

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
SOUTH SIDE WATER ASSOCIATION, INC.) CASE NO. 89-295

O R D E R

On October 9, 1989, South Side Water Association, Inc. ("South Side") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068.

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

1. South Side purchases its water from the city of Beattyville ("Beattyville"). Effective August 1, 1989, Beattyville increased its rate for water sold to South Side from \$1.50 to \$2.00 per 1,000 gallons.

2. South Side proposes to increase the rates to its customers effective September 1, 1989.

3. During the 12 months ending August 31, 1989, South Side purchased 26,066,700 gallons of water and sold 21,041,820 gallons.

4. South Side's calculations are incorrect in that the purchased water adjustment was determined by multiplying South Side's proposed retail rates times the gallons sold in each rate

increment rather than by the method prescribed by 807 KAR 5:068 and shown in Appendix B.

5. The total allowable gallons sold has been adjusted from 21,634,820 to 21,041,820 due to a mathematical error on page 10 of South Side's application.

6. The increase in the cost of purchased water is \$13,033, resulting in a purchased water adjustment of \$0.62 per 1,000 gallons of water.

7. The purchased water adjustment of \$0.62 per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

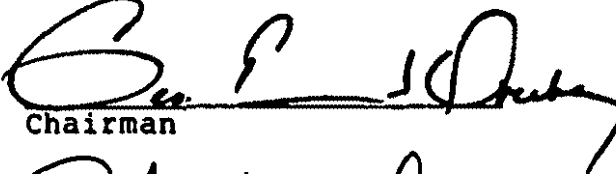
1. The purchased water adjustment and the rates proposed by South Side are hereby denied.

2. The purchased water adjustment of \$0.62 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are approved for services rendered on and after September 1, 1989.

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

Done at Frankfort, Kentucky, this 1st day of November, 1989.

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. 89-295 DATED 11/01/89

The following rates and charges are prescribed for the customers in the area served by South Side Water Association, 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.

RATES: Monthly

First 2,000 gallons	\$10.05 Minimum Bill
Next 4,000 gallons	4.35 per 1,000 gallons
Next 4,000 gallons	3.60 per 1,000 gallons
Next 15,000 gallons	3.25 per 1,000 gallons
Next 25,000 gallons	3.05 per 1,000 gallons
Over 50,000 gallons	2.75 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-295 DATED 11/01/89

PURCHASED WATER ADJUSTMENT CALCULATIONS

Purchases: 26,066,700
Sales: 21,041,820

Cost at Changed Rate: 26,066.700 x \$2.00 = \$52,133.40
Cost at Base Rate: 26,066.700 x \$1.50 = 39,100.05
Increase in Costs = \$13,033.35

\$13,033.35 ÷ 21,041.820 gallons sold = \$0.62 per 1,000 gallons.