

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE KNOTT COUNTY)	
WATER AND SEWER DISTRICT FOR A RATE)	
ADJUSTMENT PURSUANT TO THE)	CASE NO. 2002-00292
ALTERNATIVE RATE FILING PROCEDURE)	
FOR SMALL UTILITIES)	

ORDER

On August 2, 2002, Knott County Water and Sewer District (Knott District) submitted its application requesting the Commission to approve its proposed increase in rates for both water and sewer service pursuant to Administrative Regulation 807 KAR 5:076. Knott District s proposed rates would increase the average residential water bill¹ from \$24.35 to \$32.00, approximately 31.42 percent and would increase the average residential sewer bill from \$12.95 to \$24.50, approximately 89.20 percent. Applying Knott District s proposed rates to the Commission Staff s billing analysis generates annual operating revenues of \$182,320, an increase of \$70,861 above Staff s normalized revenue from water and sewer rates of \$111,459.

The sole intervenor in this proceeding is the Attorney General s Office of Rate Intervention. On April 29, 2003, the Commission released a Report in which Staff recommended Knott District be allowed to increase its water and sewer rates to a level that will generate the requested revenue requirement of \$182,320. Given the changes in the operation and management of Knott District, Staff recommended an across the board percentage increase in the rates rather than Knott District s proposed change in its rate structure. All parties were directed to file any written comments upon Staff s

findings and recommendations or to request a conference or hearing no later than May 9, 2003. As of this date, the Commission has received no such comments or requests.

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 and are reasonable.

2. The water and sewer rates recommended by Staff and set forth in Appendix A will produce Staff's recommended revenue requirement of \$182,320.

IT IS THEREFORE ORDERED that:

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

2. The water and sewer rates proposed by Knott District are denied.

3. The water and sewer rates recommended by Staff and set forth in Appendix A are approved for service rendered by Knott District on and after the date of this Order.

4. Within 30 days of the date of this Order, Knott District shall file with the Commission its revised tariffs setting out the rates approved herein.

5. Three years from the date of this Order, Knott District shall file for each of its divisions 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.

¹ The average residential usage is 5,000 gallons.

Done at Frankfort, Kentucky, this 20th day of May, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00292 DATED May 20, 2003

The following rates are prescribed for the customers in the area served by the Knott County Water and Sewer 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

3/4 Meter

First	2,000	Gallons	\$	18.25	Minimum Bill
Next	8,000	Gallons	\$	5.63	per 1,000 Gallons
Over	10,000	Gallons	\$	4.55	per 1,000 Gallons

2 Meter

First	15,000	Gallons	\$	86.00	Minimum Bill
Over	15,000	Gallons	\$	4.55	per 1,000 Gallons

MONTHLY SEWER RATES

3/4 Meter

First	2,000	Gallons	\$	13.80	Minimum Bill
Next	8,000	Gallons	\$	4.38	per 1,000 Gallons
Over	10,000	Gallons	\$	3.42	per 1,000 Gallons

2 Meter

First	15,000	Gallons	\$	65.77	Minimum Bill
Over	15,000	Gallons	\$	3.42	per 1,000 Gallons

Sewer Only Customers

Residential Flat Rate	\$	26.25
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