

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

**THE APPLICATION OF THE LEDBETTER)
WATER DISTRICT FOR APPROVAL OF) CASE NO. 2008-00501
INCREASED RATES FOR SEWER SERVICE)**

MOTION FOR REHEARING

Ledbetter Water District ("Ledbetter"), by counsel, pursuant to KRS 278.400, hereby petitions the Commission to clarify the rate structure approved in the case number 2008-00501, a proposed increase in sewer rates and charges. In support of its petition, Ledbetter respectfully states as follows:

1. At the beginning of the rate process Ledbetter asked Public Service Commission ("Commission") staff for assistance in determining the rates needed to meet the cost of providing sewer service. Commission staff concluded that a rate increase of up to 53.26% was justified. Ledbetter requested that rates be calculated to achieve a 25% increase in revenue. Commission staff then recommended rates, based upon the cost of service study and Ledbetter's request for a 25% increase.

2. Upon consideration of those rates, Ledbetter's board of commissioners concluded that some adjustment in the proposed rates would be desirable and necessary to avoid shifting an undue burden onto those customers with 2000 gallons or less of usage. The Commission staff's proposed rates were designed to increase revenue by 25%. However, the proposed rate for the minimum bill, covering the first

2000 gallons, would increase by 76.6%, and the rate per thousand gallons over 2000 would decrease by 21.9%.

3. While achieving the desired 25% increase in revenue, the rates proposed following the cost of service study would shift a large portion of the cost away from larger users onto small users. Included among the small users are a large number of elderly people on fixed income, and their bills would increase as much as 76.6%. Those customers using more than 9,000 gallons would receive a decrease on their sewer bill.

4. Ledbetter staff asked Commission staff if it was possible to request rates other than the rates based on the cost-of-service study. Commission staff replied that it was possible to make that request, with the understanding that there was no guarantee that the alternate rates would be approved. Ledbetter staff then asked Commission staff to calculate rates that would raise revenue by 25% while raising rates by a uniform percentage across all categories of users. Commission staff complied with that request and presented the numbers to Ledbetter's staff. Ledbetter then applied for the rate increase, proposing rates that increased by 25% across-the board. The Appendix attached shows Ledbetter's current rates, the increased rates based on the cost-of-service study, and Ledbetter's proposed rates.

5. In the Commission staff's report of April 7, 2009, Staff adopted the contents of Ledbetter's application as its recommendation. The report recommended that Ledbetter's proposed rate be approved. Contradictory to this recommendation, however, the rates listed in Appendix C were not the proposed rates that the staff report adopted and recommended. Neither Commission staff nor Ledbetter's staff noted that

the Appendix contained rates different than those requested by Ledbetter and recommended by Commission staff. Therefore Ledbetter did not respond during the allotted 14 days. Upon reviewing the Commission's order approving the rates, Ledbetter discovered that, although the Order stated that Ledbetter's proposed rates were approved, the rates listed in the Appendix to the Order were not the proposed rates. The discrepancy in the Order approving rates appears to follow the contradiction between the text of the staff report and the Appendix C of that report.

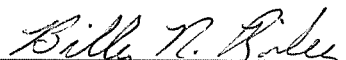
WHEREFORE, the Applicant, Ledbetter Water District moves that the Public Service Commission of Kentucky grant a rehearing to clarify the rates approved in the Commission's Order dated May 22, 2009. The Applicant further requests that the Commission approve the rates proposed by the Applicant in the original application.

Dated at Ledbetter, Kentucky this May 29, 2009.

LEDBETTER WATER DISTRICT

By 
Chairman

LAW FIRM OR ATTORNEY

By 
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APPENDIX

<u>Monthly Rate</u>	<u>Current Rate</u>	<u>Cost-of-Service Rate*</u>	<u>Requested Rate**</u>
First 2,000 gallons (Min.)	\$15.16	\$26.77	\$18.95
Over 2,000 gallons	\$7.74	\$6.05	\$9.68
Unmetered Customers	\$38.38	\$44.92	\$47.99

Cost-of-Service Rate* is the rate originally recommended by Commission staff, based on the cost of service study, and the rate included in the appendices of the staff report and the Order of approval.

Requested Rate** is the rate for which Ledbetter applied, and the proposed rate recommended for approval by Commission staff in the text of the staff report dated April 7, 2009.

