

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF WATER RATES)
OF PENDLETON COUNTY WATER) CASE NO. 8169
DISTRICT)

O R D E R

On March 13, 1981, the Pendleton County Water District ("Pendleton County") filed with the Commission its application seeking approval of adjustments to its existing rates for providing water service.

On October 2, 1981, the Commission rendered its decision approving the entire rate increase sought by Pendleton County. The rate increase will produce an estimated increase in gross revenue of \$3,903 from Division I and \$16,235 from Division II of Pendleton County's operations.

Pendleton County owns and operates two separate water distribution systems which are geographically separated by a distance of approximately four miles. Division I, which was constructed in 1962, serves approximately 510 customers in the areas of northern Pendleton County and southern Campbell County. Division II serves 55 customers including Griffin Industries, Inc., ("Griffin") and Pendleton County High School in the area of Falmouth, Kentucky. Division II was built in 1978.

On October 21, 1981, Griffin filed a petition for rehearing "as to the rate levied against it" in the Commission's order in Case No. 8169 entered October 2, 1981. It also asked the Commission to order an audit of the utility by an independent certified public accountant and to recalculate the rates for Division II so that Griffin's rate would be lowered.

On October 28, 1981, Pendleton County filed its response to Griffin's application for rehearing. Pendleton County stated that there is no requirement that figures on which a rate increase are based be certified by an independent certified public accountant and that Division II was built primarily to serve Griffin.

On November 9, 1981, the Commission entered its order granting the application for rehearing filed by Griffin. On December 14, 1981, the Commission ordered that, at the hearing, Griffin would have the burden of proof through testimony or oral argument with respect to each of the allegations in the application for rehearing. The Commission reserved the right to affirm its order entered October 2, 1981. The rehearing was held as scheduled on January 6, 1982.

At the hearing Griffin proposed to spread the rate increase evenly over Division I and Division II. Pendleton County opposed this proposal, maintaining that the two divisions should be considered separately for rate-making purposes because the expenses of providing service for the divisions are not related. Pendleton County further stated that the rates for each division should be based on the cost of providing service to that division.

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

Griffin has failed to show that the rates authorized by the Commission in its order entered October 2, 1981, are unreasonable.

IT IS THEREFORE ORDERED that the Commission's order entered October 2, 1981, be and it hereby is affirmed.

Done at Frankfort, Kentucky, this 23rd day of March, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vohy
Chairman

Katherine Randall
Vice Chairman

Ann Parry
Commissioner

ATTEST:

Secretary