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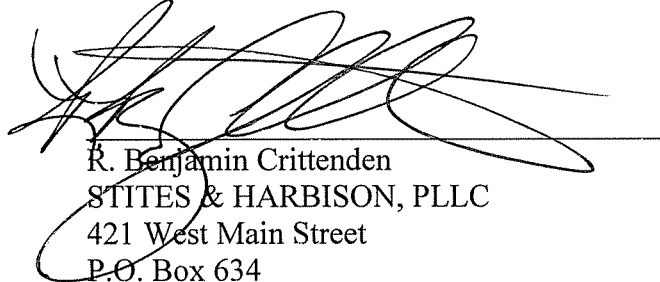
In the Matter of:

APPLICATION OF SOUTH SHORE WATER)
WORKS COMPANY TO INCREASE CERTAIN) CASE NO. 2009-00475
NONRECURRING CHARGES)

RESPONSE OF SOUTH SHORE WATER WORKS COMPANY TO COMMISSION'S
ORDER OF JANUARY 14, 2010 REQUESTING INFORMATION

South Shore Water Works Company ("South Shore") submits an original and six copies of the following responses to the information requests made by the Commission in its Order of January 14, 2010. The witness responsible for responding to all of the questions related to the information provided is George Hanna, South Shore's President.

Respectfully submitted,



R. Benjamin Crittenden
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COUNSEL FOR SOUTH SHORE WATER
WORKS COMPANY

REQUEST NO. 1: Refer to the cost justification sheets for meter connections provided in the application.

- a. Explain in detail how the estimated hours were developed for sections D and E.
- b. Explain in detail how the hourly rates were developed for sections D and E.
- c. Provide in detail an explanation for the amount of \$10.50 in section H of the cost justification sheets for meter connections.

RESPONSE: Sections D and E address installation labor expenses and installation equipment expenses and Section H addresses administrative expenses. South Shore’s response to the specific requests of the Commission is as follows:

- a. The estimated hours are based on the following breakdown of the average amount of time spent on installations:

Short Side

Pick up work order and locate	5 minutes
Determine main size and load materials in truck	15 minutes
Drive truck and backhoe to job site	25 minutes
Locate and uncover water main	40 minutes
Dig service line and dig out for meter box	40 minutes
Make tap, install saddle	20 minutes
Lay service line and install meter components	40 minutes
Set meter box to grade	10 minutes
Back fill	25 minutes
Return truck and backhoe	25 minutes
Total Short Side	245 Minutes (4 hours)

Long Side

Pick up order and locate	5 minutes
Determine main size and load materials in truck	15 minutes
Drive truck and backhoe to job site	25 minutes
Dig out both side of road	45 minutes
Install pipe pusher on pipe and push with backhoe	45 minutes
Feed service line through pushed pipe	20 minutes
Locate and uncover main	40 minutes
Dig service line and dig out for meter box	40 minutes
Make tap, install saddle	20 minutes
Lay service line and install meter components	40 minutes

Set meter box to grade	10 minutes
Backfill	35 minutes
Return truck and backhoe	25 minutes
Total Long Side	365 minutes (6 hours)

The installation equipment expenses are based on the use of a backhoe at \$45.00 per hour for the total number of hours.

b. The \$48.12 hourly rate set forth in Section D is the combined rate South Shore pays to the three-member field crew performing the installations. A breakdown of how South Shore arrived at the \$48.12 figure is set forth in detail in South Shore’s Application in Appendix 2, in the section titled “Cost Documentation Payroll.” The \$45.00 hourly rate set forth in Section E is South Shore’s cost of operating the backhoe used in installations.

c. The administrative expense addressed in Section H is an office expense for establishing a new account and billing record. The justification for the \$10.50 amount is set forth in detail in South Shore’s Application in Appendix 2 (Page 3).

REQUEST NO. 2: Explain the use of an 88-percent Operating Ratio as the overhead rate on all requested charges. Explain what the typical overhead costs for operation of this utility would be for other operations of the utility.

RESPONSE: The 88% operating ratio is the ratio allowed by the Commission in South Shore's most recent rate case. The ratio is appropriate for all of South Shore's operations and expenses.

REQUEST NO. 3:

a. Explain the purpose of the Service Charge After Hours and the Reconnect Charge After Hours.

b. Explain why these charges are for calls from 4:15 p.m. and 4:30 p.m. and why these charges are covering only 15 minutes of the day.

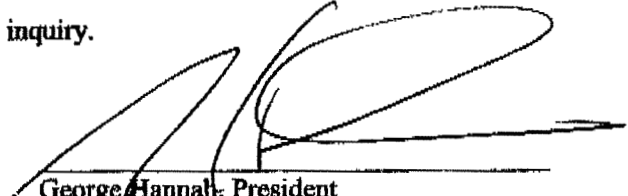
RESPONSE: South Shore's response encompasses both subsections (a) and (b) of Request No. 3. South Shore's regular work shift ends at 4:30 p.m. and service calls after 4:15 p.m. require overtime to be paid to South Shore employees, making the calls more expensive for South Shore than calls made during the regular work shift before 4:15 p.m. The cost of these calls to South Shore falls between the cost for calls during regular business hours and the cost for emergency calls because a portion of the employee time devoted to the calls occurs during the regular work shift and a portion occurs after the regular work shift when the employee performing the service is being paid overtime. In that sense, the calls between 4:15 p.m. and 4:30 p.m. are a hybrid of regular and emergency calls. Rather than billing these calls out as regular business hour calls, in which South Shore would be forced to bear the overtime costs, or as emergency calls, in which the customer would be billed as if overtime had been paid to the employee for the entire amount of the service, South Shore created this category of "after hours" calls to arrive at the most accurate allocation of service costs.

REQUEST NO. 4: Explain the purpose of the Service Charge Call Out Emergency, the Reconnect Charge Call Out Emergency, and Meter Tampering Broken Yoke Valve Emergency Call Out.

RESPONSE: The “emergency” designation for all of these charges relates to the time in which the calls are made to South Shore requesting the service. If the calls are made during South Shore’s regular work shift between 8:00 a.m. and 4:30 p.m. on Monday through Friday then the standard charges or “after hours” charges (discussed above) will apply. If the calls requesting service are made outside of South Shore’s regular work shift then they are considered “emergency” calls and the increased charge would apply because the costs of performing the requested service outside of the regular work shift is more expensive for South Shore (as a result of paying overtime to the employee responsible for responding to the call). This is the case with service charge call outs, reconnect charge call outs, and meter tampering broken yoke valve call outs. It has been South Shore’s experience that its customers understand that emergency service is more expensive than service performed during the regular work shift, and that the customers are willing to pay for the convenience of not having to wait until the next regular work shift to have water problems addressed by South Shore. South Shore also notes that the labor and equipment costs included in these charges are based on the average time per service requested by a customer and that South Shore excluded certain calls it deemed to be uniquely excessive when arriving at this average.

CERTIFICATION

I, George Hannah, President of South Shore Water Works Company, hereby certify that I prepared the responses to the Commission's requests for information included in the Order of January 14, 2010, and the responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



George Hannah, President
South Shore Water Works Company