

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER VALLEY	)	
WATER DISTRICT FOR AN ADJUSTMENT OF	)	CASE NO.
ITS WATER RATES AND NONRECURRING	)	2009-00455
CHARGES AND REVISIONS TO ITS TARIFF	)	

O R D E R

On December 23, 2009, Green River Valley Water District ("Green River Valley") submitted an application for adjustment of water rates and revisions to its tariff. By letter dated January 7, 2010, the Commission notified Green River Valley that its application was rejected for filing because it did not include all of the information necessary to satisfy the filing requirements contained in 807 KAR 5:001, Section 10. That letter also stated that the rejection of the application voids any proposed effective date but that the proposed tariff could be refiled with a new effective date that is at least 30 days from the date the additional information is filed.

On January 21, 2010, Green River Valley filed additional documents and cured the outstanding deficiencies but did not refile its tariff with a new effective date. The Commission accepted Green River Valley's application for filing as of January 21, 2010; however, its new water rates and tariff provisions with an effective date of January 30, 2010 cannot be implemented on that date. KRS 278.180 mandates that no rate change may be implemented unless the requesting utility provides the Commission with 30 days' notice of the change and the proposed effective date. Because the application was not accepted for filing until January 21, 2010, an effective date of January 30, 2010

provides less than 30 days' notice. Thus, Green River Valley has not complied with KRS 278.180, and its proposed rates cannot go into effect on January 30, 2010.

Finding that further investigation is necessary, the Commission HEREBY ORDERS that:

1. This case is initiated to investigate the reasonableness of the proposed tariff revision.

2. Green River Valley shall take no action to place its proposed rates into effect until it has refiled its tariff in compliance with the provisions of KRS 278.180 and 807 KAR 5:011.

3. Within 20 days of the date of this Order, Green River Valley shall file eight copies of the information listed in the Appendix to this Order and shall serve a copy to each party of record.

4. In preparing and submitting the information listed in the Appendix, Green River Valley shall:

a. Place each copy of the information listed in the Appendix in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet shall be appropriately indexed, for example, Item 1(a), Sheet 2 of 6.

b. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided.

c. Answer each response under oath or provide for each response a signed certification of the preparer or 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.

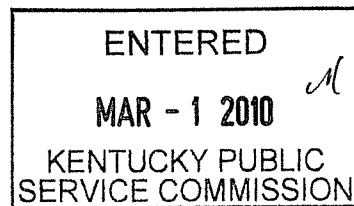
d. Make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

e. For any request to which Green River Valley fails or refuses to furnish all or part of the requested information, provide a written explanation of the specific grounds for its failure to completely and precisely respond.

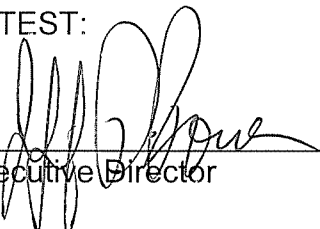
f. Give careful attention to copied material to ensure that it is legible.

g. For all documents filed by Green River Valley, it shall ensure that all personal identifiers of a sensitive nature, such as social security numbers and insurance policy identification numbers, are redacted.

By the Commission



ATTEST:

  
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Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00455 DATED MAR - 1 2010

1. Provide a complete copy of all work papers, calculations, and assumptions that Green River used to develop its pro forma test-period financial information.
2. Provide a schedule listing each project included in the test period Construction Work in Progress. Include a detailed description of each project included in the schedule.
3. Provide a copy of all audit adjustments made to the test-period financial statements.
4. Provide a list of employees during the test period. For each employee listed, provide the following:
  - a. Full name;
  - b. Title;
  - c. Length of employment;
  - d. Test-period pay rate and current pay rate; and
  - e. Test-period regular time worked and overtime worked.
5. Provide the employer retirement contribution rates that were effective during fiscal years 2007, 2008, and 2009 and the date the rates became effective. If the employer retirement contribution rate will change in fiscal year 2010, provide the rate, the reason for the change, and the date the change will become effective.

