

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
FLEMING COUNTY WATER ASSOCIATION) CASE NO. 9661

O R D E R

On August 4, 1986, Fleming County Water Association ("Fleming County") filed its revised tariffs with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.012 and 807 KAR 5:068.

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

1. By letter of July 17, 1986, Fleming County's supplier, Rowan Water, Inc. ("Rowan"), notified Fleming County that the rate for purchased water would be increased by \$.09 per 1,000 gallons, effective immediately.

2. On August 14, 1986, the Commission issued an Order in Case No. 9649, Purchased Water Adjustment of Rowan Water, Inc., wherein the Commission found that the calculations made by Rowan were incorrect and that the correct purchased water adjustment to its customers was \$.10 per 1,000 gallons. The corrected purchased water adjustment of Rowan should be considered in the determination of the correct rates for Fleming County.

3. During the 12-month period ending June 30, 1986, Fleming County purchased a total of 79,908,000 gallons of water -

34,491,000 from the City of Flemingsburg, 13,582,000 from Western-Fleming County Water District, and 31,835,000 from Rowan. Of these suppliers, only Rowan has increased its rates for wholesale water.

4. During the same 12-month period, Fleming County sold 70,487,840 gallons of water.

5. The calculations made by Fleming County are incorrect in that they are based on averages for 6 months, which Fleming County considered more representative due to changes in volumes purchased from each supplier, rather than the 12-month period required by 807 KAR 5:068.

6. The correct calculations, including the corrected rate established for Rowan in Case No. 9649, set forth in Appendix B, show the total increase in purchased water costs is \$3,183.50, resulting in a purchased water adjustment of \$.05 per 1,000 gallons.

7. The rates proposed by Fleming County are incorrect and should be denied in that they will produce revenues in excess of the actual increase in purchased water costs.

8. The purchased water adjustment in the amount of \$.05 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

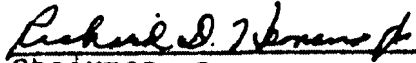
1. The rates proposed by Fleming County be and they hereby are denied.

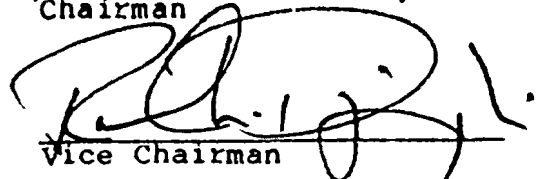
2. The purchased water adjustment in the amount of \$.05 per 1,000 gallons and the rates in Appendix A be and they hereby are approved.

3. Within 30 days of the date of this Order, Fleming County shall file its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 28th day of August, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9661 DATED AUGUST 28, 1986

The following rates and charges are prescribed for customers receiving water service from Fleming County Water Association. 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 effective date of this Order.

<u>USAGE BLOCKS</u>	<u>MONTHLY RATES</u>
First 2,000 gallons	\$8.51 Minimum
Next 8,000 gallons	3.78 per 1,000 gallons
Next 40,000 gallons	2.48 per 1,000 gallons
Over 50,000 gallons	1.73 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9661 DATED AUGUST 28, 1986

Calculations for Purchased Water Adjustment

Gallons Purchased:

City of Flemingsburg	34,491,000
Western Fleming W.D.	13,582,000
Rowan Water, Inc.	<u>31,835,000</u>
Total Purchases	79,908,000 gallons

Cost at Changed Rate - Rowan Water, Inc.:

31,835 M gallons X \$1.20 = \$38,202.00

Less:

Cost at Base Rate:

31,835 M gallons X \$1.10 = 35,018.50

Increase \$ 3,183.50

\$3,183.50 ÷ 70,487.84 M gallons sold = \$.0452,
or \$.05 per 1,000 gallons