

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
NORTH SHELBY WATER COMPANY) CASE NO. 93-374

O R D E R

On October 7, 1993, North Shelby Water Company ("North Shelby") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KAR 5:067.

1. North Shelby purchases water from three suppliers, the Louisville Water Company ("Louisville"), Shelbyville Municipal Water ("Shelbyville") and Frankfort Electric and Water Plant Board ("Frankfort"). Frankfort is the only supplier to increase its rates for wholesale water at this time.

2. Effective August 1, 1993, Frankfort will increase its rates for wholesale water from \$0.98 per 1,000 gallons to \$1.03 per 1,000 gallons.

3. North Shelby proposed to increase the rates to its customers effective October 25, 1993.

4. During the 12 months ending August 31, 1993, North Shelby purchased 300,475,100 gallons of water and sold 244,392,999 gallons of water.

North Shelby's water loss is 56,082,100 gallons of water or 18.66 percent, which exceeds the allowable 15 percent as indicated in KAR 5:067, Section 3(3). Therefore, the total purchases have

been adjusted to 287,521,175 gallons of water and include the allowable line loss. North Shelby purchased 41.66 percent of its wholesale water from Frankfort, 21.71 percent from Louisville and 36.63 percent from Shelbyville.

The total allowable purchases from each supplier has been adjusted to reflect these percentages as indicated in Appendix B. North Shelby's calculations are incorrect and should be denied.

5. The total allowable increase in purchased water cost is \$5,989.06, resulting in a purchased water adjustment of \$.02 per 1,000 gallons as shown in Appendix B. Based on an average monthly usage of 5,000 gallons, monthly bills to North Shelby customers will increase from \$22.89 to \$22.99, an increase of 0.005 percent.

6. The purchased water adjustment of \$0.02 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 sought by North Shelby are denied.


2. The rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable, and should be approved for services rendered on and after October 25, 1993.


3. Within 30 days of the date of this Order, North Shelby shall file revised tariff sheets setting out the rates approved herein.

4. Within 30 days of the date of this Order, North Shelby shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 8th day of November, 1993.

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. 93-374 DATED NOVEMBER 8, 1993.

The following rates and charges are prescribed for the customers in the area served by North Shelby Water Company. 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:

5/8 x 3/4 Inch Meter

First 2,000 gallons	\$10.54 Minimum Bill
Next 3,000 gallons	4.15 per 1,000 gallons
Next 5,000 gallons	3.03 per 1,000 gallons
Next 40,000 gallons	2.47 per 1,000 gallons
Over 50,000 gallons	1.91 per 1,000 gallons

1 Inch

First 5,000 gallons	\$22.99 Minimum Bill
Next 5,000 gallons	3.03 per 1,000 gallons
Next 40,000 gallons	2.47 per 1,000 gallons
Over 50,000 gallons	1.91 per 1,000 gallons

1 1/2 Inch Meter

First 10,000 gallons	\$38.14 Minimum Bill
Next 40,000 gallons	2.47 per 1,000 gallons
Over 50,000 gallons	1.91 per 1,000 gallons

2 Inch Meter

First 15,000 gallons	\$50.49 Minimum Bill
Next 35,000 gallons	2.47 per 1,000 gallons
Over 50,000 gallons	1.91 per 1,000 gallons

3 Inch Meter

First 35,000 gallons	\$99.89 Minimum Bill
Next 15,000 gallons	2.47 per 1,000 gallons
Over 50,000 gallons	1.91 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-374 DATED NOVEMBER 8, 1993.

Purchased Water Adjustment Calculations

<u>Supplier</u>	<u>Gallons Purchased</u>	<u>Percent of Purchases</u>
Frankfort Electric & Water	125,171,000	41.66
Shelbyville Muni. Water	110,061,100	36.63
Louisville Water Company	65,243,000	21.71
Total Purchases	300,475,100	100.00

Total Sales: 244,392,999 gallons

Maximum allowable purchase: $244,392,999 + 85\% = 287,521,175$
gallons

Adjusted purchases from Frankfort Electric & Water = $278,521,175 \times 41.66\% = 119,781,322$ gallons

Cost at New Wholesale Rate: $119,781,322 \times \$1.03 = \$123,374.75$

Cost at Old Wholesale Rate: $119,781,322 \times \$.98 = \underline{117,385.69}$
Increased Purchased Water Cost $\$ \underline{5,989.06}$

Purchased Water Adjustment

$\$5,989.06 + 244,392,999 = \0.0245 per 1,000 gallons, use \$.02