

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF UNION COUNTY WATER            )  
DISTRICT FOR A RATE ADJUSTMENT PURSUANT        ) CASE NO. 90-233  
TO THE PURCHASED WATER ADJUSTMENT CLAUSE        )

O R D E R

On August 13, 1990, Union County Water District ("Union County") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the Purchased Water Adjustment procedures. KRS 278.015 and 807 KAR 5:068. Union County's cover letter states that the filing was prepared in December of 1989 by York Neel and Company, certified public accountants, and was forwarded to Union County's Chairman for his signature and subsequent filing with the Commission. Through recent conversations with the Commission, the accountants discovered the tariffs were not filed. Therefore, documentation has been forwarded at this time to inform the Commission of the increase in the purchased water rate passed through in December of 1989.

The purpose of the Purchased Water Adjustment is to provide an alternative method whereby a utility may recover the increased cost of purchased water without incurring the revenue loss which would result if it were required to comply with the notice, filing, and hearing requirements for rate adjustments in other sections of KRS Chapter 278. Although KRS 278.015 does grant

authority to Union County to increase its rates without prior approval by the Commission, it also provides that "within 20 days after any such increase in rates, the district shall file its revised tariffs with the Commission." The terms of the statute must be strictly complied with by both the district and the Commission. Inasmuch as Union County's increase took effect in December of 1989 and the current filing is outside the statutorily prescribed 20-day period, Union County cannot utilize the procedure set forth in KRS 278.015 to pass through purchased water costs incurred between December 19, 1989 and July 24, 1990.<sup>1</sup>

Based upon the foregoing and in compliance with the express language of KRS 278.015, the Commission finds that Union County's current filing should be accepted to the extent that Union County seeks to recover purchased water costs incurred within 20 days of the filing date. The remaining portion representing amounts collected from December 1989 billings through July 23, 1990 should be denied.

IT IS THEREFORE ORDERED that:

1. That portion of the purchased water adjustment filed by Union County representing an increase in the cost of water purchases made between December 19, 1989 and July 24, 1990 is hereby denied.

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<sup>1</sup> Allowing recovery of purchased water costs accruing from July 24, 1990 until the filing date, August 13, 1990 brings this request within the 20-day statutory time frame.

2. That portion representing amounts for purchased water costs incurred from July 24, 1990 through the filing date, August 13, 1990, is hereby accepted.

3. Within 5 days of the date of this Order, Union County shall provide documentation verifying the base rate in effect immediately prior to the most recent supplier increase.


4. Within 5 days of the date of this Order, Union County shall provide a schedule of water purchased and sold for the 12 month period ending within 90 days of the date of filing.

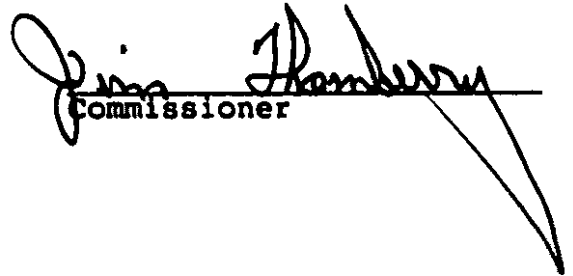
5. Union County shall appear at a hearing scheduled September 24, 1990 at 2:00 p.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of establishing the amount of purchased water costs collected between December 19, 1989 and July 23, 1990 and to determine if any refunds should be ordered. In lieu of appearing at the hearing, Union County may certify to the Commission that refunds have been made of those amounts collected between December 1989 billings and July 23, 1990. Such certification shall be a sworn notarized statement which includes names and addresses of all customers billed at the increased rate and the amounts collected from and refunded to each customer. Documentation of refunds should be attached to the statement. The certified statement shall be filed no later than September 7, 1990. In the event this certification is timely made, the hearing shall be cancelled without further Order of the Commission.

Done at Frankfort, Kentucky, this 4th day of September, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director