

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ROY POTTER WATER)	
SERVICE FOR A RATE ADJUSTMENT PURSUANT)	CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE)	91-103
FOR SMALL UTILITIES)	

O R D E R

On March 28, 1991, Roy 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 revenue by approximately \$30,887, an increase of 69.2 percent over normalized test-year revenues of \$44,616. Potter Water also proposed a change to its existing rate design, in that the proposed rates would result in a 167 percent increase in the rate charged its one commercial customer, while the proposed rates for its residential customers would increase the first rate step by approximately 56 percent, with no increase in the last rate step.

In April of 1991, Commission Staff conducted a field review of Potter Water's operations for the test period, calendar year 1990. Based upon this review, Commission Staff issued its report on June 12, 1991, recommending that Potter Water be authorized to increase its annual revenue by \$4,587.

By letter dated June 17, 1991, 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 July 2, 1991, or this case would stand submitted to the Commission for decision. As of the date of this Order, no comments have been filed by Potter Water, nor has Potter Water requested a hearing.

The Commission, having considered the evidence of record and being otherwise 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 service provided by Potter Water and will produce annual revenues of \$49,203. These rates will allow Potter Water sufficient revenue to meet its operating expenses and provide for future equity growth.

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

4. The change in rate design proposed by Potter Water would result in a disproportionate distribution of the requested increase. Potter Water filed no data to support the proposed change. The proposed shift in the revenue burden is therefore unfair, unjust, and unreasonable, and the revenue increase should be allocated in accordance with the existing proportions of revenue distribution.

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 5th day of August, 1991.

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. 91-103 DATED 8/05/91

The following rates and charges are prescribed for water service to customers of Roy 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

Monthly Rates

First 2,000 gallons
Over 2,000 gallons

\$17.15 Minimum Bill
2.00 per 1,000 gallons

Commercial

Mother Nature Water Plant

\$ 0.0115 per gallon