

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF U.S. 60) CASE NO.
WATER DISTRICT) 2008-00553

PURCHASED WATER ADJUSTMENT OF U.S. 60) CASE NO.
WATER DISTRICT) 2008-00557

ORDER

On December 23, 2008 and on December 29, 2008, U.S. 60 Water District ("U.S. 60 District") filed separate applications in which it requested approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

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

1. U.S. 60 District purchases water from the City of Shelbyville, Kentucky and Frankfort Electric and Water Plant Board ("Frankfort").
2. The wholesale rate that Frankfort charges to U.S. 60 District is composed of two rate components: general rate and Kentucky River Authority ("KRA") Withdrawal Fee rate.
3. On November 30, 2008, Frankfort adjusted its KRA 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 KRA assesses for withdrawal of water from the Kentucky River.

¹ KRS 278.015; 807 KAR 5:068.

4. On December 9, 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. U.S. 60 District has filed separate applications to increase its rates commensurate with its wholesale supplier's increase.³

6. As both applications involve common questions of fact and law, the proceedings considering these applications should be consolidated.

7. U.S. 60 District proposes to increase its water rates by a purchased water adjustment factor of \$0.06 per 1,000 gallons effective December 16, 2008 to reflect the increase in Frankfort's KRA Withdrawal Fee. It further proposes to increase its water rates by a purchased water adjustment factor of \$0.36 per 1,000 gallons effective December 16, 2008 to reflect the increase in Frankfort's general wholesale rate.

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

9. During the 12 months ending November 30, 2008, U.S. 60 District purchased a total of 156,444,400 gallons of water from Frankfort and sold 125,323,600 gallons. The increase in Frankfort's KRA Withdrawal Fee rate results in an increase of

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).

³ The application that U.S. 60 District submitted on December 23, 2008 concerned Frankfort's adjustment of its KRA Withdrawal Fee Rate and was docketed as Case No. 2008-00553. The second application, which U.S. 60 District submitted on December 29, concerned Frankfort's adjustment of its general wholesale rate and was docketed as Case No. 2008-00557.

\$7,274.66 in U.S. 60 District's cost of purchased water and a purchased water adjustment of \$0.06 per 1,000 gallons. The increase in Frankfort's general wholesale rate results in an increase of \$44,273.77 in U.S. 60 District's cost of purchased water and a purchased water adjustment of \$0.36 per 1,000 gallons. Appendix A reflects the calculations necessary to determine the correct adjustment factors.

10. A purchased water adjustment of \$0.42 per 1,000 gallons is necessary to increase U.S. 60 District's rates commensurate with Frankfort's increase in its general wholesale and KRA Withdrawal Fee rates.

11. On or about December 16, 2008, U.S. 60 District's Board of Commissioners adopted a resolution to adjust its rates for water service, effectively immediately, to reflect its increased purchased water costs resulting from the adjustments in Frankfort water wholesale rates.

12. The rates in Appendix B are fair, just and reasonable rates and should be assessed for service that U.S. 60 District rendered on and after December 16, 2008.

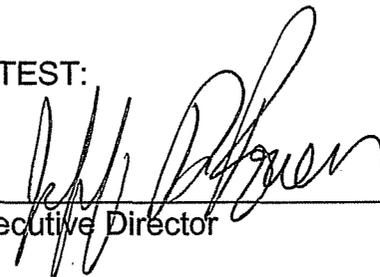
IT IS THEREFORE ORDERED that:

1. Case No. 2008-00553 and Case No. 2008-00557 are consolidated.
2. A purchased water adjustment of \$0.42 per 1,000 gallons is approved.
3. The rates in Appendix B are approved for service that U.S. 60 District rendered on and after December 16, 2008.
4. Within 20 days of the date of this Order, U.S. 60 District shall file with the Commission revised tariff sheets showing the approved rates.

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

By the Commission

ATTEST:



Executive Director

Case No. 2008-00553
Case No. 2008-00557

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASES NO. 2008-00553 AND NO. 2008-00557
 DATED JANUARY 22, 2009

Increase in KRA Withdrawal Fee Rate

	New Rate	Base Rate	
U.S. 60 Water			
Purchases in gallons	156,444,400	156,444,400	
Volumetric rate	<u>\$0.0965/1,000</u>	<u>\$0.0500/1,000</u>	
	\$15,096.88	\$7,822.22	
		Increased water cost	\$7,274.66
Increased water cost		\$ 7,274.66	
Divided by gallons sold		<u>125,323,600</u>	
Purchased water adjustment factor		\$0.06 per 1,000 gallons	

Increase in General Wholesale Rate

	New Rate	Base Rate	
U.S. 60 Water			
Purchases in gallons	156,444,400	156,444,400	
Volumetric rate	<u>\$1.822/1,000</u>	<u>\$1.539/1,000</u>	
	\$285,041.70	\$240,767.93	
		Increased water cost	\$44,273.77
Increased water cost		\$ 44,273.77	
Divided by gallons sold		<u>125,323,600</u>	
Purchased water adjustment factor		\$0.36 per 1,000 gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASES NO. 2008-00553 AND NO. 2008-00557 DATED JANUARY 22, 2009

The following rates and charges are prescribed for the customers in the area served by U.S. 60 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.

5/8-Inch X 3/4-Inch Meter

First	1,000 gallons	\$13.28 Minimum Bill
Next	2,000 gallons	6.83 per 1,000 gallons
Next	2,000 gallons	5.57 per 1,000 gallons
Over	5,000 gallons	4.96 per 1,000 gallons

1-Inch Meter

First	5,000 gallons	\$38.08 Minimum Bill
Over	5,000 gallons	4.96 per 1,000 gallons

2-Inch Meter

First	25,000 gallons	\$137.28 Minimum Bill
Over	25,000 gallons	4.96 per 1,000 gallons

Bulk User Rate

First	1,000 gallons	\$3.12 Minimum Bill
Over	1,000 gallons	3.12 per 1,000 gallons

Wholesale Water Rates

First	25,000 gallons	\$137.28 Minimum Bill
Over	25,000 gallons	4.96 per 1,000 gallons

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