

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED
FEB 26 2014
PUBLIC SERVICE
COMMISSION

In the Matter of:

Purchased Water Adjustment)
Application of Water Service Corporation) Case No. 2014-00_____
of Kentucky)

APPLICATION

Water Service Corporation of Kentucky (“WSCK”), by counsel, submits its application for a purchased water adjustment, pursuant to 807 KAR 5:067.

1. WSCK is a Kentucky corporation, whose stock is wholly owned by Utilities, Inc. The mailing address of Water Service Corporation of Kentucky is 2335 Sanders Road, Northbrook, Illinois, 60062. Water Service Corporation of Kentucky can be reached via e-mail through its attorney Todd Osterloh, whose contact information is listed below.
2. Exhibit 1 of this application contains Purchased Water Adjustment Form 2. Ten copies of this form are being filed with the Commission, as required by the regulations.
3. Exhibit 2 of this application contains a schedule listing the current and proposed rates, including a copy of its proposed tariff. WSCK is proposing to add a purchased water adjustment line item as its “changed rate” for its Middlesboro customers.¹

¹ WSCK submits that this line item is permissible under the 807 KAR 5:067. To the extent that the Commission deems the regulation to mandate the incorporation of the purchased water adjustment factor into each rate step of every customer classification and every meter size, WSCK requests a deviation from the regulation to allow a separate purchased water adjustment line item.

4. Exhibit 3 of this application is a copy of the supplier's notice showing a change in the supplier's base rate.
5. The calculation and all supporting documents used to determine the change in purchased water costs sufficient to determine the accuracy of the calculation is contained in Exhibit 1.
6. WSKC requests a waiver, pursuant to Section 8 of 807 KAR 5:067, from the requirement that it provide a copy of the resolution or other document of the utility's governing body authorizing the proposed rates. WSKC's Board of Directors meets annually and otherwise leaves day-to-day operations to utility staff, which would include the decision to pursue the purchased water adjustment that is authorized by Public Service Commission regulations. WSKC's Board of Directors is aware of and supports the request for a purchased water adjustment. No Board resolution or other measure is necessary pursuant to WSKC's corporate charter in order to pursue an adjustment in rates.

Respectfully submitted,



M. TODD OSTERLOH
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ATTORNEY FOR WATER SERVICE CORPORATION
OF KENTUCKY

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Purchased Water Adjustment)	
Application of Water Service Corporation)	Case No. 2014-00
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Exhibit 1

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

Name of Utility	Water Service Company of Kentucky	
Date	2/26/2014	
Address	2335 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 = \$10,267
	Additional 1,000 Gallons = \$0.18	Additional 1,000 Gallons = \$0.26

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	January 2013	through	December 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.	
Supplier(s)	Gallons Purchased during 12 month period
Fern Lake Company	432,259,000 gallons
TOTAL PURCHASES	432,259,000 gallons
MAXIMUM ALLOWABLE GALLONS	
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	432,259,000
4. Total gallons sold for the 12 month period	388,402,000
5. Increased water cost	\$38,004 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*

\$0.10 per 1,000 gallons

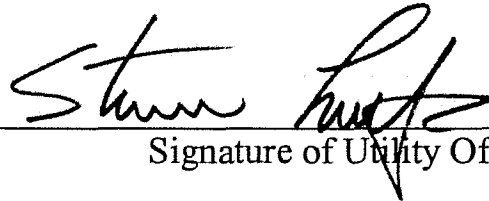
*The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold. (Number 5 ÷ (Number 4 ÷ 1,000))

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

3/28/2014



Signature of Utility Officer

Chief Regulatory Officer

Title

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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Exhibit 2

Water Service Company of Kentucky

PROPOSED PURCHASED WATER INCREASE

Middlesboro

Current

Proposed

Purchased Water Adjustment

n/a

additional \$.10 per 1,000 gallons

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

CONTENTS

All Over 100,000 gallons 2.55 per 1,000 gallons

2" Meter:

First 21,400 gallons \$78.80 Minimum bill
Next 3,600 gallons 3.29 per 1,000 gallons
Next 25,000 gallons 3.12 per 1,000 gallons
Next 50,000 gallons 2.79 per 1,000 gallons
All Over 100,000 gallons 2.55 per 1,000 gallons

3" Meter:

First 68,400 gallons \$220.05 Minimum bill
Next 31,600 gallons 2.79 per 1,000 gallons
All Over 100,000 gallons 2.55 per 1,000 gallons

4" Meter:

First 127,500 gallons \$378.43 Minimum bill
All Over 127,500 gallons 2.55 per 1,000 gallons

6" Meter:

First 281,500 gallons \$771.41 Minimum bill
All Over 281,500 gallons 2.55 per 1,000 gallons

Purchased Water Adjustment Factor 0.10 per 1,000 gallons

Clinton

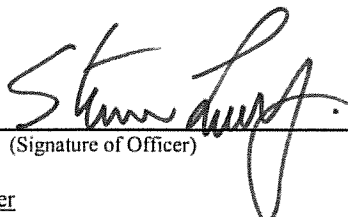
5/8" x 3/4" Meter:

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

DATE OF ISSUE February 26, 2014
Month / Date / Year

DATE EFFECTIVE March 28, 2014
Month / Date / Year

ISSUED BY Steve Lubertozi


(Signature of Officer)

TITLE Chief Regulatory Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO.

DATED

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Exhibit 3

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:

Base Rate First 41,667,000 gallons	\$7,100.00
Additional 1,000 gallons	\$0.18

PROPOSED RATE:

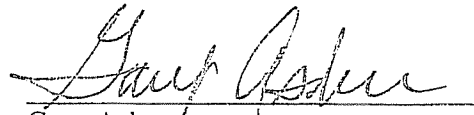
Base Rate First 41,667,000 gallons	\$12,483.00
Additional 1,000 gallons	\$0.30

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/>.



Gary Asher
Fern Lake Company
President