

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
SOUTHSIDE WATER ASSOCIATION, INC.) CASE NO. 94-439

O R D E R

On November 15, 1994, Southside Water Association, Inc. ("Southside") 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 Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Southside purchases water from Beattyville Water Works ("Beattyville").

2. By letter dated November 4, 1994, Beattyville incorrectly informed Southside that due to new regulations a 2.8 percent water withdrawal tax has been added to all water coming out of the Kentucky River. It is actually a 2.8 cents per 1,000 gallons water withdrawal tax. Thus, effective July 1, 1994, Beattyville increased its rates for water sold from \$3.00 per 1,000 gallons to \$3.028 per 1,000 gallons. Southside subsequently filed for a purchased water adjustment to go in effect January 1, 1995.

3. During the 12 months ending October 31, 1994, Southside purchased 23,414,000 gallons of water and sold 21,051,100 gallons. The increase in the cost of purchased water is \$656.00, resulting

in a purchased water adjustment of 3 cents per 1,000 gallons of water as shown in Appendix B. Based on an average monthly usage of 5,000 gallons, the average bill of a Southside customer would increase 15 cents, from \$32.95 to \$33.10, or by 1/2 percent.

4. Southside miscalculated the purchased water adjustment factor; therefore, the purchased water adjustment factor and the rates proposed by Southside should be denied.


5. The purchased water adjustment of 3 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:

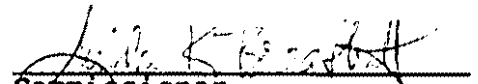
1. The rates proposed by Southside are hereby denied.
2. The purchased water adjustment of 3 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after January 1, 1995.
3. Within 30 days of the date of this Order, Southside shall file revised tariff sheets setting out the rates approved herein.
4. Within 30 days of the date of this Order, Southside shall file verification that the notice to its customers has been given.

Done at Frankfort, Kentucky, this 13th day of December, 1994.

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. 94-439 DATED December 13, 1994.

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

RATES:

First 2,000 gallons	\$14.38 Minimum Charge
Next 4,000 gallons	6.24 per 1,000 gallons
Next 4,000 gallons	5.24 per 1,000 gallons
Next 15,000 gallons	4.74 per 1,000 gallons
Next 25,000 gallons	4.49 per 1,000 gallons
Next 50,000 gallons	4.04 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-439 DATED December 13, 1994.

PURCHASED WATER ADJUSTMENT CALCULATIONS

Water Purchased: 23,414,000 gallons
Water Sold: 21,051,100 gallons

Cost at Changed Rate:

23,414,000 x \$3.028 = \$70,897.59

LESS

Cost at Base Rate:

23,414,000 x \$3.00 = \$70,242.00

Increase in Cost: \$ 655.59

\$655.59 + 21,051,100 gallons sold = 3 cents per
1,000 gallons