

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------------|---|------------|
| APPLICATION OF BUSH GARDENS |) | |
| ENTERPRISES, LLC FOR APPROVAL OF |) | |
| INITIAL SEWER RATES PURSUANT TO THE |) | CASE NO. |
| ALTERNATIVE RATE FILING PROCEDURES |) | 2015-00306 |
| FOR SMALL UTILITIES AND TARIFF |) | |

ORDER

On September 8, 2015, pursuant to 807 KAR 5:076, Bush Gardens Enterprises, LLC (“BGE”) tendered its application for the establishment of wastewater service rates, several non-recurring charges, and a tariff. After deficiencies were cured, the application was accepted for filing on September 24, 2015. BGE’s requested residential rate of \$194.61 per month¹ would produce annual operating revenues of \$18,683.² By this Order, we approve a portion of the proposed non-recurring charges and deny a portion of the proposed non-recurring charges, deny the proposed tariff, deny the proposed rate, and approve an initial rate that will produce annual revenues of \$11,870.³

¹ Application, Customer Notice of Proposed Rate Adjustment.

² \$194.61 (Flat Residential Rate) x 8 (Customers) x 12 (Months) = \$18,683.

³ \$123.65 (Approved Monthly Rate) x 8 (Customers) x 12 Months = \$11,870.

BACKGROUND

The Bush Gardens Subdivision (“Subdivision”) wastewater treatment facility has been in operation for approximately ten years and provides wastewater service to eight customers⁴ residing in the Subdivision located in Johnson County, Kentucky.⁵

On June 22, 2015, BGE was organized,⁶ and the wastewater treatment plant was transferred to BGE.⁷ During the ten years that wastewater service has been provided to the residents of the Subdivision, the owners of the treatment facility have not received any form of compensation.⁸ For this reason, the treatment facility did not meet the definition of a “Utility” as described in KRS 278.010, Section 3(f), and therefore, was not subject to the Commission’s jurisdiction. Upon the establishment of this rate, BGE will meet the definition of a “Utility” and will be subject to Commission jurisdiction.

PROCEDURE

BGE tendered its application on September 8, 2015. The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), was granted full intervention on September 30, 2015. The Commission, upon its own motion, established a procedural schedule on October 14, 2015, which was later modified on December 29, 2015. The AG submitted a request for information to BGE on October 21, 2015, and Commission Staff issued its Initial Request for Information

⁴ Application at 3.

⁵ Cover Letter to the Application at 1.

⁶ [https://app.sos.ky.gov/ftshow/\(S\(xewhpm5pama3qgviwdwcvnlz\)\)/default.aspx?path=ftsearch&id=0925534&ct=06&cs=99999](https://app.sos.ky.gov/ftshow/(S(xewhpm5pama3qgviwdwcvnlz))/default.aspx?path=ftsearch&id=0925534&ct=06&cs=99999)

⁷ Cover letter to the Application at 3.

⁸ *Id.* at 1.

("Staff's First Request") on November 20, 2015. BGE submitted its responses to the AG's and Commission Staff's requests for information on November 18, 2015, and December 4, 2015, respectively. On January 27, 2016, BGE filed supplemental responses to the AG's request for information.

Commission Staff applied generally accepted methods and practices to review the reasonableness of BGE's pro forma financial statements, revenue requirement calculation, and requested wastewater rate. On January 13, 2016, Commission Staff issued a Report finding that BGE's adjusted test-year operations support a revenue requirement of \$12,224, which produces a monthly rate of \$127.33 per customer.⁹ Commission Staff noted that the public notice filed in BGE's application did not include its nonrecurring charges.

On January 27, 2016, the AG and BGE filed their written comments and objections to Commission Staff's Report. The only findings in Commission Staff's Report to which BGE objected were the elimination of the \$3,600 owner/manager fee and the \$64 reduction to electricity expense. The AG objected to Commission Staff's inclusion of \$153 for the depreciation of capital expenditures and the \$1,467 profit allowance.¹⁰ In addition to its objections, BGE moved for an informal conference and a formal hearing. An informal conference was scheduled and held on February 9, 2016, wherein BGE reiterated its request for a hearing.

⁹ Staff Report at 10.

