

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH SHORE WATER	)	
WORKS COMPANY FOR A DEVIATION FROM THE	)	CASE NO.
REQUIREMENTS OF 807 KAR 5:066, SECTION	)	90-194
5(4), REGARDING WATER STORAGE	)	

O R D E R

On July 6, 1990, the South Shore Water Works Company ("South Shore") filed an application for a deviation from Commission regulation 807 KAR 5:066, Section 5(4), which provides that each utility shall maintain water storage to ensure a minimum of one day's supply of its average daily water usage. By Order issued on August 17, 1990, the Commission denied South Shore's application, finding that South Shore was bound by the Commission's Order of July 20, 1988 in Case No. 10263<sup>1</sup> to bring its water storage facility into compliance with Commission regulations by August 1, 1991. By letter received at the Commission on August 22, 1990, South Shore provided additional information regarding its storage capacity to the Commission and requested a conference and/or a rehearing in this proceeding. After reviewing the additional information provided by South Shore, the Commission determined that South Shore's petition for rehearing should be granted and

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<sup>1</sup> Case No. 10263, The Application of South Shore Water Works Company for a Deviation from the Requirements of 807 KAR 5:066, Section 5(4), Regarding Water Storage.

scheduled an informal conference. The informal conference was held at the Commission's offices on September 19, 1990, and South Shore subsequently filed a position statement on September 28, 1990.

#### BACKGROUND

In Case No. 10263, the Commission investigated the storage requirements of South Shore to determine compliance with 807 KAR 5:066, Section 5(4). Based on 1987 figures with respect to average daily usage and storage capacity, the Commission, in its Order dated July 20, 1988, granted South Shore a limited deviation from the regulation until August 1, 1991, directing that South Shore take all steps necessary to increase its water storage capacity by that date.

South Shore's major customer in 1987 (and today) is Didier-Taylor Refractories, Inc. ("Didier-Taylor"). Didier-Taylor has on its premises its own emergency water storage tank of 200,000 gallons. Because of this storage capacity, as well as other factors, South Shore requested the Commission to reconsider its July 20, 1988 Order. The Commission accepted South Shore's adjustments by Order of November 9, 1988, on the condition that South Shore obtain a written agreement with Didier-Taylor that water service would be terminated to Didier-Taylor during emergency conditions. South Shore was directed to file the agreement with the Commission no later than December 1, 1988. As the agreement was never filed with the Commission, the Commission's Order of August 17, 1990 denied South Shore's

application of July 6, 1990 finding that South Shore was bound by the Commission's original Order of July 20, 1988.

#### DISCUSSION

At the informal conference and in its position statement filed subsequently thereto, South Shore submitted information indicating that since it was unable to obtain the agreement with Didier-Taylor described above, and in order to save the \$100,000-\$200,000 storage-capacity cost otherwise associated with Didier-Taylor's usage, South Shore in 1990 proposed Section 14 to its Rules and Regulations. That Section permits South Shore to curtail supply to Didier-Taylor for up to 24 hours in the event of a water emergency. This tariff was approved by the Commission effective August 14, 1990.

In addition, since Case No. 10263 was decided, South Shore has completed an upgrade of its system and has identified several deficiencies which had produced, in 1987-88, substantial water losses. As a result, based upon 1989-90 water production figures, South Shore's figures show daily production (which includes Didier-Taylor) has been reduced from 645,767 gallons in 1987 to 515,250 gallons in the 12 months ending June 30, 1990. South Shore submits that because of the new tariff provision and long-term reduced water loss, a change of circumstances exists which justifies the Commission relieving South Shore of its obligation under the July 20, 1988 Order in Case No. 10263 to construct additional water storage facilities. South Shore also stated that of the 515,250 gallons daily usage, approximately

29,000 gallons represent water used for filter backwash which would not occur during an emergency. South Shore's current water storage capacity is 364,000 gallons. South Shore is currently in the process of purchasing and locating a 35,000 gallon storage tank which will bring its total storage capacity to 399,000 gallons. Installation of the new storage tank is expected to be completed on or before March 15, 1991. South Shore requests the Commission to determine that it has 399,000 gallons of storage capacity, in compliance with 807 KAR 5:066, Section 5(4).

The Commission, having reviewed the application and information submitted subsequent thereto, and being otherwise sufficiently advised, finds that:

1. Excluding Didier-Taylor usage and filter backwash, South Shore's average daily usage is 379,000 gallons. Total storage capacity, after installation of the new 35,000 gallon tank, will be 399,000 gallons.

2. South Shore will be in compliance with the requirements of 807 KAR 5:066, Section 5(4), and as such no deviation is required.

3. To the extent that any findings in previous Orders entered in this case and in Case No. 10263 are in conflict with the findings herein, they are superseded by this Order.


4. Installation of the new 35,000 gallon tank shall be completed no later than August 1, 1991. South Shore shall notify the Commission immediately if it experiences delays which could render completion by that date unlikely. South Shore shall notify

the Commission in writing within 10 days of completion of installation.

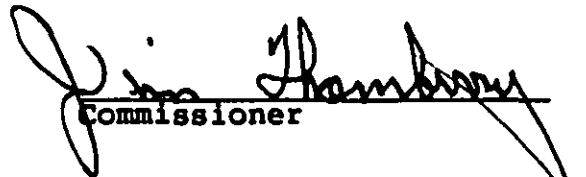
IT IS THEREFORE ORDERED that, as South Shore is in substantial compliance with the requirements of 807 KAR 5:066, Section 5(4), thus obviating the need for a deviation, South Shore's request for a deviation is hereby dismissed.

Done at Frankfort, Kentucky, this 4th day of December, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director