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David L. Armstrong
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Vice Chairman

Linda K. Breathitt
Commissioner

January 30, 2013

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JAN 30 2013

PUBLIC SERVICE
COMMISSION

Jeff Derouen, Esq.
Executive Director
Public Service Commission of Kentucky
P.O. Box 615
Frankfort, Kentucky 40601

Re: Case No. 2012-00375
Middletown Waste Disposal, Inc.

Dear Mr. Derouen:

Enclosed for filing in the record of the above-referenced case are the original and 10 copies of a Stipulation regarding the proposed rate adjustment.

Sincerely,

Gerald E. Wuetcher
Commission Counsel

Cc: Parties of Record
Enclosure

RECEIVED

COMMONWEALTH OF KENTUCKY

JAN 30 2013

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF) CASE NO. 2012-00375
MIDDLETOWN WASTE DISPOSAL, INC.)

STIPULATION

Pursuant to 807 KAR 5:001, Section 9(6), Middletown Waste Disposal, Inc. ("Middletown Waste Disposal"), the Attorney General, and Commission Staff stipulate for purposes of this proceeding only:

1. The calendar year ending December 31, 2011, should be used as the test period to determine the reasonableness of Middletown Waste Disposal's existing and proposed rates.

2. Based upon pro forma test-period operations, Middletown Waste Disposal's pro forma annual revenues are \$168,163.

3. Based upon pro forma test-period operations, Middletown Waste Disposal's pro forma total operating expenses, after adjusting for known and measurable changes, is \$166,054. Appendix A provides a breakdown of Middletown Waste Disposal's pro forma operating expenses.

4. Middletown Waste Disposal's utilities expense of \$41,481 includes an additional \$996 to reflect increases in Middletown Waste Disposal's electric power bills due to the increase in Louisville Gas and Electric Company's rates for electric power that became effective on January 1, 2013.

5. Middletown Waste Disposal has Interest Expense of \$2,447. This amount includes annual interest expense of \$1,517 resulting from Middletown Waste Disposal's proposed loan of \$35,000 from Chase Bank, NA for a 60-month period at an interest rate of 5.90 percent per annum. In Case No. 2012-00526, Middletown Waste Disposal has applied for authorization from the Commission to execute this loan.

6. An operating ratio of 0.88 should be used to determine Middletown Waste Disposal's total revenue requirements.

7. Applying an operating ratio of 0.88 to Middletown Waste Disposal's pro forma total operating expenses of \$166,054 produces a revenue requirement without interest expense of \$188,698. When interest expense is considered, Middletown Waste Disposal has a total revenue requirement of \$191,145, or \$22,982 in additional annual revenue than Middletown Waste Disposal's current rates produce.

8. Given Middletown Waste Disposal's end of test-period customer levels, the rates set forth in Appendix B produce the required total revenue requirement of \$191,145.

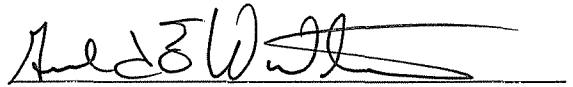
9. Assuming that Middletown Waste Disposal is authorized to enter the proposed loan agreement with Chase Bank, NA and executes such agreement prior to the issuance of a final Order in Case No. 2012-00375, the rates set forth in Appendix B are fair, just and reasonable rates for the services that Middletown Waste Disposal currently provides to its customers.

Respectfully submitted,



Jack Kaninberg
Middletown Waste Disposal, Inc.
Suite I
13005 Middletown Industrial Boulevard
Louisville, Kentucky 40223

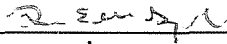
Treasurer, Middletown Waste Disposal,
Inc.



Gerald E. Wuetcher
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Counsel for Commission Staff

HAVE SEEN AND DO NOT OBJECT:



David E. Spenard
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

Counsel for Office of the Attorney General

APPENDIX A

Owner/Manager Fee/ Maintenance of Treat. & Disp.	\$ 3,600
Sludge Hauling	6,383
Utilities	41,482
Chemicals	4,943
Treatment & Disposal – Testing	11,440
Routine Maintenance Fee	8,400
Maintenance - Treatment & Disposal	29,803
Agency Collection Fee	1,860
Office Supplies and Other Expenses	1,324
Outside Services Employed	12,746
Insurance Expense	9,105
Miscellaneous	708
Rent	1,800
Depreciation Expense	9,074
Amortization Expense	16,200
Taxes Other Than Income	7,186
Total Operating Expenses	\$166,054

APPENDIX B

Residential Flat Rate

\$ 19.89 Per Month

Industrial

0 – 20,000 Gallons

Over 2,000 Gallons

\$106.17 Minimum

\$5.31 Per 1,000 Gallons

Commercial

0 – 7,500 Gallons

Over 7,500 Gallons

\$ 39.82 Minimum

\$ 5.31 Per 1,000 Gallons