

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY WATER)	
DISTRICT FOR (1) APPROVAL OF A)	
PROPOSED INCREASE IN RATES FOR)	CASE NO.
WATER SERVICE, (2) APPROVAL OF AN)	2007-00034
INCREASE IN NON-RECURRING CHARGES,)	
AND (3) APPROVAL OF A REVISED TARIFF)	

ORDER

On April 13, 2007, Meade County Water District (“Meade”) submitted an application for Commission approval of an increase of water service rates, an adjustment to certain existing non-recurring charges, the creation of new non-recurring charges, and a complete revision of its tariff language.

A review of the application revealed that it did not meet the minimum filing requirements and a notice of the filing deficiency was issued. Meade subsequently submitted a request for permission to deviate from certain filing requirements, which the Commission treated as an amendment to its application. The Commission determined that the amendment satisfied the minimum filing requirements, and the application was accepted for filing as of June 5, 2007.

In its application Meade presented pro forma financial information demonstrating that its current revenue requirement from water service rates is \$1,702,255 and that its current rates produce only \$1,637,689 requiring a \$64,566, or 3.94 percent, revenue increase.

Meade proposed the following adjustments to its schedule of non-recurring charges included in its tariff:

	Current	Proposed
Tap Fees		
5/8 Inch x 3/4 Inch	\$500	\$632.00
1 Inch and Above	Actual Cost	Actual Cost
Connection/Turn-On Charge	0	25.00
Field Visit	0	25.00
Customer Request Meter Re-Read	0	25.00
Service Call/Investigation	0	25.00
Returned Check Charge	0	25.00
Customer Request Meter Relocation	0	Actual Cost
Customer Request Meter Test	5	50.00
Reconnection Charge	15	50.00
Connection/Turn-On Fee After Hours	0	50.00
Customer Request Meter Re-Read After Hours	0	50.00
Service Call/Investigation After Hours	0	50.00
Meter Tampering Charge	0	50.00
Late Payment Penalty	10%	10%
Credit Card Convenience Charge	0	.10

Upon request, intervention was granted to the Attorney General of the Commonwealth of Kentucky (“Attorney General”) by Order dated June 28, 2007.

To review Meade’s application, Commission Staff performed a limited financial review of Meade’s test-year operations. Staff’s findings and recommendations were summarized in a report that was issued by Order dated September 5, 2007. Staff found that:

1. Meade’s revenue requirement from water service rates is \$1,599,068.
2. Meade’s current water service rates are sufficient to meet its revenue requirement.
3. Meade’s requested water service rates should be denied by the Commission.

4. Meade provided adequate cost justification for all requested non-recurring charges and they should be approved by the Commission with the exception of the \$.10 credit card convenience charge which the Commission should deny.

5. Meade's amended tariff language is appropriate and should be accepted by the Commission with the exception of those sections related to the credit card convenience charge.

The Order of September 5, 2007 allowed 10 days for any party to file comments on the Staff Report or to request a hearing or an informal conference. On September 13, 2007, Meade filed a request for informal conference.

An informal conference was held at the offices of the Commission on October 30, 2007. A memorandum summarizing the discussions of the conference was filed into the record on November 1, 2007.

After considering the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. 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 this Commission with the exception of those sections related to Meade's pro forma purchased water expense.

2. In its report, Staff included \$386,014 in Meade's pro forma operations for purchased water, a \$6,724 increase over test-year purchased water expense of \$379,290. The increase was to account for customer growth.

3. Staff did not account for an increase in Meade's wholesale water purchases that will result from a change effective August 2, 2007 in the rates of Hardin County Water District No. 1 ("Hardin"), a wholesale supplier to Meade.

4. As a result of Hardin's August 2, 2007 rate increase, Meade's pro forma purchased water expense will be \$488,446, a \$109,156 increase over test-year purchased water expense.¹

5. By incorporating the appropriate adjustment of \$109,156 to test-year purchased water expense into the calculations made in the Staff Report, the Commission determines Meade's revenue requirement from water service rates to be \$1,701,500.²

6. The water service rates requested by Meade produce \$1,702,255, which is \$755 more than the revenue requirement from water service rates found reasonable by the Commission.

7. The \$755 difference is immaterial, given the total amount of the revenue requirement.

8. Since the \$755 difference is immaterial, the water service rates requested by Meade in its application as shown in Appendix A of this Order are reasonable and should be approved.

¹ Table I of the Informal Conference Memorandum dated November 1, 2007.

² Table II of the Informal Conference Memorandum dated November 1, 2007.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein with the exception of those related to the pro forma purchased water expense.

2. The water service rates proposed by Meade and shown at Appendix A of this Order are approved for services rendered on and after the date of this Order.

3. The rates shown in Appendix A account for Meade's increased water cost resulting from the Commission's actions in Case No. 2006-00410³ and no further relief to Meade is warranted through application of Administrative Regulation 807 KAR 5:068.

4. The non-recurring charges proposed by Meade as shown in Appendix A of this Order are approved for services rendered on and after the date of this Order.

5. The \$.10 credit card convenience charge proposed by Meade in its application is denied.

6. Meade's revised tariff language is approved with the exception of those sections related to the credit card convenience charge.

7. Within 30 days of the date of this Order, Meade shall file with the Commission its revised tariff setting out the water service rates, non-recurring charges, and revised tariff language approved herein.

³ Case No. 2006-00410, The Application of Hardin County Water District No. 1 for a General Rate Adjustment Effective On and After December 2, 2006.

Done at Frankfort, Kentucky, this 13th day of December, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00034 DATED December 13, 2007

The following rates and charges are prescribed for the customers in the area serviced by Meade County 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 X 3/4 Inch Meter	
First 2,000 Gallons	\$15.85 Minimum Bill
Next 5,000 Gallons	7.66 Per 1,000 Gallons
Next 10,000 Gallons	7.35 Per 1,000 Gallons
Next 20,000 Gallons	6.65 Per 1,000 Gallons
Over 37,000 Gallons	5.65 Per 1,000 Gallons
Doe Valley Water	\$3.26 Per 1,000 Gallons
Otter Creek Water	3.37 Per 1,000 Gallons
Bulk Sales	5.25 Per 1,000 Gallons

Non-Recurring Charges

Tap Fees	
5/8 Inch	\$632
1 Inch and Above	Actual Cost
Connection/Turn-On Charge	25
Field Visit	25
Customer Request Meter Re-Read	25
Service Call/Investigation	25
Returned Check Charge	25
Customer Request Meter Relocation	Actual Cost
Customer Request Meter Test	50
Reconnection Charge	50
Connection/Turn-On Fee After Hours	50
Customer Request Meter Re-Read After Hours	50
Service Call/Investigation After Hours	50
Meter Tampering Charge	50
Late Payment Penalty	10%