

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APR 25 2011

ALTERNATIVE RATE FILING OF
HILLRIDGE FACILITIES, INC.

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)

PUBLIC SERVICE
COMMISSION
CASE NO. 2010-00426

**HILLRIDGE FACILITES, INC.'S MOTION TO WITHDRAW SURCHARGE
REQUEST**

Comes Hillridge Facilities, Inc. ("Hillridge"), by counsel, and for its Motion to Withdraw Surcharge Request states as follows.

On or about November 1, 2010, Hillridge submitted its alternative rate filing requesting an adjustment in rates and also a surcharge of \$11.19 per month for 36 months in order to make repairs and/or upgrades to its collection system.

In support of the requested surcharge, Hillridge has submitted an inflow and infiltration study of its collection system performed by the Louisville & Jefferson County Metropolitan Sewer District ("MSD"), provided bids from three independent contractors identifying the areas of the collection system needing repairs and/or upgrades and the cost to make the repairs and/or upgrades. Additionally, MSD's Motion for Full Intervention asserted that the Hillridge "Collection system has severe inflow and infiltration problems." Despite the submittal of this information, the Staff Report filed in the above-styled matter on March 8, 2011, did not support the requested surcharge. The relevant language of the Staff Report indicated that:

Commission Staff has also review (sic) the proposed surcharge and is unable to make a recommendation on its reasonableness. Hillridge contends that the surcharge is "to pay for sewer line repairs which are critically needed to avoid fines and sanctions from the Kentucky Division of Water." Hillridge has not provided any evidence to directly connect the proposed repairs to avoidance of Division of Water violations. Moreover, because Hillridge did not provide Commission Staff with a copy of the inflow and

infiltration study until March 4, 2011, Commission Staff is unable to determine whether an inflow and infiltration problem presents (sic) exists, the extent of such problem, or whether the proposed repairs are necessary or the most reasonable means to remedy the alleged problems.

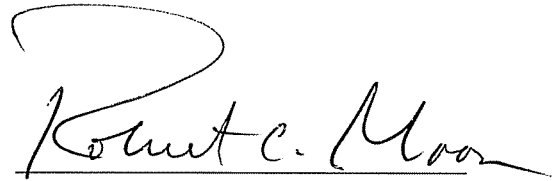
(See Staff Report at p.2) Commission Staff further stated, "Assuming the existence of an infiltration and inflow problem that required the proposed repair work, the Commission Staff is unable to find that the proposed surcharge is necessary to finance those repairs." (See Staff Report p.3) Finally, Commission Staff also indicated a concern regarding the effects of the proposed surcharge on the allocation of risks between utility ratepayers and the utility.

On March 21, 2011, Hillridge submitted its comments to the Staff Report, seeking to address Commission Staff's concerns about the requested surcharge. Subsequently, on April 14, 2011 Hillridge filed its Answers to Commission Staff's Request for Information and MSD's Request for Information, and much of the information provided in these Answers was relevant to the requested surcharge and repairs and/or upgrades to the Hillridge collection system.

On April 21, 2011, a telephonic Pre-hearing Conference was held in the above-styled matter. During the Pre-hearing Conference, Gerald Wuetcher, counsel for the Commission, reported that despite the additional information provided by Hillridge, Commission Staff will be unable to offer a recommendation or opinion as to the reasonableness or need for the requested surcharge during the scheduled April 28, 2011 hearing.

Based upon the information set forth above, Hillridge hereby withdraws its request for surcharge made in its application of November 1, 2011. The withdrawal of the surcharge issue from the above referenced proceeding will allow the parties to focus their efforts on the request for an adjustment in rates.

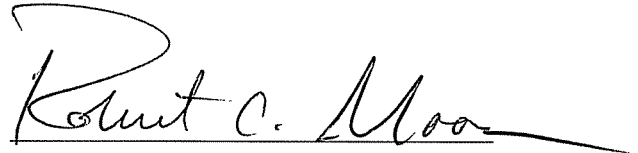
Respectfully Submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid, on Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602, and by first class mail and facsimile on David Edward Spenard, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204 and Laurence J. Zielke and Janice M. Theriot, Zielke Law Firm PLLC, 1250 Meidinger Tower, 462 S. 4th Street, Louisville, Kentucky, on the 22th day of April, 2011.



Robert C. Moore