

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MURRAY NO. 2 WATER)
DISTRICT FOR A RATE ADJUSTMENT PURSUANT) CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE) 92-519
FOR SMALL UTILITIES)

O R D E R

On November 20, 1992, Murray No. 2 Water District ("Murray No. 2") filed its application for Commission approval of a proposed increase in its rates for water service. The proposed rates would generate additional annual revenues of \$6,591, an increase of 33 percent.

On August 12, 1992, Commission Staff conducted a field review of Murray No. 2's test-period financial records. Based upon this review, Commission Staff issued a Staff Report on November 23, 1992, recommending that Murray No. 2 be allowed to increase its annual operating revenues from water sales by \$6,091 and that a \$1.40 monthly surcharge be established for the purpose of replacing old meters.

By Order dated February 3, 1993, the Commission advised Murray No. 2 that comments on the Staff Report or requests for a public hearing must be submitted no later than February 18, 1993. On February 18, 1993, Murray No. 2 filed its written response to the Staff Report. In its response Murray No. 2 disagreed with the recommended surcharge and requested that the rates proposed in its application be granted rather than those recommended in Staff's

report. It contended that the requested rate increase alone would provide sufficient funds for the replacement of meters over the next two or three years. Murray No. 2 also requested that the rates be rounded to the nearest dime for simplicity in calculating water bills. An additional letter of response was filed on March 11, 1993 which included a plan for purchasing 100 new meters over a period of three years.

Based on the information provided by Murray No. 2 subsequent to the issuance of the Staff Report, Staff issued an Amended Staff Report on April 6, 1993, recommending that Murray No. 2 be allowed to increase its annual operating revenues from water sales by \$7,758, with no surcharge.

By Order dated April 6, 1993, Murray No. 2 was advised that comments on the Amended Staff Report or requests for a public hearing must be submitted no later than April 21, 1993, or this case would stand submitted to the Commission for a decision. On April 13, 1993, Murray No. 2 filed comments and thereby accepted the findings and recommendations made in the Amended Staff Report.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The recommendations and findings contained in the Amended 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, which is attached hereto and incorporated herein, are the fair, just, and reasonable rates for Murray No. 2 and will produce gross annual revenues of \$31,460 from water sales. These rates will allow Murray No. 2 sufficient revenues to meet its operating expenses and service its debt.

3. The rates proposed by Murray No. 2 would produce inadequate revenues and should be denied pursuant to KRS 278.030.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Murray No. 2 in its application are hereby denied.

2. The rates in Appendix A are approved for service rendered by Murray No. 2 on and after the date of this Order.

3. Murray No. 2 shall file with its 1993, 1994 and 1995 annual reports a status report of its meter purchases. The report shall include the number of new meters purchased and the total expense for those purchases.

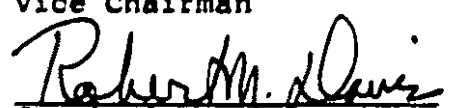
4. Within 30 days of the date of this Order, Murray No. 2 shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 3rd day of May, 1993.

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. 92-519 DATED MAY 3, 1993

The following rates and charges are prescribed for the customers in the area served by Murray No. 2 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.

SCHEDULE OF RATES

First	1,500 gallons	\$ 6.10	Minimum Bill
Next	8,500 gallons	3.20	per 1,000 gallons
Next	40,000 gallons	1.90	per 1,000 gallons
Over	50,000 gallons	1.60	per 1,000 gallons

NON-RECURRING CHARGES

1.	Connection Fee:	\$ 475.00
2.	Service Charge:	15.00
3.	Re-connection Fee:	25.00
4.	Requested Meter Test:	30.00
5.	Returned Check Charge:	10.00
6.	Late Payment Penalty:	10%