

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)	CASE NO. 9649
ROWAN WATER, INC.)	

O R D E R

On July 22, 1986, Rowan Water, Inc., ("Rowan") filed its revised tariff sheets with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.012 and 807 KAR 5:068. On July 28, 1986, the Commission requested that additional information required by the regulation, but not supplied with the initial filing, be supplied. The required information was filed on August 8, 1986, 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. Pursuant to a purchased water contract dated June 11, 1979, Rowan's supplier, Morehead Utility Plant Board ("Morehead"), increased its rate for purchased water from \$.433 to \$.523 per 1,000 gallons, effective for the calendar year 1986.
2. During the 12-month period ending June 30, 1986, Rowan purchased 153,067,900 gallons of water and sold 133,896,590 gallons.
3. The calculations made by Rowan are incorrect in that the purchased water adjustment was based on the exact difference

between the base rate and the changed rate of Morehead (\$.523 - \$.433 = \$.09) rather than the difference in the actual cost of water purchases under the base rate and changed rate.

4. The actual increase in purchased water costs is \$13,887, resulting in a purchased water adjustment of \$.10 per 1,000 gallons, as shown by the calculations in Appendix B to this Order.

5. The rates proposed by Rowan are incorrect and should be denied.

6. The purchased water adjustment of \$.10 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that:


1. The rates proposed by Rowan be and they hereby are denied.

2. The purchased water adjustment of \$.10 per 1,000 gallons and the rates in Appendix A be and they hereby are approved.

3. Within 30 days of the date of this Order, Rowan shall file its revised tariff sheets with the Commission setting out the rates approved herein.

Done at Frankfort, Kentucky, this 14th day of August, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9649 DATED 8/14/86

The following rates and charges are prescribed for the customers in the area served by Rowan Water, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

USAGE BLOCKS		MONTHLY RATES	
<u>5/8 INCH METER</u>			
First	2,000 gallons	\$ 9.10	Minimum Bill
Next	3,000 gallons	3.30	per 1,000 gallons
Next	10,000 gallons	2.90	per 1,000 gallons
Next	10,000 gallons	2.50	per 1,000 gallons
Next	10,000 gallons	2.30	per 1,000 gallons
Next	15,000 gallons	2.10	per 1,000 gallons
Over	50,000 gallons	1.85	per 1,000 gallons
<u>3/4 INCH METER</u>			
First	4,000 gallons	\$15.70	Minimum Bill
Next	1,000 gallons	3.30	per 1,000 gallons
Next	10,000 gallons	2.90	per 1,000 gallons
Next	10,000 gallons	2.50	per 1,000 gallons
Next	10,000 gallons	2.30	per 1,000 gallons
Next	15,000 gallons	2.10	per 1,000 gallons
Over	50,000 gallons	1.85	per 1,000 gallons
<u>1 INCH METER</u>			
First	5,000 gallons	\$19.00	Minimum Bill
Next	10,000 gallons	2.90	per 1,000 gallons
Next	10,000 gallons	2.50	per 1,000 gallons
Next	10,000 gallons	2.30	per 1,000 gallons
Next	15,000 gallons	2.10	per 1,000 gallons
Over	50,000 gallons	1.85	per 1,000 gallons
<u>1-1/2 INCH METER</u>			
First	15,000 gallons	\$48.00	Minimum Bill
Next	10,000 gallons	2.50	per 1,000 gallons
Next	10,000 gallons	2.30	per 1,000 gallons
Next	15,000 gallons	2.10	per 1,000 gallons
Over	50,000 gallons	1.85	per 1,000 gallons
<u>2 INCH METER</u>			
First	25,000 gallons	\$73.00	Minimum Bill
Next	10,000 gallons	2.30	per 1,000 gallons
Next	15,000 gallons	2.10	per 1,000 gallons
Over	50,000 gallons	1.85	per 1,000 gallons
WHOLESALE		\$ 1.20	per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9649 DATED 8/14/86

Purchased Water Adjustment Calculations

Cost at Changed Rate:

$\$.523 \times 153,067.9 \text{ M gal. purchased} = \$80,054.51$

Less:

Cost at Base Rate:

$\$.433 \times 153,067.9 \text{ M gal. purchased} = \underline{66,278.40}$

Increase \$13,766.11

$\$13,766.11 \text{ Increase} \div 133,896.59 \text{ M gallons sold} =$

$\$.1029, \text{ or } \$.10 \text{ per } 1,000 \text{ gallons}$