

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BANDANA WATER)
DISTRICT FOR AN ADJUSTMENT OF RATES) CASE NO.
PURSUANT TO THE ALTERNATIVE) 10244
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On May 4, 1988, Bandana Water District ("Bandana") filed its application seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities.

Neither Bandana nor the Commission sought a hearing in this matter. There were no intervenors and all requested information has been filed.

On March 4, 1988, the Commission Staff conducted a field review while providing assistance to Bandana in the preparation of its application. The Staff issued its report on their review and recommendations on June 7, 1988. No comments were filed by Bandana in response to the Staff Report.

After careful review and investigation of the recommendations made by Staff, the Commission is of the opinion that Bandana will have adequate cash flow to meet its obligations and provide for future equity growth. Therefore, the Commission affirms the Staff's recommended increase of \$16,232.

RATE DESIGN

Bandana's present rate structure consists of a declining block structure with seven rate increments. In its application, Bandana proposed to change its present rate design by consolidating the last three rate increments. In its report, Staff concurred with Bandana's proposal. Therefore, the rates and charges in Appendix A should produce revenue sufficient to cover Bandana's operating expense and debt service coverage, and should be approved for services rendered.

FINDINGS AND ORDERS

1. The rates and charges in Appendix A are the fair, just, and reasonable rates and charges to be charged by Bandana in that they should produce annual revenues of \$25,261.

2. Within 30 days of the date of this Order, Bandana should file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS THEREFORE ORDERED that:

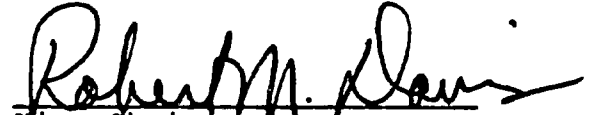
1. The rates and charges in Appendix A are the fair, just, and reasonable rates and charges to be charged by Bandana for service rendered on and after the date of this Order.

2. Within 30 days of the date of this Order, Bandana shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 19th day of July, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10244 DATED 7/19/88

The following rates and charges are prescribed for the customers in the area served by Bandana 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.

<u>Increments</u>	<u>Rate</u>
First 2,000 gallons	\$9.05 Minimum Bill
Next 3,000 gallons	3.90 per 1,000 gallons
Next 5,000 gallons	3.10 per 1,000 gallons
Next 10,000 gallons	2.25 per 1,000 gallons
Over 30,000 gallons	1.70 per 1,000 gallons