

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF SPEARS WATER COMPANY) CASE NO. 7657-1

O R D E R

On March 17, 1983, Spears Water Company, Inc., ("Spears") filed its application with the Public Service Commission ("Commission") seeking approval of a purchased water adjustment clause and authority to adjust its rates in accordance with that clause. On March 24, 1983, the Commission issued an Order requesting additional information. The required information was filed on April 4, 1983, and the record is now complete.

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

(1) The purchased water adjustment clause sought by Spears is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, is in the best interest of the public, and should be approved.

(2) Spears' supplier, City of Nicholasville, increased the wholesale cost of water from \$.55 per 1,000 gallons to \$.81 per 1,000 gallons plus \$2.50 per month service charge, effective with bills rendered in April, 1983.

(3) The statement of water purchased and sold filed by Spears for the 12-month period ending December 31, 1982, shows that its line loss is approximately 12.55 percent. The calculations made by Spears for its purchased water adjustment are incorrect in that the water purchases were adjusted to allow 15 percent line loss, which is in excess of that actually experienced. Further, Spears did not include the monthly service charge in determining the cost of water at the new rate.

(4) The total allowable increase in purchased water costs is \$6,519, resulting in a purchased water adjustment of \$.30 per 1,000 gallons.

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

(6) The purchased water adjustment in the amount of \$.30 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 clause sought by Spears be and it hereby is approved effective on and after the date of this Order.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.30 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 Spears, the base rate for purchased water shall be:

<u>Supplier</u>	<u>Rate</u>
City of Nicholasville	Service charge \$2.50 per month
	Water usage .81 per 1,000 gallons

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

Done at Frankfort, Kentucky, this 21st day of April, 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. 7657-1 DATED April 21, 1983.

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

GALLONAGE BLOCK

MONTHLY RATES

First	2,000 gallons	\$8.10 Minimum
Next	10,000 gallons	3.30 per 1,000 gallons
Over	12,000 gallons	1.80 per 1,000 gallons