

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF D. H. )  
CAMPBELL AND JOAN CAMPBELL, )  
PARTNERSHIP, FOR AN ORDER )  
ESTABLISHING INITIAL RATES FOR )  
A WASTE WATER COLLECTION AND ) CASE NO. 8888  
AND TREATMENT SYSTEM TO SERVE )  
THE RESIDENTS OF EAST PINE )  
KNOT ESTATES SUBDIVISION IN )  
MCCREARY COUNTY, KENTUCKY )

O R D E R

IT IS ORDERED that D. H. Campbell and Joan Campbell, Partnership ("D. H. Campbell") shall file an original and six copies of the following information with the Commission by October 19, 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. Provide a copy of the contract with the treatment plant operator and a list of the duties and responsibilities of the position.

2. Provide the following concerning the proposed electric expense of \$2,400.

(a) The calculations and assumptions used in determining the projected level of electric expense.

(b) An explanation of how the projected KWH usage for the sewer system was determined.

(c) A list of all electric consuming equipment to be in use, their approximate run time per day and the rated KWH usage of each piece of equipment.

3. Provide a copy of the contract entered into for sludge removal, an estimate of the number of loads of sludge to be hauled per year and an explanation of the method used to estimate the number of loads of sludge to be hauled.

4. Provide the calculations and assumptions used in determining the projected level of chemicals expense. Include the estimated chemicals usage and unit price of each chemical.

5. Provide a copy of the contract entered into for lab services.

6. Provide the calculations and assumptions used in determining the projected level of plant and collection system maintenance expense.

7. Provide a description of the billing system to be used by the utility.

8. Provide an estimate of the completion date of the homes in the subdivision.

9. The Commission has requested a detailed balance sheet of the sewer utility. The balance sheet provided in D. H. Campbell's response of September 14, 1983, includes short-term notes payable of \$103,000, the proceeds of which were used for investments of the subdivision. Please explain why these notes are reported as liabilities of the sewer utility.

10. Provide an explanation of the basis for the requested profit of 12 percent.

11. Provide a breakdown of the expected annual legal, accounting and engineering services to be rendered to the sewer utility.

12. The construction of this sewer utility was financed primarily through grant funds with the remainder to be financed by D. H. Campbell and subsequently recovered through the sale of lots in the subdivision. Therefore, for rate-making purposes the Commission, in accordance with normal rate-making policy, will consider all plant included in the original construction as contributed property. Furthermore, no debt will be considered associated with construction of the original utility plant. Therefore, in this and all future rate cases, the Commission will allow no interest expense or depreciation expense related to the original utility plant. In order for the Commission to make an informed decision in this and future cases provide all information or arguments available in support of D. H. Campbell's position on these issues.

Done at Frankfort, Kentucky, this 30th day of September, 1983.

PUBLIC SERVICE COMMISSION

  
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For the Commission

ATTEST:

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Secretary