

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF SPEARS WATER DISTRICT) CASE NO. 8375-1

O R D E R

On March 17, 1983, Spears Water District ("Spears") filed its application with the Public Service Commission ("Commission") seeking approval of a purchased water adjustment clause and authority to adjust its rates in accordance with that clause. On March 24, 1983, the Commission ordered that additional information be filed. The required information was filed on April 4, 1983, and the record is now complete.

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 Spears is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, is in the best interest of the public, and should be approved.

(2) Spears purchases water from the City of Nicholasville ("City") and Kentucky-American Water Company ("Kentucky-American").

(3) The City increased the wholesale cost of water from \$.55 per 1,000 gallons to \$.81 per 1,000 gallons plus \$2.50 per month service charge, effective with bills rendered in April, 1983.

(4) Kentucky-American increased the wholesale cost of water by approximately \$.07 per 1,000 gallons pursuant to an Order of the Public Service Commission in Case No. 8571, Notice of Adjustment of the Rates of Kentucky-American Water Company, effective March 12, 1983.

(5) The statement of water purchased and sold filed by Spears for the 12-month period ending December 31, 1982, shows that Spears has an overall line loss of approximately 18 percent. The line loss was adjusted to the maximum of 15 percent allowed by the Commission.

(6) The calculations made by Spears for its purchased water adjustment are incorrect due to mathematical errors. The total allowable increase in purchased water costs is \$24,246 resulting in a purchased water adjustment of \$.29 per 1,000 gallons.

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

(8) The purchased water adjustment in the amount of \$.29 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that the purchased water adjustment clause sought by Spears is hereby approved effective on and after the date of this Order.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.29 per 1,000 gallons and the rates in Appendix A be and they hereby are approved for service rendered on and after the date of this Order.

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

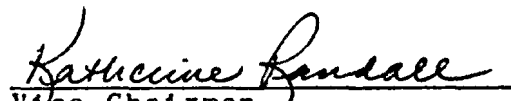
<u>Supplier</u>		<u>Rates</u>
City of Nicholasville	Service Charge	\$ 2.50 per month
	All water used	.81 per 1,000 gal.
Kentucky-American Water Company	Service Charge	\$30.40 per month
	First 12,000 gal.	\$ 1.106667 per 1,000 gal.
	Next 588,000 gal.	.868000 per 1,000 gal.
	Over 600,000 gal.	.773333 per 1,000 gal.

IT IS FURTHER ORDERED that within 30 days of the date of this Order, Spears 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 29th day of April, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Secretary


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8375-1 DATED APRIL 29, 1983

The following rates are prescribed for customers served by Spears Water District. All other rates and charges not mentioned specifically herein shall remain the same as those in effect prior to the effective date of this Order.

RESIDENTIAL SERVICE

GALLONAGE BLOCK

MONTHLY RATES

First 2,000 gallons
Over 2,000 gallons

\$8.38 minimum
2.09 per 1,000 gallons

MOBILE HOME SERVICE

GALLONAGE BLOCK

MONTHLY RATES

First 1,000 gallons
Over 1,000 gallons

\$4.79 minimum
2.09 per 1,000 gallons

FIELD SERVICE

GALLONAGE BLOCK

MONTHLY RATES

First 1,000 gallons
Over 1,000 gallons

\$4.19 minimum
2.09 per 1,000 gallons