

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

JOINT APPLICATION OF TREE-LINE)
UTILITIES, INC., D/B/A TREE-LINE)
ESTATES SEWER SYSTEM AND BALDWIN)
UNITED MORTGAGE COMPANY, OWNER)
OF TREASURE ISLAND EAST SEWER)
SYSTEM FOR APPROVAL: OF SALE) CASE NO. 8934
AND PURCHASE OF ASSETS; A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO CONSTRUCT; TO ISSUE)
NOTES TO FINANCE CONSTRUCTION;)
AND APPROVAL OF INCREASE OF RATES)

O R D E R

IT IS ORDERED that Tree-Line Utilities, Inc., d/b/a Tree-Line Estates Sewer System ("Tree-Line") and Baldwin United Mortgage Company, owner of Treasure Island East Sewer System shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by May 14, 1984. In the event the requested information is not available, the utility shall state explicitly why the information cannot be furnished. If neither the response nor a motion for extension of time is filed by the stated date, the case may be dismissed.

1. With reference to Item No. 3 of the April 6 request, as stated therein, it is the policy of the Commission to carefully analyze transactions occurring between associated companies to ascertain the appropriateness of the test period charges to the

utility. In order for the staff to complete its analysis of test year charges to Account No. 714, Maintenance and Treatment of Disposal Plant, the following information is needed:

a. An analysis of the wage scale of Andriot-Davidson for the following job classifications: electrician, first man or job forman, second man or helper.

b. An analysis of the pricing policy, including percentage markup, for materials sold to Tree-Line.

c. A response to Item No. 3-a) 10.

2. In cases where utilities purchase materials and services from associated companies, the obligation and burden of proof is on the utility to show that the bargain is fair, just, and reasonable. With reference to Item No. 4 of the April 6 request, regarding the contract for routine maintenance, it is the staff's opinion that this burden of proof has not yet been met. In staff's opinion, two ways of meeting this burden of proof are:

a. By providing a thorough cost of service study as requested in the April 6 request, Item No. 4a and,

b. By providing a thorough comparative analysis as described in Item No. 4b of the April 6 request.

As complete replies were not previously given, please provide responses to these items and any additional evidence supporting the position that \$400 is the appropriate charge for routine maintenance service to Tree-Line so that a finding on this issue can be made.

Done at Frankfort, Kentucky, this 8th day of May, 1984.

PUBLIC SERVICE COMMISSION

ATTEST:


For the Commission

Secretary