

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF JUDY ) CASE NO.  
WATER ASSOCIATION, INC. ) 2003-00249

ORDER

On June 26, 2003, Judy Water Association, Inc. ( Judy ) filed its application for Commission approval of proposed water rates. Commission Staff, having performed a limited financial review of Judy'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 20<sup>th</sup> day of August, 2003.

By the Commission

ATTEST:

  
Executive Director

STAFF REPORT  
ON  
JUDY WATER ASSOCIATION, INC.  
CASE NO. 2003-00249

Pursuant to a request by Judy Water Association, Inc. ( Judy ) for assistance with the preparation of a rate application, Commission Staff ( Staff ) performed a limited financial review of Judy s test year operations, the calendar year ending December 31, 2002. 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 operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Upon completion of the review, Staff assisted Judy 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 by Judy were based on the pro forma income statement as shown in Exhibit E of the application. The staff finds revenue requirements from rates including depreciation expense to be \$662,640, an increase of \$104,499 over normalized test year revenue from rates as shown in Exhibit G of the application. The proposed rates will increase the average residential bill by \$6.62 or 20.69 percent.

On June 26, 2003, Judy filed its rate application to the Commission for consideration. Staff is hereby adopting the contents of that application as its recommendation in this report as if fully set out herein. Jason Green is responsible for

all revenue adjustments and calculation of the proposed rates. Scott Lawless is responsible for the determination of the revenue requirement. Based on the information included in Judy's application, Staff is of the opinion that the rates proposed by Judy, as shown in Attachment A of this report, are reasonable and should be approved by this Commission.

Signatures

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

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

ATTACHMENT A

STAFF REPORT CASE NO. 2003-00249  
STAFF S RECOMMENDED RATES

Monthly Water Rates

First	1,000 Gallons	\$11.22	Minimum Bill
Next	4,000 Gallons	6.85	Per 1,000 Gallons
Next	5,000 Gallons	5.95	Per 1,000 Gallons
Over	10,000 Gallons	5.05	Per 1,000 Gallons