

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO.
HENDERSON COUNTY WATER DISTRICT) 2014-00111

ORDER

On April 10, 2014, Henderson County Water District ("Henderson County") 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. Henderson County purchases water from the city of Henderson ("Henderson").
2. On March 1, 2014, Henderson increased its wholesale water rate to Henderson County for service to the North area from \$2.2094 per 1,000 gallons to \$2.2726 per 1,000 gallons and for service to the South area from \$2.7613 per 1,000 gallons to \$2.9142 per 1,000 gallons.²
3. Henderson County proposed to adjust its rates for water service on April 30, 2014 to reflect the increased cost of purchased water.
4. Henderson County misstated the proposed purchased water adjustment factor of \$0.18 per 1,000 gallons in its application.

¹ KRS 278.015; 807 KAR 5:068.

² TFS 2014-00017 (Ky. PSC filed Jan. 10, 2014); Letter from Dennis Brent Kirtley, Tariff Branch Manager, Public Service Commission, to A. Leason Neal, Henderson Water Utility (Mar. 3, 2014).

5. On April 30, 2014, Henderson County filed its Response to Commission Staff's Initial Request for Information ("Response").³ In its response, Henderson County corrected the misstated purchased water adjustment factor of \$.018 per 1,000 gallons in its Application to \$0.0914 per 1,000 gallons, which it used to calculate its proposed rates. Henderson County also included in its Response a corrected schedule of rates.

6. During the 12 months ended March 31, 2014, Henderson County purchased 463,505,040 gallons of water for Henderson's North area and 15,779,400 gallons of water for Henderson's South area. It sold 347,036,066 gallons. The increase in the cost of purchased water is \$31,706.19, resulting in a purchased water adjustment factor of \$0.09 per 1,000 gallons.

7. The purchased water adjustment factor of \$0.09 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

8. Henderson County's revised schedule of rates, filed with its Response, reflect the increase in Henderson County's current rates that is commensurate with that of Henderson.

9. Henderson County's proposed rates, 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 30, 2014.

³ Response to Commission Staff's Initial Request for Information (Apr. 30, 2014).

10. The Commission ordered Henderson County to phase in its rates over two years in Case Number 2013-00154.⁴ The rates, as set forth in Appendix C to this Order, reflect Henderson's increased wholesale rate to Henderson County's Phase II rates, are fair, just, and reasonable, and should be approved for water service rendered on and after November 15, 2014.

11. On January 8, 2013, Henderson filed with the Commission to decrease its wholesale water rate to Henderson County for service to the North area from \$2.2118 per 1,000 gallons to \$2.2094 per 1,000 gallons and for service to the South area from \$3.0668 per 1,000 gallons to \$2.7613 per 1,000 gallons.⁵ Henderson County did not file for a purchased water adjustment decreasing its retail rates as required by 807 KAR 5:068 Section 2(2). Henderson County stated in its cover letter to this Application, "If the PSC desires to adjust our retail rate because of last year's oversight, we have no objection to that." The refund factor, as calculated in Appendix D to this Order, should be applied to Henderson County's retail customers for the next two consecutive months' billing periods.

IT IS THEREFORE ORDERED that:

1. Henderson County's revised schedule of rates, filed with its Response, is approved.
2. The purchased water adjustment factor of \$0.09 per 1,000 gallons as calculated in Appendix A is approved.

⁴ Case No. 2013-00154, *Application of Henderson County Water District for an Alternative Rate Filing Adjustment* (Ky. PSC Nov. 14, 2013).

⁵ TFS 2013-00028 (Ky. PSC filed Jan. 8, 2013); Letter from Dennis Brent Kirtley, Tariff Branch Manager, Public Service Commission, to A. Leason Neal, Henderson Water Utility (Mar. 1, 2013).

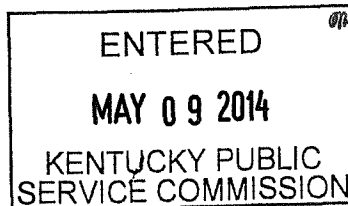
3. The rates in Appendix B are approved for service rendered on and after April 30, 2014.

