

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

JOINT APPLICATION OF BARBOUR)
MANOR DISPOSAL PLANT, INC. AND)
BARBOUR MANOR UTILITIES, INC.)
FOR APPROVAL OF SALE AND TRANS-)
FER OF ASSETS AND INCREASE IN)
RATES)
CASE NO. 8933

O R D E R

IT IS ORDERED that Barbour Manor Utilities, Inc. shall file an original and seven copies of the following information with the Commission (with a copy to the Attorney General's Consumer Protection Division) by January 13, 1984. In the event the requested information is not available, the utility shall state explicitly why the information cannot be furnished. If neither the response nor a motion for extension of time is filed by the stated date, the case may be dismissed.

It is the policy of the Commission to allow only known and measurable increases to actual test year expenses which can be substantiated by submitting a copy of invoices and other related material in support of the increase to the actual expense.

1. Provide a copy of the contract for management service.
2. Included in Exhibit E is a proposed adjustment of \$455 to sludge hauling expense based on 21 loads at \$105 per load. Explain in detail the basis for increasing the price and the number of loads to be hauled. Include all assumptions used in

this projection. Provide copies of present and previous agreements for sludge hauling service.

3. Provide either copies of test-year water bills, or a detailed analysis of monthly water consumption which includes amounts billed and the rates of the water supplier. The analysis should reconcile to the amount reported for water expense in the 1982 annual report.

4. Provide either copies of test-year electric bills or an analysis of monthly electric consumption including amounts billed and the rates of the electric supplier. The analysis should reconcile to the amount reported for electric expense in the 1982 annual report.

5. Account 704, Chemicals Expense, increased from \$450 in 1981 to \$1,297 in 1982. Please explain this variation and provide any evidence that the test-year expense is representative of the normal annual level for Chemicals Expense.

6. Page 11 of the 1982 annual report indicates a routine maintenance service fee of \$400 per month; this should result in total annual expense of \$4,800. However, the 1982 income statement lists \$5,525 for Routine Maintenance Service Fee. Please explain this discrepancy and provide an analysis of the additional amounts charged to this account. Exhibit E proposes an adjustment to increase routine maintenance costs to \$540 per month. Provide a complete explanation of the necessity for the \$140 per month increase. Include a copy of the routine maintenance contract.

7. Account 714, Maintenance of Treatment and Disposal Plant, increased from \$296 in 1981 to \$3,191 in 1982. Also, based on reports filed with the Commission, 100 percent of the 1982 charges to this account were made in the last quarter, after Carroll Cogan Companies had assumed ownership. Provide a detailed analysis of the cost of labor, materials used, and expenses incurred in the maintenance of sewage treatment and disposal plant for 1982. Include a detailed narrative explanation of the large increase in costs during the last quarter of 1982.

8. Provide a listing of transactions greater than \$50 charged to Account No. 701-C, Other-Labor, Materials and Expenses.

9. Exhibit F reflects adjusted outside services expense of \$1,800, representing \$100 per month for bookkeeping and \$50 per month for accounting. Provide copies of contracts for these services. Also, provide a thorough explanation as to the amount of time required by these organizations to perform the services and complete details of the services provided as a part of the monthly fee.

10. Account 928, Regulatory Commission Expense, is listed as \$700 for 1982. Provide a breakdown of this account including check numbers, payee, descriptions of purchases or services provided, and amount of each invoice charged to this account. Also provide a statement as to whether these expenses will recur on an annual basis.

11. Provide a breakdown of the \$249 charged to Account 929, Transportation Expense during 1982. Include check numbers, payee,

descriptions of purchases or services provided, and amount of each invoice charged to this account.

12. Provide copies of rental contracts and a detailed description of the space, and/or other assets, provided.

13. Provide copies of the monthly remittance advices for the test period from the Louisville Water Company. Also, provide the current contract for billing services and a detailed explanation of the basis for this fee. Include an analysis of the average water bill in the service area of Barbour Manor to be used in the determination of future costs for billing services.

14. Our records indicate that 41.1 percent (\$12,331 of \$29,947) of 1982 revenues were credited in the last quarter. Please explain the large increase in revenues for these 3 months.

15. Our records indicate that 40.2 percent of total 1982 Sewer Operation and Maintenance expenses were recorded in the last quarter of 1982. Please provide an explanation for the large total increase while giving specific attention to the following accounts and their respective percentages of expenses recorded in the last quarter of 1982.

- Account 408.2	Taxes Other Than Income Taxes	76%
- Account 701-C	Sludge Hauling	76%
- Account 704	Chemicals	59%
- Account 714	Maintenance of Treatment and Disposal Plant	100%
- Account 903-A	Agency Collection Fee	100%
- Account 923	Outside Services Employed	86.38
- Account 929	Transportation Expenses	100%
- Account 931	Rents	100%

16. Provide the journal entry wherein \$3,028 was credited to Account 110, Accumulated Provision for Depreciation and Amortization of Utility Plant. Explain why this amount was not

charged to amortization expense on the income statement. Also, explain the derivation of the \$3,028 amount and the basis for this transaction.

17. With reference to page 7 of the 1982 annual report in the section, STATEMENT OF RETAINED EARNINGS FOR THE YEAR, explain the \$266 credit termed, "Acquisition Adjustment", and the \$3,028 debit termed, "Depreciation Adjustment", to Account 439, Adjustments to Retained Earnings. Explain the derivation of the amounts. Provide all journal entries pertaining to the use of this account.

18. Provide a breakdown of Account 145, Notes Receivable from Associated Companies. Include details of the loans which resulted in these receivables.

19. List and explain the nature of Accounts Payable to Associated Companies. Provide details of the purchases which resulted in these payables.

20. With reference to Exhibit F, Line 17, in computing the proposed amortization of the plant acquisition adjustment, \$37,500 is used as the base, although the purchase price is stated at \$37,850. Please explain this discrepancy.

21. Provide a narrative explanation of the proposed utilization of the first year interest expense on the debt outstanding rather than the average interest expense over the first 3 to 5 years.

22. According to our records there are 269 customers in Barbour Manor Subdivision. Please provide an exact breakdown as

to the number living in sections 1 and 2 and in sections 3A and 3B.

23. How many single family residences were served during the test year?

24. How many multi-family residences were served during the test year?

Done at Frankfort, Kentucky, this the 3rd day of January, 1984.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Secretary