

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EUREKA INVESTMENTS,)
INC., D/B/A RESORT WATER COMPANY FOR)
AN ADJUSTMENT OF RATES PURSUANT TO THE) CASE NO. 9994
ALTERNATIVE PROCEDURE FOR SMALL)
UTILITIES)

O R D E R

On August 10, 1987, Eureka Investments, Inc., d/b/a Resort Water ("Resort Water"), filed its application seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities.

The only intervenor in this case was the Elk Lake Property Owners Association ("Property Owners"). The Property Owners requested that a public hearing be held and one was held at the Commission's offices in Frankfort, Kentucky, on January 5, 1988. The Property Owners were represented by Marcus Cary and assistance was provided by Gail Leeco of the Utility Rate Intervention Division of the Attorney General's Office. All requested information has been filed.

At the hearing Mr. Cary made a motion to, "contest the jurisdiction of the Commission to be able to grant a rate increase, so long as Resort Water remains in violation of previous Orders, or in contempt".¹ Mr. Cary was instructed to file a

¹ Transcript of Evidence, filed January 11, 1988, page 75.

written motion within 10 days of the hearing. As of this date no such motion has been filed. Therefore, the Commission denies the proposed motion. Mr. Nowicke, Owner and Manager of Resort Water, requested a temporary rate increase due to Resort Water's inability to pay its bills in a timely manner. Mr. Nowicke filed his written request within the 10 day-time period. However, since the Commission is determining the issue of a permanent increase at this time, Mr. Nowicke's request is denied.

On September 18, 1987, the Commission staff conducted a field review of Resort Water's test period financial records. On November 17, 1987, the staff issued a report containing its recommendations. On December 2, 1987, Resort Water filed its response to the Staff Report stating that it accepted the staff's findings and recommendations. After careful review and investigation of the staff's recommendations, and giving consideration to all other evidence of record, the Commission is of the opinion that the staff's proposals are fair, just, and reasonable and when implemented will provide Resort Water with sufficient cash flow to meet its obligations and provide for future equity growth. Therefore, the Commission affirms the staff's recommended increase of \$37,030.

RATE DESIGN

In its application, Resort Water proposed a schedule of rates, a change in rate design, and an increase in its availability charge. Resort Water also proposed to increase several non-recurring charges that include its meter removal charge, meter reinstallation charge, and service connection

charge. In its report, staff recommended that the change in rate design proposed by Resort Water be accepted, but that the actual schedule of rates used be based on the revenue increase recommended in the report. Staff did not agree with Resort Water's proposed increase in its availability charge, meter removal charge, meter reinstallation charge, and service connection charge; however, based on the information filed, staff developed a charge for meter removal and meter reinstallation.

During the hearing, staff amended Schedule I of the Staff Report so that the rates and charges proposed by staff reflect the revenue recommended in the report. The rates and charges in Appendix A reflect this change.²

The Commission is of the opinion that the rates and charges in Appendix A will produce annual revenues of \$69,245.

FINDINGS AND ORDERS

1. Resort Water should be granted rates which would produce additional annual revenues of \$37,030.
2. The rates and charges in Appendix A are the fair, just, and reasonable rates and charges to be charged by Resort Water in that they should produce annual revenues of \$69,245.
3. Within 30 days of the date of this Order, Resort Water should file with this Commission its revised tariff sheets setting out the rates approved herein.

² T.E., filed January 11, 1988, page 10.

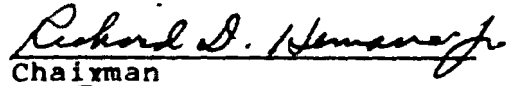
IT IS THEREFORE ORDERED that:

1. The rates and charges in Appendix A are the fair, just, and reasonable rates and charges to be charged by Resort Water for service rendered on and after the date of this Order.

2. Within 30 days of the date of this Order, Resort Water shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 9th day of February, 1988.

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. 9994 DATED 2/9/88

The following rates and charges are prescribed for the customers in the area served by Eureka Investments, Inc. d/b/a Resort Water Company. 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>Gallage Block</u> | <u>Rate</u> |
|----------------------|------------------------|
| First 2,000 gallons | \$19.70 Minimum Bill |
| Next 2,000 gallons | 2.20 per 1,000 gallons |
| Over 4,000 gallons | 1.60 per 1,000 gallons |
| Meter Removal | \$56.00 |
| Meter Reinstallation | 40.00 |