

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF PB CORPORATION)
(FOXBORO MANOR) FOR AN ADJUSTMENT)
OF RATES PURSUANT TO THE ALTERNATIVE) CASE NO. 8682
PROCEDURE FOR SMALL UTILITIES)

O R D E R

IT IS ORDERED that PB Corporation - Foxboro Manor ("Foxboro") shall file an original and seven copies of the following information with the Commission, with a copy to the Attorney General's Division of Consumer Protection, and a copy to Mr. Charles Lind, Intervenor, by January 14, 1983. 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. Included in the response dated December 22, 1982, were copies of invoices from Butler Construction Company for calendar year 1981. The following list has been compiled from these invoices.

<u>Date of Invoice</u>	<u>Description</u>	<u>Amount</u>
1) 2-10-81	RESCO	\$ 96.00
2) 3-04-81	RESCO	202.50
3) 3-04-81	Quality Electric	120.75
4) 4-02-81	James Headden	257.34

5)	4-02-81	Peterson Hardware	157.62
6)	5-06-81	James Headden	624.00
7)	8-05-81	Hartung Electric	346.10
8)	12-03-81	RESCO	160.00

For each of the items listed provide the following:

- a) A description of the services provided or of the materials furnished.
- b) Identify the costs which are related to the acquisition of a new asset or to the replacement of an existing asset.
- c) For those costs which are related to new or replacement assets provide the useful life of the asset.

2. The response dated December 22, 1982, included a breakdown of repairs for calendar year 1981. The following list has been compiled from this breakdown.

<u>Date</u>	<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
1) 3-04-81	Quality Electric	\$205.04	Motor Work
2) 3-11-81	Quality Electric	209.55	Motor Work
3) 3-09-81	Quality Electric	336.16	Motor
4) 4-08-81	Beck Mar	264.00	Testing
5) 11-16-81	Quality Electric	102.44	Pump

For each of the items listed provide the following:

- a) copies of the invoices
- b) Identify the costs which are related to the acquisition of a new asset or to the replacement of an existing asset.

- c) For those costs which are related to new or replacement assets provide the useful life of the asset.

3. a) Is Foxboro aware of the Commission's policy to compute depreciation expense for rate-making purposes on the basis of the original cost of the plant in service less contributions in aid of construction?

b) If you are in disagreement with this policy provide a detailed explanation as to why this policy should not be applied in determining the revenue requirements in this case.

4. The Uniform System of Accounts for Class C and D Sewer Utilities as prescribed by this Commission states that credit balances in Contributions in Aid of Construction (Account No. 271) shall not be transferred to any other account without the approval of the Commission. The 1981 Annual Report filed by Foxboro reflects a net charge of (\$1,523) in this account during calendar year 1981. Provide a description of the circumstances which necessitate this deviation from the Uniform System of Accounts.

5. The 1981 Annual Report filed by Foxboro includes as a part of total utility plant the amount of \$267,022, classified as Other Utility Plant Adjustments (Account No. 109). Provide the following concerning this item.

- a) A complete explanation as to why this amount was not recorded in Utility Plant Acquisition Adjustments (Account No. 108).

- b) The date the account was established and why it was established (acquisition, merger, consolidated, etc.)

6. Item No. 6 of the application filed in this case reflects that utility operations began in 1961, however, the 1981 Annual Report for Foxboro indicates on page one (1) that utility operations began in 1970. Provide the following:

- a) How did PB Corporation acquire Foxboro (purchase, merger, etc.)?
- b) What were the exact terms of the acquisition (purchase price, amount of cash paid, etc.)?
- c) From whom did PB Corporation acquire Foxboro?
- d) What was the original cost of plant in service at the time of acquisition?
- e) Provide the journal entries that were made in connection with the acquisition of Foxboro.

Done at Frankfort, Kentucky, this 5th day of January, 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary