

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF NORTH)
LOGAN WATER DISTRICT NO. 1) CASE NO. 9644
PURSUANT TO KRS 278.012 AND 278.015)

O R D E R

On July 17, 1986, North Logan Water District No. 1 ("North Logan") filed its revised tariff sheet with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.012, 278.015 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 dated July 9, 1986, North Logan's supplier, City of Russellville ("City"), notified North Logan that the rates for wholesale water will be increased by approximately 33.6 percent effective September 5, 1986.
2. During the 12-month period ending May 31, 1986, North Logan purchased 70,650,400 gallons of water and sold 60,437,175 gallons.
3. The calculations made by North Logan are incorrect showing an increase in purchased water costs of \$23,978. The correct calculations, as set forth in Appendix B, show the increase in purchased water costs to be \$23,497, resulting in a purchased water adjustment of \$.39 per 1,000 gallons.

4. The tariff sheets filed by North Logan are incorrect in that they contain only calculations of the purchased water adjustment and the City's wholesale rates, but do not set out the rates proposed to be charged by North Logan. The rates proposed to be charged by North Logan are reflected only in the notice to customers.

5. The rates proposed by North Logan are incorrect and should be denied in that they will produce additional revenues in excess of the actual increase in purchased water costs.

6. The purchased water adjustment of \$.39 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 North Logan be and they hereby are denied.

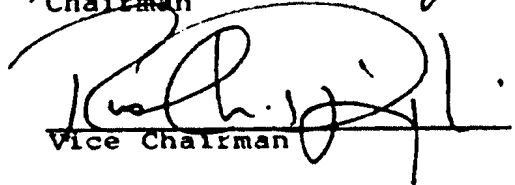
2. The purchased water adjustment in the amount of \$.39 per 1,000 gallons and the rates in Appendix A be and they hereby are approved for services rendered on and after September 5, 1986.

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

Done at Frankfort, Kentucky, this 7th day of August, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 9644 DATED AUGUST 7, 1986.

The following rates are prescribed for customers receiving water service from North Logan Water District. All other rates and charges not mentioned specifically herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

USAGE BLOCKS

First 2,000 gallons
Next 2,000 gallons
Next 6,000 gallons
Next 15,000 gallons
Over 25,000 gallons

MONTHLY RATES

\$7.38 minimum
3.29 per 1,000 gallons
1.84 per 1,000 gallons
1.69 per 1,000 gallons
1.54 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 9644 DATED AUGUST 7, 1986.

CALCULATIONS OF INCREASED WATER COSTS

		<u>Base Rate</u>	<u>Cost</u>
First 2,000 gal X 12 mo =	24,000 gal	12X\$3.74 Min.=	\$ 44.88
Next 5,000 gal X 12 mo =	60,000 gal	X 1.86/1000=	111.60
Next 15,000 gal X 12 mo =	180,000 gal	X 1.70/1000=	306.00
Next 25,000 gal X 12 mo =	300,000 gal	X 1.50/1000=	450.00
Next 53,000 gal X 12 mo =	636,000 gal	X 1.29/1000=	820.44
Over 100,000 gal	= <u>69,450,400 gal</u>	X .98/1000=	<u>68,061.39</u>
Gallons Purchased	70,650,400		\$69,794.31

		<u>Changed Rate</u>	<u>Cost</u>
First 2,000 gal X 12 mo =	24,000 gal	12X\$5.00 Min.=	\$ 60.00
Next 5,000 gal X 12 mo =	60,000 gal	X 2.48/1000=	148.80
Next 15,000 gal X 12 mo =	180,000 gal	X 2.27/1000=	408.60
Next 25,000 gal X 12 mo =	300,000 gal	X 2.00/1000=	600.00
Next 53,000 gal X 12 mo =	636,000 gal	X 1.72/1000=	1,093.92
Over 100,000 gal	<u>69,450,400 gal</u>	X 1.31/1000=	<u>90,980.02</u>
Gallons Purchased	70,650,400		<u>\$93,291.34</u>

Cost at Changed Rate	\$93,291.34
Cost at Base Rate	<u>-69,794.31</u>

Increase \$23,497.03

\$23,497.03 ÷ 60,437.175 m gal. sold = \$.389 or \$.39
per 1000 gal.