

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FOREST HILLS DEVELOPERS )  
SEWAGE TREATMENT PLANT FOR AN )  
ADJUSTMENT OF RATES PURSUANT TO THE )  
ALTERNATIVE RATE FILING PROCEDURE FOR )  
SMALL UTILITIES )

CASE NO. 94-264

O R D E R

IT IS ORDERED that Forest Hills Developers, Inc. ("Forest Hills") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record, no later than 14 days from the date of this Order. Forest Hills shall furnish with each response the name of the witness who will be available at the public hearing to respond to questions concerning each item of information requested.

1. a. Identify the shareholders and principal officers of Hardin Sanitation, Inc. ("Hardin Sanitation").

b. For each officer and shareholder, state whether he or she has an ownership interest or is employed by Forest Hills or is related by blood or marriage to someone who has an ownership interest or is employed by Forest Hills.

2. Provide Forest Hills' 1993 service contract with Hardin Sanitation.

3. State the names and addresses of all officers and employees of Forest Hills.

4. a. Who is currently providing maintenance service for the Forest Hills sewage treatment plant?

b. Provide the current contract between Forest Hills and the maintenance service provider.

5. a. Provide detailed invoices for the 1993 accrual of \$57,366 payable to Hardin Sanitation in account - 617013, Other Collection System Expense.

b. For each invoice, describe in detail the service which was provided. The explanation "for services not included in the service contract" is not adequate.

c. For each invoice, state whether Forest Hills expects this expense to recur in a normal year of operation. Explain why.

6. a. Provide detailed invoices for the amounts accrued in account - 101832, Major Repairs-Lagoons for 1993 and prior periods.

b. Explain how Hardin Sanitation was selected to perform repair work on Forest Hills' sewage treatment plant.

c. Describe the bidding procedures, if any, used to select a contractor to perform repair work on the Forest Hills treatment plant.

7. Refer to the account payable to Hardin Sanitation of \$208,624.10. Provide any loan agreements between Hardin Sanitation and Forest Hills.

8. Refer to Forest Hills' Application, Part IIIa.

a. When did Forest Hills' sewage treatment plant begin operation?

b. When were repairs to the sewage treatment plant's lagoon begun?

c. Describe in detail the nature of these repairs.

d. What were the major contributing factors that necessitated such a large repair?

9. a. Has Forest Hills been cited by state or local agencies for failing to comply with federal, state, or local laws in the last five calendar years?

b. If yes, provide a brief summary for each citation. Identify, at a minimum, the agency which issued the citation, the reason for the citation, and the final action taken on the citation.

10. a. Provide an itemized listing of legal fees included in the 1993 calendar year expense of \$15,521.26.

b. For each fee, describe the nature of the legal services provided.

11. a. Provide an itemized listing of accounting fees included in the 1993 calendar year accounting expense of \$5,721.45.

b. For each fee, describe the nature of the accounting services provided.

12. a. What does Forest Hills rent from 4-8Q MINI-ST?

b. If Forest Hills rents office space from 4-8Q MINI-ST:

(1) state the square footage of occupancy.

(2) how was the annual rental rate of \$7,200 determined? Explain why this rate is reasonable.

c. State the names of the shareholders and principal officers of J-SQ MINI-ST.

13. a. Explain Forest Hills' need for motor vehicles and a mobile phone when a service company performs all maintenance on its sewage treatment plant.

b. (1) For what does Forest Hills use the trucks and tractors which are listed in its depreciation schedule?

(2) How often are they used?

(3) Who holds legal title to this equipment?

13. Why did Forest Hills record Workers Compensation expense of \$867?

14. a. Provide a copy of the invoice from Eubank Hall and Associates for \$6,800.

b. Provide a detailed explanation of the expenditure.

15. Provide supporting documentation for the original cost of all utility plant in service.

16. a. For what does Forest Hills use the back-hoe and mobile office?

b. How often does Forest Hills use this equipment?

c. Is this equipment used for purposes other than utility-related work? If yes, how often?

d. Who holds legal title to this equipment?

e. Is this equipment recorded in Forest Hills' books at original cost? If no, is it recorded at historical cost?

17. a. List all Forest Hills' plant and equipment which is used by entities or persons other than Forest Hills.

b. For each item of plant and equipment listed, state how often it is used by these persons or entities.

c. For each item listed, state the rental fee or charge assessed, if any, for use of the equipment. Explain how this fee or charge was determined.

d. Identify the other persons or entities which use the plant and equipment.

18. a. List all utility plant in service.

b. For each item listed,

(1) State whether it is recorded on Forest Hills' books at original cost or its historical cost.

(2) From where was it acquired?

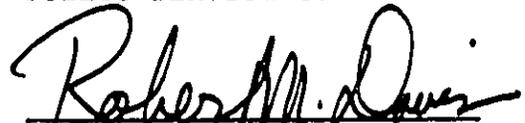
(3) How was it acquired?

19. Provide billing registers from the Louisville Water Company for each month of the test year. Each register should be in the same format as that shown in Exhibit A to this Order.

20. Provide all entries recorded on Forest Hills' general ledger during the test year period.

Done at Frankfort, Kentucky, this 4th day of October, 1994.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director

