

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BRACKEN COUNTY WATER	)	
DISTRICT FOR A DEVIATION FROM	)	CASE NO. 2004-00097
ADMINISTRATIVE REGULATION 807 KAR 5:068,	)	
SECTION 2(4)	)	

ORDER

Bracken County Water District (“Bracken District”) has applied for a deviation from 807 KAR 5:068, Section 2(4), to use an alternative method of distributing a refund from its wholesale water supplier.

Bracken District is a water district organized pursuant to KRS Chapter 74 that provides water service to approximately 1,807 customers in Bracken, Mason, Robertson and Pendleton counties.<sup>1</sup> It purchases its total water requirements from the city of Augusta, Kentucky (“Augusta”). Its water purchase contract with Augusta provides that the wholesale rate for water service shall be adjusted annually based upon Augusta’s actual cost of producing water for Augusta’s previous fiscal year.

In early January 2004, Augusta’s accountant tendered his audit report on the city’s water treatment plant operations to Augusta. In this report, he found that, based upon the formula contained in its water purchase contract with Bracken District, Augusta should reduce its wholesale rate from \$1.28 per 1,000 gallons to \$1.20 per 1,000 gallons. On January 23, 2004, Augusta’s City Council approved these findings and

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<sup>1</sup> Annual Report of Bracken County Water District to the Public Service Commission for the Year Ended December 31, 2002, at 5 and 27.

authorized the lower rate for service provided on or after January 1, 2004. On or about March 1, 2004, Augusta served on Bracken District its bill for February 2004 water service. This bill reflected the lower rate and contained a credit of \$1,413 for January 2004 water service.

807 KAR 5:068, Section 2(4) provides:

(4) In the event a water district or water association receives a refund from its supplier for amounts previously paid, the water district or water association shall immediately apply to the commission for authority to make adjustments on the amounts charged customer's bills under this administrative regulation as follows:

(a) The total refund received by the utility shall be divided by the number of cubic feet or gallons of water the utility estimates it will sell to its customers during the two (2) month period beginning with the first day of the month following receipt of the refund, yielding the refund factor to be applied against each cubic foot or gallon of water sold thereafter.

(b) Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the utility will reduce by the refund factor any purchased water adjustment that would otherwise be applicable during the period. The period of reduced purchased water adjustments shall be adjusted, if necessary, in order to most nearly approximate the total amount to be refunded. The water utility shall make full distribution of the refund within two (2) months.

(c) In the event a water utility receives a large or unusual refund, the utility may apply to the commission for a deviation from the procedure for distribution of refunds specified herein.

Bracken District requests that it be permitted to implement the \$0.12 per 1,000 gallon reduction in rates over a 1-month period.

The Commission finds that the regulation's provision requiring refund "within two (2) months" permits the 1-month procedure requested by Bracken District. Accordingly, no deviation is necessary.

IT IS THEREFORE ORDERED that Bracken District may implement the required refund in a single month.

Done at Frankfort, Kentucky, this 31<sup>st</sup> day of March, 2004.

By the Commission

ATTEST:

  
Executive Director