

CASE

NUMBER:

99-458

IN THE MATTER OF THE ALTERNATIVE RATE FILING OF CEDAR HILLS
SANITATION DISPOSAL CORPORATION

SEQ NBR	ENTRY DATE	REMARKS
0001	11/12/1999	Application.
0002	11/12/1999	Acknowledgement letter.
0003	12/15/1999	Def. letter, info due 12/30
M0001	01/19/2000	DAVID SPENARD AG-MOTION TO INTERVENE
0004	01/26/2000	Order granting AG intervention
M0002	01/31/2000	CEDAR HILLS SANITATION-RESPONSE TO FILING DEF
0005	02/18/2000	Def. cured letter



RECEIVED

JAN 31 2000

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460
December 15, 1999

PUBLIC SERVICE
COMMISSION
Ronald B. McCloud, Secretary
**Public Protection and
Regulation Cabinet**

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

Anthony Scott Lewis
President
Cedar Hills Sanitation Disposal Corporation
10 Grandview Drive
Hartford, KY 42347

Re: Case No. 99-458
Filing Deficiencies

Dear Sir:

The Commission staff has conducted an initial review of your filing in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, as it is deficient in certain filing requirements. The items listed below are either required to be filed with the application or must be referenced if they are already on file in another case or will be filed at a later date.

Filing deficiencies pursuant to 807 KAR 5:076, Section 4:

If copy of public notice is included, did it meet requirements?
(For sewers, direct mailing is required. See KRS 278.185)

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file 10 copies of this information within 15 days of the date of this letter. If you need further information, please contact Gerald Wuetcher of my staff at (502) 564-3940, ext. 259.

Sincerely,

Stephanie Bell
Secretary of the Commission

called several
times between Dec. 15 - Jan 5th.
sa No one in office.





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-458
CEDAR HILLS SANITATION DISPOSAL CORPORATION

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on April 10, 2000.

Parties of Record:

Mr. Anthony Scott Lewis
President
Cedar Hills Sanitation Disposal,
Corporation
10 Grandview Drive
Hartford, KY. 42347

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CEDAR HILLS SANITATION)
DISPOSAL CORPORATION FOR A RATE) CASE NO. 1999-458
ADJUSTMENT PURSUANT TO THE ALTERNATIVE)
RATE FILING PROCEDURE FOR SMALL UTILITIES)

ORDER

On November 12, 1999, Cedar Hills Sanitation Disposal Corporation ("Cedar Hills") applied for an increase in its rates for sewer service that would generate additional annual revenues of \$5,808, an increase of 32.5 percent over normalized test year revenues.¹

On March 20, 2000, Commission Staff submitted to the Commission a written report of its findings and recommendations on Cedar Hills' proposed rate adjustment. This report is based upon Commission Staff's review of Cedar Hills' operations for Calendar Year 1998. In its report, Commission Staff recommended that Cedar Hills be granted a revenue increase of \$4,269, 23.9 percent over normalized test year revenues.

On March 20, 2000, the Commission ordered all parties to submit no later than March 30, 2000 any written comments on the Commission Staff's findings and recommendations or request for conference or hearing in this matter. We further

¹ Cedar Hills tendered its application to the Commission on November 12, 1999. Because of the application's failure to conform to Administrative Regulation 807 KAR 5:076, the Commission rejected the submission. See Letter of Stephanie Bell, Secretary of Public Service Commission, to Anthony Scott Lewis, President, Cedar Hills Sanitation Disposal Corporation (Dec. 15, 1999). Cedar Hills cured these filing deficiencies on January 31, 2000.

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. The rate of \$15.25 per month is the fair, just, and reasonable rate for Cedar Hills and will produce gross annual revenues of \$22,147 based on normalized test year sales. These rates will allow Cedar Hills sufficient revenues to meet its operating expenses, provide for future equity growth, and enable Cedar Hills to service its debt.

3. The rates proposed by Cedar Hills would produce revenue increases in excess of that found reasonable herein and should be denied.

