

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

NOTICE TO ADJUST RATES BY)
ELAM UTILITY COMPANY, INC.,) CASE NO. 7601
MORGAN COUNTY, KENTUCKY)

INTERIM ORDER

On October 11, 1979, Elam Utility Company, Inc., ("Elam") filed an Application to adjust its rates in order to increase annual revenues by \$74,835 or approximately 33.2%. Elam also requested in its Application that, pursuant to KRS 278.190 (2), it be allowed to place into effect an interim increase in its rates equal to its proposed rate adjustment. As grounds for the interim increase, Elam stated that its credit and operations have been materially impaired because of inadequate earnings, and will be further impaired by the failure to allow the increase to become effective immediately.

A public hearing was held on November 8, 1979, for the purpose of cross-examination by all intervening parties with respect to the testimony filed by Elam in support of both the interim increase in rates and the matter of permanent rate relief. Although the matter of permanent rate relief for Elam is still under active consideration, the request for an interim increase was taken under consideration for final determination by the Commission.

The Energy Regulatory Commission, after consideration of the evidence of record and being advised, is of the opinion and FINDS:

(1) Elam has experienced an operating deficit in the test period used in this case, the twelve months ending August 31, 1979, and will continue to incur a deficit with its current rates.

(2) Evidence of record indicates that without interim rate relief Elam will be unable to meet its operating expenses and service its debt.

(3) The earnings deficit experienced by Elam is serious and merits immediate action to help prevent a further decline. Pursuant to KRS 278.190 (2), it is our opinion that Elam's credit and operations will be materially impaired or damaged by failure to approve interim rate relief in the full amount sought herein.

(4) An interim increase in annual revenues of approximately \$74,800 is fair, just and reasonable in that it should allow the Applicant, based on known operating conditions, to meet its operating expenses and service its debt.

(5) The rates set out in Appendix "A" will provide the amount of additional revenues approved herein in a manner consistent with the rate design approved in Elam's most recent rate case, Case No. 6900.

IT IS THEREFORE ORDERED, that Elam Utility Company, Inc., be and hereby is allowed to place into effect, subject to refund, on and after the date of this Order the rates set out in Appendix "A" in order to increase its annual revenues by approximately \$74,800, based on the test period of twelve months ended August 31, 1979.

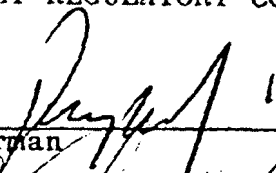
IT IS FURTHER ORDERED, that Elam Utility Company, Inc., shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED, that Elam Utility Company, Inc., shall furnish the Commission within fifteen (15) days from the date of this Order its revised tariff sheets setting out the rates approved herein and a certificate stating the amount of revenues produced based on the test period adjusted for customer normalization.

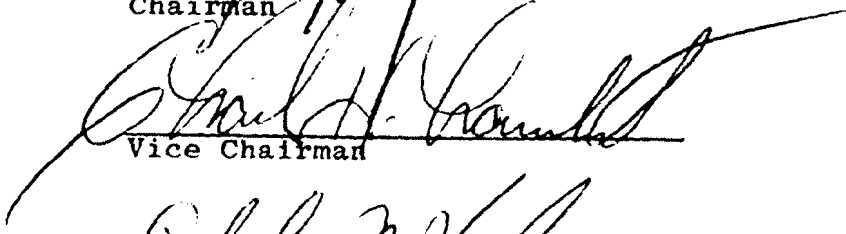
Since the findings herein are directed to an examination of the deteriorating earnings of Elam Utility Company, Inc., in considering whether, pursuant to the provisions of KRS 278.190 (2), an emergency exists or the credit or operations of the utility will be materially impaired or damaged, the Commission reserves the right in its final determination in this proceeding to make additional findings and orders with respect to all matters herein.

Done at Frankfort, Kentucky, this 9th day of January, 1980.

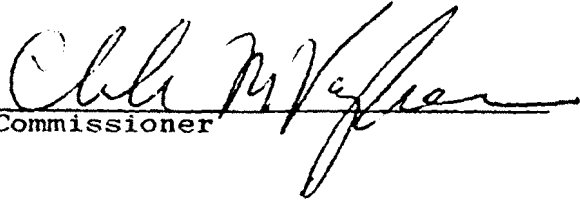
ENERGY REGULATORY COMMISSION



Chairman



Vice Chairman



Commissioner

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7601 DATED JANUARY 9, 1980.

The following rates are prescribed for the customers in the area served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

First	1 Mcf or Less Per Month	\$6.95
Next	10 Mcf	4.545 per Mcf
Next	10 Mcf	4.475 per Mcf
Next	19 Mcf	4.415 per Mcf
Next	460 Mcf	4.345 per MCF
Over	500 Mcf	4.205 per Mcf