

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MCKINNEY)	
WATER DISTRICT FOR APPROVAL OF A)	CASE NO.
PROPOSED INCREASE IN RATES FOR WATER)	2005-00114
SERVICE)	

O R D E R

On March 15, 2005, McKinney Water District (“McKinney”) filed its application for Commission approval of a proposed increase in water rates. McKinney proposed to increase its annual revenue from water rates by 27.5 percent, or \$145,789 in additional water revenue. Under this proposal, an average monthly water bill for 5,000 gallons of usage will increase from \$29.47 to \$37.25, or 26.4 percent.

On April 6, 2005, the Attorney General of Kentucky (“AG”) moved for intervention in this matter. On April 14, 2005, the Commission granted the AG’s motion to intervene. On April 20, 2005, the Commission established a procedural schedule in this matter.

By Order dated June 22, 2005, the Commission issued a Staff Report that Commission Staff prepared after review of McKinney’s test-year operations. In its report, Commission Staff recommended that McKinney’s rates be increased by 23.4 percent, or \$123,692 in additional water revenue. The Commission further ordered that the parties file within 10 days any written comments on the Staff Report or any request for a hearing or informal conference. On July 1, 2005, the AG filed written comments on the Staff Report and further advised the Commission that he did not object to the submission of this matter on the existing record. McKinney did not submit any objections to Commission Staff’s recommendations.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. This matter stands submitted upon the existing record and no formal hearing need be held.

2. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of the Commission.

3. The rates in Appendix A will produce annual revenue from water service of \$653,009.

IT IS THEREFORE ORDERED that:

1. A formal hearing shall not be held in this matter.

2. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

3. The rates in Appendix A are approved for service rendered by McKinney on and after the date of this Order.

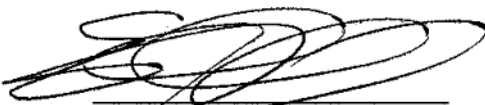
4. Within 30 days of the date of this Order, McKinney shall file with the Commission its revised tariff setting out the rates approved herein.

5. Three years from the effective date of this Order, McKinney 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 13th day of July, 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 solid horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00114 DATED July 13, 2005

The following rates and charges are prescribed for the customers in the area served by McKinney Water District. 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"x3/4" Meter:

First	1,000	gallons	\$12.15 Minimum Bill
Next	2,000	gallons	6.94 per 1,000 gallons
Next	7,000	gallons	5.61 per 1,000 gallons
Over	10,000	gallons	4.97 per 1,000 gallons

1" Meter:

First	5,000	gallons	\$37.25 Minimum Bill
Next	5,000	gallons	5.61 per 1,000 gallons
Over	10,000	gallons	4.97 per 1,000 gallons

2" Meter:

First	20,000	gallons	\$115.00 Minimum Bill
Over	20,000	gallons	4.97 per 1,000 gallons

Non-Recurring Charges

Meter Connection/Tap-On Charge	
5/8" x 3/4" Meter	\$500.00
Returned Check Charge	10.00
Deposits	2/12 Average Annual Bill