

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BEECH GROVE WATER)
SYSTEM, INC. FOR A RATE ADJUSTMENT) CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING) 97-021
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On April 7, 1997, Beech Grove Water System, Inc. ("Beech Grove") filed its application for Commission approval of a proposed increase in its rates for water service. The proposed rates would generate additional annual revenues of approximately \$34,668, an increase of 36.1 percent above normalized test-year revenues.

Commission Staff conducted a limited review of Beech Grove's test-period financial records. Based upon this review, Commission Staff issued its report on May 20, 1997, recommending that Beech Grove be authorized to increase its annual operating revenues from water service rates by \$34,668.

By Order dated May 20, 1997, Beech Grove was advised to file comments on the Staff Report or request a hearing or informal conference no later than July 7, 1997, or the case would stand submitted to the Commission for a decision. To date, no comments have been filed.

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. Beech Grove provided no cost justification to support its proposed \$35 returned check fee and, consequently, the fee should be denied.

3. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Beech Grove and will produce gross annual revenues of \$125,229 from water sales. These rates will allow Beech Grove 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 contained in Appendix A are approved for service rendered by Beech Grove on and after the date of this Order.

2. The \$35 returned check fee proposed by Beech Grove is denied.

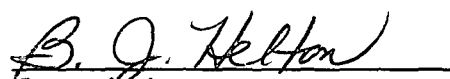
3. Within 30 days of the date of this Order, Beech Grove shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 28th day of July, 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. 97-021 DATED July 28, 1997.

The following rates and charges are prescribed for the customers in the area served by Beech Grove Water System. 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	\$13.50	Minimum Bill
Next	98,000	Gallons	3.56	Per 1,000 Gallons
Over	100,000	Gallons	2.87	Per 1,000 Gallons
Bulk Loading Stations			\$ 2.75	Per 1,000 Gallons

Non-recurring Charges:

Turn-On Charge	\$25.00
Reconnection Charge	25.00
Termination or Collection Charge	25.00
Meter Resetting Charge	25.00
Meter Test Charge	25.00
Late Payment Penalty	10%

Meter Connection Fees:

5/8-Inch Connection	\$500.00
Larger than 5/8-Inch	Actual Cost of Installation