

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SALT RIVER WATER)
DISTRICT OF BULLITT COUNTY, KENTUCKY) CASE NO. 90-143
FOR APPROVAL TO INCREASE ITS RATES)

O R D E R

On May 18, 1990, Salt River Water District ("Salt River") filed an application before the Public Service Commission requesting authority to increase its rates approximately \$170,000 annually over test-year revenues. On October 19, 1990, Salt River filed an application for emergency rate relief due to the imminent financial failure of the Salt River due to a bonded indebtedness payment due December 1, 1990 in the sum of \$63,697.47. Salt River has represented to the Commission in its application that with existing revenues and estimated expenses the district will fall \$54,723.78 short of meeting this debt payment. Salt River has further stated in its application that there are no reserves set aside to meet the contractual requirements of the district's bonded indebtedness nor are there any reserves for meeting general operating expenses. Included in the application for emergency rate relief was a cash flow statement, bond payment schedules for 1962 and 1988 bond issuances, and the projected and actual 1990 budget for Salt River with actual figures supplied through September of 1990.

After consideration of the request for an interim Order authorizing immediate rate relief, the record in this proceeding, and being otherwise sufficiently advised, the Commission finds the following:

The rates initially proposed by Salt River in its May 18, 1990 filing were to take effect on July 1, 1990. However, the Commission, pursuant to KRS 278.190, suspended those rates for five months on and after the proposed effective date. Thus, the rates proposed by Salt River may be placed into effect by the district, pursuant to KRS 278.190, for service rendered on and after December 1, 1990.

KRS 278.190(2) provides that:

[I]f the commission, at any time, during said five (5) months' suspension period, finds that the company's credit or operations will be materially impaired or damaged by the failure to permit said rates to become effective during said five (5) months' period, said commission may, after any hearing or hearings, permit all or a portion of said rates to become effective under such terms and conditions as the commission may, by order, prescribe.

The exhibits filed with the most recent application amply demonstrate that the district's operations will be materially impaired or damaged by the failure to permit the rates to become effective within the five month suspension period. In fact, it appears that revenues are grossly insufficient to meet even normal operating expenses. The Commission, therefore, finds that Salt River should be allowed to place its proposed rates into effect for services rendered on and after the date of this Order, subject to refund.

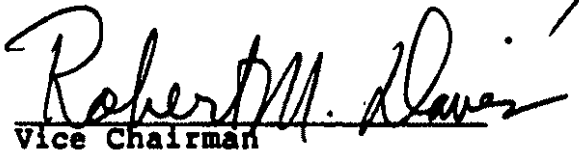
IT IS THEREFORE ORDERED that the application for emergency rate relief by Salt River be and it hereby is approved and Salt River shall be permitted to place its proposed rates into effect, subject to refund, on and after the date of this Order.

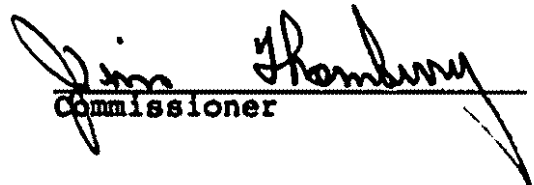
IT IS FURTHER ORDERED that Salt River shall maintain its books and accounts in such a manner as to be able to determine the appropriate amount to be refunded in the event the Commission determines that refunds should be made.

Done at Frankfort, Kentucky, this 30th day of October, 1990.

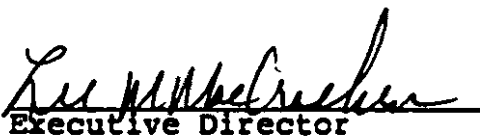
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director