4. The phase II rates in Appendix C are approved for service rendered on and after November 15, 2014.

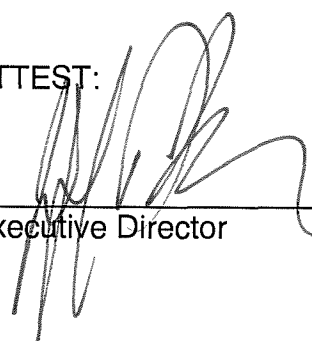
5. Henderson County shall refund to its customers over the next two consecutive months' billing periods \$0.08 per 1,000 gallons, as calculated in Appendix D.

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

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00111 DATED **MAY 09 2014**

North Area	New Rate	Base Rate
Purchases in gallons	463,505,040	463,505,040
Volumetric rate	<u>\$2.2726 /1,000</u>	<u>\$ 2.2094/1,000</u>
	\$ 1,053,361.55	\$ 1,024,068.04

South Area	New Rate	Base Rate
Purchases in gallons	15,779,400	15,779,400
Volumetric rate	<u>\$2.9142 /1,000</u>	<u>\$2.7613/1,000</u>
	\$ 45,984.33	\$ 43,571.66

Totals \$1,099,345.88 \$ 1,067,639.69

Increased water cost \$ 31,706.19

Increased water cost	\$ 31,706.19
Divided by gallons sold /1,000	<u>347,036.066</u>
	0.0914

Purchased water adjustment factor \$0.09 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00111 DATED **MAY 09 2014**

The following rates and charges are prescribed for the customers in the area served by Henderson County Water District for service rendered from the date of this Order until and including November 14, 2014. 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-Inch x 3/4-Inch Meter

First	2,000 Gallons	\$17.56 Minimum Bill
Next	8,000 Gallons	6.22 per 1,000 Gallons
Next	20,000 Gallons	5.72 per 1,000 Gallons
Over	30,000 Gallons	5.22 per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$36.22 Minimum Bill
Next	5,000 Gallons	6.22 per 1,000 Gallons
Next	20,000 Gallons	5.72 per 1,000 Gallons
Over	30,000 Gallons	5.22 per 1,000 Gallons

2-Inch Meter

First	16,000 Gallons	\$101.64 Minimum Bill
Next	14,000 Gallons	5.72 per 1,000 Gallons
Over	30,000 Gallons	5.22 per 1,000 Gallons

3-Inch Meter

First	30,000 Gallons	\$181.72 Minimum Bill
Over	30,000 Gallons	5.22 per 1,000 Gallons

4-Inch Meter

First	50,000 Gallons	\$286.12 Minimum Bill
Over	50,000 Gallons	5.22 per 1,000 Gallons

6-Inch Meter

First	100,000 Gallons	\$547.12 Minimum Bill
Over	100,000 Gallons	5.22 per 1,000 Gallons

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00111 DATED **MAY 09 2014**

The following rates and charges are prescribed for the customers in the area served by Henderson County Water District for service rendered on and after November 15, 2014. 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-Inch x 3/4-Inch Meter

First	2,000	Gallons	\$18.46 Minimum Bill
Next	8,000	Gallons	6.54 per 1,000 Gallons
Next	20,000	Gallons	6.01 per 1,000 Gallons
Over	30,000	Gallons	5.48 per 1,000 Gallons

1-Inch Meter

First	5,000	Gallons	\$38.08 Minimum Bill
Next	5,000	Gallons	6.54 per 1,000 Gallons
Next	20,000	Gallons	6.01 per 1,000 Gallons
Over	30,000	Gallons	5.48 per 1,000 Gallons

2-Inch Meter

First	16,000	Gallons	\$106.84 Minimum Bill
Next	14,000	Gallons	6.01 per 1,000 Gallons
Over	30,000	Gallons	5.48 per 1,000 Gallons

3-Inch Meter

First	30,000	Gallons	\$190.98 Minimum Bill
Over	30,000	Gallons	5.48 per 1,000 Gallons

4-Inch Meter

First	50,000	Gallons	\$300.58 Minimum Bill
Over	50,000	Gallons	5.48 per 1,000 Gallons

6-Inch Meter

First	100,000	Gallons	\$574.58 Minimum Bill
Over	100,000	Gallons	5.48 per 1,000 Gallons

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