

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAVES COUNTY WATER )  
DISTRICT FOR AN ADJUSTMENT IN RATES ) CASE NO. 2012-00278  
PURSUANT TO THE ALTERNATIVE RATE FILING )  
PROCEDURE FOR SMALL UTILITIES )

ORDER

Graves County Water District (“Graves District”) has applied for a rate adjustment pursuant to 807 KAR 5:076. In its application, it requests a deviation from 807 KAR 5:076, Section 8, which requires that the test period used to determine the reasonableness of the proposed rates must coincide with the reporting of the applicant’s annual report for the “immediate past year.”<sup>1</sup> As Graves District submitted the application to the Commission on June 28, 2012, the annual report for “immediate past year” is the annual report for the calendar year ending December 31, 2011. Graves District has used the calendar year ending December 31, 2010 as its proposed test period.

In support of its request, Graves District states that Commission Staff provided assistance in preparing its application and that this assistance occurred over an

---

<sup>1</sup> 807 KAR 5:076, Section 1(2) provides:

“Annual report for the immediate past year” means an annual report that covers the applicant’s operations for either: (a) The calendar year period prior to the year in which the applicant’s application for rate adjustment is filed with the commission; or (b) The most recent calendar year period that 807 KAR 5:006, Section 3(1), requires the applicant to have on file with the Commission as of the date of the filing of its application for rate adjustment.

extended period beginning in August 2011. In an attempt to expedite preparation of this report, Graves District and Commission Staff agreed to use the calendar year ending December 31, 2010 as the test year. Because of problems assembling and reviewing the required financial records, the final version of the application was not completed until after revisions to 807 KAR 5:076 became effective. Ledbetter District further states that to comply with these revisions would delay a needed adjustment of rates several months and would not greatly assist in any review of the proposed rates.

Having considered the request and being otherwise sufficiently advised, the Commission finds that good cause exists to permit Ledbetter District to deviate from 807 KAR 5:076, Section 8. We also find that further proceedings are necessary to determine the reasonableness of the proposed rates and that a procedural schedule should be established to ensure the orderly review of Graves District's application.

IT IS THEREFORE ORDERED that:

1. Graves District's request for a deviation is granted.
2. Graves District is permitted to deviate from 807 KAR 5:076, Section 8.
3. Graves District's application for rate adjustment is considered filed as of the date of this Order.
4. This proceeding is established to review the reasonableness of Ledbetter District's proposed rates.<sup>2</sup>

---

<sup>2</sup> No action is necessary to suspend the effective date of Graves District's proposed rates for general water service. Pursuant to 807 KAR 5:076, Section 7(1), an applicant who applies for a rate adjustment pursuant to the procedures set forth in 807 KAR 5:076 may not place its proposed rates into effect until the Commission approves those rates or six months from the date of the filing of its application.

5. No later than August 30, 2012, Commission Staff shall file with the Commission and serve upon all parties of record a written report containing its findings and recommendations regarding Graves District's requested rate adjustment.

6. The parties shall file with the Commission their written comments on and any objections to the findings and recommendations contained in the Commission Staff Report no later than September 13, 2012, or 14 days after the date of the filing of the Commission Staff Report, whichever occurs earlier. Any party may file with such submission any additional evidence for the Commission's consideration.

7. A party's failure to file written objections to a finding or recommendation contained in the Commission Staff Report by September 13, 2012, or 14 days after the date of the filing of the Commission Staff Report, whichever occurs earlier, shall be deemed as agreement with that finding or recommendation.

8. No later than September 13, 2012, or 14 days after the date of the filing of the Commission Staff Report, whichever occurs earlier, each party shall notify the Commission in writing whether this matter may be submitted for decision based upon the existing record without hearing.

9. Unless all parties request that this matter be submitted for decision upon the existing record, an informal conference shall be held in this matter on September 27, 2012 at 1:30 p.m., Eastern Daylight Time, at the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky.

10. Unless all parties request that this matter be submitted for decision upon the existing record, a formal hearing in this matter shall be held in the Commission's

offices at 211 Sower Boulevard, Frankfort, Kentucky at a date and time to be announced in a subsequent Order.

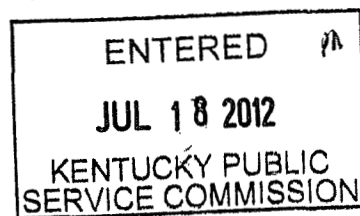
11. Each party shall file with the Commission, no later than October 5, 2012, a list of the persons it intends to call as witnesses at the scheduled hearing and a summary of each witness's testimony.

12. Graves District shall publish notice of the scheduled hearing in accordance with 807 KAR 5:076, Section 11, no more than 21 days and no less than seven days before the day of the scheduled hearing.

13. Pursuant to KRS 278.360, the record on the formal hearing in this matter shall be by videotape.

14. Commission Staff shall make a written exhibit list and shall file this list with the Commission with all exhibits and a copy of the video transcript of the hearing.

By the Commission



ATTEST:

*Stephanie Bell & Jeff Brown*  
Executive Director

Johnny Dowdy  
Chair  
Graves County Water District  
P. O. Box 329  
Mayfield, KY 42066