

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO. 2011-00105
JESSAMINE COUNTY WATER DISTRICT NO. 1)

ORDER

On March 22, 2011, Jessamine County Water District No. 1 (“Jessamine District”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ Due to Jessamine District’s failure to meet certain statutory requirements, the Commission rejected Jessamine District’s application. On May 2, 2011, Jessamine District submitted a revised application, which the Commission accepted for filing.

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

1. Jessamine District purchases water from the City of Nicholasville (“Nicholasville”).
2. Nicholasville serves Jessamine District through multiple metering points. Nicholasville’s meters serving the Brannon Crossing area are supplied with water from the Kentucky American Water Company (“KAWC”).

¹ KRS 278.015 and 807 KAR 5:068.

3. On September 29, 2010, KAWC adjusted its sales for resale rate to Nicholasville, subject to refund.²

4. On November 3, 2010, Nicholasville revised its wholesale water rate for meters serving the Brannon Crossing area to reflect the increase in KAWC's sale for resale rate.³ This revision further provided that the rate for water that Nicholasville supplies to Jessamine District at the Brannon Crossing meters will automatically adjust to reflect any revision in KAWC's sales for resale water rate.

5. On November 15, 2010, the Commission adjusted Jessamine District's rates to reflect the increase in Nicholasville's wholesale rate.⁴

6. On December 14, 2010, the Commission adjusted KAWC's sales for resale water rate to Nicholasville in Case No. 2010-00036.⁵

7. As a result of the adjustment in Kentucky-American's sales for resale water rate, the combined monthly meter service charges that Nicholasville assesses to Jessamine District for the Brannon Crossing meters will decrease from \$1,006.60 to \$979.00 per month and the volumetric rate for water received through the Brannon

² KAWC's Notice of Intention to Implement Rates (filed in Case No. 2010-00036, Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year (Ky. PSC filed Sep. 28, 2010)).

³ Tariff of Nicholasville Water Department, PSC KY. No. 1, Third Revised Sheet No. 1 (effective Nov. 3, 2010).

⁴ Case No. 2010-00402, Purchased Water Adjustment Filing of Jessamine County Water District No. 1 (Ky. PSC Nov. 15, 2010).

⁵ Case No. 2010-00036, Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year (Ky. PSC Dec. 14, 2010).

Crossing meters will decrease from \$4.92 per 1,000 gallons to \$4.20933 per 1,000 gallons.

8. Although authorized to assess higher rates to reflect the increases in Nicholasville's wholesale rate that became effective November 3, 2010, Jessamine District never placed those rates into effect. Beginning for service that it rendered on January 15, 2011, Jessamine District began assessing the rates that it proposes in its current application for service rendered on and after June 1, 2011. These rates are lower than the rates that the Commission previously approved on November 15, 2010.⁶

9. During the 12 months ending February 28, 2011, Jessamine District purchased a total of 194,426,000 gallons of water through the Nicholasville meters and 16,755,000 through the Brannon Crossing area meters and sold 181,430,000 gallons. The decrease in the cost of purchased water is \$12,238.48, resulting in a purchased water adjustment of (\$0.07) per 1,000 gallons.

10. In its application, Jessamine District misstated the decrease in the cost of water as \$12,244. This error, however, made no material difference in the calculation of the purchased water adjustment factor.

11. A purchased water adjustment of (\$0.07) per 1,000 gallons is fair, just, and reasonable and should be approved.

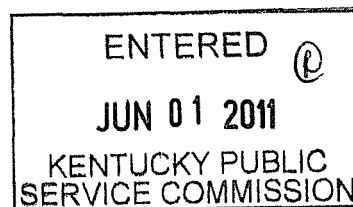
⁶ Letter from Gerald Wuetcher, Executive Advisor/Attorney, Public Service Commission, to Karen Lee, Office Manager, Jessamine Water District No. 1 (May 31, 2011).

12. 807 KAR 5:068, Section 2(2), requires the Commission to apply the purchased water adjustment factor to all existing rate schedules. When applied to the rates that Jessamine District had on file with the Commission as of May 1, 2011, the purchased water adjustment factor of (\$0.07) produces the rates set forth in Appendix B to this Order.⁷

IT IS THEREFORE ORDERED that:

1. Jessamine District's proposed rates are approved.
2. The purchased water adjustment of (\$0.07) per 1,000 gallons as calculated in Appendix A is approved and the rates in Appendix B are approved for service rendered on and after June 1, 2011.
3. The proposed tariff sheet included in Jessamine District's filing of May 2, 2011 is approved.

By the Commission



ATTEST:


Executive Director

⁷ As Jessamine District did not increase its rates to reflect the initial increase in KAWC rates for resale, the issue of refunds is not present in this case. As to Jessamine District's failure to comply with KRS 278.160(2), the Commission will not address that issue in this proceeding but will defer it to a later date.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00105 DATED JUN 01 2011

	Base Rate	New Rate
City of Nicholasville		
Purchases in gallons	194,426,000	194,426,000
Wholesale Rate	<u>\$ 2.73/1,000</u>	<u>\$ 2.73/1,000</u>
	\$530,782.98	\$530,782.98

Brannon Crossing Area

Jessamine District is served by four meters in the Brannon Crossing Area - two 1½-inch size meters and two 6-inch size meters.

Monthly Meter Service Charges	\$ 1,006.60	\$ 979.00
	<u> x12</u>	<u> x12</u>
	\$12,079.20	\$11,748.00

Purchases in gallons	16,755,000	16,755,000
Volumetric rate	<u>\$4.92/1,000</u>	<u>\$4.20933/1,000</u>
	\$ 82,434.60	\$70,527.32

Decreased water cost \$12,238.48

Decreased water cost	\$12,238.48
Divided by gallons sold	<u>181,430,000</u>
Purchased water adjustment factor	(\$0.07) per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2011-00105 DATED JUN 01 2011

The following rates and charges are prescribed for the customers in the area served by Jessamine County Water District No. 1. 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

5/8" X 3/4" Meter

First	3,000	gallons	\$ 21.51	Minimum bill
Next	7,000	gallons	5.37	per 1,000 gallons
All Over	10,000	gallons	5.27	per 1,000 gallons

1" Meter

First	5,000	gallons	\$ 32.25	Minimum bill
Next	5,000	gallons	5.37	per 1,000 gallons
All Over	10,000	gallons	5.27	per 1,000 gallons

1 1/2" Meter

First	10,000	gallons	\$ 59.10	Minimum bill
All Over	10,000	gallons	5.27	per 1,000 gallons

2" Meter

First	20,000	gallons	\$ 111.80	Minimum bill
All Over	20,000	gallons	5.27	per 1,000 gallons

Carl Waits
Chairman
Jessamine County Water District #1
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