COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE MARTIN COUNTY WATER DISTRICT NO. 2

CASE NO. 89-155

ORDER

On June 7, 1989, Martin County Water District No. 2 ("Martin No. 2") filed an application for Commission approval of a proposed increase in its rates for water service. Martin No. 2 proposed rates for water service which would generate additional annual revenues of \$125,587, an increase of 49 percent.

In June 1989, the Commission Staff conducted a field review of Martin No. 2's test-period financial records. Based upon this review, Commission Staff issued a report on October 10, 1989 recommending a \$92,425 increase in Martin No. 2's annual operating revenues for water service.

By letter dated October 10, 1989, the Commission advised Martin No. 2 that comments on the Staff Report or requests for a public hearing must be submitted no later than October 24, 1989, or this case would stand submitted to the Commission for decision. On October 24, 1989, Martin No. 2 filed a response accepting the Staff Report and waiving a formal hearing. There were many protests filed with the Commission in objection to the rate increase proposed by Martin No. 2. None of the protesters, however, sought intervention in the case despite adequate notice

that such intervention could be petitioned. The utility having waived a hearing and there being no intervening party to ask for a hearing, the Commission saw no reason to hold a formal hearing in this matter. The Commission, therefore, bases its decision in this case on the evidence of record as of October 24, 1989.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

- 1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.
- 2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Martin No. 2 and will produce gross annual revenues of \$340,616 for water service. These rates will allow Martin No. 2 sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.
- 3. The rates proposed by Martin No. 2 would produce revenue increases of that found unreasonable herein and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:

- 1. The rates proposed by Martin No. 2 in its application are hereby denied.
- 2. The rates in Appendix A are approved for service rendered by Martin No. 2 on and after the date of this Order.

3. Within 30 days of the date of this Order, Martin No. 2 shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 20th day of November, 1989.

PUBLIC SERVICE COMMISSION
Su E Mu
Chairman
Kobert M. Davis
Vice Chairman
Commissioner

ATTEST:

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-155 DATED November 20, 1989

The following rates and charges are prescribed for the customers in the area served by Martin County Water District No.

2. 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.

Monthly Rate

First	2,000	gallons	\$13.00	(Mi	nimum 1	Bill)
Next	18,000	gallons	4.40	per	1,000	gallons
		gallons	3.40	per	1,000	gallons
Over	40,000	gallons	2.35	per	1,000	gallons

Peter Cave/Wolf Creek Colleries

First	100,000	gallons	\$301.20	(Mi)	nimum H	3ill)
Over	100,000	gallons	2.35	per	1,000	gallons

Pigeon Roost School

First	60,000	gallons	\$207.20	(Mi	nin	num	Bill)	
Over	60,000	gallons	2.35	per	1,	000	gallor	າຣ

Warfield School

First	75,000	gallons	\$242.45	(Mir	imum H	Bill)
Over	75,000	gallons	2.35	per	1,000	gallons

Dempsey Housing

First	80,000	gallons	\$254.20	(M)	inimum :	Bill)
Over	80,000	gallons	2.35	per	1,000	gallons

Non-Recurring Charges

Meter Connection Fees: \$350

Reconnection Fee: \$20