

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CENTER RIDGE WATER)	
DISTRICT, INC. FOR APPROVAL OF INITIAL)	CASE NO.
RATES, NON-RECURRING CHARGES AND)	2001-00408
TARIFFS)	

ORDER

Center Ridge Water District, Inc. (Center Ridge) has applied for approval of initial rates for service to Keniana Shores Subdivision, Calloway County, Kentucky. By this Order, we approve the proposed rates.¹

Center Ridge is a Kentucky corporation that owns and operates two small water treatment and distribution systems in Calloway County, Kentucky. In October 2001, Center Ridge purchased a small water treatment and distribution system that served the Keniana Shores Subdivision in Calloway County, Kentucky. As the homeowners within this subdivision had previously owned and operated this system, had used the system solely to provide for their own needs and had not provided water to the public, it was not subject to Commission jurisdiction. See KRS 278.010(3)(d). This system serves

¹ On November 13, 2001, Center Ridge filed its application for approval of rates. The Attorney General, through his Utility and Rate Intervention Division, subsequently intervened in this proceeding. He has not engaged in any discovery nor has he requested a hearing in this matter.

approximately 59 customers.² Ground water is the system's source of supply. Its service is not metered. Customers are instead assessed a flat monthly rate.

Center Ridge proposes to assess customers of the Keniana system the same rates that it currently assesses its other two distribution systems. Because of the absence of any business or financial records for the Keniana system and the relative similarity in the operation of that system with Center Ridge's other two systems,³ the Commission finds that this proposal is reasonable. Because of the similarity in each system's utility plant and method of operation, their source of water, the geographic area in which they operate, and their operators, the operation costs should be proportional to their number of customers.

We further find that Center Ridge's operation of the Keniana system should be monitored and that Center Ridge should maintain adequate records to permit the Commission to review the Keniana system's finances. After Center Ridge has operated the Keniana system for one year, we will assess the reasonableness of the proposed rates based upon actual operating conditions. Any necessary adjustments to the proposed rates can then be directed.

² This number is based upon Commission Staff review of Center Ridge's customer records. The United States Environmental Protection Agency's Safe Drinking Water Information System reports that the Keniana system serves 132 persons. See U.S. Environmental Protection Agency, Safe Drinking Water Violation Report on Keniana Water Works (Feb. 14, 2002) available at http://oaspub.epa.gov/enviro/sdw_report.first_table?report_id=510454&pwsid=KY0180502&state=KY&source=Ground%20water%20&population=132&sys_num=0 (visited on Feb. 21, 2002).

³ For a description of Center Ridge's other two water systems, see Annual Report of Cool Ridge Water System to the Public Service Commission for the Year Ended December 31, 2000 and Annual Report of Cool Waterworks, Inc. to the Public Service Commission for the Year Ended December 31, 2000.

The Commission has reviewed the proposed non-recurring charges. We find that the proposed charges will yield only enough revenue to pay the expenses incurred in rendering the service and, therefore, are consistent with Administrative Regulation 807 KAR 5:006, Section 8(2).

IT IS THEREFORE ORDERED that:

1. The rates set forth in Appendix A to this Order are approved for service rendered by Center Ridge to the Keniana Subdivision on and after the date of this Order.
2. Center Ridge's proposed tariff sheets are effective for service rendered on and after the date of this Order and shall be accepted as filed as of the date of this Order.
3. On March 31, 2003, Center Ridge shall file with the Commission an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rate approved herein is sufficient to meet its operating expenses, will provide a reasonable return to Center Ridge, and is not excessive.

Done at Frankfort, Kentucky, this 25th day of February, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2001-408 DATED February 25, 2002

The following rates and charges are prescribed for the customers in the area served by Center Ridge Water, Inc., Division 3.

MONTHLY RATE

Residential Flat Rate	\$17.25
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NONRECURRING CHARGES

Reconnection Charge	\$350.00
Disconnection Charge	350.00
Returned Check Charge	20.00
Late Payment Penalty	10%