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MEMORANDUM

TO: Gerald E. Wuetcher, Executive Advisor/Attorney
Public Service Commission

FROM: Donna Little
Regulations Compiler

RE: Acknowledgement of Proposed Administrative Regulations and/or Amendment –
807 KAR 5:009, 807 KAR 5:011, 807 KAR 5:067, 807 KAR 5:068, and 807 KAR
5:075

DATE: July 12, 2013

A copy of each administrative regulations listed above is enclosed for your files. These administrative regulations are tentatively scheduled for review by the Administrative Regulation Review Subcommittee at its **September 2013** meeting. We will notify you of the date and time of this meeting when it has been scheduled.

Pursuant to KRS 13A.280, **if** a public hearing is held or you receive written comments during the public comment period, the Statement of Consideration for these administrative regulations is due **by noon on September 13, 2013**. Please reference KRS 13A.270 and 13A.280 for other requirements relating to public hearings and the Statement of Consideration.

If you have any questions, please do not hesitate to contact me at (502) 564-8100.

Enclosures

1 ENERGY AND ENVIRONMENT CABINET

2 Public Service Commission

3 (Amendment)

4 807 KAR 5:068. Purchased water adjustment for water districts and water associations.

5 RELATES TO: KRS Chapter 278

6 STATUTORY AUTHORITY: KRS 278.012, 278.015, 278.030(1), 278.040(3)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 278.030(1) provides that all
8 rates charged by a [water] utility subject to the jurisdiction of the Public Service
9 Commission shall be fair, just and reasonable. This administrative regulation prescribes
10 the requirements under which a water district or a water association may implement a
11 purchased water adjustment [designed] to recover the cost [actual costs] of water
12 purchased.

13 Section 1. Definitions.

14 (1) "Application" means:

15 (a) A completed Purchased Water Adjustment Form 1;

16 (b) A schedule listing current and proposed rates;

17 (c) A copy of the supplier's notice showing a change in supplier's base rate;

18 (d) The calculation and all supporting documents used to determine the change in
19 purchased water costs sufficient to determine the accuracy of the calculation;

20 (e) A copy of the resolution or other document of the utility's governing body
21 authorizing the proposed rates; and

1 (f) If the applicant is a water district and proposes to increase any of its rates for
2 water service, a statement from an authorized utility official indicating the date its
3 proposed rate increase was reported to the governing body of the county in which the
4 largest number of its customers resides and the date it presented testimony, or is
5 scheduled to present testimony, to that governing body.

6 (2) "Changed rate" means the rate of a utility's supplier after the most recent
7 increase or decrease in the supplier's base rate.

8 (3) "Commission" is defined by KRS 278.010(15).

9 (4) "Person" is defined by KRS 278.010(2).

10 (5) "Supplier's base rate" means the rate of a utility's supplier in effect immediately
11 prior to the most recent increase or decrease.

12 (6) "Tariff" means the schedules of a utility's rates, charges, regulations, rules,
13 tolls, terms, and conditions of service over which the commission has jurisdiction.

14 (7) "Utility" means:

15 (a) A water association formed as a non-profit corporation, association, or
16 cooperative corporation having as its purpose the furnishing of a public water supply; or

17 (b) A water district formed pursuant to KRS 65.810 and KRS Chapter 74.

18 (8) "Web site" means an identifiable site on the Internet, including social media,
19 which is accessible to the public.

20 Section 2. Change in Supplier's Base Rate. (1) Upon an increase in its supplier's
21 base rate, a utility may, without prior commission approval, increase each of its rate
22 schedules by a purchased water adjustment factor determined in accordance with

1 Section 3 of this administrative regulation to pass through its increased purchased water
2 costs to its customers on a per unit basis regardless of customer classification.

3 (2) Upon a decrease in the supplier's base rate, a utility that has previously revised
4 its rates pursuant to this administrative regulation shall decrease each of its rate
5 schedules by a purchased water adjustment factor determined in accordance with
6 Section 3 of this administrative regulation to pass through its decreased purchased water
7 costs on a per unit basis regardless of customer classification.

