

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On November 26, 1986, the Supreme Court of Kentucky rendered a decision in the cases of Public Service Commission of Kentucky v. Dewitt Water District, Ky., 720 S.W. 2d 725 (1986), finding that depreciation expense on contributed property should be recognized for rate-making purposes.

In Case No. 8798,¹ the Commission's Order from which Dewitt Water District ("Dewitt") appealed, depreciation on contributed property totaling \$1,404 annually was not recognized for rate-making purposes. In light of the Supreme Court decision, the Commission will incorporate the disallowed \$1,404 into the basic rates of Dewitt, as of the date of this Order.

SUMMARY

The Commission, being advised, is of the opinion and finds that:

¹ The Application of Dewitt Water District for an Adjustment of Rates Pursuant to the Alternative Procedure for Small Utilities.

1. Subject to the Supreme Court decision of November 26, 1986, Dewitt's revenue requirement should be increased by an additional \$1,404 reflecting depreciation on contributed property.

2. Except for the increase granted herein to revenue requirements and the changes made in the Commission's Orders on Rehearing dated November 3, 1983, and March 7, 1986, the Commission's Order dated July 15, 1983, should be affirmed.

3. Dewitt should provide notice to its customers explaining the reason for the increase in rates. The notice should be made no later than the date of issue of the water bills reflecting the increased revenue requirement.

IT IS THEREFORE ORDERED that:

1. Except as to the depreciation expense on contributed property and the rates affected thereby, and the Commission's subsequent Orders dated November 3, 1983, and March 7, 1986, the Commission's Order dated July 15, 1983, be and it hereby is affirmed.

2. The rates in Appendix A be and they hereby are approved for service rendered by Dewitt on and after the date of this Order.

3. Within 30 days from the date of this Order, Dewitt shall file with this Commission its revised tariff sheets setting out the rates approved herein.

4. Dewitt shall serve notice to its customers explaining the Supreme Court decision and its impact on the rates of Dewitt with said notice being made no later than the issuance of monthly bills reflecting the increase.

Done at Frankfort, Kentucky, this 2nd day of June, 1987.

PUBLIC SERVICE COMMISSION

Richard D. Hermanoff
Chairman

[Signature]
Vice Chairman

James M. Williams
Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8798 DATED JUNE 2, 1987.

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

RATES: Monthly

First 1,000 gallons	\$7.00 Minimum Bill
Next 9,000 gallons	2.15 per 1,000 gallons
Next 20,000 gallons	1.70 per 1,000 gallons
Over 30,000 gallons	1.30 per 1,000 gallons