

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE BY SANICO, INC., TO )  
INCREASE ITS SEWAGE RATES )  
AND FOR APPROVAL TO FINANCE ) CASE NO. 8773  
PLANT ADDITIONS )

INTERIM ORDER

On February 18, 1983, Sanico, Inc., ("Sanico") filed its application requesting an increase in rates sufficient to produce additional revenues of \$19,465 annually, an increase of 111 percent. On April 1, 1983, Sanico filed a motion requesting an interim increase in rates sufficient to produce additional revenues of \$4,432 during the 5 months from April 1983 to August 1983. On April 7, 1983, the Consumer Protection Division in the Office of the Attorney General requested that the Commission deny the motion for interim rate relief.

In its motion Sanico contends that it will incur certain non-discretionary expenses during the Commission's review of this case which cannot be paid without materially impairing its operations and credit. In support of its request Sanico submitted interim exhibits and testimony prepared by its rate consultant.

COMMENTARY

On September 29, 1982, the Commission issued guidelines concerning applications for interim rate relief filed pursuant to KRS 278.190. The guidelines require that the utility address any

and all cost savings and productivity measures instituted in response to the non-discretionary expenditures which have necessitated the interim rate request. Sanico's motion and testimony fail to present any evidence that such measures have been or will be instituted.

The Commission's guidelines also require the utility to present verifiable proof that all non-discretionary expenditures will be incurred within the case's 5-month review period. Sanico's Interim Exhibit 1 includes a cash flow analysis in support of its request for interim rate relief. However, the Commission has determined that Sanico's analysis contains expenses based on pro forma adjustments proposed in the initial application. These adjustments have not been accepted by the Commission and Sanico has presented insufficient evidence to verify that these pro forma expenses will require any actual cash expenditure during the 5-month review period.

#### SUNMARY

The Commission, based on the evidence of record, is of the opinion and finds that:

1. Sanico has failed to present sufficient proof that interim rate relief is required to prevent material impairment of its credit or operations.
2. Sanico's motion for interim rates is not in compliance with the Commission's guidelines on applications for interim rate relief.

IT IS THEREFORE ORDERED that Sanico's motion for interim rate relief be and it hereby is denied.

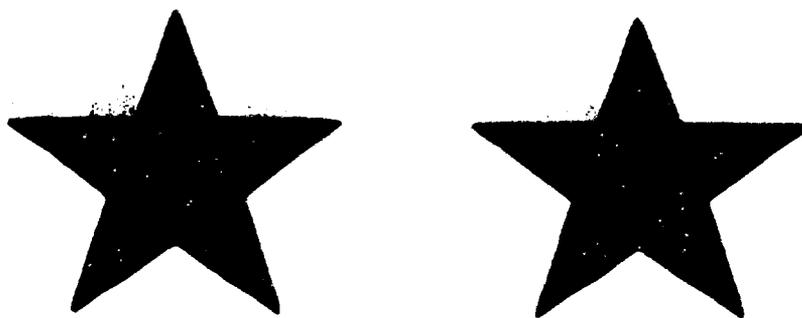
... day of April, 1983.  
SERVICE COMMISSION

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SECRET

# **CORRECTION**



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CORRECT A POSSIBLE ERROR***

