

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WILLOW CREEK SEWER)	
SYSTEM FOR A RATE ADJUSTMENT PURSUANT TO)	CASE NO.
THE ALTERNATIVE RATE FILING PROCEDURE)	89-275
FOR SMALL UTILITIES)	

O R D E R

On September 26, 1989, Orchard Grass Utilities, Inc. d/b/a Willow Creek Sewer System ("Willow Creek") filed an application with the Commission seeking to increase its rates for sewer service pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates were designed to generate approximately \$18,066 annually in additional revenues, an increase of 43.1 percent over test-year revenues of \$41,958.

On October 9, 1989, Willow Creek was notified by the Commission that, pursuant to 807 KAR 5:076, Section 4, Willow Creek's notice to its customers was deficient and its application did not meet the minimum filing requirements set by regulation. Willow Creek cured this deficiency by renotifying its customers and met minimum filing requirements on October 25, 1989.

On November 16, 1989, certain residents of Willow Creek Subdivision filed a motion requesting full intervention in this proceeding. Their motion was granted by the Commission on January 26, 1990.

After several unsuccessful attempts by Commission Staff to schedule a field review of Willow Creek's test-year financial records, the review was eventually conducted in January of 1990. Based upon this review, Commission Staff issued its report on February 27, 1990, recommending that Willow Creek be authorized to increase its annual operating revenues by \$7,408.

On March 19, 1990, Willow Creek filed its response to the Staff Report and submitted additional information to document its expenses. A follow-up response was filed on March 26, 1990. The Intervenor herein filed their response to the Staff Report on March 13, 1990. At Willow Creek's request, an informal conference was held at the Commission on March 30, 1990. All parties were present at the conference. Based on the additional information submitted by Willow Creek in its response to the Staff Report and further documentation provided subsequent to the informal conference, Staff issued an Amendment to Staff Report on May 7, 1990, recommending a revised revenue increase of \$8,484. All parties were directed to provide written comments to the Amendment to Staff Report or to request a hearing by June 4, 1990. By letter received at the Commission on May 29, 1990, Willow Creek notified the Commission that it accepted the findings of the original Staff Report of February 28, 1990 as amended on May 7, 1990. No response nor request for a hearing was received from the Intervenor.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report of February 28, 1990, as amended on May 7, 1990, are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for service provided by Willow Creek and will produce annual revenues of \$50,442. These rates will allow Willow Creek sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.

3. The rates proposed by Willow Creek will produce revenue increases which are unreasonable and thus inconsistent with KRS 278.030.

IT IS THEREFORE ORDERED that:

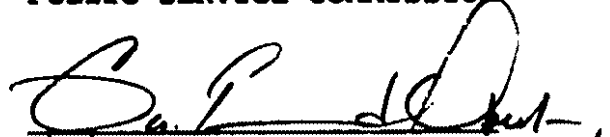
1. The rates proposed by Willow Creek in its application are hereby denied.


2. The rates contained in Appendix A are approved for service rendered by Willow Creek on and after the date of this Order.

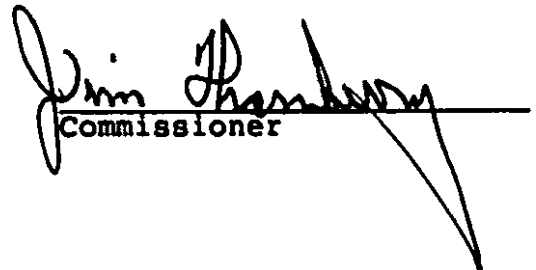
3. Within 30 days of the date of this Order, Willow Creek shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 28th day of June, 1990.

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. 89-275 DATED June 28, 1990

The following rates and charges are prescribed for sewer service to customers of Willow Creek Sewer System. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

<u>Customer Class</u>	<u>Rate</u>
Single Family Residential	\$12.82