

April 30, 1991

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
PRATER CREEK WATER DISTRICT) CASE NO. 91-107

O R D E R

On April 3, 1991, Prater Creek Water District ("Prater Creek") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure, KRS 278.015 and 807 KAR 5:068. The information provided by Prater Creek did not meet the requirement of 807 KAR 5:068, Section 3. Therefore, on April 9, 1991, the Commission requested by letter that Prater Creek file a copy of its supplier's notice of the changed rate and the effective date. Subsequently, on April 18, 1991, Prater Creek filed the required information, and the record is now complete.

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

1. Prater Creek purchases its water from the City of Prestonsburg ("Prestonsburg").

2. Prestonsburg bills its customers on a declining block rate schedule. Effective October 1, 1988, Prestonsburg increased its rates by approximately 31 cents per 1,000 gallons.

3. Prater Creek proposes to increase the rates to its customers effective May 1, 1991.

4. During the 12 months ending February 28, 1991, Prater Creek purchased 19,425,000 gallons of water and sold 15,242,850 gallons.

5. Due to making an adjustment for water loss that was not necessary pursuant to 807 KAR 5:068, Prater Creek's purchased water adjustment factor is incorrect. The increase in the cost of purchased water is \$5,966, resulting in a purchased water adjustment of 39 cents per 1,000 gallons as shown in Appendix B, attached hereto and incorporated herein.

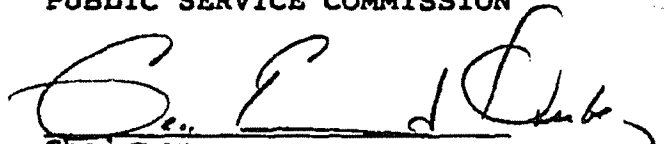
6. The purchased water adjustment of 39 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

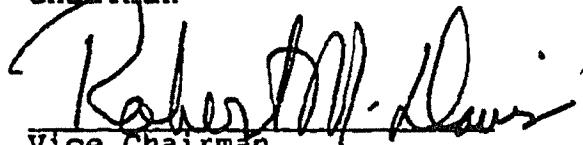
IT IS THEREFORE ORDERED that:

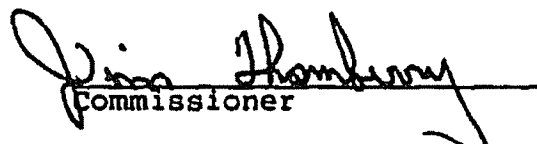
1. The rates proposed by Prater Creek are denied.
2. The purchased water adjustment of 39 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after May 1, 1991.
3. Within 30 days of the date of this Order, Prater Creek shall file revised tariff sheets setting out the rates approved herein.
4. Within 20 days of the date that rates approved herein are placed into effect, Prater Creek shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 30th day of April, 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. 91-107 DATED 4/30/91

The following rates and charges are prescribed for the customers in the area served by Prater Creek Water District. 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

MONTHLY RATES

First 2,000 gallons
Over 2,000 gallons

\$13.78 Minimum Bill
5.39 per 1,000 gallons

Emergency Service to Mud Creek Water
District

\$ 1.79 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 91-107 DATED 4/30/91

PURCHASED WATER ADJUSTMENT CALCULATIONS

Water Purchased: 19,425,000 gallons
Water Sold: 15,242,850 gallons

Cost at Changed Rate:

First 2,000 gals. x 12 =	24,000 gals. (12 x \$6.60)	= \$	79.20
Next 98,000 gals. x 12 =	1,176,000 gals. x \$2.56/1,000 gals.	=	3,116.40
Over 100,000 gals.	= 18,225,000 gals. x \$1.65/1,000 gals.	=	30,071.25
	<u>19,425,000 gals.</u>		<u>\$33,266.85</u>

LESS

Cost at Base Rate:

First 2,000 gals. x 12 =	24,000 gals. (12 x \$4.25)	= \$	51.00
Next 98,000 gals. x 12 =	1,176,000 gals. x \$2.25/1,000 gals.	=	2,646.00
Over 100,000 gals.	= 18,225,000 gals. x \$1.35/1,000 gals.	=	24,603.75
	<u>19,425,000 gals.</u>		<u>\$27,300.75</u>

Increase: \$5,966.10

\$5,966.10 + 15,242,850 gallons sold = \$.3914 or \$.39/1,000 gallons