

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MILBURN WATER DISTRICT)
FOR RATE ADJUSTMENT PURSUANT TO THE) CASE NO.
ALTERNATIVE RATE FILING PROCEDURE FOR) 91-459
SMALL UTILITIES)

O R D E R

On December 16, 1991, Milburn Water District ("Milburn") filed an application for Commission approval of a proposed increase in its rates for water service. Milburn's proposed rates for water service would generate additional annual revenues of \$10,397, an increase of 37.47 percent over test-period normalized revenues.

In February 1992, the Commission Staff conducted a field review of Milburn's test-period financial records. By Order issued March 12, 1992, the Commission issued Staff's report recommending Milburn be granted an increase in annual operating revenues for water service of \$5,848. The Commission directed Milburn to provide any written comments or requests for hearing within 15 days of its Order or the case would stand submitted to the Commission for a decision. No comments or requests for hearing were received from Milburn.

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 Appendix attached to the Staff Report incorrectly reflected the gallon usage for the last rate step as over 10,000 gallons. The correct last step usage is over 20,000 gallons. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Milburn and will produce gross annual revenues of approximately \$33,596 for water service based on adjusted test-year sales. These rates will allow Milburn sufficient revenues to meet its operating expenses, and provide for future equity growth, including provisions for servicing its debt.

3. The rates proposed by Milburn would produce revenue increases 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 Milburn in its application are hereby denied.

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

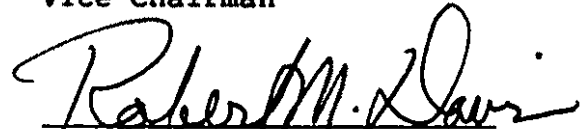
3. Within 30 days of the date of this Order, Milburn shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 10th day of April, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director, Acting

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 91-459 DATED 4/10/92

The following rates and charges are prescribed for the customers in the area served by Milburn 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>Customer Class</u>	<u>Rates</u>
First 2,000	\$9.25 per 1,000 gallons
Next 3,000	4.20 per 1,000 gallons
Next 5,000	3.35 per 1,000 gallons
Next 10,000	2.50 per 1,000 gallons
Over 20,000	2.00 per 1,000 gallons