

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| PURCHASED WATER ADJUSTMENT |) | |
| FILING OF MEADE COUNTY WATER |) | CASE NO. |
| DISTRICT |) | 2018-00430 |

ORDER

On December 28, 2018, Meade County Water District (Meade District) tendered an application for a Purchased Water Adjustment (PWA), pursuant to 807 KAR 5:068, requesting approval of its increase in water rates. Meade District proposed an effective date of December 1, 2018; however, the rates have not yet been implemented.

As a basis for its request, Meade District explained the rate increase arose from changing to a more expensive purchased water supplier. Until October 2018, Meade District purchased all of its water from two suppliers, the city of Brandenburg (Brandenburg) and Hardin County Water District No. 1 (Hardin District No. 1), both of whom used chlorine as a disinfectant. However, Hardin District No. 1 converted to chloramines, which is the regional disinfectant of choice, while Brandenburg continued to disinfect with chlorine. To maintain a consistent disinfection approach throughout its distribution system, Meade District began purchasing all water from Hardin District No. 1 in October 2018. Because Hardin District No. 1's water rate is higher than Brandenburg's rate, Meade District tendered its PWA application to recover the estimated annual increased cost of \$96,202.

Based upon the PWA application, and being otherwise sufficiently advised, the Commission finds that Meade District's PWA application should be denied and that

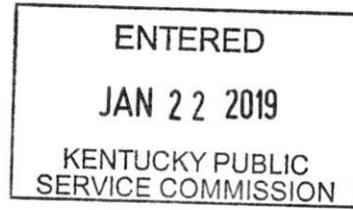
Meade District should file an application for a rate increase pursuant to 807 KAR 5:076 if it seeks to increase its rates. Pursuant to KRS 278.015, a water district has the authority to increase its rates, without prior approval by the Commission, commensurate with an increase in the purchased water rate from the water district's wholesale supplier selling water to a water district. The procedures for filing a PWA application are set out in 807 KAR 5:068. Because a request for a rate increase under a PWA application is available only when a supplier increases its rates, KRS 278.015 and 807 KAR 5:068 are inapplicable to the facts of this case. Meade District merely changed to a more expensive supplier. The increase in the cost of the purchased water results from the higher price charged by Hardin District No. 1, and not because Hardin District No. 1 increased its rates.

The Commission notes that, under 807 KAR 5:076, Meade District can request an expedited decision. Further, Meade District can request a deviation from procedural requirements under 807 KAR 5:076 that are not relevant or applicable to its request.

IT IS THEREFORE ORDERED that:

1. Meade District's PWA application is denied.
2. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

*Tim Gossett
General Manager
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