

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

* * * * *

In the Matter of:

AN ADJUSTMENT OF RATES FOR)
THE MARTIN COUNTY WATER)
DISTRICT NO. 2) CASE NO. 7505

O R D E R

Preface

On June 29, 1979, the Martin County Water District No. 2 hereinafter referred to as the "Utility", filed with this Commission its application for an adjustment in its water service rates. The adjustment sought by the Utility would increase annual revenues by \$65,977 over test-year revenues.

The case was set for hearing at the Commission's offices in Frankfort, Kentucky, November 15, 1979. All parties of interest were notified with the Consumer Protection Division of the Attorney General's Office permitted to intervene in the matter. The record is now complete and the entire matter is now considered to be fully submitted for a final determination by this Commission.

Test Period

The Utility has selected the twelve month period ending March 31, 1979, as the "Test-Year" and has submitted tabulations of its actual revenues and expenses for this period and its pro-forma adjustments to these expenses for consideration by the Commission in the making of its Order in this matter. These tabulations along with those found reasonable by the Commission are included in Appendix "B" of this Order.

Findings in This Matter

The Commission, after consideration of all the evidence of record and being advised, is of the opinion and finds:

1. That the Utility's existing rates produced annual revenues of \$136,100 from an average of 656 customers receiving water services during the test-year. The addition of \$1,122 interest income and

\$984 in penalties yielded total revenues of \$138,206 for the test-year.

2. That the Utility's proforma annual operating expenses, including depreciation and interest, are estimated to be \$133,794.

3. That the rates prescribed and set forth in Appendix "A", attached hereto and made a part hereof, are the fair, just, and reasonable rates to be charged by the Utility for services rendered to its customers. Further, that these rates should provide annual revenues of \$136,100. The addition of \$1,122 interest income and \$984 in penalty should provide total annual revenues of \$138,206, which should provide for: operating expenses including depreciation and interest, servicing of the debt, and the accumulation of a reasonable surplus for compliance with bond ordinance requirements.

4. That the Commission, after consideration of the Utility's tabulations of test-year and proforma revenues and expenses, concludes that these revenues, expenses and proforma adjustments thereto can be summarized as shown in Appendix "B", attached hereto and made a part hereof. On the basis of the said Appendix "B" tabulation, the Commission further concludes that annual revenues in the amount of \$144,902 are necessary and will permit the Utility to meet its reasonable expenses for providing water services to its customers.

5. That the rates proposed by the Utility are unfair, unjust, and unreasonable in that they would produce revenues in excess of those found reasonable herein and should be denied.

6. That the Order entered by this Commission on June 6, 1979, in Case No. 7110 Ordered the Utility to take certain actions regarding its unaccounted for water as follows:

IT IS FURTHER ORDERED that the Martin County Water District # 2 continue its program of emphasis on leak detection and correction until such time as its distribution system losses have been reduced to 15% or less for three consecutive months. Further, that the District shall submit monthly reports of its distribution system losses to this Commission until such time as such losses have been stabilized at 15% or less. Such reports shall include the quantity of water purchased, the quantity of water sold and the quantity of unaccounted for water.

No response to the above Order has been received as of the date of this Order; and the Utility is hereby reminded that it is in violation of an official Order of this Commission and is now subject to the provisions of KRS 278.390 which is hereby quoted as follows:

278.390 3952-13 Enforcement of orders.

"The commission may compel obedience to its lawful orders by mandamus, injunction or other proper proceedings in the Franklin Circuit Court or any other court of competent jurisdiction, and such proceedings shall have priority over all pending cases. Every order entered by the commission shall continue in force until the expiration of the time, if any, named by the commission in the order, unless the order is suspended, or vacated in whole or in part, by order or decree of a court of competent jurisdiction."

Orders In This Matter

The Commission, on the basis of the matters hereinbefore set forth, and the evidentiary record in this case:

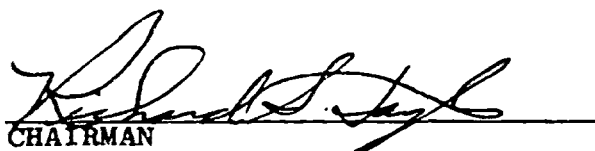
HEREBY ORDERS that the rates as prescribed and set forth in Appendix "A", attached hereto, be and they hereby are fixed as the fair, just, and reasonable rates of the Utility to become effective for services rendered on and after the date of this Order.

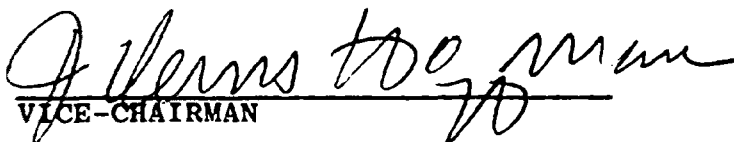
IT IS FURTHER ORDERED that the rates sought by the Utility be and the same are hereby denied.

