

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF PIONEER VILLAGE	)	
SEWERAGE SYSTEM PLANT #1, INC. FOR	)	
AN ADJUSTMENT OF RATES PURSUANT	)	CASE NO. 99-503
TO THE ALTERNATIVE RATE FILING	)	
PROCEDURE FOR SMALL UTILITIES	)	

ORDER

On December 20, 1999, Pioneer Village Sewerage System Plant #1, Inc. ("Pioneer Village") filed its application for Commission approval of proposed sewer rates. Commission Staff, having performed a limited financial review of Pioneer Village's operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 24<sup>th</sup> day of January 2000.

ATTEST:

By the Commission

\_\_\_\_\_  
Executive Director

STAFF REPORT  
ON  
PIONEER VILLAGE SEWERAGE SYSTEM PLANT #1, INC.  
CASE NO. 99-503

Pursuant to a request by Pioneer Village Sewerage System Plant #1, Inc. ("Pioneer Village") for assistance with the preparation of a rate application, Commission Staff ("Staff") performed a limited financial review of Pioneer Village's test year operations, the calendar year ending December 31, 1998. The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Upon completion of the review, Staff assisted Pioneer Village in the development and preparation of a rate application. The application included an adjusted pro forma operating income statement wherein adjustments were made to test year operating revenues and expenses that were known and measurable and deemed to be reasonable. The rates proposed by Pioneer Village were based on the pro forma income statement as shown in Attachment A of the application. Attachment A also includes the calculation of Pioneer Village's revenue requirement using an 88 percent operating ratio. The required revenue from rates was determined to be \$145,570. The proposed monthly flat rate of \$16.00 will produce the required revenue. The calculation of the proposed rate is shown in Attachment C of the application.

On December 20, 1999, Pioneer Village filed its rate application to the Commission for consideration. Staff is hereby adopting the contents of that application

as its recommendation in this report as if fully set out herein. Brent Kirtley is responsible for all revenue adjustments and calculation of the proposed rates. Scott Lawless is responsible for the determination of the revenue requirement. Based on the information included in Pioneer Village's application, Staff is of the opinion that the rates proposed by Pioneer Village, as shown in Attachment A of this report, are reasonable and should be approved by this Commission.

Signatures

---

Prepared by: Jack Scott Lawless, CPA  
Financial Analyst, Water and Sewer  
Revenue Requirements Branch  
Division of Financial Analysis

---

Prepared by: Brent Kirtley  
Rate Analyst, Communications, Water,  
and Sewer Rate Design Branch  
Division of Financial Analysis

