

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF )  
MCKINNEY WATER DISTRICT )

CASE NO. 99-452

O R D E R

On November 8, 1999, McKinney Water District ( McKinney ) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

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

1. McKinney purchases its water from the city of Stanford, Kentucky ( Stanford ) and the Eubank Water System ( Eubank ).

2. Effective July 1, 1999, Stanford increased the wholesale water rate charged to McKinney from \$1.32 per 1,000 gallons to \$1.46 per 1,000 gallons for water purchased from the Stanford meter, and from \$1.52 per 1,000 gallons to \$1.68 per 1,000 gallons for water purchased from the Rowland and Neals Creek meters.

3. During the 12 months ending August 31, 1999, McKinney purchased 52,567,000 gallons of water from the Stanford meter, 25,923,500 gallons from the Rowland and Neals Creek meters, and 12,053,800 gallons from Eubank. During the same time period, McKinney sold 81,583,800 gallons to its customers.

4. The increase in the cost of purchased water is \$11,507, resulting in a purchased water adjustment of 14 cents per 1,000 gallons of water. Based on a monthly usage of 5,000 gallons, the average residential bill of a McKinney customer would increase 70 cents, from \$24.56 to \$25.26, or 2.85 percent.

5. McKinney's calculations are incorrect as proposed. The correct calculations are attached as Appendix A.

6. The purchased water adjustment of 14 cents per 1,000 gallons and the rates in Appendix B, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. McKinney's purchased water adjustment is hereby denied as submitted.

2. Appendix A properly calculates the purchased water adjustment.

3. The purchased water adjustment of 14 cents per 1,000 gallons and the rates in Appendix B are approved for service on and after December 1, 1999.

4. Within 20 days from the date of this Order, McKinney shall file updated tariff sheets reflecting its adjusted rates.

5. Within 20 days from the date of this Order, Big Sandy shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 8<sup>th</sup> day of December, 1999.

By the Commission

ATTEST:

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Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 99-452 DATED DECEMBER 8, 1999

<u>Supplier</u>	<u>Purchased Gallons</u>	<u>New Rate</u>		<u>Old Rate</u>			
		<u>Unit Cost</u>	<u>Total Cost</u>	<u>Unit Cost</u>	<u>Total Cost</u>		
Stanford-(in city)	52,567,000	1.46	76,747.82	1.32	69,388.44		
Stanford-(out of city)	25,923,500	1.68	43,551.48	1.52	39,403.72		
Eubank	12,053,800	n/a		n/a			
Totals	90,544,300		120,299.30		108,792.16		
Change in cost of purchased water:			120,299.30	minus	108,792.16		11,507.14
Total Gallons sold during test period:			81,583,800				
Calculation			\$11,507.14	divided by	81,583,800g		0.14

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-452 DATED DECEMBER 8, 1999

The following rates and charges are prescribed for the customers in the area served by McKinney 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 RATES

First	1,000 Gallons	\$10.80	Minimum Bill
Next	2,000 Gallons	3.89	Per 1,000 Gallons
Next	7,000 Gallons	3.34	Per 1,000 Gallons
Over	10,000 Gallons	2.74	Per 1,000 Gallons

#### 1 inch & 1 1/4 inch School Connections

Monthly Charge		\$40.00	Minimum Bill
First	1,000 Gallons	10.80	Per 1,000 Gallons
Next	2,000 Gallons	3.89	Per 1,000 Gallons
Next	7,000 Gallons	3.34	Per 1,000 Gallons
Over	10,000 Gallons	2.74	Per 1,000 Gallons