

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SOUTH)
GRAVES WATER DISTRICT FOR) CASE NO. 8513
AN ADJUSTMENT OF RATES)

O R D E R

IT IS ORDERED that South Graves Water District shall file an original and six copies of the following information with this Commission by July 16, 1982. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

(1) Provide a copy of the mortgage agreements with FmHA for all outstanding and proposed issues of long-term debt.

(2) Provide copies of the districts test period utility bills (electric, telephone, etc.).

(3) Pro forma adjustment l.c. states that a \$360 power bill is anticipated for the new underground pump station. Provide an explanation of how this anticipated figure was derived. Include with the explanation copies of any workpapers, plans, or specifications used to arrive at this figure.

(4) Provide the same information requested in item 3 for the \$400 anticipated maintenance costs of the new pumping facility and the 10 percent, (\$452) increase in electric power costs mentioned in pro forma adjustment l.c.

(5) Pro forma adjustment l.d. states that total salaries for 1981 were \$11,809. Please provide a breakdown of this total into the accounts charged as they are reported in the 1981 annual report. Also provide the same information for 1979 and 1980.

(6) Provide for the test year the number of employees of the district and the annual salary of each employee along with the duties and responsibilities of each.

(7) Provide details of the methodology used to determine the total revenue requirements in this case. Also show how the amount of increase of \$41,156.10 was determined.

(8) Provide a statement as to why South Graves has consistently suffered operating losses for the period of 1971 through 1981 without appearing before this Commission for timely rate relief.

(9) Provide a copy of the amortization schedule for the proposed new bond issue.

(10) According to the FmHA letter of conditions, the 1970 bond issue will be reamortized at the time of closing the new bond issue. Provide a copy of the existing and the new amortization schedule of the 1970 bond issue.

(11) Provide the basis for the anticipated increase in salaries expense of $9\frac{1}{2}$ percent in pro forma adjustment l.d. Provide workpapers in support of the adjustment and a copy of the board resolution or any other acts authorizing the increase.

(12) Please explain the amount of \$106.79 reported on line 41 of the income statement in your 1981 annual report. It appears that this item would be properly reported in Account 408, Taxes Other Than Income Taxes. Also, explain where this item has been shown in the annual report in 1979 and 1980.

(13) Please provide the information requested on page 1 of the annual report regarding the annual salary of the principal officers for 1979, 1980, and 1981.

(14) The district has reported that no depreciation expense is being taken on contributed property. However, it is noted that \$119,356 in contributions in aid of construction are reported on the districts 1981 balance sheet which represents approximately 15 percent of the utility plant in service. Has any depreciation expense on the \$119,356 of utility plant in service contributed through tap on fees been reported in the districts 1981 income statement?

(15) Explain in detail the proposal to increase working capital as a part of the financing of the proposed construction project. What portion of the total funds will constitute working capital? Provide the Commission with a detailed explanation of the proposed use of this additional working capital.

(16) Provide a breakdown of the actual expenses included in the following accounts during the test period.

(1) Chemicals - Account 631

(2) Operation Supplies and Expenses - Account 641

- (3) Maintenance Mains - Account 651
- (4) Maintenance of Meters - Account 653
- (5) Office Supplies and Other Expenses - Account 921
- (6) Outside Services Employed - Account 923
- (7) Operation Labor - Accounts 630 and 640
- (8) Notes Payable - Account 231

(17) Provide a copy of the districts depreciation schedule reflecting an analysis of the utility plant and the applicable depreciation rates used to determine the \$20,377 of depreciation expense reported in 1981.

(18) South Graves Water District reports total bonds issued in Account 221 of \$675,000. This is made up of a \$635,000 issue to FmHA and a separate \$40,000 issue. Provide the Commission with all pertinent information relating to the separate \$40,000 issue including, to whom issued, interest rate, length of issue, terms and conditions, along with all other relevant data.

(19) The present rates of the district printed in the legal notice shows .50 per 1,000 gallons for all water consumed over 100,000 gallons. The rates reported on page 1 of the application shows .40 per 1,000 gallons for all water consumed over 100,000 gallons. Please report the correct price to the Commission.

(20) Will any new customers be added as a result of the proposed construction project? If so, how many?

Done at Frankfort, Kentucky, this 25th day of June, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vohs
By the Commission

ATTEST:

Secretary