

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BEAVER-ELKHORN WATER)
DISTRICT FOR (1) CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY-CONSTRUCTION-)
PHASE III WATER LINE EXTENSIONS PURSUANT)
TO KRS 278.020(1); (2) AUTHORIZATION OF)
BORROWING FROM THE COMMONWEALTH OF)
KENTUCKY, KENTUCKY INFRASTRUCTURE) CASE NO.
AUTHORITY WATER RESOURCES LOAN FUND-) 95-200
PHASE III PURSUANT TO KRS 278.300 AND)
GRANT OF \$600,000 AND FROM ABANDONED)
MINE LAND-\$540,000; (3) AUTHORITY TO)
INCREASE RATES PURSUANT TO 807 KAR 5:001,)
SECTION 10; AND (4) APPROVAL OF REVISED)
TARIFF)

O R D E R

Beaver-Elkhorn Water District ("Beaver-Elkhorn") filed its application on June 13, 1995 for a Certificate of Public Convenience and Necessity to construct a waterworks improvement project, for approval of financing, and for an increase in rates. The rates proposed by Beaver-Elkhorn in its application would generate additional annual revenues of \$119,370.

The Commission issued an Interim Order on September 15, 1995 granting the Certificate and approving the proposed plan of financing.

On September 27, 1995 and October 4, 1995, Commission Staff performed a limited financial review of Beaver-Elkhorn's test period operations for the 12 month period ending February 28, 1995. Based upon this review, Commission Staff issued a Staff Report on December 7, 1995, recommending that Beaver-Elkhorn be allowed to

increase its annual operating revenues from water sales by \$183,389. Commission Staff's recommended increase is \$64,019 greater than the increase requested by Beaver-Elkhorn due to the differences between normalized revenues and total revenue requirements. Beaver-Elkhorn had arrived at its normalized revenue from rates based on the estimate that there would be 989 new customers when in fact, due to a cut in the scope of the project, there will be only 747 new customers.

By Order dated December 7, 1995, the Commission advised Beaver-Elkhorn that written comments on the Staff Report or requests for a public hearing or informal conference must be submitted no later than December 22, 1995. On December 22, 1995, Beaver-Elkhorn informed the Commission that it had no comments, nor did it desire a hearing or informal conference, and requested that the case be submitted to the Commission for a decision.

The Commission, after consideration of the evidence of record and being 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 Beaver-Elkhorn and will produce gross annual revenues of \$1,022,280 from metered water sales. These rates will allow Beaver-Elkhorn

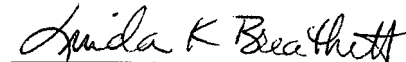
sufficient revenues to meet its operating expenses and service its debt.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Beaver-Elkhorn are hereby denied.
2. The rates contained in Appendix A are approved for service rendered by Beaver-Elkhorn on and after the date of this Order.
3. Within 30 days of the date of this Order, Beaver-Elkhorn shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 19th day of January, 1996.

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. 95-200 DATED JANUARY 19, 1996.

The following rates and charges are prescribed for the customers in the area served by Beaver-Elkhorn 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.

Monthly Rates

First 1,000 gallons	\$14.10 (minimum bill)
Next 19,000 gallons	2.94 per 1,000 gallons
Next 80,000 gallons	2.57 per 1,000 gallons
Over 100,000 gallons	2.00 per 1,000 gallons

Wholesale Rate

\$2.00 per 1,000 gallons