IT IS THEREFORE ORDERED that:

1. Cedar Hills' proposed rate is denied.

2. The rate of \$15.25 per month is approved for service that Cedar Hills renders on and after the date of this Order.

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

Done at Frankfort, Kentucky, this 10th day of April, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 1999-458 DATED APRIL 10, 2000

The following rates and charges are prescribed for the customers in the area served by Cedar Hills Sanitation Disposal Corporation. 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 Rates

Single Family Residential

\$15.25 per Month



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 20, 2000

Mr. Anthony Scott Lewis
President
Cedar Hills Sanitation Disposal,
Corporation
10 Grandview Drive
Hartford, KY. 42347

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-458

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CEDAR HILLS)
SANITATION DISPOSAL CORPORATION)
FOR A RATE ADJUSTMENT PURSUANT TO) CASE NO. 99-458
THE ALTERNATIVE RATE FILING PROCEDURE)
FOR SMALL UTILITIES)

O R D E R

On November 12, 1999, Cedar Hills Sanitation Disposal Corporation ("Cedar Hills") filed its application for Commission approval of proposed sewer rates. The application was considered filed on January 31, 2000, when all deficiencies were cured. Commission Staff, having performed a limited financial review of Cedar Hills' test period operations, has prepared the attached report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and submit any written comments on Staff's findings and recommendations 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, no later than 10 days from the date of this Order, submit their written comments on the attached Staff Report or request for a hearing or informal conference. If no request for a hearing or informal conference is received by this date, this case shall stand submitted to the Commission for decision.

Done at Frankfort, Kentucky, this 20th day of March, 2000.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMISSION

In the Matter of:

THE APPLICATION OF CEDAR HILLS)
SANITATION DISPOSAL CORPORATION)
FOR A RATE ADJUSTMENT PURSUANT TO) CASE NO. 99-458
THE ALTERNATIVE RATE FILING FOR)
SMALL UTILITIES)

STAFF REPORT

Prepared by: Karen S. Harrod, CPA
Public Utility Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis

STAFF REPORT

ON

CEDAR HILLS SANITATION DISPOSAL CORPORATION

CASE NO. 99-458

On November 12, 1999, Cedar Hills Sanitation Disposal Corporation ("Cedar hills") filed its application for Commission approval of proposed sewer rates. The application was considered filed on January 31, 2000, when all deficiencies were cured. In order to evaluate the requested increase, Commission Staff ("Staff") performed a limited financial review of Cedar Hill's test period operations, the 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.

Karen Harrod of the Commission's Water and Sewer Revenue Requirements Branch began the limited review on December 16, 1999, and is responsible for the preparation of this Staff Report.

A schedule of Cedar Hills' proposed pro-forma operations is shown in Attachment A. Based on Staff's recommendations Cedar Hills' operating statement and revenue requirement would appear as set forth in Attachments B and C, respectively.

Cedar Hills proposed an increase of \$5,808, which reflects an increase over normalized test year revenues of 32.5 percent. Staff recommends a revenue increase of \$4,269, or 23.9 percent over normalized test year revenues, based on an 88%

operating ratio. This approach is generally used by the Commission to determine revenue requirements for small, privately-owned utilities. The rate contained in Attachment D will achieve Staff's recommended level of revenue based on Cedar Hill's current customer level of 121.

Signature



Prepared by: Karen S. Harrod, CPA
Public Utility Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis

ATTACHMENT A
 STAFF REPORT CASE NO. 99-458
 CEDAR HILLS SANITATION DISPOSAL CORP. - REQUESTED OPERATIONS

	Test Year Per Annual Report	Proposed Adjustments	Proposed Test Year
Operating Revenues	17,914	5,808	23,722
Operating Expenses			
Owner/Manager Fee	1,261		1,261
Treatment – Labor & Materials	5,331		5,331
Purchased Power	4,257		4,257
Chemicals	332		332
Office Supplies & Exp.	50		50
Outside Services	250		250
Transportation Exp.	3,560		3,560
Miscellaneous Exp.	144		144
Depreciation Exp.	2,305		2,305
Taxes other than Income Tax	197		197
Total Operating Expenses	17,687	-	17,687
Operating Income	227	5,808	6,035
Interest Income	18	-	18
Interest Expense	1,842	-	1,842
Net Income	(1,597)	5,808	4,211