8 Section 3. Purchased Water Adjustment Factor. (1) The purchased water
9 adjustment factor to adjust a utility's rate to reflect a change in the utility's base rate
10 shall be determined using the following formula:

11

$$\text{PWA Adjustment Factor} = \frac{(\text{Changed Rate} \times \text{Total Utility Water Purchases}) - (\text{Base Rate} \times \text{Total Utility Water Purchases})}{\text{Total Utility Water Sales}}$$

12 (2) The purchased water adjustment factor shall be expressed in cents per
13 gallons or cubic foot depending upon the unit of measure that the utility bases its
14 customer bills.

15 (3) Total utility water purchases shall be determined based upon the level of
16 water purchases for a period of twelve (12) consecutive months ending within 90 days
17 immediately prior to the effective date of the utility rate adjustment month period.

18 (4) Total utility water sales shall be determined based upon the level of water
19 sales for a period of twelve (12) consecutive months ending within 90 days immediately
20 prior to the effective date of the utility rate adjustment month period. If the utility bases
21 its customer billings on a flat rate in lieu of a volumetric rate, the total number of
22 customers or residential equivalents billed for the period shall be used.

1 (5) The same twelve (12) month period will be used to determine total utility
2 water purchases and total water utility sales.

3 Section 4. Submitting the Purchased Water Adjustment Application. (1) A utility
4 adjusting its rates pursuant to this administrative regulation shall submit an application to
5 the commission.

6 (2) The application shall be submitted:

7 (a) In accordance with 807 KAR 5:001, Sections 7 and 8.

8 (b) No earlier than thirty (30) days prior to the proposed effective date of the
9 supplier's changed rate and no later than twenty (20) days after the utility, without prior
10 commission approval, adjusts its rates to reflect the change in its purchased water costs
11 due to the supplier's changed rate.

12 Section 5. Notice. When filing an application for a purchased water adjustment
13 resulting from a supplier's increased rate, a utility shall provide notice as follows:

14 (1) Public postings.

15 (a) A utility shall post at its place of business a copy of the notice no later than the
16 date the application is submitted to the commission or the date the utility adjusts its rates,
17 whichever occurs first.

18 (b) A utility that maintains a Web site shall, within five (5) business days of the date
19 the application is submitted to the commission or the date the utility adjusts its rates,
20 whichever occurs first, post on its Web sites:

21 1. A copy of the public notice; and

22 2. A hyperlink to the location on the commission's Web site where the case
23 documents are available.

1 (c) The information required in subsection 1(a) and 1(b) of this section shall not be
2 removed until the commission issues a final decision on the application.

3 (2) Customer Notice.

4 (a) If a utility has twenty (20) or fewer customers, it shall mail a written notice to
5 each customer no later than the issuance of the first bill at the increased rate.

6 (b) If a utility has more than twenty (20) customers, it shall provide notice by:

7 1. Including notice with customer bills mailed no later than the issuance of the first
8 bill at the increased rate;

9 2. Mailing a written notice to each customer no later than the issuance of the first
10 bill at the increased rate; or

11 3. Publishing notice one (1) time in a prominent manner in a newspaper of general
12 circulation in the utility's service area no later than the issuance of the first bill at the
13 increased rate.

14 (c) A utility that provides service in more than one (1) county may use a
15 combination of the notice methods listed in paragraph (b) of this subsection.

16 (3) Proof of Notice. A utility shall file with the commission no later than thirty (30)
17 days from the date of the commission's order approving an adjustment to the utility's rates
18 pursuant to this administrative regulation:

19 (a) If notice is mailed to its customers, an affidavit from an authorized
20 representative of the utility verifying the contents of the notice, that notice was mailed to
21 all customers, and the date of the mailing; or

1 (b) If notice is published in a newspaper of general circulation in the utility's service
2 area, an affidavit from the publisher verifying the contents of the notice, that the notice
3 was published, and the dates of notice's publication.

