

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH CUMBERLAND WATER )  
DISTRICT FOR A RATE ADJUSTMENT PURSUANT ) CASE NO. 90-323  
TO THE ALTERNATIVE FILING PROCEDURE FOR )  
SMALL UTILITIES )

O R D E R

On October 24, 1990, South Cumberland Water District ("South Cumberland") filed an application with the Commission seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates were designed to generate approximately \$12,847 annually in additional revenues, an increase of 7.64 percent over normalized test-year revenues of \$168,702.

In November of 1990, Commission Staff conducted a field review of South Cumberland's test-year financial records. Based upon this review, Staff issued its report on February 7, 1991, recommending that South Cumberland be authorized to increase its annual operating revenues by the amount requested. The Staff Report also recommended a change in South Cumberland's rate design to bring minimum bills for customers with 1, 1-1/2, and 2-inch meters proportionately commensurate with minimum bills for customers with 5/8 x 3/4-inch meters. The Appendix to the Staff Report inadvertently contained rates different from those recommended by Staff. Consequently, on February 27, 1991, Staff

issued an amendment to the original Staff Report, to which was attached an Appendix containing the correct rates recommended by Staff.

South Cumberland was advised by letter from the Commission that it should provide any written comments on the Staff Report as amended, and/or request a public hearing in this matter, by March 15, 1991. South Cumberland's request for five additional days to file comments was granted, and its comments on the Staff Report were filed with the Commission on March 18, 1991. South Cumberland stated in its response that it agreed with Staff's recommended rate changes with the exception of the recommendation that minimum bills for 1 inch, 1-1/2 inch, and 2-inch meters be decreased. It requested the Commission to approve at least the current rates in effect for those customers, if not an increase in proportion to the other increases in the rate schedule.

Upon review of South Cumberland's response, the Commission found that it was unclear whether South Cumberland was requesting a hearing in this matter, and by Order of April 2, 1991, directed South Cumberland to request a hearing in writing within 10 days or the case would stand submitted to the Commission for decision on the record. On April 11, 1991, South Cumberland, by counsel, advised the Commission that it did not request a hearing in this proceeding and that it wished to have the case submitted to the Commission for decision. In its April 11, 1991 response, South Cumberland again expressed its concern over Staff's recommended minimum bills for the larger meters.

After review of South Cumberland's responses to the Staff Report, Staff declined to modify or amend its Staff Report of February 7, 1991 as amended on February 27, 1991.

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 February 7, 1991, as amended on February 27, 1991, 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 South Cumberland and will produce annual revenues of \$181,549. These rates will allow South Cumberland sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.

3. The rate design proposed by South Cumberland results in minimum bills for customers with 1, 1-1/2, and 2-inch meters which are not proportionately commensurate with minimum bills for customers with 5/8 x 3/4-inch meters, and should therefore be denied.

IT IS THEREFORE ORDERED that:

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

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

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

Done at Frankfort, Kentucky, this 14th day of May, 1991.

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. 90-323 DATED 5/14/91

The following rates and charges are prescribed for water service to customers of South Cumberland 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.

5/8" x 3/4" Meters

|       |                |                         |
|-------|----------------|-------------------------|
| First | 2,000 gallons  | \$ 11.90 (Minimum Bill) |
| Next  | 3,000 gallons  | 4.45 per 1,000 gallons  |
| Next  | 5,000 gallons  | 3.40 per 1,000 gallons  |
| Over  | 10,000 gallons | 2.30 per 1,000 gallons  |

1" Meters

|       |                |                         |
|-------|----------------|-------------------------|
| First | 5,000 gallons  | \$ 25.25 (Minimum Bill) |
| Next  | 5,000 gallons  | 3.40 per 1,000 gallons  |
| Over  | 10,000 gallons | 2.30 per 1,000 gallons  |

1 1/2" Meters

|       |                |                         |
|-------|----------------|-------------------------|
| First | 12,500 gallons | \$ 48.00 (Minimum Bill) |
| Over  | 12,500 gallons | 2.30 per 1,000 gallons  |

2" Meters

|       |                |                         |
|-------|----------------|-------------------------|
| First | 25,000 gallons | \$ 76.75 (Minimum Bill) |
| Over  | 25,000 gallons | 2.30 per 1,000 gallons  |