

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF WACO WATER DISTRICT) CASE NO. 9313

O R D E R

On March 29, 1985, Waco Water District ("Waco") filed an application with the Public Service Commission ("Commission") seeking approval of a purchased water adjustment clause and authority to adjust its rates in accordance with that clause. On April 30, 1985, and May 24, 1985, the Commission requested that additional information be filed. The required information has now been filed, and the record is complete.

807 KAR 5:067, Section 1(3), provides that, prior to issuing an Order pursuant to an application for a purchased water adjustment, the Commission must perform an absorption test to determine whether all or a part of the increase can be absorbed by the applicant. The financial data filed by Waco indicates that it has no potential for absorption of any of the increase in purchased water costs; however, in reviewing the information filed by Waco, the Commission noted various inconsistencies and discrepancies in the financial reports which require correction. The Commission is of the opinion, however, that such corrections would have no effect on the increase found reasonable herein and

should be dealt with separately from this case in order to avoid delays in the purchased water adjustment which would be detrimental to Waco and its customers.

1. The purchased water adjustment clause filed by Waco is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, is in the best interests of Waco and the public, and should be approved.

2. Effective April 1, 1985, Waco's supplier, City of Richmond, increased its wholesale rates for water by an average of \$.34 per 100 cubic feet.

3. The statements of water purchased and sold for the 12-month period ending December 31, 1984, show that Waco's line loss is approximately 11 percent, which is less than the maximum of 15 percent allowed by the Commission. Therefore, the total purchases should be considered in determining the purchased water adjustment.

4. The calculations made by Waco are correct and show that the total allowable increase in purchased water costs is \$48,821, resulting in a purchased water adjustment of \$.39 per 100 cubic feet.

5. The financial data filed by Waco indicates that it cannot absorb an increase of this magnitude in the cost of purchased water.

6. The rates proposed by Waco are unfair, unjust and unreasonable in that the purchased water adjustment was not applied uniformly in the manner prescribed by 807 KAR 5:067. The proposed rates should, therefore, be denied.

7. The purchased water adjustment in the amount of \$.39 per 100 cubic feet and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that the purchased water adjustment clause filed by Waco be and it hereby is approved effective on and after the date of this Order.

IT IS FURTHER ORDERED that for purposes of future application of Waco's purchased water adjustment clause, the base rate shall be:

<u>Supplier</u>	<u>Rates</u>	
City of Richmond	First 300 c.f.	\$ 5.65 Minimum
	Next 400 c.f.	1.65 per 100 c.f.
	Next 5,000 c.f.	1.50 per 100 c.f.
	Next 5,000 c.f.	1.25 per 100 c.f.
	Over 10,700 c.f.	.94 per 100 c.f.

IT IS FURTHER ORDERED that the rates proposed by Waco be and they hereby are denied upon application of KRS 278.030 and 807 KAR 5:067.

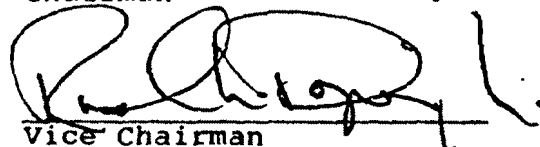
IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.39 per 100 cubic feet and the rates in Appendix A be and they hereby are approved for services rendered on and after the date of this Order.

IT IS FURTHER ORDERED that within 30 days of the date of this Order, Waco shall file its revised tariff sheets setting out the purchased water adjustment clause and the rates approved herein.

Done at Frankfort, Kentucky, this 1st day of July, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9313 DATED 1st day of July, 1985.

The following rates and charges are prescribed for the customers receiving water service from Waco 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.

<u>USAGE BLOCKS</u>	<u>MONTHLY RATES</u>
First 175 cubic feet	\$ 5.43 Minimum
Next 225 cubic feet	2.24 per 100 cubic feet
Next 300 cubic feet	1.84 per 100 cubic feet
Next 500 cubic feet	1.54 per 100 cubic feet
Next 1000 cubic feet	1.34 per 100 cubic feet
Over 2200 cubic feet	1.14 per 100 cubic feet