

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| PURCHASED WATER ADJUSTMENT FILING OF |) | CASE NO. |
| SOUTHERN MADISON WATER DISTRICT |) | 2016-00404 |

ORDER

On November 23, 2016, Southern Madison Water District (“Southern Madison”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2015 Annual Report, Southern Madison reported a water loss of 20.8735 percent. Commission regulation 807 KAR 5:066(6)(3) states that “for rate making purposes a utility’s unaccounted-for water loss shall not exceed fifteen (15) percent of total water produced and purchased, excluding water used by a utility in its own operations.”

The Commission strongly encourages Southern Madison to pursue reasonable actions to reduce its water loss.

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

1. Southern Madison purchases water from the city of Berea (“Berea”).
2. Berea notified Southern Madison, that its wholesale rate to Southern Madison would increase from \$2.502 per 1,000 gallons to \$2.6455 per 1,000 gallons

¹ KRS 278.012; 807 KAR 5:068.

effective November 10, 2016.² Southern Madison proposes to increase the water rates to its customers effective November 10, 2016, to reflect the increased cost of purchased water.

3. Southern Water proposes a purchased water adjustment factor of \$0.18 per 1,000 gallons.

4. During the 12 months ended July 31, 2016, Southern Madison purchased 326,671,600 gallons of water from Berea. During the same period, Southern Madison sold 262,736,100 gallons of water. The increase in the cost of purchased water is \$46,877.38, resulting in a purchased water adjustment factor of \$0.18 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.18 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Southern Madison'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 by Southern Madison on and after November 10, 2016.

IT IS THEREFORE ORDERED that:

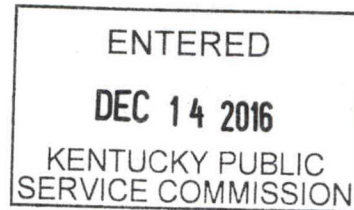
1. The purchased water adjustment factor of \$0.18 per 1,000 gallons is approved.

² TFS 2016-00513 (Ky. PSC filed Aug. 31, 2016); the tariff was accepted for filing by the Commission by letter dated November 3, 2016.

2. Southern Madison's proposed rates as set forth in Appendix B to this Order are approved for water service rendered by Southern Madison on and after November 10, 2016.

3. Within 20 days of the date of this Order, Southern Madison shall file with the Commission, using the Commission's electronic Tariff Filing System, 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. 2016-00404 DATED **DEC 14 2016**

| | New Rate | Base Rate |
|---|------------------------|-----------------------|
| Southern Madison Purchases in gallons Berea | 326,671,600 | 326,671,600 |
| | <u>\$ 2.6455/1,000</u> | <u>\$ 2.502/1,000</u> |
| Total | \$864,209.72 | \$817,332.34 |

Increased water cost \$46,877.38

Increased water cost \$ 46,877.38
Divided by gallons sold/1,000 262,736,100
Purchased water adjustment factor \$ 0.1784 per 1,000 gallons
or \$ 0.18 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2016-00404 DATED **DEC 14 2016**

The following rates and charges are prescribed for the customers in the area served by Southern Madison 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 | \$ 13.086 Minimum Bill |
| Next | 1,000 gallons | 6.453 per 1,000 gallons |
| Next | 3,000 gallons | 6.043 per 1,000 gallons |
| Next | 4,000 gallons | 5.583 per 1,000 gallons |
| Next | 15,000 gallons | 4.703 per 1,000 gallons |
| Next | 25,000 gallons | 4.403 per 1,000 gallons |
| Over | 50,000 gallons | 3.853 per 1,000 gallons |

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