IT IS FURTHER ORDERED that the Utility file with this Commission, within thirty (30) days from the date of this Order, its tariff sheets setting forth the rates approved herein. Further, that a copy of the Utility's "Rules and Regulations" for providing service to its customers shall be filed with said tariff sheets.

Done at Frankfort, Kentucky, this 21st day of April, 1980.

UTILITY REGULATORY COMMISSION


CHAIRMAN


VICE-CHAIRMAN


COMMISSIONER

ATTEST:

SECRETARY

APPENDIX "A"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY
COMMISSION IN CASE NO. 7505 DATED APRIL 21, 1980.

The following rates are hereby prescribed for the customers served by the Martin County Water District No. 2. All other rates and charges not mentioned specifically herein shall remain the same as those in effect prior to the date of this Order.

Gallonge Blocks For
Each Meter Size

Monthly Rate For
Each Gallonge Block

5/8-inch Meter

First	2,000 Gallons	\$9.15 Minimum Bill
Next	4,000 Gallons	3.20 Per 1,000 Gallons
Next	4,000 Gallons	3.10 Per 1,000 Gallons
Next	10,000 Gallons	3.00 Per 1,000 Gallons
Next	20,000 Gallons	2.55 Per 1,000 Gallons
Next	60,000 Gallons	1.95 Per 1,000 Gallons
Over	100,000 Gallons	1.15 Per 1,000 Gallons

1-inch Meter

First	6,000 Gallons	\$21.95 Minimum Bill
Next	4,000 Gallons	3.10 Per 1,000 Gallons
Next	10,000 Gallons	3.00 Per 1,000 Gallons
Next	20,000 Gallons	2.55 Per 1,000 Gallons
Next	60,000 Gallons	1.95 Per 1,000 Gallons
Next	100,000 Gallons	1.15 Per 1,000 Gallons

1½-inch Meter

First	13,000 Gallons	\$43.35 Minimum Bill
Next	7,000 Gallons	3.00 Per 1,000 Gallons
Next	20,000 Gallons	2.55 Per 1,000 Gallons
Next	60,000 Gallons	1.95 Per 1,000 Gallons
Next	100,000 Gallons	1.15 Per 1,000 Gallons

Special Contract with Warfield
Elementary School

First	75,000 Gallons	\$180.00 Minimum Bill
Next	25,000 Gallons	1.95 Per 1,000 Gallons
Over	100,000 Gallons	1.15 Per 1,000 Gallons

Special Contract with
Pigeon Roost School

First	60,000 Gallons	\$150.00 Minimum Bill
Next	40,000 Gallons	1.95 Per 1,000 Gallons
Over	100,000 Gallons	1.15 Per 1,000 Gallons

Special Contract with Paten Cave
Coal Co. and Wolf Creek Collieries

First	100,000 Gallons	\$225.00 Minimum Bill
Over	100,000 Gallons	1.15 Per 1,000 Gallons

Meter reading accuracy shall provide for the billing of the Utility's customers to the nearest one hundred (100) gallons of usage per billing period.

APPENDIX "B"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY
COMMISSION IN CASE NO. 7505 DATED APRIL 21, 1980.

In accordance with Finding No. 4, the following is the Commission's summary of "Test-Year" and projected annual revenues and expenses for providing service to test year and proforma customers.

	Test Year ⁽¹⁾ 4/1/78 - 3/31/79	Proforma ⁽¹⁾ Requested	Proforma Found Reasonable
(No. of Customers)	(656)	(656)	(656)
<u>Revenues:</u>			
Sales to General Customers	\$113,921	\$179,898	\$136,100
Interest Income	1,122	1,122	1,122
Penalties	984	984	984
Total Revenues	\$116,027	\$182,004	\$138,206
<u>Expenses:</u>			
Purchased Water	\$ 28,914	\$ 58,947	\$ 39,000 ⁽²⁾
Salaries & Wages	18,174	21,149	21,149
Office Supplies	826	826	826
Telephone	987	987	987
Stamps	988	988	988
Rent	1,956	1,956	1,956
Insurance	2,707	2,707	2,707
Utilities	4,177	4,177	4,177
Supplies	8,431	8,431	8,431
Transportation	2,922	2,922	2,922
Casual Labor	895	895	895
Meter Service	182	182	182
Accounting	4,600	4,600	4,600
Backhoe	50	50	50
Miscellaneous	305	305	305
Depreciation	29,724	29,724	29,724
Taxes Other than Income Taxes	1,373	1,373	1,373
Interest - Inez Bank	7,680	7,680	7,680
Rate Case Fees	-0-	500	500
Total Expenses	\$114,981	\$148,399	\$128,452
Net Income Before Debt Retirement	\$ 1,136	\$ 33,605	\$ 9,754

(1) "Test-Year" and "Proforma" revenues and expenses were taken from the Utility's Comparative Income Statement for the twelve (12) month period ending March 31, 1979.

(2) Purchased Water Cost was based on \$0.60 per 1,000 gallons which was set by this Commission's Order entered April 16, 1980 in Case No. 7503