

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KELLWOOD SEWER )  
TREATMENT PLANT FOR A RATE ADJUSTMENT ) CASE NO. 10156  
PURSUANT TO THE ALTERNATIVE RATE )  
FILING PROCEDURE FOR SMALL UTILITIES )

O R D E R

On February 10, 1988, Piccadilly Builders, Inc., d/b/a Kellwood Sewer Treatment Plant ("Kellwood"), filed its application seeking approval of a rate increase pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would generate additional revenues of \$15,503 annually based upon the new rate design recommended by the Commission's Staff ("Staff"). The proposed rates reflect an 11.1 percent increase in revenues above normalized test-year revenues of \$139,202.

On March 7, 1988, Staff conducted a field review of Kellwood's test-period financial records. Staff issued its report on April 15, 1988 recommending a \$9,185 annual reduction in Kellwood's operating revenues. On May 5, 1988, Kellwood filed its response to the Staff Report alleging that Staff did not consider all pertinent factors, did not review all the financial records to determine valid expenses, and that Staff failed to review the prior case, Case No. 8790, Phoenix Piccadilly, LTD. vs. Piccadilly Builders, Inc., in which Kellwood contends the Commission approved the existing rates.

An informal conference was held on May 25, 1988 at the Commission's offices in Frankfort, Kentucky. On September 20,

1988, Staff issued an amended report recommending a reduction in Kellwood's annual operating revenues of \$2,421. On October 11, 1988, Kellwood filed its response to the Amended Staff Report accepting the recommendations.

After careful review and examination of the Staff Reports, it is the Commission's opinion that the recommendations in the original Staff Report as revised by the Amended Staff Report, will allow Kellwood sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth. The Commission, therefore, affirms the Amended Staff Report to the extent that it alters some recommendations and otherwise affirms the recommendations contained in the original Staff Report.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

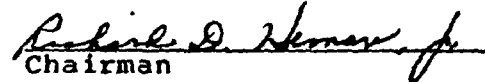
1. The recommendations and findings contained in the original Staff Report, including the modifications thereto in the Amended Staff Report, should be adopted as the findings of the Commission in this proceeding.
2. The rates proposed by Kellwood should be denied.
3. The rates in Appendix A are the fair, just, and reasonable rates to be charged by Kellwood and should produce gross annual revenues of \$136,781.
4. Within 30 days of the date of this Order, Kellwood should file with the Commission its revised tariff setting out the rates approved herein.

BE IT SO ORDERED.

Done at Frankfort, Kentucky, this

11th day of November, 1988.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 10156 DATED 11/11/88

The following rates and charges are prescribed for the customers in the area served by Kellwood Sewer Treatment Plant. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>Customer Class</u>	<u>Monthly Rate</u>
1 Bedroom Apartment	\$ 11.85 Per Apartment Unit
2 Bedroom Apartment	12.85 Per Apartment Unit
3 Bedroom Apartment	14.70 Per Apartment Unit
Single Family Residence	\$ 14.70
Community Building	\$275.00
Commercial Users	\$ 14.70 per R.E.*

\* Per Residential Equivalent - The number of residential equivalents and/or fractional parts thereof shall be determined by dividing the customer's average monthly water consumption in gallons by 12,000 gallons. The minimum bill for commercial service will be \$14.70.