

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF MARROWBONE CREEK WATER)
DISTRICT TO INCREASE ITS RATES)
FOR WATER SERVICE; MOTION FOR)
INTERIM RATE RELIEF; REQUEST FOR) CASE NO. 8927
INCLUSION IN SPECIAL DEMONSTRA-)
TION PROJECT; AND REQUEST FOR)
DEVIATION FROM COMMISSION RULES)

INTERIM ORDER

On October 27, 1983, Marrowbone Creek Water District ("Marrowbone") filed its notice with the Commission requesting a general adjustment of rates for water service and an interim rate adjustment pursuant to KRS 278.190(2). A public hearing was held for the purpose of addressing Marrowbone's request for interim rate relief at the Commission's offices in Frankfort, Kentucky, on December 8, 1983. There were no intervenors in this proceeding. In this Order the Commission has granted Marrowbone's request for interim rate relief.

FINDINGS

Marrowbone, using its pro forma revenues and expenses levels for the period from October 1983 through February 1984, projected that it would experience a negative cash flow of approximately \$58,345. This deficient cash position is due in large part to the low rates currently being charged and the inordinate amount of unaccounted-for water experienced by

Marrowbone over the years. This loss for the test period was estimated by Marrowbone to be over 50 percent. The bulk of Marrowbone's unaccounted-for water is due to inoperable meters, unmetered connections and unauthorized connections. In an effort to account for all water sent out, Marrowbone has proposed a plan consisting of repairing inoperable meters when funds become available. The Commission finds that such a plan is inadequate to resolve this problem within a reasonable time. Marrowbone should prepare and file a detailed plan to significantly reduce its unaccounted-for water from all sources including unauthorized connections.

SUMMARY

Based on Marrowbone's financial condition, the Commission finds that an emergency exists and that Marrowbone's credit or operations will be materially impaired unless an interim increase is granted prior to the final Order of the Commission in this proceeding.

Based on a review of Marrowbone's application and its current financial condition, the Commission finds that Marrowbone should be granted the interim rates in Appendix A of this Order. The Commission also finds that the interim rates should be subject to refund pending Marrowbone's request for general rate relief.

IT IS THEREFORE ORDERED that Marrowbone be and it hereby is authorized to place into effect the interim rates in Appendix A for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that the revenue from these interim rates shall be collected subject to refund.


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

IT IS FURTHER ORDERED that Marrowbone shall file within 45 days of the date of this Order its plan to reduce unaccounted-for water.

IT IS FURTHER ORDERED that Marrowbone shall furnish this Commission within 30 days from the date of this Order its revised tariff sheets setting forth the interim rates approved herein.

Done at Frankfort, Kentucky, this 13th day of February, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8927 DATED
FEBRUARY 13, 1984

The following rates are prescribed for customers of Marrowbone Creek Water District. 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 effective date of this Order.

INTERIM RATES

<u>GALLONAGE BLOCK</u>	<u>RATES</u>
First 2,000 gallons	\$11.55 Minimum
Next 3,000 gallons	2.45 per 1,000 gallons
Next 5,000 gallons	2.20 per 1,000 gallons
Next 15,000 gallons	1.85 per 1,000 gallons
Next 25,000 gallons	1.60 per 1,000 gallons
Next 50,000 gallons	1.35 per 1,000 gallons
Over 100,000 gallons	1.20 per 1,000 gallons
SALES FOR RESALE	1.20 per 1,000 gallons