



Stephen L. Barker  
Donald P. Moloney, II  
Phillip M. Moloney  
Kevin G. Henry  
Ernest H. Jones, II  
E. Douglas Stephan  
Kevin W. Weaver  
Sarah Charles Wright  
Charles D. Cole  
Bryan H. Beaman

R. Douglas Martin  
Andrew D. DeSimone  
Joshua M. Salsburey  
Patsey Ely Jacobs  
M. Todd Osterloh  
Derrick T. Wright  
Jamie Wilhite Dittert  
Martha L. Alexander  
Stephanie M. Wurdock  
Jason P. Woodall

General Counsel  
Gardner Turner  
  
Of Counsel  
Katherine M. Coleman  
  
Don S. Sturgill  
1928-2002

Email address:  
[tosterloh@sturgillturner.com](mailto:tosterloh@sturgillturner.com)

RECEIVED

May 2, 2013

MAY 02 2013

PUBLIC SERVICE  
COMMISSION

Jeff DeRouen, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Purchased Water Adjustment of Water Service Corporation of Kentucky

Dear Mr. Derouen:

Please find that attached application for a purchased water adjustment for Water Service Corporation of Kentucky, which is being filed pursuant to 807 KAR 5:067. The utility is requested a purchased water adjustment for its Middlesboro system based on the proposed increase by its wholesale supplier, Fern Lake Company. The application for an adjustment of Fern Lake Company's rates has been established as Case No. 2013-00172. The proposed purchased water adjustment factor has been calculated based on purchases and sales of the Middlesboro system only.

Sincerely,  
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

MTO/mlm  
Enclosure

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**PURCHASED WATER ADJUSTMENT FOR  
INVESTOR OWNED UTILITIES  
(807 KAR 5:067)**

Name of Utility	Water Service Company of Kentucky	
Date	5/2/2013	
Address	2235 Sanders Road	
City, State, Zip	Northbrook	IL
Telephone Number	847-498-6440	

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

Supplier(s)	Base Rate	Changed Rate
Fern Lake Company	First 41,667,000 gallons= \$7,100	First 41,667,000 gallons= \$12,483
	Additional 1,000 Gallons = \$0.18	Additional 1,000 Gallons = \$0.30

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit. **See also Case No. 2013-00172**

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From	April 2012	through	March 2013
	(month and year)		(month and year)

3. a. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.	
<b>Supplier(s)</b>	<b>Gallons Purchased during 12 month period</b>
Fern Lake Company	465,029,691 gallons
<b>TOTAL PURCHASES</b>	465,029,691 gallons
<b>MAXIMUM ALLOWABLE GALLONS</b>	
3. b. If a reasonable unaccounted for water loss was expressly determined in the utility's last general rate case then the maximum allowable gallons is calculated as follows:	
TOTAL GALLONS SOLD ÷ (100% - percentage of unaccounted water loss found reasonable) =	N/A
3. c. No unaccounted for water loss was expressly determined in the utility's last rate case and the actual unaccounted for water loss exceeds 15% then the maximum allowable gallons is calculated as follows:	
TOTAL GALLONS SOLD ÷ (0.85) =	N/A
3. d. No unaccounted for water loss was expressly determined in the utility's last rate case and the actual unaccounted for water loss is less than 15% then the actual gallons of water purchased is used:	
ENTER ACTUAL GALLONS PURCHASED	465,029,691 gallons
4. Total gallons sold for the 12 month period	402,248,768
5. Increased water cost	\$64,596 annual

The increased water cost is the cost difference between Maximum Allowable Purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor*	\$0.16 per 1,000 gallons
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\*The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold. (Number 5 ÷ ( Number 4 ÷ 1,000))

**Note:** The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice.

7. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

8. Proposed effective date	6/2/2013
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Signature of Utility Officer

Chief Regulatory Officer

Title

NOTICE OF APPLICATION OF  
FERN LAKE COMPANY  
TO ADJUST RATES FOR WATER SERVICE  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY  
April 24, 2013

Pursuant to the Public Service Commission's regulation 807 KAR 5:076, Fern Lake Company gives notice that an application has been filed with the Public Service Commission seeking approval to adjust its rates for water service. If Fern Lake Company's application is accepted, monthly water bills from Fern Lake Company will increase as indicated below. The rates listed below, which are an increase of \$5,383.00 per month or approximately a 75.82% average increase over the current rates, are to be effective June 1, 2013, or sooner if approved by the Public Service Commission.

**CURRENT RATE:**

<b>Base Rate First 41,667,000 gallons</b>	<b>\$7,100.00</b>
<b>Additional 1,000 gallons</b>	<b>\$0.18</b>

**PROPOSED RATE:**


<b>Base Rate First 41,667,000 gallons</b>	<b>\$12,483.00</b>
<b>Additional 1,000 gallons</b>	<b>\$0.30</b>

The average usage is 38,359,333 gallons per month, which means the average bill will increase by approximately \$5,383.00 or 75.82%.

The rates contained in this notice are the rates proposed by Fern Lake Company, but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any corporation, association, or person may within thirty (30) days after the date of mailing this notice of the proposed rate change, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party.

Copies of Fern Lake's application may be obtained or viewed at no charge from Fern Lake Company at 34 Appolo Fuels Road, Middlesboro, Kentucky 40965. The application and all documents filed with the Public Service Commission may be viewed and downloaded at the Public Service Commission's Web site at <http://psc.ky.gov/>.

  
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Gary Asher  
Fern Lake Company  
President

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 6

SHEET NO. 38

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 5

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RATES

The following rates and charges are prescribed for the customers in the area served by Water Service Corporation of Kentucky. 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

Middlesboro

5/8" x 3/4" Meter:

First 1,000 gallons	\$9.12 Minimum bill
Next 9,000 gallons	3.77 per 1,000 gallons
Next 15,000 gallons	3.45 per 1,000 gallons
Next 25,000 gallons	3.28 per 1,000 gallons
Next 50,000 gallons	2.95 per 1,000 gallons
All Over 100,000 gallons	2.71 per 1,000 gallons

1" Meter:

First 6,000 gallons	\$27.99 Minimum bill
Next 4,000 gallons	3.77 per 1,000 gallons
Next 15,000 gallons	3.45 per 1,000 gallons
Next 25,000 gallons	3.28 per 1,000 gallons
Next 50,000 gallons	2.95 per 1,000 gallons
All Over 100,000 gallons	2.71 per 1,000 gallons

1 1/2" Meter:

First 13,000 gallons	\$53.43 Minimum bill
Next 12,000 gallons	3.45 per 1,000 gallons
Next 25,000 gallons	3.28 per 1,000 gallons
Next 50,000 gallons	2.95 per 1,000 gallons

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DATE OF ISSUE

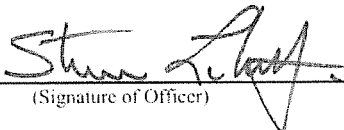
May 2, 2013  
Month / Date / Year

DATE EFFECTIVE

June 2, 2013  
Month / Date / Year

ISSUED BY

Steve Lubertozzi

  
(Signature of Officer)

TITLE

Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_

DATED

FOR Middlesboro and Clinton and Adjacent Territory  
Community, Town or City

P.S.C. KY. NO. 6

SHEET NO. 39

Water Service Corporation of Kentucky  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 5

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CONTENTS

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All Over 100,000 gallons 2.71 per 1,000 gallons

2" Meter:

First 21,400 gallons \$82.22 Minimum bill  
Next 3,600 gallons 3.45 per 1,000 gallons  
Next 25,000 gallons 3.28 per 1,000 gallons  
Next 50,000 gallons 2.95 per 1,000 gallons  
All Over 100,000 gallons 2.71 per 1,000 gallons

3" Meter:

