COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT) CASE NO. OF FOUNTAIN RUN WATER DISTRICT) 2004-00257

<u>ORDER</u>

On June 21, 2004, Fountain Run Water District ("Fountain Run") 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. Fountain Run purchases water from the Glasgow Water Company ("Glasgow").
- 2. Glasgow notified Fountain Run that effective May 1, 2003 its wholesale water rate would increase from \$1.05 per 1,000 gallons to \$1.40 per 1,000 gallons. Fountain Run proposes to increase the water rates to its customers effective July 15, 2004.
- 3. During the 12 months ending April 30, 2004, Fountain Run purchased 39,224,900 gallons of water from Owensboro and sold 36,053,800 gallons. The increase in the cost of purchased water is \$13,729, resulting in a purchased water adjustment of \$0.38 per 1,000 gallons.
- 4. The purchased water adjustment of \$0.38 per 1,000 gallons is fair, just, and reasonable and should be approved.

5. Fountain Run misapplied the purchased water adjustment in its proposed rate schedule.

IT IS THEREFORE ORDERED that:

- 1. The rates proposed by Fountain Run are denied.
- 2. The purchased water adjustment of \$0.38 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 July 15, 2004.
- 3. Within 20 days of the date of this Order, Fountain Run shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 20th day of July, 2004.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00257 DATED JULY 20, 2004

The following rates and charges are prescribed for the customers in the area served by Fountain Run 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

\$12.26 Minimum Bill
4.13 per 1,000 gallons
3.73 per 1,000 gallons
3.29 per 1,000 gallons
2.93 per 1,000 gallons