6. Identify the anticipated total cost for rate case expense of this case upon completion. The projected amount should be detailed by type of service and vendor with supporting documentation for each.

7. For each employee group, state the amount, percentage increase, and effective dates for general wage increases granted for fiscal years 2009 and 2010.

8. Provide a depreciation schedule for the test period.

9. Provide copies of invoices for all payments made during the test period for the following vendors:

- a. McCoy and McCoy;
- b. Bailey Crane and Hoist;
- c. Bob Edwards;
- d. Brenntag Mill South; and
- e. Nich Chemical.

10. For the fiscal year 2010, provide the actual or anticipated costs of vehicle insurance, liability insurance, workers' compensation, health insurance, and property insurance.

11. Provide a breakdown of the expenses included under Misc. Administrative and General Expenses on the expense statement in Exhibit 5.

12. Green River Valley's Annual Report for 2008 indicates that it purchased water for resale from the city of Glasgow ("Glasgow") from January through July 2008 but did not purchase any water from Glasgow from August 2008 through December 2008. State the reasons why Green River Valley did not purchase any water from Glasgow from August 2008 through December 2008.

13. Provide the number of gallons of water that Green River Valley purchased from Glasgow during each month of 2009.

14. Refer to the customer notice and the proposed tariff page discussing customer deposits.

a. The proposed tariff page states that “[a]n equal deposit amount for each class of customers will be established based on the average annual bill of customers in that class,” while the customer notice states that deposits will be 2/12ths of the estimated annual bill.

(1) State whether Green River Valley intends to charge an equal deposit in accordance with 807 KAR 5:006, Section 7(1)(b), or a calculated deposit in accordance with 807 KAR 5:006, Section 7(1)(a).

(2) If Green River Valley intends to charge an equal deposit, provide the proposed deposit amount for each customer class.

b. State the period of time Green River Valley will retain the deposit, or the conditions under which the utility will refund the deposit, or both if applicable (as required by 807 KAR 5:006, Section 7(7)(d)).

c. In Green River Valley's current tariff, the deposit amount is contained on Original Sheet No. 6, while the deposit policy is contained on Original Sheet Nos. 14 and 15. The proposed tariff includes the deposit policy on Original Sheet No. 6.

(1) State whether Green River Valley intends to cancel Original Sheet Nos. 14 and 15.

(2) Explain why it would not be more appropriate to include only the deposit amount on 1st Revised Sheet No. 6 and only the deposit policy on a 1st Revised Sheet No. 14 and 15.

15. Refer to the proposed and current tariff pages discussing the leak adjustment rate.

a. Explain how the cost of production will be calculated each year.

b. Explain why it would not be more appropriate to set the leak adjustment rate at the district's wholesale rate instead of the cost of production.

c. Original Sheet No. 23 states that "remaining usage will be charged at the per thousand gallon leak adjustment rate, as set forth in the rates and charges portion of the utility's approved tariff." Explain why this language is not being changed if the leak adjustment rate is going to be the cost of production.

16. Refer to the proposed tariff page discussing ACH/Bank Drafts. Given the nature and amount of the charges, explain why it would not be more appropriate to include the ACH/Bank Draft charges in general rates.

17. Refer to the proposed tariff page containing the meter connection/tap-on charges and the November 13, 2008 Board Meeting Minutes. The commissioners approved a meter connection/tap-on charge of \$700 for 3/4-inch meters. The proposed tariff page lists a meter connection/tap-on charge of \$750 for 5/8-inch x 3/4-inch meters. Explain why the amount in the application is more than the amount approved by the commissioners.

David Paige  
General Manager  
Green River Valley Water District  
85 East Les Turner Road  
P. O. Box 399  
Cave City, KY 42127

Honorable Patrick A Ross  
Attorney at Law  
Hensley, Ross & Howard  
207 East Main Street  
Horse Cave, KY 42749