¹⁰ In its comments to the Commission Staff's Report, the AG refers to an owner compensation allowance of \$2,241. However, the actual profit allowance contained in the Commission Staff's Report is: \$12,224 (Total Revenue Requirement) - \$10,757 (Pro Forma Operating Expenses) = \$1,467.

Per BGE's motion, the Commission held a hearing in this proceeding on March 2, 2016. On February 24, 2016, BGE submitted the following witnesses list: Linda Bowling, Owner of BGE; David Bowling BGE Organizer and Registered Agent; and Lance Bowling, BGE Manager in Waiting. The only witness that BGE identified in its list that did not testify at the hearing was Lance Bowling. The AG called Commission Staff members Eddie Beavers and Mark Frost of the Commission's Division of Financial Analysis to testify.

ANALYSIS AND DISCUSSION OF HEARING ISSUES

The following are the Commission's analysis and discussions of the issues raised by the parties and Commission Staff at the hearing:

Owner/Manager Fee

BGE did not report paying compensation to its owner/manager in the test year. However, BGE proposed to include a \$3,600 owner/manager fee in its test-year operating expenses, which BGE would pay to Lance Bowling, the son of BGE's sole stockholder.¹¹ According to BGE, Mr. Bowling "oversees the operation of the plant and is responsible for overseeing and contracting any work done on the plant."¹²

Commission Staff acknowledged that the Commission had in prior proceedings deemed a \$3,600 owner/manager fee to be reasonable, but stated that the Commission had also found that "the reasonableness of the [owner-manager] fee will depend on the circumstances of the particular utility, to include its owner's responsibilities and duties

¹¹ BGE's Response to Staff's First Request, Item 6.a.

¹² *Id.*, Item 6.b.

and the size and complexity of the sewer utility's operations."¹³ To ensure that the treatment plant operates and conforms to the appropriate regulatory guidelines, the Commission has recognized that the owner/manager's duties include the oversight of the daily operations and of outside contractors.¹⁴

Commission Staff's Report found that BGE's management had been negligent and that the evidence available to and considered by Staff did not support the recovery of an owner/manager fee. Commission Staff's Report noted that the owner/manager was unable to document the number of hours that was spent performing the daily oversight duties. BGE stated a belief that if its rate request were approved, then its new manager's full-time job would be to collect delinquent accounts and that oversight of the daily operations of the treatment plant would be minimal.

To further support its position regarding the lack of management oversight, Commission Staff's Report listed the Notice of Violations ("NOV") BGE received from the Kentucky Department for Environmental Protection in the years 2005,¹⁵ 2007,¹⁶

¹³ Case No. 2007-00436, *Application of Farmdale Development Corporation for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC July 30, 2008), Final Order at 6–7.

¹⁴ Case No. 2005-00235, *Application of Mallard Point Disposal System, Inc. for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Apr. 17, 2006), Final Order at 10.

¹⁵ BGE's Response to Staff's First Request, Item 5.d., February 7, 2005 Notice of Violation. The facility was not being operated at the time of the inspection. The disinfection units were not being properly maintained. Effluent was causing degradation of the waters of the Commonwealth.

¹⁶ *Id.*, July 24, 2007 Notice of Violation. The skimmer was not operating allowing excessive solids to accumulate in the clarifier. Excessive solids were present in the disinfection chamber. Weeds were growing in the disinfection chamber and aeration basin.

2012,¹⁷ and again in 2015.¹⁸ Given the owner/manager's neglect of their duties, Commission Staff's Report found that BGE had failed to justify its requested \$3,600 owner/manager fee.

BGE objected to Commission Staff's Report finding to disallow recovery of its proposed \$3,600 owner/manager fee, based on past management negligence and its violation history.¹⁹ According to BGE, Linda and David Bowling as managers of the BGE wastewater treatment plant, may have been "perceived to have been negligent in maintaining invoices, keeping a formal receipts and disbursements journal, as well as in the overall supervision of the plant, specifically, to eliminate violations."²⁰ But, BGE argues that Lance Bowling has no current managerial responsibilities at BGE's treatment plant, and therefore, it is inequitable to hold any negligence attributed to Linda and David Bowling against their son.²¹ BGE states that it has provided a list of the anticipated duties, responsibilities, and obligations that Lance Bowling will have as its new manager, and that a \$3,600 manager fee is reasonable compensation.²²

¹⁷ *Id.*, December 10, 2012 Notice of Violation. BGE was cited for three separate violations of its Kentucky Pollutant Discharge Elimination System ("KPDES") Permit for discharging pollutants into the water of the Commonwealth.

