COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OFCASE NO.MORGAN COUNTY WATER DISTRICT)2014-00075

<u>ORDER</u>

On March 24, 2014, Morgan County Water District ("Morgan County") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure¹.

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

1. Morgan County purchases water from the city of West Liberty ("West Liberty") and Cave Run Water Commission.

2. On April 1, 2014, West Liberty increased its wholesale water rate to Morgan County from \$2.79 per 1,000 gallons to \$3.08 per 1,000 gallons.² Morgan County proposes to increase the water rates to its customers effective April 1, 2014.

3. In its application, Morgan County erroneously stated that West Liberty's wholesale water rate would be increasing to \$3.07 and not \$3.08, resulting in a miscalculation of the purchased water adjustment.

4. On March 13, 2014, Morgan County supplemented its application to include the total gallons sold during the test period in addition to the revenues generated from water sales.

¹ KRS 278.015; 807 KAR 5:068.

² TFS 2014-00036 (Ky. PSC Filed Jan. 24, 2014); Letter from Dennis Brent Kirtley, Tariff Branch Manager, Public Service Commission, to Jeff Proffitt, City of Tompkinsville (Mar. 14, 2014).

5. During the 12 months ending January 31, 2014, Morgan County purchased 73,302,000 gallons of water from Cave Run Water Commission and 112,821,000 gallons of water from West Liberty, and sold 106,910,540 gallons. The increase in the cost of purchased water is \$32,718.09, resulting in a purchased water adjustment of \$0.31 per 1,000 gallons.

6. The purchased water adjustment of \$0.31 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

7. The rates calculated by Staff, as set forth in Appendix B to this Order, are fair, just, and reasonable and should be approved for water service rendered on and after April 1, 2014.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.31 per 1,000 gallons is approved.

2. Morgan County's proposed rates are denied.

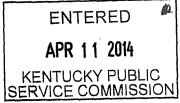
3. The rates in Appendix B, attached hereto and incorporated herein, are approved for services rendered on or after April 1, 2014.

4. Within 20 days of the date of this Order, Morgan County shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

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By the Commission



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00075 DATED APR 1 1 2014

Morgan County	New Rate		Base Rate	
Purchases in gallons West Liberty Volumetric rate	112,821,000 <u>\$_3.08/1,00</u> \$ 347,488.68	0 <u>\$ 2.79/1,000</u>		000
	Increa	ased wate	r cost	\$32,718.09
Increased water cost Divided by gallons sold/1,000		\$32,718.09 <u>106,910,540</u> \$0.3060		
Purchased water adjustm	\$0.31 per 1,000 gallons			

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00075 DATED APR 1 1 2014

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

<u>5/8- X 3/4-Inch Meter</u>						
First 2	2,000	Gallons	\$ 21.75	Minimum Bill		
Next 3	3,000	Gallons	8.00	per 1,000 Gallons		
Next	5,000	Gallons	7.40	per 1,000 Gallons		
Next 5	5,000	Gallons	6.80	per 1,000 Gallons		
All Over 1	5,000	Gallons	6.20	per 1,000 Gallons		
1-Inch Meter						
	5,000	Gallons	\$ 45.85	Minimum Bill		
	5,000	Gallons	7.40	per 1,000 Gallons		
Next	5,000	Gallons	6.80	per 1,000 Gallons		
All Over 1	5,000	Gallons	6.20	per 1,000 Gallons		
	5,000 5,000	Gallons Gallons	\$ 115.85 6.20	Minimum Bill per 1,000 Gallons		
6-Inch Meter						
First 100	0,000	Gallons	\$643.75	Minimum Bill		
All Over 100),000	Gallons	6.20	per 1,000 Gallons		
City of Campton Wholesale \$3.52			per 1,000 Gallons			
City of Frenchburg Wholesale \$3.52		per 1,000 Gallons				

Kyle Risner General Manager Morgan County Water District 1009 Hwy 172 West Liberty, KY 41472