

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ELKHORN WATER)	
DISTRICT FOR AN ADJUSTMENT OF RATES)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE)	2006-00145
FILING PROCEDURE FOR SMALL UTILITIES)	

ORDER

On April 5, 2006, Elkhorn Water District (“Elkhorn”) submitted its application requesting the Commission to approve its proposed increase in water rates. The proposed water rates will increase the average residential water bill from \$21.96 to \$27.14, an increase of \$5.18 or 23.6 percent. Elkhorn’s proposed rates will generate annual revenues of \$213,460, an increase of \$40,758 or 23.6 percent above the normalized revenue from water rates of \$172,702.

On April 24, 2006, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), submitted his motion for full intervention as authorized by KRS 367.150(8). The Commission granted the Attorney General’s motion in its Order of April 28, 2006.

Commission Staff performed a limited financial review of Elkhorn’s operations and, on May 25, 2006, issued a report containing its findings and recommendations regarding the proposed rates. In its report, Staff agreed with Elkhorn’s pro forma adjustments to test-period operations and found that the proposed revenue requirement of \$213,460 will allow Elkhorn to pay its adjusted operating expenses, meet the 1.2x debt service coverage requirements of Elkhorn’s bond ordinances and provide for future

equity growth. Staff further found that Elkhorn's proposed rates will generate the annual revenue requirement of \$213,460 and recommended their approval.

All parties were directed to file written comments upon Staff's findings and recommendations or to request a conference or hearing no later than June 6, 2006. As of this date, no parties submitted comments or objections or requested a hearing.

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

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record and are reasonable.
2. Elkhorn's proposed water rates will produce annual revenues from water sales of \$213,460.

IT IS THEREFORE ORDERED that:

1. The recommendations and findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.
2. Elkhorn's proposed water rates, which are set forth in Appendix A, are approved for service rendered by Elkhorn on and after the date of this Order.
3. Within 30 days of the date of this Order, Elkhorn shall file with the Commission its revised tariff setting out the rates approved herein.
4. Three years from the date of this Order, Elkhorn 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.

Done at Frankfort, Kentucky, this 5th day of July, 2006.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00145 DATED July 5, 2006.

The following rates are prescribed for the customers in the area served by Elkhorn 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.

RATES AND CHARGES

5/8" x 3/4" Meter

First	2,000	gallons	\$	12.83	Minimum bill
Next	3,000	gallons	\$	4.77	per 1,000 gallons
Next	5,000	gallons	\$	4.19	per 1,000 gallons
Over	10,000	gallons	\$	2.96	per 1,000 gallons

1" Meter

First	5,000	gallons	\$	27.14	Minimum bill
Next	5,000	gallons	\$	4.19	per 1,000 gallons
Over	10,000	gallons	\$	2.96	per 1,000 gallons

1 1/2" Meter

First	10,000	gallons	\$	48.09	Minimum bill
Over	10,000	gallons	\$	2.96	per 1,000 gallons

McConnell Mobile Home Park

First	15,000	gallons	\$	96.22	Minimum bill
Over	15,000	gallons	\$	2.96	per 1,000 gallons

Elkhorn Mobile Home Park

First	76,000	gallons	\$	487.54	Minimum bill
Over	76,000	gallons	\$	2.96	per 1,000 gallons

Capital Mobile Home Park

First	125,000	gallons	\$	801.87	Minimum bill
Over	125,000	gallons	\$	2.96	per 1,000 gallons

Emergency Wholesale Rate

Emergency Wholesale Rate			\$	2.96	per 1,000 gallons
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Anyone who wishes to purchase water at the emergency wholesale rate shall pay any costs associated with the emergency hookup.