

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOCKWOOD ESTATES)
DEVELOPING CORPORATION FOR A RATE) CASE NO. 1999-477
ADJUSTMENT PURSUANT TO THE ALTERNATIVE)
RATE FILING PROCEDURE FOR SMALL UTILITIES)

ORDER

On November 19, 1999, Lockwood Estates Developing Corporation ("Lockwood Estates") applied for an increase in its rates for sewer service that would generate additional annual revenues of \$6,718, an increase of 34.5 percent over test year revenues.

On March 23, 2000, Commission Staff submitted to the Commission a written report of its findings and recommendations on Lockwood Estates' proposed rate adjustment. This report is based upon Commission Staff's review of Lockwood Estates' operations for Calendar Year 1998. In its report, Commission Staff found that Lockwood Estates requires a revenue increase of \$10,926 to achieve an operating ratio of 88 percent. Commission Staff further found that Lockwood Estates' requested rate adjustment would produce revenues to achieve a positive cash flow of \$2,805. It recommended that Lockwood Estates be granted the requested rate adjustment.

On March 23, 2000, the Commission ordered all parties to submit no later than April 3, 2000, any written comments on the Commission Staff's findings and recommendations or request for conference or hearing in this matter. We further ordered that, should no request for conference or hearing be received by that date, this

matter would stand submitted for decision. As of this date, we have received no comment or request for conference or hearing.

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

1. The findings and recommendations 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. While the requested rate will not produce revenues sufficient to produce an operating ratio of 88 percent, the requested rate will not result in any degradation of service to the public.

3. “[I]n the absence of some showing that the service to the public will suffer by allowing . . . [a] utility to charge rates which will not produce a fair return, the utility and not the Commission has the right of decision as to the rates it will charge so long as they do not exceed those which would produce a fair return as determined by the Commission.” Utilities Operating Co. v. King, 143 So.2d 854, 858, 45 PUR3d 439, 443 (Fla. 1962).

4. The rate of \$33.61 per month will produce gross annual revenues of \$26,218 based on test year sales and will allow Lockwood Estates revenues that are not in excess of those which would produce a fair return.

5. Lockwood Estates’ proposed rate should be approved.

IT IS THEREFORE ORDERED that:

1. Lockwood Estates’ proposed rate is approved.

2. The rate of \$33.61 per month is approved for service that Lockwood Estates renders on and after the date of this Order.

3. Within 20 days of the date of this Order, Lockwood Estates shall file with the Commission its revised tariff setting out the rate approved herein.

Done at Frankfort, Kentucky, this 21st day of April, 2000.

By the Commission

ATTEST:



Executive Director