

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                      |   |          |
|--------------------------------------|---|----------|
| APPLICATION OF NORTHLAND SEWER       | ) |          |
| COMPANY FOR AN ADJUSTMENT OF RATES   | ) | CASE NO. |
| PURSUANT TO THE ALTERNATIVE RATE     | ) | 2000-546 |
| FILING PROCEDURE FOR SMALL UTILITIES | ) |          |

O R D E R

On December 19, 2000, Northland Sewer Company and the Laurel County Fiscal Court (“Applicants”) filed an application with the Commission seeking to increase rates for sewer service. Northland also requested “the same tariff rates, rate schedule that is now in effect for Southern Laurel County and West Knox County of Laurel Water District II. . . .” Many of Northland’s customers, as well as the Attorney General, intervened. Commission Staff reviewed the scant information provided by the Applicants and determined that the existing flat rate of \$14.85 per month for sewer service was insufficient to meet the Applicants’ financial needs.<sup>1</sup>

Based upon Commission Staff’s report filed March 9, 2001, the Commission determined that an emergency existed and held a hearing on this matter on March 29, 2001. The Attorney General, Ms. Phyllis Yarbrough and Mr. Walter Stead<sup>2</sup> appeared at the hearing. The Laurel County Fiscal Court did not appear at the hearing.

---

<sup>1</sup> Commission Staff entered a report into the record setting forth its determinations on March 9, 2001. Commission Staff revised its report with information received after the filing of the initial report. Commission Staff entered the amended report into the record on April 6, 2001.

<sup>2</sup> Ms. Yarbrough and Mr. Stead are customer intervenors in this case.

There is little evidence in the record upon which to render a fully informed decision. The Applicants provided one invoice<sup>3</sup> with their application. The Applicants made additional information available to Commission Staff, but the Applicants failed to place that information in the record themselves. It has been incorporated into the record through the reports prepared by Commission Staff.

The Commission recognizes the efforts of Commission Staff and the interest of the intervenors who appeared at the hearing. However, given the dearth of factual information in this record, this Commission is not prepared to force upon the Applicants, and their customers, a rate higher than the Applicants have requested. For the same reasons the Commission also declines to adopt the rate modified by the recommendations of the Attorney General.

As noted by the Attorney General, this is a utility in transition.<sup>4</sup> Therefore, the Commission believes that it would be inappropriate at this time to set rates above the amount requested. The Commission believes further that the Applicants must carefully review the cash flow of Northland Sewer Company in the following months to determine if another rate increase is necessary. Finally, each utility must prepare a schedule of rates and conditions of service. KRS 278.160(1). The Commission cannot allow the Applicants to rely upon the tariff of Laurel County Water District #2. Therefore, the

---

<sup>3</sup> An invoice from Ronnie Morgan Plumbing, dated October 5, 2000, for daily service to the plant from July 16, 2000 through September 15, 2000. The invoice is in the amount of \$1,576.18.

<sup>4</sup> Transcript of Evidence, p. 70.

Applicants shall prepare and file a tariff in their own name and make copies available to customers upon request.<sup>5</sup>

Based upon the foregoing, and the Commission being otherwise sufficiently advised, IT IS THEREFORE ORDERED that:

1. The rates proposed by the Northland Sewer Company and the Laurel County Fiscal Court are approved and effective as of the date of this Order. These rates are set forth in Appendix A to this Order.

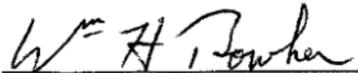
2. Northland Sewer Company and the Laurel Fiscal Court shall maintain complete records of income and expenses. They shall file a report detailing such income and expenses within one year of the date of this Order and may, at that time, request another rate increase. Nothing in this Order should, however, be construed to mean that Applicants may not file for another rate increase before that date should they determine that the rates set by this Order are insufficient.

3. Northland Sewer Company and the Laurel County Fiscal Court shall prepare and file with the Commission, within 30 days of the date of this Order, a tariff setting forth rates and conditions of service.

Done at Frankfort, Kentucky, this 7<sup>th</sup> day of May, 2001.

By the Commission

ATTEST:

Deputy   
Executive Director

---

<sup>5</sup> Id.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION  
IN CASE NO. 2000-546 DATED MAY 7, 2001

The following rates are prescribed for the customers served by Northland Sewer Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect prior to the effective date of this Order.

Monthly Rates:

|                     |                        |
|---------------------|------------------------|
| First 1,000 gallons | \$6.20 Minimum Bill    |
| Next 4,000 gallons  | 2.60 per 1,000 gallons |
| Next 5,000 gallons  | 2.40 per 1,000 gallons |
| Over 10,000 gallons | 2.20 per 1,000 gallons |