

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	
FILING OF JESSAMINE-SOUTH)	CASE NO. 2010-00448
ELKHORN WATER DISTRICT)	

O R D E R

On November 18, 2010, Jessamine-South Elkhorn Water District (“Jessamine-South Elkhorn”) 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. Jessamine-South Elkhorn purchases water from the city of Nicholasville (“Nicholasville”) and Kentucky-American Water Company (“KAWC”).
2. On June 1, 2010, Nicholasville increased the wholesale volumetric rate to Jessamine-South Elkhorn from \$2.43 per 1,000 gallons to \$2.73 per 1,000 gallons.
3. KAWC notified Jessamine-South Elkhorn that, effective October 29, 2010, KAWC’s sales for resale water rate to Jessamine-South Elkhorn would increase.²
4. On November 3, 2010, Jessamine-South Elkhorn’s Board of Commissioners approved an increase in the water district’s rates commensurate with KAWC’s rate increase.

¹ KRS 278.015; 807 KAR 5:068.

² Case No. 2010-00036, Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year.

5. KAWC serves Jessamine-South Elkhorn through four meters of different sizes. The combined monthly meter service charges for Jessamine-South Elkhorn will increase from \$610.60 to \$649.70 per month and the volumetric rate will increase from \$3.27067 per 1,000 gallons to \$4.92000 per 1,000 gallons. Jessamine-South Elkhorn proposed to increase the water rates to its customers effective November 3, 2010.

6. Jessamine-South Elkhorn failed to include the monthly meter service charge increase in its calculations and thus miscalculated its purchased water adjustment factor.

7. During the 12 months ending September 30, 2010, Jessamine-South Elkhorn purchased a total of 27,521,950 gallons of water from Nicholasville, 257,100,000 gallons of water from KAWC, and sold 233,456,660 gallons. The increase in the cost of purchased water is \$432,769, resulting in a purchased water adjustment of \$1.86 per 1,000 gallons.

8. The purchased water adjustment of \$1.86 per 1,000 gallons is fair, just, and reasonable and should be approved.

9. 807 KAR 5:068, Section 2(2), requires the Commission to apply the purchased water adjustment factor to all of the water district's existing rate schedules. When applied to the rates that Jessamine-South Elkhorn had on file with the Commission as of July 5, 2009, the purchased water adjustment factor of \$1.86 produces the rates set forth in Appendix B to this Order.

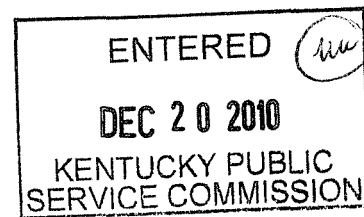
IT IS THEREFORE ORDERED that:

1. Jessamine-South Elkhorn's proposed rates are denied.

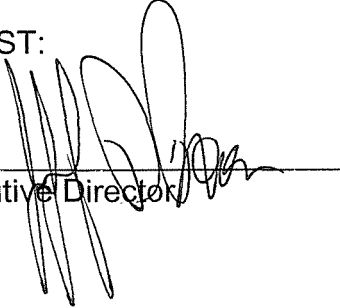
2. The purchased water adjustment of \$1.86 per 1,000 gallons as calculated in Appendix A is approved and the rates in Appendix B are approved for services rendered on and after November 3, 2010.

3. Within 20 days of the date of this Order, Jessamine-South Elkhorn shall file its revised tariff sheet with the Commission 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. 2010-00448 DATED **DEC 20 2010**

	Base Rate	New Rate
City of Nicholasville		
Purchases in gallons	27,521,950	27,521,950
Wholesale Rate	\$ <u>2.43/1,000</u>	\$ <u>2.73/1,000</u>
	\$ 66,878.34	\$ 75,134.92
KAWC		
Monthly Meter Service Charges	\$610.60	\$ 649.70
	<u>x 12</u>	<u>x 12</u>
	\$ 7,327.20	\$ 7,796.40
Purchases in gallons	257,100,000	257,100,000
Volumetric rate	\$ <u>3.27067/1,000</u>	\$ <u>4.92000/1,000</u>
	\$ 840,889.26	\$ 1,264,932.00
Increased water cost		\$ 432,769
Increased water cost		\$ 432,769
Divided by gallons sold		<u>233,456,660</u>
Purchased water adjustment factor		\$ 1.86 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00448 DATED DEC 20 2010

The following rates and charges are prescribed for the customers in the area served by Jessamine-South Elkhorn 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

5/8" X 3/4" Meter

First	2,000 gallons	\$ 27.82	Minimum bill
Next	2,000 gallons	8.26	per 1,000 gallons
Next	2,000 gallons	8.16	per 1,000 gallons
Next	10,000 gallons	8.06	per 1,000 gallons
Next	8,000 gallons	7.96	per 1,000 gallons
All Over	24,000 gallons	7.86	per 1,000 gallons

1" Meter

First	10,000 gallons	\$ 92.90	Minimum bill
Next	6,000 gallons	8.06	per 1,000 gallons
Next	8,000 gallons	7.96	per 1,000 gallons
All Over	24,000 gallons	7.86	per 1,000 gallons

2" Meter

First	24,000 gallons	\$ 204.94	Minimum bill
All Over	24,000 gallons	7.86	per 1,000 gallons

Diana Clark
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