

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SANITATION)
DISTRICT NO. 2 OF MCCRACKEN)
COUNTY, KENTUCKY FOR A SEWER) CASE NO. 9252
RATE INCREASE AND ORDER ALLOWING)
THE PUBLISHING OF A NEW TARIFF)
FOR AN INCREASE IN SEWER RATES)

O R D E R

IT IS ORDERED that Sanitation District No. 2 of McCracken County, Kentucky ("McCracken") shall file an original and eight copies of the following information with the Commission by February 22, 1985, or 3 weeks from the date of this Order, whichever is later, with a copy to all parties of record. 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. Provide an itemized listing of the costs incurred to date for the preparation of this rate case and an itemized estimate of the total cost to be incurred for the case. Indicate any costs incurred for this case that were incurred during the test year. For these costs, include the account charged for each amount and a detailed explanation of the services provided by each firm or individual rendering services in connection with this case.

2. With reference to the statement of operations for the test period, provide a detailed breakdown of the following

accounts. Include in the analysis the check or voucher number, payee, the amount, the date and a description of the services, materials and/or labor provided in each transaction. Items of less than \$50 may be grouped with a general description of the costs included in each group.

<u>Account Number</u>	<u>Title of Account</u>	<u>Amount of Expense</u>
712	Maintenance-Collection	\$6,982.00
713	Maintenance-Pumping	6,847.86
714	Maintenance-Treatment	4,291.27
921	Office Expense	669.36

3. Provide for the test year an analysis of Account No. 922--Outside Services. This analysis should include the date of the expenditure, the recipient, the duties performed or materials purchased, the total hours and hourly rate, (if appropriate), and an explanation of the expenditure. If these functions are performed on a contract basis, provide details as to how the contracts were let including the terms and prices of contracts rejected. Also, provide copies or current contracts or terms of verbal agreements.

4. Provide for the test year an analysis of Account No. 929--Transportation Expense. The analysis should include a description of vehicles owned by McCracken and the miles traveled by each employee or manager on company business during the test year. Please submit a schedule of transportation expenses reimbursed to employees for use of their own personal vehicles on company business. Also, provide a breakdown of all additional items expensed to this account not associated with mileage. This

breakdown should include a description of the materials and services purchased and the amounts. The total amount of the analysis should reconcile with the total amount expensed to Account No. 929 for the test year.

5. Provide a depreciation schedule reconciling with the test-year depreciation expense including the following information for each asset:

- a. Description of asset.
- b. Date acquired.
- c. Cost or basis.
- d. Depreciation allowed or allowable in prior years.
- e. Estimated life.
- f. Test-year depreciation expense.

6. Provide a detailed explanation, including copies of workpapers, of the calculations and assumptions used to determine the requested revenue increase.

7. Provide a copy of all fuel and power bills for the test period. The total cost in this analysis should reconcile to the amount reported as "Fuel and Power Purchased" on the test-year statement of operations.

8. For each employee and commissioner provide the following information:

- a. The name, title and total compensation received during the test period. Include a description and the amount of any fringe benefits paid for each employee and commissioner.
- b. The total number of regular and overtime hours worked.

c. A detailed description of the duties and responsibilities of each employee and commissioner.

d. For each employee and commissioner, provide an analysis showing the changes in the level of wages, and other compensation, from January 1, 1982, to the present. The analysis should include an explanation for the change, the date, the amount, and the percentage of each change.

e. For each commissioner provide the approximate amount of time required monthly to fulfill his duties and responsibilities.

9. Provide the date of each commissioner's meeting held during the test period and indicate the total number of commissioners in attendance at each meeting.

10. If any customers are served other than single-family residential, please provide a list showing the number of customers in each class - single-family residential, multi-family residential (include number of apartment units) and commercial.

11. Provide a comparative balance sheet for the years ended September 30, 1983, and September 30, 1984.

12. Provide the details regarding the "gain on sale" income per the test year statement of operations including a description of the asset, date purchased, date sold, accumulated depreciation, estimated life and the sale price. Please submit an explanation as to why a pro forma adjustment was not made to exclude this income from the test year since it is an extraordinary item.

13. Provide copies of the January 1, 1964, and November 1, 1973, bond resolutions and mortgage agreements, (if applicable).

14. With regard to the treatment plant's capacity, provide the following information:

a. The maximum GPD capacity of the sewage treatment plant.

b. Any estimated customer increase or decrease (residential, commercial and industrial).

c. An explanation as to why the plant has a population equivalent capacity of 3,500 while it had only 1,275 residential and 125 commercial customers for the test year.

15. Provide a schedule reconciling the total existing and proposed operating revenues per the rate schedule (Exhibit 4) and the total existing and proposed operating revenues per the comparative income statement (Exhibit 3).

16. What is the basis for the change in the rate structure?

17. What benefit will McCracken receive with the installation of a new rate structure? What benefits will the customers receive?

18. Do the proposed rates apply to all classes of customers?

19. Provide the Commission with a billing analysis for the test period giving the actual monthly usage of each customer class at the different usage levels.

20. Provide the Commission with an alternative flat rate for each customer class. Provide a narrative discussion of McCracken's position on having a flat rate as opposed to a rate based on water usage.

21. On the application total revenue for the test period was listed as \$129,682.32 using the existing rates and 1,400 customers. The total revenue on the annual report was listed as \$127,375 using 1,540 customers. Provide an explanation why revenue for the test period using 1,400 customers is greater than revenue ending December 31, 1983. Provide any documents that will help support your answer.

Done at Frankfort, Kentucky, this 4th day of February, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Demergh
For the Commission

ATTEST:

Secretary