

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	
FILING OF LAKE VILLAGE WATER)	CASE NO. 2010-00310
ASSOCIATION, INC.)	

O R D E R

On July 29, 2010, Lake Village Water Association, Inc. ("Lake Village") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ This filing was found to be deficient. Lake Village filed information on August 4, 2010 that cured all deficiencies and the application was deemed filed as of that date.

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

1. Lake Village purchases water from the city of Harrodsburg ("Harrodsburg") and the city of Danville ("Danville").
2. Harrodsburg notified Lake Village that it would increase its wholesale water rate effective August 26, 2010. Harrodsburg's wholesale water rate to Lake Village would increase 40 percent across the board on all rate steps of its declining block rate schedule.² Lake Village proposes to increase the water rates to its customers effective September 1, 2010.

¹ KRS 278.012; 807 KAR 5:068.

² Harrodsburg's wholesale water rates are based on cubic feet as opposed to gallons. The proposed rates are calculated and rounded from Harrodsburg's increase.

3. Lake Village's application contained a mathematical error in the computation of the purchased water factor and subsequently in the computation of the proposed rates.

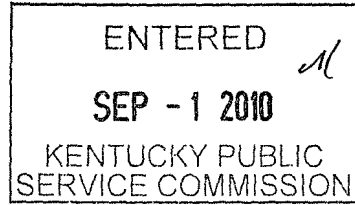
4. During the 12 months ending May 31, 2010, Lake Village purchased a total of 98,766,124 gallons of water from Harrodsburg and a total of 85,899,504 gallons of water from Danville and sold a total of 111,598,844 gallons of water. The increase in the cost of purchased water is \$53,634.26, resulting in a purchased water adjustment of \$0.49 per 1,000 gallons.

5. A purchased water adjustment of \$0.49 per 1,000 gallons is fair, just, and reasonable.

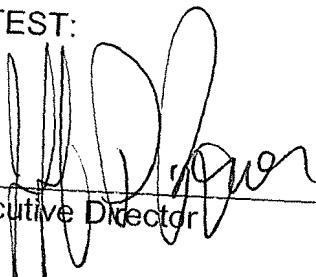
IT IS THEREFORE ORDERED that:

1. Lake Village's proposed rates are denied.
2. The purchased water adjustment increase of \$0.49 per 1,000 gallons as calculated in Appendix A attached hereto and incorporated herein is approved.
3. The rates in Appendix B attached hereto and incorporated herein are fair, just, and reasonable and are approved for services rendered on and after September 1, 2010.
4. Within 20 days of the date of this Order, Lake Village shall file revised tariff sheets with the Commission containing the approved rates and reflecting that they were approved by this Order.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00310 DATED **SEP - 1 2010**

	Base Rate	New Rate
Lake Village Water Association		
Purchases in gallons		
Harrodsburg	98,766,124	98,766,124
Monthly Volumetric Rate		
First 1,895 gallons	\$8.38/1,000	\$11.74/1,000
Next 5,610 gallons	3.18/1,000	4.45/1,000
Next 22,440 gallons	2.77/1,000	3.88/1,000
Next 44,880 gallons	2.35/1,000	3.29/1,000
Next 187,000 gallons	2.01/1,000	2.81/1,000
Next 187,000 gallons	1.67/1,000	2.34/1,000
Over 448,800 gallons	1.34/1,000	1.87/1,000
	\$135,713.98	\$189,348.25
Increased water cost		\$ 53,634.27
Increased water cost		\$53,634.27
Divided by gallons sold		<u>111,598,844</u>
Purchased water adjustment increase factor		\$0.49 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00310 DATED SEP - 1 2010

The following rates and charges are prescribed for the customers in the area served by Lake Village Water Association. 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 Inch Meter

First	2,000 gallons	\$23.28	Minimum Bill
Next	18,000 gallons	8.49	per 1,000 gallons
Over	20,000 gallons	6.51	per 1,000 gallons

Wholesale Rate

North Point Training Center	2.14	per 1,000 gallons
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Mike Sanford
Manager
Lake Village Water Association, Inc.
801 Pleasant Hill Drive
P. O. Box 303
Burgin, KY 40310