

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY-AMERICAN WATER COMPANY TARIFF)	
FILING FOR A RESERVE CHARGE FOR RESALE)	CASE NO. 89-199
CUSTOMERS)	

O R D E R

The Commission, on its own motion, hereby ORDERS that Kentucky-American shall within 20 days of the date of this Order:

1) file testimony in prepared form in support of its proposed Service Classification No. 7 tariff; and 2) provide responses to the following information request.

1. Provide all assumptions that were used in developing the reserve charge formula and the revenue conversion factor.

2. Provide a numeric example to illustrate the reserve charge formula and the revenue conversion factor.

3. Identify all current resale customers and all potential resale customers that could be affected by the proposed tariff.

4. For each resale customer:

- (a) Provide the historic maximum daily purchase in MGD;
- (b) Provide the average gallons purchased monthly; and
- (c) Indicate whether there is any current reservation of capacity and, if so, the charge therefor.

5. Provide a discussion of the impact of the proposed reserve charge on existing rates for customers that could be affected by the proposed tariff.

6. Where fractional portions of the 1,000,000 gallon units are used or reserved, provide the manner in which rounding adjustments, if any, would be made to determine the amount of reserve charge.

7. Explain the basis and provide the authority for imposing the following conditions on resale customers:

(a) Limiting the area where water can be resold;

(b) Requiring the building and maintaining of facilities not directly connected to the purchase of water from Kentucky-American;

(c) Imposing Kentucky-American's water curtailment plan on customers of the purchaser; and

(d) Right of first refusal to purchase assets of resale customer.

8. Explain in detail the number of new resale customers and volume of sales anticipated in the foreseeable future and any additions or improvements to Kentucky-American's system which may be required to meet the additional demand.

9. Explain the impact of the proposed reserve charge on Kentucky-American's annual revenues and expenses and whether the reserve charge would result in double recovery of plant investment.

Done at Frankfort, Kentucky this 13th day of October, 1989.

PUBLIC SERVICE COMMISSION

ATTEST:


For the Commission

Executive Director