

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SHADOW WOOD)	
SUBDIVISION SEWER SERVICE, A)	
JOINT VENTURE OF FOURTH AVENUE)	
CORPORATION AND LONG)	
CORPORATION D/B/A SHADOW)	
WOOD SUBDIVISION SEWER SERVICE)	CASE NO. 2001-00423
FOR AN ADJUSTMENT OF RATES)	
PURSUANT TO THE ALTERNATIVE)	
RATE FILING PROCEDURE FOR)	
SMALL UTILITIES)	

O R D E R

On October 15, 2002, Shadow Wood Subdivision Sewer Service, a Joint Venture of Fourth Avenue Corporation and Long Corporation d/b/a Shadow Wood Subdivision Sewer Service (Shadow Wood), was granted rehearing of the Commission s Order of September 6, 2002 on the issue of residential equivalent unit (REU) billing. The Order directed Shadow Wood to file within 20 days verified written testimony on the appropriate number of REUs to be allocated to Harbortown Activity Center (Activity Center) and Harbortown Condominium Association (Harbortown). Shadow Wood addressed the issue through the testimony of Clay Long, its president, filed on November 1, 2002.

On December 17, 2002, an Order was entered permitting the Intervenors 10 days to file testimony in response to Shadow Wood s testimony. The Order further provided that the matter would stand submitted on the record when the time for filing

additional testimony expired unless, upon proper motion, a public hearing on the rehearing issue had been granted.

Intervenors in this proceeding are the Attorney General, Harbortown, The Harbor at Harrods Creek (The Harbor), and Sally Ann Greenfield. In response to the Order, on December 23, 2002, Harbortown submitted the testimony of Bob Burns, its president. The Attorney General and Ms. Greenfield did not file testimony. In place of evidence, the Attorney General submitted a brief, which he titled his Position Statement In Lieu of Verified Written Testimony. None of the parties requested a hearing. Accordingly, they have waived their rights to cross-examine the witnesses on their testimony. Consequently, in accordance with the December 17 Order, at the expiration of 10 days from the filing of Mr. Burns testimony, this matter stood submitted for decision on the record.

The Activity Center serves as the clubhouse for Harbortown. The Commission's September 6, 2002 Order allocated 15 REUs to the Activity Center. The allocation was based on water usage records from the Louisville Water Company, which the Commission attributed to the Activity Center. In support of its petition for rehearing, Shadow Wood asserted that the water usage records applied to the entire condominium complex, including the Activity Center, and that therefore the allocation was erroneous. Based on that assertion, Shadow Wood proposed that two REUs be allocated to the Activity Center. That is the same allocation made, without objection by the parties, to The Harbor's clubhouse, a similar facility also served by Shadow Wood. Exhibit 1 of Clay Long's testimony on rehearing is a letter from Louisville Water Company in response to Shadow Wood's request to modify customer billing practices, in order to

comply with an Order from the Commission. Louisville Water Company's response states that a separate meter would need to be installed for the Activity Center in order for Louisville Water Company to administer a separate bill as requested. Fees for the installation of a separate meter would consist of the meter installation fee and system development charge. The total cost of installation would depend on the meter size requested. A ¾-inch meter would incur a \$450 meter fee and a \$700 system development charge for a total of \$1,150, and a 1-inch meter would incur a \$750 meter fee and a \$1,750 system development fee for a total of \$2,500. Clay Long's testimony on rehearing, and the exhibits supporting it, establish that the water usage records from the Louisville Water Company do, in fact, apply to Harbortown's entire condominium complex, and include the Activity Center. Therefore, it was an error to assign 15 REUs to the Activity Center. But it would likewise be an error to assign two REUs to the Activity Center simply because that was the number assigned to the clubhouse at The Harbor. As noted in the testimony of Mr. Burns, Harbortown's president, Harbortown's condominium complex consists of 24 units. The Harbor, however, consists of 168 units. While neither the Activity Center nor The Harbor's clubhouse is separately metered, it is reasonable to assume from the significant disparity in size that water usage by The Harbor's facility is much greater. The cost of installing a separate meter for the Activity Center would place an undue burden on the customer. Given these circumstances, allocation of one REU to the Activity Center is reasonable and the rates set forth in Appendix A to the September 6, 2002 Order should be modified to reflect the reduction of REUs for that facility.

The September 6, 2002 Commission Order found that Shadow Wood had an annual revenue requirement of \$77,078.41. Based on a determination of 296 REUs at that time, a monthly rate of \$21.70 was authorized. Assigning one REU to the Activity Center rather than 15 REUs reduces the total REUs to 282 and results in a monthly rate of \$22.78.

IT IS THEREFORE ORDERED that:

1. The rates set forth in Appendix A of this Order are approved for sewer service that Shadow Wood renders on and after the date of this Order.
2. Within 30 days of the date of this Order, Shadow Wood shall file its revised tariff setting out the rates approved herein.
3. Except as otherwise stated herein, the provisions of the Commission's September 6, 2002 Order shall continue in full force and effect.

Done at Frankfort, Kentucky, this 13th day of March, 2003.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2001-00423 DATED March 13, 2003

The following rates and charges are prescribed for the customers in the area served by Fourth Avenue Corporation and Long Corporation d/b/a Shadow Wood Subdivision Sewer Service. 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.

Residential \$22.78 per month

Commercial \$22.78 per month per residential equivalent unit