

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	CASE NO.
OF BATH COUNTY WATER DISTRICT)	2004-00040

O R D E R

On February 5, 2004, Bath County Water District ("Bath County") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

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

1. Bath County purchases water from the Morehead Utility Plant Board ("Morehead") and the Mt. Sterling Water & Sewer System ("Mt. Sterling").
2. Morehead notified Bath County that, effective with its January 1, 2004 billing, its wholesale water rate would increase from \$0.700 per 1,000 gallons with a monthly charge of \$18,644.13 to \$0.778 per 1,000 gallons with a monthly charge of \$18,678.58.
3. Mt. Sterling notified Bath County that, effective with its July 20, 1998 billing, its wholesale declining block rate schedule would increase. A copy of the current and proposed schedule was filed with Bath County's application.
4. Bath County proposes to increase the water rates to its customers effective January 15, 2004.
5. During the 12 months ending December 31, 2003, Bath County purchased 371,178,668 gallons of water from Morehead and 25,056,000 from Mt. Sterling and sold

348,047,000 gallons. The increase in the cost of purchased water is \$34,121.28, resulting in a purchased water adjustment of \$0.10 per 1,000 gallons.

6. The purchased water adjustment of \$0.10 per 1,000 gallons is fair, just, and reasonable and should be approved.

7. Bath County erred in its calculation of the purchased water adjustment and failed to account for the declining rate block from Mt. Sterling. Bath County's calculation of a purchased water adjustment of \$0.09 per 1,000 gallons should be denied.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.10 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services rendered on and after January 15, 2004.

2. The purchased water adjustment of \$0.09 per 1,000 gallons, proposed by Bath County, is denied.

3. Within 20 days of the date of this Order, Bath County shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 23rd day of February, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00040 DATED February 23, 2004

The following rates and charges are prescribed for the customers in the area served by Bath County 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"x3/4" Meter:

First 2,000 gallons	\$10.37 Minimum Bill
Next 3,000 gallons	4.26 per 1,000 gallons
Next 5,000 gallons	2.96 per 1,000 gallons
Next 10,000 gallons	2.36 per 1,000 gallons
Next 30,000 gallons	2.16 per 1,000 gallons
Over 50,000 gallons	2.06 per 1,000 gallons

1" Meter:

First 10,000 gallons	\$37.95 Minimum Bill
Next 10,000 gallons	2.36 per 1,000 gallons
Next 30,000 gallons	2.16 per 1,000 gallons
Over 50,000 gallons	2.06 per 1,000 gallons

2" Meter:

First 50,000 gallons	\$126.35 Minimum Bill
Over 50,000 gallons	2.06 per 1,000 gallons

Sharpsburg Water District \$2.32 per 1,000 gallons

City of Frenchburg

First 100,000 gallons per day	\$2.66 per 1,000 gallons
Next 250,000 gallons per day	2.13 per 1,000 gallons

Bulk Sales \$6.51 per 1,000 gallons