

3. Pendleton proposes to increase the rates to its customers effective January 1, 1991.

4. During the 12 months ending November 30, 1990, Pendleton purchased 51,426,030 gallons of water from Campbell, and 25,186,000 from Falmouth. Pendleton sold 76,612,030 gallons of water during the same 12-month period.

5. Pendleton's calculations are correct and show an increase in purchased water costs of \$7,812, resulting in a purchased water adjustment of 10 cents per 1,000 gallons of water.

6. The rates proposed by Pendleton are incorrect in that the purchased water adjustment was not correctly applied on a per unit basis to the minimum bills as required by 807 KAR 5:068. The minimum bills for residential customers, Griffin Industries, Inc., and Pendleton County High School are incorrectly calculated. Pendleton's tariff sheet showed the minimum bills for residential customers (First 2,000 gallons), for Griffin Industries, Inc. (400,000 gallons) and Pendleton County High School (First 125,000 gallons) to be \$9.20, \$16.08 and \$502.50, or an increase of \$.21, \$36.60, and \$9.10 respectively. As shown below, the correct amount of the increase is \$.20, \$40.00, and \$12.50.² The proposed rates should, therefore, be denied.

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2,000 gallons	x	\$.10/1,000 gallons	=	\$.20
400,000 gallons	x	.10/1,000 gallons	=	40.00
125,000 gallons	x	.10/1,000 gallons	=	12.50

\$.20	+	\$ 8.99	=	\$ 9.19
40.00	+	1,571.40	=	1,611.40
12.50	+	493.40	=	505.90

7. The purchased water adjustment of 10 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

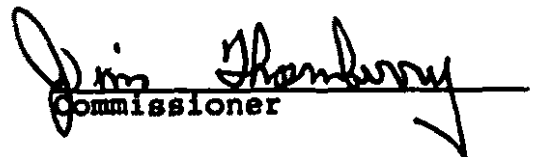
1. The rates proposed by Pendleton are denied.
2. The purchased water adjustment of 10 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after January 1, 1991.
3. Within 30 days of the date of this Order, Pendleton shall file a revised tariff sheet setting out the rates approved herein.
4. Within 20 days of the date of this Order, Pendleton shall file verification that notice has been given to its customers.

Done at Frankfort, Kentucky, this 16th day of January, 1991.

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. 91-001 DATED 1/16/91

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

Residential Customers

Rates

First 2,000 gallons	\$9.19 Minimum Bill
Next 3,000 gallons	4.27 per 1,000 gallons
Next 10,000 gallons	4.17 per 1,000 gallons
Over 15,000 gallons	4.02 per 1,000 gallons

Griffin Industries, Inc.

First 400,000 gallons	\$1,611.40 Minimum Bill
Over 400,000 gallons	4.02 per 1,000 gallons

Pendleton County High School

First 125,000 gallons	\$505.90 Minimum Bill
Over 125,000 gallons	4.02 per 1,000 gallons