

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CENTER RIDGE	)	
WATER SYSTEM FOR A RATE ADJUSTMENT	)	
PURSUANT TO THE ALTERNATIVE RATE	)	CASE NO. 2000-557
FILING PROCEDURE FOR SMALL UTILITIES	)	

O R D E R

On December 28, 2000, Center Ridge Water System (“Center Ridge”) applied for Commission approval of a proposed increase in its rates for water service. The proposed rates would generate additional annual revenues of \$5,042, an increase of 35 percent over normalized operating revenues of \$14,382. On February 2, 2001, the Commission issued a Staff Report in which Staff recommended that the Commission grant the proposed increase. The Commission also directed all parties to file within 10 days any written comments regarding the Staff Report or a request for a hearing or informal conference.

Several customers of Center Ridge have submitted written comments. One customer, James Riggs, offered “additional information which may have a bearing on the Commission’s decision.”<sup>1</sup> Center Ridge, through its current operator, subsequently responded to this information. The Commission has not received any requests for an informal conference or hearing in this matter.

---

<sup>1</sup> Letter from James Riggs to Thomas Dorman, Executive Director, Public Service Commission (Feb. 8, 2001).

In his submission, Mr. Riggs objects to several recommendations contained in the Staff Report. First, he asserts that the proposed adjustment for insurance expense included the cost of insurance coverage for non-utility related activities. His assertion is based upon a telephone conversation with an insurance agent for West Kentucky Insurance Agency. In its response, Center Ridge submitted a statement from the agent in which he stated that a misunderstanding had occurred and that the insurance coverage “quote does not include any of [Mr. Duncan’s] other business operations.”<sup>2</sup>

Mr. Riggs also asserts that the proposed test period does not reflect the utility’s normal operations because its operator, William Duncan, was on-site daily during that period to repair Center Ridge’s water system. He specifically identifies mileage expense as inaccurate due to Mr. Duncan’s activities during the test period. Denying that the mileage expense was an unusual occurrence, Center Ridge noted that Mr. Duncan “must make a daily trip to the well-house to read the meter and check the chlorine levels.”<sup>3</sup> The proposed adjusted transportation expense is based upon this daily activity.

Finally, Mr. Riggs asserts that the proposed telephone expense is based upon telephone service that is personal in nature and unrelated to the provision of utility service. In its response Center Ridge notes that this telephone service is maintained to be accessible to Center Ridge’s customers. Commission regulations, moreover, require

---

<sup>2</sup> Letter from Tony Boyd, West Kentucky Insurance Agency, to William Duncan, Operator, Center Ridge Water System (Feb. 19, 2001).

<sup>3</sup> Letter from William Duncan, Operator, Center Ridge Water System, to Thomas Dorman, Executive Director, Public Service Commission (Feb. 19, 2001).

the utility to maintain a telephone number to permit utility customers to contact the utility's representative without charge. See 807 KAR 5:006, Section 13(a)(2).

The Commission, having considered 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 should be adopted as the findings of the Commission.

2. The rates in Appendix A will produce annual revenue from water service of \$19,424.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

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

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

Done at Frankfort, Kentucky, this 16<sup>th</sup> day of March, 2001.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2000-557 DATED MARCH 16, 2001

The following rates and charges are prescribed for the customers served by Center Ridge Water System. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Single Family Residential

\$17.25 per Month