

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                               |   |                     |
|-------------------------------|---|---------------------|
| THE APPLICATION OF BEECH      | ) |                     |
| GROVE WATER SYSTEM FOR A      | ) |                     |
| RATE ADJUSTMENT PURSUANT TO   | ) | CASE NO. 2003-00015 |
| THE ALTERNATIVE RATE FILING   | ) |                     |
| PROCEDURE FOR SMALL UTILITIES | ) |                     |

ORDER

On January 13, 2003, Beech Grove Water System ( Beech Grove ) submitted its application requesting the Commission to approve its proposed increase in water rates pursuant to Administrative Regulation 807 KAR 5:076. Beech Grove s proposed water rates would increase the average customer s water bill from \$24.63 to \$28.30, approximately 14.86 percent and would generate annual revenues of \$270,984, \$40,945 above Commission Staff s normalized operating revenues from water rates of \$230,039.

The sole intervenor in this proceeding is the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ( Attorney General ). On January 27, 2003, the Attorney General filed his motion requesting the Commission to establish a procedural schedule and to require Beech Grove to submit written responses to his information request. Beech Grove filed the information requested by the Attorney General on March 21, 2003.

The Commission issued a Report on March 6, 2003, in which Staff adopted the contents of Beech Grove s application with the exceptions of pro forma purchased water expense and revenue requirement. Beech Grove s water supplier, the city of Henderson

( Henderson ), increased its wholesale water rates on March 1, 2003. Staff adjusted Beech Groove s test-period purchased water expense by \$1,579 and revenue requirement by \$1,794 to reflect Henderson s increase in its wholesale water rates. The rates recommended by Staff will increase the average residential water bill for 5,000 gallons usage from \$24.63 to \$28.44, approximately 15.5 percent, and would generate annual revenues of \$272,778, \$42,739 over normalized test-period revenue from water rates.

All parties were directed to file written comments upon Staff s findings and recommendations or to request a conference or hearing no later than March 17, 2003. To date, the Commission has received no such comments or requests.

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 and are reasonable.
2. The water rates proposed by Beech Grove and contained in Appendix A will produce Staff s recommended revenue requirement of \$272,778.

IT IS THEREFORE ORDERED that:

1. The recommendations and findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.
2. The water rates proposed by Beech Grove and contained in Appendix A are approved for service rendered by Beech Grove on and after the date of this Order.

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

4. Three years from the date of this Order, Beech Grove shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service.

Done at Frankfort, Kentucky, this 28<sup>th</sup> day of March, 2003.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2003-00015 DATED March 28, 2003

The following rates are prescribed for the customers in the area served by the Beech Grove 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.

MONTHLY RATES

Usage Block

|       |         |         |    |       |                   |
|-------|---------|---------|----|-------|-------------------|
| First | 2,000   | Gallons | \$ | 15.00 | Minimum Bill      |
| Next  | 98,000  | Gallons | \$ | 4.48  | per 1,000 Gallons |
| Over  | 100,000 | Gallons | \$ | 3.75  | per 1,000 Gallons |