

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO.
SOUTH ANDERSON WATER DISTRICT) 2014-00443

ORDER

On December 22, 2014, South Anderson Water District ("South Anderson") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

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

1. South Anderson purchases water from the city of Lawrenceburg ("Lawrenceburg") and from the Frankfort Electric and Water Plant Board ("Frankfort").

2. Lawrenceburg notified South Anderson that effective October 15, 2014, Lawrenceburg would increase its wholesale rate to South Anderson from \$2.64 per 1,000 gallons to \$2.67 per 1,000 gallons for the first 8,000,000 gallons and from \$2.48 per 1,000 gallons to \$2.67 per 1,000 gallons for all gallons over 8,000,000 gallons.² Pursuant to a Commission Order, Frankfort increased its rate to South Anderson effective November 12, 2014, from \$2.01 per 1,000 gallons to \$2.25 per 1,000 gallons.³

¹ KRS 278.015; 807 KAR 5:068.

² TFS 2014-00555 (Ky. PSC filed Sep. 15, 2014); The tariff was accepted for filing by the Commission by letter dated Oct. 15, 2014.

³ Case No. 2014-00254, *Proposed Adjustment of the Wholesale Water Service Rates of Frankfort Electric and Water Plant Board* (Ky. PSC filed Dec. 3, 2014).

South Anderson proposed to increase the water rates to reflect the increased cost of purchased water effective January 1, 2015.

3. South Anderson proposed a purchased water adjustment factor of \$.14 per 1,000 gallons.

4. During the 12 months ended September 30, 2014, South Anderson purchased 188,360,000 gallons of water from Lawrenceburg and 20,704,500 gallons of water from Frankfort, and sold 186,842,176 gallons. The increase in the cost of purchased water is \$25,397.48, resulting in a purchased water adjustment of \$0.14 per 1,000 gallons.

5. The purchased water adjustment of \$0.14 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. South Anderson's proposed rates as set forth in Appendix B to this Order are fair, just, and reasonable and should be approved for water service rendered on and after January 1, 2015.

7. South Anderson provides wholesale water service to the North Mercer Water District ("North Mercer") through a 2012 contract that it has on file with the Commission. South Anderson proposed an increase to its wholesale water service rate. South Anderson's contract with North Mercer states that South Anderson's rate is \$3.0833 per 1,000 gallons for the first three million gallons, with a minimum bill amount of \$9,249.90, and \$2.58 per 1,000 gallons for sales in excess of three million gallons. South Anderson, through this application, proposes a rate of \$3.3292 per 1,000 gallons for the first three million gallons, with a minimum bill amount of \$9,987.60 and \$2.8259 per 1,000 gallons for sales in excess of three million gallons. Therefore, South

Anderson seeks a purchased water adjustment of approximately \$0.245 per 1,000 gallons rather than \$0.14 per 1,000 gallons for its wholesale rate.

8. South Anderson's contract with North Mercer contains an adjustment provision through which South Anderson states that it may annually increase its rates and charges for wholesale service based upon increases in the Producer Price Index. South Anderson appears to have based its proposed wholesale rate in this application on rates other than those that are on file with the Commission. South Anderson has not filed an amendment to its contract or a new rate schedule indicating any change in its wholesale rate set forth in the 2012 contract. Pursuant to KRS 278.015 and 807 KAR 5:068, South Anderson may revise its tariffs to increase its rates commensurate with the increase from South Anderson's wholesale suppliers. South Anderson may, therefore, increase its wholesale rate on file with the Commission by \$0.14 per 1,000 gallons.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.14 per 1,000 gallons is approved.
2. The rates as set forth in Appendix B to this Order are approved for water service rendered on and after January 1, 2015.
3. Within 20 days of the date of this Order, South Anderson shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.
4. The wholesale rate as requested by South Anderson is denied.

By the Commission

ENTERED
JAN 20 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2014-00443

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 2014-00443 DATED **JAN 20 2015**

	New Rate	Base Rate
South Anderson		
Purchases in gallons		
Lawrenceburg	188,360,000	188,360,000
Volumetric rate		
First 8,000,000	\$ 2.67/1,000	\$ 2.64/1,000
Over 8,000,000	<u>\$ 2.67/1,000</u>	<u>\$ 2.48/1,000</u>
	\$502,921.20	\$482,492.80

Purchases in gallons		
Frankfort	20,704,500	20,704,500
Volumetric rate	<u>\$ 2.25/1,000</u>	<u>\$ 2.01/1,000</u>
	\$ 46,585.13	\$ 41,616.05

TOTAL \$549,506.33 \$524,108.85

Increased water cost \$25,397.48

Increased water cost	\$25,397.48
Divided by gallons sold/1,000	<u>186,842,176</u>
Purchased water adjustment factor	\$ 0.13593 per 1,000 gallons
or	\$ 0.14 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00443 DATED **JAN 20 2015**

The following rates and charges are prescribed for the customers in the area served by South Anderson Water District. 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	\$19.47 Minimum Bill
Next	3,000 gallons	9.56 per 1,000 gallons
Next	5,000 gallons	7.31 per 1,000 gallons
Over	10,000 gallons	5.81 per 1,000 gallons

Bulk Loading Station	\$3.84 Minimum Bill
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Wholesale Water Rates

First	3,000,000 gallons	\$9,669.90 Minimum Bill (or 3.2233 per 1,000 gallons)
Over	3,000,000 gallons	2.72 per 1,000 gallons

Eddie Stevens
Chairman
South Anderson Water District
P. O. Box 17
Lawrenceburg, KY 40342