

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF GLENGARRY)
UTILITIES, INC., GLENGARRY)
SEWAGE TREATMENT PLANT, FOR) CASE NO. 8690
AN ADJUSTMENT OF RATES)
PURSUANT TO THE ALTERNATIVE)
PROCEDURE FOR SMALL UTILITIES)

O R D E R

IT IS ORDERED that Glengarry Utilities, Inc., ("Glengarry"), Glengarry Sewage Treatment Plant, shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by February 8, 1983. If neither the requested information nor a motion for an extension of time is filed by the stated date, the Commission may dismiss the case without prejudice.

I. Andriott Davidson Service Corporation ("Andriott Davidson") who provides routine maintenance service to Glengarry is under the same ownership as Glengarry. Since transactions between Andriott Davidson and Glengarry are less than arms-length, additional information is needed to determine the appropriateness of the test period charge to Glengarry for the services provided by Andriott Davidson under the routine maintenance contract for rate-making purposes.

1. With reference to the standard routine maintenance contract, provide a detailed explanation of the basis for and the method of determination of the monthly charges (i.e. time, transportation, etc.) for each component of service provided to Glengarry.

2. Provide a complete list of all sewer utilities that are provided routine maintenance services by Andriott Davidson Service Corporation. Include for each utility listed the following:

- (A) The monthly routine maintenance fee presently in effect and the effective date of that fee.
- (B) The previous monthly routine maintenance fee.
- (C) The number of customers served by each utility.
- (D) The number of sewage treatment plants and the GPD capacity of each plant during 1981.
- (E) The location of each plant.
- (F) Whether the service is provided under the standard contract or a special contract.
(Provide copies of special contracts).
- (G) For each utility served under the standard contract identify by number each component of service provided for that utility.

(H) Provide the number of visits to each treatment plant covered under the contract and the number of visits actually made to each treatment plant during the calendar year 1981.

3. (a) Has Glengarry negotiated with any other entities who provide routine maintenance services for sewer utilities?

(b) If yes, provide written documentation of any communication regarding such negotiations, including the date of the communication and estimates or quotes of charges.

4. Has Glengarry considered any alternatives to contracting routine maintenance services, such as hiring full or part-time employees? If so, provide complete details of those considerations.

II. Other Issues:

1. Regarding miscellaneous repairs and maintenance, submit the following information:

a. (Invoice number 1016-4 of CSC Contracting, Inc. dated October 16, 1981). There are two invoices in the amount of \$75 with exactly the same information on each invoice resulting in \$150 charged to expense. Please explain this possible duplication.

b. Invoice number 81550 dated March 6, 1981, of Eubank, Hall and Associates, Inc. indicates that Andriott Davidson Company purchased 20 feet of drive chain for a sludge

collector for \$222.80 which was included in the operating expenses of Glengarry. Also, there is a rental charge of \$33 for a 3 inch trash pump billed to Andriott Davidson Company, and charged to the operating expenses of Glengarry. Andriott Davidson's Service Company invoice no. 309-3 dated March 9, 1981, shows that Glengarry was billed again for these two items. Does this represent duplication of expense and payment by Glengarry?

c. Invoice no. 00228 of Customer Welding and Machine, Inc. indicates that on January 9, 1981, Andriott Davidson Company purchased a collector sprocket for \$69.50. Upon further analysis of the repair invoices, we find that Andriott Davidson billed Glengarry on January 9, 1981, on invoice no. 190-8, for the installation and material cost for a mechanical collector drive which included a sprocket. Was the sprocket expensed and paid for twice?

2. Glengarry has furnished an analysis of the account Outside Services Employed to the Commission one item of which represents bookkeeping services for 1981 of \$1,200. Please state the recipient of this annual salary and the approximate number of hours per month devoted to this service.

3. In response to the Attorney General's question on insurance cost, the reply mentioned that the liability and property coverage is being increased. Provide the Commission with a detailed analysis of Glengarry's insurance cost for the next 12 months.

4. In response to the Attorney General's question on notes payable and related interest expense, you listed a note from Citizens Fidelity Bank and Trust Company in the amount of \$8,200 with interest of \$1,285. The following information is requested concerning this obligation:

a. On page 6 of Glengarry's 1981 annual report, it is indicated that a note to Citizens Fidelity of \$8,200 was outstanding as of December 31, 1981. Did the note dated January 4, 1982 a copy of which was furnished previously to the Commission, pay or renew the note included in the 1981 annual report?

b. The Commission assumes that the note has been fully paid as of July 16, 1982. Is this assumption correct?

Done at Frankfort, Kentucky, this 26th day of January, 1983.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary