

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
MUHLENBERG COUNTY WATER DISTRICT) Case No. 10488
No. 3)

O R D E R

On December 8, 1988, Muhlenberg County Water District No. 3 ("Muhlenberg No. 3") filed its revised tariff 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. Muhlenberg No. 3's supplier, City of Central City ("Central City") increased its rates for purchased water from \$.891 to \$1.0094 per 1,000 gallons to be effective January 1, 1989.

2. Muhlenberg No. 3 proposes to adjust the rates to its customers effective March 1, 1989.

3. Muhlenberg No. 3's 1986 and 1987 Annual Reports show that the meter through which it receives water from Central City has not been accurately registering the water purchased since well before the 12-month period upon which the purchased water adjustment is based. The meter has now been repaired. However, although Muhlenberg No. 3 sold 151,325,200 gallons of water during the 12 months ending October 31, 1988, the purchases recorded by

Central City's meter total 141,548,200 gallons. Since there is no way to determine the actual volume of water purchased, the purchased water adjustment should be based on the volume sold.

4. Based on the volume sold, the increase in purchased water costs is \$17,917, resulting in a purchased water adjustment of \$.12 per 1,000 gallons.

5. The purchased water adjustment of \$.12 per 1,000 gallons and the rates in Appendix A, attached and incorporated hereto, are fair, just, and reasonable and should be approved.

6. The tariff filed by Muhlenberg No. 3 is incorrect in that the purchased water adjustment was not applied to its rate for water resold to the City of Sacramento.

IT IS THEREFORE ORDERED that:

1. The tariff proposed by Muhlenberg No. 3 is hereby denied.

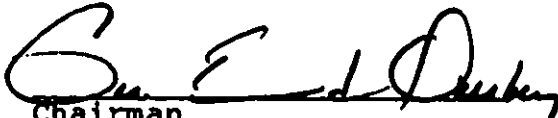
2. The purchased water adjustment in the amount of \$.12 per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after March 1, 1989.

3. Within 30 days of the date the rates are placed into effect, Muhlenberg No. 3 shall file revised tariffs setting out the rates approved herein.

4. Muhlenberg No. 3 shall provide notice to its customers of the rate adjustment on or before the date they receive the first bill with the changed rates. Within 10 days thereafter, Muhlenberg No. 3 shall file a copy of the notice to its customers with the Commission and verification that such notice has been given.

Done at Frankfort, Kentucky, this 6th day of January, 1989.

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. 10488 DATED January 6, 1989.

The following rates and charges are prescribed for the customers in the area served by Muhlenberg County Water District No. 3. 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.

Residential/Commercial

Usage Blocks

Monthly Rates

First 2,000 gallons	\$9.09 Minimum Bill
Next 8,000 gallons	3.07 per 1,000 gallons
Next 10,000 gallons	2.57 per 1,000 gallons
Next 30,000 gallons	1.97 per 1,000 gallons
Over 50,000 gallons	1.52 per 1,000 gallons
Resale - City of Sacramento	
All usage	\$1.52 per 1,000 gallons