

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WESTERN FLEMING)	
COUNTY WATER DISTRICT FOR A GENERAL)	
RATE ADJUSTMENT, FOR AN INCREASE IN)	
NON-RECURRING CHARGES, AND FOR)	CASE NO.
REVISIONS TO ITS TARIFF PURSUANT TO)	2007-00332
THE PROVISIONS OF KRS 278.030, 278.0152,)	
807 KAR 5:001 AND 807 KAR 5:011)	

ORDER

Western Fleming County Water District (“Western Fleming”) applied for authority to increase its water rates and certain non-recurring charges. By this Order, we authorize the proposed non-recurring charges and establish rates that will produce annual revenues from water sales of \$832,062, an increase of \$276,131 or 49.67 percent over normalized revenue from rates of \$555,931. The rates approved herein will increase the average monthly residential bill of 5,000 gallons from \$21.50 to \$35.12, an increase of \$13.62 or 63.3 percent.

BACKGROUND

Western Fleming, a water district organized pursuant to KRS Chapter 74, is a utility subject to Commission jurisdiction.¹ It provides retail water service to 1,508

¹ KRS 278.010(3)(d); KRS 278.015; KRS 278.040.

customers,² including wholesale water service to Buffalo Trail Water Association, Southern Mason County Water District, and the Nicholas County Water Association.³

PROCEDURE

On July 25, 2007, Western Fleming tendered its application. Because of filing deficiencies, the Commission did not accept the application for filing until September 6, 2007. The rates proposed by Western Fleming would increase the average monthly residential bill of 5,000 gallons from \$21.50 to \$40.82, an increase of \$19.32 or 89.8 percent. Western Fleming's proposed rates will generate annual revenues from water sales of \$960,645.

Commission Staff performed a limited financial review of Western Fleming's test-period operations, and on May 23, 2008 issued a report containing its findings and recommendations. In its report, Staff found that a revenue requirement from rates of \$832,062 will allow Western Fleming to meet its pro forma test-period operating expenses, including depreciation expense, and provide for adequate equity growth. Staff recommended the Commission deny Western Fleming's proposed rates and approve the rates calculated in the Cost-of-Service Study, as they will produce the recommended revenue requirement of \$832,062. Upon its review of Western Fleming's cost justification for its non-recurring charges, Staff found that the proposed charges are reasonable and recommended they be approved.

² Annual Report of Western Fleming to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2007 at 27.

³ Application at ¶ 6.

All parties were directed to file written comments regarding the Staff Report or requests for a hearing or an informal conference by June 6, 2008. As of this date, no parties have 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 are supported by the evidence of record and are reasonable.
2. Commission Staff's recommended rates for general and wholesale water service will produce annual revenues from water sales of \$832,062.
3. Western Fleming's proposed non-recurring charges do not yield revenue in excess of the expenses incurred for the specified service.

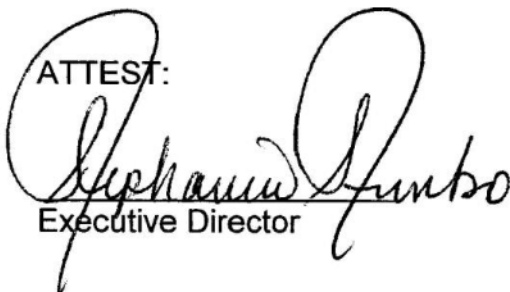
IT IS THEREFORE ORDERED that:

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. Western Fleming's proposed rates for general and wholesale water service are denied.
3. The water rates and non-recurring charges set forth in Appendix A are approved for service rendered by Western Fleming on and after the date of this Order.
4. Within 30 days of the date of this Order, Western Fleming shall file with the Commission its revised tariff setting out the water rates and non-recurring charges approved herein.

Done at Frankfort, Kentucky, this 18th day of June, 2008.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Stephanie Gumbo". The signature is written in a cursive style with large, flowing loops. It is positioned over the printed name and title.

Stephanie Gumbo
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00332 DATED JUNE 18, 2008

The following rates are prescribed for the customers in the area served by Western Fleming County 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

5/8" x 3/4" Meter

First	1,000 gallons	\$	11.36	Minimum bill
Next	6,000 gallons		5.94	per 1,000 gallons
Next	3,000 gallons		5.10	per 1,000 gallons
Over	10,000 gallons		3.43	per 1,000 gallons
Wholesale Water Rates		\$	1.43	per 1,000 gallons

METER CONNECTION/TAP CHARGES

5/8 Inch Meter	\$	600
1 Inch Meter		Actual Cost

SPECIAL NON-RECURRING CHARGES

Connection-Turn On	\$	25.00
Re-Connection	\$	50.00
Re-Connection (After Hours)	\$	60.00
Service Call/Investigation	\$	25.00
Service Call (After Hours)	\$	35.00