

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMDALE DEVELOPMENT)
CORPORATION FOR AN ADJUSTMENT IN)
RATES PURSUANT TO THE ALTERNATIVE) CASE NO. 2007-00436
RATE FILING PROCEDURE FOR SMALL)
UTILITIES)

ORDER

On August 11, 2008, Farmdale Development Corporation ("Farmdale") moved for reconsideration¹ of portions of the Commission's July 30, 2008 Order ("July 30 Order") in this matter. In that Order, the Commission rejected Farmdale's proposed rate and ordered the monthly sewer rate of \$32.60 for service rendered on and after the date of that Order. Within the July 30 Order, the Commission established for rate-making purposes the reasonable expense levels for Farmdale's: (1) owner-manager fee; (2) sludge hauling costs; (3) fuel-power costs; (4) agency collection costs; (5) interest; and (6) depreciation.

In the motion, Farmdale requests that the Commission reconsider its decision on the issues of agency collection costs, interest expense, and fuel-power expense. Farmdale argues that the Commission's findings and Order on these issues (1) failed to consider evidence establishing that Farmdale made substantial and reasonable efforts to find alternate and more cost-effective collection services; (2) extended the amortization period for recovery of interest on loans for legal fees to five years instead

¹ Farmdale also requested that the Commission schedule oral argument on the motion.

of three years; and (3) did not allow Farmdale to recover \$3,847 in fuel-power expenses.

Upon receiving the motion, the Commission, by Order dated August 13, 2008, established a procedural schedule to allow intervening parties the opportunity to submit responses and also allow Farmdale to submit a reply to any response. The Attorney General filed a response, and Bobby Anderson, a Farmdale ratepayer, filed written comments. The Attorney General and Mr. Anderson each objected to Farmdale's motion for reconsideration and objected to any modification to the July 30 Order. Subsequently, Farmdale filed a reply to the Attorney General's response.

The Commission has reviewed the current motion, the related pleadings and the record established in this matter. Farmdale fails to offer any additional evidence that could not with reasonable diligence have been offered at the hearing in this matter.² The Commission finds that the July 30 Order contained an extensive outline of the Commission's findings on the issues of the agency collection costs, the time frame for amortization of interest costs, and the costs recovered for fuel-power expenses. The Commission has reviewed Farmdale's arguments, but finds that Farmdale has failed to present a reasonable basis justifying any change or modification to the findings made on those particular expense issues. The Commission finds Farmdale's motion to be without merit, and the request for reconsideration and oral argument, therefore, should be denied.

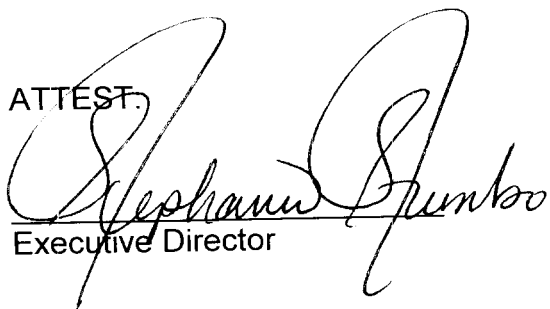
IT IS THEREFORE ORDERED that Farmdale's motion to reconsider the Order entered on July 30, 2008, as well as the request for oral argument, is denied.

² KRS 278.400.

Done at Frankfort, Kentucky, this 29th day of August, 2008.

By the Commission

ATTEST.


Executive Director

Case No. 2007-00436