

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 tariffs with the 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 advised the Commission that the filing was prepared in December of 1989 by Union County's certified public accountants and was subsequently forwarded to Union County's chairman for filing with the Commission. However, late in the summer of 1990 it was discovered that through inadvertence the tariffs had not been filed.

By Order issued September 4, 1990, the Commission directed Union County to file documentation verifying the base rate in effect immediately prior to the most recent supplier increase and a schedule of water purchased and sold for the 12 month period ending within 90 days of the date of filing. The Commission further directed that Union County appear at a hearing on September 24 in the Commission's offices for the purposes 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. All required information was subsequently filed and Union County, represented by counsel, appeared at a formal hearing on September 24, 1990.

Union County proposed to refund the total over-collections of \$9,283 by computing the average usage for customers during the months those over-collections were made and to multiply the average usage by the eight cent increase to determine an average overcharge. Union County would then enter a credit on each customer's water bill on a monthly basis until the \$9,283 in over-collections had been returned to the customers.

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

By Order entered September 4, 1990, Union County was authorized to pass-through an increase in purchased water costs incurred from July 24, 1990 through the filing date August 13, 1990. Recovery of all purchased water costs incurred between December 13, 1989 when the increase from the supplier took effect until July 23, 1990 was specifically denied. Although KRS 278.015 does grant Union County the authority to increase its rates without prior Commission approval, it further provides that within 20 days after the increase in rates Union County shall file revised tariffs with the Commission. Inasmuch as the Commission and the district must strictly comply with the statute, Union County should be required to refund \$9,283 to its customers. This total should be refunded or credited over a two month period at a

rate of \$.00032 per gallon of water¹ and may be shown as a credit on individual customer's bills beginning with the next billing cycle following the effective date of this Order. The refund factor of \$.00032 per gallon of water should remain in effect until such time as necessary for the total amount refunded to as nearly as possible reflect the total amount of over-collections.

IT IS THEREFORE ORDERED that:

1. Union County shall refund the unauthorized revenues collected from December 19, 1989 through July 23, 1990 by complying with the refund conditions set forth in this Order.


2. The refund plan shall remain in effect for two months or until such time as the full amount has been returned to Union County's customers.

3. Within 30 days of the date the refund plan is completed, Union County shall file with the Commission a summary statement showing a reconciliation of customer billings and the amounts refunded.

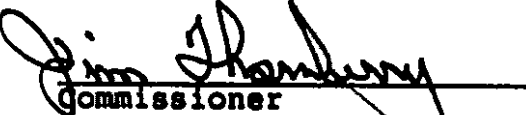
¹ Gallons sold 116,041,426 x .08 = \$9,283.31
Projected sales 116,041,426 + 8 mos. = 14,505 gallons monthly
14,505 gallons x 2 mos. = 29,010 bimonthly
Per Unit Refund Amt. \$9,283 + 29,010 gallons = \$.00032/gallon

Done at Frankfort, Kentucky, this 9th day of November, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director