

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF RATES)
OF PARKSVILLE WATER) CASE NO. 8907
DISTRICT)

ORDER

On September 19, 1983, Parksville Water District ("Parksville") filed with this Commission an application seeking authority to adjust its rates pursuant to 807 KAR 5:076, Alternative Rate Adjustment for Small Utilities ("ARF"). According to the Commission's regulations regarding this filing procedure, in order to be considered eligible to submit an ARF application for rate adjustment, the applicant must have on file with the Commission "fully completed annual reports for the immediate past year, and for at least the 2 prior years when the applicant has been in existence that long."

In a review of the annual reports that Parksville presently has on file with the Commission, it was revealed that Parksville's report for the year ended December 31, 1982, was incomplete with regard to a reporting requirement which was established by the Commission's Order in Case No. 8365, An Adjustment of Rates of Parksville Water District, dated May 21, 1982. According to the Order in that case,

Parksville is to include in its filing of each annual report through December 31, 1995, a statement that contains details regarding its compliance with the fund provision of its 1965 bond ordinance, specifying the total amount of annual deposits into the required account. Therefore, as Parksville's Annual Report for the year ended December 31, 1982, is deficient with regard to this requirement, the Commission finds that, in order for Parksville to be in compliance with the Commission's regulations regarding the ARF procedure, as well as the Commission's Order in Case No. 8365, Parksville should be required to file this information within 10 days of the date of this Order.

Section 3 of 807 KAR 5:076 requires that an applicant requesting rate adjustment under the ARF procedure must give notice to its customers of the proposed rate changes, and that such notice

- 1) shall be included with customer billings made on or before the date the application is filed with the Commission, 2) shall be published by such date in a trade publication or newsletter going to all customers, or 3) shall be published once a week for 3 consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, with the first publication to be made prior to the filing of the application with the Commission.

Therefore, the Commission finds that Parksville, in order to be in compliance with the requirements as set forth in Section 3 of 807 KAR 5:076, should be required to file, within 10 days of the date of this Order, documentation of the notice to its customers of the proposed rate changes.

Also submitted with the application in this case was a request by Parksville for a deviation from the calendar year test period that is required by Section 1 of 807 KAR 5:076. Parksville maintained that the fiscal year was used in order to reflect the earliest time period in which there were 12 months of operation under the rate schedule set forth in the Order of Case No. 8365, dated May 21, 1982. The test period submitted in this case is the 12 months ended May 31, 1983. Although the fiscal year test period is not essential for an accurate analysis of Parksville's proposed rate adjustment, the Commission finds no reason to deny Parksville's request for deviation, and therefore, will accept the 12-month period ended May 31, 1983, as the test period in this case. However, an examination of the test period comparative income and expense statement, submitted in Appendix I of the application, reflects that the format of this statement and the accounts used in this statement do not comply with the requirements established in the Uniform System of Accounts for Class C and D Water Districts and Associations. Therefore, the Commission finds that, in consideration of the approval of the May 31, 1983, test period, Parksville should submit, within 10 days of the date of this Order, a revised comparative income and expense statement in accordance with the Uniform System of Accounts as prescribed by this Commission.

With regard to the expenses associated with rate adjustment applications submitted under the ARF procedure, the Commission is of the opinion that such expenses should be limited to a maximum amount of \$1,000 to be amortized over a period of 3 years. According to the application, Parksville negotiated a contractual agreement with the Bluegrass Area Development District ("ADD") for technical services, whereby the ADD, for a fee of \$3,850, would provide a number of services associated with the preparation and filing of Parksville's rate adjustment case.

The Commission is aware of various complications that may arise during the course of the filing of a rate adjustment application, thus resulting in the incurrence of additional expenses. However, such additional costs must be adequately justified as to their necessity.

IT IS THEREFORE ORDERED that Parksville shall file, within 10 days of the date of this Order, a statement that contains details regarding Parksville's compliance with the fund provisions of the 1965 bond ordinance, specifying the total amount of deposits into the required account for the year ended December 31, 1982.

IT IS FURTHER ORDERED that Parksville shall file, within 10 days of the date of this Order, documentation of the notice to its customers of the proposed rate changes, pursuant to Section 3 of 807 KAR 5:076.

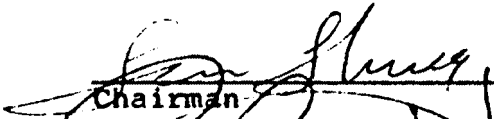
IT IS FURTHER ORDERED that Parksville's request for a deviation from the calendar year test period be and it hereby is granted, subject to its filing, within 10 days of the date of this Order, revised comparative income and expense statements, based upon the requirements of the Uniform System of Accounts for Class C and D Water Districts and Associations.


IT IS FURTHER ORDERED that the test period upon which the Commission will base its decision in this case be and it hereby is the 12-month period ending May 31, 1983.


IT IS FURTHER ORDERED that if neither the information requested herein nor a motion for an extension of time is filed with the Commission within the allotted time period, the case may be dismissed.

Done at Frankfort, Kentucky, this 2nd day of November, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary