

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF CANNONSBURG WATER DISTRICT) CASE NO. 2008-00494

O R D E R

On December 1, 2008, Cannonsburg Water District ("Cannonsburg") 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. Cannonsburg purchases water from the City of Ashland ("Ashland") and Big Sandy Water District ("Big Sandy").

2. Ashland notified Cannonsburg that, effective with its January 1, 2009 billing, Cannonsburg's wholesale water rate would increase from \$1.43 per 1,000 gallons to \$1.89 per 1,000 gallons. Big Sandy notified Cannonsburg that, effective with its December 1, 2008 billing, Cannonsburg's wholesale water rate would increase from \$1.91 per 1,000 gallons to \$1.95 per 1,000 gallons. Cannonsburg proposes to increase the water rates to its customers effective January 1, 2009.

3. During the 12 months ending August 31, 2008, Cannonsburg purchased a total of 437,602,380 gallons of water and sold 341,177,500 gallons. The increase in

¹ KRS 278.015 and 807 KAR 5:068.

the cost of purchased water is \$200,010.48, resulting in a purchased water adjustment of \$0.59 per 1,000 gallons.

4. While correctly calculating the purchased water adjustment factor that results from the increase in its suppliers' wholesale rates, Cannonsburg incorrectly applied this factor to its current rates. This error produced rates that will recover revenues in excess of the increased expenses due to the increase in purchased water.

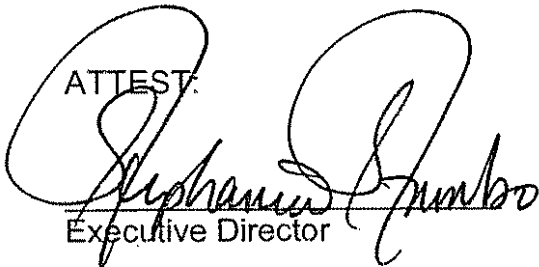
5. The purchased water adjustment of \$0.59 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Cannonsburg's proposed rates are denied.
2. The purchased water adjustment of \$0.59 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 1, 2009.
3. Within 20 days of the date of this Order, Cannonsburg shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 19th day of December, 2008.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00494 DATED DECEMBER 19, 2008

	<u>New Rate</u>	<u>Base Rate</u>	
Cannonsburg Water			
Purchases in gallons			
Ashland	434,539,000	434,539,000	
Big Sandy	3,063,380	3,063,380	
Volumetric rate			
Ashland	\$1.890/1,000	\$1.430/1,000	
Big Sandy	<u>\$1.950/1,000</u>	<u>\$1.910/1,000</u>	
	\$827,252.30	\$627,241.83	
		Increased water cost	\$200,010.48
Increased water cost		\$ 200,010.48	
Divided by gallons sold		<u>341,177,500</u>	
Purchased water adjustment factor		\$0.59 per 1,000 gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00494 DATED DECEMBER 19, 2008

The following rates and charges are prescribed for the customers in the area served by Cannonsburg 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	\$ 16.26	Minimum bill
Next	3,000 gallons	6.03	per 1,000 gallons
Next	15,000 gallons	5.65	per 1,000 gallons
Next	30,000 gallons	5.27	per 1,000 gallons
Next	50,000 gallons	4.90	per 1,000 gallons
All Over	100,000 gallons	4.50	per 1,000 gallons

1 1/2" Meter:

First	5,000 gallons	\$ 34.35	Minimum bill
Next	15,000 gallons	5.65	per 1,000 gallons
Next	30,000 gallons	5.27	per 1,000 gallons
Next	50,000 gallons	4.90	per 1,000 gallons
All Over	100,000 gallons	4.50	per 1,000 gallons

2" and 3" Meters:

First	20,000 gallons	\$ 119.10	Minimum bill
Next	30,000 gallons	5.27	per 1,000 gallons
Next	50,000 gallons	4.90	per 1,000 gallons
All Over	100,000 gallons	4.50	per 1,000 gallons

6" Meter:

First	50,000 gallons	\$ 277.20	Minimum bill
Next	50,000 gallons	4.90	per 1,000 gallons
All Over	100,000 gallons	4.50	per 1,000 gallons

12" Meter:

First	100,000 gallons	\$ 522.20	Minimum bill
All Over	100,000 gallons	4.50	per 1,000 gallons

Danny R Clarkston
Manager
Cannonsburg Water District
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Ashland, KY 41102