

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
MEADE COUNTY WATER DISTRICT) CASE NO. 10475

O R D E R

On November 21, 1988, Meade County Water District ("Meade") filed its revised tariff sheets with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.015 and 807 KAR 5:068, Purchased Water Adjustment.

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

1. Meade's supplier, City of Brandenburg, increased its rate for wholesale water from \$.87 to \$1.05 per 1,000 gallons effective December 20, 1988.
2. Meade proposed to adjust the rates to its customers effective December 20, 1988.
3. During the 12 months ending September 30, 1988, Meade purchased 29,858,000 gallons of water and sold 26,786,330 gallons.
4. The increase in purchased water costs is \$5,374, resulting in a purchased water adjustment of \$.20 per 1,000 gallons.
5. Meade's proposed tariff is incorrect in that it failed to apply the purchased water adjustment to its rate for bulk loading stations.

6. During the 12-month test period, Meade sold 9,454,041 gallons of water through its bulk loading stations at a rate of \$4.50 per 1,000 gallons. The loading station is coin operated and operates only with the use of quarters; thus, the bulk loading station rate must be divisible by 25. Meade proposed to deviate from the regulation by retaining the current \$4.50 per 1,000 gallon rate, which results in a revenue shortfall of approximately \$1,891. The rate for water sold through bulk loading stations should be \$4.75 per 1,000 gallons. Since Meade began operations in April 1987, it has experienced decreasing bulk sales as individual customers connect to its distribution system. This trend is likely to continue and will offset the excess revenue of approximately \$473 which would be generated by the higher adjustment to this rate. Given these facts and the limitations of Meade's bulk loading stations, a purchased water adjustment of \$.25 per 1,000 gallons for bulk loading stations is in substantial compliance with 807 KAR 5:068.

7. The purchased water adjustment of \$.20 per 1,000 gallons for general rates, \$.25 per 1,000 gallons for the bulk loading station rate, and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

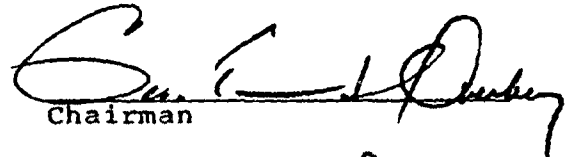
1. The tariff proposed by Meade is denied.
2. The purchased water adjustment of \$.20 per 1,000 gallons for general rates is approved.
3. The purchased water adjustment of \$.25 per 1,000 gallons is approved for the bulk loading station rate.

4. The rates in Appendix A are approved for services rendered on and after December 20, 1988.

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

Done at Frankfort, Kentucky, this 21st 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. 10475 DATED 12/21/88

The following rates and charges are prescribed for the customers in the area served by Meade County Water District. 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 2,000 gallons	\$11.70 Minimum
Next 5,000 gallons	5.80 per 1,000 gallons
Next 10,000 gallons	5.60 per 1,000 gallons
Next 20,000 gallons	4.95 per 1,000 gallons
Over 37,000 gallons	4.20 per 1,000 gallons
Loading Stations	\$ 4.75 per 1,000 gallons