

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF )  
AUXIER WATER COMPANY ) CASE NO. 10407

O R D E R

On October 10, 1988, Auxier Water Company ("Auxier") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to 807 KAR 5:067, Purchased Water Adjustment. On October 19, 1988, the Commission requested that additional information be filed. The required information has now been filed, and the record is complete.

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

1. Auxier purchases water from the City of Prestonsburg at two different locations, one in the vicinity of Auxier Road and one in the vicinity of the Johnson-Floyd County line on Little Paint. Different declining block rate schedules are applicable to meters at each location.

2. Effective October 1, 1988, Paintsville increased its rates for meters in the vicinity of Auxier Road by approximately \$.31 per 1,000 gallons and for meters in the vicinity of the Johnson-Floyd County line on Little Paint by approximately \$.30 per 1,000 gallons.

3. Auxier proposed to adjust its rates effective November 13, 1988.

4. During the 12 months ending June 30, 1988, Auxier purchased a total of 65,145,000 gallons of water, 46,099,000 gallons through meters in the vicinity of Auxier Road and 19,046,000 gallons through meters in the vicinity of the Johnson-Floyd County line on Little Paint. Auxier sold 59,974,000 gallons of water during the same 12 months.

5. Auxier's calculations are correct with the exception of a minor mathematical error in arriving at the combined cost of water at the base rates. The correct cost is \$92,023 rather than \$91,023.

6. The correct increase in purchased water costs is \$19,655 resulting in a purchased water adjustment of \$.33 per 1,000 gallons.

7. The rates proposed by Auxier are incorrect due to the mathematical error described in Finding No. 5. Further, Auxier failed to apply the purchased water adjustment to its special rate to Regency Park Apartments. The proposed rates should, therefore, be denied.

8. The purchased water adjustment of \$.33 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 purchased water adjustment and rates proposed by Auxier are hereby denied.

2. The purchased water adjustment of \$.33 per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after November 13, 1988.

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

Done at Frankfort, Kentucky, this 27th day of October, 1988.

PUBLIC SERVICE COMMISSION

*Richard D. Hemmer, Jr.*  
Chairman

*Robert M. Davis*  
Vice Chairman

*Spure W. Williams, Jr.*  
Commissioner

ATTEST:

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Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 10407 DATED 10/27/88

The following rates and charges are prescribed for the customers in the area served by Auxier Water Company. 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.

<u>Usage Blocks</u>	<u>Monthly Rates</u>
First 1,000 gallons	\$8.63 Minimum
Next 1,000 gallons	4.93 per 1,000 gallons
Next 6,000 gallons	4.28 per 1,000 gallons
Next 6,000 gallons	3.53 per 1,000 gallons
Over 14,000 gallons	2.88 per 1,000 gallons

Regency Park Apartments

<u>Usage Blocks</u>	
Meter Nos. 1 and 2	
First 14,000 gallons	\$8.63 per 1,000 gallons
Over 14,000 gallons	2.88 per 1,000 gallons
Meter No. 3	
First 13,000 gallons	\$8.63 per 1,000 gallons
Over 13,000 gallons	2.55 per 1,000 gallons