

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT OF )  
U.S. 60 WATER DISTRICT OF SHELBY ) CASE NO. 8044-1  
AND FRANKLIN COUNTIES )

ORDER ON REHEARING

On September 7, 1984, the Commission entered its Order granting the U.S. 60 Water District ("U.S. 60") an increase of \$9,837 pursuant to its purchased water adjustment application filed on May 15, 1984.

The Commission received on September 24, 1984, a letter from U.S. 60 requesting that its adjusted operating revenues and other income be redetermined to omit revenues from emergency water sales which could not be expected to recur. In its Order of October 1, 1984, the Commission found merit in U.S. 60's position and, therefore, granted rehearing.

In recalculating U.S. 60's adjusted revenues and expenses, the Commission has made two adjustments: the first to reduce revenue from nonrecurring water sales, the second to reduce nonrecurring purchased water cost. The reduction to revenue from water sales is \$4,831; the reduction to purchased water cost is

\$3,866.<sup>1</sup> Therefore, the Commission finds that U.S. 60's adjusted test period operations are as follows:

	<u>Actual</u>	<u>Adjustments</u>	<u>Adjusted</u>
Operating Revenues	\$126,496	\$ <4,831>	\$121,665
Operating Expenses	<u>93,209</u>	<u>15,505</u>	<u>108,714</u>
Operating Income	<u>\$ 33,287</u>	<u>\$ &lt;20,336&gt;</u>	<u>\$ 12,951</u>

#### REVENUE REQUIREMENTS

U.S. 60's annual debt service is \$22,508.<sup>2</sup> U.S. 60's amended adjusted operating income of \$12,951 plus interest income of \$3,257 provides a debt service coverage ("DSC") of approximately .72X.<sup>3</sup> In its Order of September 7, 1984, the Commission granted U.S. 60 \$9,837 in additional revenue in order to achieve a DSC of 1.2X. However, with the new information, the additional revenue will only produce a DSC of 1.16X. Accordingly, the Commission has determined that additional revenue of \$965<sup>4</sup> is necessary to provide the 1.2X DSC the Commission considers fair, just and reasonable.

1	Purchased Water Increase (Before Adjustment)	\$22,001
	Purchased Water Increase (After Adjustment)	<u>18,135</u>
	Reduction in Purchased Water Cost	<u>\$ 3,866</u>
2	Bonds (5-year average principal 1984-88)	\$ 8,600
	Interest (5-year average 1984-88)	<u>13,908</u>
	Debt Service	<u>\$22,508</u>
3	$\$12,951 + \$3,257 = \$16,208 \div \$22,508 = .72X$	
4	Adjusted Operating Expenses	\$108,714
	1.2X Debt Service (\$22,508)	<u>27,010</u>
	Revenue Requirement	<u>\$135,724</u>
	Less: Adjusted Operating Revenue and Other Income	<u>124,922</u>
	Increase Allowed	<u>\$ 10,802</u>

SUMMARY

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

1. The rates and charges in Appendix A are the fair, just and reasonable rates to be charged by U.S. 60 in that they should produce the revenue required by U.S. 60.

IT IS THEREFORE ORDERED that the rates and charges in Appendix A are the fair, just and reasonable rates and charges to be charged by U.S. 60 for water service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that all provisions of the Commission's Order of September 7, 1984, in this matter not specifically addressed herein shall remain in full force and effect.

IT IS FURTHER ORDERED that within 30 days of the date of this Order U.S. 60 shall file with the Commission its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this 25th day of October, 1984.

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. 8044-1 DATED 10/25/84

The following rates are prescribed for customers of U.S. 60 Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

GALLONAGE BLOCKS

MONTHLY RATES

First 1,000 gallons  
Next 2,000 gallons  
Next 2,000 gallons  
Over 5,000 gallons

\$7.00 Minimum Bill  
3.30 per 1,000 gallons  
2.55 per 1,000 gallons  
2.20 per 1,000 gallons