

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GREEN HILLS WATER)
DISTRICT FOR RATE ADJUSTMENT PURSUANT TO) CASE NO.
THE ALTERNATIVE RATE FILING PROCEDURE FOR) 92-486
SMALL UTILITIES)

O R D E R

On February 16, 1993, the Commission received a letter from Green Hills Water District ("Green Hills") requesting rehearing on its rate application in the above-styled case. The request for rate relief was originally filed by Green Hills on November 17, 1992. Commission Staff performed a financial review of Green Hills' operations and prepared a Staff Report recommending that Green Hills' requested increase in annual operating revenues of \$32,507 be granted. Green Hills was advised to file written comments or a written request for a hearing or informal conference within 15 days of issuance of the Commission's December 8, 1992 Order. On January 4, 1993, Green Hills filed a letter with the Commission stating that it was in agreement with Staff's recommendations regarding its proposed rate increase. A final Order was issued by the Commission on January 27, 1993 adopting Commission Staff's recommendations.

In its request for rehearing, Green Hills indicates that it has received word that FmHA funding for a line extension project will in all likelihood be provided. Although Green Hills acknowledges that it needs a rate increase, it seeks a rehearing

based upon its concern that the rates granted by the Commission will jeopardize the federally funded project.

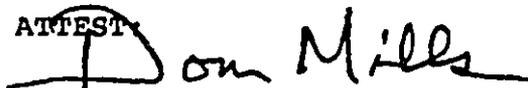
The record in this proceeding reflects that Green Hills has been operating at a net loss at least since 1991. The Commission has set the fair, just, and reasonable rates for Green Hills consistent with its statutory obligation under KRS 278.190. The Commission cannot allow Green Hills to operate on anything less than sound financial footing and given Green Hills' admission that the rate increase is needed, can find no basis upon which to grant rehearing. The likelihood of a future construction and financing project resulting in increased service obligations and expenses to Green Hills is all the more reason to place this utility in a financially sound condition now.

After consideration of the request for rehearing, the record in this case, and being otherwise sufficiently advised, the Commission finds that Green Hills has failed to justify its request for rehearing.

IT IS THEREFORE ORDERED that the request of Green Hills for rehearing of the Commission's final Order dated January 27, 1993 in the above-styled case be and it hereby is denied.

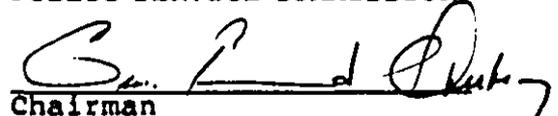
Done at Frankfort, Kentucky, this 25th day of February, 1993.

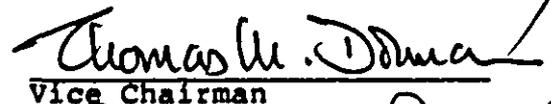
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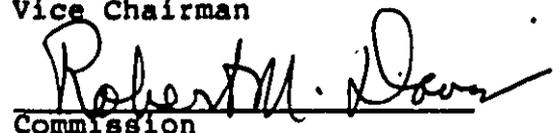


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