

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMDALE)
DEVELOPMENT CORPORATION FOR) CASE NO. 2009-00185
TARIFF REVISIONS AND TO INCREASE)
CERTAIN NONRECURRING CHARGES)

O R D E R

On June 16, 2009, Farmdale Development Corporation ("Farmdale Development") applied for authority to revise certain nonrecurring charges and policies. Farmdale Development requested an effective date of August 1, 2009. The Commission, by Order dated July 8, 2009, found that additional time was needed for its review and suspended the rates through December 30, 2009.

Commission Staff issued requests for information to Farmdale Development on June 22, 2009, and on August 6, 2009, seeking further clarification on costs associated with several proposed increases in charges.

Farmdale Development has provided adequate evidence of individual expenses incurred to provide the services associated with the proposed charges, with the exception of the "Administrative and Transportation Fee Where Lawsuit Filed."

Farmdale Development seeks a customer charge for a provision called "Administrative and Transportation Fee Where Lawsuit Filed." 807 KAR 5:006, Section 8, provides for a utility to recover special nonrecurring charges to recover

customer-specific costs. The regulation then lists several special charges that are authorized to be considered, but does not limit special charges to those listed. In order for a utility to establish any such charge, it must apply to the Commission in accordance with 807 KAR 5:011, Section 10. That regulation sets forth several criteria that must be submitted to the Commission by the utility seeking the rate revision.¹

All of these regulations speak of service as something provided for an activity furnished by the utility. KRS 278.010(13) defines “service” as including “any practice or requirement in any way relating to the service of any utility....” We do not find that the filing and prosecution of a lawsuit are activities that the regulation intended to be included as a service of a utility. We also note that Farmdale Development neither performed a cost-of-service study nor provided a list of equipment being furnished or a description of the services being furnished to the customer under the proposed “Administrative and Transportation Fee Where Lawsuit Filed” provision.² While one could say that a returned check fee is not such a “service,” we find that accepting a negotiable instrument as payment of a utility bill is a “service.” We also

¹ As part of the filing requirements of 807 KAR 5:011, Section 10(1)(a), reference is made to the provisions of 807 KAR 5:001, Section 6(2)(c). This appears to be a printing error and the cited regulation should read “807 KAR 5:011, Section 6(2)(c).”

² Response of Farmdale Development to Staff Data Request at 3(a-c) filed July 8, 2009.

notice that the cost of making recovery on the debt is specifically mentioned in the regulations. The proposed "Administrative and Transportation Fee Where Lawsuit Filed" provision should be denied.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. The proposed "Administrative and Transportation Fee Where Lawsuit Filed" charge should be denied.

2. The proposed charges, with the exception of the above-mentioned charge, are equal to the expenses incurred to provide the associated services.

3. The charges and policies set forth in the Appendix to this Order are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed "Administrative and Transportation Fee Where Lawsuit Filed" charge is denied.

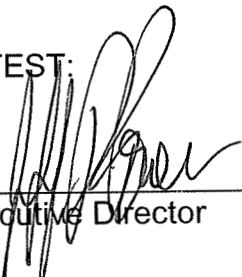
2. The charges in the Appendix are approved for services rendered on and after the date of this Order.

3. Within 20 days of the date of this Order, Farmdale Development shall file with the Commission a revised tariff showing the charges approved herein.

By the Commission

ENTERED *AL*
SEP 21 2009
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2009-00185

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00185 DATED SEP 21 2009

The following rates and charges are prescribed for the customers in the area served by Farmdale Development 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.

Nonrecurring Charges

Bad Check Fee	\$10.00
Termination of Service Charge	750.00
Reconnection of Service Charge	750.00

Carroll F Cogan
President
Farmdale Development Corporation
1706 Bardstown Road
Louisville, KY 40205

Honorable Robert C Moore
Attorney At Law
Hazelrigg & Cox, LLP
415 West Main Street
P.O. Box 676
Frankfort, KY 40602