

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF) CASE NO. 2004-00361
LYON COUNTY WATER DISTRICT)

O R D E R

Lyon County Water District (“Lyon District”) has applied for authority to adjust its rates pursuant to the purchased water adjustment procedure to reflect revisions in the rates of one of its wholesale water suppliers. KRS 278.015 and 807 KAR 5:068. Having considered the application and being otherwise sufficiently advised, the Commission finds that:

1. Lyon District purchases water from the city of Kuttawa, the city of Princeton, and the city of Eddyville.

2. On September 9, 2004, Lyon District applied for authority to adjust its rates to reflect changes in Eddyville’s wholesale water rate. In its application, Lyon District stated that Eddyville had been assessing a higher wholesale water service rate for the 2 previous months. Lyon District requested that its proposed rate adjustment become effective on the date the “Eddyville rate is approved by the PSC.”

3. On July 1, 2004, Eddyville began assessing its revised rate for wholesale water service without complying with KRS 278.180(1). See also Submission of Contracts and Rates of Municipal Utilities, Administrative Case No. 351 (Ky.PSC August 10, 1994) (“[a]ny municipal utility wishing to change or revise a contract or rate

for wholesale utility service to a public utility shall, no later than 30 days prior to the effective date of the revision, file with the Commission the revised contract and rate schedule”).

4. On September 13, 2004, the Commission, through its Executive Director, advised Eddyville in writing that the municipal utility could not adjust its rate without complying with KRS 278.180.¹

5. On September 13, 2004, Eddyville filed with the Commission its proposed revision to its wholesale water rate.²

6. On October 13, 2004, Eddyville’s proposed revision to its wholesale water rate became effective.³

7. During the 12 months ending June 30, 2004, Lyon District purchased 110,206,956 gallons of water and sold 80,583,600 gallons. The increase in the cost of

¹ Letter from Beth O’Donnell, Executive Director, Public Service Commission, to George Crady, Superintendent, Eddyville Water Department, and Marvin L. Wilson, Eddyville City Attorney (September 13, 2004).

² On September 30, 2004, Commission Staff advised Lyon District that its submission did not contain a copy of its supplier’s notice of the changed wholesale rate and that its application would be considered deficient until the submission of such notice. See Letter from Beth O’Donnell, Executive Director, Public Service Commission, to Don Robinson, Chairman, Lyon County Water District (September 30, 2004). Commission records, however, do not reflect that Eddyville provided any written notice to Lyon District of its proposed adjustment. The Commission finds that, in the absence of such actual notice, the requirements of Administrative Regulation 807 KAR 5:068, Section 2, may be satisfied by the incorporation by reference of Eddyville’s filings into the record of this proceeding. See 807 KAR 5:001, Section 5(5).

³ See Letter from Dennis Brent Kirtley, Manager, Tariff Review Branch, Public Service Commission, to Judy Stone, Mayor, City of Eddyville, Kentucky (October 13, 2004).

purchased water is \$29,353.20, resulting in a purchased water adjustment of \$0.36 per 1,000 gallons.

8. Lyon District's proposed purchased water adjustment of \$0.36 per 1,000 gallons is fair, just, and reasonable and should be approved for service rendered on and after October 13, 2004.

IT IS THEREFORE ORDERED that:

1. Eddyville's filing of September 13, 2004 regarding the proposed adjustment of its wholesale water rate is incorporated by reference into the record of this proceeding.

2. Lyon District's proposed rates are approved.

3. The purchased water adjustment of \$0.36 per 1,000 gallons and the rates appended hereto are fair, just, and reasonable and are approved for service rendered on and after October 13, 2004.

4. Within 20 days of the date of this Order, Lyon District shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of November, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004 -00361 DATED NOVEMBER 24, 2004

The following rates and charges are prescribed for the customers in the area served by Lyon 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" Meter

| | | |
|-------|----------------|------------------------|
| First | 2,000 gallons | \$19.12 Minimum Bill |
| Next | 3,000 gallons | 8.05 per 1,000 gallons |
| Next | 5,000 gallons | 6.02 per 1,000 gallons |
| Next | 10,000 gallons | 3.99 per 1,000 gallons |
| Over | 20,000 gallons | 3.49 per 1,000 gallons |

3/4" Meter

| | | |
|-------|----------------|------------------------|
| First | 4,000 gallons | \$24.82 Minimum Bill |
| Next | 1,000 gallons | 5.68 per 1,000 gallons |
| Next | 5,000 gallons | 4.28 per 1,000 gallons |
| Next | 10,000 gallons | 2.88 per 1,000 gallons |
| Over | 20,000 gallons | 2.53 per 1,000 gallons |

1" Meter

| | | |
|-------|----------------|------------------------|
| First | 15,000 gallons | \$75.44 Minimum Bill |
| Next | 5,000 gallons | 3.26 per 1,000 gallons |
| Over | 20,000 gallons | 2.86 per 1,000 gallons |

1 1/2" Meter

| | | |
|-------|----------------|------------------------|
| First | 25,000 gallons | \$106.00 Minimum Bill |
| Over | 25,000 gallons | 2.86 per 1,000 gallons |

2" Meter

| | | |
|-------|----------------|------------------------|
| First | 45,000 gallons | \$163.11 Minimum Bill |
| Over | 45,000 gallons | 2.86 per 1,000 gallons |