

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARYVILLE SEWERAGE)
SYSTEM, INC. FOR A RATE ADJUSTMENT) CASE NO. 89-262

O R D E R

On September 15, 1989, Maryville Sewerage System, Inc. ("Maryville") filed an application for a rate adjustment under 807 KAR 5:076, the alternative rate filing ("ARF") procedure. Maryville requested permission for deviation from the regulations as to the requirements for applying under the ARF procedure because its gross annual revenue was too high and it had too many customer billings to qualify under ARF regulations. By Order dated October 4, 1989, the Commission denied that request for deviation and refused to proceed with Maryville's application under ARF procedures, but accepted the application as an application for Maryville to adjust its rates generally pursuant to 807 KAR 5:001.¹ Maryville's application sought Commission approval of a proposed increase in its rates for sewer service. Maryville proposed rates for sewer service which would generate additional annual revenues of \$33,364, an increase of 12 percent.

¹ In the Order of October 4, 1989, the Commission found good cause shown to waive the requirements of 807 KAR 5:001, Sections 6 and 10. These sections were waived pursuant to 807 KAR 5:001, Section 14.

The Commission Staff conducted a field review of Maryville's test-period financial records on October 24 and 25, 1989 and November 3, 1989. Based on this review, Commission Staff issued a report on December 22, 1989, recommending a \$12,415 increase in Maryville's annual operating revenues for sewer service.

By letter dated December 22, 1989, the Commission advised Maryville that comments on the Staff Report or requests for a public hearing must be submitted no later than January 6, 1990, or this case would stand submitted to the Commission for decision.

On January 4, 1990, Maryville filed written exceptions to the Commission Staff Report. Maryville disagreed with reductions in its proposed expenses recommended in the Staff Report. On February 2, 1990, Maryville and Commission Staff held an informal conference to discuss the areas of Maryville's disagreement with the Staff Report. The disagreements could not be resolved at the informal conference and by Order of February 23, 1990, the Commission required Maryville to request a formal hearing by March 6, 1990, if it wanted one, and to amend or supplement its comments on the Staff Report by March 6, 1990.² On February 28, 1990, Maryville filed its notice that it did not want a formal hearing and that it withdrew its objections to the Staff Report.

The Commission, after consideration of the evidence of record and being otherwise fully advised, finds that:

² The Commission's Order of February 23, 1990 stated that if no request for a formal hearing were made by March 6, 1990, the case would stand submitted for a decision by the Commission on the record.

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Maryville and will produce gross annual revenues of \$290,448 for sewer service based on adjusted test-year sales. These rates will allow Maryville sufficient revenues to meet its operating expenses and provide for future growth equity, including provisions for servicing its debts.

3. The rates proposed by Maryville would produce revenue increases of that found unreasonable herein and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Maryville in its application are hereby denied.

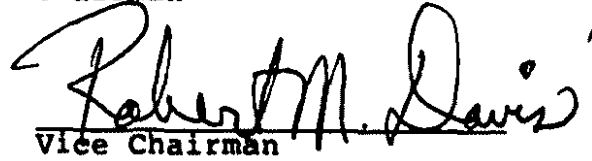
2. The rates in Appendix A are approved for service rendered by Maryville on and after the date of this Order.

3. Within 30 days of the date of this Order, Maryville shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 15th day of March, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-262 DATED 3/15/90

The following rates and charges are prescribed for the customers in the area served by Maryville Sewerage System, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates

| | |
|---------------------------|--------------------------------------|
| Single Family Homes | \$11.25 per month |
| Multi-Family Units | 8.53 per month |
| Commercial Customers | 22.51 per month |
| Large Commercial Customer | 12.00 per residential equivalent* |

* Determined by dividing the number of gallons used per month by 12,000. When less than 12,000 gallons per month is used, the minimum bill of \$12.00 is applied.