

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF I.C.H.)
CORPORATION A/K/A GLENWOOD)
HALL GOLF AND COUNTRY CLUB,)
WATER & SEWER DIVISION FOR A) CASE NO. 97-516
RATE ADJUSTMENT PURSUANT TO)
THE ALTERNATIVE RATE FILING)
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On December 22, 1997, Glenwood Hall Golf & Country Club, Water and Sewer Divisions ("Glenwood Hall") filed applications for increases in water and sewer rates to be effective immediately. By Commission Order dated January 30, 1998, an informal conference was scheduled for February 10, 1998 to discuss Glenwood Hall's application with all parties of record. Commission Staff conducted a financial review of Glenwood Hall's operations, the results of which were included in a report issued by the Commission on February 3, 1998 ("Staff Report"). The report recommended revenue increases of \$71,736.54 for water operations and \$20,704.61 for sewer operations. All parties were allowed no more than 10 days from the date of the Order, or 90 days after the application was filed, whichever was later, to provide written comments regarding the Staff Report or request a hearing.

Parties of record in attendance at the informal conference were Commission Staff and representatives of Glenwood Hall. Glenwood Hall indicated that it was requesting an immediate rate increase. By Order dated February 11, 1998, the Commission found that there was good cause to deviate from the requirement that all written comments and

requests for hearing be filed within 90 days from the application's file date. The Commission then ordered that all such comments and requests be filed on or before February 20, 1998 or the case would stand submitted for decision. There were no comments or request for hearing filed within the prescribed comment period; however, on February 23, 1998, the Commission received a verbal request by an intervenor for an extension of time to file. That request was granted.

To address Glenwood Hall's request for emergency rate relief, the Commission, by Order dated February 27, 1998, scheduled a hearing that was held on March 23, 1998. In attendance at the hearing were representatives of Glenwood Hall, Commission Staff, numerous customers of Glenwood Hall, and intervenors William F. Conrad and David E. Spenard, Esq., of the Attorney General's office.

At the hearing, Staff entered an Amended Staff Report into the record. This amendment was necessary because water revenues in the amount of \$1,360.11 had been inadvertently omitted from the original Staff Report. All parties agreed to the admittance of the Amended Staff Report.

The Attorney General proposed to enter AG Exhibit 1 into the record that revised Appendix F as attached to the original Staff Report. Mr. Spenard contended that such a revision was necessary because Staff had made an error when calculating the sewer flat rate of \$13.50 and that the correct rate was \$13.33. Staff agreed with the Attorney General's position and accepted AG Exhibit 1 into the record as Staff's revised Appendix F. Regarding Staff's Cost of Service Study, the Attorney General proposed to move an \$89 depreciation allocation from the customer category to the demand category. Upon further

review of the depreciation expense, the allocation was amended to include the full cost of depreciating a pump in the demand category. The rates for the water division in Appendix A have been adjusted accordingly.

Many comments and complaints were made by the intervenors and customers of Glenwood Hall regarding the amount of the rates recommended in the Staff Report and the quality of service that had been provided to them by Glenwood Hall. The Attorney General made the only formal motion to reduce the rates to be approved in this case by introducing AG Exhibit 2 into evidence. This exhibit contained a monthly sewer flat rate of \$12.53 and was titled "Appendix F, Staff Report Case 97-516, Recommended Rates, Sewer Division, (Attorney General's Position)." AG Exhibit 2 did not express a position on the proposed rates for water service. The Attorney General stated that the rate contained in AG Exhibit 2 was calculated by reducing Staff's recommended net operating income of \$3,550.15, as calculated on Appendix C of the Staff Report, by half or \$1,775.08. The Attorney General had no witness to sponsor this exhibit and presented no evidence as to the reasonableness or necessity for such an adjustment to Staff's recommendation.

Staff presented direct testimony as to the contents of its report and was cross-examined by legal counsel of Glenwood Hall and by all intervenors who were present and who wished to ask questions. No evidence, except for AG Exhibit 2, was entered into the record that was contrary to the contents of the Staff Report, and no party of record disputed Glenwood Hall's claim that its credit or operations would be materially impaired or damaged by the failure to permit the rates to become effective immediately.

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

1. Glenwood Hall's pro forma present rate net operating loss from water operations is \$58,720.20 and is shown in Appendix A of the Amended Staff Report.

2. Glenwood Hall's pro forma present rate net operating loss from sewer operations is \$17,154.46 and is shown in Appendix B of the original Staff Report.

3. The monthly sewer flat rate of \$13.33, as presented in AG Exhibit 1, is the correct sewer rate that is supported by the findings in the Staff Report.

4. The rates in Appendix A, attached hereto and incorporate herein, will produce gross annual water and sewer revenues of \$97,135.50 and \$29,584.61, respectively, and are the rates that this Commission will find to be the fair, just, and reasonable rates for Glenwood Hall unless probative evidence to the contrary is filed.

5. Glenwood Hall's credit or operations will be materially impaired or damaged by failure to permit the rates included in Appendix A to become effective immediately.

6. Any additional evidence or request for hearing regarding the final rates to be approved by this Commission must be filed within 30 days from the date of this Order. Any such evidence or request will be considered by the Commission and must be adequately supported.

IT IS THEREFORE ORDERED that:

1. Glenwood Hall's request for emergency rate relief is granted.
2. Glenwood Hall's requested rates as contained in its application are denied.

3. The rates contained in Appendix A shall be effective, subject to refund, on and after the date of this Order. Glenwood Hall shall maintain its records in such manner as will allow determination of any amount to be refunded in the event one is ordered upon final resolution in this matter.

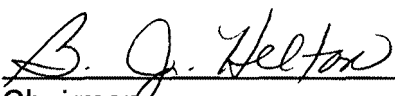
4. Any additional evidence or request for hearing regarding the final rates to be approved by this Commission shall be filed within 30 days from the date of this Order.

5. The record shall be amended to show the utility's filing name as I.C.H. Corporation a/k/a Glenwood Hall Golf & Country Club.

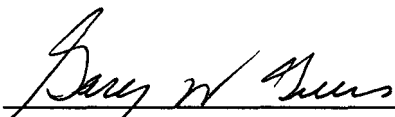
6. Within 30 days of the date of this Order, Glenwood Hall shall file with the Commission its revised tariffs setting out the interim rates approved herein.

Done at Frankfort, Kentucky, this 15th day of April, 1998.

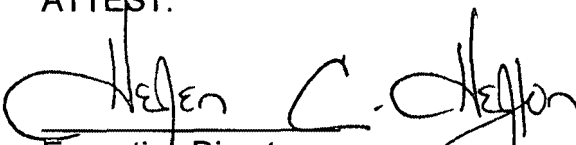
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-516 DATED APRIL 15, 1998

The following rates and charges are prescribed for the customers in the area served by Glenwood Hall Golf & Country Club. 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 Rate

Water Division:

First	2,000 Gallons	\$19.54 Minimum Bill
Next	8,000 Gallons	11.80 Per 1,000 Gallons
Over	10,000 Gallons	9.97 Per 1,000 Gallons

Sewer Division:

All usage	\$13.33 Flat Rate Bill
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