

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE JOINT APPLICATION OF TREE-)
LINE UTILITIES, INC., D/B/A TREE-)
LINE ESTATES SEWER SYSTEM AND)
BALDWIN UNITED MORTGAGE COMPANY,)
OWNER OF TREASURE ISLAND EAST)
SEWER SYSTEM FOR APPROVAL: OF) CASE NO. 8934
SALE AND PURCHASE OF ASSETS; A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO CONSTRUCT; TO ISSUE)
NOTES TO FINANCE CONSTRUCTION;)
AND APPROVAL OF INCREASE OF RATES)

O R D E R

IT IS ORDERED that Tree-Line Utilities, Inc., d/b/a Tree-line Estates Sewer System ("Tree-Line") and Baldwin United Mortgage Company, owner of Treasure Island East Sewer System ("Treasure Island") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by April 23, 1984. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. With reference to Exhibit A include in Tree-Line's response to this Commission's Order dated December 22, 1983, using Format A, provide a thorough analysis of all costs comprising 1982 test period and projected sludge hauling charges per load. Also, the Commission interprets the letter from MSD dated June 30, 1983, as meaning that after MSD installs weighing facilities, the dumping charge will be \$0.16 per net 100 pounds without a \$34 per

truckload charge. However, the projection of sludge hauling charges as set out on Exhibit A includes this \$34 item. Provide a statement from MSD clarifying the price to be charged per 4,300 gallon load after the weighing facility is installed.

2. Provide a copy of the log showing the number of visits and the amount of time spent by Andriott-Davidson's Service Company, Inc., ("Andriott-Davidson") in providing routine maintenance to Tree-Line from February to December 1982. Also, provide a copy of the checklist of duties performed at each visit.

3. When determining rates, it is the policy of the Commission to carefully analyze transactions occurring between associated companies during the test year. Since Mr. Carroll Cogan is the sole owner and president of both Tree-Line and Andriott-Davidson and all charges to Account No. 714 - Maintenance of Treatment and Disposal Plant during the test year were paid to Andriott-Davidson, a more in-depth description and analysis of services provided than is furnished in the invoices is needed in order to determine the appropriateness of the test-period charges to this account.

a. With reference to the following test period invoices:

- 1) Invoice No. 526-2 dated May 26, 1982, \$1,433.87
- 2) Invoice No. 802-3 dated August 2, 1982, \$1,102.73

For each invoice listed above, provide the following:

- 1) Total labor charges billed
- 2) Number of employees performing the job

- 3) Total hours worked by each employee performing the job
- 4) Rates billed for each employee per hour
- 5) Rates paid by Andriott-Davidson to each employee per hour
- 6) Total mileage charges
- 7) Total miles traveled
- 8) Rate charged per mile or other basis for transportation charges
- 9) Cost to Andriott-Davidson of materials listed on the invoice
- 10) Provide a complete and thorough explanation of verbal and/or written agreements between Tree-Line and Andriott-Davidson for non-routine maintenance services. If there is a written agreement, please provide a copy.

4. Andriott-Davidson, who provides routine maintenance service to Tree-Line, is under the same ownership as Tree-Line. Since transactions between Andriott-Davidson and Tree-line are, by definition, less than arms-length, additional information is needed to determine the appropriateness of the test period charge to Tree-Line for services provided by Andriott-Davidson under the routine maintenance contract.

a. With reference to the standard routine maintenance contract, using Format B, provide a detailed explanation of the basis for and the method of determination of the monthly charges for each component of service provided. Please thoroughly explain the method and basis of prorated or allocated costs.

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

- 1) The monthly routine maintenance fee presently in effect and the effective date of that fee.
- 2) The previous monthly routine maintenance fee and the effective date.
- 3) The number of customers served by each utility.
- 4) The number of sewage treatment plants and the GPD capacity of each plant during the test period.
- 5) The location of the plant.
- 6) Whether the service is provided under the standard contract or special contract. Provide copies of special contracts.
- 7) For each utility served under the standard contract identify by number each component of service provided for that utility.
- 8) 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 test period.

c. Has Tree-Line negotiated with any other entities who provide routine maintenance services for sewer utilities?

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

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

5. Provide the period of electric service rendered by the Louisville Gas and Electric Company with regard to amounts paid by the Louisville Mortgage Service Company of \$195.03, \$235.71 and \$1,033.80 which was included in test year electric expense. Attached is a copy of these invoices.

6. If known, provide the average monthly residential water usage in Tree-Line Estates.

Done at Frankfort, Kentucky, this 6th day of April, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

Format A

Analysis of Sludge Hauling Expense

Per Load

	<u>1982</u>	<u>Projected</u>
1. C.F.S.: Cost of Providing Services		
a. Labor	\$	\$
b. Travel		
c. Other		
1)		
2)		
d. Margin		
2. M.S.D. Dumping		
a. Flat fee	\$	\$
b. Per 100 pounds fee		
3. Other		
a.	\$	\$
b.		
TOTAL CHARGE	\$ 105	\$ 160

Format B

Cost Justification for

\$250 Routine Maintenance Expense

Costs to Andriott-Davidson to provide routine maintenance services to Tree-Line per month*:

1. Basic Labor	\$ _____	_____ hrs.
2. Supervisor Labor	\$ _____	_____ hrs.
3. Health Insurance	\$ _____	
4. Workmen's Compensation	\$ _____	
5. Pension Plans	\$ _____	
6. Overhead	\$ _____	
7. Vehicle Cost	\$ _____	
8. Vehicle Operating Costs	\$ _____	
9. Other		
a. _____	\$ _____	
b. _____	\$ _____	
c. _____	\$ _____	
10. Margin	\$ _____	
	\$ 250 per month	

*Thoroughly explain any pro ration or allocation of costs and the basis for using such methods.

