

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

GENERAL ADJUSTMENT OF)
RATES OF MARYVILLE) CASE NO. 8654
SEWERAGE SYSTEM, INC.)

O R D E R

IT IS ORDERED that Maryville Sewerage System, Inc., ("Maryville") shall file an original and six copies of the following information with the Commission, with a copy to the Attorney General's Consumer Protection Division, by December 30, 1982. Maryville shall furnish the name of the witness who will be available at the public hearing to respond to questions concerning each item of information provided. 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. The response to Item No. 7 of the Commission's Order dated November 4, 1982, reflected that the following construction costs were classified as development costs for the test period:

- a. Spring Meadow Estates \$56,427
- b. Sewer Plant No. 4 water line \$33,336
- c. Trunk and lateral lines \$74,226.

Provide the following information concerning these costs:

- (1) Explain why each one of the three categories of costs has been classified as development costs.

- (2) How are these costs being recovered?
- (3) What was the source of the funds used to construct these facilities?
- (4) Provide all journal entries affecting this account during the test period.

2. The response to Item No. 10 of the Commission's Order dated November 4, 1982, listed the following company owned vehicles:

- a. 1976 Ford pickup F250
- b. 1972 International truck with tank
- c. 1981 Fleetside pickup truck.

Provide the following information concerning these vehicles:

- (1) The total number of miles driven during the test period for each vehicle.
- (2) Are the vehicles assigned to specific employees?
- (3) List the specific uses for each one of the vehicles.
- (4) Are the vehicles used exclusively by Maryville?

3. The response to Item No. 12 of the Commission's Order dated November 4, 1982, included a breakdown of maintenance - plant and equipment for the test period. Provide copies of the invoices for the following expenditures which were listed as a part of the breakdown.

- a. 11/25/81 Eubank, Hall and Associates \$1,276.67.
- b. John A. Walser, Inc. \$2,859.77.

4. The response to Item No. 11 of the Commission's Order dated November 4, 1982 included a breakdown of repairs and replacements for the test period. Provide copies of the invoices for the

following expenditures which were listed as a part of the breakdown.

- a. 9/1/81 Eubank, Hall and Associates \$575.01
- b. 9/31/81 A. C. Tool and Machine \$2,326.54
- c. 11/23/81 Quality Electric Motor \$420.74
- d. 3/10.82 Quality Electric Motor \$453.93
- e. 4/15/82 Eubank, Hall and Associates \$286.25
- f. 4/29/82 Fischer and Porter \$658.09
- g. 4/29/82 Senninger Plumbing, Inc. \$320.52

5. Item No. 15 of the Commission's Order dated November 4, 1982, requested copies of the monthly bills for electric, gas, water and telephone service for each month of the test period and the location of utility facilities receiving the service. The response dated December 1, 1982, only included copies of the water bill for the test period. Provide copies of the monthly bills for electric, gas, and telephone service for each month of the test period along with a complete description and the location of the utility facilities receiving the service and the account charged.

6. Provide the basis including all underlying assumptions along with detailed supporting computations and explanations of the methodology used for the following proforma adjustments included as a part of the comparative income statement filed with the application.

- a. An increase in wages in the amount of \$4,309.
- b. A decrease in gasoline and truck expenses in the amount of \$45.

- c. An increase in sludge hauling expenses in the amount of \$3,309.
- d. A decrease in repair and replacement expenses in the amount of \$118.
- e. An increase in collection charges from the Louisville Water Company in the amount of \$345.
- f. An increase in miscellaneous office expenses in the amount of \$101.
- g. A decrease in rate case expense (#7558) in the amount of \$38.
- h. Current rate case expense of \$750.
- i. An increase in bad debt expense in the amount of \$346.
- j. An increase in operating taxes in the amount of \$166.
- k. A decrease in interest expense on long-term debt in the amount of \$15,094.
- l. A decrease in other interest expense in the amount of \$2,636.

7. Maryville has indicated within the application and in the response dated October 25, 1982, that a third-party agreement guaranteeing continued operation of the sewer facilities does not exist. Provide a description of the action(s) taken by Maryville in an effort to obtain a third-party agreement.

8. Item (f) of the section entitled "INFORMATION REQUIRED BY 807 KAR 5:071 (3)(2)" within the application states that total investment in plant is \$1,498,925.89 and of this amount \$1,260,126.51 is contributed and \$238,779.35 is not.

Provide the following information concerning this item:

- a. Why does the balance sheet filed with the application not show contributions in aid of construction?

- b. Furnish a schedule which reflects the source(s) and date(s) of receipt for the \$1,260,126.51 listed as contributed.
- c. Furnish the journal entries for the preceeding seven years that were made in connection with contributions.

9. Provide a list of all costs which were allocated to Maryville as a result of cost-sharing with other entities during the test period. Also, provide the total amount of each cost and the basis for allocation between Maryville and other entities.

10. Provide the name and a description of any entities which share the same office location with Maryville.

11. Provide the name and a description of any entities whereby equipment, utilities, or services are shared between the entity and Maryville.

12. Provide the basis complete with supporting computations and schedules for allocating wages, truck repairs and gasoline to sludge hauling expense.

13. Provide the date(s) and location(s) of the recertification and/or training classes attended by Maryville personnel during calendar year 1982. Also, provide a schedule which lists the costs incurred at each class.

14. Item No. 2 of the Commission's Order dated November 4, 1982, requested certain information concerning the offices and employees of Maryville. The response dated December 1, 1982, did not contain the following information for administrative personnel as requested by Item 2(b).

"2(b) The total number of regular and overtime hours worked during the test period and indicate the method used to compute the amount of compensation received (such as periodic salary, hourly base rate, hourly overtime rate, or units of production)."

Provide the above information and in addition provide the basis for fixing the salaries of administrative personnel.

Done at Frankfort, Kentucky, this 17th day of December, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary