

Case No. 7006-00 567
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PUBLIC SERVICE
COMMISSION

FORMAL APPLICATION FOR WATER
PURCHASE ADJUSTMENT

MAGOFFIN COUNTY WATER DISTRICT

MAGOFFIN COUNTY WATER DISTRICT

WILLIAM J. CANTRELL
P. O. BOX 47
SALYERSVILLE, KY 41465

Telephone 606-349-5943 OR 606-349-6814
Fax 606-349-6814

December 20, 2006

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PUBLIC SERVICE
COMMISSION

Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Case No. 2006-00 567

RE: Formal Application for a Purchased Water Adjustment

This is an application for a purchased water rate adjustment for the Magoffin County Water District. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates that will become effective December 22, 2006 per Commission Order in Case No. 2006-00499 (Copy attached). The District is seeking to make this effective at the same time December 22, 2006.

The district will publish the enclosed public notice of these requested rate revisions in the local newspaper. In accordance with PSC rules and regulations, the notice will be published before the new bills are issued and will be published one time. A copy of the newspaper notice will be forwarded to you upon publication.

Sincerely,



Paul H. Salyer
Chairman

enclosures

PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5.068)

Magoffin County Water District
(Name of Utility)

(Date)

P.O. Box 47
(Address)

Salversville, KY 41465
(City, State, Zipcode)

(606) 349-5943
(Telephone Number)

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- 1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u> Per thousand gallon	<u>Changed Rate</u> Per thousand gallon
<u>City of Salversville</u>		
<u>First 8,000,000 gallons</u>	<u>\$2.15</u>	<u>\$2.30</u>
<u>Over 8,000,000 gallons</u>	<u>2.30</u>	<u>2.45</u>

- 1.b. A copy of the Commission's Order in Case No. 2006-00499 (supplier's notice) of the changed rate showing the effective date of the increase is attached as Exhibit A.
2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From December 2005 through November 2006
(month and year) (month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. Attach an additional sheet if necessary.

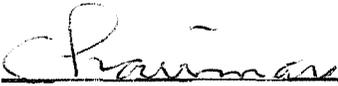
Supplier(s)	Gallons Purchased during 12 month period
<u>City of Salversville</u>	<u>192,788,400</u>
TOTAL PURCHASES	<u>192,788,400</u>

4. Total sales for the 12 month period 160,227,500.
5. Increased water cost \$29,918.00.
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.
6. Purchased water adjustment factor \$0.18.
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date December 22, 2006.


(Signature of Utility Officer)


(Title)

FOR Magoffin County Water District
Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____

Magoffin County Water District
(Name of Utility)

SHEET NO. _____

RATES

Residential Rates

5/8" x 3/4" Meter

First	2,000 Gallons	\$13.86	\$14.22	Minimum Bill
Next	3,000 Gallons	6.43	6.31	per 1000 gallons
Next	5,000 Gallons	5.63	5.81	per 1000 gallons
Over	10,000 Gallons	5.43	5.31	per 1000 gallons

1" Meter

First	5,000 Gallons	\$32.25	\$33.15	Minimum Bill
Next	5,000 Gallons	5.63	5.81	per 1000 gallons
Over	10,000 Gallons	5.43	5.31	per 1000 gallons

Commercial Rates

3/4" Meter

First	3,000 Gallons	\$25.14	\$25.68	Minimum Bill
Next	2,000 Gallons	8.03	8.21	per 1000 gallons
Next	5,000 Gallons	7.38	7.56	per 1000 gallons
Next	5,000 Gallons	6.73	6.91	per 1000 gallons
Over	15,000 Gallons	6.43	6.61	per 1000 gallons

1" Meter

First	5,000 Gallons	\$41.20	\$42.10	Minimum Bill
Next	5,000 Gallons	7.38	7.56	per 1000 gallons
Next	5,000 Gallons	6.73	6.91	per 1000 gallons
Over	15,000 Gallons	6.43	6.61	per 1000 gallons

2" Meter

First	15,000 Gallons	\$111.75	\$114.45	Minimum Bill
Over	15,000 Gallons	8.43	6.61	per 1000 gallons

Disconnect /Reconnect Fee \$25.00
Connection Fee \$400.00

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE December 22, 2006
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE [Signature]

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

P.S.C. KY. NO. _____

Magoffin County Water District
(Name of Utility)

SHEET NO.
CANCELLING P.S.C. KY. NO. _____

SHEET NO.

