

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF TREE-LINE)	
UTILITIES, INC., D/B/A TREE-LINE)	
ESTATES, FOR AN ADJUSTMENT OF RATES)	CASE NO. 9100
PURSUANT TO THE ALTERNATIVE RATE)	
ADJUSTMENT PROCEDURE FOR SMALL)	
UTILITIES)	

O R D E R

On July 13, 1984, Tree-Line Utilities, Inc., d/b/a Tree-Line Estates ("Tree-Line"), filed an application with the Commission to increase its sewer rate pursuant to 807 KAR 5:076, Alternative Rate Adjustment Procedure for Small Utilities ("ARF"). Tree-Line's proposed rates would produce additional revenue of approximately \$31,250 annually. In its Order of April 26, 1985, the Commission granted rates to provide additional revenues of \$15,135.

Prior to issuance of that Order, the Commission had issued four information requests in which it required Tree-Line to submit information on a number of issues, including the three issues eventually raised by Tree-Line in its petition for rehearing which was filed May 15, 1985, which were: (1) routine maintenance fees; (2) maintenance expense; and (3) approval of Tree-Line's lease agreement with Citizens Fidelity Bank. In its Order of June 4, 1985, the Commission granted rehearing on the first two issues raised by Tree-Line, primarily because there had been no hearing prior to issuance of the Commission's Order of April 26, 1985,

since the case was filed under the ARF procedure. Also, Tree-Line was required to submit prefiled testimony.

In its original petition for rehearing Tree-Line requested that the routine maintenance issue in this proceeding be consolidated and considered generically in Case No. 9101, The Application of Enviro Utilities, Inc., and it was agreed that testimony relating to the routine maintenance issue contained in the record in that case would be consolidated into this one. The generic hearing in Case No. 9101 was held June 5, 1985.

On September 4, 1985, Tree-Line requested that a formal hearing on the issue of maintenance expense not be scheduled, but it reserved the right to file a written brief on the issue. On September 25, 1985, Tree-Line filed its brief regarding the issue of maintenance expense.

On July 23, 1985, the Commission notified Tree-Line that it had failed to give its customers proper notification of the proposed rate increase. Following the proper customer notification of the proposed rate increase, the Commission received numerous complaints from Tree-Line's customers. Therefore, a hearing was scheduled to be held October 16, 1985, at the Commission's offices at Frankfort, Kentucky, to afford the consumers the opportunity to comment and provide evidence concerning the rates of Tree-Line. Neither representatives of Tree-Line nor members of the public appeared at the scheduled hearing.

Routine Maintenance Fee

As understood, the Commission's determination with respect to the routine maintenance issue in Case No. 9101 will be followed in this case. Therefore, the findings with regard to the issue of routine maintenance found in the Order dated April 22, 1985, are affirmed.

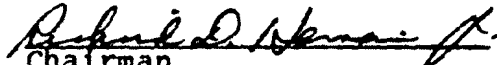
Maintenance Expense


Tree-Line disagreed with the Commission's decision to disallow, for rate-making purposes, repair items included in the maintenance of treatment and disposal plant expense which were non-recurring in nature. The Commission considered these items to benefit more than one economic period and, therefore, were capital items. As previously stated Tree-Line chose to file a written brief in regard to this issue rather than request a formal hearing. Upon review of Tree-Line's brief regarding the issue of maintenance expense the Commission takes note of Tree-Line's arguments but finds that Tree-Line did not provide sufficient evidence to persuade the Commission to change from its previous decision. Therefore, the Commission affirms its findings regarding this issue of maintenance expense as contained in the Order dated April 22, 1985.

IT IS THEREFORE ORDERED that the findings and orders of the Commission's Order of April 22, 1985, be and they hereby are affirmed in all respects.

Done at Frankfort, Kentucky, this 4th day of September, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director