

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF PLEASANT HILL WATER)
DISTRICT TO CONSTRUCT, FINANCE AND) CASE NO. 92-382
INCREASE RATES PURSUANT TO KRS 278.023)

O R D E R

On September 2, 1992, the Commission received an application for a Certificate of Public Convenience and Necessity to construct a \$912,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates from Pleasant Hill Water District ("Pleasant Hill"). This project will provide service to 17 additional customers. Project funding includes a \$632,000 loan from the Farmers Home Administration ("FmHA"), a \$250,000 grant from the Appalachian Regional Commission, and \$30,000 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 5 percent per annum.

Pleasant Hill proposed to increase its 5/8 Inch x 3/4 Inch connection fee from \$300 to \$400. The connection fee was not included in the Letter of Conditions from FmHA. Pleasant Hill did not provide cost justification to support the proposed increase in accordance with 807 KAR 5:011, Section 10. Hence, the Commission does not possess sufficient evidence by which to make a determination of the reasonableness of the proposed increase. The

Commission, therefore, determines that the proposed increase in the connection fee should be dismissed without prejudice.

Pleasant Hill's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Pleasant Hill filed its application on September 2, 1992. On September 23, 1992, Pleasant Hill filed for a purchased water adjustment due to an increase in its suppliers rate effective October 1, 1992. On November 9, 1992, Pleasant Hill filed a revised application to reflect the increase in rates due to the purchased water adjustment. Given that minimum filing requirements were met in this case on November 23, 1992, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

Pleasant Hill proposed to increase its minimum charges for the various size connections based on usage allowances. The minimum charges for connections greater than 5/8 x 3/4 Inch shown in the November 9, 1992 application do not reflect the increase granted in the purchased water adjustment. Although FmHA's Letter of Conditions does not address these larger connections, its only requirement is that the water rates be at least the amount specified in the letter. The Commission, by making the proper adjustments for the larger connections, would allow for water rates to be at least the amount requested by FmHA. The Commission has

therefore adjusted the minimum bills for connections greater than 5/8 x 3/4 Inch to reflect the purchased water adjustment increase effective October 1, 1992.

IT IS THEREFORE ORDERED that:

1. Pleasant Hill is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Pleasant Hill's proposed plan of financing with FmHA is accepted.

3. Pleasant Hill shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

4. The rates proposed by Pleasant Hill and set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

5. Pleasant Hill shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

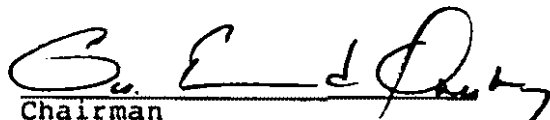
6. Pleasant Hill shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Pleasant Hill shall take immediate action to bring the system into compliance with Commission regulations.

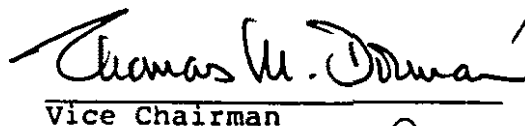
7. Pleasant Hill's proposed increase to its connection fee be and it hereby is dismissed without prejudice. Nothing contained herein shall prevent Pleasant Hill from requesting an increase in its connection fee at a later date.

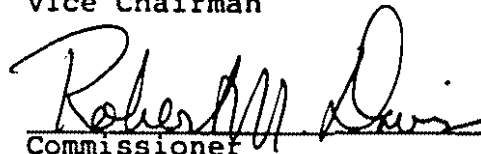
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 14th day of December, 1992.


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. 92-382 DATED December 14, 1992.

The following rates and charges are prescribed for the customers in the area served by Pleasant Hill Water District. 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.

Usage Blocks

Monthly Rates

5/8 Inch x 3/4 Inch Meter

First 2,000 gallons	\$10.00 Minimum Bill
Over 2,000 gallons	4.50 per 1,000 gallons

3/4 Inch Meter

First 5,000 gallons	\$23.50 Minimum Bill
Over 5,000 gallons	4.50 per 1,000 gallons

1 Inch Meter

First 10,000 gallons	\$46.00 Minimum Bill
Over 10,000 gallons	4.50 per 1,000 gallons

1 1/2 Inch Meter

First 15,000 gallons	\$68.50 Minimum Bill
Over 15,000 gallons	4.50 per 1,000 gallons

2 Inch Meter

First 20,000 gallons	\$91.00 Minimum Bill
Over 20,000 gallons	4.50 per 1,000 gallons