

COMMONWEALTH OF KENTUCKY  
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

CANEY CREEK WATER DISTRICT )  
PETITION AND APPLICATION FOR ) CASE NO. 7786  
INCREASE IN WATER AND SEWER RATES )

O R D E R

Preface

On March 27, 1980, Caney Creek Water District, hereinafter referred to as the "Utility" filed with this Commission its duly verified application seeking an increase in its water and sewer rates.

On April 4, 1980, the Commission entered its Order for the Utility to file a separate balance sheet and comparative income statement with proforma adjustments for water operations and sewer operations.

The case was set for hearing at the Commission's offices in Frankfort, Kentucky, September 3, 1980. All parties of interest were notified and the Division of Consumer Intervention of the Attorney General's Office intervened in the matter. At the hearing certain requests for additional information were made by the Commission Staff. This information has been furnished and the entire matter is now considered to be fully submitted for a final determination by this Commission.

Test Period

For the purpose of determining the reasonableness of the proposed rates, the twelve month period ending December 31, 1979, has been utilized as the "Test Year". Adjustments, where found significant and reasonable, have been included to reflect more current operating conditions.

Findings in This Matter

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

1. That the existing rates charged by the Utility for water and sewage services provided annual revenues of \$12,092 and \$7,634 respectively for the twelve months ending December 31, 1979.

Further, that expenses for water and sewage services totaling \$23,335 and \$17,844 respectively resulted in a net loss of \$11,243 for water operation and a net loss of \$10,210 for sewer operation.

2. That the Utility's proforma annual operating expenses including depreciation and taxes are estimated to be approximately \$24,318 for water service and \$18,915 for sewage service.

3. That the rates prescribed and set forth in Appendix "A" for water and Appendix "B" for sewage each attached hereto and made a part hereof are the fair, just and reasonable rates to be charged by the Utility for water and sewage services rendered to its customers. Further, that these water and sewage rates should produce annual water revenues of approximately \$21,215 and annual sewage revenues of approximately \$13,207.

4. That the Commission, after consideration of the tabulations of the test-year and projected revenues and expenses for water and sewage services submitted by the Utility, concludes that said revenues, expenses, and proforma adjustments thereto can be summarized as shown in Appendix "C" for water operation and Appendix "D" for sewer operation each attached hereto and made a part hereof. On the basis of the said Appendix "C" and "D" tabulations, the Commission further concludes that annual revenues in the amount of \$21,215 and \$13,207 for water and sewage respectively are necessary and will permit the Utility to meet its reasonable cash operating expenses but will not provide for an adequate depreciation reserve.

5. The Utility further states in its application "that it realizes the rates requested are not sufficient to fully alleviate all financial shortcomings of the District but it feels that higher rates may be detrimental to the further existance of the District." Mr. W. C. Babbington with Kenroy Engineers testified at the hearing (Page 27 of the Transcript) that revenues would increase approximately 20% when all meters have been repaired and installed and all customers would be metered customers rather than minimum or average.

Orders in This Matter

The Commission, on the basis of this matter hereinbefore set forth, and the evidentiary records in this case:

HEREBY ORDERS that the rates as prescribed and set forth in Appendix "A" and Appendix "B", each attached hereto and made a part hereof are fixed and prescribed as the rates for water service and sewage service respectively rendered by Caney Creek Water District on and after the date of this Order.

IT IS FURTHER ORDERED that the Utility advise this Commission, in writing, when all meters have been repaired and are in service.

IT IS FURTHER ORDERED that the Utility shall submit quarterly financial statements to the Commission until such time as the Commission is assured as to the financial stability of the Utility.

IT IS FURTHER ORDERED that the Utility file with this Commission within thirty (30) days from the date of this Order its revised tariff sheets setting forth the rates approved herein. Further, that a copy of the Utility's "Rules and Regulations" for the providing of services to its customers shall be filed with said tariff sheets.

Done at Frankfort, Kentucky, this 21st day of November, 1980.

UTILITY REGULATORY COMMISSION

~~Chairman~~

*Allen H. Moore*  
Vice Chairman

*Mary Kay Baker*  
Commissioner

ATTEST:

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Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY  
COMMISSION IN CASE NO. 7786 DATED NOVEMBER 21, 1980.

The following rates are hereby prescribed for all the customers served by Caney Creek Water District. All other rates and charges not mentioned specifically herein shall remain the same as those in effect prior to the date of this Order.

Water Rates

Gallonage Blocks  
For Each Meter Size

Monthly Rate For  
Each Gallonage Block

3/4" Meter

First 2,000 gallons  
Next 8,000 gallons  
Over 10,000 gallons

\$8.00 Minimum Bill  
2.50 per 1,000 gallons  
2.00 per 1,000 gallons

2" Meter

First 15,000 gallons  
Over 15,000 gallons

\$38.00 Minimum Bill  
2.00 per 1,000 gallons

3" Meter

First 30,000 gallons  
Over 30,000 gallons

\$68.00 Minimum Bill  
2.00 per 1,000 gallons

Service Connection Charge

Water Connection

\$200.00

APPENDIX "B"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY  
COMMISSION IN CASE NO. 7786 DATED NOVEMBER 21, 1980.

