

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE JONATHAN)	
CREEK WATER DISTRICT FOR APPROVAL)	CASE NO.
OF THE PROPOSED INCREASE IN RATES)	2004-00273
FOR WATER SERVICE)	

ORDER

On July 2, 2004, Jonathan Creek Water District (“Jonathan Creek”) submitted its application requesting the Commission to approve its proposed increase in water rates. The proposed water rates will increase the average residential water bill from \$30.37 to \$34.87, an increase of \$4.50 or 14.8 percent. Jonathan Creek’s proposed rates will generate annual revenues of \$867,995, an increase of \$108,369 or 14.27 percent above the normalized revenue from water rates of \$759,626.

On August 3, 2004, 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 August 12, 2004.

Commission Staff performed a limited financial review of Jonathan Creek’s operations and, on August 18, 2004, issued a report containing its findings and recommendations regarding the proposed rates. In its report, Staff agreed with Jonathan Creek’s pro forma adjustments to test-period operations and found that the proposed revenue requirement of \$867,995 will allow Jonathan Creek to pay its adjusted operating expenses, meet the debt service coverage requirements of Jonathan

Creek's bond ordinances and provide for future equity growth. Staff further found that Jonathan Creek's proposed rates will generate the annual revenue requirement of \$867,995 and recommended their approval.

All parties were directed to file written comments upon Staff's findings and recommendations or to request a conference or hearing no later than August 30, 2004. As of this date, no parties submitted comments or objections or requested 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, except for those noted in Finding Paragraph 2, are supported by the evidence of record and are reasonable.

2. In its Report, Commission Staff recommended a monthly rate of \$129.77 for 6-inch meter service. As Commission Staff also expressly recommended that Jonathan Creek's proposed rates be adopted without revision, and as Jonathan Creek proposed a monthly rate of \$192.77 for 6-inch meter service, it appears the recommended rate was a typographical error.

3. Jonathan Creek's proposed water rates, which are set forth in Appendix A, are approved for service rendered by Jonathan Creek on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. The recommendations and findings contained in the Staff Report, other than that finding noted in Finding Paragraph 2 of this Order, are adopted and incorporated by reference into this Order as if fully set out herein.

2. Jonathan Creek's proposed water rates, which are set forth in Appendix A, are approved for service rendered by Jonathan Creek on and after the date of this Order.

3. Within 30 days of the date of this Order, Jonathan Creek shall file with the Commission its revised tariff setting out the rates approved herein.

4. Three years from the date of this Order, Jonathan Creek 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 17th day of September, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00273 DATED September 17, 2004

The following rates are prescribed for the customers in the area served by the Jonathan Creek 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.

RATES AND CHARGES

Customer Charge

5/8-Inch Meter	\$	6.12
1-Inch Meter	\$	11.83
1 ½-Inch Meter	\$	21.36
2-Inch Meter	\$	32.78
3-Inch Meter	\$	59.45
6-Inch Meter	\$	192.77

Water Usage

All usage	\$	5.75 per 1,000 gallons
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