

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WEST DAVIESS COUNTY)
WATER DISTRICT FOR APPROVAL OF A RATE) CASE NO. 93-103
SURCHARGE)

THE APPLICATION OF WEST DAVIESS COUNTY)
WATER DISTRICT FOR APPROVAL OF AN) CASE NO. 93-115
INCREASE IN RATES)

O R D E R

On March 24, 1993, West Daviess County Water District ("West Daviess") filed its application for Commission approval of a proposed surcharge which would result in additional revenues of \$400,000 over a period of not more than 60 months. On April 19, 1993, West Daviess filed for approval of a proposed increase in water rates and a revision of its current rate design. The proposed rates would generate additional annual revenues of \$42,401, an increase of 6 percent.

In May 1993, Commission Staff conducted a limited financial review of West Daviess' test-period financial records. Based upon this review, Commission Staff issued its report on June 23, 1993, recommending an increase in annual operating revenues of \$33,892 or 5 percent. The Staff Report also recommended that West Daviess be allowed to charge a monthly surcharge of \$0.27 per 1,000 gallons for a period not to exceed 5 years.

By Order dated June 23, 1993, the Commission advised West Daviess that comments on the Staff Report or a request for a public

hearing or informal conference must be submitted no later than July 8, 1993, or this case would stand submitted to the Commission for decision. West Daviess accepted the Staff Report and waived its right to a hearing by letter dated July 8, 1993.

By Order dated June 25, 1993, the Commission directed West Daviess to publish notice of a public hearing to be held in Frankfort on July 26, 1993 to examine West Daviess' request for approval to add a temporary surcharge to its water rates pursuant to KRS 74.395. Notice of the public hearing was published in the Messenger-Inquirer on July 8, 1993. As no notices of intent to attend the hearing were received by the Commission by the date prescribed in the notice, the public hearing has been cancelled.

The Commission, after consideration of 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 West Daviess and will produce gross annual revenues of \$740,778 from water sales. These rates will allow West Daviess sufficient revenues to meet its operating expenses and service its debt.

3. The rates proposed by West Daviess would produce revenue increases in excess of that found reasonable herein and should be denied upon application of KRS 278.030.

4. The surcharge set out in Appendix A is reasonable and adequate to implement the proposed construction.

IT IS THEREFORE ORDERED that:

1. The rates proposed by West Daviess in its application are hereby denied.

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

3. The surcharge set out in Appendix A is approved for the collection of additional revenues of \$400,000 by West Daviess on and after the date of this Order, for a period not to exceed 5 years.

4. All funds generated by the surcharge shall be set aside in a reserve trust account. Such funds shall be invested in securities issued or guaranteed by the United States government until they are needed, and shall be expended, together with any interest or other earnings thereon, solely for the construction of the facilities described in West Daviess' application.

5. West Daviess shall file semi-annual statements beginning December 31, 1993 detailing surcharge revenues collected, including any interest earned thereon, and all expenditures made. Failure to file the semi-annual reports shall warrant cessation of the surcharge and refunding of the monies previously collected. If construction has not begun within 5 years after implementation of

the surcharge, all funds shall be returned to West Daviess' customers, together with interest and earnings.

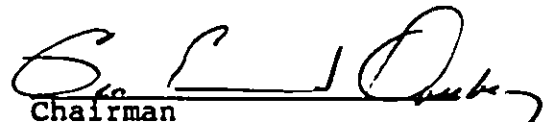
6. West Daviess shall maintain its records in such a manner as will enable it, the Commission, or its customers to determine the amounts to be refunded and to whom they are due in the event that surcharge amounts are ordered refunded.

7. The surcharge constitutes contributions and shall be accounted for in the manner prescribed in the Uniform System of Accounts for Class A and B Water Districts and Associations. The monthly billing shall be debited to customer accounts receivable and credited to the contributions account. When the amount is collected, special funds shall be debited and customer accounts receivable credited.

8. Within 30 days of the date of this Order, West Daviess shall file with the Commission its revised tariff setting out the rates and surcharge approved herein.

Done at Frankfort, Kentucky, this 5th day of August, 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 NOS. 93-103 and 93-115 DATED 8/5/93

The following rates and charges are prescribed for the customers in the area served by West Daviess County 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.

Rates:

Gallons Per Month

Sales to other water districts per 1,000 gallons \$1.83

Surcharge:

All water sold for a period of five years \$.027 per 1,000 gallons.