

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A REVIEW OF THE RATES OF ELAM UTILITY)	
COMPANY, INC. PURSUANT TO THE)	CASE NO.
DECISION TO APPROVE THE FINANCING)	2003-00171
REQUESTED IN CASE NO. 2001-00324)	

O R D E R

By Order entered December 3, 2001 in Case No. 2001-00324,¹ the Commission approved the request of Elam Utility Company, Inc. (Elam) to borrow \$797,425. As part of its approval, the Commission determined that it would initiate a review of Elam s rates in May 2002. By its Order dated February 13, 2002, the Commission extended the time by which it would initiate a review of Elam s rates until March 31, 2003 in order that the revenue and expense impacts from the expected addition of at least three large customers to Elam s system in 2002 could be recognized as part of the review. The December 3, 2001 Order also required Elam to file certain financial information with the Commission on a monthly basis. However, for several reasons, the most significant being computer-related problems affecting its accounting records, Elam has not filed all the required information. As a result, the review of its rates has been delayed.²

¹ Case No. 2001-00324, Application of Elam Utility Company, Inc., Morgan & Wolfe County, Kentucky, for the Authority to Borrow \$797,425 from the Economic Development Administration Through the Department for Local Government.

² Elam s rates were last established in Case No. 2000-00432, The Application of Elam Utility Company, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities, Order dated March 30, 2001.

The Commission has received Elam s annual report for calendar year 2002, which shows that, based on operating revenues of \$714,000, Elam realized net income of \$146,000. Such healthy financial results might be due to the large customers Elam was expecting to add to its system, or they might be due to other factors. Commission staff will contact Elam in the near future to begin the examination of Elam s financial records that will be necessary to permit the Commission to properly conduct a review of Elam s rates.

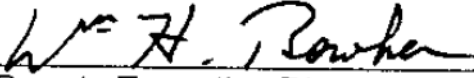
IT IS THEREFORE ORDERED that:

1. This case is initiated to conduct a review of Elam s rates that will include, but not be limited to, a review of its revenues, expenses, and overall revenue requirements.
2. Elam shall make available to the Commission and its staff all documents, books of account, and other business records, in accordance with KRS 278.230.
3. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 28th day of May, 2003.

By the Commission

ATTEST:


Deputy Executive Director