

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)	
HUNTSVILLE-SOUTH HILL WATER)	CASE NO. 95-324
SYSTEM, INC.)	

O R D E R

On July 27, 1995, Huntsville-South Hill Water System, Inc. ("Huntsville-South Hill") submitted its application to 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. On August 8, 1995, the Commission advised Huntsville-South Hill by letter of certain deficiencies in its filing. On August 18, 1995, Huntsville-South Hill filed additional information with the Commission. After reviewing the information, the Commission notified Huntsville-South Hill by letter on August 28, 1995 that its case now met the minimum filing requirements set by regulations. ,

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

1. Huntsville-South Hill purchases its water from the Rochester Water District ("Rochester").
2. Effective with the February 1994 billing, Rochester increased its rates from \$1.25 to \$2.25 per 1,000 gallons.

3. During the 12 months ending June 30, 1995, Huntsville-South Hill purchased 11,653,000 gallons of water and sold 10,006,000 gallons.

4. Huntsville-South Hill's calculations are incorrect in that the proposed rates are not calculated using the formula set out in 807 KAR 5:068, Purchased Water Adjustment for Water Districts and Associations. The correct calculations are set out in Appendix B to this Order.

5. Based on Rochester's current charges for purchased water, Huntsville-South Hill's purchased water costs will increase by \$11,653, resulting in a purchased water adjustment of \$1.16 per 1,000 gallons. Based on an average monthly usage of 5,000 gallons, the average bill of Huntsville-South Hill's customers will increase \$5.80 from \$19.63 to \$25.43, or 30 percent.

6. Huntsville-South Hill's proposed tariff filing is incorrect.

7. The purchased water adjustment of \$1.16 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 purchased water adjustment of \$1.16 per 1,000 gallons and the rates in Appendix A are approved for service rendered on and after the date of this Order.


2. Within 30 days of the date of this Order, Huntsville-South Hill shall file revised tariffs setting out the rates approved herein.

3. Huntsville-South Hill shall notify its customers of the increase in rates resulting from the supplier increase no later than the rendering of the first bill at the increased rate. Such notice may be given by either direct mail to each customer or in a newspaper of general circulation in the service area.

4. Within 30 days of the date of this Order, Huntsville-South Hill shall file verification that the notice to its customers has been given.

Done at Frankfort, Kentucky, this 13th day of September, 1995.

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. 95-324 DATED SEPTEMBER 13, 1995

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 the Commission prior to the effective date of this Order.

RATES: Monthly

First 2,000 gallons	\$10.19	Minimum Bill
Next 4,000 gallons	5.08	per 1,000 gallons
Next 4,000 gallons	3.23	per 1,000 gallons
Next 15,000 gallons	2.98	per 1,000 gallons
Over 25,000 gallons	2.73	per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-324 DATED SEPTEMBER 13, 1995.

Calculation of Purchased Water Adjustment

Gallons Purchased: 11,653,000

Gallons Sold: 10,006,000

Cost at New Rate: 11,653.0 gallons x \$2.25 \$26,219.25

Less

Cost at Base Rate: 11,653.0 gallons x \$1.25 14,566.25

Increase \$11,653.00

\$11,653 Increase divided by 10,006.0 gallons sold = \$1.1646

or \$1.16 per 1,000 gallons.