

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON)	
COUNTY WATER DISTRICT FOR)	CASE NO.
APPROVAL OF A PROPOSED INCREASE)	2005-00072
IN RATES FOR WATER SERVICE)	

O R D E R

On April 28, 2005, the Commission denied the application for an adjustment of rates as proposed by Henderson County Water District (“Henderson”). The Commission approved the adjusted rates contained in Commission Staff’s Report and incorporated those rates in Appendix A of its April 28, 2005 Order.

On May 6, 2005, Henderson filed a motion for rehearing seeking to have the April 28, 2005 Order modified to include proposed rates for customers with a 3-inch connection. Henderson states that it inadvertently omitted this class of customers from its application. In further support of its motion, Henderson says that its tariff would be incomplete without the rates for a 3-inch connection and that the inclusion of the 3-inch rates would not affect the test-year information or other financial data as contained in its application. Henderson also requests that the 3-inch connection rate relate back to the date of the April 28, 2005 Order in order for all rates to become effective uniformly.

The Attorney General (“AG”) has filed a response to Henderson’s filing in which he states that if the inclusion of the 3-inch rate does not affect the test-year information or other data, he has no objection to the request for a “complete” tariff. The AG does object, however, that the rate “relate back” to the April 28, 2005 Order upon the grounds

that the present request is not a matter of a clerical error on the part of the Commission authorizing a *nunc pro tunc* Order.

Upon review of Henderson's original application the Commission finds that the 3-inch meter usage information was included, but was incorrectly coded as a 2-inch meter connection. This error had no effect on the rates produced in the original cost-of-service study. Moreover, approval of the 3-inch rates, which is necessary in order to complete Henderson's tariff, will have no impact on Henderson's other rates. The Commission, having reviewed Henderson's proposal and the AG's response thereto, finds that Henderson's proposed rates for a 3-inch connection contained in its motion for rehearing are reasonable and consistent with general rate design principals and guidelines and should be approved.

Henderson's request that the omitted 3-inch rates become effective with the April 28, 2005 Order is denied. Henderson's request would constitute retroactive rate-making, which is prohibited. KRS 278.180. Although the 3-inch connection information was contained in the cost-of-service study and incorporated in Commission Staff's Report, we find that the 3-inch connection rates cannot "relate back" and be included in the April 28, 2005 Order.

IT IS THEREFORE ORDERED that:

1. The motion for rehearing filed by Henderson is granted as described herein.
2. The motion to include the proposed rates for 3-inch connection customers in Henderson's tariff is granted.

3. The motion to modify the Order of April 28, 2005 to establish an effective date for the 3-inch connect customers tariff commensurate with that Order's effective date is denied.

4. Henderson's Phase 1 and Phase 2 rates for the 3-inch connection customers as set forth in Appendix A, attached to this Order, are approved for service rendered by Henderson on or after the date of this Order.

5. Within 20 days of the date of this Order, Henderson shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 23rd day of May, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00072 DATED May 23, 2005

The following rates, charges, and policies are prescribed for the customers in the area served by Henderson County Water District. All other rates, charges, and policies 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

	Phase 1	Phase 2
<u>3 Inch Connection</u>		
First 30,000 gallons, Minimum Bill	\$133.61	\$139.93
Over 30,000 gallons, per 1,000 gallons	3.74	3.89