

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RIVER BLUFFS, INC.)	
FOR A CERTIFICATE OF CONVENIENCE AND)	
NECESSITY AUTHORIZING SAID COMPANY)	
TO EXPAND ITS EXISTING SANITARY SEWAGE))	CASE NO. 89-001
COLLECTION, TREATMENT AND DISPOSAL)	
SYSTEM LOCATED IN OLDHAM COUNTY,)	
KENTUCKY AND FOR A RATE ADJUSTMENT)	

O R D E R

On January 3, 1989, River Bluffs, Inc. ("River Bluffs") filed its application requesting a Certificate of Convenience and Necessity to construct additions and improvements to its sanitary sewage treatment system and approval of a rate increase. The proposed rate would generate additional revenues of \$21,849 annually, an increase of 52.63 percent over normalized revenues of \$41,511.

The proposed construction includes the following repairs and additions: a second air blower; air pipelines; a cabinet and controls; a tertiary treatment tank; repairs to the filter; gas chlorination facilities; and a barn shelter. River Bluffs proposed to finance the \$31,275 of additions and improvements with a five-year loan from the First National Bank of Louisville.

Commission Staff performed a limited review of River Bluffs' operations for the purpose of evaluating the requested increase in its rate. On May 18, 1989, Staff issued its report recommending a \$9,266 increase in normalized revenues. On June 7, 1989, an

informal conference was held at the Commission's offices in Frankfort, Kentucky, in order for River Bluffs to present additional documentation to support its requested increase. On August 16, 1989, Staff issued its amended report recommending that River Bluffs be allowed an \$18,079 increase in normalized revenues, resulting in annual operating revenues of \$59,590. River Bluffs filed a letter on August 23, 1989 accepting Staff's revised recommendations.

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

1. The recommendations and findings contained in the Amended Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of this Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. Public convenience and necessity require that the construction proposed in the application be performed and that a Certificate of Public Convenience and Necessity be granted.

3. The proposed construction consists of a second air blower, air pipelines, a cabinet and controls, a tertiary treatment tank, repairs to the filter, gas chlorination facilities, and a barn shelter. The total estimated cost of these repairs and additions is \$31,275.

4. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

5. River Bluffs should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Sewer Utilities prescribed by the Commission.

6. The financing plan proposed by River Bluffs is for lawful objects within its corporate purposes, is necessary and appropriate for the consistent and proper performance of its service to the public and will not impair its ability to perform these services. The financing plan is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

7. The rate proposed by River Bluffs would produce revenue in excess of that found reasonable herein and, therefore, should be denied upon application of KRS 278.030.

8. The rate in Appendix A, attached hereto and incorporated herein, is the fair, just and reasonable rate for River Bluffs in that it is calculated to produce gross annual operating revenues of \$59,590. These revenues will be sufficient to meet River Bluffs' operating expenses found reasonable for rate-making purposes, service its debt, and provide for equity growth.

IT IS THEREFORE ORDERED that:

1. River Bluffs be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

2. River Bluffs' financing plan consisting of a \$31,275 loan from the First National Bank of Louisville is hereby approved.

3. The rate proposed by River Bluffs is hereby denied.

4. The rate in Appendix A is approved for services rendered by River Bluff on and after the date of this Order.

5. Within 30 days from the date of this Order, River Bluffs shall file with the Commission its tariff sheets setting out the rate approved herein.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 2nd day of October, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-001 DATED 10/02/89

The following rate is prescribed for the customers in the area served by River Bluffs, Inc. 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.

Flat Monthly Rate

Single Family Residential Unit	\$31.10
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