

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF ) CASE NO.  
EASTERN ROCKCASTLE WATER ASSOCIATION ) 2012-00485

ORDER

On November 7, 2012, Eastern Rockcastle Water Association (“Eastern Rockcastle”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

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

1. Eastern Rockcastle purchases water from the City of Mount Vernon (“Mount Vernon”), the City of Livingston (“Livingston”), and Jackson County Water Association (“Jackson County”).

2. Mount Vernon’s wholesale rate to Eastern Rockcastle increased from \$2.16 per 1,000 gallons to \$2.93 per 1,000 gallons on August 17, 2012.

3. Livingston’s wholesale rate to Eastern Rockcastle increased from \$2.55 per 1,000 gallons to \$3.19 per 1,000 gallons on June 22, 2012.

4. On April 23, 2012 Jackson County increased its rate for wholesale water service to Eastern Rockcastle from \$2.66 per 1,000 gallons to \$3.50 per 1,000 gallons.

5. Eastern Rockcastle proposes to increase its rates for water service effective December 10, 2012 to reflect the increased cost of purchased water.

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<sup>1</sup> KRS 278.012; 807 KAR 5:068.

6. During the 12 months ending September 30, 2012, Eastern Rockcastle purchased 8,774,000 gallons of water from Mount Vernon, 3,027,223 gallons of water from Livingston, and 13,207,500 gallons of water from Jackson County, for a total purchase of 25,008,723 gallons. It sold 21,825,500 gallons of water. As a result of the increases in its suppliers' rates, Eastern Rockcastle's cost of purchased water will increase by \$19,787.70 annually, resulting in a purchased water adjustment of \$0.91 per 1,000 gallons.

7. Eastern Rockcastle proposed to change its rate design to include specific rates for 1-inch and 2-inch meter sizes. Neither KRS 278.012 nor 807 KAR 5:068 permit a water utility to change its rate design when adjusting rates solely to reflect increases in purchased water costs.

8. The purchased water adjustment factor of \$0.91 per 1,000 gallons is fair, just, and reasonable and should be approved.

9. Eastern Rockcastle has a volumetric leak adjustment rate of \$2.34 per 1,000 gallons for usage over the customer's average usage. This rate should be adjusted commensurate with the purchased water adjustment.

10. The rates set forth in Appendix B are fair, just, and reasonable.

IT IS THEREFORE ORDERED that:

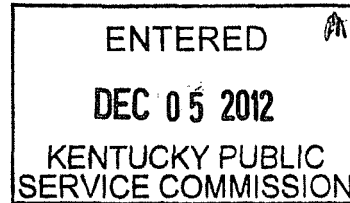
1. Eastern Rockcastle's proposed rates are denied.

2. The purchased water adjustment factor of \$0.91 per 1,000 gallons as calculated in Appendix A is approved.

3. The rates in Appendix B are approved for services on or after December 10, 2012.

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

By the Commission



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2012-00485 DATED **DEC 05 2012**

	New Rate	Base Rate		
Jackson County				
Purchases in gallons	13,207,500	13,207,500		
Volumetric rate	<u>\$3.50/1,000</u>	<u>\$2.66/1,000</u>		
	\$46,226.25	\$35,131.95		
		Increased water cost		\$11,094.30
City of Mount Vernon				
Purchases in gallons	8,774,000	8,774,000		
Volumetric rate	<u>\$2.93/1,000</u>	<u>\$2.16/1,000</u>		
	\$25,707.82	\$18,951.84		
		Increased water cost		\$6,755.98
City of Livingston				
Purchases in gallons	3,027,223	3,027,223		
Volumetric rate	<u>\$3.19/1,000</u>	<u>\$2.55/1,000</u>		
	\$9,656.84	\$7,719.42		
		Increased water cost		\$1,937.42
Increased water cost				\$19,787.70
Divided by gallons sold /1,000				<u>21,825,500</u>
Purchased water adjustment factor				\$0.91 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2012-00485 DATED DEC 05 2012

The following rates and charges are prescribed for the customers in the area served by Eastern Rockcastle Water Association. 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	\$ 23.82 Minimum Bill
Over	25,000 Gallons	9.71 Per 1,000 Gallons

Leak Adjustment Rate		
The customers average monthly bill plus		\$ 3.25 Per 1,000 Gallons

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