

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF SHELBY VALLEY WATER)
DISTRICT) CASE NO. 8248-1

O R D E R

On April 3, 1984, Shelby Valley Water District ("Shelby Valley") filed its application with the Public Service Commission ("Commission") for authority to adjust its rates in accordance with 807 KAR 5:067, Purchased Water Adjustment Clause. On April 18, April 23 and May 15, 1984, the Commission requested that additional information be filed. The required information was filed on May 1, May 7 and May 22, respectively, 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) Shelby Valley's supplier, Marrowbone Creek Water District ("Marrowbone"), increased its wholesale rate for water from \$.50 to \$1.20 per 1,000 gallons effective February 13, 1984, pursuant to an Interim Order of the Commission issued in Case No. 8927, Notice of Marrowbone Creek Water District to Increase Its Rates.

(2) On June 25, 1984, subsequent to the Interim Order, Marrowbone was granted final rates which established a customer

charge of \$6.00 per month and \$1.40 per 1,000 gallons for all usage as the rates to be charged for water sold to Shelby Valley. The Commission takes judicial notice of the higher rates for purchased water resulting from its Final Order in Case No. 8927 and is of the opinion that the final rates should be considered in determining Shelby Valley's purchased water adjustment even though the resulting increase will be greater than that proposed by Shelby Valley.

(3) The statements of water purchased and sold filed by Shelby Valley for the 12-month period ending December 31, 1983, show that its water loss is approximately 22 percent, which is in excess of the maximum of 15 percent allowed by the Commission for rate-making purposes.

(4) Based on the actual wholesale rates, after adjustment to allow the maximum 15 percent water loss, the total allowable increase in the wholesale cost of water is \$40,151, resulting in a purchased water adjustment of \$1.06 per 1,000 gallons.

(5) The financial exhibits filed by Shelby Valley 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 \$1.06 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

(7) Within 10 days of the date of this Order, Shelby Valley should give its customers notice of the rates approved herein. Such notice should contain the rates approved in this Order in Appendix A and should also show the percentage change from the old rate. The notice should provide that any customer desiring a hearing on these rates, shall have 20 days to notify the Commission in writing, and the name and address of the Commission's Secretary should be included in the notice.

(8) The rates approved herein should be subject to refund pending notice to the customers and further Orders of the Commission.

IT IS THEREFORE ORDERED that the purchased water adjustment in the amount of \$1.06 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, subject to refund.

IT IS FURTHER ORDERED that for the purpose of future application of the purchased water adjustment clause of Shelby Valley, the base rate for purchased water shall be:

<u>Supplier</u>	<u>Rate</u>
Marrowbone Creek Water District	\$6.00 Customer Charge 1.40 per 1,000 gallons for all usage

IT IS FURTHER ORDERED that, within 10 days of the date of this Order, Shelby Valley shall give notice to its customers in accordance with Finding No. 7 herein.

IT IS FURTHER ORDERED that, within 30 days of the date of this Order, Shelby Valley shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 20th day of July, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Hanson, Jr.
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:

Acting Secretary _____

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8248-1 DATED 7/20/84

The following rates are prescribed for customers served by Shelby 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.

<u>GALLONAGE BLOCK</u>	<u>MONTHLY CHARGE PER 1,000 GALLONS</u>
0 to 2,000 gallons	\$5.185
2,001 to 5,000 gallons	3.56
5,001 to 30,000 gallons	2.81
30,001 to 75,000 gallons	2.56
75,001 gallons and over	2.31

MINIMUM MONTHLY CHARGE

<u>Size of Water Meter Connection</u>	<u>Number of Gallons of Water per Month to be Provided for the Minimum Rate</u>	<u>Minimum Monthly Water Rate Per Connection</u>
5/8-inch x 3/4-inch	2,000 gallons	\$ 10.37
1-inch	15,000 gallons	49.15
2-inch	50,000 gallons	142.50
4-inch	100,000 gallons	264.25
6-inch	150,000 gallons	379.75