

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MONTGOMERY)	
COUNTY WATER DISTRICT NO. 1 FOR AN)	
ADJUSTMENT OF RATES PURSUANT TO)	CASE NO. 2004-00032
THE ALTERNATIVE RATE FILING)	
PROCEDURE FOR SMALL UTILITIES)	

ORDER

On January 30, 2004, Montgomery County Water District No. 1 (“Montgomery”) filed its application for Commission approval of proposed water rates. The proposed rates would generate additional annual revenues of \$15,327, a 5.22 percent increase in normalized test year water sales of \$293,627. The proposed rates would increase the monthly cost of 5,000 gallons from \$26.69 to \$28.09, or 5.25 percent.

Upon request, intervention was granted to the Attorney General of the Commonwealth of Kentucky (“Attorney General”) by Order dated February 18, 2004.

Commission Staff performed a limited financial review of Montgomery’s operations and prepared a Staff Report that was issued by Order of March 19, 2004. Staff’s report recommended that the Commission approve the rates requested in Montgomery’s application. The Order issuing the report granted all parties 10 days to comment or request an informal conference or hearing. The Commission has not received any comments or requests.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that the rates proposed by Montgomery and shown in this

Order at Appendix A will produce annual revenues from water sales of \$308,954 and are fair, just, and reasonable. These rates will allow Montgomery sufficient revenues to meet its operating expenses and service its debt.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Montgomery and contained in Appendix A of this Order are approved for service rendered by Montgomery on and after the date of this Order.
2. Within 30 days of the date of this Order, Montgomery shall file with the Commission its revised tariffs setting out the rates approved herein.
3. Three years from the effective date of this Order, Montgomery 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 7th day of April, 2004.

By Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00032 DATED April 7, 2004

The following rates and charges are prescribed for the customers in the area serviced by Montgomery County Water District No. 1. 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	\$14.98 Minimum Bill
Next 3,000 Gallons	4.37 per 1,000 Gallons
Next 5,000 Gallons	3.83 per 1,000 Gallons
All Over 10,000 Gallons	3.29 per 1,000 Gallons
Wholesale Customer	1.75 per 1,000 Gallons