

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF DEWITT)
WATER DISTRICT FOR AN)
ADJUSTMENT OF RATES) CASE NO. 8798
PURSUANT TO THE ALTERNATE)
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On August 5, 1983, Dewitt Water District ("Dewitt") submitted a request for a rehearing of this case. Dewitt filed a letter from Mr. Starling S. Gregory, Receiver for East Knox County, Kentucky, Water District, which contained a general discussion of the effect of the Commission's Order on the financial condition of Dewitt. Three items mentioned in this letter which were issues discussed in the Order of July 15, 1983, were exclusion of depreciation on contributed property, disallowance of purchased water costs for line loss in excess of 15 percent, and disallowance of rate case expense.

The Commission's decision on the issues of excess line loss and depreciation expense were based on well established rate-making policies. Dewitt was apprised of these policies in an Order requesting information issued

April 22, 1983. The response to this information request did not present any evidence which would provide a basis for the Commission to depart from its established position on these issues. Likewise, the petition for rehearing provides no persuasive evidence to allow reconsideration of these issues.

With regard to the issue of rate case expense, the Commission will grant the petition for reconsideration and allow Dewitt to provide additional information in support of this cost, including copies of invoices for work performed for this case, a detailed breakdown of hours billed and hourly rates, a detailed description of the work performed for each unit of time billed and a statement why this level of expense is reasonable in a case filed under the alternative rate adjustment procedure.

IT IS THEREFORE ORDERED that the petition for reconsideration be and it hereby is denied on the issues of depreciation on contributed property and excess line loss.

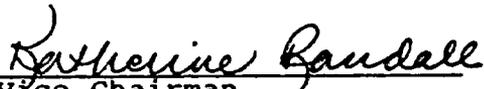
IT IS FURTHER ORDERED that the petition for reconsideration be and it hereby is granted on the issue of rate case expense.

IT IS FURTHER ORDERED that Dewitt shall file within 20 days of the date of this Order its supporting documentation as set out above for the requested rate case expense.

Done at Frankfort, Kentucky, this 25th day of August, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary