

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF LEXINGTON-SOUTH ELKHORN) CASE NO. 93-477
WATER DISTRICT)

O R D E R

On December 21, 1993, Lexington-South Elkhorn Water District ("South Elkhorn") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure, KRS 278.015 and 807 KAR 5:06B.

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

1. South Elkhorn purchases water from Kentucky-American Water Company ("Kentucky-American").

2. Kentucky-American increased its average cost for water sold to South Elkhorn from \$1.4640 per 1,000 gallons to \$1.5679 per 1,000 gallons effective November 19, 1993. South Elkhorn proposes to increase the water rates to its customers effective December 6, 1993.

3. During the 12 months ending November 8, 1993, South Elkhorn purchased 146,599,500 gallons of water and sold 106,768,064 gallons. The increase in the cost of purchased water is \$15,234, resulting in a purchased water adjustment of 14 cents per 1,000 gallons of water as shown in Appendix B. Based on an average

monthly usage of 5,000 gallons, the average bill of South Elkhorn's customers would increase \$.70 from \$28.85 to \$29.55 or 2.4 percent.

4. South Elkhorn has miscalculated the purchased water adjustment factor insofar as it divided the increased cost of purchased water by the gallons of purchased water instead of sales of purchased water. Therefore, the purchased water adjustment factor and the rates proposed by South Elkhorn should be denied.

5. The purchased water adjustment of 14 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by South Elkhorn are hereby denied.

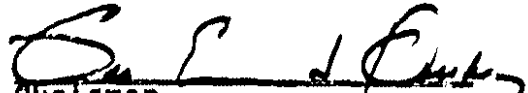
2. The purchased water adjustment of 14 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after December 6, 1993.

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

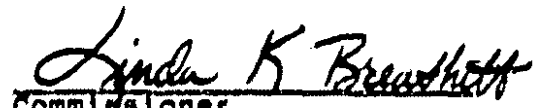
4. Within 20 days of the date of this Order, South Elkhorn shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 28th day of January, 1994.

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. 93-477 DATED January 28, 1994.

The following rates and charges are prescribed for the customers in the area served by Lexington-South Elkhorn Water District. 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.

(Water rates are applicable to the entire District and service is available to all customers as set out and limited herein.)

5/8 inch & 3/4 inch meters

<u>USAGE BLOCKS</u>	<u>MONTHLY RATES</u>
First 2,000 gallons	\$ 16.83 minimum
Next 2,000 gallons	4.39 per 1,000 gallons
Next 2,000 gallons	3.94 per 1,000 gallons
Next 10,000 gallons	3.69 per 1,000 gallons
Next 8,000 gallons	3.42 per 1,000 gallons
Over 24,000 gallons	3.14 per 1,000 gallons

1 inch meters

First 10,000 gallons	\$ 48.25 minimum
Next 6,000 gallons	3.69 per 1,000 gallons
Next 8,000 gallons	3.42 per 1,000 gallons
Over 24,000 gallons	3.14 per 1,000 gallons

2 inch meters

First 24,000 gallons	\$ 97.75 minimum
Over 24,000 gallons	3.14 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-477 DATED January 28, 1994.

Purchased Water Adjustment Calculations

Water Purchased: 146,599,500 gallons

Water Sold: 106,768,064 gallons

Cost at changed Rate:

$$146,599,500 \times \$1.5679^* = \$229,859.98$$

LESS

Cost at Base Rate:

$$146,599,500 \times \$1.4640^* = \$214,626.26$$

Increase in cost: \$ 15,233.73

\$15,234 + 106,768,064 gallons sold = \$.14268 or

\$.14/1,000 gallons

*Average cost per 1,000 gallons.