

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF SOUTH SHORE ) CASE NO.  
WATER WORKS CO. ) 2007-00199

ORDER

On May 17, 2007, South Shore Water Works Co. ("South Shore") tendered an application to adjust its water service to produce additional annual revenues of \$134,407. On June 14, 2007, the Commission found certain deficiencies in the application and rejected the application. On June 26, 2007, South Shore corrected these deficiencies and further tendered revised tariff sheets containing the proposed rates and stating an effective date of August 1, 2007.

During the course of this proceeding, Commission Staff reviewed South Shore's operations and prepared a report of its findings and recommendations regarding the proposed rate adjustment. In its report of November 1, 2007, Commission Staff found that, based upon its adjusted test period operations, South Shore required additional revenues of \$83,307 to meet reasonable operating expenses and provide an adequate rate of return. South Shore filed objections to Commission Staff's report and submitted additional evidence to rebut Commission Staff's findings.

On January 30, 2008, Commission Staff held an informal conference with the parties to this proceeding.<sup>1</sup> During this conference, South Shore presented further

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<sup>1</sup> The Attorney General is also a party to this proceeding. The Commission granted him leave to intervene in this matter on July 9, 2007.

evidence on its expenses during the test period and known and measurable changes that occurred after the close of the test period. Based upon these discussions, Commission Staff and South Shore have stipulated that South Shore's proposed rates are reasonable and will not generate excessive revenues.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that the proposed rates will generate total revenues of \$677,421 based upon test-period sales and that this level of revenue is reasonable and is sufficient to meet South Shore's reasonable operating expenses and to provide a reasonable rate of return.

While we have determined that the proposed rates are reasonable, no action is necessary to implement these rates. A utility may not change its rates except upon 30 days' notice to the Commission.<sup>2</sup> Notice is generally given by the filing of an application for rate adjustment and tariff sheets that reflect the new rates and that contain an effective date at least 30 days later than the date of filing with the Commission.<sup>3</sup> The Commission may suspend the operation of the proposed rates and defer the use of the proposed rate for a period of no longer than 5 months, provided we act before the proposed rates become effective.<sup>4</sup>

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<sup>2</sup> KRS 278.180(1).

<sup>3</sup> 807 KAR 5:011, Section 9(1) ("When a new tariff has been so issued and notice thereof given to the commission and the public in all respects as hereinbefore provided, such tariff will become effective on the date stated therein unless the operation thereof be suspended and the rates and administrative regulations therein be deferred by an order of the commission pending a hearing concerning the propriety of the proposed rates and administrative regulations under KRS 278.190.").

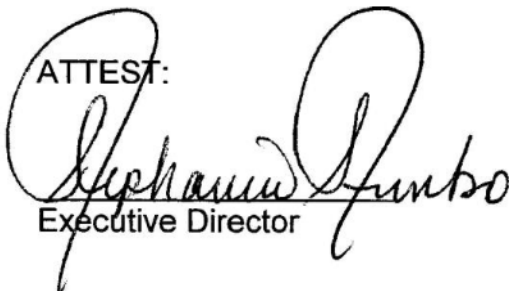
<sup>4</sup> KRS 278.190(2).

In the case at bar, South Shore, on June 26, 2007, filed a revised tariff sheet containing the proposed rates and stating an effective date of August 1, 2007. To suspend the operation of these rates, the Commission had to act on or before July 31, 2007. As we issued no Order to suspend South Shore's proposed rates by that date, they became effective on August 1, 2007 and remain effective as of this date.

IT IS THEREFORE ORDERED that this case is closed and removed from the Commission's docket.

Done at Frankfort, Kentucky, this 24<sup>th</sup> day of March, 2008.

By the Commission

ATTEST:  
  
Executive Director