

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT) CASE NO. 2009-00052
OF FARMDALE WATER DISTRICT)

O R D E R

On February 5, 2009, Farmdale Water District ("Farmdale District") 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. Farmdale District purchases water from the Frankfort Electric and Water Plant Board ("Frankfort").
2. The wholesale rate that Frankfort charges to Farmdale District 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. Farmdale District 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. KRS 278.015 requires a public utility to file its revised tariffs within 20 days after it increases its rates commensurate with its supplier's increase in rates.

8. Farmdale District's filing of February 5, 2009 was not within 20 days after its December 8, 2008 proposed increase. Therefore, Farmdale District may not implement the increased purchased water adjustment factor until the date of this Order.

9. During the 12 months ending October 31, 2008, Farmdale District purchased a total of 224,238,000 gallons of water from Frankfort. The increase in the cost of purchased water is \$63,459.35, resulting in a purchased water adjustment of \$0.36 per 1,000 gallons.

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

11. In calculating the effects of the adjustment, Farmdale District misstated the base rate and incorrectly adjusted its rates based on the factor.

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).

12. A purchased water adjustment of \$0.36 per 1,000 gallons is fair, just, and reasonable.

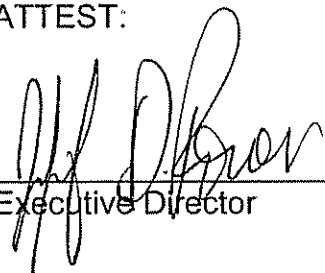
IT IS THEREFORE ORDERED that:

1. Farmdale District's proposed rates are denied.
2. Farmdale District's proposed effective date is denied.
3. A purchased water adjustment of \$0.36 per 1,000 gallons is approved.
4. The rates set forth in Appendix B to this Order are approved for service that Farmdale District renders on and after the date of this Order.
5. Within 20 days of the date of this Order, Farmdale District shall file with the Commission revised tariff sheets containing the approved rates.

Done at Frankfort, Kentucky, this 9th day of March, 2009.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00052 DATED MARCH 9, 2009

	New Rate	Base Rate
Farmdale Water District		
Purchases in gallons	224,238,000	224,238,000
Volumetric Rate	\$1.822/1,000	\$1.539/1,000
KRA Fee	\$0.0965/1,000	\$0.0500/1,000
	\$408,561.64	\$345,102.28
	Increased water cost	\$63,459.36
Increased water cost		\$63,459.36
Divided by gallons sold		<u>177,026,000</u>
Purchased water adjustment increase factor		\$0.36 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00052 DATED MARCH 9, 2009

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

Residential and Commercial Consumers

5/8" Meter

First	2,000 gallons	\$9.18	Minimum bill
Next	3,000 gallons	3.09	per 1,000 gallons
Next	5,000 gallons	2.59	per 1,000 gallons
Over	10,000 gallons	2.39	per 1,000 gallons

1" Meter

First	7,000 gallons	\$23.63	Minimum bill
Next	3,000 gallons	2.59	per 1,000 gallons
Next	140,000 gallons	2.39	per 1,000 gallons
Over	150,000 gallons	2.14	per 1,000 gallons

Commercial Consumers (Stewart Home)

First	7,000 gallons	\$23.63	Minimum bill
Next	3,000 gallons	2.59	per 1,000 gallons
Next	140,000 gallons	2.39	per 1,000 gallons
Over	150,000 gallons	2.14	per 1,000 gallons

Industrial Consumers/Trailer Parks

First	7,000 gallons	\$23.63	Minimum bill
Next	3,000 gallons	2.59	per 1,000 gallons
Next	140,000 gallons	2.39	per 1,000 gallons
Over	150,000 gallons	2.14	per 1,000 gallons

Berl Robinson
Chairman
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