

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
APPLICATION OF SOUTH ANDERSON WATER) CASE NO. 2008-00547
DISTRICT)

ORDER

On December 22, 2008, South Anderson Water District ("South Anderson") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that:

1. South Anderson purchases water from the City of Lawrenceburg ("Lawrenceburg") and the Frankfort Electric and Water Plant Board ("Frankfort").
2. The wholesale rate that Frankfort charges to South Anderson is composed of two rate components, general rate and Kentucky River Authority Withdrawal Fee rate.
3. On October 31, 2008, Frankfort advised South Anderson that, effective November 30, 2008, its Kentucky River Authority Withdrawal Fee rate would increase from \$0.05 per 1,000 gallons to \$0.0965 per 1,000 gallons to reflect increases in the fees that the Kentucky River Authority assesses for withdrawal of water from the Kentucky River.

¹ KRS 278.015; 807 KAR 5:068.

4. On December 9, 2008, Frankfort advised South Anderson that, effective December 8, 2008, its general rate would increase from \$1.539 per 1,000 gallons to \$1.822 per 1,000 gallons pending final action in Case No. 2008-00250.²

5. South Anderson proposes to adjust its rates to reflect the increase in both rate components.

6. In applying the purchased water adjustment procedures set forth in 807 KAR 5:068, each rate component of Frankfort's wholesale rate should be considered a separate rate and adjusted individually, not collectively. The individual rate components should not be combined and considered as one rate.

7. During the 12 months ending October 31, 2008, South Anderson purchased 155,039,000 gallons of water from Lawrenceburg and 24,686,400 gallons of water from Frankfort for a total of 179,725,400. South Anderson sold a total of 149,436,650 gallons. The total increase in cost of purchased water is \$8,134.17, which results in a purchased water adjustment of \$0.06 per 1,000 gallons.

8. The calculations shown in Appendix A to this Order reflect the proper calculation of the purchased water adjustment factor.

9. In calculating the effects of the adjustment to Frankfort's Kentucky River Authority Withdrawal Fee rate, South Anderson misstated the base rate for this component.

² Case No. 2008-00250, Proposed Adjustment of the Wholesale Water Service Rates of Frankfort Electric and Water Plant Board (Ky. PSC filed June 6, 2008).

10. A purchased water adjustment of \$0.06 per 1,000 gallons is fair, just and reasonable.

IT IS THEREFORE ORDERED that:

1. South Anderson's proposed rates are denied.
2. A purchased water adjustment of \$0.06 per 1,000 gallons is approved.
3. The rates set forth in Appendix B to this Order are approved for services that South Anderson renders on and after the date of this Order.
4. Within 20 days of the date of this Order, South Anderson shall file with the Commission revised tariff sheets containing the approved rates.

Done at Frankfort, Kentucky, this 20th day of January, 2009.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00547 DATED JANUARY 20, 2009

| | New Rate | Base Rate | |
|---|-----------------------|--------------------------|------------|
| South Anderson Water Purchases in gallons | 24,686,400 | 24,686,400 | |
| Volumetric rate | \$1.822/1,000 | \$1.539/1,000 | |
| KRA Fee | <u>\$0.0965/1,000</u> | <u>\$0.0500/1,000</u> | |
| | \$47,360.86 | \$39,226.69 | |
| | | Increased water cost | \$8,134.17 |
| Increased water cost | | \$ 8,134.17 | |
| Divided by gallons sold | | <u>149,436,650</u> | |
| Purchased water adjustment factor | | \$0.06 per 1,000 gallons | |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00547 DATED JANUARY 20, 2009

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 | \$ 16.47 | Minimum bill |
| Next | 1,000 gallons | 8.07 | per 1,000 gallons |
| Next | 2,000 gallons | 7.02 | per 1,000 gallons |
| Next | 2,000 gallons | 6.03 | per 1,000 gallons |
| Next | 3,000 gallons | 4.99 | per 1,000 gallons |
| All Over | 10,000 gallons | 4.66 | per 1,000 gallons |

Eddie Stevens
Chairman
South Anderson Water District
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