

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	
OF SPEARS WATER COMPANY, INC.)	CASE NO. 2001-236
)	

O R D E R

On July 30, 2001, Spears Water Company, Inc. ("Spears") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068.

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

1. Spears purchases water from the city of Nicholasville and Kentucky-American Water Company ("Kentucky-American").
2. Kentucky-American notified Spears that effective with its May 9, 2001 billing its wholesale water rate would increase from \$1.79 per 1,000 gallons to \$1.98196 per 1,000 gallons. Spears proposes to increase the water rates to its customers effective with the date of this Order.
3. During the 12 months ending June 30, 2001, Spears purchased 261,933,070 gallons of water and sold 208,077,800 gallons. The increase in the cost of purchased water is \$17,698.31, resulting in a purchased water adjustment of \$0.09 per 1000 gallons and not Spears' proposed adjustment of \$0.08 per 1,000 gallons. Spears' calculation failed to consider the monthly rate increase of the Kentucky-American

Service Charge from \$511.89 (for a 4" and a 6" connection) to \$548.25 (for a 4" and a 6" connection). Based on an average monthly usage of 5,000 gallons, the average bill of Spears' customers would rise \$0.45 from \$24.91 to \$25.36 or 2 percent.

4. The rates proposed by Spears should be denied.

5. The purchased water adjustment of \$0.09 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.09 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services rendered on and after the date of this order.

2. Within 20 days of the date of this Order, Spears shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 28th day of August, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2001-236 DATED 8/28/2001

The following rates and charges are prescribed for the customers in the area served by Spears Water Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000	gallons	\$ 12.70	Minimum bill
Next	10,000	gallons	4.22	per 1,000 gallons
All Over	12,000	gallons	3.37	per 1,000 gallons