

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
SOUTHERN MADISON WATER DISTRICT) CASE NO. 8324-1

O R D E R

On July 22, 1982, Southern Madison Water District ("Southern Madison") filed its application with the Public Service Commission ("Commission") seeking approval of a purchased water adjustment clause and authority to adjust its rates for service in accordance with that clause.

The Commission having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. The purchased water adjustment clause sought by Southern Madison is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, and should be approved.

2. Southern Madison's supplier, Berea College Water Utility ("Berea"), increased the wholesale cost of water from \$.87 to \$.95 per 1,000 gallons pursuant to an Interim Order of the Public Service Commission in consolidated Case Nos. 8531 and 8556, Berea College Water Utility, a Department of Berea College. Berea's rates were allowed to be placed into effect for service rendered on and after September 1, 1982, with the increased revenue subject to refund pending final determination of Berea's request for permanent rate relief.

(3) The statements of water purchased and sold filed by Southern Madison show that its line loss is approximately 20 percent. After adjusting the line loss to the maximum 15 percent allowed by the Commission, the total allowable increase in purchased water costs is \$7,554.

(4) The financial exhibits filed by Southern Madison indicate that it cannot absorb an increase of this magnitude in the cost of wholesale water.

(5) The calculation for the purchased water adjustment made by Southern Madison is incorrect in that it was based on the higher permanent rate increase requested by Berea rather than the interim rate granted. The correct purchased water adjustment is \$.09 per 1,000 gallons.

(6) The rates proposed by Southern Madison are unfair, unjust and unreasonable in that they will produce increased revenue in excess of the maximum allowable change in purchased water costs under the purchased water adjustment clause and should, therefore, be denied.

(7) The rates in Appendix A are the fair, just and reasonable rates to be charged by Southern Madison and should be approved.

(8) The increase in wholesale water costs, resulting in the purchased water adjustment sought herein, was granted subject to refund pending final determination of Berea's request for permanent rate relief. The increase granted herein should,

therefore, be subject to refund pending final determination of Berea's rate request, and Southern Madison should maintain its records in such manner as will enable it, the Commission, or any of its customers to determine the amounts to be refunded and to whom in the event a refund is ordered by the Commission.

IT IS THEREFORE ORDERED that the purchased water adjustment clause filed by Southern Madison be and it hereby is approved effective on and after the date of this Order.

IT IS FURTHER ORDERED that the purchased water adjustment and the rates proposed by Southern Madison be and they hereby are denied.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.09 per 1,000 gallons and the rates in Appendix A be and they hereby are approved, subject to refund, for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that Southern Madison shall maintain its records in such manner as will enable it, the Commission or any of its customers to determine the amounts to be refunded and to whom in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of future application of the purchased water adjustment clause of Southern Madison, the base rate for purchased water shall be:

<u>Supplier</u>	<u>Rate</u>
Berea College Water Utility	\$.95 per 1,000 gallons

IT IS FURTHER ORDERED that within 30 days of the date of this Order, Southern Madison shall file with the Commission its

revised tariff sheets setting out the purchased water adjustment clause and the rates approved herein.

Done at Frankfort, Kentucky, this 22nd day of October, 1982.

PUBLIC SERVICE COMMISSION

Earl Shull
Chairman

Katharine Randall
Vice Chairman

Art Parry
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8324-1 DATED October
22, 1982.

The following rates are prescribed for customers of
Southern Madison 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.

<u>GALLONAGE BLOCK</u>	<u>RATES</u>
First 2,000 gallons	\$7.43 minimum
Next 1,000 gallons	3.59 per 1,000 gallons
Next 3,000 gallons	3.24 per 1,000 gallons
Next 4,000 gallons	2.84 per 1,000 gallons
Next 15,000 gallons	2.09 per 1,000 gallons
Next 25,000 gallons	1.84 per 1,000 gallons
Over 50,000 gallons	1.39 per 1,000 gallons