

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CHIMNEY ROCK WASTE)	
MANAGEMENT, LLC FOR APPROVAL OF AN)	CASE NO.
INITIAL TARIFF ESTABLISHING RULES,)	2002-00376
REGULATIONS, AND RATES FOR SERVICE)	

O R D E R

On October 10, 2002, Chimney Rock Waste Management, LLC (Chimney Rock) filed its application for Commission approval of initial sewer rates pursuant to KRS 278.190. On October 21, 2002, the Commission entered an Order directing all parties to file comments to a Staff Report containing Commission Staff's findings and recommendations regarding the proposed tariff within 10 days from the date of the Order. On November 4, 2002, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), filed, pursuant to KRS 367.150(8), for full intervention.

In its petition, Chimney Rock asked that, if the Commission suspends the proposed rates, it also permit the rates to go into effect subject to refund pursuant to KRS 278.190(2).

The filing by Chimney Rock is an initial tariff to establish rates, rules and regulations for sewer service for Chimney Rock RV Park and 18 residential dwellings. Chimney Rock states that since its December 14, 2000 acquisition of the utility, it has operated without a filed tariff and without compensation.

The Staff Report filed herein states that the annual expenses for the test year totaled \$13,979 and that Chimney Rock has no present revenue. Chimney Rock continues to incur operating expenses upon a daily basis such as plant maintenance, power, testing, and other costs to conform to Division of Water standards.

Upon the filing of a new schedule of rates the Commission may suspend the operation of the schedule and defer its use pursuant to KRS 278.190 to determine the reasonableness of the proposed rates and services. However, if the Commission determines at any time during that suspension that the company's credit and operations will be materially impaired if the proposed rates are not put into effect as requested, then the Commission may permit all or a portion of the rates to become effective under such terms and conditions as the Commission may direct.

The Commission finds that based upon the information contained in the application and the Staff Report, the company's credit and operations will be materially impaired if the proposed rates are not put into effect as requested. The Commission finds that no interim hearing is necessary since it is obvious that the company requires revenue to operate the sewer facility and that the failure of the facility to operate would not be in the public interest.

The Commission further finds that a procedural schedule should be established to determine permanent rates for Chimney Rock.

The Commission, being sufficiently advised, **HEREBY ORDERS** that:

1. Intervention by the Attorney General being authorized by statute, the motion is granted, and the Attorney General is hereby made a party to these proceedings.

2. Chimney Rock's proposed rates are hereby suspended for 5 months from November 14, 2002 up to and including April 13, 2003.

3. Chimney Rock may place the proposed tariff in effect on November 14, 2002, subject to a refund of any portion of the rates ultimately found to be unreasonable.

4. Chimney Rock shall maintain records sufficient to determine the amounts subject to refund and the customers to whom such refunds should be given.

5. The procedural schedule, attached hereto as Appendix A, shall be followed in this case.

6. All responses shall be appropriately indexed and shall include the name of the witness who will be responsible for responding to questions related to the information provided.

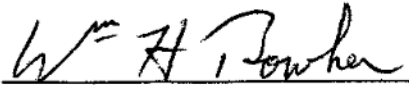
7. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.

8. Motions for extensions of time with respect to the appended procedural schedule shall be made in writing and will be granted only upon a showing of good cause.

Done at Frankfort, Kentucky, this 7th day of November, 2002.

By the Commission

ATTEST:

Deputy 
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00376 DATED November 7, 2002

Intervenors shall serve their first interrogatories and requests for production of documents upon Chimney Rock no later than November 20, 2002

Chimney Rock shall file with the Commission and serve upon all parties of record and Commission Staff its responses to the first interrogatories and requests for production of documents no later than December 2, 2002

All supplemental interrogatories and requests for production of documents shall be served upon Chimney Rock no later than December 11, 2002

Chimney Rock shall file with the Commission and serve upon all parties of record its responses to supplemental interrogatories and requests for production of documents no later than December 20, 2002

Intervenor s testimony, if any, shall be filed with the Commission and served upon all parties of record in verified prepared form no later than December 30, 2002

Last day for any party of record to request that an informal conference be held January 8, 2003

Informal conference, if requested, by any party of record for the purpose of settling any unresolved issues to be held at the Commission s offices at 211 Sower Boulevard, Frankfort Kentucky To be scheduled

Last day for any party of record to request that a formal hearing be held To be scheduled

Last day for Chimney Rock to publish notice of hearing date..... To be scheduled

Public hearing, if requested, by a party of record, for the purpose of cross-examination of witnesses to be held at the Commission s offices at 211 Sower Boulevard, Frankfort, KentuckyTo be scheduled