

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HICKORY WATER DISTRICT )  
FOR APPROVAL OF INCREASED RATES FOR ) CASE NO.  
WATER SERVICE ) 2009-00350

ORDER

Hickory Water District (“Hickory”) applied for authority to increase its water rates, pursuant to 807 KAR 5:076. Hickory originally proposed to adjust its water rates to increase its normalized revenue from \$328,051 to \$393,661, an increase of 20 percent or \$65,610. By this Order, we grant Hickory rates that will produce annual revenues of \$472,393, an increase of \$144,342 or 44 percent over normalized revenue of \$328,051.

BACKGROUND

Hickory, a water district organized pursuant to KRS Chapter 74, is a utility subject to Commission jurisdiction. Hickory provides retail water service to approximately 1,332 customers in Graves County.<sup>1</sup> It last applied for a rate adjustment in 1999.

PROCEDURE

On August 28, 2009, Hickory tendered its application. The rates proposed by Hickory in its application would increase the average monthly residential bill by 20 percent, from \$17.25 to \$20.70, an increase of \$3.45.

Commission Staff performed a limited financial review of Hickory’s test-period operations and, on May 11, 2010, issued a report containing its findings and

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<sup>1</sup> Annual Report of Hickory Water District to the Public Service Commission for the Calendar Year Ended December 31, 2008, at 5 and 27.

recommendations. In its report, Staff determined that, based upon its pro forma operations, Hickory could justify a revenue requirement from rates of \$533,014. The rates that would produce the revenue requirement that Hickory could justify would increase the average monthly residential bill of 5,000 gallons from \$17.25 to \$28.73, an increase of \$11.48 or 66.55 percent.

Noting that Hickory's requested revenue requirement of \$393,661 would produce a positive cash flow, Staff recommended that the Commission approve the rates requested by Hickory. Staff directed Hickory to amend its application if Hickory chose to request water rates that would generate the \$533,014 revenue requirement that Staff determined Hickory could justify. Hickory accepted the recommended changes contained in the Staff Report. In addition, per the finding in the Staff Report that Hickory could justify a greater level of revenue than what was originally proposed, Hickory filed an amended application on May 25, 2010 requesting an additional 20-percent across-the-board increase. This additional 20-percent increase results in a total increase in test-period revenues of 44 percent. Hickory stated in a letter dated June 10, 2010 that it will be publishing notice of the increased rates.

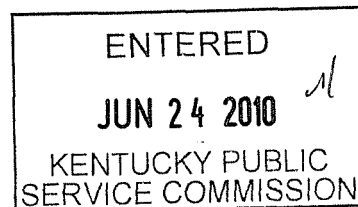
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record and are reasonable.
2. The water rates requested by Hickory in its Amended Application as set forth in the Appendix to this Order will produce annual revenues from water sales of \$472,393.

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. The water rates contained in Hickory's Application are denied.
3. The water rates contained in Hickory's Amended Application and set forth in the Appendix to this Order are approved for service rendered by Hickory on and after the date of this Order and will produce gross annual revenues as found reasonable herein.
4. Within 30 days of the date of this Order, Hickory shall file its revised tariff with the Commission setting out the water rates and nonrecurring charges approved herein.

By the Commission



ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00350 DATED JUN 24 2010

The following rates and charges are prescribed for the customers in the area served by Hickory 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

##### 3/4" Meter:

First	2,000 gallons	\$ 12.31	Minimum bill
Next	3,000 gallons	4.18	per 1,000 gallons
Next	5,000 gallons	3.89	per 1,000 gallons
Next	10,000 gallons	3.60	per 1,000 gallons
Next	30,000 gallons	2.59	per 1,000 gallons
Next	50,000 gallons	2.16	per 1,000 gallons
All Over	100,000 gallons	1.80	per 1,000 gallons

##### 1" Meter:

First	6,000 gallons	\$ 28.74	Minimum bill
Next	4,000 gallons	3.89	per 1,000 gallons
Next	10,000 gallons	3.60	per 1,000 gallons
Next	30,000 gallons	2.59	per 1,000 gallons
Next	50,000 gallons	2.16	per 1,000 gallons
All Over	100,000 gallons	1.80	per 1,000 gallons

##### 1 1/2" Meter:

First	7,500 gallons	\$ 34.58	Minimum bill
Next	2,500 gallons	3.89	per 1,000 gallons
Next	10,000 gallons	3.60	per 1,000 gallons
Next	30,000 gallons	2.59	per 1,000 gallons
Next	50,000 gallons	2.16	per 1,000 gallons
All Over	100,000 gallons	1.80	per 1,000 gallons

##### 2" Meter:

First	15,000 gallons	\$ 62.30	Minimum bill
Next	5,000 gallons	3.00	per 1,000 gallons
Next	30,000 gallons	2.16	per 1,000 gallons
Next	50,000 gallons	1.80	per 1,000 gallons
All Over	100,000 gallons	1.80	per 1,000 gallons

3" and 4" Meters:

First 100,000 gallons  
All Over 100,000 gallons

\$ 266.00 Minimum bill  
1.80 per 1,000 gallons

Sam Davis  
Chairman  
Hickory Water District  
c/o Mayfield Electric & Water  
P. O. Box 329  
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