

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION AND PETITION OF)
THE FARMDALE DEVELOPMENT CORPORATION,) CASE NO. 8102
INC., FOR AN ORDER AUTHORIZING SAID)
CORPORATION TO REVISE RATES)

I N T E R I M O R D E R

On December 29, 1980, Farmdale Development Corporation ("Applicant"), by counsel, and pursuant to Chapter 278 of the Kentucky Revised Statutes, filed an application with the Public Service Commission (formerly the Utility Regulatory Commission) seeking authority to increase its rate for sewer service on and after March 1, 1981. The proposed rate would produce additional revenues of approximately \$40,367, an increase of 135%.

To determine the reasonableness of the proposed rate, the Commission in an Order dated December 30, 1980, suspended the requested increased rate for a period of five months on and after the effective date. Further, in an Order dated January 17, 1981, the Commission set a public hearing to be held April 7, 1981, at its offices in Frankfort, Kentucky. Notice of such hearing was made by Applicant pursuant to the Kentucky Revised Statutes and the Commission's regulations.

A public hearing in this matter was held as scheduled with the Consumer Intervention Division of the Attorney General's Office being the only party to intervene. At the opening of the hearing, numerous protestants were given the opportunity to voice objections.

Two witnesses for Applicant gave testimony on this date, however, a third witness was unable to attend. Subsequently, a second hearing was held April 20, 1981, in order that the testimony of the third witness could be entered into the record.

On May 22, 1981, Applicant moved that the Commission enter an emergency Order permitting the Applicant to immediately revise its rate as requested in its original application. Applicant stated that subsequent to the hearings, an additional \$4,000 had been borrowed to operate the utility and, of that amount, \$900.61 remained to pay numerous delinquent bills totaling approximately \$3,000.

COMMENTARY

All matters filed with this Commission must comply with regulations pursuant to the Kentucky Revised Statutes; KRS 278.190(3) states in matters involving rate increases, the Commission shall give to hearing and decision of such matters preference over other matters pending before it and decide the same as speedily as possible, but not later than ten months after the filing of such schedules. Nothing in the record indicated this grave financial situation nor that an emergency existed and if such emergency had existed, it is Applicant's responsibility to anticipate this condition and to make application on a timely basis. The Commission has responded to the Applicant's need in this matter; however, it wishes to put Applicant on notice that the Commission finds this practice untenable. If the Applicant's application was the only business before this Commission, it could easily meet Applicant's needs in a timely manner. The fact is, however, that the Commission has approximately 73 rate cases on its current docket. Therefore, the Commission must have the time allowed by statute to

evaluate these rate applications. This Commission, therefore, is putting Applicant on notice that, barring unforeseen circumstances, future applications should be filed stating the emergency conditions at the onset of the application.

SUMMARY

Based on the financial condition of the Applicant, the Commission finds, pursuant to KRS 278.190, that an emergency exists and that the Applicant's credit or operations will be materially impaired or damaged unless an interim increase is granted prior to expiration of the five-month suspension period.

Based on a review of Applicant's application and its current financial condition, the Commission finds that the Applicant should be granted an interim rate of \$16 per month. The Commission further finds the interim rate should be subject to refund pending final determination of the Applicant's request for permanent relief.

IT IS THEREFORE ORDERED that Farmdale Development Corporation, Inc., is hereby authorized to place into effect an interim rate as set forth in Appendix A for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that the revenue from this interim rate shall be collected subject to refund.

IT IS FURTHER ORDERED that Applicant shall maintain its records in such manner as will enable it, the Commission or any of its customers to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that the rate proposed by Applicant and set forth in its motion of emergency shall be and is hereby denied until final determination of this matter.

IT IS FURTHER ORDERED that the Applicant shall furnish the Commission within five days after the date of this Order its revised tariff sheet setting forth the interim rate approved herein.

Done at Frankfort, Kentucky, this 3rd day of June 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Katherine Landall
Vice Chairman

Jim Harazin
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN INTERIM ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8102 DATED JUNE 3, 1981.

The following rate is prescribed for sewage disposal
services rendered by the Farmdale Development Corporation for
customers located within its service area.

<u>Type of Service Provided</u>	<u>Monthly Rate</u>
Single-Family Residential	\$16.00 Per Residence