

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
LAKE VILLAGE WATER ASSOCIATION) CASE NO. 10434

O R D E R

On November 7, 1988, Lake Village Water Association ("Lake Village") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.012 and 807 KAR 5:068, Purchased Water Adjustment. Subsequently, on November 22, 1988, Lake Village filed amended tariffs to correct the time period upon which the purchased water calculations were made. Lake Village also filed required exhibits which were omitted from the initial filing.

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

1. Lake Village purchases water from two suppliers, the City of Danville ("Danville") and the City of Harrodsburg ("Harrodsburg").

2. Danville bills on a declining block rate schedule. Effective November 15, 1988, Danville decreased its rates for wholesale water by approximately \$.45 per 1,000 gallons of water. There was no change in the rates charged by Harrodsburg.

3. During the 12 months ending October 31, 1988, Lake Village purchased 76,770,825 gallons of water from Danville and 47,233,995 gallons from Harrodsburg. Lake Village sold 81,701,500 gallons during the same 12-month period.

4. Lake Village's calculations are correct and show a decrease in purchased water costs of \$34,383 resulting in a purchased water reduction of \$.42 per 1,000 gallons.

5. Lake Village proposed to adjust its rates effective December 15, 1988, which would result in collection of rates in excess of those allowed herein for a period of 1 month after the date of Danville's decrease in rates. However, on August 15, 1988, Danville's rates to Lake Village were increased, resulting in a purchased water adjustment of \$.78 per 1,000 gallons. The effect of this increase was not reflected in the rates to Lake Village's customers until September 20, 1988, a period of approximately 1 month during which Lake Village charged rates lower than those which it could have charged.¹ The timing difference in making these adjustments results in an offset of the amount which will be over-collected from November 15 to December 15, 1988, and, in addition, provides a net benefit to Lake Village's customers of approximately \$2,451 as shown in Appendix B. Lake Village's proposed effective date of December 15, 1988 should, therefore, be approved.

¹ Case No. 10355, Purchased Water Adjustment of Lake Village Water Association, dated September 15, 1988.

6. The purchased water adjustment proposed by Lake Village reducing its rates by \$.42 per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and should be approved.

7. The proposed tariff filed by Lake Village should be approved as filed.

IT IS THEREFORE ORDERED that:

1. The purchased water reduction of \$.42 per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after December 15, 1988.

2. The tariff filed by Lake Village is approved as filed.

Done at Frankfort, Kentucky, this 2nd day of December, 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. 10434 DATED 10/02/88

The following rates and charges are prescribed for the customers in the area served by Lake Village Water Association. 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

First 1,000 gallons	\$10.26 Minimum
Next 2,000 gallons	3.86 per 1,000 gallons
Next 2,000 gallons	3.56 per 1,000 gallons
Next 5,000 gallons	3.26 per 1,000 gallons
Over 10,000 gallons	2.96 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10434 DATED 10/02/88

Average gallons sold per month:

$$81,701,500 \div 12 = 6,808,458 \text{ gallons}$$

Under collection:

$$$.78 \times 6,808.458 \text{ m. gallons} = \$5,310.60$$

Over collection:

$$$.42 \times 6,808.458 \text{ m. gallons} = \$2,859.55$$

Net difference:

$$\begin{array}{r} \$5,310.60 \\ \underline{2,859.55} \\ \$2,451.05 \end{array} \text{ under collection}$$