4 (4) Notice Content. Each notice issued in accordance with this section shall
5 contain:

6 (a) The effective date;

7 (b) The present rates and proposed rates for each customer classification to which
8 the proposed rates will apply;

9 (c) The amount of the change requested in both dollar amounts and percentage
10 change for each customer classification to which the proposed rates will apply;

11 (d) The amount of the average usage and the effect upon the average bill for each
12 customer classification to which the proposed rates will apply;

13 (e) A statement that a person may examine this application and any related
14 documents the utility has filed with the Public Service Commission at the offices of (utility
15 name) located at (utility address); and

16 (f) A statement that a person may examine this application and any related
17 documents at the commission's offices located at 211 Sower Boulevard, Frankfort,
18 Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's
19 Web site at <http://psc.ky.gov>.

20 Section 6. Orders of the Commission. (1) Within thirty (30) days of the submission
21 of an application in accordance with this administrative regulation, the commission shall
22 enter its order approving the proposed rates or establishing revised rates.

1 (2) Within twenty (20) days of the date of the commission's order, the utility shall
2 submit its revised tariff sheet in accordance with 807 KAR 5:011 establishing the rates
3 approved by the commission.

4 (3) If the utility publishes notice of the proposed rates and the commission enters
5 an order requiring different rates, the utility shall publish notice of the commission ordered
6 rates in the manner prescribed in Section 5(2) of this administrative regulation.

7 Section 7. Refund from a Supplier. (1) A utility that receives a refund from its
8 supplier for previously paid for water service due to a reduction in the supplier's rate shall
9 notify the commission in writing of this refund within twenty (20) days of receipt of the
10 refund and shall distribute the refund to its customers by reducing each of its rate
11 schedules by a refund factor determined in accordance with subsection 2 of this section.

12 The notice to the commission shall include:

13 (a) A description of the circumstances surrounding the refund;

14 (b) A schedule showing the calculation of the refund factor;

15 (c) A copy of the supplier's notice of the refund; and

16 (d) All supporting documents used to determine the refund factor in detail sufficient
17 to determine the accuracy of the calculation.

18 (2) Refund factor. (a) The refund factor shall be determined using the following
19 formula:

20

$$\text{Refund Factor} = \frac{\text{Refund Amount}}{\text{Estimated Total Utility Water Sales}}$$

21 (b) The refund factor shall be expressed in cents per gallons or cubic foot
22 depending upon the unit of measure that the utility bases its customer bills.

1 (c) Estimated total utility water sales shall be determined based upon the
2 estimated level of water sales for the two (2) month period beginning the first day of the
3 month following the utility's receipt of the refund. If the utility bases its customer billings
4 on a flat rate in lieu of a volumetric rate, the estimated total number of customers or
5 residential equivalents billed for the period shall be used.

6 (3) Effective with meter readings taken on and after the first day of the second
7 month following receipt of the refund, the utility shall reduce each of its rate schedules by
8 the refund factor when calculating customer bills for the next two (2) billing periods.

9 (4) If the commission determines that the utility has inaccurately calculated the
10 refund, the commission shall direct the utility to make revisions to the utility's refund plan.

11 Section 8. Deviations from Rules. In special cases, for good cause shown, the
12 commission shall permit deviations from this administrative regulation.

13 Section 9. Incorporation by Reference. (1) "Purchased Water Adjustment Form 1",
14 Purchased Water Adjustment for Water Districts and Associations, July 2013, is
15 incorporated by reference.

16 (2) This material may be inspected, copied, or obtained, subject to applicable
17 copyright law, at the commission's offices located at 211 Sower Boulevard, Frankfort,
18 Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's
19 Web site at <http://psc.ky.gov>.