ATTACHMENT B
STAFF REPORT CASE NO. 99-458
STAFF'S RECOMMENDED OPERATIONS

	Test Year per Annual Report	Staff Recommended Adjustments	Ref.	Staff Recommended Test Year
Operating Revenues	17,914	(54)	(A)	17,860
Operating Expenses				
Owner/Manager Fee	1,261	2,339	(B)	3,600
Treatment - Labor & Materials	5,331	201	(C)	5,532
Purchased Power	4,257	-		4,257
Chemicals	332	-		332
Office Supplies & Exp.	50	-		50
Outside Services	250	-		250
Transportation Exp.	3,560	(2,546)	(D)	1,014
Miscellaneous Exp.	144	-		144
Depreciation Exp.	2,305	-		2,305
Taxes other than Income Tax	197	-		197
Rate Case Expense	-	187	(E)	187
Total Operating Expenses	17,687	181		17,868
Operating Income	227	(235)		(8)
Interest Income	18	-		18
Interest Expense	1,842	-		1,842
Net Income	(1,597)	(235)		(1,832)

ATTACHMENT B
STAFF REPORT CASE NO. 99-458
STAFF'S RECOMMENDED OPERATIONS

(A) Operating Revenues.

To normalize test year revenues based on the current monthly rate of \$12.30 and the current number of customers of 121.

Test Year Revenue	\$17,914
Normalized Test Year Revenue	<u>17,860</u>
Recommended Decrease	<u>\$ (54)</u>

(B) Owner/Manager Fee.

To adjust test year expense to \$3,600, the level normally allowed for owner/manager fees.

Allowable Owner/Manager Fee	\$ 3,600
Test Year Expense	<u>1,261</u>
Recommended Increase	<u>\$ 2,339</u>

(C) Treatment – Labor, Materials & Expense.

To adjust test year expense to annualize quarterly flow reports expense and sample analysis expense. Test year expenses included payments for three quarterly flow reports at \$50 each and monthly analysis for 10 months at \$75.85 per month.

Test Year Expense	\$ 5,331
Add: Quarterly Flow Report	50
Analysis – 2 months	<u>151</u>
Adjusted Expense	\$ 5,532
Less: Test Year Expense	<u>5,331</u>
Recommended Increase	<u>\$ 201</u>

ATTACHMENT B
STAFF REPORT CASE NO. 99-458
STAFF'S RECOMMENDED OPERATIONS

(D) Transportation Expense.

Cedar Hills reported test year transportation expense of \$3,560. This expense included monthly lease payments and repair expenses for a truck not owned or used solely for the purposes of the utility. Staff has disallowed these expenses and included mileage reimbursement for travel to and from the plant by the plant owner.

60 miles round trip to plant	60
1 trip per week	<u>52</u>
Total Mileage Allowed	3,120
Current IRS Reimbursement Rate	<u>\$.325</u>
Allowable Transportation Expense	\$ 1,014
Less: Test Year Expense	<u>3,560</u>
Recommended Decrease	<u>\$ 2,546</u>

(E) Rate Case Expense

Cedar Hills incurred rate case expense of \$560 for accounting fees related to the filing of its application. The Commission generally amortizes rate case expenses over a period of three years with the expectation that a utility will ideally file a rate case every three years. This adjustment has been recommended to allow the amortization of rate case expenses incurred in the filing of this proceeding.

Total Rate Case Expense	\$ 560
Amortized over 3 years	<u>÷ 3</u>
Test Year Rate Case Expense	<u>\$ 187</u>

ATTACHMENT C
STAFF REPORT CASE NO. 99-458
CALCULATION OF REQUESTED AND RECOMMENDED
REVENUE REQUIREMENTS

	<u>Recommended by Staff</u>
Adjusted Operating Expenses	17,868
Operating Ratio	<u>0.88</u>
	20,305
Add: Interest Expense	<u>1,842</u>
Revenue Requirement	22,147
Less: Normalized Test-Year Revenue	17,860
Interest Income	<u>18</u>
Required Increase	<u><u>4,269</u></u>
Percentage Increase	<u><u>23.9%</u></u>

ATTACHMENT D
STAFF REPORT CASE NO. 99-458
RECOMMENDED SEWER RATES

RECOMMENDED RATES

Single Family Residential

\$15.25 per Month

1999-458

NOTICE

Cedar Hills Sanitation has filed a proposed rate schedule which will increase by 34 percent the rate that it currently charges for sewer service. Cedar Hills Sanitation currently charges \$12.30 for sewer service. It proposes to charge \$16.50 for sewer service.