¹⁸ *Id.*, June 25, 2015 Notice of Violation. The facility is not being properly operated and maintained as required. At the time of the inspection the facility was operating. The aeration basin was aerating. The basin appeared light in color and appeared to be underloaded. The clarifier was being aerated due to an air-line leak leading to the skimmer. The clarifier was not able to function properly due to the mixing caused by the air leak. Solids were settling out in the chlorine contact chamber. The discharge pipe for the plant has been broken. The plant now discharges onto the ground near the plant. The effluent is ponding and causing the area to stand in water.

¹⁹ BGE's Written Comments and Objections to Commission Staff's Report and Request for Informal Conference and Formal Hearing ("BGE Objections") at 1.

²⁰ *Id.* at 1-2.

²¹ *Id.* at 2.

²² *Id.*

The AG concurs with the finding in Commission Staff's Report that the \$3,600 manager fee should be removed from BGE's revenue requirement.²³ The AG pointed to the Commission's prior findings in other cases that the owner/manager fee is not the result of an arm's-length transaction, and therefore, it is the utility's responsibility to demonstrate with substantial evidence that the fee is reasonable.²⁴ According to the AG, BGE failed to provide the required substantial proof regarding the reasonableness of its proposed manager fee and BGE's mere statement that the manager position will be time-consuming fails to meet that substantial proof burden.²⁵

The AG states that "[w]hen taking into account the history of repeated violations spanning the past decade, as well as the current violations, it is abundantly clear the BGE treatment plant has been negligently operated at best."²⁶ The AG's position is that the recovery of the \$3,600 owner/manager fee should be denied because neither BGE's manager nor its owner should be financially rewarded for BGE's negligent operations.²⁷

The Commission agrees with the findings in the Commission Staff's Report and with the arguments as presented by the AG. BGE has not presented any compelling evidence to justify its requested \$3,600 owner/manager fee, nor has BGE shown that the historical pattern of management's neglect of the treatment system will cease. In fact, BGE's argument has been that the system neglect was the responsibility of its owner, and that once Lance Bowling becomes its manager, the system will be given the

²³ AG's Comments at 4–5.

²⁴ *Id.* at 5.

²⁵ *Id.*

²⁶ *Id.* at 7.

²⁷ *Id.*

managerial oversight that is warranted. However, in its responses to the Post-Hearing Data Requests, BGE states that “Lance Bowling hereby officially refuses to manage BGE. BGE will be searching diligently for a new manager.”²⁸ For these reasons, the Commission finds that an owner/manager fee of \$3,600 is unwarranted and excessive, and therefore, accepts the finding in Commission Staff’s Report to disallow the fee.

Fuel and Power

BGE reported fuel and power expense of \$879 for the test year. Upon its review of the Big Sandy Rural Electric Cooperative Corporation (“Big Sandy RECC”) analysis of BGE’s account activity for the period of March 1, 2013, through November 1, 2015,²⁹ Commission Staff’s Report determined that the actual cost of electricity for the calendar year 2014 was \$815, \$64 below the amount reported by BGE. Commission Staff’s Report found that fuel and power expense should be decreased by \$64.

BGE objected to Commission Staff’s Report finding to reduce fuel and power expense by \$64.³⁰ According to BGE, the Big Sandy RECC account analysis unequivocally states that the electricity cost for the calendar year 2014 was \$879, the amount included in BGE’s pro forma operating expenses.³¹ At the hearing, Mr. Frost testified that the \$64 that was eliminated represented late payment penalties that BGE had paid to Big Sandy RECC in calendar year 2014. Based upon Mr. Frost’s testimony, BGE withdrew its objection to Commission Staff’s Report finding. Accordingly, the

²⁸ BGE’s Response to Post-Hearing Data Requests at 1.

²⁹ BGE’s Response to Staff’s First Request, Item 7.a., Exhibit 3.

³⁰ BGE’s Objections at 2.

³¹ *Id.*

Commission accepts the Commission Staff's Report finding to decrease fuel and power expense by \$64.

