COMMONWEALTH OF KENTUCKY

BEFORE THE UTILITY REGULATORY COMMISSION

In the Matter of:

THE APPLICATION AND PETITION OF THE FARMDALE DEVELOPMENT CORPORATION, INC. FOR AN ORDER AUTHORIZING SAID CORPORATION TO REVISE RATES	))))	CASE NO. 8102

O R D E R

It Is Ordered that Farmdale Development Corporation, Inc. shall file with this Commission on or before February 17, 1981, the following information:

1. An analysis describing in detail each long-term or short-term note in the name of Farmdale Development Corporation, Inc. outstanding for any period during the test year, even though the term of the note may have encompassed periods prior or subsequent to the test period. Details should include issuing party, date of issue, amount, rate of interest, term, disposition or status of note at the close of the test period, amortization schedules, interest accrued and paid during the test period including dates and amounts and dates of principal payments during the test period.

2. An analysis providing the amounts advanced from or repaid to other divisions of Farmdale Development Corporation, Inc. in chronological order from inception to date including a cumulative balance.

3. A full and complete explanation of corporate or business relationships, shared expenses, etc., between the applicant and a parent (affiliated), subsidiary, a development corporation, or any other party or business.

4. A copy of a valid third-party beneficiary agreement guaranteeing the continued operation of the sewage treatment facilities or other evidence of financial integrity such as will insure the continuity of sewage service.

5. A detailed depreciation schedule of all sewer plant properties and facilities, listing all major components separately for the test year.

6. Copies of all service contracts entered into by the utility for outside services, such as but not limited to: operation and maintenance, sludge hauling, billing, collection, repairs, etc., in order to justify current contract services and charges or proposed changes in said contracts.

7. A detailed customer listing showing number of customers in each customer's class on a monthly basis and the average water consumption for each class of customer, i.e., residential, commercial or industrial.

8. Copies of tax returns (federal and state, if applicable) filed by the applicant for the past five (5) years and a request to supplement the record with the applicant's 1980 return upon its preparation.

9. A detailed analysis of legal and accounting fees of $3,212 by function, i.e., preparation of tax returns, for the test year showing the payee, date of payment, description of work, hourly rate and amount for each function.

10. An analysis by rate case of the amounts amortized during the test year totaling $3,475, the case number, date of application, date of disposition, the total costs of each case allocated among accounting, legal and engineering fees, and the term of amortization for each case.

11. Rate case expense of $1,325 is shown as an adjustment to the test year and is stated to be amortized. Supply the following information with respect to the basis of this proposed expense: (A) period of amortization, (B) allocation among accounting, legal and engineering fees, (C) rates for all professional fees, (D) estimated hours of preparation and (E) rates and hours spent on preparation in the last case before the Commission.

12. What services or duties are provided for the management fee? To whom is this management fee paid? On what basis is this fee paid?

13. To whom is office rent paid? Where is this office located? Are any other divisions of Farmdale Development Corporation, Inc. located on the same premise?

14. An analysis by job or work order for the following test year expenses: (A) maintenance, (B) repair and maintenance and (C) supplies. This analysis should include for each job or work order a description of job, initial and completion dates of the job, payee or payees and corresponding amounts and date of payment. Items of $10 or less may be grouped. Legible copies of invoices should be attached to support each job or work order.

15. The explanation for adjustment number 3 states that operators salary and taxes and FICA on other hourly wage earners has been annualized. Provide documentation or working papers in support of this adjustment.

16. The explanation for adjustment number 4 states that this adjustment is for federal testing requirement laboratory costs. Explain and provide documentation in support of this adjustment.

17. Provide a breakdown of utility costs among the various utilities and the basis for adjustment number 5. Legible copies of utility bills should be attached to support this analysis.

18. What is the applicant's capacity rating? From what basis is this taken? When was the original treatment plant installed, subsequent additions? How much of this capacity is presently being used?

19. How was the adjustment for income taxes computed? Provide working papers to support this amount.

Done at Frankfort, Kentucky, this 6th day of February, 1981.

UTILITY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary