

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF RIVER BLUFFS, INC. FOR AN)
ADJUSTMENT IN RATES PURSUANT TO THE) CASE NO.
ALTERNATIVE RATE FILING PROCEDURE FOR) 2007-00433
SMALL UTILITIES)

ORDER

On October 3, 2007, River Bluffs, Inc. ("River Bluffs") applied to increase its monthly sewer rate from \$41.25 to \$58.16, an increase of \$16.91 or 40.994 percent. The proposed rate will generate annual revenues of \$125,597, an increase of \$36,497 or 40.96 percent above the normalized revenue from sewer rates of \$89,100.

On October 9, 2007 the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), submitted his motion for full intervention as authorized by KRS 367.150(8). The Commission granted the Attorney General's motion in its Order of October 19, 2007.

Commission Staff performed a limited financial review of River Bluffs' operations and, on November 28, 2007, issued a report containing its findings and recommendations regarding River Bluffs' pro forma operations and proposed rates. In its report, Staff adopted River Bluffs' pro forma adjustments to test-period operations and found that the proposed revenue requirement of \$125,597 will allow River Bluffs to pay its adjusted operating expenses, meet its debt service obligations, and provide for future equity growth. Staff further found that River Bluffs' proposed rate will generate the annual revenue requirement of \$125,597 and recommended its approval.

All parties were directed to file written comments upon Staff's findings and recommendations or to request a conference or hearing no later than December 12, 2007. As of this date, no parties have submitted comments or objections or requested a hearing.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record and are reasonable.
2. River Bluffs' proposed sewer rate will produce annual revenues of \$125,597.

IT IS THEREFORE ORDERED that:

1. The recommendations and findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.
2. River Bluffs' proposed sewer rate, which is set forth in Appendix A, is approved for service rendered by River Bluffs on and after the date of this Order.
3. Within 30 days of the date of this Order, River Bluffs shall file with the Commission its revised tariff setting out the rate approved herein.
4. Three years from the date of this Order, River Bluffs shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rate approved herein is sufficient to meet its operating expenses and annual debt service.

Done at Frankfort, Kentucky, this 7th day of January, 2008.

By the Commission

ATTEST:

Deputy Robert C. Amato
Executive Director

Case No. 2007-00433

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00433 DATED JANUARY 7, 2008

The following rate is prescribed for the customers in the area served by River Bluffs, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

MONTHLY SEWER RATE

Residential Rate

\$ 58.16