

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
POWELL'S VALLEY WATER DISTRICT) CASE NO. 89-118

O R D E R

On May 10, 1989, Powell's Valley Water District ("Powell's Valley") 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 sufficiently advised, is of the opinion and finds that:

1. Powell's Valley purchases a portion of its water from the city of Clay City ("Clay City") and Estill County Water District No. 1 ("Estill").

2. Effective May 1, 1989, Clay City will increase its rate for water sold to Powell's Valley from \$1.12 to \$1.29 per 1,000 gallons.

3. Powell's Valley proposed to adjust the rates to its customers effective June 1, 1989.

4. During the 12 months ending January 31, 1989, Powell's Valley purchased 40,152,500 gallons of water from Clay City and 9,593,800 gallons from Estill.

5. During the same 12 months, Powell's Valley sold 43,199,270 gallons of water.

6. The increase in purchased water costs is \$6,826 resulting in a purchased water adjustment of \$.16 per 1,000 gallons as shown in Appendix B.

7. Powell's Valley's calculations are incorrect in that it subtracted the present rate from Clay City from the new rate instead of dividing the increased cost of water by total sales.

8. The purchased water adjustment of \$.16 per 1,000 gallons and the rates in Appendix A are correct and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$.16 per 1,000 gallons of water as shown in Appendix B and the rates in Appendix A, attached and incorporated hereto, are approved for services rendered on and after June 1, 1989.

2. Within 30 days of the date of this Order, Powell's Valley shall file revised tariff sheets setting out the rates approved herein.

3. Within 30 days of the date of this Order, Powell's Valley 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 May, 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. 89-118 DATED 5/19/89

The following rates and charges are prescribed for the customers in the area served by Powell's Valley. 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 2,000 gallons
Next 2,000 gallons
Next 2,000 gallons
Over 6,000 gallons

\$11.97 Minimum Bill
4.91 per 1,000 gallons
3.66 per 1,000 gallons
2.91 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-118 DATED 5/19/89

CALCULATION OF PURCHASED WATER ADJUSTMENT

| | |
|-------------------------------|------------------|
| Gallons Purchased - Clay City | 40,152,500 |
| Gallons Purchased - Estill | <u>9,593,800</u> |
| Total Gallons Purchased | 49,746,300 |
| Gallons Sold: 43,199,270 | |

Clay City

Cost at changed rate:

40,152.5 M gallons X \$1.29 = \$51,796.72

Less

Cost at Base Rate:

40,152.5 M gallons X \$1.12 = \$44,970.80

Increase 6,825.92

\$6,825.92 ÷ 43,199.270 M gallons sold = \$.1580 or \$.16/1,000
gallons