Depreciation Expense

BGE reported test-year depreciation expense of \$1,317, calculated as follows:³²

| | Cost | Depreciation | |
|--------------------------------|----------|--------------|-----------------|
| | | Lives | Expense |
| Fence | \$ 1,000 | 15 | \$ 67 |
| Treatment Plant | 25,000 | 20 | 1,250 |
| Pro Forma Depreciation Expense | | | <u>\$ 1,317</u> |

Commission Staff's Report determined that BGE had obtained a used treatment plant by barter and that the original cost of the plant is unknown. In responding to a Commission Staff interrogatory, BGE admitted that it does not have documentation to support the cost of the plant or fence, and that the "values were given as an estimate of the cost to purchase and construct the plant and fence when it was installed."³³ For these reasons, Commission Staff's Report found that depreciation for the treatment facility and fence should be disallowed.

In 2015, BGE stated that it had installed a new discharge pipe, replaced a blower motor, and replaced a pump. Commission Staff's Report determined that these repairs represented capital expenditures that should be depreciated rather than expensed. Commission Staff's Report found that the depreciation for the post-test year capital expenditures should be included in test-year depreciation expense, resulting in a \$1,064 decrease to test-year depreciation expense calculated as follows:

³² Application, ARF Form 1 – Attachment SAO-S – September 2011, Pro Forma Adjustments – Sewer Utility.

³³ BGE's Response to Staff's First Request, Item 15.a.

| | Cost | Depreciation | |
|--|----------|--------------|-------------------|
| | | Lives | Expense |
| Discharge Pipe | \$ 1,240 | 30 | \$ 41 |
| Pump and Blower Motor | 1,121 | 10 | 112 |
| Pro Forma Depreciation Expense | | | 153 |
| Less: Test-Year Depreciation Expense | | | <u>(1,317)</u> |
| Commission Staff Depreciation Adjustment | | | <u>\$ (1,164)</u> |

BGE accepted Commission Staff's Report finding to decrease test-year depreciation expense by \$1,164.³⁴ However, the AG objected to the Commission Staff's Report finding to include depreciation for the post-test year capital expenditures in its pro forma operating expenses.³⁵ According to the AG, the last two NOV's that were issued to BGE, with the most recent being issued January 7, 2016, prove that the discharge pipe remains broken.³⁶ The AG recommends that BGE not be allowed recovery for depreciation of the post-test year capital expenditures until BGE "has unequivocally proven that these items have been used to repair the cited violations of the treatment plant."³⁷

The Commission finds that the evidence in the record supports the AG's position. Accordingly, the Commission is eliminating depreciation expense of \$153 from the pro forma operating expenses stated in Commission Staff's Report.

³⁴ BGE's Objections at 3.

³⁵ AG's Comments at 4-5.

³⁶ *Id.* at 7.

³⁷ *Id.* at 9.

Insurance

BGE included insurance expense of \$2,882 in its test-year pro forma operations.³⁸ At the field review conducted by Staff prior to issuing its Report, BGE provided a price quote from its insurance agent to support its requested premium. In responses to Commission Staff's interrogatories, BGE provided a copy of the insurance invoice that was paid, which showed that the premium for the policy period from July 15, 2015, through July 15, 2016, is \$2,725.³⁹ The Commission is reducing BGE's pro forma insurance expense by \$154 to reflect the actual premium that BGE paid.

Net Operating Income ("NOI")

BGE calculated an allowable NOI using the operating ratio method as historically accepted by the Commission.⁴⁰ Pursuant to this method, the allowable NOI is calculated by dividing pro forma operating expenses by 88 percent and subtracting operating expenses from the result. Using this method, BGE calculated a revenue

³⁸ Application, ARF Form 1 – Attachment SAO-S-September 2011, Statement of Adjusted Operations – Sewer Utility.

³⁹ BGE's Response to Staff's First Request, Item 9.a.

