

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

AN ADJUSTMENT OF RATES JOINTLY)
OF THE SPEARS WATER DISTRICT AND) CASE NO. 7657
THE SPEARS WATER COMPANY, INCORPORATED)

O R D E R

On July 2, 1980, the Commission entered an Order in the above-styled matter adjusting the water service rates of the Spears Water Company, Incorporated and denying any adjustment in the water service rates of the Spears Water District. On July 25, 1980, the Spears Water District, hereinafter the "Applicant", by counsel, filed its Petition for Rehearing in the above-styled matter. In support of the Petition for Rehearing, the Applicant submitted three brief statements specifying the matters on which a rehearing was sought.

Findings In This Matter

The Commission, after further consideration of all the evidence of record and being fully advised, is of the opinion and finds:

1. That the Proforma Net Income of \$6,494 found reasonable is adequate to retire current bond indebtedness of \$8,000, as the cash generated by net income is greater than reported net income by the amount of noncash expenses (depreciation expense of \$18,982) reported on the income statement.

2. That the Proforma Net Income of \$6,494 found reasonable is indeed less than the Net Income of \$16,128 as reported for the test period; however, if proforma adjustments had not been considered and made, the Commission would have ordered a reduction in the water service rates of the Applicant.

3. That the Applicant in its original Petition filed March 6, 1980, showed water sold of 68,849,000 gallons for the test period and that this amount was confirmed by the Applicant's written response to question 9 of the Commission's staff request for additional information. Further, this amount was substantiated in that the revenues determined from the Applicant's billing analysis were approximately the same as the revenues for the test period. It is the policy of the Commission to provide a maximum allowance of 15% for line loss and other unaccounted for water and adherence to this policy was given in the Commission's determination in this matter.

Orders In This Matter

The Commission, on the basis of the matters hereinbefore set forth and the evidence of record in these matters:

HEREBY ORDERS that the Petition of Rehearing filed by the Spears Water District be and it is hereby denied.

IT IS FURTHER ORDERED, that all provisions of the Commission's Order entered July 2, 1980 in this matter shall remain in full force and effect.

Done at Frankfort, Kentucky, this 13th day of August, 1980.

UTILITY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary