

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BUTLER COUNTY WATER)	CASE NO.
SYSTEM, INC. FOR A GENERAL RATE)	2003-00486
ADJUSTMENT PURSUANT TO THE)	
PROVISIONS OF KRS 278.030 AND)	
807 KAR 5:001)	

ORDER

On March 25, 2004, Butler County Water System, Inc. ("Butler") filed its application for Commission approval of proposed water rates. The proposed rates would generate additional annual revenues of \$235,150, a 16.11 percent increase in normalized test year water sales of \$1,459,664. The proposed rates would increase the monthly cost of 5,000 gallons from \$27.76 to \$31.82, an increase of \$4.06 or 14.63 percent.

Upon request, intervention was granted to the Attorney General of the Commonwealth of Kentucky ("Attorney General") by Order dated April 14, 2004.

Commission Staff performed a limited financial review of Butler's operations and prepared a Staff Report that was issued by Order of December 21, 2004. Staff's report recommended that the Commission approve rates that would produce additional annual revenues of \$228,076, which is a 15.63 percent increase over normalized revenues of \$1,459,664. Staff's recommended rates will increase the bill of a residential customer using 5,000 gallons from \$27.76 to \$31.69, or 14.16 percent.

The Order issuing the report granted all parties 10 days to comment or request an informal conference or hearing. On December 29, 2004, Butler filed comments stating that it accepted the findings and recommendations contained in the Staff Report and waived its right to request a hearing or informal conference. Also on December 29, 2004, the Attorney General filed comments stating that he would not request a hearing or informal conference in this matter, and had no objection to the submission of this matter to the Commission for decision.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that the rates recommended in the Staff Report and shown in this Order at Appendix A will produce annual revenues from water sales of \$1,687,740 and are fair, just, and reasonable. These rates will allow Butler sufficient revenues to meet its operating expenses and service its debt.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Butler in its application are denied.
2. The rates included in Staff's Report and contained in Appendix A of this Order are approved for service rendered by Butler on and after the date of this Order.
3. Within 30 days of the date of this Order, Butler shall file with the Commission its revised tariffs setting out the rates approved herein.
4. Within 60 days of the date of this Order, Butler shall file with the Commission's Division of Engineering all current policies and procedures used to monitor and control water loss.
5. Three years from the effective date of this Order, Butler 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 12th day of January, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00486 DATED January 12, 2005

The following rates and charges are prescribed for the customers in the area serviced by Butler County Water System, 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

5/8" x 3/4" Meters

First	2,000	gallons	\$16.96 Minimum Bill
Next	4,000	gallons	4.91 per 1,000 gallons
Next	44,000	gallons	4.36 per 1,000 gallons
Next	50,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons

1" Meters

First	5,000	gallons	\$32.19 Minimum Bill
Next	1,000	gallons	4.91 per 1,000 gallons
Next	44,000	gallons	4.36 per 1,000 gallons
Next	50,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons

1-1/2" Meters

First	10,000	gallons	\$57.51 Minimum Bill
Next	40,000	gallons	4.36 per 1,000 gallons
Next	50,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons

2" Meters

First	16,000	gallons	\$84.41 Minimum Bill
Next	34,000	gallons	4.36 per 1,000 gallons
Next	50,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons

3" Meters

First	25,000	gallons	\$137.03 Minimum Bill
Next	25,000	gallons	4.36 per 1,000 gallons
Next	50,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons

4" Meters

First	30,000	gallons	\$189.56 Minimum Bill
Next	20,000	gallons	4.36 per 1,000 gallons
Next	50,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons

6" Meters

First	60,000	gallons	\$331.11 Minimum Bill
Next	40,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons

8" Meters

First	80,000	gallons	\$419.98 Minimum Bill
Next	20,000	gallons	3.75 per 1,000 gallons
Over	100,000	gallons	3.13 per 1,000 gallons