

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDEMAN WATER)
DISTRICT FOR A RATE ADJUSTMENT PURSUANT) CASE NO. 90-181
TO THE ALTERNATIVE RATE FILING PROCEDURE)
FOR SMALL UTILITIES)

O R D E R

On June 27, 1990, Hardeman Water District ("Hardeman") filed an application for Commission approval of a proposed increase in its rates for water service. Hardeman proposed rates for water service which would generate additional annual revenues of \$42,955, an increase of 130 percent.

In July 1990, the Commission Staff conducted a field review of Hardeman's test-period financial records. Based upon this review, Commission Staff issued a report on October 26, 1990 recommending a \$24,025 increase in annual operating revenues for water service.

By letter dated October 26, 1990 the Commission advised Hardeman that comments on the Staff Report or requests for a public hearing must be submitted no later than November 9, 1990 or this case would stand submitted to the Commission for decision. No comments on the Staff Report nor request for a public hearing have been received.

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

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, which is attached hereto and incorporated herein, are the fair, just, and reasonable rates for Hardeman and will produce gross annual revenues of \$61,009 for water service based on adjusted test year sales. These rates will allow Hardeman sufficient revenues to meet its operating expenses and provide for future growth equity, including provisions for servicing its debt.

3. The rates proposed by Hardeman would produce revenue increases of that found unreasonable herein and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:

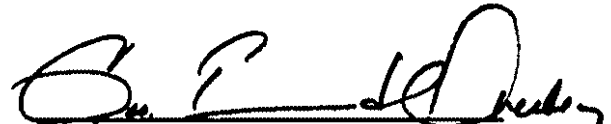
1. The rates proposed by Hardeman in its application are hereby denied.


2. The rates in Appendix A are approved for service rendered by Hardeman on and after the date of this Order.


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

Done at Frankfort, Kentucky, this 4th day of December, 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. 90-181 DATED 12/04/90

The following rates and charges are prescribed for the customers in the area served by Hardeman 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>Rate Increments</u>	<u>Monthly Rates</u>
First 2,000 gallons	\$10.20 Minimum Bill
Next 1,000 gallons	1.70 per 1,000 gallons
Next 1,000 gallons	1.50 per 1,000 gallons
Next 2,000 gallons	1.40 per 1,000 gallons
Next 2,000 gallons	1.30 per 1,000 gallons
Next 2,000 gallons	1.20 per 1,000 gallons
Over 10,000 gallons	1.10 per 1,000 gallons