

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

NOTICE OF ADJUSTMENT OF)	
RATES OF HAYFIELD UTILITIES)	
INC., d/b/a COUNTRYSIDE SEWER)	CASE NO. 7078
SYSTEM TO BECOME EFFECTIVE)	
JUNE 1, 1978)	

ORDER

On March 30, 1979, this Commission entered its order setting a \$15.80 rate to be charged single family residential customers by Hayfield Utilities, Inc. The rate reflected the Commission's determination that annual operating revenues of \$30,715.00 for this utility was reasonable and that Hayfield could recover the revenues from 162 customers, the number of customers which Hayfield originally indicated it could serve. Hayfield did not begin to bill its customers at this increased rate until August 14, 1979.

The Commission having denied Hayfield's Petition for Rehearing, Hayfield appealed the Commission's order to the Franklin Circuit Court alleging that 140 was the proper number of customers and therefore, using the same revenue figure, an \$18.28 rate was necessary.

While the appeal was still pending, Hayfield filed a notice to adjust its rates to \$32.00 a month per single-family residence on March 31, 1980. Soon thereafter, Hayfield filed a Bankruptcy Petition in U.S. District Court under Chapter 11 of the Federal Bankruptcy Act which provides that a debtor may remain in possession while a company reorganizes under a plan approved by the court.

Before the Commission's order could be issued in Case No. 7802, the Franklin Circuit Court decided the appeal of

the order in Case No. 7078. The court ordered that the Commission's order of March 30, 1979 "should be set aside and held for naught." The Circuit Court also directed the Commission to reconsider with or without a hearing the allowance of a reasonable rate to Hayfield. The only error to which the court alluded was that the Commission's projection of 162 customers was unreasonable.

On August 29, 1980, the Commission entered its order in Case No. 7802 which granted Hayfield an increase in rates to \$24.70 a month per single-family residence based upon 135 customers which Hayfield projects it will serve within the next three years.

The Commission based upon the above-recited facts, and after consideration of all the evidence of record and being advised is of the opinion and FINDS as follows:

1. That despite the rate relief recently provided in Case No. 7802, Hayfield has suffered a loss of revenue while the appeal of the Commission's order in Case No. 7078 was pending before the Franklin Circuit Court, the Franklin Circuit Court having ruled in favor of Hayfield Utilities, Inc.

2. That the period of under-recovery dates from March 20, 1979, and extends through August 29, 1980, the date of the Commission's order in Case No. 7802, from which date Hayfield has been authorized to charge a rate of \$24.70.

3. That a surcharge to compensate Hayfield for the seventeen months of under-recovery is warranted and should be collected over one year.

4. That the surcharge should be based upon the most recent information available to the Commission regarding the number of customers used in its recent decision in Case No. 7802, which is 135 customers.

5. That based upon 135 customers, Hayfield's rate for single-family residential customers should have been \$18.96 per month, a difference of \$3.16 per month.

IT IS THEREFORE ORDERED that Hayfield Utilities, Inc. is hereby authorized to collect a surcharge from its customers as prescribed and set forth in Appendix "A", attached hereto, effective from the date of this Order.

IT IS FURTHER ORDERED that Hayfield is authorized to collect the surcharge from its customers for a period of twelve (12) months; at the conclusion of that period Hayfield shall cease to collect the surcharge.

IT IS FURTHER ORDERED that Hayfield shall report to the Commission within ten (10) days of implementing the surcharge, providing evidence of the date that the surcharge was first imposed.

IT IS FURTHER ORDERED that upon completion of the billing for the full, twelve-month surcharge, Hayfield Utilities, Inc. shall provide the Commission with evidence that it has ceased billing for the surcharge by furnishing a copy of Hayfield's remittance advice from West Oldham Utilities within the ten (10) days of Hayfield's receipt of same.

IT IS FURTHER ORDERED that Hayfield Utilities, Inc. shall file its tariff setting forth the surcharge in accordance with this Order within twenty (20) days of the date of this Order.

Done at Frankfort, Kentucky, this the 15th day of October, 1980.

UTILITY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY COMMISSION OF KENTUCKY IN CASE NO. 7078 DATED OCTOBER 15, 1980.

The following surcharge is prescribed for sewage disposal services for all customers that are located in Countryside Subdivision, Oldham County, Kentucky and that are provided said service by Hayfield Utilities, Inc., d/b/a Countryside Sewer System.

<u>Type of Service Provided</u>	<u>Monthly Surcharge</u>
Single-Family Residence.	\$4.48 per residence