

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
POWELL'S VALLEY WATER DISTRICT) CASE NO. 8578-1

O R D E R

On April 6, 1983, Powell's Valley Water District ("Powell's Valley") 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.

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

(1) The purchased water adjustment clause proposed by Powell's Valley is not in compliance with 807 KAR 5:067 in that certain provisions differ from those set forth by the regulation. The purchased water adjustment clause as proposed by Powell's Valley should, therefore, be denied.

(2) The purchased water adjustment clause in Appendix B is in compliance with 807 KAR 5:067, is in the best interest of the public and Powell's Valley and should be approved.

(3) Powell's Valley's supplier, City of Clay City, increased the wholesale cost of water from \$660 (minimum) for the first 1,000,000 gallons and \$.66 per 1,000 gallons for

usage in excess of 1,000,000 gallons to \$1,960 (minimum) for the first 2,000,000 and \$.98 per 1,000 gallons for usage in excess of 2,000,000 gallons, effective March 1, 1983.

(4) The statements of water purchased and sold filed by Powell's Valley for the 12-month period ending December 31, 1982, show that its over-all line loss is approximately 25 percent. The calculations made by Powell's Valley for its purchased water adjustment are incorrect in that an error was made in its adjustments for line loss to the maximum of 15 percent allowed by the Commission.

(5) The total allowable increase in purchased water costs is \$8,922, resulting in a purchased water adjustment of \$.42 per 1,000 gallons.

(6) The financial exhibits filed by Powell's Valley 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 \$.42 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 proposed by Powell's Valley be and it hereby is denied.

IT IS FURTHER ORDERED that the purchased water adjustment clause in Appendix B be and it hereby is approved for Powell's Valley effective on and after the date of this Order.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.42 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 Powell's Valley, the base rates for purchased water shall be:

Supplier	Rates
City of Clay City	First 2,000,000 gal. \$1960.00 (minimum)
	Over 2,000,000 gal. .98 per 1,000 gal.

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

Done at Frankfort, Kentucky, this 26th day of May, 1983.

PUBLIC SERVICE COMMISSION

Did not participate
Chairman

Katherine Bendall
Vice Chairman

Ann Carreger
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8578-1 DATED
MAY 26, 1983

The following rates are prescribed for customers served by Powell's Valley Water District. 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.

GALLONAGE BLOCK	RATE
First 2000 gallons	\$10.99 minimum
Next 2000 gallons	4.42 per 1,000 gallons
Next 2000 gallons	3.17 per 1,000 gallons
Over 6000 gallons	2.42 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8578-1 DATED
MAY 26, 1983

PURCHASED WATER ADJUSTMENT CLAUSE APPLICABLE TO ALL RATE SCHEDULES

(1) The rates authorized herein are based upon the wholesale cost of water to the utility pursuant to valid contracts or wholesale tariffs on file with the Commission. For the purposes of this purchased water adjustment clause, the wholesale rate shall be considered as the base rate for purchased water and any increase or decrease in the base rate shall be considered the changed rate. In the event there is a change in the base rate, the utility shall file with the Commission the following information:

(a) A copy of the wholesale supplier's tariff effecting a change in the base rate and a statement from the wholesale supplier evidencing the effective date of the changed rate;

(b) A detailed statement of water purchased under the base rate for a 12-month period ended within 90 days of the filing date and showing billing both under such base rate and under the changed rate;

(c) A detailed statement of water sold for the same 12-month period;

(d) A balance sheet and statement of operating expenses and revenues for the most recent 12-month period for which that information is available;

(e) In the event of an increase only, evidence that the utility has notified its customers of the proposed rate revision;

(f) Revised tariff sheets reflecting the rates the utility proposes to charge; and

(g) Such other information as the Commission may request for a proper determination of the purchased water adjustment.

(2) The utility will not implement its proposed revised rates until the Commission issues an Order authorizing it to do so. If an adjustment is authorized, the supplier's changed rate shall become the supplier's base rate for use in future application.

(3) If a change is made in a base rate charged to the utility, the unit charges shall be increased or decreased by a purchased water adjustment calculated as follows:

- (a) Volume of water purchased for 12-month period ended _____
(which is within 3 months of effective date of supplier's rate change) $\frac{1}{}$ _____ M Gal.
- (b) Cost at new rates \$ _____
- (c) Cost at Base Rate \$ _____
- (d) Total change in cost (Item b minus Item c) \$ _____
- (e) Volume sold for same period as in Item a _____ M Gal.
- (f) PWA per M gallon sold (Item d divided by Item e) _____ ¢

Note 1: Item a cannot, for this computation table, exceed Item e divided by .85.

In the event a refund is received from the supplier for amounts previously paid, the following tabulations will be made:

- (a) Total refund received \$ _____
- (b) Total amount of water estimated to be sold during 2-month period beginning with the first day of the month following receipt of the refund _____ M Gal.
- (c) Refund factor per unit of water sold (Item a divided by Item b) _____ ¢
- (d) The refund factor may be adjusted in the final month to more accurately reflect the amount to be refunded.

In the event the utility receives a large or unusual refund, it may apply to the Commission for a deviation from the procedure for distribution of refunds specified herein.

(4) The base rate for purchased water for future application of this Purchased Water Adjustment Clause shall be:

Supplier

City of Clay City	First 2,000 gal.	\$1,960 minimum
	Over 2,000 gal.	\$.98 per 1,000 gal.