addition to working for Peaks Mill, state the name and address of any individuals or other entities that Dale Gatewood or Gatewood Water Services do work for.

g. State the beginning and ending times for each day of the week that Gatewood Water Services actually works for Peaks Mill.

h. Does Gatewood Water Services work for Peaks Mill continuously between the beginning and ending hours each day?

8. In Case No. 2002-00153,¹ Peaks Mill applied for revisions to its current connection fees and represented that a short-side installation of a 5/8" x 3/4" meter required four hours of labor and that a long-side installation of a 5/8" x 3/4" meter

¹ Case No. 2002-00153, Application to Revise Non-Recurring Charges of Peaks Mill Water District (Ky. PSC May 23, 2002).

required 12 hours of labor. In its present application, Peaks Mill states that a long-side installation requires 16 hours of labor. Explain why current installations require more hours of labor than those performed in 2002.

9. The cost justification form for a 5/8" x 3/4" meter filed in Case No. 2002-00153 listed the average installation labor expense as \$120.00, the average installation equipment expense as \$260.00, and the site cleanup expense as \$25.00, for a total of \$405.00. In its current application, Peaks Mill lists for a 5/8" x 3/4" meter the average installation labor expense as \$286.00, the average installation equipment expense as \$440.00, and the site cleanup expense as \$65.00, which totals \$791.00. State the basis for the 95-percent increase in the past seven years.

10. Refer to Peaks Mill's March 10, 2010 response to Commission Staff's Second Information Request at the document entitled "Additional Fees to be charged."

a. State when Peaks Mill's Board of Commissioners approved the current schedule of fees.

b. Provide the minutes of each meeting of Peaks Mill's Board of Commissioners in which the schedule was discussed and/or voted upon.

11. a. Provide a summary of the fees Peaks Mill paid Gatewood Water Services prior to the current schedule.

b. Provide the minutes of each meeting of Peaks Mill's Board of Commissioners in which the fee schedule was discussed or voted upon.

12. Provide the six latest invoices that Peaks Mill has received from Gatewood Water Services for a long-side service installation.

13. Provide the six latest invoices that Peaks Mill has received from Gatewood Water Services for a short-side service installation.

14. Provide two additional bid estimates from area contractors for the labor, equipment, and cleanup expenses to install a long-side service.

15. Provide two additional bid estimates from area contractors for the labor, equipment, and cleanup expenses to install a short-side service.

16. State whether Peak's Mill or its contractor receives bulk discounts when purchasing supplies identified in the quote filed as Exhibit 1 to Peaks Mill's filing of December 3, 2009. If yes, identify those bulk prices.

17. Provide the most current invoice from the purchase of meter installation equipment from the C.I. Thornburg Co., Inc. ("CI Thornburg").

18. Provide a quote from CI Thornburg using quantities of meter installation equipment that represent what the utility would normally purchase at one time.

19. Does Dale Gatewood, Gatewood Water Services or any affiliate have any ownership or management interest in CI Thornburg? If so, explain.

20. Provide the number of new services for each meter size that were added in 2008.

21. Provide the number of new services for each meter size that were added in 2009.

22. Provide a recent invoice from CI Thornburg showing the cost of a 6", 4" and 3" saddle.

23. State whether Peaks Mill agrees that KRS 424.260 requires Peaks Mill to publish a newspaper advertisement for bids for meter reading and general maintenance services if the cost of those services exceeds \$20,000.

24. State whether Peaks Mill or its contractor receives bulk discounts when purchasing supplies. If yes, identify the item and the bulk price received.

25. How many employees does Gatewood Water Services have?

a. List the name, address, and job description of each employee of Gatewood Water Services.

b. Which of the employees of Gatewood Water Services are full-time and which are part-time?

c. Do any of the employees of Gatewood Water Services work for any other entity that Dale Gatewood or Gatewood Water Services has any interest in through ownership or management? Owned by or managed by an affiliate of Dale Gatewood or Gatewood Water Services? If so, name the other entity and the employee(s).

d. How many independent contractors does Gatewood Water Services hire for meter installations?

e. Explain the additional labor expenses listed for social security, unemployment, workers compensation, and liability insurance for independent contractors used by Gatewood Water Services.

26. How many employees does Peaks Mill have?

a. List the name, address, and job description of each employee of Peaks Mill.

b. Which of the employees of Peaks Mill are full-time and which are part-time?

c. Do any of the employees of Peaks Mill work for any other entity that Dale Gatewood or Gatewood Water Services has any interest in through ownership or management? Owned by or managed by an affiliate of Dale Gatewood or Gatewood Water Services? If so, name the other entity and the employee(s).

27. Does Peaks Mill own a full-size backhoe? A Model 1925 New Holland backhoe?

28. Does Peak Mill own a rod-pushing machine?

29. Does Peak Mill own a 10-foot trailer? A 16-foot trailer?

30. Does Peak Mill own a 3/4-ton Chevy pickup?

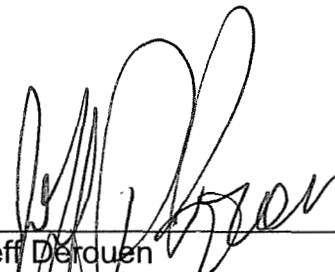
31. Which equipment listed in Items 27-30 does Gatewood Water Services own?

32. Why is a 16-foot trailer used to haul the Model 1925 New Holland backhoe when setting short-side meters but a 10-foot trailer used for hauling a full-size backhoe and a rod-pushing machine when setting long-side meters?

33. How many men are used in setting a short-side meter?

34. If two men are used to set a long-side meter and the total time worked equals 15 hours and 35 minutes, why is it necessary for the work to take two days?

35. If the work setting a long-side meter is done in one day, would there still be the need to put up fencing for the night and remove fencing in the morning? If yes, explain why.



Jeff Derduen
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Public Service Commission
P.O. Box 615
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DATED: APR 27 2010

cc: Parties of Record

Case No. 2009-00365

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