RATES

A. MONTHLY RATES:

Residential Rates

5/8" x 3/4" Meter

First	2,000 Gallons	\$14.22	Minimum Bill
Next	3,000 Gallons	6.31	per 1000 gallons
Next	5,000 Gallons	5.81	per 1000 gallons
Over	10,000 Gallons	5.31	per 1000 gallons

1" Meter

First	5,000 Gallons	\$33.15	Minimum Bill
Next	5,000 Gallons	5.81	per 1000 gallons
Over	10,000 Gallons	5.31	per 1000 gallons

Commercial Rates

3/4" Meter

First	3,000 Gallons	\$25.68	Minimum Bill
Next	2,000 Gallons	8.21	per 1000 gallons
Next	5,000 Gallons	7.56	per 1000 gallons
Next	5,000 Gallons	6.91	per 1000 gallons
Over	15,000 Gallons	6.61	per 1000 gallons

1" Meter

First	5,000 Gallons	\$42.10	Minimum Bill
Next	5,000 Gallons	7.56	per 1000 gallons
Next	5,000 Gallons	6.91	per 1000 gallons
Over	15,000 Gallons	6.61	per 1000 gallons

2" Meter

First	15,000 Gallons	\$114.45	Minimum Bill
Over	15,000 Gallons	6.61	per 1000 gallons

Disconnect /Reconnect Fee \$25.00
Connection Fee \$400.00

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE December 22, 2006
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE C. Pruning

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF WHOLESAL E)
WATER SERVICE RATE OF SALYERSVILLE) CASE NO. 2006-00499
WATER WORKS)

ORDER

On November 22, 2006, the city of Salyersville, Kentucky ("Salyersville"), through the Salyersville Water Commission, notified the Commission in writing of proposed revisions to its wholesale water service rate for Magoffin County Water District ("Magoffin District"). That same day Magoffin District advised the Commission in writing that it had been informed of the proposed rate adjustment and did not object to its implementation.¹

The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure that any public utility "consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service."² In the case at bar, this purpose has been served. The public utility affected by the proposed rate adjustment has had the opportunity to voice its concerns and to request an investigation. It has voiced no objection to the proposed revision. As the proposed rates appear neither

¹ Letter from William J. Cantrell, Manager, Magoffin County Water District, to Dennis Brent Kirtley, Manager, Tariffs Branch, Public Service Commission of Kentucky (Nov. 22, 2006). In this letter, Magoffin District further requests the assistance of Commission staff to obtain a purchased water adjustment to reflect the increased cost of water.

² Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, 465 (1994).

unreasonable nor unconscionable on their face, we find that further proceedings are not required and that the rates should be permitted to become effective subject to the conditions noted below.

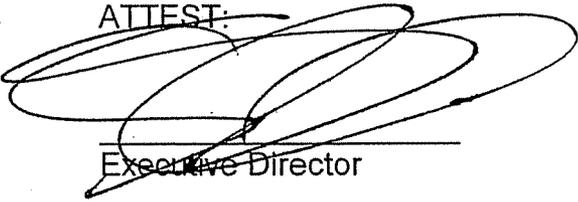
Salyersville proposes that its revised rates become effective for water service rendered and billed to Magoffin District in November and December 2006.³ This proposed effective date is contrary to KRS 278.180(1) that provides that a utility must provide the Commission with 30 days prior notice of any proposed rate adjustment. As Salyersville provided the Commission with notice of its proposed rate adjustment on November 22, 2006, it may not lawfully assess the proposed rates for service provided before December 22, 2006.

IT IS THEREFORE ORDERED that the rates set forth in the Appendix to this Order are approved for wholesale water service rendered by Salyersville to Magoffin County on and after December 22, 2006.

Done at Frankfort, Kentucky, this 19th day of December, 2006.

By the Commission

ATTEST:



Executive Director

³ The bills issued for this service must be paid on or before January 10, 2007. See letter from Judy Jackson, Chairman, Salyersville Water Commission, to Paul H. Salyers, Chairman, Magoffin County Water District (Nov. 20, 2006).

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00499 DATED December 19, 2006.

The following rates and charges are prescribed for water service that Salyersville Water Commission provides to Magoffin County Water District on and after December 22, 2006. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

First 8 Million Gallons	\$2.30 Per 1,000 Gallons
All usage over 8 Million Gallons	\$2.45 Per 1,000 Gallons

MAGOFFIN COUNTY WATER DISTRICT
749 PARKWAY DR.
P. O. BOX 47
SALYERSVILLE, KY 41465



BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
P. O. BOX 615
FRANKFORT, KY 40602

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