20 ~~[Section 1. Water Utility Base Rate. The supplier's base rate in effect immediately~~
21 ~~prior to the most recent increase shall be considered the base rate.~~

22 ~~Section 2. Applications for Change in Base Rate. (1) For purposes of a purchased~~
23 ~~water adjustment, the supplier's rate as defined in Section 1 of this administrative~~

1 regulation shall be considered as the base rate for purchased water and any increase or
2 decrease in the base rate shall be considered the changed rate.

3 (2) In the event there is an increase in the supplier's base rate, the water district or
4 water association shall determine the increased cost of water purchased based on the
5 twelve (12) month period ending within ninety (90) days immediately prior to the effective
6 date of its rate adjustment to its customers. The cost of purchased water shall be
7 calculated at the supplier's base rate and changed rate, as defined in Sections 1 and 2 of
8 this administrative regulation. The difference in costs shall then be divided by the actual
9 number of cubic feet or gallons sold during the same twelve (12) month period, yielding
10 the purchased water adjustment in cents per cubic foot or gallon unit. This adjustment
11 amount shall be added to all the utility's rate schedules on a per unit basis regardless of
12 the customer class.

13 (3) In the event there is a decrease in the supplier's rate, the purchased water
14 adjustment shall be calculated in the same manner as set out in subsection (2) of this
15 section and its rates reduced accordingly.

16 (4) In the event a water district or water association receives a refund from its
17 supplier for amounts previously paid, the water district or water association shall
18 immediately apply to the commission for authority to make adjustments on the amounts
19 charged customer's bills under this administrative regulation as follows:

20 (a) The total refund received by the utility shall be divided by the number of cubic
21 feet or gallons of water the utility estimates it will sell to its customers during the two (2)
22 month period beginning with the first day of the month following receipt of the refund,

1 yielding the refund factor to be applied against each cubic foot or gallon of water sold
2 thereafter.

3 (b) ~~Effective with meter readings taken on and after the first day of the second~~
4 ~~month following receipt of the refund, the utility will reduce by the refund factor any~~
5 ~~purchased water adjustment that would otherwise be applicable during the period. The~~
6 ~~period of reduced purchased water adjustments shall be adjusted, if necessary, in order~~
7 ~~to most nearly approximate the total amount to be refunded. The water utility shall make~~
8 ~~full distribution of the refund within two (2) months.~~

9 (c) ~~In the event a water utility receives a large or unusual refund, the utility may~~
10 ~~apply to the commission for a deviation from the procedure for distribution of refunds~~
11 ~~specified herein.~~

12 ~~Section 3. Filings with the Commission. (1) Within twenty (20) days after any such~~
13 ~~purchased water rate adjustment, the water district or water association shall file with the~~
14 ~~commission its revised tariff sheets setting forth the adjusted rates and information~~
15 ~~concerning the water purchases and sales upon which the adjustment was based~~
16 ~~sufficient to determine the accurateness of the calculations and application of the~~
17 ~~purchased water adjustment to its rates. Such tariffs and information shall be in~~
18 ~~substantially the form set forth in subsection (2) of this section. Copies of these forms~~
19 ~~may be obtained from the commission upon request.~~

20 (2) ~~Form of purchased water adjustment filing.~~

21 PURCHASED WATER RATE ADJUSTMENT

22 Pursuant to KRS 278.012 and 278.015

23 (Name of Utility):

1 (Date):

2 (Business Mailing Address):

3 (Telephone Number):

4 ~~1.(a) Names of all wholesale suppliers and the base rate and changed rate of~~
5 ~~each. In the event the water purchased is billed by the supplier on other than a flat rate~~
6 ~~schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.~~

Supplier(s)	Base Rate	Changed Rate
(1)	-	-
(2)	-	-
(3)	-	-

7 ~~(b) A copy of the supplier's notice of the changed rate showing the effective date of~~
8 ~~the increase is attached as Exhibit _____.~~

9 ~~2. Twelve-month period upon which purchased water adjustment is based:~~

From:	Through:
(Month & Year)	(Month & Year)

10 ~~3. Statement of Water Purchases (Where water is purchased from more than one~~
11 ~~(1) supplier, purchases from each supplier must be shown separately. Where water is~~
12 ~~purchased from a supplier through more than one (1) meter and bills are computed~~
13 ~~individually for each meter, purchases should also be shown separately for each meter.)~~

Supplier's Name	Gallons Purchased Meter No. 1	Gallons Purchased Meter No. 2
(1)	-	-

(2)	-	-
(3)	-	-
TOTAL	-	-

1 4. Total Sales for the twelve (12) Months _____

2 5. Purchased Water Adjustment Factor _____ ¢ per gallon or cubic foot.

