

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ROY POTTER WATER)	
SERVICE FOR A RATE ADJUSTMENT)	CASE NO.
PURSUANT TO THE ALTERNATIVE FILING)	90-264
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On September 6, 1990, Roy C. Potter Water Service ("Potter Water") filed an application with the Commission seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities. Potter Water proposed to increase its annual operating revenues by \$17,487, an increase of 50.5 percent over normalized test year revenues of \$34,650, and requested approval of a change in rate design. By letters dated September 14, 1990, October 8, 1990, and November 2, 1990, the Commission notified Potter Water that its notice to its customers was deficient. Potter Water cured the deficiency on November 19, 1990.

On December 5, 1990, Estill Bentley d/b/a Mother Nature Mountain Spring Water, Inc., a wholesale customer of Potter Water, filed a request with the Commission to intervene in this proceeding. The Commission granted limited intervention to Estill Bentley on December 21, 1990.

In October of 1990, Commission Staff conducted a field review of Potter Water's test year financial records. Based upon this

review, Commission Staff issued its report on December 3, 1990, recommending that Potter Water's annual operating revenues be reduced by \$8,160. Staff also recommended approval of the proposed change in rate design.

By letter dated December 5, 1990, the Commission advised Potter Water that comments on the Staff Report and/or a request for a public hearing must be filed no later than December 19, 1990, or this case would stand submitted to the Commission for decision. On December 18, 1990, the Commission received from Potter Water a request for an extension of 20 days to respond to the Staff Report. The Commission granted the requested extension, and Potter Water's response to the Staff Report was filed on January 14, 1991. Potter Water's response consisted mainly of a projection of income for 1991 and 1992. The utility also requested that an informal conference be scheduled.

An informal conference was held in this proceeding in the Commission's offices on January 29, 1991. All parties were in attendance. Potter Water's response to the Staff Report was discussed, as well as various other issues.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds:

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 service provided by Potter Water and will produce annual revenues of \$26,490. These rates will allow Potter Water sufficient revenues to meet its operating expenses and provide for future equity growth.

3. The rates proposed by Potter Water in its application would produce revenue increases which are unreasonable and thus inconsistent with KRS 278.030.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Potter Water in its application are hereby denied.

2. The rates contained in Appendix A are approved for service rendered by Potter Water on and after the date of this Order.

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

Done at Frankfort, Kentucky, this 11th day of March, 1991.

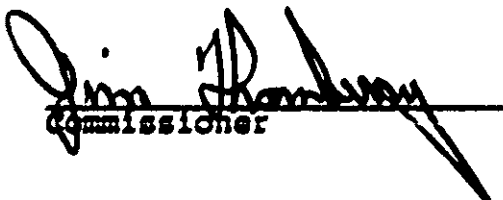
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

**APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-264 DATED 3/11/91**

The following rates and charges are prescribed for water service to customers of Potter Water Service. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Residential

Rate Increments

First 2,000 gallons
Over 2,000 gallons

Monthly Rates

\$12.20 Minimum Bill
1.50 per 1,000 gallons

Commercial

Mother Nature Water Plant

\$0.0075 per gallon