

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SOUTH SHORE)
WATER WORKS COMPANY FOR A) CASE NO. 9330
GENERAL RATE INCREASE)

O R D E R

IT IS ORDERED that South Shore Water Works Company ("South Shore") shall file an original and 10 copies of the following information with this Commission, with a copy to all parties of record, within 10 days of the date of this Order. All responses should be in sufficient detail as to provide the information requested. If the requested information is not filed by the stated date, the case will be dismissed without prejudice.

1. With regard to information presented showing that approximately 40 percent of the new employees' wages should be capitalized, respond to the following:

- (a) Response to 1(e) of the initial information request indicated that the employees were hired March 26, 1985; please explain the inclusion of January, February, and March in this calculation as shown in the affidavit.
- (b) In the letter of October 3, 1985, South Shore indicated that all employees would be laid off indefinitely; what effect did this have on these employees during October, November and December?

(c) Would you consider the layoff normal?

(d) Also in its application South Shore stated that construction would be taking place over the next 5 years; what percent of these employees' wages will be capitalized in these years.

2. Provide workpapers showing the determinations of the \$8,730 and the \$1,536 levels for chemical expense.

3. With regard to the sales tax included in operating expense, provide a list of the expenditures on which this amount was derived and explain why sales tax did not track the expenditures.

4. (a) Provide documentation showing the determination of the booked depreciation expense of \$12,114 and the level shown on the depreciation schedule of \$14,125.

(b) Provide a reconciliation of these two levels.

(c) Identify and reconcile any differences between the plant in service per rate base and depreciation schedule.

5. Provide a reconciliation between the rate case expense applied in the Order and the \$6,418 level shown in the petition for rehearing.

Done at Frankfort, Kentucky, this 27th day of February, 1986.

ATTEST:

PUBLIC SERVICE COMMISSION

Secretary

Richard D. Deman Jr.

For the Commission