

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF THE)
DAVID WATER DISTRICT)
FOR APPROVAL OF ADJUST-) CASE NO. 7788
MENT TO CERTAIN WATER)
RATES WITHIN ITS SERVICE)
AREA)

INTERIM ORDER

On March 27, 1980, the David Water District (hereinafter Applicant or David) filed an application with this Commission seeking approval of an adjustment to the rate it charges for water from a two-inch meter.

The Commission scheduled the matter for hearing July 9, 1980, and ordered Applicant to give notice of the hearing and the proposed rate adjustment. The hearing was conducted as scheduled at the Commission's offices in Frankfort, Kentucky.

On April 2, 1980, the Consumer Intervention Division in the Office of the Attorney General filed a motion to intervene in this proceeding. On the hearing date, Middle States Coal Company (hereinafter Middle States) filed a motion to intervene in this proceeding which was sustained. Middle States moved that the case be dismissed on the grounds that the rate adjustment was discriminatory in that Middle States was the only customer affected.

COMMENTARY

David Water District is a non-profit water distribution system which serves approximately 78 consumers in Floyd County, Kentucky. Applicant purchases all its water from the Beaver Elkhorn Water District. Applicant's plant-in-service, which consists of a water distribution system serving 78 customers, is fully contributed, having been financed with Federal Grants.

TEST YEAR

Applicant proposed and the Commission has adopted the twelve-month period ending December 31, 1979, as the test period for determining the reasonableness of the proposed rates and charges. In utilizing the historic test period the Commission has given full consideration to known and measurable changes where appropriate.

FINDINGS

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

1. That the Applicant has need for an increase in the rate it charges customers served by two-inch meters.

2. That the Applicant had been operating at a deficit while selling only to the customers it serves by 5/8 inch meters.

3. That the Applicant's proposed rate adjustment is not cost-justified and that the proposed rate places an unfair burden on Middle States in that the Applicant seeks a rate that not only provides revenues sufficient to meet current operating expenses, but also provides revenues sufficient to cover losses incurred in prior years.

4. That the Applicant should, within thirty (30) days from the date of this Order, file with this Commission an amended application setting forth a revised schedule of rates whereby any increase in revenues is more reasonably apportioned to all classes of customers.

5. That the Applicant should submit a statement clarifying the estimated number of days and months Middle States will be in operation during a twelve-month period.

SUMMARY

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

HEREBY ORDERS, that the rate adjustment proposed by the Applicant is unjustifiably discriminatory and is hereby denied.

IT IS FURTHER ORDERED, that the Applicant shall, within thirty (30) days from the date of this Order, file with this

Commission a revised schedule of rates in accordance with "Finding No. 4" as previously set forth herein. Further, that the Applicant's existing rates shall remain in effect until adjustments thereto are approved by this Commission.

IT IS FURTHER ORDERED, that the Applicant shall file with this Commission a statement clarifying the number of days and months Middle States will operate in accordance with "Finding No. 5" of this Order.

Done at Frankfort, Kentucky, this the 25th day of August, 1980.

UTILITY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary