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November 2, 2006

CERTIFICATE OF SERVICE

RE: Case No. 2006-00032
Christian County Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 2, 2006.

Executive Director

BOD/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF CHRISTIAN COUNTY)
WATER DISTRICT PROPOSING VARIOUS) CASE NO. 2006-00032
REVISIONS)

ORDER

Christian County Water District ("Christian District") has filed with the Commission proposed revisions to its filed rate schedules to add additional requirements related to the provision of water service and to clarify certain existing requirements.

Having reviewed these requirements, the Commission finds that, with certain exceptions, the proposed revisions should be approved. Among the proposed revisions, Christian District has proposed certain prospective restrictions upon the number of structures that may be served through one meter and a new methodology for calculating the bills in those instances where two or more structures are served through a single meter. While the Commission generally agrees with these conditions, we find that method of calculating the bill in those instances where two or more structures are served through a single meter should be revised to ensure that the customer is assessed a bill at least equal to the minimum bill multiplied by the number of connected structures.

The Commission further finds that the proposed rule related to leak adjustments should be amended to provide for a leak adjustment rate that reflects the current cost of

water. Based upon the expense levels that Christian District reported in its most recent annual report to the Commission, we have determined that Christian District's cost of water is approximately \$3.65 per 1,000 gallons and that this rate should be applied to any usage in excess of average usage that can be attributed to a water leak. Our calculation of this cost is shown in Appendix A to this Order.

Finally, we note that Christian District proposes to make its Employee Policy Manual and Employee Safety Manual part of its filed rate schedules. Since these documents do not expressly contain any rate or condition of service, their inclusion in the utility's filed rate schedules is inappropriate. We have therefore chosen to strike these documents from the proposed tariff, but will retain them in the Commission's general files.

IT IS THEREFORE ORDERED that:

1. Except as noted below, Christian District's proposed tariff revisions are approved for service rendered on and after the date of this Order.

2. Paragraph 7 of "Requirements of Customers on the Christian County Water District System" is amended to read and is approved as follows:

Effective November 2, 2006, no customer shall connect more than one structure to a water meter for water service. For structures that Christian County Water District served prior to November 2, 2006, in which two or more tenants or occupants (of different rental units) of property, including duplexes, apartment houses, mobile home parks, trailer parks, or other multi-unit premises, are served through a single water meter, the rates and charges shall be computed by dividing the number of gallons of water registered by such single meter by the number of units being served by such meter and then applying the result thus obtained to the water rate schedule. This amount shall then be multiplied by the total number of units to arrive at the monthly bill. The customer of record shall be responsible for paying the total

monthly water bill. In no event shall the monthly bill applicable to each unit be less than the minimum water rate set forth in Christian County Water District's filed rate schedules.

3. Paragraph 10 of "Requirements of Customers on the Christian County Water District System" is amended to read and is approved as follows:

Leak Adjustments. A customer may make a request for a bill adjustment in the event of a leak under the following conditions:

1. The customer must request a leak adjustment in writing to the utility and must provide evidence in the form of an affidavit or of written invoices that reflect repairs on the customer's service line.

2. The customer's bill will be based on two components: cost of average monthly usage billed at general service rates and cost of excess water usage billed at \$3.65 per 1,000 gallons. The cost of average monthly usage will be determined by calculating the customer's average monthly usage over a twelve-month period. The customer will be billed for this usage at the utility's general service rates. Excess water usage is determined by subtracting average monthly usage from the total water usage indicated on the meter. This excess usage is billed at \$3.65 per 1,000 gallons. The customer's bill will be the sum of the cost of average monthly usage and the cost of excess usage. All water passing through the meter must be accounted and paid for by the customer.

3. If meter readings are not available for an entire twelve-month period, the water bill will be estimated by the utility, subject to an upward or downward adjustment once a twelve-month average of actual meter readings can be calculated.

4. A customer is permitted only one (1) leak adjustment for a twelve-month period.

4. "The Employee Policy Manual" and "Employee Safety Manual" shall not be included in and are stricken from Christian District's filed rate schedules.

5. Christian District shall, within 20 days of the date of this Order, file revised tariff sheets that reflect the rules and regulations that are approved in this Order.

Done at Frankfort, Kentucky, this 2nd day of November, 2006.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00032 DATED November 2, 2006.

Christian County Water District - Cost of Water per 1,000 Gallons	
<u>Unaccounted for Water Loss Percentage</u>	
Water Produced/Purchased	452,672,000.00
Water Sales:	
Residential	278,374,000.00
Commercial	27,256,000.00
Bulk Loading Stations	1,945,000.00
Wholesale	43,509,000.00
Other Sales	3,121,000.00
Total Water Sales	354,205,000.00
Other Water Used:	
System Flushing	3,652,000.00
Fire Department	91,000.00
Other	24,186,000.00
Total Other Water Used	27,929,000.00
Total Water Sales/Used	382,134,000.00
Unaccounted for Water Loss	70,538,000.00
Percentage of Unaccounted for Water Loss:	15.583%
Reciprocal of 15% Line Loss	85.000%
	\$ 632,646
	452,672,000.00
	\$ 0.001398
<u>Determination of Pro Forma Purchased Water</u>	
Total Test-Period Water Sales	354,205,000.00
Divided by: Line Loss Reciprocal	85.000%
Allowable Purchases	416,711,764.71
Multiplied by: Current Purchased Water Rate - Per Gal.	\$ 0.001398
Allowable Purchased Water Expense	\$ 582,563
Interest Expense 2005 (P 11)	\$ 458,346
Principal Reduction 2005 (p 23)	199,000
Debt Service 2005	\$ 657,346
Allowable Purchased Water Expense	582,563
Purchased Power	49,306
Chemicals	3,615
Total Annual Cost of Water	\$ 1,292,830
Divided by: Annual Water Sales	354,205
Cost per 1,000 Gallons	\$ 3.65