#0000
 SERVICE:
 1-ELECTRIC WATER HEATING
 2-ELECTRIC SINGLE PHASE
 3-ELECTRIC THREE PHASE
 4-ELECTRIC OUTDOOR LIGHTING
 5-GAS RATE
 60 OR UNDER-RESIDENTIAL
 60 OR OVER-NON-RESIDENTIAL

Louisville Gas and
 Electric Company
 311 West Chestnut
 Louisville, Kentucky
 506-4121
 Mon.-Fri. 8 A.M. to 5 P.M.

Time

195.03
 235.71
 1033.80
 \$ 1,464.54

READING DATE	SCORES	PRESENT READING	MULTIPLIER	YEAR	AMOUNT
PREVIOUS READING	PREVIOUS READING			SERVICE CUB. FT.	
02030304	651	82433		3173	19503

LOU MORTGAGE SERV CO
 LIFT STATION
 P O BOX 35140
 LOUISVILLE KY 40232

pd 26-82
 \$ 111

GROSS BILL DUE AFTER	SCHOOL TAX	KY SALES TAX	GROSS BILL	NET BILL
03 25 82		9.29	20478	19503

TAX AMOUNTS AS SHOWN ABOVE ARE INCLUDED IN TOTALS

5210 HASBROOK RR
 PLEASE KEEP THIS PORTION
 FOR YOUR RECORDS

NEXT READING DATE	ACCOUNT NUMBER	PURCHASED GAS ADJUSTMENT		ELECTRIC FUEL ADJUSTMENT	
		PER 100 CUBIC FEET	AMOUNT INCLUDED BELOW	PER KW	AMOUNT INCLUDED BELOW
			\$		\$

#0000
 SERVICE:
 1-ELECTRIC WATER HEATING
 2-ELECTRIC SINGLE PHASE
 3-ELECTRIC THREE PHASE
 4-ELECTRIC OUTDOOR LIGHTING
 5-GAS RATE
 60 OR UNDER-RESIDENTIAL
 60 OR OVER-NON-RESIDENTIAL

FINAL 0312 23571

Louisville Gas and
 Electric Company
 311 West Chestnut
 Louisville, Kentucky
 506-4121
 Mon.-Fri. 8 A.M. to 5 P.M.

READING DATE	SCORES	PRESENT READING	MULTIPLIER	YEAR	AMOUNT
PREVIOUS READING	PREVIOUS READING			SERVICE CUB. FT.	

THIS IS THE SECOND NOTICE OF
 YOUR FINAL BILL WHICH HAS NOT
 BEEN PAID.

LOU MORTGAGE SERV CO
 LIFT STATION
 P O BOX 35140
 LOUISVILLE KY 40232

GROSS BILL DUE AFTER	SCHOOL TAX	KY SALES TAX	GROSS BILL	NET BILL
				23571

TAX AMOUNTS AS SHOWN ABOVE ARE INCLUDED IN TOTALS

5210 HASBROOK RR
 PLEASE KEEP THIS PORTION
 FOR YOUR RECORDS

NEXT READING DATE	ACCOUNT NUMBER	PURCHASED GAS ADJUSTMENT		ELECTRIC FUEL ADJUSTMENT	
		PER 100 CUBIC FEET	AMOUNT INCLUDED BELOW	PER KW	AMOUNT INCLUDED BELOW
			\$	0.23000	\$ 39.82

#0000
 SERVICE:
 1-ELECTRIC WATER HEATING
 2-ELECTRIC SINGLE PHASE
 3-ELECTRIC THREE PHASE
 4-ELECTRIC OUTDOOR LIGHTING
 5-GAS RATE
 60 OR UNDER-RESIDENTIAL
 60 OR OVER-NON-RESIDENTIAL

Louisville Gas and
 Electric Company
 311 West Chestnut
 Louisville, Kentucky
 506-4121
 Mon.-Fri. 8 A.M. to 5 P.M.

READING DATE	SCORES	PRESENT READING	MULTIPLIER	YEAR	AMOUNT
PREVIOUS READING	PREVIOUS READING			SERVICE CUB. FT.	
02030304	651	43693		17314	103380

LOU MORTGAGE SERV CO
 SEWER TREATMENT PLNT
 P O BOX 35140
 LOUISVILLE KY 40229

GROSS BILL DUE AFTER	SCHOOL TAX	KY SALES TAX	GROSS BILL	NET BILL
03 25 82		4923	108549	103380

TAX AMOUNTS AS SHOWN ABOVE ARE INCLUDED IN TOTALS

5209 HASBROOK RR
 PLEASE KEEP THIS PORTION
 FOR YOUR RECORDS