The following rates are hereby prescribed for all the customers served by Caney Creek Water District. All other rates and charges not mentioned specifically herein shall remain the same as those in effect prior to the date of this Order.

Sewage Rates

Gallage Blocks  
of Water Usage

Monthly Rate for  
Each Gallage Block

3/4" Water Meter

First 2,000 gallons  
Next 8,000 gallons  
Over 10,000 gallons

\$4.80 Minimum Bill  
1.50 per 1,000 gallons  
1.20 per 1,000 gallons

2" Water Meter

First 15,000 gallons  
Over 15,000 gallons

\$22.80 Minimum Bill  
1.20 per 1,000 gallons

3" Water Meter

First 30,000 gallons  
Over 30,000 gallons

\$40.80 Minimum Bill  
1.20 per 1,000 gallons

Customers not on Water System

\$8.00 Flat Rate

Service Connection Charge

Sewer Connection

\$150.00

APPENDIX "C"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY  
COMMISSION IN CASE NO. 7786 DATED NOVEMBER 21, 1980.

	<u>Test<sup>(1)</sup></u> <u>Year</u>	<u>Proforma<sup>(2)</sup></u> <u>Requested</u>	<u>Proforma</u> <u>Found</u> <u>Reasonable</u>
(Number of Customers)	(80)	(80)	(80)
<u>Operating Revenues</u>			
Water Revenues	\$12,092	\$21,215	\$21,215
<u>Operating Expenses</u>			
1. Salaries and Wages	4,499	5,342	5,342
2. Payroll Taxes	297	374	374
3. Bookkeeping Fees	1,618	1,618	1,618
4. Directors' Fees	60	0	0
5. Operating Supplies	706	2,000	706 <sup>(3)</sup>
6. Repairs and Maintenance	2,106	3,000	2,106 <sup>(3)</sup>
7. Utilities	4,241	4,241	4,241
8. Telephone	66	200	200
9. Insurance	195	280	280
10. Professional Fees	150	650	650
11. Office Supplies	79	156	79 <sup>(3)</sup>
12. Casual Labor	506	0	0
13. P.S.C. Assessment	25	25	25
14. Bad Debts	180	90	90
15. Miscellaneous	26	100	26 <sup>(3)</sup>
16. Depreciation	6,932	6,932	6,932
17. Interest on Debt	<u>1,649</u>	<u>1,649</u>	<u>1,649</u>
Total Operating Expenses	\$23,335	\$26,657	\$24,318
Net Income (Loss)	(\$11,243)	(\$ 5,442)	(\$ 3,103)

(1) Test Year Revenues and Expenses were taken from the Utility's Comparative Income Statement for the twelve month period ending December 31, 1979.

(2) Proforma Revenues were the amount requested by the Utility.

(3) The Utility failed to adequately justify the requested increase and it was, therefore, disallowed by the Commission.

APPENDIX "D"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY  
COMMISSION IN CASE NO. 7786 DATED NOVEMBER 21, 1980.

	Test <sup>(1)</sup> <u>Year</u>	Proforma <sup>(2)</sup> <u>Requested</u>	Proforma Found <u>Reasonable</u>
(Number of Customers)	(84)	(84)	(84)
<u>Operating Revenues</u>			
Sewage Revenues	\$ 7,634	\$13,207	\$13,207
<u>Operating Expenses</u>			
1. Salaries and Wages	2,249	2,670	2,670
2. Payroll Taxes	148	186	186
3. Bookkeeping Fees	809	809	809
4. Directors' Fees	30	0	0
5. Operating Supplies	353	1,000	353 <sup>(3)</sup>
6. Repairs and Maintenance	701	1,000	701 <sup>(3)</sup>
7. Utilities	1,502	1,502	1,502
8. Telephone	33	100	100
9. Insurance	300	420	420
10. Professional Fees	150	650	650
11. Office Supplies	52	104	52 <sup>(3)</sup>
12. Casual Labor	0	0	0
13. P.S.C. Assessment	25	25	25
14. Bad Debts	105	60	60
15. Miscellaneous	12	50	12 <sup>(3)</sup>
16. Depreciation	9,188	9,188	9,188
17. Interest on Debt	<u>2,187</u>	<u>2,187</u>	<u>2,187</u>
Total Operating Expenses	\$17,844	\$19,951	\$18,915
Net Income (Loss)	(\$10,210)	(\$ 6,744)	(\$ 5,708)

(1) Test Year Revenues and Expenses were taken from the Utility's Comparative Income Statement for the twelve month period ending December 31, 1979.

(2) Proforma Revenues were the amount requested by the Utility.

(3) The Utility failed to adequately justify the requested increase and it was, therefore, disallowed by the Commission.