

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DEXTER-ALMO )  
HEIGHTS WATER DISTRICT FOR )  
AN ADJUSTMENT OF RATES ) CASE NO. 8663  
PURSUANT TO THE ALTERNATIVE )  
PROCEDURE FOR SMALL UTILITIES )

O R D E R

On September 27, 1982, Dexter-Almo Heights Water District ("Dexter") filed an application with the Commission to increase its water rates pursuant to 807 KAR 5:076. This regulation allows utilities with 400 or fewer customers or \$200,000 or less gross annual revenues to use the alternative rate filing method ("ARF") in order to minimize the necessity for formal hearings, to reduce filing requirements, and to shorten the time between the application and the Commission's final Order. This procedure minimizes rate case expenses to the utility and, therefore, results in lower rates to the ratepayers.

Dexter requested rates which would produce an annual increase of \$12,035. According to Dexter's application, this increase is necessary because of an increase in the wholesale rate charged Dexter by its supplier, the need to retire its indebtedness as it comes due, its inability to make needed

repairs and extensions to the system and a reduction in revenues from the loss of a major customer. The Commission in this Order has allowed the requested increase of \$12,035.

There were no intervenors in this matter, and no protests were entered. All information requested by the Commission has been submitted.

#### TEST PERIOD

For the purpose of determining the reasonableness of the proposed rates, the 12-month period ending December 31, 1981, has been accepted as the test period.

#### REVENUES AND EXPENSES

Dexter has proposed to use, and the Commission has accepted, its annual report on file with the Commission for the year ending December 31, 1981, as its primary financial exhibit in this proceeding. Based on this annual report the Commission has determined that Dexter had operating revenues during the test period of \$34,533 and operating expenses of \$27,639 resulting in operating income of \$6,894 prior to debt service cost of \$17,099.<sup>1/</sup>

#### REVENUE REQUIREMENTS

The Commission has determined that Dexter's current level of income, which results in a debt service coverage

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<sup>1/</sup> Principal of \$6,000 + Interest of \$11,099.

of  $.4X^{2/}$  is unfair, unjust and unreasonable in that it will not allow Dexter to meet its operating costs and service its debt. Therefore, the Commission has allowed Dexter to increase its revenues on an annual basis by the amount of its requested increase of \$12,035,<sup>3/</sup> which produces a debt service coverage of 1.1X and will therefore improve Dexter's financial position.

#### FINDINGS AND ORDERS

The Commission, after examining the evidence of record and being advised, is of the opinion and finds that:

The rates proposed by Dexter and included in Appendix A to this Order are the fair, just and reasonable rates for Dexter to charge its customers and should be approved for water service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that Dexter be and it hereby is authorized to place into effect the rates and charges in Appendix A on and after the date of this Order.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Dexter shall file with the Commission its revised tariffs setting out the rates approved herein.


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$$2/ \quad \$6,894 \div \$17,099 = .403.$$

$$3/ \quad \text{Estimated revenues from proposed rates } \$46,568 - \\ \text{Revenues from 1981 annual report } \$34,533 = \$12,035.$$

Done at Frankfort, Kentucky, this 6th day of January, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 8663 DATED JANUARY 6,  
1983

The following rates are prescribed for all customers served by Dexter-Almo Heights Water District. All rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

|       |                |                        |
|-------|----------------|------------------------|
| First | 2,000 gallons  | \$9.25 Minimum Bill    |
| Next  | 3,000 gallons  | 3.00 per 1,000 gallons |
| Next  | 5,000 gallons  | 2.30 per 1,000 gallons |
| Next  | 10,000 gallons | 2.00 per 1,000 gallons |
| Over  | 20,000 gallons | 1.00 per 1,000 gallons |