

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF JOHNSON COUNTY WATER) CASE NO. 6273-2
DISTRICT)

O R D E R

On May 31, 1983, Johnson County Water District ("Johnson County") filed its application with the Public Service Commission ("Commission") seeking authority to adjust its rates in accordance with 807 KAR 5:067. On June 16, 1983, the Commission ordered that additional information be filed. This information was filed on June 28, 1983. On July 22, 1983, Johnson County filed corrected data indicating that errors had been made in its initial response to the Commission's Order. The record is now complete.

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

(1) Johnson County's wholesale supplier, City of Paintsville, Paintsville Utilities ("Paintsville"), increased the wholesale cost of water effective February 15, 1983. Paintsville bills its customers on a declining block rate schedule and has separate rates for customers inside the city limits and those outside the city limits. Prior to this increase, Johnson County was billed on the outside city water rates; however, since the increase, it has been billed on the lower inside city water rates,

resulting in a smaller increase in purchased water costs than would have resulted had billing continued on the outside city water rates.

(2) Johnson County purchases water through five separate meters and receives a bill for each meter. Three of these meters have been in operation for some time. However, although Johnson County has received water through the other two meters for the entire 12-month period upon which this purchased water adjustment is based, Paintsville did not set its meters until August, 1982, so that no accurate measurement of the water purchased by Johnson County is available. In order to reflect more accurately the increase in purchased water costs the Commission has adjusted Johnson County's purchases and sales by annualizing the monthly purchases and sales for these two meters during the period of August, 1982, through January, 1983.

(3) The calculations made by Johnson County are incorrect in that they contain mathematical errors and are based on the 12-month period ending March 31, 1983, which is outside the time period prescribed by 807 KAR 5:067, Section 2(1).

(4) The adjusted statements of water purchased and sold show that Johnson County's line loss for the 12-month period ending January 31, 1983, is approximately 7 percent, which is less than the maximum of 15 percent allowed by the Commission.

(5) The total allowable increase in purchased water costs is \$6,824 resulting in a purchased water adjustment in the amount of \$.13 per 1,000 gallons.

(6) The financial exhibits filed by Johnson County indicate that it cannot absorb an increase of this magnitude in the wholesale cost of water.

(7) The purchased water adjustment in the amount of \$.13 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that the purchased water adjustment in the amount of \$.13 per 1,000 gallons and the rates in Appendix A be and they hereby are approved for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that for the purpose of future application of the purchased water adjustment clause of Johnson County, the base rates for purchased water shall be:

<u>Supplier</u>	<u>Rates</u>
City of Paintsville, Paintsville Utilities	First 2,000 gal. \$4.60 (minimum)
	Next 3,000 gal. 2.15 per 1,000 gal.
	Next 5,000 gal. 2.06 per 1,000 gal.
	Next 15,000 gal. 1.90 per 1,000 gal.
	Next 25,000 gal. 1.80 per 1,000 gal.
	Next 50,000 gal. 1.65 per 1,000 gal.
	Over 100,000 gal. 1.55 per 1,000 gal.

IT IS FURTHER ORDERED that within 30 days of the date of this Order, Johnson County shall file with the Commission its revised tariff sheets setting out the purchased water adjustment and the rates approved herein.

Done at Frankfort, Kentucky, this 31st day of August, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 6273-2 DATED AUGUST 31, 1983

The following rates are hereby prescribed for water service rendered by Johnson County Water District. All other rates not mentioned specifically herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>GALLONAGE BLOCK</u>	<u>RATE</u>
First 3,000 gallons	\$11.93 (minimum)
Next 3,000 gallons	3.01 per 1,000 gallons
Over 6,000 gallons	2.26 per 1,000 gallons