

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
GRAYSON COUNTY WATER DISTRICT) CASE NO. 9323
OF GRAYSON COUNTY)

O R D E R

On April 15, 1985, the Grayson County Water District ("Grayson County") filed an application with the Commission for approval to increase the rates charged its customers in accordance with the provisions of its purchased water adjustment clause. Effective May 8, 1985, the City of Leitchfield, Grayson County's supplier of water, increased its wholesale price of water from \$.95 to \$.988 per 1000 gallons. This change resulted in an increase to Grayson County of approximately \$2,014 per year. In its Order of June 19, 1985, the Commission found that Grayson County could fully absorb this increase in water costs and no increase was granted.

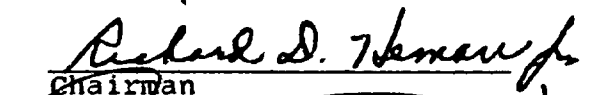
On July 15, 1985, the Commission received a letter from Grayson County requesting that reconsideration be given to the Commission's Order dated June 19, 1985. This letter outlined various long term concerns of Grayson County such as a general upgrading of the system and extension of service to currently unserved portions of Grayson County, all at an estimated cost in excess of \$2,000,000 and requiring long term financing. This letter did not address any determinations or considerations made

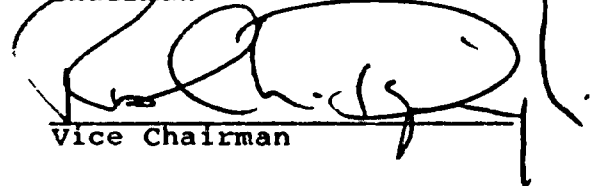
by the Commission in its Order. While the Commission is sympathetic to the needs of not only Grayson County but all rural water districts under its jurisdiction, it remains that the issues brought up in Grayson County's letter fall far outside the bounds of the purchased water adjustment clause, the specific purpose of which is to institute a procedure by which a water utility may recover only the increased cost of purchased water, where the utility is not financially able to absorb an increase from its supplier. Therefore, Grayson County's request for reconsideration should be denied.

IT IS THEREFORE ORDERED that Grayson County's request for reconsideration be and it hereby is denied and the Commission's Order of June 19, 1985, is affirmed in its entirety.

Done at Frankfort, Kentucky, this 5th day of August, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

did not participate
Commissioner

ATTEST:

Secretary