

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF )  
SALT RIVER WATER DISTRICT ) CASE NO. 90-032

O R D E R

On February 2, 1990, Salt River Water District ("Salt River") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

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

1. Salt River produced its own water until June 1989 at which time it began to purchase its total water supply from Louisville Water Company.

2. Effective February 1, 1990, Louisville Water Company increased its rate for water sold to Salt River from \$.99 per 1,000 gallons to \$1.02 per 1,000 gallons. The monthly service charge of \$94.50 was not increased.

3. Salt River proposed to increase the rates to its customers effective February 1, 1990.

4. In Case No. 10181,<sup>1</sup> Salt River was granted certificates of convenience and necessity for construction and an increase in rates.<sup>2</sup> At the time the increase in rates was granted, Salt River was producing its own water, but anticipated a change from production to purchase of its entire water supply from Louisville Water Company. Therefore, the rate of \$.90 per 1,000 gallons being charged by Louisville Water Company at that time was used in determining the purchased water expense to be included in Salt River's revenue requirement. Subsequently, Louisville Water Company increased its rate to \$.92 per 1,000 gallons and, on January 1, 1989, instituted a service charge of \$94.50 per month and further increased the rate for water to \$.99 per 1,000 gallons.

5. Since the \$.90 per 1,000 gallon rate was used in Case No. 10181 to determine Salt River's revenue requirement, Salt River proposed to use this rate level as its base rate for the purpose of the purchased water adjustment herein. 807 KAR 5:068 provides that the base rate shall be the supplier's rate in effect immediately prior to the most recent increase. Therefore, the base rate upon which the purchased water adjustment must be calculated is \$.99 per 1,000 gallons of water plus the \$94.50 monthly service charge. Any additional increase must be applied for in a separate proceeding.

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<sup>1</sup> Case No. 10181, The Application of Salt River Water District of Bullitt County, Kentucky, for Approval of Construction, Financing, and Increased Rates.

<sup>2</sup> Ibid. Orders dated March 11, 1988, June 10, 1988, and July 21, 1988.

6. Salt River proposed to base its purchased water adjustment on annualized purchases and sales for the period from June 17, 1989 when it began purchasing water through December 2, 1989. The Commission finds that the combined volume of water actually produced and purchased during calendar year 1989 will more accurately reflect the volume of expected annual water purchases than an annualized volume based on approximately 5 1/2 months of water purchases.

7. Salt River produced 43,524,000 gallons of water and purchased 50,546,000 for a total volume of 94,070,000 gallons produced and purchased during the 12 months ending December 31, 1989. Salt River sold 86,590,700 gallons during the same period.

8. The increase in purchased water costs is \$2,822, resulting in a purchased water adjustment of \$.03 per 1,000 gallons of water as shown in Appendix B.

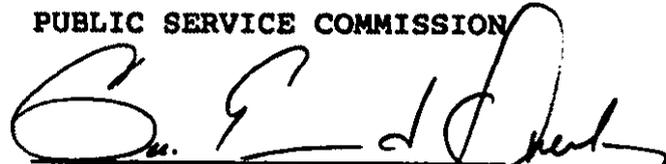
9. The purchased water adjustment of \$.03 per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Salt River are denied.
2. The purchased water adjustment and rates in Appendices A and B, attached hereto and incorporated herein, are approved for services rendered on and after February 1, 1990.
3. Within 30 days of the date of this Order, Salt River shall file its revised tariff sheet setting out the rates approved herein.

Done at Frankfort, Kentucky, this 5th day of March, 1990.

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. 90-032 DATED 3/05/90

The following rates and charges are prescribed for the customers in the area served by Salt River 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.

RATES: Monthly

5/8 x 3/4 Inch Connection

First 3,000 gallons	\$13.09 Minimum Bill
Next 5,000 gallons	3.28 per 1,000 gallons
Next 7,000 gallons	2.78 per 1,000 gallons
Next 10,000 gallons	2.53 per 1,000 gallons
Over 25,000 gallons	2.03 per 1,000 gallons

1 Inch Connection

First 5,000 gallons	\$19.65 Minimum Bill
Next 3,000 gallons	3.28 per 1,000 gallons
Next 7,000 gallons	2.78 per 1,000 gallons
Next 10,000 gallons	2.53 per 1,000 gallons
Over 25,000 gallons	2.03 per 1,000 gallons

2 Inch Connection

First 10,000 gallons	\$35.05 Minimum Bill
Next 5,000 gallons	2.78 per 1,000 gallons
Next 10,000 gallons	2.53 per 1,000 gallons
Over 25,000 gallons	2.03 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 90-032 DATED 3/05/90

Purchased Water Adjustment Calculations

Gallons Produced	43,524,000
Gallons Purchased	<u>50,546,000</u>
Total Gallons	<u>94,070,000</u>

Gallons Sold 86,590,700

Cost at New Rate:

Service Charge \$94.50 x 12 months	= \$ 1,134.00
94,070 m gals. x \$1.02/1,000 gallons	= <u>95,951.40</u>
NEW COST	<u>\$97,085.40</u>

LESS

Cost at Base Rate:

Service Charge \$94.50 x 12 months	= \$ 1,134.00
94,070 m. gals. x \$.99/1,000 gallons	= <u>93,129.30</u>
OLD COST	<u>\$94,129.30</u>

Increase: \$2,822.10

\$2,822.10 + 86,590.7 m. gals. sold = \$.03259 or \$.03/1,000 gallons