

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
HUNTSVILLE-SOUTH HILL WATER SYSTEM,) CASE NO. 91-034
INC.)

O R D E R

On January 31, 1991, Huntsville-South Hill Water System, Inc. ("Association") filed an application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068. The information provided by the Association did not meet the requirements of 807 KAR 5:061, Section 8(3), and 807 KAR 5:068, Section 3. Therefore, on February 5, 1991, the Commission requested by letter that this additional information be filed. Subsequently, on February 25, 1991, the Association filed a request for an extension of time to secure a copy of its Articles of Incorporation. The Association filed a copy of its Articles of Incorporation on March 1, 1991, and the record is now complete.

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

1. The Association purchases water from Rochester Water District ("Rochester").

2. Pursuant to the Commission's Order dated January 11, 1991 in Case No. 90-242,¹ Rochester was granted an increase in its rate for wholesale water from \$1.00 to \$1.25 per 1,000 gallons. Rochester increased the water rate to the Association effective January 11, 1991.

3. The Association proposed to increase the rates to its customers January 11, 1991; however, the time period between the Association's filing date of January 31, 1991 and its proposed effective date exceeds the 20-day period specified by KRS 278.012. By requiring that revised tariffs be filed with the Commission within 20 days of the date rates to customers are increased, the statute authorizes the charging of the adjusted rates for a maximum of 20 days before applying for Commission approval. Therefore, the Association's adjusted rates should be made effective January 12, 1991.

4. During the 12 months ending January 31, 1991, the Association purchased 10,898,000 gallons of water and sold 8,540,700 gallons.

5. The Association's calculations are incorrect in that it used the gallons purchased rather than the gallons sold in determining the purchased water adjustment factor.

6. The increase in the cost of purchased water is \$2,725, resulting in a purchased water adjustment of 32 cents per 1,000 gallons as shown in Appendix B.

¹ Case No. 90-242, The Application of Rochester Water District for Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities.

7. The purchased water adjustment of 32 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 the Association are denied.

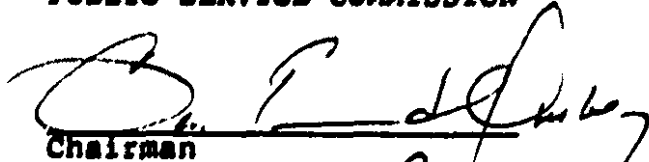
2. The purchased water adjustment of 32 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after January 12, 1991.

3. Within 30 days of the date of this Order, the Association shall file a revised tariff sheet setting out the rates approved herein.

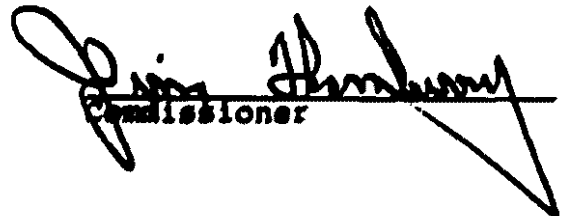
4. Within 20 days of the date of this Order, the Association shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 21st day of March, 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. 91-034 DATED 3/21/91**

The following rates and charges are prescribed for the customers in the area served by Huntsville-South Hill Water System, 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.

<u>Usage Block</u>	<u>Monthly Rates</u>
First 2,000 gallons	\$7.87 Minimum Bill
Next 4,000 gallons	3.92 per 1,000 gallons
Next 4,000 gallons	2.07 per 1,000 gallons
Next 15,000 gallons	1.82 per 1,000 gallons
Over 25,000 gallons	1.57 per 1,000 gallons

APPENDIX B

**APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 91-034 DATED 3/21/91**

CALCULATION OF PURCHASED WATER ADJUSTMENT

Water Purchased: 10,898,000 gallons
Water Sold: 8,540,700 gallons

Cost at Changed Rate:

10,898,000 x \$1.25 = \$13,622.50

LESS

Cost at Base Rate:

10,898,000 x \$1.00 = \$10,898.00

Increase in cost: \$2,724.50

\$2,724.50 + 8,540,700 gallons sold = \$.3190 or \$.32/1,000 gallons