

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTHEAST DAVIESS)	
COUNTY WATER DISTRICT FOR AN ADJUSTMENT)	CASE NO.
OF RATES)	90-006

O R D E R

On January 11, 1990, Southeast Daviess County Water District ("Southeast Daviess") filed an application with the Commission seeking to increase its rates. The rates proposed in the application would generate approximately \$15,148 annually in additional revenues, an increase of 2.21 percent over normalized test-year revenues from water sales of \$686,124. In its application, Southeast Daviess also proposed to increase the following non-recurring charges: customer deposit; service order change; delinquent account and service charge; 5/8 x 3/4 inch meter connection fee; 1 1/2 inch meter connection fee; and 2 inch meter connection fee. Southeast Daviess further proposed monthly rates for fire protection (sprinkler system) service.

Southeast Daviess requested a deviation to file a financial exhibit covering a period ending more than 90 days prior to the filing of its application. The Commission granted the deviation by Order of March 7, 1990. David G. Addington, a customer of Southeast Daviess, was granted limited intervention in this matter.

In February of 1990, Commission Staff conducted a field review of Southeast Daviess' test-year financial records. Based upon this review, Commission Staff issued its report on April 16, 1990, recommending that Southeast Daviess be authorized to increase its annual operating revenues by \$44,854. After reviewing the cost justification filed by Southeast Daviess in support of the increase in its customer deposit, service order change, delinquent account and service charge, and 5/8 x 3/4 inch meter connection fee, Staff recommended that the proposed increases be approved. Staff also recommended that the proposed increase in the 1 1/2 and 2 inch meter connection fees be approved subject to Staff's adjustment, and that Southeast Daviess' proposed monthly rates for fire protection service be approved.

By letter dated April 23, 1990, the Commission advised all parties of record that comments on the Staff Report or requests for a public hearing must be submitted no later than May 8, 1990, or this case would stand submitted to the Commission for decision. By letter received at the Commission on April 30, 1990, Southeast Daviess notified the Commission that it accepted the Staff Report and did not require a public hearing. No response to the Staff Report nor request for hearing was received from the Intervenor.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report of April 16, 1990, with the exception of the section relating to an application for a surcharge pursuant to KRS 74.395

in Case No. 90-005,¹ 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 service provided by Southeast Daviess and will produce annual revenues from water sales of \$730,978. These rates will allow Southeast Daviess sufficient revenues to meet its operating expenses and provide for future equity growth, including servicing its debt.

3. The rates proposed by Southeast Daviess would produce revenue increases inadequate to meet Southeast Daviess' operating expenses and debt service requirements and are thus inconsistent with KRS 278.030 and should be denied.

4. Southeast Daviess' proposed increases in its customer deposit, service order change, delinquent account and service charge, and 5/8 x 3/4 inch meter connection fee are fair, just, and reasonable and should be approved.

5. Southeast Daviess' proposed increase in its 1 1/2 inch and 2 inch meter connection fees included overlapping cost justification for administrative expense and should be denied.

¹ Case No. 90-005, The Application of Southeast Daviess County Water District for the Approval for a Surcharge in Order to Fund a Water Storage Standpipe. This was a separate but simultaneous filing which will be addressed by separate Order of the Commission.

Those connection fees as adjusted by Staff in the Staff Report of April 16, 1990 should be approved.

6. Southeast Daviess' proposed monthly rate for fire protection service is fair, just, and reasonable and should be approved.

7. Southeast Daviess did not propose to increase its wholesale rates in its application; however, the wholesale rate should be increased to the amount shown on Appendix A of this Order in order that Southeast Daviess' retail customers do not subsidize its wholesale customers.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Southeast Daviess in its application are hereby denied.

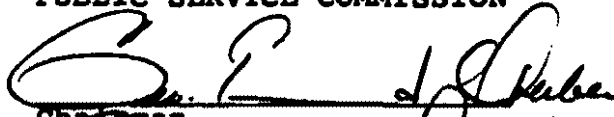
2. Southeast Daviess' proposed increase in its 1 1/2 inch and 2 inch meter connection fees is hereby denied.

3. The rates and charges contained in Appendix A are approved for service rendered by Southeast Daviess on and after the date of this Order.

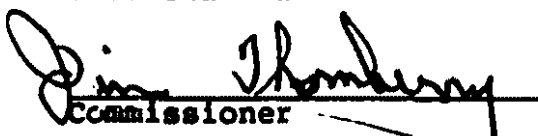
4. Within 30 days of the date of this Order, Southeast Daviess shall file with the Commission its revised tariff setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this 25th day of May, 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. 90-006 DATED 5/25/90

The following rates and charges are prescribed for water service to customers of Southeast Daviess County Water District. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly

Non-User	\$5.00
First 2,000 gallons	6.00
Next 8,000 gallons	1.49 per 1,000 gallons
Next 10,000 gallons	1.38 per 1,000 gallons
Next 20,000 gallons	1.27 per 1,000 gallons
Over 40,000 gallons	1.18 per 1,000 gallons

Wholesale Rates

City of Whitesville	\$0.93 per 1,000 gallons
East Daviess County Water District	.93 per 1,000 gallons
Owensboro Municipal Utility	.93 per 1,000 gallons

Fire Protection Service (Sprinkler System Connection)

<u>Size</u>	<u>Monthly Rate</u>
2 inch	\$12.00
4 inch	24.00
6 inch	34.00
8 inch	45.00
10 inch	55.00
12 inch	75.00

<u>Deposit</u>	\$20.00
<u>Service Order Change</u>	20.00 During Office Hours 60.00 After Office Hours

<u>Delinquent Account and Service Charge</u>	30.00 During Office Hours 60.00 After Office Hours
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Connection Fees

5/8 x 3/4 Inch Connection	\$ 300
1 Inch Connection	500
1 1/2 Inch Connection	1,295
2 Inch Connection	1,550
Larger than 2 Inch Connection	Actual Cost Plus \$143 Administrative Fee