

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTHERN MASON)	
WATER DISTRICT FOR A RATE ADJUSTMENT)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING)	2002-00271
PROCEDURE FOR SMALL UTILITIES)	

ORDER

On July 8, 2002, Southern Mason Water District (Southern Mason) filed its application for Commission approval of its proposed water rates. The proposed rates would generate additional annual revenues of \$30,128, an increase of 12.6 percent above normalized operating revenues.

By Order dated September 4, 2002, the Commission issued a Staff Report based upon review of Southern Mason s test-year operations. In its report, Commission Staff recommended that the requested increase be reduced by \$4,585 to reflect three changes to Southern Mason s operations that occurred subsequent to the end of the test year. These changes reduced the revenue increase to \$25,543, a 10.7 percent increase over normalized revenues. In its Order of September 4, 2002, the Commission granted 10 days to file written comments regarding the Staff Report or request a hearing or informal conference. No such comments or requests were made.

The Commission, having considered 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 should be adopted as the findings of the Commission.

2. Southern Mason also proposes to adjust its leak adjustment rate, but failed to publish public notice of its proposed adjustment in accordance with Administrative Regulation 807 KAR 5:076. While we can postpone final action on the proposed adjustment to Southern Mason's general rates to allow the utility to publish notice of the revised leak adjustment rate, that action would delay the implementation of the proposed general rates. We find that the better course of action is to deny the proposed leak adjustment rate without prejudice and to allow the remaining rates to become effective immediately. If Southern Mason then desires to revise its leak adjustment rate, it may propose that revision by filing a revised rate schedule in accordance with Administrative Regulation 807 KAR 5:011, Sections 6 and 9.

3. The rates in Appendix A will produce annual revenue from water service of \$264,421.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

2. Southern Mason's proposed revision to its leak adjustment rate is denied without prejudice.

3. The rates in Appendix A are approved for service rendered by Southern Mason on and after the date of this Order.

4. Within 30 days of the date of this Order, Southern Mason shall file with the Commission its revised tariff setting out the rates approved herein.

5. Three years from the effective date of this Order, Southern Mason shall file an income statement, along with any pro forma adjustments, in sufficient detail to

demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Done at Frankfort, Kentucky, this 14th day of October, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00271 DATED October 14, 2002

The following rates and charges are prescribed for the customers in the area served by Southern Mason Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First 1,000 gallons	\$11.69 Minimum Bill
Next 4,000 gallons	\$5.47 per 1,000 gallons
Next 5,000 gallons	\$4.73 per 1,000 gallons
Over 10,000 gallons	\$4.03 per 1,000 gallons