

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTHERN MASON)
COUNTY WATER DISTRICT FOR A RATE) CASE NO.
ADJUSTMENT PURSUANT TO THE ALTERNATIVE) 99-294
RATE FILING PROCEDURE FOR SMALL UTILITIES)

ORDER

On July 8, 1999, Southern Mason County Water District (Southern Mason) filed its application for Commission approval of proposed water rates. Commission Staff, having performed a limited financial review of Southern Mason's operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 26th day of August, 1999.

ATTEST:

By the Commission

Executive Director

STAFF REPORT
ON
SOUTHERN MASON COUNTY WATER DISTRICT
CASE NO. 99-294

Pursuant to a request by Southern Mason County Water District (Southern Mason) for assistance with the preparation of a rate application, Commission Staff (Staff) performed a limited financial review of Southern Mason s test year operations, the calendar year ending December 31, 1997. The scope of Staff s review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operation. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Upon completion of the review, Staff assisted Southern Mason in the development and preparation of a rate application. The application included an adjusted pro forma operating income statement wherein adjustments were made to test year operating revenues and expenses that were known and measurable and deemed to be reasonable. The rates proposed in the application were based on the pro forma income statement as shown in Appendix A of the application. The revenue requirement calculation is included in the application as Appendix B. The rates proposed to meet the \$233,158 revenue requirement were developed using the cost of service study included in the application as Appendix D. The proposed rates will generate \$24,506 in additional annual revenues or 11.75 percent over normalized revenues from current rates.

On July 8, 1999, Southern Mason submitted the rate application that was prepared under the supervision of Staff to the Commission for consideration. Staff is

hereby adopting the contents of that application as its recommendations in this report as if fully set out herein. Renee Curry is responsible for all revenue adjustments and the cost of service study. Scott Lawless is responsible for the determination of the revenue requirement. Based on the information included in Southern Mason's application, Staff is of the opinion that the rates proposed by Southern Mason as shown in Attachment A of this report are reasonable and should be approved by this Commission.

Signatures

Prepared by: Jack Scott Lawless, CPA
Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis

Prepared by: Renee Curry
Rate Analyst, Communications, Water,
and Sewer Rate Design Branch
Division of Financial Analysis

ATTACHMENT A
STAFF REPORT CASE NO. 99-294
STAFF S RECOMMENDED RATES

Monthly Water Rates

First	1,000 gallons	\$10.67 Minimum Bill
Next	4,000 gallons	4.81 per 1,000 gallons
Next	5,000 gallons	3.95 per 1,000 gallons
Over	10,000 gallons	3.52 per 1,000 gallons
Leak Adjustment		1.91 per 1,000 gallons

Nonrecurring Charges

Returned Check Fee	\$17.50
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