

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUE SKY SEWER SERVICE)
COMPANY FOR AN ADJUSTMENT OF RATES) CASE NO. 96-167
PURSUANT TO THE ALTERNATIVE RATE FILING)
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On April 30, 1996, Blue Sky Sewer Service Company, Inc. ("Blue Sky") filed an application with the Public Service Commission seeking to increase its sewer rates pursuant to 807 KAR 5:076, the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would generate approximately \$91,956 annually in additional revenues, an increase of 217.5 percent over normalized test-year revenues of \$42,270.

On October 5 and 12, 1995, Commission Staff conducted a limited financial review of Blue Sky's operations for the test period, calendar year 1994. Based upon this review, Commission Staff issued a report on August 1, 1996, recommending that Blue Sky be authorized to increase its annual operating revenues by \$91,956.

By Order dated August 1, 1996, the Commission advised Blue Sky that comments on the Staff Report or requests for a public hearing must be submitted no later than August 16, 1996, or this case would be submitted to the Commission for a decision. No comments or requests for a hearing have been filed.

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

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, which is attached hereto and incorporated herein, are the fair, just, and reasonable rates for Blue Sky and will produce gross annual water revenues of \$91,956. These rates will allow Blue Sky sufficient revenues to meet its operating expenses.

IT IS THEREFORE ORDERED that:

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

2. Within 30 days of the date of this Order, Blue Sky shall file with the Commission its revised tariff setting out the rates approved herein in conformance with 807 KAR 5:011.

Done at Frankfort, Kentucky, this 11th day of September, 1996.

PUBLIC SERVICE COMMISSION

Linda K. Breathitt
Chairman

E. H. [Signature]
Vice Chairman

Robert M. Davis
Commissioner

ATTEST:

[Signature]
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-167 DATED SEPTEMBER 11, 1996

The following rates and charges are prescribed for the customers in the area served by Blue Sky Sewer Service Company. 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.

CUSTOMER CLASSIFICATION:

Commercial Customers

\$57.19 Residential Equivalent*

*Commercial customers are billed at the residential rate for each residential equivalent, or 12,000 gallons. For example, a commercial customer who used 26,000 gallons would be billed at a rate of 2.17 times the residential rate.