

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF KEN IMPROVEMENT,)	
INC., FOR AN ADJUSTMENT OF RATES)	
PURSUANT TO THE ALTERNATIVE PROCEDURE)	CASE NO. 9144
FOR SMALL UTILITIES)	

O R D E R

On June 6, 1985, the Commission issued an Order in this proceeding wherein it granted Ken Improvement, Inc., ("Ken Improvement") a rate increase of \$13,446, an increase of approximately 121 percent over test-period normalized revenues. On June 26, 1985, Ken Improvement filed a petition for rehearing on one issue discussed in the Commission's Order.

The issue raised by Ken Improvement involved recovery of the cost associated with upgrading the original 30,000 gallons-per-day plant and the cost of additional capacity required to serve the existing customers.

In its Order of July 16, 1985, the Commission granted rehearing and required Ken Improvement to file testimony and additional proof on the issue within 30 days.

Ken Improvement filed information with the Commission August 15, 1985. A portion of that information, specifically a document labeled "Application and Certificate for Payment," was dated May 17, 1984. Thus, the information was available not only prior to the date of the Order of July 16, 1985, which granted

rehearing, but also prior to Ken Improvement's filing of its application for a rate increase on September 25, 1984.

According to KRS 278.400, "Upon the rehearing, any party may offer additional evidence that could not with reasonable diligence have been offered on the former hearing." South Shelby Civic Association cited this statutory provision at the onset of the rehearing and moved for cancellation of the rehearing. That motion was taken under advisement, the rehearing continued, and additional relevant facts were developed through the proceeding. For example, Mr. Keith London, an engineer with Biagi, Chance, Cummins, London, Titzer, Inc., a firm that has provided engineering services to Ken Improvement since 1981, admitted at the rehearing of August 27, 1985, that the information filed August 15, 1985, by Ken Improvement would have been available May 17, 1984.¹

The Commission is of the opinion that the information filed August 15, 1985, by Ken Improvement could and should have been submitted when Ken Improvement became aware that recovery of the cost associated with upgrading the original plant and the cost of additional capacity required to serve the existing customers was a major issue in this case. In Item No. 1 of its Information Request of February 25, 1985, Ken Improvement was asked to provide a breakdown of the portion of the new 60,000 gallons-per-day plant that should be allocated to increasing plant capacity in order to serve future additional customers. Ken Improvement was also asked

¹ Transcript of Evidence, August 27, 1985, pp. 34-35.

to provide details of the equipment installed for the purpose of upgrading the existing facilities and the installed cost of those facilities. Therefore, Ken Improvement was made aware in this proceeding that these costs were in issue well in advance of the original hearing.

SUMMARY

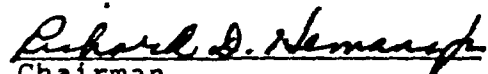
Based on the evidence of record and being advised, the Commission is of the opinion and finds that Ken Improvement's request for an additional \$5.55 per month for each class of customer should be denied since it has offered no evidence on rehearing that it could not, with reasonable diligence, have offered at the former hearing. Furthermore, if the evidence presented on rehearing were appropriate to consider in deciding the rehearing issue, the result would be the same.


IT IS THEREFORE ORDERED that:

1. The Findings and Orders of the Commission's Order of June 6, 1985, be and they hereby are affirmed in all respects.

Done at Frankfort, Kentucky, this 3rd day of December, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary