

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE FILING OF SEDALIA)	CASE NO.
WATER DISTRICT)	2009-00107

ORDER

Sedalia Water District (“Sedalia District”) applied on March 11, 2009 for authority to increase its water rates pursuant to 807 KAR 5:076. Sedalia District proposes to adjust its water rates to increase its operating revenues from \$33,880 to \$42,366, an increase of 25.05 percent, or \$8,486. By this Order, we grant Sedalia District’s requested rate relief.

BACKGROUND

Sedalia District, a water district organized pursuant to KRS Chapter 74, is a utility subject to Commission jurisdiction.¹ It provides retail water service to 141 customers in Graves County.² It last applied for a rate adjustment in 2003.³

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

² Annual Report of Sedalia to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2007 at 5 and 21.

³ Case No. 2003-00325, Application of Sedalia Water District for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Oct. 28, 2003).

PROCEDURE

On March 11, 2009, Sedalia tendered its application. The rates proposed by Sedalia in its application would increase the average monthly residential bill of 5,000 gallons from \$21.50 to \$26.88, an increase of \$5.38 or 25.02 percent.

Commission Staff performed a limited financial review of Sedalia District's test-period operations and, on September 1, 2009, issued a report containing its findings and recommendations. In its report, Staff determined that, based upon its pro forma operations, Sedalia District could justify a revenue requirement from rates of \$51,980. However, noting that Sedalia District's requested revenue requirement of \$42,366 would produce a positive cash flow of \$10,454, which would be sufficient for Sedalia District to pay its pro forma "cash" expenses and would allow Sedalia District to meet the debt service requirements of its long-term debt issuances, Staff recommended that the Commission approve the rates requested by Sedalia District.

Sedalia District was directed to file written comments regarding the Staff Report or request for a hearing or an informal conference by September 15, 2009. As of this date, Sedalia District has not submitted comments or objections or requested a hearing.

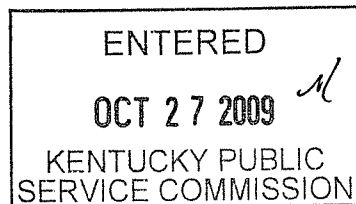
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record and are reasonable.
2. The water rates requested by Sedalia District and set forth in the Appendix to this Order will produce annual revenues from water sales of \$42,366.

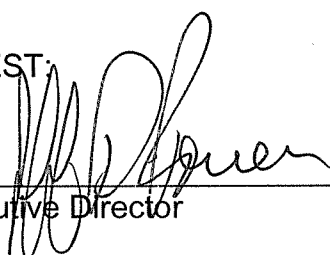
IT IS THEREFORE ORDERED that:

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. The water rates contained in Sedalia District's Application and set forth in the Appendix to this Order are approved for service rendered by Sedalia District on and after the date of this Order and will produce gross annual revenues as found reasonable herein.
3. Within 30 days of the date of this Order, Sedalia District shall file with the Commission its revised tariff setting out the water rates and nonrecurring charges approved herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00107 DATED OCT 27 2009

The following rates are prescribed for the customers in the area served by Sedalia 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

First	2,000	Gallons	\$	15.18	Minimum bill
Next	8,000	Gallons	\$	3.90	per 1,000 Gallons
Over	10,000	Gallons	\$	2.87	per 1,000 Gallons

Eric Young
Manager
Sedalia Water District
P. O. Box 56
Sedalia, KY 42079