

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARION COUNTY WATER)
DISTRICT TO REVISE CERTAIN) CASE NO. 2009-00540
NONRECURRING CHARGES)

COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO MARION COUNTY WATER DISTRICT

Marion County Water District ("Marion District"), pursuant to 807 KAR 5:001, shall file with the Commission within 15 days of the date of this Request the original and six copies of the following information. 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.

Marion District 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 Marion District 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 shall be given to the legibility of copied material. 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. According to Commission records, Marion District's last general rate case was Case No. 9384.¹ All other adjustments in Marion District's general rates were the result of applications made pursuant to KRS 278.023 or 807 KAR 5:069.

a. State whether Marion District agrees that, since the issuance of the final Order in Case No. 9384, Marion District has made at least four tariff filings under 807 KAR 5:011.

b. State whether, as 807 KAR 5:011, Section 10(3), limits tariff filings under 807 KAR 5:011, Section 10, to two filings between general rate cases, Marion District's proposed charges must be processed according to general rate case procedures or the Commission must grant a deviation from 807 KAR 5:011, Section 10(3). Explain.

2. State why, if a deviation from 807 KAR 5:011, Section 10(3), is required, good cause exists in the present case.

3. List separately for each year from 2007 through 2009:

a. the total number of new meter connections for Marion District;

¹ Case No. 9384, *Application of Marion County Water District for: (1) A Certificate of Public Convenience and Necessity to Construct Extensions as Described; (2) Authority to Borrow Approximately \$431,000 from Farmers Home Administration; (3) A Rate Increase Effective August 1, 1985* (Ky. PSC Apr. 4, 1986).

b. the total number of new 5/8-inch x 3/4-inch meter connections for Marion District; and

c. the total number of new larger meter connections for Marion District.

4. a. State whether Marion District owns a bore machine.

b. If Marion District owns a bore machine, state the year in which it was acquired and its acquisition cost.

5. In its application, Marion District identifies the rate for a boring machine as \$10.00 per linear foot. The supporting estimates for a boring machine state the cost as \$12.00 per linear foot and \$13.00 per linear foot. Explain why Marion District used a lower cost than contained in supporting estimates to calculate "Installation Equipment Expense."

6. Identify all suppliers from whom Marion District has rented a boring machine during the period January 1, 2007 through December 31, 2009.

7. Identify all persons from whom Marion District solicited a bid or estimate regarding boring machine rental in the course of preparing its present application.

8. a. State whether Marion District owns a backhoe.

b. If Marion District owns a backhoe, state the year in which the backhoe was acquired and its acquisition cost.

9. In its application, Marion District identifies the hourly rate for a backhoe machine as \$45.00 per hour. The supporting estimates for a backhoe state the rental cost of a backhoe as \$48.00 per hour and \$50.00 per hour. Explain why Marion District used a lower cost than contained in supporting estimates to calculate "Installation Equipment Expense."

10. In Case No. 2003-00274,² Marion District reported that a short-side meter installation required 1.5 hours for equipment rental and that a long-side meter installation required 3.0 hours. In its present application, Marion District reports that a short-side meter installation requires 2.0 hours for equipment rental and that a long-side meter installation requires 4.0 hours. Explain the increase in required time for the equipment.

11. Explain how Marion District determined the amount of time for equipment rental. Provide all records and show all calculations that Marion District used to develop its estimate.

12. Identify all suppliers from whom Marion District has rented a backhoe during the period January 1, 2007 through December 31, 2009.

13. Identify all persons from whom Marion District solicited a bid or estimate regarding backhoe rental in the course of preparing its present application.

14. In Case No. 2003-00274, Marion District reported that a short-side meter installation required 6.0 hours of installation labor and that a long-side meter installation required 10.5 hours of installation labor. In its present application, Marion District reports that a short-side meter installation requires 6.0 hours for installation labor and that a long-side meter installation requires 12.0 hours. Explain the increase in required installation labor time for the long-side service.

15. Explain how Marion District determined the amount of installation labor time for meter connections. Provide all records and show all calculations that Marion District used to develop its estimate.

² Case No. 2003-00274, *The Application of Marion County Water District to Increase Certain Non-Recurring Charges* (Ky. PSC July 31, 2003).

16. Describe how Marion District determined that workers compensation cost equaled 4.22 percent of an employee's wage. Provide all records, state all assumptions, and show all calculations that Marion District used to develop its estimate.

17. Describe how Marion District determined that average hourly health insurance costs were \$3.58. Provide all records, state all assumptions, and show all calculations that Marion District used to develop its estimate.

18. Explain why installation labor expense should be "grossed up" to reflect actual hours of work.

19. List all activities performed in installation expense for both short-side and long-side service and the amount of time for each activity. Explain how Marion District determined the amount of time for each activity.

20. List all activities included in the administrative expense of \$23 and the amount of time that each activity takes. Explain how Marion District determined the amount of time for each activity.

21. Show all calculations that Marion District used to develop its estimate for administrative expense.

22. In Case No. 2003-00274, Marion District reported an administrative expense of \$5.00 to establish a new account and billing record. In the present case, Marion District reports this expense as \$23.00. Explain the increase in administrative expense.

23. State the number of spare meters that Marion District presently has in its inventory as of the date of this Request.

24. State the number of meters that Marion District seeks to maintain in its inventory.

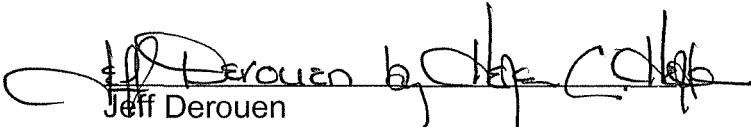
25. State the number of meters that Marion District purchases when it purchases 5/8-inch x 3/4-inch meters.

26. For each of Marion District's last five purchases of 5/8-inch x 3/4-inch meters, state the date the purchase was made, the vendor, and the number of meters purchased.

27. Identify each vendor from whom Marion District solicited a bid or estimate regarding meters in the course of preparing its present application and the vendor's address.

28. State whether, in Marion District's opinion and experience, the cost per unit for meters is less when the purchase order is for a number of meters rather than one meter.

29. Identify each vendor from whom Marion District solicited a bid or estimate regarding meter setting materials in the course of preparing its present application and the vendor's address.


Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

DATED: APR 29 2010

cc: Parties of Record

Barbara May
Chairperson
Marion County Water District
P. O. Box 528
Lebanon, KY 40033