

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE) CASE NO.
SOUTH SHORE WATER WORKS CO.) 2003-00044

ORDER

On February 5, 2003, South Shore Water Works Co. (South Shore) applied to the Commission for authority to adjust its rates for service rendered on and after March 10, 2003. The application did not meet the minimum filing requirements, but all deficiencies were cured and the application deemed filed as of February 25, 2003. The proposed water rates will generate annual revenues of \$547,616, \$40,698 or 8.03 percent over South Shore's normalized test-period revenues from water sales of \$506,918.

On February 11, 2003, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (Attorney General), submitted his motion for full intervention as authorized by KRS 367.150(8). The Commission granted the Attorney General's motion in its Order of March 14, 2003. To determine the reasonableness of the proposed rates, the Commission issued its Order on March 26, 2003 suspending the rates for 5 months from their effective date pursuant to KRS 278.190(2).¹

¹ The proposed rates were suspended from March 27, 2003 up to and including August 26, 2003.

Commission Staff performed a limited financial review of South Shore's operations, and on June 20, 2003 the Commission issued a report containing Staff's findings and recommendations regarding the proposed rates. In its report Staff recommended pro forma operations, an allowance for income taxes, and an 88 percent operating ratio, result in a revenue requirement from rates of \$542,110, an increase of \$44,428 or 8.20 percent over Staff's normalized revenue from rates of \$497,682.

All parties were directed to file written comments upon Staff's findings and recommendations or to request a conference or hearing no later than June 30, 2003. On June 27, 2003, South Shore filed its comments advising the Commission that it accepts Staff's recommendations and that it will not request a hearing.

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 rates recommended by Staff and contained in Appendix A will produce Staff's recommended revenue requirement of \$542,110.

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 rates recommended by Staff and contained in Appendix A are approved for service rendered by South Shore on and after the date of this Order.
3. Within 30 days of the date of this Order, South Shore shall file with the Commission its revised tariff setting the rates approved herein.

4. Three years from the date of this Order, South Shore 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.

Done at Frankfort, Kentucky, this 7th day of July, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00044 DATED July 7, 2003

The following rates are prescribed for the customers in the area served by the South Shore Water Works Company. 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 RATES

Water Rates:

First	1,000 Gallons	\$	7.92	Minimum Bill
Next	9,000 Gallons	\$	3.39	per 1,000 Gallons
Over	10,000 Gallons	\$	2.38	per 1,000 Gallons

Fire Protection Rates:

Hydrant Charge	\$	9.74
Fire Line Charge	\$	9.74