

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FOUR-WAY ENTERPRISES, )  
INC. FOR RATE ADJUSTMENT PURSUANT TO THE ) CASE NO.  
ALTERNATIVE RATE FILING PROCEDURE FOR ) 91-394  
SMALL UTILITIES )

O R D E R

On November 7, 1991, Four-Way Enterprises, Inc. ("Four-Way") filed its application for Commission approval of a proposed increase in its rates for sewer service. Its proposed rates would generate additional annual revenues of \$10,686, an increase of 19.8 percent above normalized test-year revenues.

In December 1991, Commission Staff conducted a field review of Four-Way's test-period financial records. Based upon this review, Commission Staff issued its report on January 23, 1992, recommending that Four-Way's annual revenues be increased by \$7,130, an increase of 13.2 percent.

In its written response to the Staff Report, Four-Way accepted Commission Staff's recommendations with two exceptions. It proposed modifications to its insurance and regulatory expenses based upon newly tendered evidence. Four-Way waived its right to a hearing on these issues and requested that the Commission render a decision based upon the Staff Report and the tendered evidence.

After considering the evidence of record and being otherwise sufficiently advised, the Commission finds that:

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

2. Four-Way's adjusted test-year insurance expense during the test period was \$1,192. During the 1991 calendar year the level of this expense increased to \$2,000. Four-Way's test-year operations should be adjusted to reflect this increase of \$808.

3. Four-Way's existing National Pollutant Discharge Elimination System ("NPDES") permit expires on March 29, 1992. During 1991, Four-Way paid \$1,700 for a new NPDES permit. This permit is effective for a period of five years. The cost of this permit should be amortized over a five-year period. Four-Way's test-year operations should be adjusted to reflect an annual regulatory expense of \$340.

4. Four-Way's adjusted test-year operating expenses are \$54,920. Based upon an operating ratio of 88 percent and adjusted test-year operating expenses of \$54,920, Four-Way's revenue requirement should be \$62,409.

5. The rates in Appendix A, which is attached hereto and incorporated herein, are for the fair, just, and reasonable rates for Four-Way and will produce gross annual revenues of \$62,409 for sewer service based on adjusted test-year sales. These rates will allow Four-Way sufficient revenues to cover its operating expenses and provide for reasonable equity growth.

6. The rates proposed by Four-Way would produce revenues in excess of that found reasonable herein and should be denied.

IT IS THEREFORE ORDERED that:

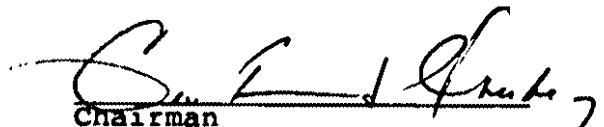
1. The rates proposed by Four-Way in its application are denied.

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

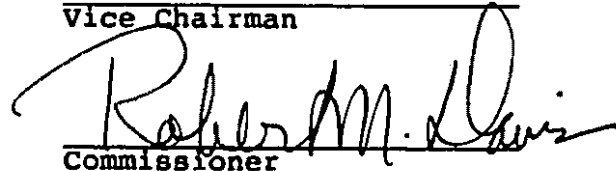
3. Within 30 days of the date of this Order, Four-Way shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 18th day of February, 1992.

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. 91-394 DATED FEBRUARY 18, 1992

The following rates and charges are prescribed for the customers in the area served by Four-Way Enterprises, 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.

<u>Customer Class</u>	<u>Rate</u>
Residential	\$18.45