

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
SPEARS WATER COMPANY, INC.) CASE NO. 10295

O R D E R

On June 15, 1988, Spears Water Company, Inc. ("Spears"), filed an application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to 807 KAR 5:067, Purchased Water Adjustment.

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

1. Spears purchases water from the City of Nicholasville ("City") and Kentucky-American Water Company "Kentucky-American").
2. Effective with May 1988 billings, the City increased its wholesale rate from \$.81 per 1,000 gallons of water to \$1.43 per 1,000 gallons. The monthly service charge was increased from \$2.50 to \$3.75.
3. Kentucky-American bills on a declining block rate schedule for all water sold and charges a monthly service charge based on meter size. Effective June 1, 1988, Kentucky-American's rates were increased by approximately \$.04 per 1,000 gallons of water, pursuant to an Order of the Commission in Case No. 10069, Notice of Adjustment of the Rates of Kentucky-American Water Company Effective June 1, 1988.

4. During the 12 months ending April 30, 1988, Spears purchased 133,210,330 gallons of water from the City and 57,046,968 gallons from Kentucky-American. Spears sold a total of 159,923,570 gallons during the same 12-month period.

5. No reasonable level of water loss was established for Spears in its last rate case. Spears, therefore, adjusted the volume of water purchased to reflect the maximum of 15 percent water loss allowed by 807 KAR 5:067 rather than the actual loss of 15.94 percent.

6. Spears' calculations are correct and show a total allowable increase in purchased water costs of \$83,964, resulting in a purchased water adjustment of \$.53 per 1,000 gallons.

7. Spears notified its customers of the proposed increase by bill insert; however, the notice shows an increase of \$.51 per 1,000 gallons rather than the correct increase of \$.53 per 1,000 gallons. Spears should provide a corrected notice to its customers along with the first billing under the changed rates. A copy of the corrected notice and certification that such notice has been given should be filed with the Commission within 30 days of the date of this Order.

8. The rates proposed by Spears and shown in Appendix A are fair, just, and reasonable, and should be approved.

9. The rates shown on Spears proposed tariff are correct; however, the tariff was submitted in a bound volume, and identifying information was omitted. Spears should, therefore, file revised tariff sheets.

IT IS THEREFORE ORDERED that:

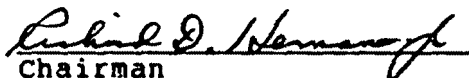
1. The purchased water adjustment in the amount of \$.53 per 1,000 gallons and the rates in Appendix A be and they hereby are approved effective for services rendered on and after the date of this Order.

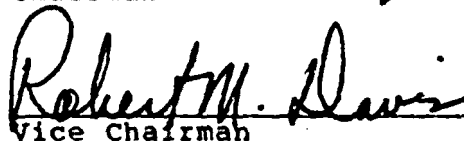
2. Spears shall provide corrected notice in accordance with Finding No. 7 herein.

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

Done at Frankfort, Kentucky, this 28th day of June, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10295 DATED 6/28/88

The following rates and charges are prescribed for the customers in the area served by Spears Water Copmany, 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.

MOBILE HOME AND FIELD SERVICE

<u>USAGE BLOCK</u>	<u>MONTHLY RATE</u>
First 1,000 gallons	\$4.93 Minimum
Next 11,000 gallons	3.63 per 1,000 gallons
Over 12,000 gallons	2.78 per 1,000 gallons

RESIDENTIAL

<u>USAGE BLOCK</u>	<u>MONTHLY RATE</u>
First 2,000 gallons	\$8.66 Minimum
Next 10,000 gallons	3.63 per 1,000 gallons
Over 12,000 gallons	2.78 per 1,000 gallons