⁴⁰ An operating ratio measures the difference between operating revenues and operating expenses. It is defined by the following equation.

$$\text{Operating Ratio} = \frac{\text{Operation \& Maintenance Exp. + Depreciation + Taxes}}{\text{Gross Revenues}}$$

The Commission has found that the operating ratio is a reasonable and necessary alternative to the rate of return method for calculating the allowable NOI for small sewer investor owned utilities. Specifically, it has found that the rate of return method cannot be used because there is "no basis" upon which to determine a rate of return for these utilities, Administrative Case No. 95-236, *Application of Thelma Waste Control, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC. Apr. 15, 1996), Final Order at 6. Further, it has found that the operating ratio method is appropriate when plant investment is low and operating expenses are high, Case No. 7982, *Notice of Application of Fern Lake Company* (Ky. PSC. Aug. 27, 1981), Final Order at 3.

requirement and an NOI of \$18,683 and \$2,242, respectively.⁴¹ BGE stated that the requested NOI is considered compensation to its owner.⁴²

According to the AG, the history of repeated violations spanning the past decade, as well as the current violations, makes it abundantly clear that the owner of the BGE treatment plant has been negligent in performing her duties.⁴³ For this reason, the AG's position is that BGE should not be allowed its requested NOI of \$2,242 because BGE's owner should not be financially rewarded for BGE' negligent operations.⁴⁴

The Kentucky Supreme Court's holding in *South Central Bell v. Utility Regulatory Commission*,⁴⁵ precludes consideration by the Commission of quality of service in rendering its decision in this case. The Court stated:

The rate making process is to provide for the utility a reasonable profit on its operations so that its owners may achieve a return on their investment. Such matters are purely those of a financial nature. . . . [T]he quality of service is not germane to the normal, time-tested factors that go into the determination of a proper rate for the services rendered by a utility.

⁴¹

| | | |
|------------------------------------|--------|------------|
| Pro Forma Operating Expenses | \$ | 16,441 |
| Divided by: Operating Ratio | | 88% |
| Total Revenue Requirement | | 18,683 |
| Less: Pro Forma Operating Expenses | | (16,441) |
| Requested NOI | \$ | 2,242 |

⁴² BGE's Response to Staff's First Request, Item 6.d.

⁴³ AG's Comments at 7.

⁴⁴ *Id.* at 7-8.

⁴⁵ *South Central Bell v. Utility Regulatory Commission*, Ky., 637 S.W.2d 649 (1982).

Therefore, the Commission must focus exclusively on financial matters in determining a level of rates that will produce a fair, just and reasonable rate of return for the utility. Thus, we must reject the AG's recommended disallowance of any NOI.

Summary – Pro Forma Operating Expenses

Based on its modifications made herein to the Commission Staff's Report, the Commission finds that BGE's pro forma operating expenses should be as follows:

| Account Titles | Commission Staff Report | Adjustments | Adjusted Staff Report |
|---------------------------------------|-------------------------|-------------|-----------------------|
| Operating Expenses: | | | |
| Operation & Maint. Exp: | | | |
| Owner/Manager Fee | \$ 0 | \$ 0 | \$ 0 |
| Fuel & Power | 815 | 0 | 815 |
| Routine Maintenance Fee | 3,900 | 0 | 3,900 |
| Insurance | 2,882 | (158) | 2,724 |
| Office Supplies & Other Expenses | 336 | 0 | 336 |
| Chemicals | 1,272 | 0 | 1,272 |
| Sludge Hauling | 475 | 0 | 475 |
| KPDES Permit Amortization | 440 | 0 | 440 |
| KPDES Quarterly Testing | 484 | 0 | 484 |
| Maintenance Structures & Improvements | 0 | 0 | 0 |
| Total Operation & Maint. Exp. | 10,604 | (158) | 10,446 |
| Depreciation | 153 | (153) | 0 |
| Property Taxes | 0 | 0 | 0 |
| Total Operating Expenses | \$ 10,757 | \$ (311) | \$ 10,446 |

REVENUE REQUIREMENT DETERMINATION

Based on the modifications to the findings of the Commission Staff's Report, the Commission finds that BGE requires a revenue requirement of \$11,870, determined as follows:

| | |
|------------------------------------|-----------|
| Pro Forma Operating Expenses | \$ 10,446 |
| Divided by: Operating Ratio | 88% |
| Total Revenue Requirement | 11,870 |
| Less: Pro Forma Operating Expenses | (10,446) |
| Pro Forma NOI | \$ 1,424 |

RATE DETERMINATION

Using the revenue requirement determined reasonable herein, the Commission calculates a residential equivalent rate of \$123.65.⁴⁶

The Commission recognizes that, as expressed by BGE's customers during the formal hearing, the required rate may result in hardships for BGE customers. Nevertheless, as more thoroughly discussed above, BGE is entitled to recover those expenses through rates that it has justified.⁴⁷ The Commission expects that BGE will work with its customers and other interested parties to develop lower-cost alternative solutions to providing sanitary sewer service to the BGE customers. To aid that goal, the Commission's Staff will be available to assist and mediate discussions between BGE, the AG, and BGE customers as requested, and we encourage the parties to take advantage of this offer.

