

COMMONWEALTH OF KENTUCKY

BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

NOTICE OF ADJUSTMENT OF THE)
RATES OF KENTUCKY-AMERICAN) CASE NO. 7783
WATER COMPANY EFFECTIVE ON)
AND AFTER APRIL 18, 1980)

ORDER ON REHEARING

On October 7, 1980, Kentucky-American Water Company (Applicant) filed a motion for reconsideration of the Commission's Order dated September 18, 1980. Applicant stated that the rates set forth in Appendix "A" of the above-mentioned Order are unfair, unjust, unreasonable and confiscatory and that the finding of a 12% return on common equity is inadequate and unsupported by the evidence of record.

The matter was set for hearing on October 24, 1980, in the Commission's offices in Frankfort, Kentucky. All parties of record were duly notified of the rehearing.

The Commission, after consideration of the matter herein, is of the opinion and FINDS that the rate of return on common equity, of 12.0%, as established in the Commission's Order dated September 18, 1980, in this proceeding is the fair, just and reasonable rate of return on common equity for Kentucky-American Water Company and is supported by the evidence of record in the above styled proceeding.

The Commission further FINDS, that as a result of the increase in rates granted Kentucky Utilities Company in Case No. 7804 dated October 1, 1980, Applicant will experience increased power costs of approximately \$98,300. An increase in operating expenses of this magnitude seriously impairs Applicant's ability to achieve the granted rates of return. Therefore, Applicant should be allowed to increase the rates as set out in Appendix "A" of the Commission's Order of September 18, 1980, to generate additional revenues of \$98,300.

IT IS THEREFORE ORDERED, that the rates set out in Appendix "A" of the Commission's Order in Case No. 7783 dated September 18, 1980, are hereby set aside.

IT IS FURTHER ORDERED, that the rates set out in Appendix "A" attached hereto and made a part hereof are approved for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED, that Kentucky-American Water Company shall file within thirty (30) days of the date of this Order its revised tariff sheets setting out the rates and charges approved herein.

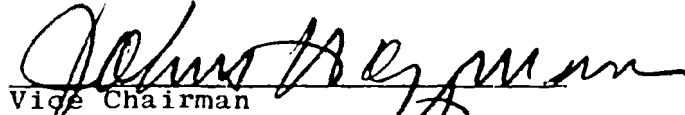
Except as modified herein, the Order dated September 18, 1980, shall remain in full force and effect.

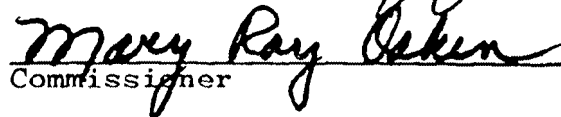
Done at Frankfort, Kentucky, this 18th day of December, 1980.

UTILITY REGULATORY COMMISSION

Did not participate.

Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE UTILITY REGULATORY
COMMISSION IN CASE NO. 7783 DATED DECEMBER 18, 1980.

The following rates and charges are prescribed for the customers in the area served by the Kentucky-American Water Company. 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 date of this Order.

Service Classification No. 1

<u>Rates</u>	<u>Cubic Feet Per</u>		<u>Rate Per</u>
	<u>Month</u>	<u>Quarter</u>	<u>100 Cubic Feet</u>
For the First	5,000	15,000	\$ 0.97972
For the Next	30,000	90,000	0.70955
For the Next	300,000	900,000	0.41233
For All Over	335,000	1,005,000	0.27254

Minimum Charges

<u>Size of Meter</u>	<u>Minimum</u>	<u>Charge Per</u>
	<u>Month</u>	<u>Quarter</u>
5/8"	\$ 2.91	\$ 8.73
3/4"	4.37	13.11
1"	7.25	21.75
1½"	14.58	43.74
2"	23.32	69.96
3"	50.41	151.23
4"	76.94	230.82
6"	161.90	485.70

Service Classification No. 2

<u>Meter Rates</u>	<u>Rate Per</u>
	<u>100 Cubic Feet</u>
For all water used	\$ 0.49573

Service Classification No. 3

<u>Rates</u>	<u>Size of Service</u>	<u>Rate</u>
		<u>Per Annum</u>
	4" Diameter	\$ 115.20
	6" Diameter	229.20
	8" Diameter	459.36
	12" Diameter	918.84

Service Classification No. 4

<u>Rates</u>	<u>Rate Per Annum</u>
For each public fire hydrant, contracted for or ordered by City, County, State or Federal Governmental Agencies or Institutions	\$ 113.88
For each private fire hydrant contracted for by industries or private institutions	113.88
For each water customer whose premises is located within 1,000 feet of a private hydrant not contracted for by industries or private institutions, as measured along public streets or roads, in advance	4.92