

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF PEAKS MILL WATER DISTRICT) CASE NO. 2008-00552

O R D E R

On December 23, 2008, Peaks Mill Water District ("Peaks Mill") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that:

1. Peaks Mill purchases water from the Kentucky-American Water Company ("Kentucky-American") and the Frankfort Electric and Water Plant Board ("Frankfort").
2. The wholesale rate that Frankfort charges to Peaks Mill is composed of two rate components: general rate and Kentucky River Authority Withdrawal Fee rate.
3. On November 30, 2008, Frankfort adjusted its Kentucky River Authority Withdrawal Fee rate from \$0.05 per 1,000 gallons to \$0.0965 per 1,000 gallons to reflect increases in the fees that the Kentucky River Authority assesses for withdrawal of water from the Kentucky River.

¹ KRS 278.015; 807 KAR 5:068.

4. On December 8, 2008, Frankfort adjusted its general rate from \$1.539 per 1,000 gallons to \$1.822 per 1,000 gallons pending final action in Case No. 2008-00250.²

5. Peaks Mill proposes to adjust its rates to reflect the increase in both rate components.

6. In applying the purchased water adjustment procedures set forth in 807 KAR 5:068, each component of Frankfort's wholesale rate should be considered a separate rate and adjusted individually, not collectively. The individual rate components should not be combined and considered as one rate.

7. During the 12 months ending October 31, 2008, Peaks Mill purchased 86,126,100 gallons of water from Frankfort and 507,000 gallons of water from Kentucky-American. Peaks Mill sold a total of 66,031,900 gallons. The total increase cost of purchased water is \$28,378.55, which results in a purchased water adjustment of \$0.43 per 1,000 gallons.

8. The calculations shown in Appendix A to this Order reflect the proper calculation of the purchased water adjustment factor.

9. In calculating the effects of the adjustment, Peaks Mill misstated the base rate and incorrectly adjusted its rates based on the factor.

10. A purchased water adjustment of \$0.43 per 1,000 gallons is fair, just and reasonable.

² Case No. 2008-00250, The Proposed Adjustment of the Wholesale Rates of the Frankfort Electric and Water Plant Board (Ky. PSC filed June 6, 2008).

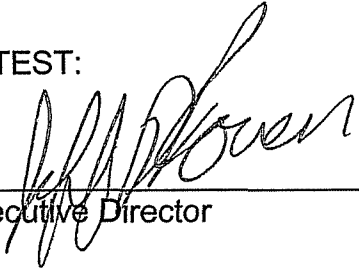
IT IS THEREFORE ORDERED that:

1. Peaks Mill's proposed rates are denied.
2. A purchased water adjustment of \$0.43 per 1,000 gallons is approved.
3. The rates set forth in Appendix B to this Order are approved for service that Peaks Mill renders on and after the date of this Order.
4. Within 20 days of the date of this Order, Peaks Mill shall file with the Commission revised tariff sheets containing the approved rates.

Done at Frankfort, Kentucky, this 22nd day of January, 2009.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 2008-00552 DATED JANUARY 22, 2009

	New Rate	Base Rate	
Peaks Mill Water			
Purchases in gallons	86,126,100	86,126,100	
Volumetric rate	\$ 1.822/1,000	\$ 1.539/1,000	
KRA Fee	\$ 0.0965/1,000	\$ 0.0500/1,000	
	\$ 165,232.92	\$ 136,854.37	
		Increased water cost	\$28,378.55
Increased water cost		\$ 28,378.55	
Divided by gallons sold		<u>66,031,900</u>	
Purchased water adjustment factor		\$0.43 per 1,000 gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00552 DATED JANUARY 22, 2009

The following rates and charges are prescribed for the customers in the area served by Peaks Mill 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	\$ 20.11	Minimum bill
Next	3,000 gallons	6.64	per 1,000 gallons
Next	5,000 gallons	5.42	per 1,000 gallons
Over	10,000 gallons	4.81	per 1,000 gallons

Lisa Perkins
Bookkeeper
Peaks Mill Water District
310 Perkins Road
Frankfort, KY 40601