

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PROPOSED TARIFF FILING OF     )  
KENTUCKY-AMERICAN WATER COMPANY )     CASE NO. 95-265

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.<sup>1</sup> On June 9, 1994, the Commission issued an Order allowing Kentucky-American to recover the KRA withdrawal fees for all water withdrawn from the Kentucky River.<sup>2</sup>

On June 14, 1995, Kentucky-American applied to the Commission for approval to adjust its withdrawal fee from \$.05191 to \$.04427<sup>3</sup> per 1,000 gallons as a result of a decrease in the Tier 1 fee for gross withdrawal from July 1, 1995 through June 30, 1996.

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<sup>1</sup> Case No. 92-452, Notice of Adjustment of the Rates of Kentucky-American Water Company (November 19, 1993) at 49.

<sup>2</sup> Case No. 94-194, The Proposed Tariff Filing of Kentucky-American Water Company (June 9, 1994).

<sup>3</sup> \$290,921 (estimated KRA withdrawal fee) ÷ 6,571,914 gallons (estimated water sold) = \$.04427 per 1,000 gallons.

Kentucky-American, as of December 1994, accrued \$417,357 in fees on customers' bills and as of March 6, 1995, had paid a total of \$480,066 to KRA. Kentucky-American proposes to make up the difference of \$65,709 by adding an additional \$.0054 to its withdrawal fee.<sup>4</sup> This adjustment results in a withdrawal fee of \$.04967 per 1,000 gallons.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. Kentucky-American's proposed adjustment should be approved.

2. Kentucky-American should maintain records of its collections under its Service Classification No. 6 Tariff for KRA withdrawal fees.

3. Any over- or under-recovery of such fees should be addressed in Kentucky-American's next general rate case.

IT IS THEREFORE ORDERED that:

1. Kentucky-American is authorized to charge a rate of \$.04967 per 1,000 gallons of water under its Service Classification No. 6 Tariff for KRA withdrawal fees.

2. Kentucky-American shall maintain a record of its collections under its Service Classification No. 6 Tariff for KRA withdrawal fees.

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<sup>4</sup>     July - December 1995 (1,000 gallons sold)     6,571,914  
       January - June 1996 (1,000 gallons sold)     5,629,875  
       \$65,709/12,201,789 (gallons sold) =     .0054

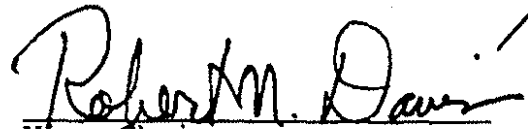
3. Kentucky-American shall advise the Commission of any change or revision in KRA withdrawal fees.

4. Kentucky-American's proposed tariff is approved.

Done at Frankfort, Kentucky, this 30th day of June, 1995.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director