The rates contained in this notice are the rates proposed by Cedar Hills Sanitation. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky, 40602, and shall set forth the grounds for the motion, including the status and interest of the party moving. Copies of the application may be obtained at no charge at Cedar Hills Sanitation, c/o Lewis Enterprises, Inc., 101 North Main Street, Beaver Dam, Kentucky, 42320. Upon request from an intervenor, Cedar Hills Sanitation shall furnish to the intervenor a copy of the application and supporting documents.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 18, 2000

Mr. Anthony Scott Lewis
President
Cedar Hills Sanitation Disposal,
Corporation
10 Grandview Drive
Hartford, KY. 42347

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-458
CEDAR HILLS SANITATION DISPOSAL CORPORATION

The Commission staff has reviewed your response of January 31, 2000 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in black ink that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

Oct. 25, 1999

Case # 99-458

Notice to Customers

The Corporation has filed for a rate increase of \$4.00 per customer per month with the Public Service Commission. If granted, the new rate will be \$16.50 per month.

The rates contained in this notice are the rates proposed by Cedar Hills Sanitation Disposal, Inc.

Oct. 25, 1999

Notice to Customers

The Corporation has filed for a rate increase of \$4.00 per customer per month with the Public Service Commission. If granted, the new rate will be \$16.50 per month.

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Oct. 25, 1999

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NOV 12 1999
PUBLIC SERVICE COMMISSION
FILED
JAN 31 2000
PUBLIC SERVICE COMMISSION



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 26, 2000

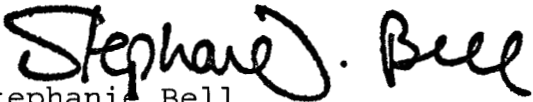
Mr. Anthony Scott Lewis
President
Cedar Hills Sanitation Disposal,
Corporation
10 Grandview Drive
Hartford, KY. 42347

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-458

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CEDAR HILLS)
SANITATION DISPOSAL CORPORATION FOR)
AN ADJUSTMENT OF RATES PURSUANT) CASE NO. 99-458
TO THE ALTERNATIVE RATE FILING)
PROCEDURE FOR SMALL UTILITIES)

O R D E R


This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed January 19, 2000, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted, and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 26th day of January, 2000.

By the Commission

ATTEST:


Executive Director

RECEIVED

Commonwealth of Kentucky
Before the Public Service Commission

JAN 19 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:)
THE ALTERNATIVE RATE FILING OF CEDAR) Case No. 99-458
HILLS SANITATION DISPOSAL CORPORATION)

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, Anthony Scott Lewis, Cedar Hills Sanitation Disposal Corporation, 10 Grandview Drive, Hartford, Kentucky 42347, all on this 19th day of January, 2000.

David E. Spence
Assistant Attorney General



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460
December 15, 1999

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

Anthony Scott Lewis
President
Cedar Hills Sanitation Disposal Corporation
10 Grandview Drive
Hartford, KY 42347

Re: Case No. 99-458
Filing Deficiencies

Dear Sir:

The Commission staff has conducted an initial review of your filing in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, as it is deficient in certain filing requirements. The items listed below are either required to be filed with the application or must be referenced if they are already on file in another case or will be filed at a later date.

Filing deficiencies pursuant to 807 KAR 5:076, Section 4:

If copy of public notice is included, did it meet requirements?
(For sewers, direct mailing is required. See KRS 278.185)

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file 10 copies of this information within 15 days of the date of this letter. If you need further information, please contact Gerald Wuetcher of my staff at (502) 564-3940, ext. 259.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

sa





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 15, 1999

Mr. Anthony Scott Lewis
President
Cedar Hills Sanitation Disposal,
Corporation
10 Grandview Drive
Hartford, KY. 42347

RE: Case No. 99-458
CEDAR HILLS SANITATION DISPOSAL CORPORATION
(Rates - ARF)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received November 12, 1999 and has been assigned Case No. 99-458. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sh

Oct. 25, 1999

Case # 99-458

Notice to Customers

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The rates contained in this notice are the rates proposed by Cedar Hills Sanitation Disposal, Inc.

