

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MURRAY NUMBER 1 WATER)	
DISTRICT FOR RATE ADJUSTMENT PURSUANT)	CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE)	89-368
FOR SMALL UTILITIES)	

O R D E R

On December 11, 1989, Murray Number 1 Water District ("Murray No. 1") filed its application for Commission approval of a proposed increase in its rates for water service. The proposed rates for water service would generate additional annual revenues of \$12,067, an increase of 16 percent above test-year revenues.

On January 15, 1990, Commission Staff conducted a field review of Murray No. 1's test-period financial records. Based upon this review, Commission Staff issued its report on March 6, 1990, recommending the proposed rates be denied and that Murray No. 1 be allowed to increase its revenues on an annual basis by \$10,611.

By letter dated March 6, 1990, Murray No. 1 was advised to file comments on the Staff Report or request a hearing no later than March 21, 1990 or the case would stand submitted to the Commission for decision. No comments on the Staff Report or requests for a hearing have been received.

Murray No. 1 submitted invoices related to the replacement of four fire hydrants on its system. For rate-making purposes, this

Commission has included capitalization costs as recommended in the Staff Report. Although the Commission's approval is not needed for replacements occurring in the ordinary course of business, Murray No. 1 is advised that all hydrants should be installed and should operate in accordance with good accepted engineering practice.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Murray No. 1 and will produce gross annual revenues of approximately \$86,836. These rates will allow Murray No. 1 sufficient revenues to meet its operating expenses, and provide for future growth equity, including provisions for servicing its debt.

3. The rates proposed by Murray No. 1 would produce a revenue increase in excess of that found reasonable herein and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:


1. The rates proposed by Murray No. 1 in its application are hereby denied.

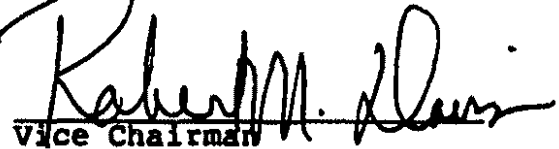
2. The rates contained in Appendix A are approved for service rendered by Murray No. 1 on and after the date of this Order.

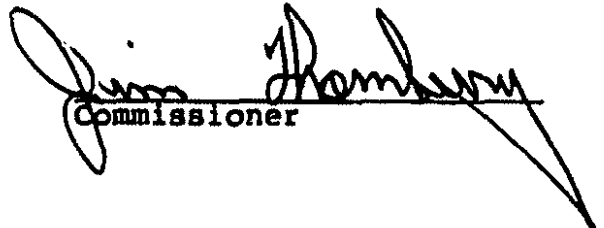
3. Within 30 days of the date of this Order, Murray No. 1 shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 23rd day of April, 1990.

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. 89-368 DATED 4/23/90

The following rates and charges are prescribed for the customers in the area served by Murray No. 1 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.

Monthly Water Rates

Usage

Rates

5/8 x 3/4 Inch Meter

First 2,000 gallons	\$ 7.15 Minimum Bill
Next 3,000 gallons	2.40 per 1,000 gallons
Next 5,000 gallons	1.90 per 1,000 gallons
Next 10,000 gallons	1.55 per 1,000 gallons
Over 20,000 gallons	1.20 per 1,000 gallons

3/4 Inch Meter

First 3,000 gallons	\$ 9.55 Minimum Bill
Next 2,000 gallons	2.40 per 1,000 gallons
Next 5,000 gallons	1.90 per 1,000 gallons
Next 10,000 gallons	1.55 per 1,000 gallons
Over 20,000 gallons	1.20 per 1,000 gallons

1 Inch Meter

First 5,000 gallons	\$14.35 Minimum Bill
Next 5,000 gallons	1.90 per 1,000 gallons
Next 10,000 gallons	1.55 per 1,000 gallons
Over 20,000 gallons	1.20 per 1,000 gallons

1 1/2 Inch Meter

First 10,000 gallons	\$23.85 Minimum Bill
Next 10,000 gallons	1.55 per 1,000 gallons
Over 20,000 gallons	1.20 per 1,000 gallons

2 Inch Meter

First 16,000 gallons	\$33.15 Minimum Bill
Next 4,000 gallons	1.55 per 1,000 gallons
Over 20,000 gallons	1.20 per 1,000 gallons