COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO. HENDERSON COUNTY WATER DISTRICT) 2016-00101

ORDER

On February 29, 2016, Henderson County Water District ("Henderson District") 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:

- Henderson District purchases water from the Henderson Water Utility ("Henderson"). Henderson provides water to Henderson District in two separate areas, Henderson Water Utility North ("Henderson-North") and Henderson Water Utility South ("Henderson-South").
- 2. On November 19, 2015, Henderson notified Henderson District that its wholesale rate from Henderson-North would decrease to Henderson District from \$2.48 per 1,000 gallons to \$2.4507 per 1,000 gallons, and its wholesale rate from Henderson-South would decrease from \$3.1209 per 1,000 gallons to \$2.2745 per 1,000 gallons effective April 1, 2016.²

¹ KRS 278.015; 807 KAR 5:068.

² Application, Letter from A. Leason Neel, Henderson Water Utility, to Pete Conrad, Henderson District (Nov. 19, 2015).

Henderson District proposed to decrease the water rates to its customers effective April 1, 2016, to reflect the decreased cost of purchased water. However, as Henderson decreased its rate effective March 1, 2016,³ Henderson District's requested effective date should be denied pursuant to 807 KAR5:068(2)(2), and Henderson District's revised rates should become effective on March 1, 2016.

- 3. Henderson District proposed a purchased water adjustment factor of \$(0.18) per 1,000 gallons. Henderson District's application contained a mathematical error in the decrease from Henderson-South. Henderson District used the rate of \$3.129, and the rate they should have used was \$3.1209. This calculates to a purchased water adjustment factor of \$(0.17) per 1,000 gallons.
- 4. During the 12 months ended December 31, 2015, Henderson District purchased 401,596,111 gallons of water from Henderson-North and 58,344,500 from Henderson-South, and sold 341,685,508 gallons of water. The decrease in the cost of purchased water is \$(61,149.55), resulting in a purchased water adjustment factor of \$(0.17) per 1,000 gallons.
- 5. The purchased water adjustment factor of \$(0.17) per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.
 - 6. Henderson District's proposed rates should be denied.
- 7. The rates, as set forth in Appendix B to this Order, are fair, just and reasonable and should be approved for water service rendered by Henderson District on and after March 1, 2016.

³ TFS 2015-00387 (Ky. PSC filed June 22, 2015); The tariff was accepted for filing by the Commission by letter dated July 31, 2015.

IT IS THEREFORE ORDERED that:

- The purchased water adjustment factor of \$(0.17) per 1,000 gallons is approved.
 - Henderson District's proposed rates are denied.
- The rates, as set forth in Appendix B to this Order, are approved for water service rendered by Henderson District on and after March 1, 2016.
- 4. Within 20 days of the date of this Order, Henderson District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

By the Commission

MAR 22 2016

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Acting Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2016-00101 DATED MAR 2 2 2016

Henderson District	New Rate	Base Rate	
Purchases in gallons Henderson-North Volumetric rate	401,596,111 \$2.4507/1,000 \$ 984,191.59	401,596,111 <u>\$ 2.48/1,000</u> \$995,958.36	
Henderson-South Volumetric rate	58,344,500 \$2.2745/1,000 \$ 132,704.57	58,344,500 \$3.1209/1,000 \$ 182,087.35	
Total	\$1,116,896.16	1,178,045.71	
Decreased water cost		(\$61,149.55)	

Increased water cost
Divided by gallons sold/1,000
Purchased water adjustment factor

\$(61,149.55) 341,685,508 \$(0.17896) per 1,000 gallons or \$(0.17) per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2016-00101 DATED MAR 2 2 2016

The following rates and charges are prescribed for the customers in the area served by Henderson County Water District. 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 First Next Next Over	2,000 8,000 20,000	gallons gallons gallons gallons	6.66 6.13	per 1,000 per 1,000 per 1,000 per 1,000	gallons gallons
1-Inch M First Next Next Over	5,000 5,000 20,000	gallons gallons gallons	6.66 6.13	per 1,000 per 1,000 per 1,000 per 1,000	gallons gallons
2-Inch M First Next Over	16,000 14,000	gallons gallons gallons		per 1,000 per 1,000 per 1,000	gallons
3-Inch M First Over	30,000 30,000	gallons gallons	\$194.58 5.60	per 1,000 per 1,000	
4-Inch M First Over	50,000	gallons gallons	\$306.58 5.60	per 1,000 per 1,000	•
	<u>eter</u> 100,000 100,000		\$586.58 5.60	per 1,000 per 1,000	-
Voluntee	r Fire De	partment Rate	18.70	per Month	1

*J. Christopher Hopgood Dorsey, Gray, Norment & Hopgood 318 Second Street Henderson, KENTUCKY 42420

*Henderson County Water District 655 South Main Street P. O. Box 655 Henderson, KY 42419-0655