

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
SOUTH LOGAN WATER ASSOCIATION) CASE NO. 10144

O R D E R

On January 27, 1988, South Logan Water Association ("South Logan") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.012 and 807 KAR 5:068, Purchased Water Adjustment. By letter of February 3, 1988, the Commission requested that additional information be filed. The required information was filed on February 11, 1988, 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. South Logan included proposed increases to its connection fees within the request for purchased water adjustment. 807 KAR 5:068 provides only for the adjustment of rates in association with increases in purchased water costs. Therefore, adjustments to connection fees may not be considered herein.

2. South Logan purchases water from the City of Adairville ("Adairville") and the City of Russellville ("Russellville").

3. During the 12 months ending December 31, 1987, South Logan purchased 92,040,300 gallons of water from Adairville and 3,496,000 gallons from Russellville. Water sold for the same period was 79,826,800 gallons.

4. Russellville bills on a declining block rate schedule. Effective September 5, 1986, the rates for wholesale water were increased by approximately \$.38 per 1,000 gallons.

5. Effective March 1, 1988, Adairville will increase its rate for wholesale water from \$.60 to \$1.05 per 1,000 gallons.

6. South Logan proposed to increase the rates to its customers effective March 1, 1988.

7. South Logan's calculations are incorrect in that the increase in the cost of water purchased from Russellville was based on an average cost per 1,000 gallons rather than the actual declining block rate schedule. Further, South Logan erroneously used the gallons purchased rather than the gallons sold in determining the purchased water adjustment factor. The calculations are shown in Appendix B.

8. The total increase in purchased water costs is \$45,754 resulting in a purchased water adjustment of \$.54 per 1,000 gallons of water.

9. The purchased water adjustment of \$.54 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 South Logan are denied for the reasons set forth in Finding No. 7 herein.

2. The purchased water adjustment of \$.54 per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after March 1, 1988.

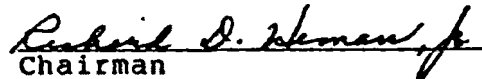
3. Within 30 days of the date of this Order, South Logan shall file revised tariff sheets setting out the rates approved herein.

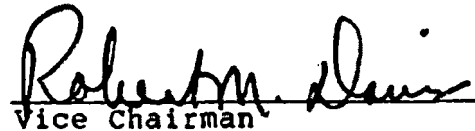
4. Within 30 days of the date of this Order, South Logan shall file a copy of the notice to its customers and verification that such notice has been given.

5. Adjustments to connection fees are not considered herein and shall remain the same as those contained in South Logan's currently approved tariff.

Done at Frankfort, Kentucky, this 25th day of February, 1988.

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. 10144 DATED 2/25/88

The following rates and charges are prescribed for the customers in the area served by South Logan 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.

Rates for Former Russellville No. 1 Water District

Customers

Usage Blocks

Rates

First 2,000 gallons	\$11.08 Minimum
Next 3,000 gallons	1.54 per 1,000 gallons
Next 5,000 gallons	1.29 per 1,000 gallons
Over 10,000 gallons	1.04 per 1,000 gallons

Rates for South Logan Water Association Customers

5/8 Inch Meter

First 2,000 gallons	\$9.83 Minimum
Next 2,000 gallons	4.04 per 1,000 gallons
Next 2,000 gallons	3.14 per 1,000 gallons
Next 4,000 gallons	2.29 per 1,000 gallons
Over 10,000 gallons	1.54 per 1,000 gallons

3/4 Inch Meter

First 3,000 gallons	\$13.87 Minimum
Next 1,000 gallons	4.04 per 1,000 gallons
Next 2,000 gallons	3.14 per 1,000 gallons
Next 4,000 gallons	2.29 per 1,000 gallons
Over 10,000 gallons	1.54 per 1,000 gallons

1 Inch Meter

First 5,000 gallons	\$21.05 Minimum
Next 1,000 gallons	3.14 per 1,000 gallons
Next 4,000 gallons	2.29 per 1,000 gallons
Over 10,000 gallons	1.54 per 1,000 gallons

1 1/2 Inch Meter

First 25,000 gallons
Over 25,000 gallons

\$56.50 Minimum
1.54 per 1,000 gallons

2 Inch Meter

First 50,000 gallons
Over 50,000 gallons

\$95.00 Minimum
1.54 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE
NO. 10144 DATED 2/25/88

CALCULATIONS OF INCREASED WATER COSTS

RUSSELLVILLE

		<u>BASE RATE</u>	<u>COST</u>
First	2,000 gal. x 12 mo. = 24,000 gal.	12 x 3.74 min. =	\$ 44.88
Next	5,000 gal. x 12 mo. = 60,000 gal.	x 1.86/1,000 =	111.60
Next	15,000 gal. x 12 mo. = 180,000 gal.	x 1.70/1,000 =	306.00
Next	25,000 gal. x 12 mo. = 300,000 gal.	x 1.50/1,000 =	450.00
Next	53,000 gal. x 12 mo. = 636,000 gal.	x 1.29/1,000 =	820.44
Over 100,000 gal.	x 12 mo. = <u>2,296,000-gal.</u>	x .98/1,000 =	<u>2,250.08</u>
Gallons Purchased	3,496,000 gal.		\$3,983.00

		<u>CHANGED RATE</u>	<u>COST</u>
First	2,000 gal. x 12 mo. = 24,000 gal.	12 x 5.00 min. =	\$ 60.00
Next	5,000 gal. x 12 mo. = 60,000 gal.	x 2.48/1,000 =	148.80
Next	15,000 gal. x 12 mo. = 180,000 gal.	x 2.27/1,000 =	408.60
Next	25,000 gal. x 12 mo. = 300,000 gal.	x 2.00/1,000 =	600.00
Next	53,000 gal. x 12 mo. = 636,000 gal.	x 1.72/1,000 =	1,093.92
Over 100,000 gal.	x 12 mo. = <u>2,296,000-gal.</u>	x .98/1,000 =	<u>3,007.76</u>
Gallons Purchased	3,496,000 gal.		\$5,319.08

ADAIRVILLE

Gallons Purchased 92,040,300 x \$.60/1,000 gal. (Base Rate) = \$55,224.18
 92,040,300 x 1.05/1,000 gal. (Changed Rate) = 96,642.32

Total Cost at Changed Rates \$101,961.40
 Less
 Total Cost at Base Rates 59,207.18
 Increase \$ 42,754.22

\$42,754.22 ÷ 79,826.8 m. gal. sold = \$.5356 or \$.54 per 1,000 gallons