

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MILLSTONE WATER)
COMPANY, INC. FOR A RATE ADJUSTMENT) CASE NO. 91-254
PURSUANT TO THE ALTERNATIVE RATE)
FILING PROCEDURE FOR SMALL UTILITIES)

O R D E R

On July 29, 1991, Millstone Water Company, Inc. ("Millstone") filed an application for Commission approval of a proposed increase in its rates for water service. Millstone's proposed rates for water service would generate additional annual revenues of \$10,800, an increase of 167 percent.

In August 1991, the Commission Staff conducted a field review of Millstone's test-period financial records. Based upon this review, Commission Staff issued a report February 10, 1992 recommending a \$6,714 increase in Millstone's annual operating revenues for water service.

By Order dated February 10, 1992, the Commission advised Millstone that comments on the Staff Report or requests for a public hearing must be submitted no later than February 25, 1992 or this case would stand submitted to the Commission for decision. Millstone accepted the Staff Report and waived its right to a hearing by letter dated February 12, 1992.

The Commission, after consideration of the evidence of record and being 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 Millstone and will produce gross annual revenues from water sales of \$13,203 based on adjusted test-year sales. These rates will allow Millstone sufficient revenues to meet its operating expenses, and provide for future growth equity, including provisions for servicing its debt.

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

IT IS THEREFORE ORDERED that:

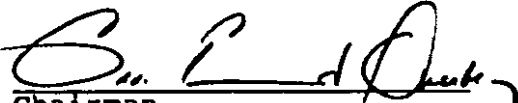
1. The rates proposed by Millstone in its application are hereby denied.

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


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

Done at Frankfort, Kentucky, this 20th day of February, 1992.

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. 91-254 DATED February 20, 1992.

The following rates and charges are prescribed for the customers in the area served by Millstone Water Company, Inc. 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 Rates

\$24.45 per customer