

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

TARIFF FILING OF WAVERLY SANITATION)
CORPORATION, INC. PROPOSING RATES)
FOR SEWAGE SERVICE FOR STANDING OAKS) CASE NO. 7842
MANOR IN THE SOUTHERN PORTION OF)
JEFFERSON COUNTY)

O R D E R

On April 17, 1980, Waverly Sanitation Corporation, Inc. ("Applicant"), filed original tariff sheets whereby it proposed to establish rates, rules and regulations for the provision of sewage services for Standing Oaks Subdivision in Jefferson County, Kentucky, to be effective May 20, 1980. The rates were suspended for a period of five months on and after May 20, 1980. Subsequently, by Order of October 2, 1980, the application was dismissed without prejudice for failure to file required information.

On January 19, 1981, the Applicant requested that the case be reopened and filed information relative to the case. A hearing was held at the offices of the Public Service Commission ("Commission") on April 30, 1981. Present at the hearing were Mr. Jack Farley, owner of the utility; Mr. John Hegeduss and Mr. Edward Humphries, consumers; and Intervenor, Consumer Intervention Division of the Attorney General's office. At the hearing, certain requests for information were made by Commission staff. This information has been filed, and the entire matter is now

considered to be fully submitted for final determination by this Commission.

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

1. The Waverly Sanitation Corporation, Inc., was constructed in 1974 by Mr. Jack Farley. The initial construction was for the purpose of serving the Standing Oak Subdivision in Jefferson County, Kentucky, and ultimately, to serve an additional 22 acre undeveloped tract adjacent to the Subdivision.

2. Operation of the plant did not begin until March 24, 1980. Six four-unit apartment complexes are presently being served.

3. Mr. Jack Farley is the owner/manager of Waverly Sanitation Corporation, Inc., and is operating a sewage treatment system as defined in KRS 278.010 and is subject to the rules and regulations of the Public Service Commission governing utilities.

4. Applicant should maintain the records of the utility in the manner prescribed by the Uniform System of Accounts for Class C and D Sewer Utilities adopted by this Commission.

5. Andriot-Davidson's Service Company, Inc. (Andriot-Davidson"), is employed as operator of the system, but no written agreement has been entered into between Applicant and Andriot-Davidson. Applicant should negotiate an appropriate written agreement and should hereafter enter into such contracts only by written agreement.

6. The contract for services between the Applicant and its customers cannot relieve Applicant of its responsibility for maintenance as prescribed by 807 KAR 5:071E, Section 8, Service Pipe Connections.

7. Due to the unusual circumstances as to the date of construction and the date of service, the inadequacy of the available financial data and the fact that the ultimate number of customers to be served in each classification is unknown at this time, the expenses and expected revenues cannot be determined with accuracy. Therefore, the Applicant projected expenses and revenues to reflect current operating conditions. The Commission has examined these projections and has determined that they are acceptable for setting initial rates.

Further, the Commission has determined that, based on these projections, the Applicant's proposed rates will produce a deficit. While the Commission is concerned that the Applicant will be unable to continue operating for an extended period of time under these conditions, it also recognizes that additional revenues will be generated by new customers in the immediate future. Therefore, to be fair to all concerned, until such time as the utility can provide the Commission with reliable figures reflecting actual operating experience, the Commission should approve the rates proposed by the Applicant as the fair, just and reasonable rates to charge for sewer service.

IT IS THEREFORE ORDERED that the sewage treatment system owned and operated by Mr. Jack Farley, known as Waverly Sanitation Corporation, Inc., in the Standing Oaks Subdivision and environs is a sewage treatment system as defined in Section 278.010 of the Kentucky Revised Statutes and is subject to the jurisdiction of the Public Service Commission of Kentucky.

IT IS FURTHER ORDERED that Waverly Sanitation Corporation, Inc., shall be operated according to the rules and regulations prescribed by the Public Service Commission and that financial records shall be

established and maintained in the manner prescribed by the Uniform System of Accounts for Class C and D Sewer Utilities adopted by this Commission.

IT IS FURTHER ORDERED that Applicant shall not enter into any agreements for ongoing outside services except by written contract and shall immediately provide such written contract for the utility operator's services.

IT IS FURTHER ORDERED that any contract for service between Applicant and its customers which is in conflict with the regulations governing the utility service shall be corrected to comply with said regulations.

IT IS FURTHER ORDERED that Applicant shall assume all responsibility for maintenance as prescribed in 807 KAR 5:071E, Section 8, Service Pipe Connections.

IT IS FURTHER ORDERED that the rates as set forth in Appendix A to this Order be and they are hereby approved, as the rates for sewage services rendered on and after the date of this Order and shall remain in effect until such time as the utility shall provide the necessary information to determine the reasonableness of another rate.

IT IS FURTHER ORDERED that within 30 days from the date of this Order Waverly shall file with the Commission its tariff setting forth the rates approved herein and all rules and regulations governing the provision of sewage service.

Done at Frankfort, Kentucky, this 24th day of July, 1981.

PUBLIC SERVICE COMMISSION

Martin M. Tohy
Chairman

Katherine Randall
Vice Chairman

Don Garman
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC
SERVICE COMMISSION OF KENTUCKY
IN CASE NO. 7842 DATED July 24, 1981

The following rates are hereby prescribed for all customers served by Waverly Sanitation Corporation, Inc., in Jefferson County, Kentucky.

<u>Customer Category</u>	<u>Monthly Rate</u>
Single-Family Residential	\$ 8.75
Multi-Family Residential per four-unit apartment complex	28.50
Commercial - per 1,000 gallons	2.50