NONRECURRING CHARGES

BGE proposed certain nonrecurring charges in its application, a Connection Inspection Fee of \$75 and a Late Payment Charge of 10 percent. In responding to a Commission Staff interrogatory BGE reduced its requested Connection Inspection Fee from \$75 per call to \$45 per call. An inspection by the Kentucky State Plumbing Inspector is required to be performed before any new or additional connections are made to the current system.

After reviewing BGE's proposed nonrecurring fees, Commission Staff's Report found them to be reasonable. However, Commission Staff noted that the public notice

⁴⁶ $\$11,870 \text{ (Revenue Requirement)} \div 12 \text{ (Months)} = \$989.20 \text{ (Monthly Revenue Requirement)} \div 8 \text{ (Current Number of Customers)} = \$123.65.$

⁴⁷ KRS 278.030(1).

filed in BGE's application failed to include these charges. The Commission Staff's Report found that the nonrecurring charges should be approved after BGE has provided subsequent documentation validating that the notice has been given to the customers.

As of the date of this Order, BGE has not filed documentation that it has provided notice to its current customers of the requested nonrecurring charges. Because the Connection Inspection Fee will be assessed to future customers only, notice of this fee to current customers is not required. Finding that the amount of this fee is reasonable, it should be approved. However, since the Late Payment Charge may be assessed to current customers, notice of this fee is required. There being no notice, the Commission finds that the late payment charge should be denied.

TARIFF

BGE filed with its application an initial tariff. The tariff is based upon a tariff template obtained from Commission Staff.⁴⁸ In response to Commission Staff interrogatories, BGE requested several changes to its proposed tariff be considered by the Commission. The Commission directs BGE to work closely with the Commission's Tariff Branch Staff to craft language that clearly states the utility's policies and complies with the applicable statutes and regulations.

SUMMARY

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

1. BGE's proposed rate would produce revenue in excess of that found reasonable herein and should be denied.

⁴⁸ BGE's Response to Staff's First Request, Item 19.a.

2. The recommendations and findings contained in the Commission Staff's Report, as modified herein, are adopted and incorporated by reference into this Order as if fully set out herein.

3. The rate set forth in the Appendix to this Order will produce gross annual revenues as found reasonable herein and should be approved for service rendered by BGE on and after the date of this Order.

4. Commission Staff will be available to mediate the expected discussions between BGE, the AG, and its customers.

5. The nonrecurring charge set forth in the Appendix to this Order should be approved.

6. BGE's proposed Late Payment Charge should be denied.

7. BGE should work closely with the Commission's Tariff Branch Staff to craft language that clearly states the utility's policies and complies with the applicable statutes and regulations.

8. Within 20 days of the date of this Order, BGE should file revised tariff sheets with the Commission, using the Commission's electronic Tariff Filing System, setting forth the rate approved herein.

IT IS THEREFORE ORDERED that:

1. BGE's proposed rate is denied.

2. The recommendations and findings contained in Commission Staff's Report, as modified herein, are adopted and incorporated by reference into this Order as if fully set out herein.

3. The rate set forth in the Appendix to this Order is approved for service rendered by BGE on and after the date of this Order.

4. The nonrecurring charge set forth in the Appendix to this Order is approved.

5. BGE's proposed Late Payment Charge is denied.

6. BGE shall work closely with the Commission's Tariff Branch Staff to craft language that clearly states the utility's policies and complies with the applicable statutes and regulations.

7. Within 20 days of the date of this Order, BGE shall file revised tariff sheets with the Commission, using the Commission's electronic Tariff Filing System, setting forth the rate approved herein.

By the Commission

ENTERED
MAR 24 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Acting Executive Director *for*

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00306 DATED **MAR 24 2016**

The following rates and charges are prescribed for the customers in the area served by Bush Gardens Enterprises, LLC. 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.

| <u>Monthly Sewer Rate</u> | |
|---------------------------|----------|
| Flat Rate | \$123.65 |
| Nonrecurring Charge | |
| Connection Inspection Fee | \$45.00 |

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