

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF RATES OF R.A.)
WILLIAMS D/B/A CEDARBROOK) CASE NO. 8582
TREATMENT PLANT HARRISON)
COUNTY, KENTUCKY)

O R D E R

On August 6, 1982, the Commission received the application for an increase in rates of R. A. Williams Development Co., d/b/a Cedarbrook Treatment Plant ("Cedarbrook"). The application was filed on the forms provided under the Commission's regulation 807 KAR 5:076, Alternative Rate Adjustment Procedure for Small Utilities. In accordance with the Commission's regulations, in order to be eligible to file under the alternative rate adjustment procedure, a utility must have on file ". . . fully completed annual reports for at least the two (2) prior years, when the applicant has been in existence that long." After reviewing the annual reports presently on file for Cedarbrook, the Commission is of the opinion and finds that the reports for 1979 and 1980 have deficiencies which have not been corrected through repeated correspondence from the Commission staff. Furthermore, the annual report for 1981 contains similar deficiencies which should be corrected.

IT IS THEREFORE ORDERED that Cedarbrook shall file responses to the letters in Appendix A dated February 19, 1982; Appendix B dated April 9, 1982; Appendix C dated July 6, 1982; and Appendix D dated August 16, 1982, on or before September 10, 1982. If neither the required information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

Done at Frankfort, Kentucky, this 31st day of August, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Katharine Randall
Vice Chairman

L. L. Langya
Commissioner

ATTEST:

Secretary



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 19, 1982

Mr. R. A. Williams, President
R. A. Williams Development Co., Inc.
2230 Idle Hour Building
Suite 206
Lexington, Kentucky 40502

Dear Mr. Williams:

In reviewing the annual report of R. A. Williams Development Co., Inc., for the years ending December 31, 1979 and 1980, we need additional information or clarification of the items which are listed below. Please reply to the writer within fifteen days.

(1) You have listed the utility plant to have a value of one dollar. The utility plant should be listed at its original installation cost. Provide a detailed description of the treatment plant including the assignment cost of individual items.

(2) There are some changes necessary concerning your accounting treatment of the plant and lines as provided in the following remarks:

(a) Has the utility recouped the total cost of development through the sale of lots?

(b) If the answer to "a" is yes, the plant cost should be set up on the accounting records by a debit to Utility Plant in Service (Account 100) and a credit to Contributions in Aid of Construction (Account 271).

(c) If all lots have not been sold (total cost not yet recouped) the plant cost should be allocated between sold and unsold lots, relative to treatment described in item "b".

Mr. R. A. Williams
February 19, 1982
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(3) Explain the discrepancy between the ending balance of 1979 and the beginning balance of 1980 in Accounts 231 and 232 as shown on the Balance Sheet.

(4) Provide an explanation for the difference between the sum of the amounts on lines 1-49 under the Balance Last of Year column of page 3 in the 1979 report and the total on line 50.

(5) Explain the discrepancy between the amount on the Balance Transferred From Income line under column c of the Statement of Retained Earnings Schedule on page 7 of the 1979 report and the Net Loss recorded in the 1978 report.

(6) Complete each schedule in full on pages 11 and 12 for both the 1979 and 1980 reports.

The pages involved in these corrections are 2, 3, 5, 7, 11, and 12. If you should have any questions, please contact me.

Yours truly, -

Sheila Kuzma

Sheila Kuzma
Public Utility Accounts Examiner

SK:mfb



APPENDIX B

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 9, 1982

Mr. R. A. Williams
President
R. A. Williams Development Co., Inc.
2230 Idle Hour Building
Suite 206
Lexington, Kentucky 40502

Dear Mr. Williams:

This letter is to remind you that the suggested fifteen day time period allotted for response to the Public Service Commission has expired. Your prompt reply to my letter of February 19, 1982, would be appreciated.

Yours truly,

A handwritten signature in cursive script that reads "Sheila Kuzma".

Sheila Kuzma
Public Utility Accounts Examiner

SK:lb



APPENDIX C

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

July 6, 1982

Mr. R. A. Williams
President
R. A. Williams Development
Company, Inc.
2230 Idel Hour Building
Suite 206
Lexington, Kentucky 40502

Dear Mr. Williams:

On February 19, 1982, the Accounting Section of the Rates and Tariffs Division of this Commission wrote to your utility requesting additional information concerning your Annual Report.

It is to your advantage to have an accurate Annual Report on file with this Commission when you seek authority to borrow additional funds, construct additional facilities and/or initiate a change in rates.

To date, we have not received this essential information and we must ask that you comply without further delay. Unless a reply is received within fifteen (15) days, we shall consider the Annual Report delinquent, and the Commission will initiate such action as it deems necessary in this matter.

In the event that the original letter may have been misplaced, a copy of the letter is enclosed.

Very truly yours,

RATES AND TARIFFS DIVISION

M. Dell Coleman

MDC/ksl

Enclosure



APPENDIX D

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 16, 1982

Mr. R. A. Williams, President
R. A. Williams Development Co., Inc.
2230 Idle Hour Building
Suite 206
Lexington, Kentucky 40502

Dear Mr. Williams:

In reviewing the 1981 annual report of R.A. Williams Development Co., Inc. I have come upon several items which are in need of clarification. Please send in the requested information by September 3, 1982.

- 1) Included on page 4 of the rate application is a detail of the 1981 operating expenses. Although pages 9 and 10 of the annual report provide accounts for each expense listed on the detail in the rate application, this utility has not reported the expenses in the proper accounts in the annual report but has lumped all expenses together into Account 714. In order to have a complete and accurate annual report for comparison and statistical purposes as well as for use in rate applications it is essential that all utilities provide the Commission with a full and complete breakdown of their operating expenses as required in the annual report. R. A. Williams Development Company must provide the Commission with a full and complete breakdown into the proper accounts in the annual report of their operating expenses for the years 1979, 1980 and 1981 and all future years.
- 2) Provide all information requested on pages 11 and 12 of the 1981 annual report.
- 3) Provide the information required in item 7 of page 1 of the 1979, 1980 and 1981 annual reports.

R. A. Williams, President
August 16, 1982
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- 4) Provide a full and complete explanation for the large change in the balance of Account 131, Cash and Working Funds during 1981.
- 5) In addition items 1 and 2 of the letter from Sheila Kuzma dated February 19, 1982, concerning your 1979 and 1980 reports must also be provided for the 1981 report. A copy of that letter is enclosed.

Yours truly,

Walter Fliegel
Public Utility Financial Analyst

WF:jsb

Enclosure