

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY-AMERICAN)	
WATER COMPANY FOR A DEVIATION PURSUANT TO)	CASE NO.
807 KAR 5:066, SECTION 15(3), REGARDING)	92-526
METER TESTING)	

O R D E R

By letter received November 24, 1992, Kentucky-American Water Company ("Kentucky-American") requested a deviation from 807 KAR 5:066, Section 15(3). This regulation requires "as-found" tests to be performed on all meters tested in accordance with the Commission's regulations concerning periodic, request or complaint tests. Kentucky-American is seeking a deviation to sample test 10 percent of 5/8 x 3/4-inch and 1-inch meters and 100 percent of all other meters when conducting "as-found" tests.

Common reasons for requiring water meter testing are: to ensure that all customers are being treated fairly by the utilities; to ensure that all customers pay their fair share for the service provided; to reduce revenue loss to the utility; to monitor operational performance under meter warranty provisions; and to encourage water conservation. By far the most important of these from a public protection standpoint and for the Commission's purposes is to ensure that customers' bills are fair and accurate.

Customers of utilities expect and deserve a fair and accurate billing process which must include accurate meters. A complete and diligent meter testing effort does involve certain costs. However,

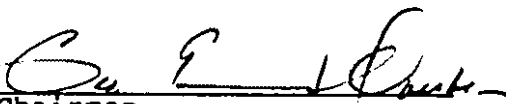
such costs are far outweighed by the benefits of accurate meters and accurate billings, both of which greatly contribute to customer confidence in the utility. Any real or perceived monetary savings from decreasing the meter testing effort would not be sufficient justification to increase the possibility of undetected meter errors, which in turn could lead to customer billing errors. Testing anything less than 100 percent of the smaller meters for "as-found" conditions would not adequately ensure the concept of fairness to Kentucky-American's customers.

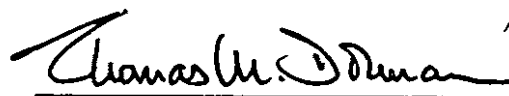
The Commission, having reviewed the information submitted and being otherwise sufficiently advised, finds that Kentucky-American's request to deviate from 807 KAR 5:066, Section 15(3), should be denied.

IT IS THEREFORE ORDERED that Kentucky-American's request to deviate from 807 KAR 5:066, Section 15(3), be and it hereby is denied.

Done at Frankfort, Kentucky, this 28th day of December, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner