

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PROPOSED TARIFF FILING OF) CASE NO.
KENTUCKY-AMERICAN WATER COMPANY) 94-194

O R D E R

On March 25, 1994, Kentucky-American Water Company ("Kentucky-American") applied to the Commission for approval of the methodology which it will use to recover Kentucky River Authority ("KRA") Withdrawal Fees. The Commission has previously approved a revision to Kentucky-American's Service Classification No. 6 Tariff to permit its bills to show, as a separate item, an amount equal to the proportionate part of KRA Withdrawal Fees.¹

Although the highest withdrawal fee assessed by KRA is only \$.044 per 1,000 gallons, Kentucky-American seeks approval of a methodology which would assess a rate of \$.05081 per 1,000 gallons. This methodology would permit Kentucky-American to recover the KRA Withdrawal Fees not only for the water sold, but also for unaccounted for water and uncollectible accounts. As a mechanism already exists to allow recovery of uncollectible accounts, the Commission finds that the proposed methodology should be modified to eliminate any recovery for such accounts. With the elimination of this element, Kentucky-American should be permitted to assess a rate of \$.05055 per 1,000 gallons.² Kentucky-American should

¹ Case No. 92-452, Notice of Adjustment of the Rates of Kentucky-American Water Company (Nov. 19, 1993) at 49.

² \$473,048 [estimated KRS withdrawal fee] + 9,357,804,000 gallons [estimated water sold] = \$.05055 per 1,000 gallons.

maintain records of its collections under Service Classification No. 6 Tariff for KRA Withdrawal Fees. Any over or under recovery of such fees shall be addressed in Kentucky-American's next general rate case.


The Commission hereby places Kentucky-American on notice that recovery of KRS Withdrawal Fees as a separate line item instead of through basic service rates is an issue which shall also be addressed in Kentucky-American's next general rate case.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's proposed methodology is denied.
2. Kentucky-American is authorized to charge a rate of \$.05055 per 1,000 gallons of water under Service Classification No. 6 Tariff for KRA Withdrawal Fees.
3. Kentucky-American shall maintain a record of its collections under Service Classification No. 6 Tariff for KRA Withdrawal Fees.
4. Kentucky-American shall advise the Commission of any change or revision in KRA Withdrawal Fees.

Done at Frankfort, Kentucky, this 9th day of June, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner