

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MONROE)
COUNTY WATER DISTRICT FOR)
AN ADJUSTMENT OF RATES) CASE NO. 8670
PURSUANT TO THE ALTERNATIVE)
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On October 1, 1982, Monroe County Water District ("Monroe County") filed an application to increase its rates for water service pursuant to 807 KAR 5:076, Alternative Rate Adjustment Procedure for Small Utilities. As a part of its application, Monroe County requested that the Commission depart from its practice of disallowing depreciation on contributed property and allow said expense for rate-making purposes in this instance.

In adopting the alternative rate adjustment procedure for small utilities, the Commission recognized the high costs associated with rate applications before the Commission and initiated the simplified procedure in order to alleviate the cost burden of acquiring legal counsel and rate consultants. The Commission anticipated that in most cases a hearing would not be required and that the evidence of record would consist of the annual reports on file with the Commission, information submitted in the application form, and responses to informational requests.

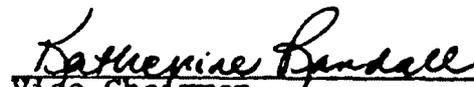
In this case, Monroe County has chosen to contest the Commission's established rate-making policy on the issue of depreciation on contributed property. Therefore, in order to afford due process to all parties concerned the Commission must schedule a public hearing to allow all parties the opportunity to cross-examine Monroe County on this issue. However, if Monroe County should choose to withdraw its request for rate-making treatment outside the Commission's established policy, the alternative rate adjustment filing can be processed in the normal manner.

IT IS THEREFORE ORDERED that Monroe County shall notify the Commission within 10 days after the date of this Order of its desire to proceed with a public hearing in this case or to withdraw its request for rate-making treatment outside the Commission's established policy on the issue of depreciation on contributed property.

Done at Frankfort, Kentucky, this 5th day of November, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary