

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BARNESBURG WATER ASSOCIATION'S REQUEST)
FOR A DEVIATION FROM THE METER TESTING)
REQUIREMENTS PRESCRIBED BY 807 KAR) CASE NO. 9993
5:066, SECTION 17(1))

O R D E R

Barnesburg Water Association ("Barnesburg") by letter received August 7, 1987, requested a deviation from subsection (1) of 807 KAR 5:066, Section 17. Said request proposed that Barnesburg be relieved from the meter testing requirements prescribed by subsection (1). The letter said a meter testing program would not be cost effective in that an expenditure of \$1,079 would be required to reduce costs by 2 percent, or \$744, and a \$2,196 expenditure would be required to reduce costs by 5 percent, or \$1,861.

Barnesburg's request ignored all other benefits of meter testing, and was based solely on its estimates for costs and benefits. Further, the estimates apparently included cost factors that were not exact, properly measured or valid to a cost effective analysis of a meter testing program. Barnesburg's savings estimates of \$744 and \$1,861, respectively, represent 2 percent and 5 percent reductions in Barnesburg's annual purchased water expense of \$37,221. A meter testing program, however, would probably have no effect on this expense. Barnesburg's benefit

would be from water sales revenue increases -- not from water purchase cost decreases. Sales volumes and sales revenues would be increased by more accurate measurements of the water delivered through customers' meters. Further, since Barnesburg's selling price is more than its purchase price, a gallon sold is of more benefit than a gallon saved.

By Order entered October 16, 1987, Barnesburg was directed to file additional information which was considered essential to an adequate and proper consideration of its request. A motion for extension of time to December 15, 1987, for filing said information was filed by Barnesburg on November 17, 1987. Subsequently, on December 15, 1987, Barnesburg filed a Notice of Withdrawal of its request for a deviation from 807 KAR 5:066, Section 17(1). In this notice, Barnesburg states that instead of seeking a deviation specifically for Barnesburg, it would seek information, in cooperation with other utilities, that would justify revisions to the periodic test interval requirements of 807 KAR 5:066, Section 17(1) that would be applicable on a state-wide basis. The Commission is interested in such information and reminds Barnesburg that its meter testing program could be accumulating such information.

The Commission, after consideration of the record in this matter, and being advised, is of the opinion and finds that:

1. Barnesburg's motion for withdrawal should be approved.

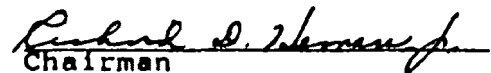
2. In its motion for withdrawal, Barnesburg did not address its continuing failure to comply with the meter testing requirements of 807 KAR 5:066, Section 17(1) and no plan of action for reaching compliance was filed therewith.

IT IS THEREFORE ORDERED that Barnesburg motion for withdrawal of its request for a deviation from the meter testing requirements of 807 KAR 5:066, Section 17(1) be granted.

IT IS FURTHER ORDERED that Barnesburg must file a plan of action for complying with 807 KAR 5:066, Section 17(1) with this Commission within 30 days of the date of this Order.

Done at Frankfort, Kentucky, this 14th day of January, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director