

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT APPLICATION OF)
STONEBROOK SANITATION COMPANY,)
INCORPORATED, TO PUBLIC SERVICE)
COMMISSION USING ALTERNATIVE)
RATE FILING FOR SMALL UTILITIES)

THE AMENDED APPLICATION OF STONE-))
BROOK SANITATION COMPANY,))
INCORPORATED, FOR CONSIDERATION))
OF A REQUEST FOR A CERTIFICATE))
OF CONVENIENCE AND NECESSITY TO)) CASE NO. 8770
CONSTRUCT IMPROVEMENTS TO))
EXISTING FACILITIES AND AUTHORITY))
TO BORROW FUNDS NECESSARY FOR))
SUCH PURPOSES))

THE AMENDED APPLICATION OF)
STONEBROOK SANITATION COMPANY,)
INCORPORATED, FOR CONSIDERATION)
OF AUTHORITY TO BORROW FUNDS)
NECESSARY TO COMPLETE THE)
IMPLEMENTATION OF THE STOCK)
PURCHASE AGREEMENT BY THE)
COMMISSION IN CASE NO. 8676,)
DECEMBER 21, 1982)

O R D E R

On November 3, 1983, the Commission entered an Order in this case granting Stonebrook Sanitation Company ("Stonebrook") an increase in rates. On November 23, 1983, Farmgate Homeowners Association ("Farmgate") filed a petition for rehearing on three issues: the level of depreciation expense, the Commission's finding regarding financing the purchase price of the utility, and Farmgate's original motion to dismiss this case on the basis that the test period used was out of date and, thus, inappropriate.

Farmgate offered no new evidence or arguments that would persuade the Commission to reconsider its decisions in the Order entered November 3, 1983, regarding financing of the purchase price and Farmgate's previous motion to dismiss. However, the Commission is of the opinion that a rehearing on the limited issues of depreciation expense and its relationship to the original cost of utility plant in service, the possibility of double recovery of capital costs from customers and the subsequent sale and purchase price of the plant and the related accounting treatment is appropriate and should be granted.

CONCLUSION

Therefore, the Commission is of the opinion and finds that:

1. A rehearing on the issues of financing the purchase price of Stonebrook and Farmgate's previous motion to dismiss this case should be denied.

2. A rehearing on the limited issue of depreciation expense and related plant considerations should be granted.

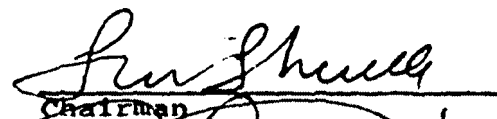
IT IS THEREFORE ORDERED that a rehearing limited to the issue of depreciation expense and related plant considerations be and it hereby is granted.

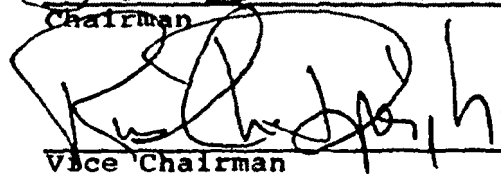
IT IS FURTHER ORDERED that a rehearing on all other issues set out in Farmgate's petition for rehearing be and it hereby is denied.

IT IS FURTHER ORDERED that a hearing to examine this issue is hereby scheduled to be held in the Commission's offices in Frankfort, Kentucky at 9:00 a.m., Eastern Standard Time, on January 5, 1984.

Done at Frankfort, Kentucky, this the 14th day of December,
1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary