

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF EASTERN ROCKCASTLE WATER) CASE NO. 2007-00395
ASSOCIATION)

On September 7, 2007, Eastern Rockcastle Water Association ("Eastern Rockcastle") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068.

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

1. Eastern Rockcastle purchases water from Jackson County Water Association ("Jackson County Water"), Mt. Vernon Water Works ("Mt. Vernon Water") and Livingston Water Works ("Livingston Water").

2. Jackson County Water notified Eastern Rockcastle that, effective with its September 30, 2007 billing, Jackson County Water's wholesale rate to Eastern Rockcastle would increase from \$2.18 per 1,000 gallons to \$2.66 per 1,000 gallons.

3. Eastern Rockcastle proposed a purchased water adjustment factor of \$0.30 per 1,000 gallons.

4. During the 12 months ended June 30, 2007, Eastern Rockcastle purchased 12,789,000 gallons from Jackson County Water, 7,074,000 gallons from Mt. Vernon Water, 2,812,200 gallons from Livingston Water, and it sold 20,181,500

gallons. The increase in the cost of purchased water is \$6,138.21, resulting in a purchased water adjustment factor of \$0.30 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.30 per 1,000 gallons is fair, just, and reasonable and should be approved.

6. Eastern Rockcastle's tariff contains a volumetric leak adjustment rate of \$2.04 per 1,000 gallons for usage over the customer's average usage. The volumetric rate should be adjusted commensurate with the purchased water adjustment

IT IS THEREFORE ORDERED that:

1. The rates proposed by Eastern Rockcastle are approved.

2. The purchased water adjustment factor of \$0.30 per 1,000 gallons as calculated in Appendix A is approved.

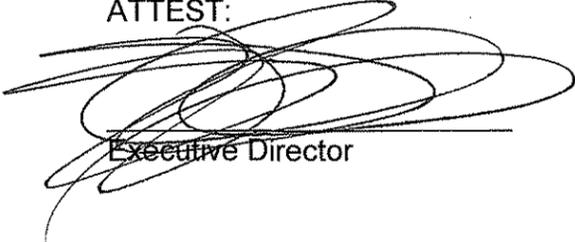
3. The rates in Appendix B attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services on or after September 30, 2007.

4. Within 20 days of the date of this Order, Eastern Rockcastle shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 28th day of September, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 2007-00395 DATED September 28, 2007

	New Rate	Base Rate
Jackson County Water		
Purchases in gallons	12,789,000	12,789,000
Volumetric rate	<u>\$ 2.66/1,000</u>	<u>\$ 2.18/1,000</u>
	\$34,018,740	\$27,880,020
		Increased water cost 6,138.21
 Mt. Vernon Water Works		
Purchases in gallons	7,074,000	
No change in rate		
 Livingston Water Works		
Purchases in gallons	2,812,200	
No change in rate		
 Increased water cost		\$ 6,138.21
Divided by gallons sold		<u>20,181,500</u>
Purchased water adjustment factor		\$0.30 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00395 DATED September 28, 2007

The following rates and charges are prescribed for the customers in the area served by Eastern Rockcastle 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.

RATES

Monthly Water Rates

First	2,000 gallons	\$ 22.00	Per Month
Over	2,000 gallons	8.80	per 1,000 gallons

Leak adjustment rate
The customers average monthly bill plus \$2.34 per 1,000 gallons