

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DOE VALLEY)
UTILITIES, INC. FOR AN ADJUSTMENT OF)
RATES PURSUANT TO THE ALTERNATIVE) CASE NO. 96-497
RATE FILING PROCEDURE FOR SMALL)
UTILITIES)

O R D E R

On October 18, 1996, Doe Valley Utilities, Inc. ("Doe Valley") submitted separate applications on behalf of its Water and Sewer Divisions seeking to increase rates for both services pursuant to 807 KAR 5:076, the Alternative Rate Adjustment Procedure for Small Utilities ("ARF"). The Commission combined both rate applications and a separate request to increase a non-recurring charge into this current proceeding. However, due to filing deficiencies, Doe Valley's applications were not considered filed until November 20, 1996.

The proposed rates would generate additional revenues of \$22,808 for the Water Division and \$25,150 for the Sewer Division. Doe Valley subsequently amended its application to request additional revenues of \$23,418 for its Water Division. Upon amending its application, Doe Valley notified its customers of this action in accordance with 807 KAR 5:076 and KRS 278.185.

Commission Staff ("Staff") conducted a limited review of Doe Valley's test-period financial records and issued its report on May 21, 1997. In its report, Staff recommended that the Commission grant Doe Valley an increase in its rates that would

generate additional revenues of \$23,418 for the Water Division and \$4,807 for the Sewer Division.

In its May 21, 1997 Order, the Commission requested all parties to submit written comments on the Staff Report within 10 days from the date of the Order or 90 days from the date the application was filed, whichever is later. On May 29, 1997, Doe Valley submitted its acceptance of the recommendations contained in the Staff Report.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that the rates in Appendix A are the fair just and reasonable rates for Doe Valley and will produce gross annual revenue of \$108,844 for the Water Division and \$37,603 for the Sewer Division. It further finds that these rates will allow Doe Valley 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 recommendations and findings contained in the Staff Report are adopted as the Commission's findings and incorporated by reference as if fully set out herein.
2. The rates proposed by Doe Valley and contained in Appendix A are approved for service rendered by Doe Valley on and after the date of this Order.
3. Within 30 days of the date of this Order, Doe Valley shall file with the Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 4th day of August, 1997.

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. 96-497 DATED AUGUST 4, 1997

The following rates and charges are prescribed for the customers in the area served by Doe Valley Utilities, 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.

Water Rates:

First	3,000	Gallons	\$12.61	Minimum Bill
Next	4,000	Gallons	3.44	Per 1,000 Gallons
All Over	7,000	Gallons	3.18	Per 1,000 Gallons

Sewer Rate:

All Customers	\$7.62
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<u>Water Meter Connection</u>	\$395.00
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