

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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| THE APPLICATION OF KENTUCKY MOUNTAIN |) | |
| HOUSING DEVELOPMENT CORPORATION, INC. |) | CASE NO. |
| FOR A CERTIFICATE OF CONVENIENCE AND |) | 8822 |
| NECESSITY TO CONSTRUCT SEWAGE FACILITIES |) | |
| AND FOR AUTHORITY TO ESTABLISH RATES |) | |

O R D E R

IT IS ORDERED that Kentucky Mountain Housing Development Corporation, Inc. shall file an original and eight copies of the following information with the Commission by July 15, 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. In response to the Public Service Commission's May 31, 1983 Information Request, the annual electric expense for the proposed sewage treatment plant under "full load conditions" was estimated to be \$1,404. Provide detailed calculations of how the annual electric expense was estimated including a list of each piece of electric consuming equipment, the horsepower or estimated electrical consumption of each piece of equipment and the daily hours of operation for each piece of equipment.

2. Listed under item D in the application is Sewage Treatment Plant with a lump sum cost of \$40,000. However, in

item J, the Depreciation Schedule for Facilities, the total of the cost estimated for each component of the treatment facilities is \$30,700. Provide an explanation regarding the nature of the \$9,300 discrepancy in these two amounts.

3. Listed under item J, the Depreciation Schedule for Facilities, are 17 Manholes and Cleanouts with a cost of \$500.00 each and the Piping System with a cost of \$1.65 per LF. Provide an explanation of the method used to derive the unit costs for these facilities, with comparison to the unit costs for the same facilities as presented in item D, the Cost Estimate for Sewage Collection and Treatment Facilities.

4. According to the information contained in item 1 of the June 14, 1983, response to the Commission's request for additional information, the development corporation has proposed alternative flat rates for sewer service ranging from \$16.50 per month to \$25.00 per month for the residents of the Laurel Heights Subdivision. With regard to the fact that this sewer system will serve customers categorized as low income families, and in light of the rates that the development corporation has proposed for monthly sewer service, what facts are the planners of this utility relying upon as an indication of the ability, as well as the willingness, of its customers to pay these amounts for monthly sewer service.


5. It is also revealed in item 1 of the June 14, 1983 response that an annual net surplus of \$770.25 will be utilized to defray billing and administrative cost. Provide an estimate of the amount of billing and administrative cost that will be incurred annually, including the basis on which this expense is computed, as well as an explanation concerning the reason that this amount is not included in the estimate of the annual operating cost as provided in item G.

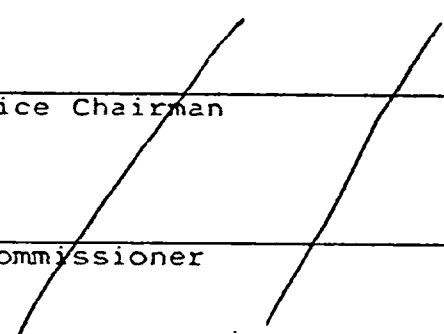
6. According to the application, the system, once completed, will be operated by the Kentucky Mountain Housing Development Corporation, Inc. Provide details concerning the extent of the development corporation's involvement in the daily operation of the utility (i.e., the number of employees to be hired to maintain the system, the duties of these employees, etc...)

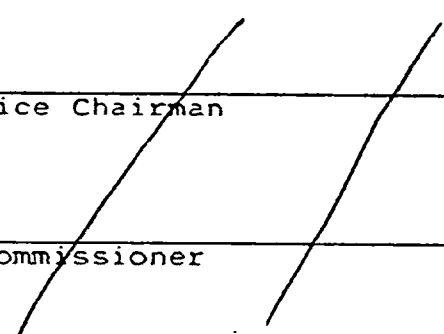
7. The total number of homes to be constructed, as related in item H of the application, is 37 units. Provide details concerning any plans for future growth in the subdivision or in the same vicinity, including the effect of such expansion on the proposed sewage system.

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

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary