

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
MILFORD WATER COMPANY, INC.) CASE NO. 91-162

O R D E R

On May 24, 1991, Milford Water Company, Inc. ("Milford") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure, 807 KAR 5:067.

In its filing, Milford requested a deviation from the requirements of 807 KAR 5:067, Section 3(1), on the grounds that an improperly working master meter during the months of January, February, March, and April of 1991 had resulted in erroneous billing for the most current 12-month period. Milford requested that the Commission accept a test period consisting of the January through December 1990 billing as reported on its Annual Report filed with the Commission.

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

1. Milford purchases water from the city of Richmond ("Richmond"). Prior to this case, Richmond billed Milford on a five step declining block rate schedule based on units measured in cubic feet. Richmond has changed the rate structure it charges to

its wholesale customers to a flat fee based on units measured in 100 cubic feet.

2. Effective with the billing payable July 15, 1991, Richmond increased its rates to Milford from approximately \$.95 to \$1.30 per 100 cubic feet.

3. Milford proposes to increase the rates to its customers effective with water used from May 1, 1991 to June 1, 1991. However, pursuant to 807 KAR 5:067, Section 2(3), Milford may not implement its proposed rates prior to the date of issuance of this Order.

4. Good cause exists to grant Milford the requested deviation from 807 KAR 5:067, Section 3(1).

5. During the 12 months ending December 31, 1990, Milford purchased 17,641,580 gallons from Meter No. 1 and 32,977,076 gallons from Meter No. 2 for a total of 50,618,656 gallons and sold 45,600,595 gallons.

6. Milford's calculations are correct and show an increase in purchased water costs of \$23,182, resulting in a purchased water adjustment of 51 cents per 1,000 gallons of water.

7. The purchased water adjustment of 51 cents per 1,000 gallons and the rates shown in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

8. Milford's proposed tariff is correct and should be approved.

IT IS THEREFORE ORDERED that:

1. Milford is hereby granted a deviation from the requirements of 807 KAR 5:067, Section 3(1), regarding the test period for use in a purchased water adjustment procedure. The data filed in Milford's 1990 Annual Report shall be used pursuant to the purchased water adjustment procedure, 807 KAR 5:067.

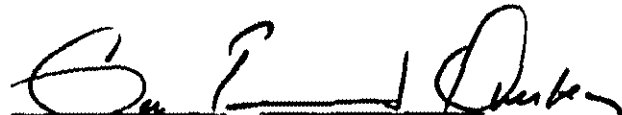
2. The purchased water adjustment in the amount of 51 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after the date of this Order.

3. Milford's proposed tariff is approved as filed.


4. Within 20 days of the date of this Order, Milford shall file verification that its customer notice has been given.

Done at Frankfort, Kentucky, this 24th day of June, 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. 91-162 DATED 6/24/91

The following rates and charges are prescribed for the customers in the area served by Milford Water Company, 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.

Usage Blocks

First 2,000 gallons
Next 2,000 gallons
Next 2,000 gallons
Over 6,000 gallons

Monthly Rates

\$10.77 Minimum Bill
3.46 per 1,000 gallons
2.91 per 1,000 gallons
2.51 per 1,000 gallons