

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
FILING OF CHRISTIAN COUNTY) CASE NO. 2010-00114
WATER DISTRICT)

O R D E R

On March 15, 2010, Christian County Water District (“Christian District”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ On April 13, 2010, the Commission entered an Order in which we calculated the purchased water adjustment factor based on the information provided in the application. On April 19, 2010, Christian District filed a revised application with corrected calculations. Christian District’s original application identified incorrect base rates for Christian District’s water purchases from Hopkinsville Water Environment Authority (“Hopkinsville”). The Commission shall treat Christian District’s filing of April 19, 2010 as a petition for rehearing.

1. Christian District purchases water from Hopkinsville and Lake Barkley Water District.

2. On September 3, 2009, Hopkinsville notified the Commission in writing of its intent to increase its wholesale water service rate to Christian District effective October 5, 2009. Finding that further investigation of the proposed adjustment was

¹ KRS 278.015; 807 KAR 5:068.

necessary, the Commission suspended the proposed adjustment until March 5, 2010 and initiated an investigation into the reasonableness of the proposed rate.²

3. On February 25, 2010, Hopkinsville notified the Commission and Christian District of its intent to place the proposed wholesale rates into effect on March 5, 2010.

4. Hopkinsville's proposed adjustment is reflected in Table 1 below.

TABLE 1		
	Existing Rate	Adjusted Rate
First 3,000 cubic feet	\$2.16 per 100 cubic feet	\$2.96 per 100 cubic feet
Next 3,000 cubic feet	\$1.89 per 100 cubic feet	\$2.59 per 100 cubic feet
Over 6,000 cubic feet	\$1.37 per 100 cubic feet	\$1.88 per 100 cubic feet

5. On March 4, 2010, Christian District's Board of Commissioners voted to adjust Christian District's rates for water service to reflect the increased cost of purchased water and to make the adjustment effectively immediately.

6. During the 12 months ending January 31, 2010, Christian District purchased a total of 393,287,883 gallons of water from Hopkinsville and sold 324,368,939 gallons. The increase in the cost of purchased water is \$271,538.28, resulting in a purchased water adjustment of \$0.84 per 1,000 gallons.

7. Calculations in the Commission's Order of April 13, 2010 were derived from information provided in Christian District's application. The application listed incorrect base rates for Christian District's water purchases from Hopkinsville.

8. Calculations in the Commission's Order of April 13, 2010 resulted in an incorrect purchased water adjustment factor applied by the Commission.

² Case No. 2009-00373, *Proposed Adjustment of the Wholesale Service Rates of Hopkinsville Water Environment Authority* (Ky. PSC Sep. 28, 2009).

9. The Commission's Order of April 13, 2010 contains errors that must be corrected in order to adhere to the provisions of KRS 278.015 and 807 KAR 5:068.

10. The calculation of the purchased water adjustment with corrected inputs is reflected in Appendix A to this Order.

11. A purchased water adjustment of \$0.84 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Christian District's petition for rehearing is granted.

2. The Commission's Order of April 13, 2010 is vacated.

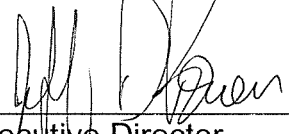
3. The purchased water adjustment of \$0.84 per 1,000 gallons as calculated in Appendix A is approved.

4. The rates in Appendix B are approved for water service that Christian District renders on and after March 5, 2010.

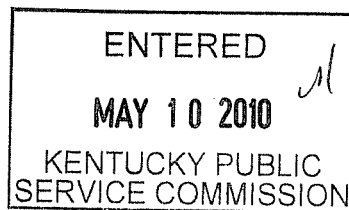
5. Within 20 days of the date of this Order, Christian District shall file revised tariff sheets with the Commission reflecting the rates set forth in Appendix B.³

By the Commission

ATTEST:



Executive Director



³ Christian District has proposed that the adjustment be subject to refund. We find that such action is unnecessary. Should the Commission approve a wholesale rate for Hopkinsville that is lower than its proposed wholesale rate, KRS 278.190 authorizes the Commission to require Hopkinsville to refund to Christian District any amounts collected in excess of the rate found reasonable. Furthermore, 807 KAR 5:068, Section 2(4), provides a mechanism for passing such refund on to Christian District's customers.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00114 DATED MAY 10 2010

The following rates and charges are prescribed for the customers in the area served by Christian 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" x 3/4" Meter

First	0 gallons	\$ 16.00	Minimum Bill
Over	0 gallons	6.49	per 1,000 gallons

1" Meter

First	5,000 gallons	\$ 48.45	Minimum Bill
Over	5,000 gallons	6.49	per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$ 80.90	Minimum Bill
Over	10,000 gallons	6.49	per 1,000 gallons

2" Meter

First	50,000 gallons	\$ 340.50	Minimum Bill
Over	50,000 gallons	6.49	per 1,000 gallons

4" Meter

First	100,000 gallons	\$ 665.00	Minimum Bill
Over	100,000 gallons	6.49	per 1,000 gallons

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