

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOCKINGBIRD)
VALLEY SANITATION, INC. FOR A)
RATE ADJUSTMENT PURSUANT TO) CASE NO. 94-034
THE ALTERNATIVE RATE FILING)
PROCEDURE FOR SMALL UTILITIES)

ORDER

On January 31, 1994, Mockingbird Valley Sanitation, Inc. ("Mockingbird") filed its application for Commission approval of a proposed increase in its sewer rates pursuant to 807 KAR 5:076, the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would produce an increase in annual revenues of \$4,374, an increase of 33.4 percent over test-period normalized revenues from rates of \$13,104.

The Commission Staff ("Staff") performed a limited financial review of Mockingbird's operations for the test-period, the calendar year ending December 31, 1992. Based on this review, a Staff Report was issued on April 18, 1994, recommending that Mockingbird be allowed to increase its revenues from rates by \$4,374, the total increase requested.

The Commission received numerous comments and complaints from Mockingbird's customers. Dwayne Martin requested and was granted intervention in this proceeding. At the request of Mr. Martin an informal conference was held on June 9, 1994 at the Commission's offices at Frankfort, Kentucky.

At the informal conference, Mr. Martin submitted a list of questions for discussion relating to Mockingbird's application and the Staff Report. A memorandum detailing the issues raised at the informal conference was entered into the record on June 15, 1994. All parties were given 5 days to file their written comments.

The only issue not resolved at the informal conference was the discrepancy between the number of customers listed on Oldham County Water District records and Mockingbird's application. Mockingbird explained that Bertrand Schureck, Sr., Mockingbird's owner and sole stockholder, and Randy Schureck, the owner's son, receive free sewer service pursuant to the Commission's Rules and Regulations.

Mockingbird was informed that KRS 278.170 permits utilities to grant free or reduced service to their officers, agents, or employees if the Commission is notified and approval is granted. Furthermore, Mockingbird was notified that free service to officers, agents, or employees does not directly benefit the rate-payers and, therefore, the cost should be recovered from the stockholders.

By letter dated June 16, 1994, Mockingbird requested the Commission to grant its approval of the free service given to its owner and his son. Since the cost of providing the free service will be borne by Mockingbird's stockholders, the Commission has determined that Mockingbird can continue this practice.

Shifting the cost of providing the free service from the rate-payers to the stockholders would decrease the additional revenue Mockingbird could justify from \$7,676 to \$7,004, a decrease of

\$672.¹ Because Mockingbird's requested revenue increase is still below the amount that it could justify, the Commission finds that the Staff Report recommendation to allow Mockingbird the rates it requested is reasonable.

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

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

2. The rates proposed by Mockingbird in its application will produce the revenue found reasonable herein and should be accepted.

3. The rates in Appendix A are the fair, just, and reasonable rates for Mockingbird and will produce gross annual revenues of \$18,376. These revenues will allow Mockingbird sufficient revenues to meet its operating expenses and provide for future equity growth.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Mockingbird are accepted.
2. The rates in appendix A are approved for service rendered by Mockingbird on and after the date of this Order.
3. Within 30 days of the date of this Order, Mockingbird shall file with the Commission its revised tariff setting out the

¹ \$28.00 x 2 Customers x 12 Months = \$ 672.

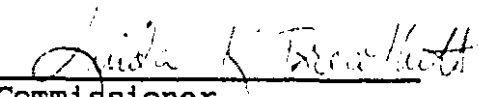
rates approved for service rendered on and after the date of this Order.

Done at Frankfort, Kentucky, this 5th day of August, 1994.

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. 94-034 DATED AUGUST 5, 1994

The following rates and charges are prescribed for the customers in the area served by Mockingbird Valley Sanitation. 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.

Monthly Rate: \$37.35