

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
HEDGEVILLE WATER ASSOCIATION, INC.) CASE NO. 8357

O R D E R

On September 29, 1981, Hedgeville Water Association, Inc., ("Hedgeville") filed its notice with the Public Service Commission ("Commission") seeking authority to increase its rates for service. The increase sought herein is the result of an increase in the cost of wholesale water purchased by Hedgeville from the City of Danville, Kentucky, its only source of water supply.

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

- (1) The wholesale cost of water purchased from the City of Danville was increased effective September 1, 1981.
- (2) The financial exhibits filed by Hedgeville indicate that it is unable to absorb the increased cost of wholesale water.
- (3) The line loss experienced by Hedgeville for the 12-month period preceding June 30, 1981 exceeds the 15 percent loss allowed by the Commission and should be adjusted.
- (4) After adjusting the line loss to 15 percent, the total increase in wholesale water cost to Hedgeville will be approximately \$8,160 on an annual basis, or 55 cents per 1,000 gallons sold.

(5) The rates proposed by Hedgeville do not spread the increased cost to its customers on an equal amount per 1,000 gallons and should be denied, as this increase is solely for the purpose of recouping the increased cost of purchased water and should be applied equally on a per 1,000 gallon basis.

(6) The rates in Appendix A attached hereto are fair, just and reasonable and should be approved.

(7) Hedgeville should file a purchased water adjustment clause as part of its tariff that is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, and apply the methods employed by that regulation for any future wholesale water increases experienced by it.

(8) The base rates for purchased water for the future application of the purchased water adjustment clause should be:

<u>Supplier</u>	<u>Rates</u>		
City of Danville, Kentucky	First	20,000 c.f.	\$1.00/100 c.f.
	Next	80,000 c.f.	.80/100 c.f.
	Next	100,000 c.f.	.62/100 c.f.
	Next	300,000 c.f.	.52/100 c.f.
	Next	500,000 c.f.	.45/100 c.f.
	All Over	1,000,000 c.f.	.40/100 c.f.

IT IS THEREFORE ORDERED that the rates as proposed by Hedgeville, insofar as they do not spread the increased cost of wholesale water on an equal amount per 1,000 gallons, are hereby denied.

IT IS FURTHER ORDERED that the rates in Appendix A attached hereto are the fair, just and reasonable rates and are hereby approved for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that Hedgeville shall file a purchased water adjustment clause as part of its tariff that is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, and apply that clause for any future purchased water adjustments.

IT IS FURTHER ORDERED that the base rates for purchased water for future application of the purchased water adjustment clause are:

<u>Supplier</u>		<u>Rates</u>	
City of Danville, Kentucky	First	20,000 c.f.	\$1.00/100 c.f.
	Next	80,000 c.f.	.80/100 c.f.
	Next	100,000 c.f.	.62/100 c.f.
	Next	300,000 c.f.	.52/100 c.f.
	Next	500,000 c.f.	.45/100 c.f.
	All Over	1,000,000 c.f.	.40/100 c.f.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Hedgeville shall file with this Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 4th day of January, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vohz
Chairman

Katharine Spudis
Vice Chairman

Jim Carrigan
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC
SERVICE COMMISSION IN CASE NO. 8357
DATED JANUARY 4, 1982

The following rates are prescribed for customers served by Hedgeville Water Association. 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 date of this Order.

	<u>Gallage Block</u>	<u>Rate</u>
First	2,000 gallons used per month	\$9.55 minimum
Next	3,000 gallons used per month	4.03 per 1,000 gallons
Next	10,000 gallons used per month	3.03 per 1,000 gallons
Next	10,000 gallons used per month	2.03 per 1,000 gallons
All Over	25,000 gallons used per month	1.13 per 1,000 gallons