

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT	)	CASE NO.
APPLICATION OF WATER SERVICE	)	2014-00065
CORPORATION OF KENTUCKY	)	

ORDER

On February 26, 2014, Water Service Corporation of Kentucky (“WSCK”) tendered an application for a purchased water adjustment for its Middlesboro customers. Pursuant to 807 KAR 5:067, Section 8, WSCK requested a deviation from the requirement<sup>1</sup> that it provide a copy of the resolution or other document of WSCK’s governing body authorizing the proposed rates.

In support of its request for a deviation, WSCK states that its Board of Directors meets once per year and leaves day-to-day operations, including a decision to pursue a purchased water adjustment to utility staff. WSCK’s corporate charter does not require a board resolution or other measure for the utility staff to pursue an adjustment in rates.

WSCK also proposes to list the purchased water adjustment factor as a separate line item on the tariff, rather than to incorporate the purchased water adjustment factor into each rate step of each customer classification and meter size. WSCK believes 807 KAR 5:067 allows the purchased water adjustment factor to be listed as a separate line item on the tariff. Should the Commission determine that 807 KAR 5:067 does not permit a separate line item for the purchased water adjustment factor, WSCK requests a deviation, but its application includes no support for its request.

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<sup>1</sup> 807 KAR 5:067, Section 1(1)(e).

When a supplier increases its base rate, “a utility may increase each of its *rate schedules* by a purchased water adjustment factor . . . to pass through its increased purchased water costs to its customers on a per unit basis regardless of customer classification.” 807 KAR 5:067, Section 2(1) (emphasis added). The plural use of “rate schedule” implies that each rate will have the purchased water adjustment factor imbedded in the rates shown in the tariff.

Furthermore, if the purchased water adjustment factor is not imbedded in the first rate step of each meter size, the term “minimum bill” will no longer be correct. For example, the current tariff states that \$8.96 is the minimum bill for up to 1,000 gallons for a customer with 5/8-inch X 3/4-inch meter. Once the purchased water adjustment factor becomes effective, \$8.96 will no longer be the minimum bill for up to 1,000 gallons for a customer with a 5/8-inch X 3/4-inch meter.

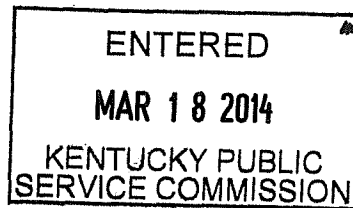
Having considered the motion, the Commission finds that:

1. The request for a deviation from the requirement that WSCK provide a copy of the resolution or other document of its governing body authorizing the proposed rates should be granted.
2. A separate line item on the tariff for the purchase water agreement factor is not permitted under 807 KAR 5:067.
3. The request for a deviation from 807 KAR 5:067 to list a separate line item on the tariff for the purchase water agreement factor should be denied.

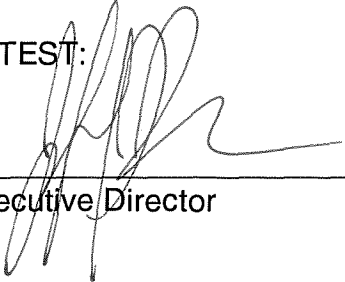
IT IS THEREFORE ORDERED that:

1. WSCK's request for a deviation from the requirement that it provide a copy of the resolution or other document of its governing body authorizing the proposed rates is granted.
2. WSCK's request for a deviation to list a separate line item on the tariff for the purchase water agreement factor is denied.
3. WSCK's application is considered filed as of the date of this order.

By the Commission



ATTEST:

  
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Executive Director

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