

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RIDGEWOOD)	
SUBDIVISION SEWER PLANT FOR A)	
RATE ADJUSTMENT PURSUANT TO)	CASE NO. 2001-00482
THE ALTERNATIVE RATE FILING)	
PROCEDURE FOR SMALL UTILITIES)	

ORDER


On December 21, 2001, Ridgewood Subdivision Sewer Plant (Ridgewood) submitted its application seeking to increase its rates pursuant to 807 KAR 5:076. However, it was not considered filed until June 17, 2002, the date the deficiencies in the application were cured.

Commission Staff, having performed a limited financial review of Ridgewood's operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 29th day of August, 2002.

ATTEST:

A handwritten signature in black ink, appearing to read "Charles W. [unclear]", written over a horizontal line.

Executive Director

STAFF REPORT
ON
RIDGEWOOD SUBDIVISION SEWER PLANT
CASE NO. 2001-00482

Pursuant to a request by Ridgewood Subdivision Sewer Plant (Ridgewood) for assistance with the preparation of a rate application, Commission Staff (Staff) performed a limited financial review of Ridgewood s test year operations, the calendar year ending December 31, 2000. The scope of Staff s review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Upon completion of the review, Staff assisted Ridgewood in the development and preparation of a rate application. The application included an adjusted pro forma operating income statement wherein adjustments were made to test year operating revenues and expenses that were known and measurable and deemed to be reasonable. The rates proposed by Ridgewood were based on the pro forma income statement as shown in the application. Attachment C of the application shows the revenue requirements from rates including depreciation expense to be \$34,074, an increase of \$13,074 or 60.3 percent over normalized test period revenue from rates of \$21,696.

On December 21, 2001, Ridgewood Subdivision Sewer Plant (Ridgewood) submitted its rate application to the Commission for consideration. However, it was not considered filed until June 17, 2002, the date the deficiencies in the application were

cured. Staff is hereby adopting the contents of that application as its recommendation in this report as if fully set out herein. Jason Green is responsible for all revenue adjustments and calculation of the proposed rates. Mark Frost is responsible for the determination of the revenue requirement. Based on the information included in Ridgewood's application, Staff is of the opinion that the rate proposed by Ridgewood, as shown in Attachment A of this report, is reasonable and should be approved by this Commission.

Signatures

Prepared by: Mark C. Frost
Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis

Prepared by: Jason Green
Rate Analyst, Communications, Water,
and Sewer Rate Design Branch
Division of Financial Analysis

ATTACHMENT A
STAFF REPORT CASE NO. 2001-00482
STAFF S RECOMMENDED RATE

MONTHLY RATE

Residential Flat Rate

\$ 29.57