3 NOTE: Revised tariff sheets must be attached showing rates to be charged by the
4 utility and the effective date of such increased rates.

5 Signature of Utility Officer:

6 Title:

7 Form for filing Rate Schedules

8 For: (Community, Town or City)

9 P.S.C. No.:

10 _____ SHEET NO. _____

11 _____ CANCELLING P.S.C. NO. _____

12 Name of Issuing Corp.

13 _____ SHEET NO. _____

14 CLASSIFICATION OF SERVICE

15 RATE PER UNIT

16 DATE OF ISSUE _____ DATE EFFECTIVE _____

17 ISSUED BY (Name of Office):

18 TITLE:

19 Issued by authority of an Order of the Public Service Commission of Kentucky in Case

20 No. _____ dated _____.

1 ~~Section 4. Orders of the Commission. (1) Within thirty (30) days after the~~
2 ~~documents required by Section 3 of this administrative regulation are filed, the~~
3 ~~commission shall enter its order either approving the rates or establishing revised rates.~~

4 ~~(2) If the rates contained in the tariff are correct and approved as filed, no further~~
5 ~~tariff forms will be required to be filed and a stamped copy of the approved tariff sheet(s)~~
6 ~~shall be returned to the utility for its files. If the rates are incorrect and corrected rates are~~
7 ~~established by the commission, within thirty (30) days of the date of the commission's~~
8 ~~order, the utility shall file revised tariff sheet(s) setting out the rates so ordered.~~

9 ~~Section 5. Notice to Customers. The water district shall notify its customers of any~~
10 ~~increase in rates resulting from a supplier increase no later than the rendering of the first~~
11 ~~bill at the increased rate.]~~

David L. Armstrong, Chairman
Public Service Commission

DATE: _____

PUBLIC HEARING: A public hearing on this administrative regulation shall be held on August 21, 2013, at 9:00 a.m., Eastern Daylight Time, at the Public Service Commission's office, 211 Sower Boulevard, Frankfort, Kentucky. Individuals interested in attending this hearing shall notify this agency in writing by August 14, 2013, five working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled.

This hearing is open to the public. Any person who attends will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to attend the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until September 3, 2013. Send written notification of intent to attend the public hearing or written comments on the proposed administrative regulation to:

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602
Tel: (502) 564-3940
Fax: (502) 564-3460

REGULATORY IMPACT ANALYSIS

Administrative Regulation #: 807 KAR 5:068

Contact Person: Gerald E. Wuetcher, Executive Advisor

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation provides the rules and guidelines for water districts and water associations to pass its purchased water costs through to its customers.

(b) The necessity of this administrative regulation: This regulation is necessary to provide a timely and simplified method for a water district or water association to adjust its rates in accordance with a rate adjustment from its wholesale water supplier.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 278.040(3) authorizes the Commission to adopt reasonable regulations to implement the provisions of KRS Chapter 278.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: It provides a cost effective and timely method for a water district or water association to pass through changes in costs of the water it purchases.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: It gives a water district or water association the option of filing the information required for a purchased water adjustment in an electronic format. It also revises the notice requirements for a rate revision to enhance the information provided to its customers. And finally, the amendment requires the utility to post notice of proposed rate changes at its website and to advise the public of where electronic copies of rate filings can be obtained at no cost.

