

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)	
SOUTH ANDERSON WATER DISTRICT)	CASE NO. 94-365

O R D E R

On October 17, 1994, South Anderson Water District ("South Anderson") 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 5:068.

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

1. South Anderson purchases water from the City of Lawrenceburg ("Lawrenceburg").

2. Lawrenceburg increased its rate for water sold from \$1.17 per 1,000 gallons to \$1.214 per 1,000 gallons effective April 1, 1994. Lawrenceburg increased its rate subsequent to the institution of a charge of 4.4 cents per 1,000 gallons of water by the Kentucky River Authority for water withdrawn from the Kentucky River, effective April 1, 1994. In its original application, South Anderson, relying on erroneous figures supplied by Lawrenceburg, requested an increase of 6.6 cents per 1,000 gallons. Subsequently, on November 9, 1994, South Anderson amended

its application to reflect the appropriate figures. South Anderson proposed to increase the water rates to its customers effective October 10, 1994.

3. During the 12 months ending September 30, 1994, South Anderson purchased 86,438,800 gallons of water and sold 78,869,300 gallons. The increase in the cost of purchased water is \$3,803.30, resulting in a purchased water adjustment of 5 cents per 1,000 gallons of water as shown in Appendix B. Based on an average monthly usage of 5,000 gallons, the average monthly bill of South Anderson's customers would increase 25 cents from \$26.05 to \$26.30, or 1 percent.

4. South Anderson miscalculated the purchased water adjustment factor in the original application; therefore, the purchased water adjustment factor and the rates proposed by South Anderson should be denied.

5. The purchased water adjustment of 5 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 Anderson are hereby denied.
2. The purchased water adjustment of 5 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after October 10, 1994.

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

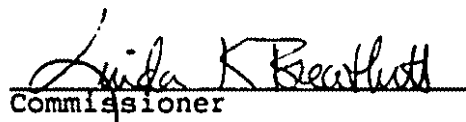
4. Within 30 days of the date of this Order, South Anderson shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 10th day of November, 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. 94-365 DATED November 10, 1994

The following rates and charges are prescribed for the customers in the area served by South Anderson 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.

GALLONAGE BLOCK

RATE

First	2,000 gallons	\$11.35 Minimum Bill
Next	1,000 gallons	5.55 per 1,000 gallons
Next	2,000 gallons	4.70 per 1,000 gallons
Next	2,000 gallons	3.85 per 1,000 gallons
Next	3,000 gallons	3.00 per 1,000 gallons
Over	10,000 gallons	2.70 per 1,000 gallons

BULK RATE WATER STATION

Flat Rate	\$ 3.45 per 1,000 gallons
-----------	---------------------------

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-365 DATED November 10, 1994.

PURCHASED WATER ADJUSTMENT CALCULATIONS

Water Purchased:	86,438,800 gallons
Water Sold:	78,869,300 gallons

Cost at Changed Rate:

$86,438,800 \times \$0.001214$ average per 1,000 gallons = \$104,936.70

LESS

Cost at Base Rate:

$86,438,800 \times \$0.001170$ average per 1,000 gallons = \$101,133.40

Increase in Cost: \$3,803.30

$\$3,803.30 \div 78,869,300$ gallons sold = $\frac{5}{1,000}$ cents per gallons