

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF EASTERN)	CASE NO.
ROCKCASTLE WATER ASSOCIATION, INC.)	2004-00002

ORDER

On January 5, 2004, Eastern Rockcastle Water Association, Inc. ("Rockcastle") filed its application for Commission approval of proposed water rates. The proposed rates would generate additional annual revenues of \$51,002, a 30 percent increase in normalized test year water sales of \$170,007. The proposed rates would increase the cost of 5,000 gallons by \$11.39 monthly, or 32.08 percent.

Upon request, intervention was granted to the Attorney General of the Commonwealth of Kentucky ("Attorney General") by Order dated January 28, 2004.

Commission Staff performed a limited financial review of Rockcastle's operations and prepared a Staff Report that was issued by Order of February 27, 2004. Staff's report recommended that the Commission approve the rates requested in Rockcastle's application. The Order issuing the report granted all parties 10 days to comment or to request an informal conference or hearing. On March 2, 2004, the Commission received comments from Rockcastle and the Attorney General. Neither party objected to the Staff Report.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that the rates proposed by Rockcastle and shown in this Order at Appendix A will produce annual revenues from water sales of \$221,009 and are fair,

just, and reasonable. These rates will allow Rockcastle sufficient revenues to meet its operating expenses and service its debt.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Rockcastle and contained in Appendix A of this Order are approved for service rendered by Rockcastle on and after the date of this Order.
2. Within 30 days of the date of this Order, Rockcastle shall file with the Commission its revised tariffs setting out the rates approved herein.
3. Three years from the effective date of this Order, Rockcastle 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 requirements.

Done at Frankfort, Kentucky, this 8th day of March, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00002 DATED March 8, 2004

The following rates and charges are prescribed for the customers in the area serviced by Eastern Rockcastle Water Association, Inc. 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 Water Rates

First 2,000 Gallons	\$21.40 Minimum Bill
For each additional 1,000 Gallons	8.50 Per 1,000 Gallons