

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF THE)
RATES OF KENTUCKY-AMERICAN)
WATER COMPANY EFFECTIVE ON) CASE NO. 92-452
AND AFTER FEBRUARY 22, 1993)

O R D E R

Pursuant to KRS 278.190, Kentucky-American Water Company ("Kentucky-American") placed the rates it had proposed in this proceeding in effect subject to refund on August 24, 1993. The Commission's November 19, 1993 Order set rates at a lower level than the rates implemented in August and directed Kentucky-American to file a report of excess revenues collected under the proposed rates and a proposed refund plan.

On December 9, 1993, Kentucky-American filed a proposed plan under which it would refund excess net revenues billed between August 24, 1993 and November 19, 1993. Under the rates granted by our November 19, 1993 Order, most Kentucky-American customers will receive refunds. However, due to the change in Kentucky-American's rate design, some customers, based on their revenue classification and amount of water usage, will receive an additional charge rather than a refund. Kentucky-American states that the net refund will be made by either bill credits or additional charges beginning with bills issued on and after January 2, 1994. Since a substantial number of Kentucky-American's customers are billed on a quarterly basis, the full refund won't be completed until the end of March

1994. Customers that receive monthly bills and customers that were issued a final bill after August 24, 1993 will receive a refund or additional charge by the end of January 1994.

A final Order in this proceeding will not be issued until the conclusion of the rehearing that is being granted contemporaneously with the issuance of this Order. Therefore, Kentucky-American's proposed three-month timetable for completing its refunds will not be violative of KRS 278.190(4). The refund plan, therefore, is acceptable and should be approved.

Kentucky-American calculated a total net refund amount of \$305,940 based on the rates approved in our November 19, 1993 Order. This should be adjusted downward to an amount based on the rates approved herein which supersede the November 19, 1993 rates. Once this adjustment is made, the plan should go forward as proposed with refunds to commence January 2, 1994. Kentucky-American should submit a report of the amounts refunded and recovered by no later than April 30, 1994.

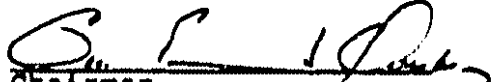
IT IS THEREFORE ORDERED that:

1. Kentucky-American's refund plan be and it hereby is approved subject to adjustment of the refund amount to reflect the rates granted herein which supersede the rates approved November 19, 1993.

2. Kentucky-American shall file, no later than April 30, 1994, a report of the amounts refunded and recovered under its approved refund plan.

Done at Frankfort, Kentucky, this 22nd day of December, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director