

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ELK LAKE WATER COMPANY )  
FOR AN ADJUSTMENT OF RATES PURSUANT TO ) CASE NO.  
THE ALTERNATIVE RATE FILING PROCEDURE FOR ) 93-300  
SMALL UTILITIES )

O R D E R

On August 20, 1993, Elk Lake Water Company ("Elk Lake") filed its application for Commission approval of a proposed increase in its rates for water service. Elk Lake proposed rates for water service which would increase annual revenues by 80 percent.

On September 23, 1993, the Commission Staff conducted a field review of Elk Lake's test-period financial records. Based upon this review, Commission Staff issued a report on December 21, 1993 recommending a reduction in annual operating revenues for water service of \$3,493.

On January 24, 1994, Elk Lake filed a written request for an informal conference to discuss its opposition to the Commission Staff Report. At that conference, Elk Lake submitted additional financial records to support its application; and on April 8, 1994, Commission Staff issued an amended report recommending an increase of 6.36 percent (\$4,880) in Elk Lake's annual operating revenues for water service.

By Order dated April 8, 1994, the Commission advised Elk Lake and each intervenor that comments on the Amended Staff Report or requests for a public hearing must be submitted no later than April

25, 1994, or this case would stand submitted to the Commission for decision. No comment on the Amended Staff Report nor request for a public hearing has been received from Elk Lake or any intervenor.

The Commission, after consideration of the evidence of record and being 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 incorporated by reference as if fully set out herein.

2. The rates in Appendix A are the fair, just, and reasonable rates for Elk Lake and will produce gross annual revenues of \$81,666 for water service. These rates will allow Elk Lake sufficient revenues to meet its operating expenses and provide for future equity growth, but do not include provisions for servicing its debt.

3. The Commission cannot accept the rates proposed by Elk Lake since they would be used to service debt that was not approved by the Commission pursuant to KRS 278.300.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Elk Lake in its application are hereby denied.


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

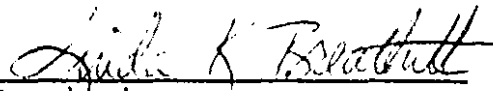
3. Within 30 days of the date of this Order, Elk Lake shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 17th day of June, 1994.

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. 93-300 DATED June 17, 1994..

The following rates and charges are prescribed for the customers in the area served by Elk Lake Water Company. 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.

Monthly Rates

First 2,000 gallons	\$20.95 Minimum Bill
Next 2,000 gallons	2.35 Per 1,000 gallons
Over 4,000 gallons	1.70 Per 1,000 gallons