

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO.
JUDY WATER ASSOCIATION, INC.) 2017-00148

ORDER

On March 27, 2017, Judy Water Association, Inc. (“Judy”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ Judy was notified by letter dated April 3, 2017, of certain filing deficiencies in its application and that the required statutory time for processing the application would not commence until the deficiencies were cured. On April 13, 2017, Judy provided supplemental information curing the deficiencies.

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

1. Judy purchases water from Mount Sterling Water and Sewer Commission (“Mount Sterling”) and the city of North Middletown (“North Middletown”).
2. On March 29, 2017, North Middletown decreased its wholesale rate to Judy from \$5.01 per 1,000 gallons for the first 70,000 gallons per day and \$5.11 per 1,000 gallons for all usage over 70,000 gallons per day, to \$5.00 per 1,000 gallons for the first 70,000 gallons per day and \$5.10 per 1,000 gallons for all usage over 70,000 gallons per day.

¹ KRS 278.012; 807 KAR 5:068.

3. North Middletown's wholesale rate consists of two steps: 1) the first 70,000 gallons purchased per day (25,550,000 gallons purchased annually); and 2) purchases in excess of 70,000 gallons per day (usage greater than 25,550,000 gallons annually).²

4. In its application, Judy calculated the purchase water adjustment factor using 2,000,000 gallons of water per month (24,000,000 gallons annually) as the first step and all purchases over 2,000,000 gallons per month (24,000,000 gallons annually) as the second step. While Judy's method of calculating the purchase adjustment factor did not accurately reflect North Middletown's rate design, it did not materially affect the purchased water adjustment factor or produce an incorrect schedule of rates.

5. 807 KAR 5:068, Section 2 (2), states, "Upon a decrease in the supplier's base rate, a utility that has previously revised its rates pursuant to this administrative regulation shall decrease each of its rate schedules by a purchased water adjustment factor determined in accordance with Section 3 of this administrative regulation to pass through its decreased purchased water costs on a per unit basis regardless of customer classification." Judy has revised its rates in the past pursuant to the regulation, therefore the regulation requires Judy to submit an application with the Commission due to the decrease in the supplier's base rate.

6. During the 12 months ended February 28, 2017, Judy purchased 118,509,000 gallons of water from Mount Sterling and 36,727,300 gallons from North Middletown. During the same period, Judy sold 137,787,000 gallons of water. The decrease in the cost of purchased water is (\$367.27), resulting in a purchased water adjustment factor of \$0.00 per 1,000 gallons.

² 70,000 gallons/day x 365 days = 25,550,000 gallons.

7. The purchased water adjustment factor of \$0.00 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and should be approved.

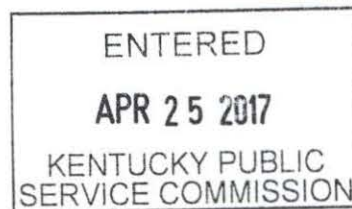
8. Judy proposes no revision to its current rates. The application supports Judy's position, and no revision to Judy's current rates should be made.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.00 per 1,000 gallons is approved.

2. Judy's current rates shall remain in effect.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00148 DATED **APR 25 2017**

	New Rate	Base Rate
Judy		
Purchases in gallons	118,509,100	118,509,100
Mount Sterling Volumetric rate	<u>\$ 2.96/1,000</u>	<u>\$ 2.96/1,000</u>
	\$350,786.94	\$ 350,786.94
North Middletown (1st Step)		
Purchases in Gallons	25,550,000	25,550,000
Volumetric Rate	<u>\$ 5.00/1,000</u>	<u>\$ 5.01/1,000</u>
	127,750.00	\$128,005.50
North Middletown (2d Step)		
Purchases In Gallons	11,177,000	11,177,000
Volumetric rate	<u>\$5.10 /1,000</u>	<u>\$5.11/1 ,000</u>
	\$ 57,002.70	\$ 57,114.47

	New Rate	Base Rate
Total purchases	\$ 535,539.64	\$ 535,906.91

Decreased water cost \$ (367.27)

Decreased water cost	\$	(367.27)
Divided by gallons sold/1,000		<u>137,787,000</u>
Purchased water adjustment factor	\$	(0.0027)

or \$ 0.00 per 1,000 gallons

*Judy Water Association, Inc.
2010 Maysville Road
P. O. Box 781
Mt. Sterling, KY 40353-0781

*Billy Ray Fawns
Judy Water Association, Inc.
P. O. Box 781
Mt. Sterling, KY 40353-0781