

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CAMPBELL COUNTY WATER DISTRICT)
DEVIATION FROM PURCHASED WATER) CASE NO. 10075
ADJUSTMENT REGULATION)

O R D E R

On November 4, 1987, Campbell County Water District ("Campbell") filed an application requesting a deviation from 807 KAR 5:068, Purchased Water Adjustment, specifically Section 1 which states that the base rate shall be the supplier rate in effect immediately prior to the most recent increase.

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

1. Campbell purchases water from the City of Newport ("Newport") and from Kenton County Water District No. 1 ("Kenton").

2. Effective October 1, 1987, Kenton increased its wholesale rate from \$.49 to \$.58 per 100 cubic feet of water.

3. The current rate charged by Newport is \$.52 per 1,000 gallons. There has been no change in the Newport rate.

4. During a telephone conversation on November 6, 1987, with Ron Barrow, Comptroller for Campbell, Mr. Barrow stated that Campbell had inadvertently included only 9 months' of its water purchases and sales in its application. The correct volume of

purchases and sales for the 12-month period ending October 31, 1987, were supplied. Mr. Barrow also stated that Newport is having problems with its water supply, and Campbell anticipates current water supply negotiations will result in either all or a much higher percentage of its water supply being purchased from Kenton.

5. During this time period, Campbell purchased 1,817,523,700 gallons of water from Newport and 46,825,216 gallons from Kenton, or 97 percent and 3 percent of its total purchases, respectively.

6. The increase in purchased water costs of \$5,743 based on the 12-month test period purchase distribution is minimal, resulting in a purchased water adjustment of \$.0037 per 1,000 gallons. Campbell does not wish to increase its rates at this time. However, should the water purchase negotiations culminate in a greater volume of purchases from Kenton, the increase in the cost of purchased water resulting from Kenton's current rate change would be substantial.

7. Campbell has requested permission to waive the purchased water adjustment at this time, but retain the prior rate of \$.49 per 100 cubic feet as its base rate for the purpose of future adjustment which might be necessitated by either a change in the volume purchased from Kenton or a second increase in the Kenton rate.

8. Campbell's request for deviation is reasonable, is based upon good cause, and should be granted.

IT IS THEREFORE ORDERED that:

1. Campbell's request for deviation from 807 KAR 5:068, Section 1, be and it hereby is granted.

2. The deviation granted herein is limited to such increase in the cost of water purchased from Kenton as may occur under the specific conditions set forth in Finding No. 7.

Done at Frankfort, Kentucky, this 3rd day of December, 1987.

PUBLIC SERVICE COMMISSION

Richard D. Hennen, Jr.
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

Executive Director