

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MONTGOMERY COUNTY)
WATER DISTRICT NUMBER ONE FOR A RATE) CASE NO.
ADJUSTMENT PURSUANT TO THE ALTERNATIVE) 96-118
RATE FILING PROCEDURE FOR SMALL UTILITIES)

ORDER

On April 2, 1996, Montgomery County Water District Number One ("Montgomery County") filed its application for Commission approval of a proposed increase in its rates for water service pursuant to 807 KAR 5:076. The proposed rates would generate additional annual revenues of approximately \$32,140, an increase of 16.9 percent above normalized test-year revenues.

Commission Staff conducted a limited review of Montgomery County's test-period financial records. Based upon this review, Commission Staff issued its report on June 20, 1996, recommending that Montgomery County be authorized to increase its annual operating revenues from water service rates by \$30,640.

By Order dated June 20, 1996, Montgomery County was advised to file comments on the Staff Report or request a hearing or informal conference no later than July 5, 1996, or the case would stand submitted to the Commission for a decision. By letter filed with the Commission on June 24, 1996, Montgomery County stated that it is in agreement with the recommendations contained in the Staff Report.

The Commission, after considering 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, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Montgomery County and will produce gross annual revenues of \$219,179 from water sales. These rates will allow Montgomery County sufficient revenues to meet its operating expenses, and provide for future equity growth, including provisions for servicing its debt.

IT IS THEREFORE ORDERED that:

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

Done at Frankfort, Kentucky, this 10th day of July, 1996.

PUBLIC SERVICE COMMISSION

Janida K. Breathitt
Chairman

Er 9/16/96
Vice Chairman

Robert M. Davis
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-118 DATED JULY 10, 1996

The following rates and charges are prescribed for the customers in the area served by Montgomery County 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	2,000 gallons	\$16.20 (Minimum Bill)
Next	3,000 gallons	3.06 per 1,000 gallons
Next	5,000 gallons	2.89 per 1,000 gallons
Over	10,000 gallons	2.25 per 1,000 gallons

Monthly Wholesale Rate

Per	1,000 gallons	\$ 1.88
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