

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARTIN COUNTY WATER)
DISTRICT FOR APPROVAL OF A PROPOSED) CASE NO. 2010-00300
INCREASE IN RATES FOR WATER SERVICE)

ORDER

On September 8, 2010, Martin County Water District ("Martin District") applied for a rate adjustment to increase its annual revenues by \$294,346, or approximately 15.818 percent, over normalized revenues. The proposed rates would increase the monthly bill of a customer who uses 5,000 gallons of water from \$39.65 to \$46.60, or approximately 17.53 percent.

Commission Staff performed a limited financial review of Martin District's operations and prepared a report containing its findings and recommendation. In this report, Commission Staff found that, based upon adjusted test-period operations, Martin District required an increase in annual revenues from water sales of \$294,346 to meet its reasonable expenses and debt service requirements and recommended approval of the proposed rates.

By our Order of May 3, 2011, we issued this report and directed all parties¹ to submit comments and objections on Commission Staff's findings and recommendations no later than May 17, 2011. We further ordered that a party's failure to object to a finding or recommendation would be deemed as agreement with that finding or

¹ In addition to Martin District, the Attorney General is a party to this proceeding. On January 25, 2011, he moved for leave to intervene in this matter pursuant to KRS 367.150(8). On February 2, 2011, we granted his motion.

recommendation and a waiver of any right to object to that finding or recommendation. No comments or objections were filed with the Commission.

In addition to making recommendations on the proposed rates, Commission Staff also made recommendations regarding the assessment of a surcharge to fund possible solutions to Martin District's non-revenue water problems.² In our Order of May 3, 2011, we directed Martin District to respond to these recommendations. On June 14, 2011, Martin District advised the Commission in writing of its agreement with the use of a surcharge to fund its efforts to reduce its non-revenue water.

Given the limited time remaining to review and address Martin District's application, we have taken no action in this proceeding regarding the use of a surcharge to fund Martin District's non-revenue water-reduction efforts. Instead, the Commission will soon initiate a new proceeding pursuant to Martin District's June 14, 2011 request to examine the use of a surcharge and will require Martin District to publish notice of this proceeding. This proceeding will allow the public to comment upon the proposed surcharge before final action is taken on the water district's request.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The findings and recommendations set forth in Commission Staff Report are supported by substantial evidence, are reasonable, and should be adopted.

² Martin District's annual level of non-revenue water for the period from 2005 to 2009 fluctuated between 49.1 percent and 60.6 percent. During the test period, its non-revenue water was 60.6 percent of its total water production and purchases and was valued at \$167,482.

2. Based upon its test-period operations as adjusted for known and measureable changes, Martin District requires total revenues from water sales of \$2,155,156.

3. Based upon adjusted test-period sales, Martin District's proposed rates will generate revenues from water sales of \$2,155,156.

IT IS THEREFORE ORDERED that:

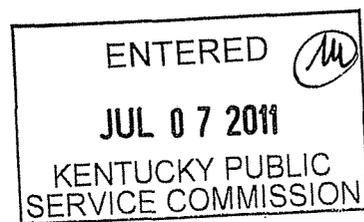
1. The findings and recommendations set forth in the Commission Staff Report are adopted and incorporated by reference into this Order.

2. Martin District's proposed rates, as set forth in its application, are approved.

3. Martin District shall assess the rates set forth in the Appendix to this Order for water service rendered on and after the date of this Order.

4. Within 20 days of the date of this Order, Martin District shall file a revised tariff sheet that sets forth the rates approved in this Order.

By the Commission



ATTEST:

Carson D. Drummond for
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00300 DATED JUL 07 2011

5/8" x 3/4" Meter

First	2,000	Gallons	\$	26.50	Minimum Bill
Over	2,000	Gallons	\$	6.70	Per 1,000 Gallons

1" Meter

First	5,000	Gallons	\$	46.60	Minimum Bill
Over	5,000	Gallons	\$	6.70	Per 1,000 Gallons

1 1/2" Meter

First	10,000	Gallons	\$	80.10	Minimum Bill
Over	10,000	Gallons	\$	6.70	Per 1,000 Gallons

2" Meter

First	20,000	Gallons	\$	147.10	Minimum Bill
Over	20,000	Gallons	\$	6.70	Per 1,000 Gallons

3" Meter

First	30,000	Gallons	\$	214.10	Minimum Bill
Over	30,000	Gallons	\$	6.70	Per 1,000 Gallons

4" Meter

First	50,000	Gallons	\$	348.10	Minimum Bill
Over	50,000	Gallons	\$	6.70	Per 1,000 Gallons

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