

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH NELSON)
WATER DISTRICT FOR THE)
ESTABLISHMENT AND INCREASE OF) CASE NO. 9534
CERTAIN NON-RECURRING CHARGES)

O R D E R

On November 21, 1985, North Nelson Water District ("North Nelson") filed tariffs with the Commission to establish initial charges for meter connections. These tariffs became effective on and after December 9, 1985. On March 20, 1986, North Nelson filed an application with the Commission in compliance with Administrative Case No. 275¹ for an increase in its non-recurring charges.

Absorption Test

North Nelson did not include in its filing an absorption test as required by 607 KAR 5:011, Section 10(2). The Commission has administered its own absorption test based on information contained in the filing, North Nelson's 1985 Annual Report and by implementing adjustments the Commission generally finds reasonable.

¹ Guidelines for Revising Non-Recurring Charges Outside General Rate Cases.

The Commission determined North Nelson's annual debt service, based on a 5-year average, to be \$44,769. North Nelson's adjusted net operating income of \$5,359 plus other income of \$33,192 results in income of \$38,551 available for debt service coverage ("DSC"), thus giving North Nelson a DSC of .86X for the 12-month period ending December 31, 1985. North Nelson did not file sufficient information for the Commission to determine the amount of additional revenues that would be generated from the non-recurring charges; however, it is the Commission's judgment that the additional revenues would not raise the DSC substantially above the .86X.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that the meter connection and other non-recurring charges proposed by North Nelson are in compliance with the requirements for increasing non-recurring charges set out in 807 KAR 5:011(10), are in the best interest of North Nelson and the public and should be approved.

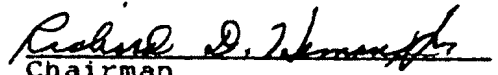
IT IS THEREFORE ORDERED that:

1. The proposed meter connection and other non-recurring charges contained in Appendix A be and they hereby are approved to be effective on and after the date of this Order.

2. Within 30 days of the date of this Order, North Nelson shall file its revised tariff sheets setting out the meter connection and non-recurring charges as approved herein.

Done at Frankfort, Kentucky, this 16th day of June, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9534 DATED JUNE 16, 1986

The following rates and charges are prescribed for customers of North Nelson Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Connection Fees

5/8 Inch X 3/4 Inch Meter	\$425.00
1 Inch Meter	525.00

The charge for meters larger than 1 Inch will be the actual cost of installation.

Special Service Charges

Returned Check	\$ 7.50
Rereading of Meter	8.00
Reconnection Charge	20.00
Meter Test	16.00