

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ORCHARD GRASS SANITATION, INC., A)
KENTUCKY CORPORATION; 118 MILL ROAD,)
PARK RIDGE, NEW JERSEY 07656. JOINT)
APPLICATION FOR APPROVAL OF TRANSFER) CASE NO. 9295
OF SEWER TREATMENT PLANT, AND MOTION)
BY ORCHARD UTILITIES, INC., FOR)
AUTHORIZATION TO ISSUE EVIDENCE OF)
INDEBTEDNESS)

O R D E R

IT IS ORDERED that Orchard Grass Sanitation, Inc. ("Orchard Sanitation") and Orchard Grass Utilities ("Orchard Utilities") shall file an original and 7 copies of the following information with this Commission with a copy to all parties of record by April 30, 1985. Orchard Sanitation and Orchard Utilities shall be jointly responsible for the responses to this Order. For each response identify the witness who will be available at the public hearing for responding to questions concerning each area of information requested. 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 B, the 1983 annual report of Orchard Sanitation, page 3, line 17, provide a complete explanation of the factors that resulted in the \$391,594 balance in Account No. 223--Advances from Associated Companies. Provide a statement as to the proposed future rate-making treatment of this liability.

2. With reference to Exhibit A, Assets Purchase Agreement, page 3, it states therein that the purchase price shall be \$215,000. In Orchard Grass' last rate case, No. 8193, the Commission found that the plant was totally contributed, which results in a zero book value for purposes of recording the Plant Acquisition Adjustment. With reference to the 1983 annual report, page 2, line 7, the 1983 end-of-year net utility plant balance was \$180,568. Provide the details regarding the benefits of the transfer in excess of book cost. Also, provide a statement as to the proposed rate-making treatment of the plant acquisition adjustment to be recorded as a result of this transfer in excess of book value.

3. With reference to Exhibit E, provide a legible copy of the note between Citizens Fidelity Bank and Trust Company and Orchard Utilities. Also, provide a statement as to the proposed rate-making treatment of the interest associated with this note.

4. Who is currently operating the system?

5. On what date did the current operator begin operating the system?

6. Provide a statement showing the original cost of the plant, estimated if not known. Provide an explanation of the basis for any estimates used in the statement.

7. With reference to the 1983 annual report, page 11, item 4, provide a copy of the auditor's report associated with the December 31, 1983, audit by Touche Ross and Company. Also, provide a copy of the 1984 audit report as soon as it becomes available.

8. Provide a statement setting forth the reasons for the sale and transfer.

9. Provide a statement setting forth the improvements expected due to the sale and transfer.

10. Provide a statement explaining how the purchase price was determined.

11. Provide statements indicating the approval of the transfer by any creditors having liens on the assets of seller.

12. Provide copies of any feasibility or other studies performed to determine that the purchase is economically feasible.

13. Provide the proposed journal entries on the books of both the purchaser and the seller that will reflect the sale and transfer.

14. Provide a closing balance sheet for the acquired utility.

15. Provide a statement explaining why the proposed form of business combination to be used is preferred over other forms of business combinations.

16. Provide a statement showing projected annual revenues and expenses of the utility under the new ownership including a detailed explanation of how the projected annual revenue and expenses were determined.

17. Provide a statement setting forth the complete details of proposed operating changes under the new ownership, including changes in management.

18. Provide copies of any operational, material or service contracts to be placed into effect upon acquisition of the utility by the purchaser.

19. Provide a statement setting forth any financial resources available to the purchaser other than those contained in the financial statements.

20. Provide a statement setting forth any anticipated change in rates within the next 12 months.

Done at Frankfort, Kentucky, this 18th day of April, 1985.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary