

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
ROUGH RIVER WATER SYSTEM, INC.) CASE NO. 9908

O R D E R

On April 8, 1987, Rough River Water System, Inc., ("Rough River") filed its application with the Public Service Commission ("Commission") to adjust its rates in accordance with 807 KAR 5:067, Purchased Water Adjustment Clause for Privately-Owned Water Utilities.

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

1. Rough River purchases water from Ohio County Water District ("Ohio County").
2. Ohio County bills all its customers on the same declining block rate schedule.
3. Ohio County increased its rates by approximately 46 percent pursuant to Commission Case No. 9559,¹ effective September 16, 1986.
4. Routh River purchased 33,096,000 gallons of water and sold 21,357,600 gallons during the 12 months ending January 31, 1987. Rough River's unaccounted-for water loss is 35.47 percent,

¹ The Application of Ohio County Water District... for (1) A Certificate of Convenience and Necessity... (2) Approval of the Proposed Plan of Financing... and (3) Approval of Water Rates.

which is in excess of the maximum allowable water loss of 15 percent.

5. The total allowable gallons upon which the purchased water adjustment may be based is 25,126,588.

6. Rough River's calculations are incorrect in that there were mathematical errors made in computing the increased cost of water.

7. Corrected calculations are contained in Appendix B and show an increase in purchased water costs of \$9,058, resulting in a purchased water adjustment of \$.42 per 1,000 gallons.

8. The rates proposed by Rough River are also incorrect in that the purchased water adjustment was erroneously applied to the Ohio County rate schedule rather than Rough River's rate schedule.

9. The purchased water adjustment of \$.42 per 1,000 gallons and the rates in Appendix A are the fair, just and reasonable rates to be charged by Rough River to its customers and should be approved.

10. Rough River's notice to its customers² includes increases in the tap fee for 5/8-inch meters, reconnect fee, membership fee, returned check charge, a change in its late payment penalty and a new charge for backflow preventor. 807 KAR 5:067, Section 6, specifically provides that no increases may be considered under this regulation except the increase in purchased water costs. Rough River should be advised that these increases

² Exhibit D, Notice of Proposed Rate Adjustment.

should be requested by separate application or tariff filing pursuant to 807 KAR 5:011, Section 10, Non-Recurring Charges.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment and the rates proposed by Rough River be and they hereby are denied.

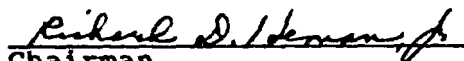
2. The purchased water adjustment of \$.42 per 1,000 gallons and the rates in Appendix A be and they hereby are approved for services rendered on and after the date of this Order.

3. Rough River is hereby advised that increases in charges set out in Finding No. 10 will not be considered within a purchased water adjustment application.


4. Within 30 days of the date of this Order, Rough River shall file its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 22nd day of April, 1987.

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. 9908 DATED APRIL 22, 1987

The following rates and charges are prescribed for the customers in the area served by Rough River Water System, 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 effective date of this Order.

<u>Usage Blocks</u>	<u>Monthly Rates</u>
First 2,000 gallons	\$8.04 Minimum
Next 4,000 gallons	2.77 per 1,000 gallons
Next 4,000 gallons	2.02 per 1,000 gallons
Next 30,000 gallons	1.77 per 1,000 gallons
Next 60,000 gallons	1.67 per 1,000 gallons
Next 100,000 gallons	1.57 per 1,000 gallons
Over 200,000 gallons	1.47 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 9908 DATED APRIL 22, 1987

CALCULATION OF PURCHASED WATER ADJUSTMENT

Gallons Purchased	33,096,000 gallons
Gallons Sold	- <u>21,357,600 gallons</u>
Water Loss	11,738,400 gallons or 35.47%

Maximum Allowable Gallons $21,357,600 \div .85 = 25,126,588$ gallons

Cost at Base Rates

First 2,000 gal x 12 mo =	24.000 m gal (12 x \$7.50 min.) =	\$ 90.00
Next 8,000 gal x 12 mo =	96.000 m gal x 1.90 =	182.40
Next 10,000 gal x 12 mo =	120.000 m gal x 1.65 =	198.00
Next 30,000 gal x 12 mo =	360.000 m gal x 1.40 =	504.00
Next 50,000 gal x 12 mo =	600.000 m gal x 1.15 =	690.00
Over 100,000 gal	<u>23,926.588 m gal x .75</u>	<u>= 17,944.94</u>
	25,126.588 m gal	\$19,609.34

Cost at Changed Rate

First 2,000 gal x 12 mo =	24.000 m gal (12 x \$10.60 min.) =	\$ 127.20
Next 8,000 gal x 12 mo =	96.000 m gal x 2.70 =	259.20
Next 10,000 gal x 12 mo =	120.000 m gal x 2.35 =	282.00
Next 30,000 gal x 12 mo =	360.000 m gal x 2.00 =	720.00
Next 50,000 gal x 12 mo =	600.000 m gal x 1.60 =	960.00
Over 100,000 gal	<u>23,926.588 m gal x 1.10</u>	<u>= 26,319.25</u>
	25,126.588 m gal	\$28,667.65

Cost at changed rate	\$28,667.65
Less	
Cost at base rate	<u>19,609.34</u>
Allowable Increase	\$ 9,058.31

\$9,058.31 \div 21,357.600 m gal sold = \$.42 per 1,000 gal.