

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

AN ADJUSTMENT OF RATES IN THE)
EAST LOGAN WATER DISTRICT AND)
FOR AUTHORITY TO REAMORTIZE) CASE NO. 9440
EXISTING BOND INDEBTEDNESS)

O R D E R

On October 4, 1985, East Logan Water District ("East Logan") filed an application with the Commission requesting an increase in rates and for authority to reamortize its existing indebtedness. This application was accompanied by a motion from East Logan seeking emergency rate relief pursuant to KRS 278.190(2).

East Logan requested that the rates proposed in the general rate case be placed in effect immediately to provide emergency or temporary relief. The proposed rates would produce a revenue increase of approximately \$11,520 annually on a test-period basis.

Of fundamental importance in interim rate relief issues, as outlined in the Commission's "Guidelines for Applications for Interim Rate Relief" issued to all utilities on September 29, 1982, is whether financial harm will occur to the utility as a direct result of nondiscretionary expenditures. Further, in establishing the need for interim rate relief, the Commission has taken the position that, due to the limited amount of time in which to rule on the interim request, there is a substantial

burden on the utility to provide a thoroughly documented, clearly justifiable need for interim rates within the parameters established in the guidelines on requests for interim rates.

The guidelines for interim rate relief state that an applicant may request an interim order when it proves that non-discretionary expenditures have been incurred or will be incurred prior to the expiration of 5 months. The applicant must prefile testimony supporting the nondiscretionary expenditures as well as testimony addressing any and all cost savings and productivity measures instituted in response to these expenditures. The guidelines further require the submission of a monthly cash flow analysis for each month prior to the expected final order in the applicant's general rate case.

As proof of nondiscretionary expenditures, East Logan filed exhibits from its water supplier, The City of Russellville, regarding two increases in purchased water cost; however, the most recent increase became effective on October 5, 1984. East Logan filed no testimony addressing cost savings or productivity measures, and the cash flow analysis provided does not comply with the Commission guidelines because it does not include an analysis for each month prior to the expected final order in the general rate case. Furthermore, an explanation of how the projected cash flow was determined was not provided.

The deficiencies noted above, in addition to East Logan's deficiencies in its general rate case,¹ are such that there is not

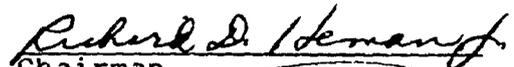
¹ Commission's letter dated October 15, 1985.

sufficient time to obtain and examine the required information in a proper manner without causing undue delay in the general rate case.

IT IS THEREFORE ORDERED that East Logan's motion for interim rate relief be and it hereby is denied.

Done at Frankfort, Kentucky, this 8th day of November, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary