

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE JESSAMINE COUNTY)
WATER DISTRICT NO. 1, A WATER DISTRICT)
PURSUANT TO CHAPTER 74 OF THE KENTUCKY)
REVISED STATUTES, IN JESSAMINE COUNTY,)
KENTUCKY FOR (1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY, AUTHORIZING)
AND PERMITTING SAID WATER DISTRICT TO)
CONSTRUCT WATERWORKS DISTRIBUTION SYSTEM)
IMPROVEMENTS, CONSISTING OF AN ELEVATED) CASE NO. 9567
WATER STORAGE TANK, WITH PUMPING STATION)
AND APPURTENANCES AND APPROXIMATELY)
3,000 FEET OF WATER TRANSMISSION LINES;)
(2) APPROVAL OF THE PROPOSED PLAN OF)
FINANCING OF SAID PROJECT; AND)
(3) APPROVAL OF INCREASED WATER RATES)
PROPOSED TO BE CHARGED BY THE DISTRICT)
TO ITS CUSTOMERS)

AMENDED ORDER

On April 24, 1986, Jessamine County Water District No. 1 ("Jessamine") filed its application seeking authorization to construct a \$503,000 waterworks improvement project, approval of the financing for the proposed project and approval of an increase in its water service rates. The Commission issued its Final Order on July 11, 1986, pertaining to the proposed construction, financing and revenue requirements of the application.

Jessamine's revenue requirement in that Order was based on the interest rates stated in the application of 9-1/8 percent for the Series A Bond of \$330,000 and the interest rate of 7-1/8 percent for the Series B Bond of \$63,000. On May 21, 1987, a letter was filed by Jessamine's attorney advising the Commission

that the actual interest rate on the bonds delivered to the Farmers Home Administration was 6.50 percent. As a result of this decrease in the interest rates Jessamine's revenue requirement will be reduced by \$13,831.

Since the date of the Commission's Order, the Supreme Court of Kentucky has rendered a decision in Public Service Commission v. Dewitt Water District, 720 S.W. 2d 725 (1986), which requires the Commission to consider depreciation expense on contributed property as an expense for rate-making purposes. Based on Jessamine's level of contributed property of \$150,841 and its composite depreciation rate of 2.5 percent, Jessamine's revenue requirement would be increased by \$3,771.

The net result of the adjustments addressed herein is a decrease in Jessamine's revenue requirement of \$10,060.

Fire Sprinkler Service

Jessamine proposed to offer fire sprinkler service where line size and conditions are determined to be adequate by the District, State Fire Marshal, Kentucky Cabinet for Natural Resources and Environmental Protection, and other applicable agencies. The customer would pay the actual costs of materials and installation of the fire sprinkler service connection and would be charged on a monthly basis according to the current rate schedule for a 1-inch meter.

Jessamine also filed a proposed contract for use of detector check valves which all customers applying for fire sprinkler service would be required to sign. The contract is acceptable with the exception of numerical paragraph 6, which appears to be

in conflict with Jessamine's proposal to charge according to the 1-inch meter rate schedule only.

The Commission is of the opinion that the fire sprinkler service, under the conditions set forth above, will be of benefit to Jessamine and customers requesting such service. Jessamine should revise paragraph 6 of the contract to clarify the rates to be charged and should file the contract with its tariff.

IT IS THEREFORE ORDERED that:

1. The Commission's Order be and it hereby is amended to reflect the decreased interest rate of the 1986 bonds and the reinstatement of depreciation expense on contributed property.

2. The proposed fire sprinkler service and the contract for use of detector valves are hereby approved except for numerical paragraph 6 of the contract as stated herein, effective on and after the date of the Order.

3. The rates and charges in Appendix A are fair, just, and reasonable, and hereby are approved for water service rendered by Jessamine on and after the date of this Order.

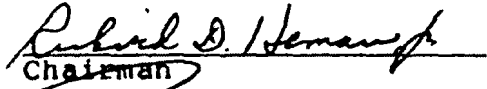
4. Within 30 days from the date of this Order, Jessamine shall file with the Commission its revised tariff sheets setting out the rates approved herein.

5. Within 30 days of the date of this Order, Jessamine shall file its revised tariff sheets and the contract for use of detector valves.

6. Any portion of the Commission's Order of July 11, 1986, in this proceeding not specifically addressed herein shall remain in full force and effect.

Done at Frankfort, Kentucky, this 10th day of September, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9567 DATED 9/10/87

The following rates and charges are prescribed for the customers in the area served by Jessamine County 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.

<u>Usage Blocks</u>	<u>Monthly Rates</u>
First 3,000 gallons	\$11.85 Minimum
Next 7,000 gallons	2.00 per 1,000 gallons
Over 10,000 gallons	1.70 per 1,000 gallons

Minimum Bill

<u>Meter Size</u>	<u>Minimum Usage</u>	<u>Minimum Bill</u>
5/8-inch x 3/4-inch	3,000 gallons	\$11.85
1-inch	5,000 gallons	15.85
1 1/2-inch	10,000 gallons	25.85

All usage above the minimum will be billed according to the general rate schedule.

FIRE SPRINKLER SERVICE

Connection Fee	Actual cost of materials and installation
Monthly Rates	Fire sprinkler service shall be billed in accordance with the rates applicable to 1-inch meters.

Fire sprinkler service is available only where line size and conditions are determined to be adequate by the District, State Fire Marshal, Kentucky Cabinet for Natural Resources and Environmental Protection, and other applicable agencies.