

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE CALDWELL COUNTY)	
WATER DISTRICT FOR THE APPROVAL OF)	CASE NO.
THE PROPOSED INCREASE IN RATES FOR)	2007-00546
WATER SERVICE)	

ORDER

On December 19, 2007, Caldwell County Water District ("Caldwell District") applied to the Commission for an adjustment in water rates. The rates proposed by Caldwell District will increase the average residential bill from \$50.10 to \$58.45, an increase of \$8.35 or 16.662 percent. Caldwell District's proposed rates will generate annual revenues from water sales of \$949,127, an increase of \$135,554 or 16.662 percent above the normalized revenue from rates of \$813,573.

Commission Staff performed a limited financial review of Caldwell District's test-period operations, and on March 3, 2008 issued a report containing its findings and recommendations. In its report, Staff determined that Caldwell District could justify a revenue requirement from water sales of \$869,970 to \$1,177,383. Staff further determined that the requested revenue requirement from water sales of \$949,127 will allow Caldwell District to pay its operating expenses, meet its debt service obligations, partially fund depreciation expense, and will result in a positive cash flow of \$121,829. Staff found that Caldwell District's proposed rates will generate the annual revenue requirement from rates of \$949,127 and recommended their approval.

All parties were directed to file written comments regarding the Staff Report or requests for a hearing or an informal conference by March 17, 2008. As of this date, no parties have 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. Caldwell District's proposed water rates will produce annual revenues from water sales of \$949,127.

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. Caldwell District's proposed water rates, which are set forth in Appendix A, are approved for service rendered by Caldwell District on and after the date of this Order.

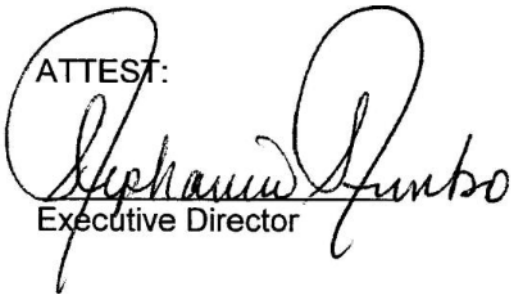
3. Within 30 days of the date of this Order, Caldwell District shall file with the Commission its revised tariff setting out the rates approved herein.

4. Three years from the date of this Order, Caldwell District 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 1st day of April, 2008.

By the Commission

ATTEST:

Handwritten signature of Stephanie Gumbo in cursive script.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00546 DATED APRIL 1, 2008

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

RATES AND CHARGES

First	1,000 Gallons	\$ 20.26	Minimum Bill
Next	3,000 Gallons	\$ 10.06	per 1,000 Gallons
Next	6,000 Gallons	\$ 8.01	per 1,000 Gallons
Next	20,000 Gallons	\$ 5.97	per 1,000 Gallons
Over	30,000 Gallons	\$ 5.10	per 1,000 Gallons