(b) The necessity of the amendment to this administrative regulation: This regulation has not been amended in 27 years and currently makes no provision for the use of electronic filing procedures. This amendment will incorporate Public Service Commission practices developed since the regulations last amendment in 1986.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 278.030(1) provides that all rates charged by a water utility subject to the jurisdiction of the Public Service Commission shall be fair, just, and reasonable. This

amendment prescribes the requirements under which a water district or a water association may implement a purchased water adjustment designed to recover the actual costs of purchased water, thus providing rates that are fair, just, and reasonable.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will benefit water districts and water associations by giving them the option of filing a purchased water adjustment electronically, thus reducing the expenses for paper, printing, and postage.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The proposed amendment will affect water districts and water associations that purchase water from a wholesale provider.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: This amendment does not require any additional action by the water district or water association but rather provides the option of a more efficient method to file a purchased water adjustment application.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There are no costs to comply because there are no new requirements, just an additional option that water districts and water associations may choose to utilize.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): For a utility that chooses the option to electronically file its purchased water adjustment application, this amendment will reduce the number of documents that must be filed. Filing the application electronically in lieu of filing paper documents should result in reduced paper, printing, and postage costs for the utility.

(5) Provide an estimate of how much it will cost to the administrative body to implement this administrative regulation:

(a) Initially: Implementation of the proposed amendment will not involve additional costs.

(b) On a continuing basis: No additional costs are expected.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: No additional funding is required.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No increase in fees or funding is necessary or will be required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No.

(9) TIERING: Is tiering applied? No.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No.: 807 KAR 5:068

Contact Person: Gerald Wuetcher
(502) 564-3940
gerald.wuetcher@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? Public Service Commission; Office of Attorney General (Utility Rate and Intervention Division); water districts; sewer districts.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 278.040(3) authorizes the commission to promulgate administrative regulations.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? No direct increase in revenue will result from the adoption of the proposed amendment for any governmental agency. The proposed amendment does not provide for the Public Service Commission to assess any fee or charge.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? No direct increase in revenue will result from the adoption of the proposed amendment for any governmental agency. The proposed amendment does not provide for the Public Service Commission to assess any fee or charge.

(c) How much will it cost to administer this program for the first year? No increase in the Public Service Commission's cost of reviewing purchased water adjustment applications is expected to result from the adoption of the proposed amendment. The Public Service Commission will be performing the same level of review and require the same number of employees to conduct its review. If the proposed amendment is adopted a utility may experience lower expenses when filing purchased water adjustment applications if the choice is made to electronically file the application. The exact amount of any savings is too difficult to quantify.

(d) How much will it cost to administer this program for subsequent years? No increase in the Public Service Commission's cost of reviewing purchased water

adjustment applications is expected to result from the adoption of the proposed amendment. The Public Service Commission will be performing the same level of review and require the same number of employees to conduct its review. If the proposed amendment is adopted a utility may experience lower expenses when filing purchased water adjustment applications if the choice is made to electronically file the application. The exact amount of any savings is too difficult to quantify.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation:

SUMMARY OF INCORPORATED MATERIAL

(1) Purchased Water Adjustment Form 1 – “Purchased Water Adjustment for Water Districts and Associations” – is a two page form that a water district or association must complete in order to apply for a Purchased Water Adjustment. When properly completed, it contains the required information necessary for a water district or association to calculate its purchased water adjustment factor when its wholesale supplier changes its rates. It aids the Public Service Commission in processing a Purchased Water Adjustment case by organizing all of the information on one form. KRS 278.015 provides a mechanism for water districts and associations to file for a Purchased Water Adjustment.

PURCHASED WATER ADJUSTMENT FOR WATER DISTRICTS AND ASSOCIATIONS (807 KAR 5:068)			
Name of Utility			
Date			
Address			
City, State, Zip			
Telephone Number			
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	
1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit			
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		through	
	(month and year)		(month and year)
3. 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
TOTAL PURCHASES	
4. Total gallons sold for the 12 month period	
5. Increased water cost	
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p>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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.</p>	
7. Proposed effective date	
Signature of Utility Officer	
Title	