

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF LAKE VILLAGE)
WATER ASSOCIATION, INC., FOR AN)
ADJUSTMENT OF RATES, FOR)
AUTHORITY TO ISSUE A PROMISSORY)
NOTE TO THE FARMERS HOME) CASE NO. 8869
ADMINISTRATION AND FOR AUTHORITY)
TO IMPOSE A TEMPORARY SPECIAL)
RULE TO LIMIT THE AVAILABILITY OF)
WATER SERVICE CONNECTIONS)

O R D E R

IT IS ORDERED that Lake Village Water Association, Inc., ("Lake Village") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by August 26, 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. Furnish the following information related to 63,311,215 gallons of water sold during the test period:

a. A monthly breakdown of gallons sold.

b. A copy of the City of Danville rate schedule which shows the rates applicable to Lake Village during the test period and any subsequent changes thereto.

2. Provide a copy of, limited to \$25 and above, invoices for the following operating expense accounts for the test period:

Maintenance of Mains \$9,336.

Maintenance of Meters \$2,835.

Customer Accounts-Supplies and Expenses \$2,305.

Miscellaneous General Expenses \$3,530.

3. Regarding administrative and general salaries of \$16,148, provide the following information:

- a. Name of employees and titles.
- b. Base salary or salaries.
- c. Number of hours worked per week in the performance of duties.

4. Provide the following information concerning legal fees of \$2,100 and accounting fees of \$3,030 which are included in test year expenses:

- a. Hourly rate for each of the professional fees.
- b. Allocation of hours spent in the performance of each service rendered for Lake Village.

c. Is there any rate case expense included in the above-mentioned annual fees? If so, state the number of hours and charges for each segment of the preparation of the rate application.

5. With reference to the schedule of insurance and fidelity bond coverages for the year ended December 31, 1982, prepared by Harold D. Lanham, Certified Public Accountant, for Lake Village, furnish the premium on each type of coverage and the period of coverage.

6. Provide the principal and interest requirements related to debt cost for the years 1982 through 1986 pertaining to the following test year interest expense:

- a. Long Term Debt \$24,453
- b. Other Interest Expense \$1,247
- c. Pro forma principal and interest requirements on proposed FHA debt of \$520,000.

7. It is the policy of this Commission to allow only known and measurable increases to actual test year expenses which can be substantiated by submitting invoices and other related material in support of the increase. The Commission recognizes that the cost of operating a public utility is burdened with the present day cost of inflation. However, to allow an 8 percent inflation adjustment, as suggested by the Farmers Home Administration, to test year expenses without proper documentation is inflationary within itself. Lake Village should be prepared to present testimony at the hearing in support of any known and measurable pro forma increases. Lake Village may reply to these comments prior to the hearing if it cares to do so.

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

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary