

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE MUHLENBERG )  
COUNTY WATER DISTRICT, A WATER )  
DISTRICT ORGANIZED PURSUANT TO ) CASE NO. 9262  
CHAPTER 74 OF THE KENTUCKY REVISED )  
STATUTES FOR A GENERAL ADJUSTMENT )  
OF RATES AND REVISION OF RATES )

O R D E R

IT IS ORDERED that Muhlenberg County Water District ("Muhlenberg") shall file an original and eight copies of the following information with this Commission, with a copy to all parties of record, by May 14, 1985, or within 2 weeks after the date of this Order, whichever is later. 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. Muhlenberg provided an incomplete response to Item No. 3 of the Commission's Order dated February 27, 1985. In its application, Muhlenberg proposed depreciation expense based on a useful life of 35 years for utility plant in service. In response to Item No. 3, Muhlenberg stated that it uses a 50-year useful life for utility plant in service. Is Muhlenberg amending its application to include depreciation based on a 50-year useful life of utility plant in service?

Please also compare each line item on Exhibit 4 of Muhlenberg's application with the upper limits of useful lives as promulgated by "NARUC" and explain all differences between Muhlenberg's depreciation practices and those promulgated by "NARUC", as previously requested in Item 3 of the Commission's Order dated February 27, 1985.

2. In reference to Muhlenberg's response to Item No. 4 of the Commission's Order dated February 27, 1985, the breakdown of Maintenance of Mains included \$10,937 expended on October 21, 1983, and paid to United Pipeline Corporation. Please provide a copy of the supporting invoice or invoices for \$10,937 expended. Please also provide any evidence or explanation why this amount should not be capitalized and depreciated over its useful life.

3. In reference to Muhlenberg's response to Item No. 4 of the Commission's Information Request dated February 27, 1985, the breakdown of Maintenance of Mains contains three expenditures for the trenching of service lines and are as follows:

	<u>Date</u>	<u>Payee</u>	<u>Amount</u>
1.	7/25/83	Kenny Vaught	\$ 200
2.	10/21/83	Ray Vaught	2,111
3.	12/23/83	William Vaught	981

Please provide a copy of the supporting invoice or invoices for these expenditures. Please also provide any evidence or explanation why these expenditures should not be capitalized and depreciated.

4. In reference to Muhlenberg's response to Item No. 7 of the Commission's Order dated February 27, 1985, the breakdown of Office Supplies and Other Expenses includes \$1,217 expended on

November 11, 1983, for possibly capitalizable items. Please provide a copy of the invoice or invoices supporting this expenditure. Please also provide evidence or an explanation why these expenditures should not be capitalized and depreciated.

5. In reference to Muhlenberg's response to Item No. 8 of the Commission's Order dated February 27, 1985, the invoices supporting Property Insurance included a \$150 and a \$815 expenditure, each incurred during 1982. The invoices also included \$553 incurred in 1984. The dates incurred, the amounts and the payees are as follows:

<u>Date</u>	<u>Payee</u>	<u>Amount</u>
1982	C.A. Lauton and Son	\$150
1982	C.A. Lauton and Son	815
1984	C.A. Lauton and Son	553

Please provide any evidence or explanation why these amounts should not be eliminated from test-period expenses for rate-making purposes.

6. Please provide the date and the percentage increase of the last general pay raise prior to 1983.

7. In reference to Muhlenberg's responses to Items 9 and 10 of the Commission's Order dated February 27, 1985, the end of test-period annualized labor hours is 5,928 greater than the beginning test-period annualized labor hours of 6,240 hours. This represents a 95 percent increase in applied labor hours. For this significant increase in applied labor, please provide, if appropriate, details of any maintenance or development program to include:

- a. Labor hours at each skill level;
- b. Equipment needs and costs;
- c. Tasks or objectives to be accomplished;
- d. Time period to accomplish task;
- e. Geographic area of task;
- f. Expected ongoing cost benefit including calculations with underlying facts and assumptions;
- g. Expected service or safety benefit;
- h. Time span for which additional labor hours are needed;
- i. Copies of engineering studies which may support the above.

Done at Frankfort, Kentucky, this 30th day of April, 1985.

PUBLIC SERVICE COMMISSION

*Richard D. Haman*  
For the Commission

ATTEST:

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Secretary