

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF BOSTON WATER)
DISTRICT FOR THE INCREASE AND)
ESTABLISHMENT OF CERTAIN NON-) CASE NO. 9662
RECURRING CHARGES AND THE)
ESTABLISHMENT OF A SPECIAL)
CONTRACT RATE)

O R D E R

On June 30, 1986, Boston Water District ("Boston") filed tariffs with the Commission proposing to increase and establish certain non-recurring charges and to establish a new Special Contract rate.

The Commission is of the opinion and finds that pursuant to KRS 278.190 further proceedings are necessary in order to determine the reasonableness of the proposed rates.

Pursuant to 807 KAR 5:011, Section 10, Boston must submit the following information:

1. Each requested rate revision must be accompanied by:

(a) A specific cost justification for the proposed rates. The proposed rates should at least cover incremental costs, and a reasonable contribution to overhead. Incremental costs are defined as those costs which would be specifically incurred in the provision of this service.

(b) A copy of the public notice of each requested rate revision and verification that it has been made pursuant to 807 KAR 5:011, Section 8. In addition to the notice requirements

contained in Section 8 of this regulation, the utility shall also mail a copy of its filing to the Attorney General's Consumer Protection Division. The Attorney General will then have 10 days to notify the Commission in writing if it requests a hearing in a particular case.

(c) A detailed statement explaining why the proposed changes could not have been included in the most previous general rate case, and why current conditions prevent deferring the proposed changes until the next general rate request.

(d) An impact statement identifying the group of customers affected by the proposed tariff. The impact statement shall identify potential as well as existing customers.

(e) A copy of the utility's income statement and balance sheet for a recent 12-month period.

2. If the additional revenue to be generated from the proposed tariff revisions exceeds by 5 percent the total revenues provided by all miscellaneous and non-recurring charges for a recent 12-month period, the utility must file, in addition to the information set out in (1)(a) above, the following: An absorption test showing that the additional net income generated by the tariff filing will not result in an increase in the rate of return (or other applicable valuation methods) to a level greater than that which was allowed in the most recent rate case. Any general rate increases received during the 12-month period must be annualized. Any significant cost changes may be included but must be documented as part of the filing.

For each new non-recurring charge which Boston is proposing to establish, a specific cost justification for the proposed rate is required.

For the "Special Contract" classification which Boston has proposed, the specific contract or contracts which apply under this service must be filed with the Commission pursuant to 807 KAR 5:011, Section 13.

IT IS THEREFORE ORDERED that:

1. Within 30 days from the date of this Order Boston shall file with the Commission all information as herein prescribed in compliance with 807 KAR 5:011.

2. Within 30 days from the date of this Order Boston shall file with the Commission the contract or contracts applicable under the proposed Special Contract rate.

Done at Frankfort, Kentucky, this 11th day of August, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director