

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN APPLICATION OF RATES FOR WATER)	
SERVICE OF NORTHEAST WOODFORD)	CASE NO.
WATER DISTRICT)	2008-00061

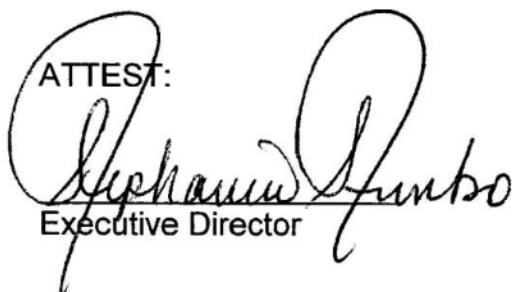
ORDER

On February 19, 2008, Northeast Woodford Water District ("Northeast Woodford") filed its application for Commission approval of proposed water service rates. Commission Staff, having performed a limited financial review of Northeast Woodford's operations, has prepared the attached report containing its 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 an 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 a hearing or an informal conference. If no request for a hearing or an informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 9th day of April, 2008.

By the Commission

ATTEST:

Executive Director

STAFF REPORT
ON
NORTHEAST WOODFORD WATER DISTRICT
CASE NO. 2008-00061

Pursuant to a request by Northeast Woodford Water District (“Northeast Woodford”) for Commission Staff (“Staff”) assistance with the preparation of an application for an adjustment of water service rates, Staff performed a limited financial review of Northeast Woodford’s test year operations, the calendar year ended December 31, 2006. The scope of Staff’s review was limited to obtaining information as to whether the test year 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 Northeast Woodford in the development and preparation of an application.

On February 19, 2008, Northeast Woodford filed the application. In the application, Northeast Woodford stated a need for additional annual revenues above its current water service rates of \$21,833. Its proposed rates would increase the monthly bill of a customer using 5,000 gallons monthly and is served through a 5/8” x 3/4” connection from \$24 to \$24.33, or 1.3 percent.

Based upon its review of Northeast Woodford’s application, Staff finds that Northeast Woodford’s proposed statement of adjusted test year operations is reflective of normal operations and should be used to determine Northeast Woodford’s revenue requirement. Staff further finds that Northeast Woodford’s method of determining its revenue requirement is correct and reasonable. Accordingly, Staff is of the opinion that

the water service rates proposed by Northeast Woodford, as shown in Attachment A of this report, are reasonable and should be approved by the Commission.

On April 1, 2008, the city of Versailles will increase its wholesale water rate charged to Northeast Woodford from \$2.20 per thousand gallons to \$2.26 per thousand gallons. This wholesale increase is reflected in Northeast Woodford's proposed water service rates as shown in Attachment A. Since this increase in wholesale water costs is accounted for in Northeast Woodford's application filed in this case, no further relief to Northeast Woodford is warranted through application of Administrative Regulation 807 KAR 5:068.

Jason Green is responsible for all revenue adjustments and calculation of the proposed water service rates. Scott Lawless is responsible for the determination of the revenue requirement.

Signatures

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

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

ATTACHMENT A
STAFF REPORT CASE NO. 2008-00061
STAFF'S RECOMMENDED WATER SERVICE RATES

Monthly Water Rates

5/8" x 3/4" Meter

First	2,000	gallons	\$12.50 minimum bill
Next	2,000	gallons	4.04 per 1,000 gallons
Next	6,000	gallons	3.75 per 1,000 gallons
Over	10,000	gallons	3.53 per 1,000 gallons

2" Meter

First	20,000	gallons	\$78.38 minimum bill
Over	20,000	gallons	3.53 per 1,000 gallons