

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF WARREN COUNTY)
WATER DISTRICT, WARREN COUNTY,)
KENTUCKY, SEEKING APPROVAL OF AN)
INCREASE IN ITS SCHEDULE OF SEWER)
SERVICE RATES AND CHARGES, SUCH)
INCREASE TO BE EFFECTIVE AS OF)
THE 5th DAY OF JANUARY 1981)

CASE NO. 8084

O R D E R

On June 5, 1981, the Commission issued an Order in the above styled matter adjusting the sewer service rates of Warren County Water District ("Applicant"). On June 25, 1981, Applicant filed its motion for rehearing in the above-styled matter. In support of the motion for rehearing, Applicant submitted two brief statements setting out disallowance of depreciation expense on contributed property and additional rates and charges for the disposal of untreated sewerage as the issues on which a rehearing was sought.

Summary

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

1. The primary purpose of recording depreciation expense is to allocate the cost of the asset to operations over its useful life, not to provide funds for the replacement of the asset as the Applicant states. The disallowance of depreciation expense on con-

tributed property does allow for the recovery of the Applicant's actual plant costs, therefore, the motion for rehearing on this issue should be denied.

2. Applicant's motion for rehearing offers additional evidence as to the \$6,533 increase in the rates and charges for the disposal of untreated sewerage that could not with reasonable diligence have been offered on the former hearing. Therefore, the motion for rehearing on this issue will be granted.

3. Sufficient information upon which to base a decision on the validity of additional costs is offered in the motion for rehearing. Therefore, holding a hearing in this matter would not be in the public interest as the additional cost incurred during the hearing process, in and of itself, would only result in increased expenses for the utility and ultimately higher rates for the ratepayer.

4. The rates and charges prescribed and set forth in Appendix A should produce additional revenues of approximately \$6,533 and are the fair, just and reasonable rates to charge for sewer service rendered by Applicant, in that based on test period conditions, operating revenues of \$155,503 will be produced.

IT IS THEREFORE ORDERED that the motion for rehearing on the issue of depreciation expense on contributed property be and it is hereby denied.

IT IS FURTHER ORDERED that the motion for rehearing on the issues of an increase in the rates and charges for the disposal of untreated sewerage be and it is hereby granted.

IT IS FURTHER ORDERED that the rates and charges set forth in Appendix A shall supersede the rates and charges set forth in the

Order dated June 5, 1981, and are fair, just and reasonable for sewer service rendered by Applicant on and after the date of this Order.

IT IS FURTHER ORDERED that to insure that all affected parties have the opportunity to express an opinion with respect to the change in rates and charges due to the increased costs of the disposal of untreated sewerage, Applicant shall, within ten days of the date of this Order, mail to each customer a notice setting forth the change in approved rates and charges. Said notice shall also contain the following language:

After analyzing the information set forth in the motion the Commission has determined that the approved change in rates and charges is required to enable Warren County Water District to meet its increased untreated sewerage disposal expenses and to continue to provide adequate service and, further, that holding a hearing in this matter would not be in the public interest as it would place additional costs on the utility and ultimately the ratepayer. However, if any customer desires to make a statement concerning the approved rates and charges or request a hearing in this matter at the Commission's offices in Frankfort, Kentucky, he/she may do so by mailing the statement or request by August 15, 1981, to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602. A copy of the information should also be provided to the Attorney General's Consumer Intervention Division.

IT IS FURTHER ORDERED that Applicant shall file with this Commission (with a copy to the Attorney General's Consumer Intervention Division) a copy of the notification and a notarized statement verifying such notification.

IT IS FURTHER ORDERED that Applicant shall file with this Commission within 30 days from the date of this Order its revised tariff sheets setting forth the rates and charges approved herein.

Done at Frankfort, Kentucky, this 15th day of July, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Katherine Spudall
Vice Chairman

Jim Harger
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8084 DATED JULY 15, 1981.

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

Domestic, Commercial, or Industrial

RATES: Monthly

First	2,000 gallons	\$4.50	Minimum Bill
Next	3,000 gallons	1.80	per 1,000 gallons
Next	3,000 gallons	1.20	per 1,000 gallons
Next	4,000 gallons	1.05	per 1,000 gallons
Next	20,000 gallons	.95	per 1,000 gallons
Next	50,000 gallons	.80	per 1,000 gallons
Next	60,000 gallons	.70	per 1,000 gallons
Next	3,000,000 gallons	.45	per 1,000 gallons
Over	3,142,000 gallons	.35	per 1,000 gallons