

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
WESTERN ROCKCASTLE COUNTY WATER) CASE NO. 89-063
ASSOCIATION, INC.)

O R D E R

On March 16, 1989, Western Rockcastle County Water Association, Inc. ("Western Rockcastle") 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.

On March 27, 1989, the Commission requested that additional information be filed. The required information has been filed and the record is now complete.

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

1. Western Rockcastle's supplier, Mt. Vernon Water Works, increased its rate for wholesale water from \$.84 to \$.98 per 1,000 gallons of water effective September 15, 1988.

2. Western Rockcastle proposed to adjust its rates effective May 10, 1989.

3. During the 12 months ending December 31, 1988, Western Rockcastle purchased 80,536,300 gallons of water and sold 71,138,500 gallons.

4. Western Rockcastle's calculations are incorrect in that the exact difference between the base rate and changed rate was applied to its rates rather than the amount derived by dividing the actual cost increase by the gallons sold.

5. The increased cost of purchased water is \$11,275, resulting in a purchased water adjustment of \$.16 per 1,000 gallons of water as shown in Appendix B.

6. Western Rockcastle's method of applying the purchased water adjustment to its rates is also incorrect in that it added amounts ranging from \$.05 to \$.205 per 1,000 gallons to the various rates rather than an equal amount per 1,000 gallon unit.

7. Western Rockcastle included in its tariff proposed changes to its connection charges and deposit policy. Filings made pursuant to KRS 278.012 and 807 KAR 5:068 are limited to consideration of increases in the cost of purchased water. Therefore, any proposal to change the connection charges and deposit policy must be made in a proceeding separate from the purchased water adjustment.

8. The purchased water adjustment of \$.16 per 1,000 gallons of water 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 Western Rockcastle are denied.

2. The proposed connection charges and deposit policy are denied without prejudice to refile.

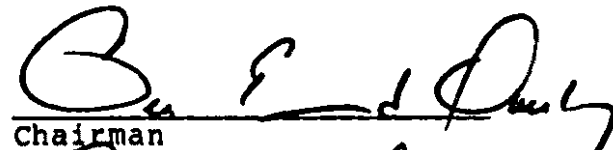
3. The purchased water adjustment in Appendix B and the rates in Appendix A, attached and incorporated hereto, are approved for services rendered on and after May 10, 1989.

4. Within 30 days after the adjusted rates are placed into effect, Western Rockcastle shall file its revised tariff sheets setting out the rates approved herein.

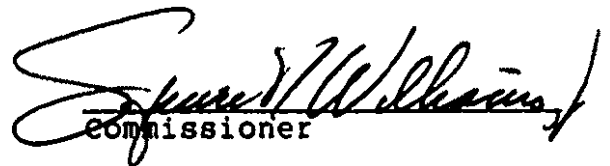
5. Within 30 days after the adjusted rates are placed into effect, Western Rockcastle shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 19th day of April, 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. 89-063 DATED 4/19/89

The following rates and charges are prescribed for the customers in the area served by Western Rockcastle County Water Association, 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.

5/8 Inch x 3/4 Inch Meters

Monthly Rate

First 2,000 gallons	\$9.47 Minimum
Next 3,000 gallons	4.21 per 1,000 gallons
Next 5,000 gallons	3.21 per 1,000 gallons
Next 40,000 gallons	1.91 per 1,000 gallons
Over 50,000 gallons	1.66 per 1,000 gallons

1 Inch Meters

First 5,000 gallons	\$22.10 Minimum
Next 5,000 gallons	3.21 per 1,000 gallons
Next 40,000 gallons	1.91 per 1,000 gallons
Over 50,000 gallons	1.66 per 1,000 gallons

1 1/2 Inch Meters

First 10,000 gallons	\$38.15 Minimum
Next 40,000 gallons	1.91 per 1,000 gallons
Over 50,000 gallons	1.66 per 1,000 gallons

2 Inch Meters

First 16,000 gallons	\$49.61 Minimum
Next 34,000 gallons	1.91 per 1,000 gallons
Over 50,000 gallons	1.66 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-063 DATED 4/19/89

Calculation of Purchased Water Adjustment

Water Purchased: 80,536,500 gallons
Water Sold: 71,138,500 gallons

Cost at Changed Rate:

80,536.5 M gallons x \$.98 = \$78,925.77

Less

Cost at Base Rate:

80,536.5 M gallons x \$.84 = \$67,650.66

Increase: \$11,275.11

\$11,275.11 ÷ 71,138.5 M gallons = \$.1584 or \$.16/1,000 gallons