First 68,400 gallons \$231.00 Minimum bill  
Next 31,600 gallons 2.95 per 1,000 gallons  
All Over 100,000 gallons 2.71 per 1,000 gallons

4" Meter:

First 127,500 gallons \$398.83 Minimum bill  
All Over 127,500 gallons 2.71 per 1,000 gallons

6" Meter:

First 281,500 gallons \$816.45 Minimum bill  
All Over 281,500 gallons 2.71 per 1,000 gallons

Clinton

5/8" x 3/4" Meter:

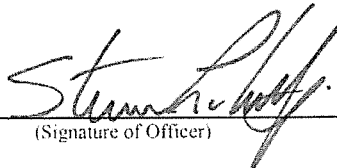
First 1,000 gallons \$11.99 Minimum bill  
Next 9,000 gallons 6.79 per 1,000 gallons  
Next 15,000 gallons 6.23 per 1,000 gallons

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DATE OF ISSUE May 2, 2013  
Month / Date / Year

DATE EFFECTIVE June 2, 2013  
Month / Date / Year

ISSUED BY Steve Lubertozzi

  
(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

## *Water Service Company of Kentucky*

### NOTICE OF PROPOSED INCREASE Per Fern Lake Company

Notice is hereby given that the Fern Lake Company has proposed to increase the cost of bulk purchased water sold to Water Service Corporation of Kentucky. The bulk purchased water rate has proposed an increase from \$7,100 for the first 41,667,000 gallons per month to \$12,483 for the first 41,667,000 gallons per month and from \$0.18 for any additional 1,000 gallons to \$0.30 for any additional 1,000 gallons.

Water Service Corporation of Kentucky proposes to increase its rates commensurate with the increase from Fern Lake Company, pursuant to regulations of the Public Service Commission. The following rates are proposed:

#### **Middlesboro**

##### **5/8" x 3/4" Meter:**

First 1,000 gallons	\$9.12 Minimum bill
Next 9,000 gallons	3.77 per 1,000 gallons
Next 15,000 gallons	3.45 per 1,000 gallons
Next 25,000 gallons	3.28 per 1,000 gallons
Next 50,000 gallons	2.95 per 1,000 gallons
All Over 100,000 gallons	2.71 per 1,000 gallons

##### **1" Meter:**

First 6,000 gallons	\$27.93 Minimum bill
Next 4,000 gallons	3.77 per 1,000 gallons
Next 15,000 gallons	3.45 per 1,000 gallons
Next 25,000 gallons	3.28 per 1,000 gallons
Next 50,000 gallons	2.95 per 1,000 gallons
All Over 100,000 gallons	2.71 per 1,000 gallons

##### **1 1/2" Meter:**

First 13,000 gallons	\$53.30 Minimum bill
Next 12,000 gallons	3.45 per 1,000 gallons
Next 25,000 gallons	3.28 per 1,000 gallons
Next 50,000 gallons	2.95 per 1,000 gallons
All Over 100,000 gallons	2.71 per 1,000 gallons

##### **2" Meter:**

First 21,400 gallons	\$82.22 Minimum bill
Next 3,600 gallons	3.45 per 1,000 gallons
Next 25,000 gallons	3.28 per 1,000 gallons
Next 50,000 gallons	2.95 per 1,000 gallons
All Over 100,000 gallons	2.71 per 1,000 gallons

##### **3" Meter:**

First 68,400 gallons	\$231.00 Minimum bill
Next 31,600 gallons	2.95 per 1,000 gallons
All Over 100,000 gallons	2.71 per 1,000 gallons

##### **4" Meter:**

First 127,500 gallons	\$398.83 Minimum bill
All Over 127,500 gallons	2.71 per 1,000 gallons

##### **6" Meter:**

First 281,500 gallons	\$816.45 Minimum bill
All Over 281,500 gallons	2.71 per 1,000 gallons

The rates contained in this notice are the rates proposed by Water Service Corporation of Kentucky. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

If you have any questions, feel free to contact us at (800) 272-1919. Please have your account number ready.