

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
FILING OF NORTHEAST WOODFORD)
COUNTY WATER DISTRICT) CASE NO. 7516-1

O R D E R

On March 4, 1982, Northeast Woodford County Water District ("Northeast Woodford") filed an application with the Commission requesting authority to increase its rates pursuant to an increase in the cost of water from its supplier, the City of Versailles ("City"), under the Commission's purchased water adjustment clause regulation, 807 KAR 5:067. The Commission issued an Order in this proceeding on May 22, 1982, denying Northeast Woodford authority to increase its rates based on the Commission's findings that Northeast Woodford could absorb the increased cost of purchased water and that a portion of the increase requested was for payment of debt to the City, which was not appropriate for consideration in the purchased water adjustment clause. On June 15, 1982, Northeast Woodford filed an application for rehearing on three matters in the Commission's May 1982 Order.

Northeast Woodford requested that the Commission grant a hearing on the denial of the debt to the City, the limitation of line loss to 15 percent and the elimination of depreciation

expense on contributed utility property. Northeast Woodford contended that, in determining its ability to absorb the increase from the City, the Commission should in fairness allow Northeast Woodford a hearing, and that failure to grant a hearing would amount to a denial of due process.

The Commission's purchased water adjustment clause regulation was designed and implemented to avoid both the delay and cost associated with a general rate case proceeding. Therefore, the Commission finds that Northeast Woodford's request for a hearing in this matter violates the intent of the regulation and should be denied. Moreover, as stated in the Commission's May 1982 Order in this matter, the issue of Northeast Woodford's debt to the City is clearly beyond the scope of the purchased water adjustment clause regulation and should properly be considered in a general rate proceeding. However, the Commission finds that Northeast Woodford should be permitted to present additional information and/or written testimony regarding its disagreement with the Commission's decisions on water line loss and depreciation expense.

IT IS THEREFORE ORDERED that Northeast Woodford's application for rehearing in this matter be and it hereby is granted for the purposes set forth in the findings herein.

IT IS FURTHER ORDERED that Northeast Woodford shall file additional information and/or testimony regarding the Commission's decisions on water line loss and depreciation expense on or before July 19, 1982.

Done at Frankfort, Kentucky, this 1st day of July, 1982.

PUBLIC SERVICE COMMISSION

Wesley M. Voh
Chairman

Katharine Randall
Vice Chairman

Tom Canyan
Commissioner

ATTEST:

Secretary