RECEIVED
NOV 12 1999
PUBLIC SERVICE
COMMISSION

FILED

JAN 31 2000
PUBLIC SERVICE
COMMISSION

Oct. 25, 1999

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Oct. 25, 1999

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Oct. 25, 1999

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Case No. 99-458

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Cedar Hills Sanitation Disposal, Inc.

Name of Utility

10 Grandview Drive

Hartford, KY 42347

Business Mailing Address

Telephone Number 502 / 298-9355

Area Code

Number

I. Basic Information

NAME, TITLE, ADDRESS and telephone number of the person to whom correspondence or communications concerning this application should be directed:

NAME: Anthony Scott Lewis

Address: 10 Grandview Drive

Hartford, KY 42347

Telephone Number: (502)298-9355

- | | | |
|--|------------|----|
| 1) Do you have 500 customers or fewer? | <u>Yes</u> | No |
| 2) Do you have \$300,000 in Gross Annual Revenue or less? | <u>Yes</u> | No |
| 3) Has the utility filed an annual report with this Commission for the past year and the two previous years? | <u>Yes</u> | No |
| 4) Are the utility's records kept separate from any other commonly-owned enterprise? | <u>Yes</u> | No |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31, 1998.
- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per</u> <u>Annual Report</u>	<u>Amount Per</u> <u>Annual Report</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Adjusted</u> <u>Amount</u>
<u>Revenue</u>	\$	\$	\$
Total Revenue	\$ <u>17,914</u>	\$ _____	\$ <u>17,914</u>

Expense

Total Expense	\$ <u>19,529</u>	\$ _____	\$ <u>19,529</u>
Revenue Less Expense	\$ <u>(1,615)</u>	\$ _____	\$ <u>(1,615)</u>

b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Residential	12.50	16.50	32%

III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

Major Repairs.

2) Total number of customers as of the date of filing: 121

3) Total amount of increased revenue requested: \$5,808/Yr.

4) Please circle Yes or No:

a) Does the utility have outstanding indebtedness? Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

b) Were all revenues and expenses listed in the Annual Report for 1998 incurred and collected from January 1 to December 31 of that year? Yes No

If no, list total revenue and total expense incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 19 98 and the amount shown on this schedule.
- 6) If utility is a sewer utility:
 - a) Attach a copy of the latest State and Federal Income Tax Returns.
 - b) How much of the utility plant was recovered through the sale of lots or other contributions None
\$ or %? (If unknown, state the reason.)

b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

Expenses greater than revenue.

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design. Flat rate per customer.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore,
all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000
gallons - record in Column 4
Next 3,000 gallons - remainder of water over
2,000 = 1,388,000 - record in Column 5

Step 3: Next 10,000 gallons rate level
1,830 Bills
16,268,700 gallons used
1st 2,000 minimum x 1,830 bills = 3,660,000
gallons - record in Column 4
Next 3,000 gallons x 1,830 bills = 5,490,000
gallons - record in Column 5
Next 10,000 gallons - remainder of water over 3,000
= 7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level.
650 Bills
15,275,000 gallons used
1st 2,000 minimum x 650 bills = 1,300,000
gallons - record in Column 4
Next 3,000 gallons x 650 bills = 1,950,000
gallons - record in Column 5
Next 10,000 gallons x 650 bills = 6,500,000
gallons - record in Column 6
Next 25,000 gallons - remainder of water over 10,000
= 5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level
153 Bills
9,975,600 gallons used
1st 2,000 minimum x 153 bills = 306,000
gallons - record in Column 4
Next 3,000 gallons x 153 bills = 459,000
gallons - record in Column 5
Next 10,000 gallons x 153 bills = 1,530,000
gallons - record in Column 6
Next 25,000 gallons x 153 bills = 3,825,000
gallons - record in Column 7
Over 40,000 gallons - remainder of water over 25,000
= 3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains revenue produced.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

Telephone: 502/564-3940

c. One copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

- 2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.
- 3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502/564-3940.
- 4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed Scott Lewis
Officer of the Company

Title President

Date 10-25-99