

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF) CASE NO. 2007-00009
SIMPSON COUNTY WATER DISTRICT)

O R D E R

On January 3, 2007, Simpson County Water District (“Simpson District”) 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. Simpson District is a water district that is organized pursuant to KRS Chapter 74.
2. Simpson District purchases water from White House Utility District¹ (“White District”) and Warren County Water District.
3. On December 19, 2006, White District and Simpson District entered an agreement to modify their existing water purchase agreement to provide for rate adjustments to finance capital improvements. Under the terms of this agreement, White District and Simpson District agreed to retain a consultant to develop a new

¹ Under Tennessee law, a utility district is a public corporation authorized to furnish certain utility services including water, wastewater, and natural gas. TCA § 7-82-301. White House Utility District provides water and wastewater services to approximately 23,000 customers in Sumner, Robertson, and Davidson counties, Tennessee. Its principal offices are located in White House, Tennessee. It provides wholesale water service to Simpson District. Because the point of sale is in Tennessee and not Kentucky, the Commission does not regulate any aspect of the transaction.

methodology for water rates. They further agreed that, pending the negotiation and execution of a long-term agreement that incorporates this new rate-making methodology, White District's rate for water service to Simpson District will increase from \$1.18 per 1,000 gallons to \$1.86 per 1,000 gallons for a period of not less than 12 months. The effective date of this increase is 45 days from the agreement's execution or upon Commission approval of a purchased water adjustment, whichever occurs first.²

4. During the 12 months ending November 30, 2006, Simpson District purchased 381,379,900 gallons of water from White District and sold 332,094,345 gallons. The increase in the cost of purchased water is \$259,338, resulting in a purchased water adjustment of \$0.78 per 1,000 gallons.

5. The purchased water adjustment of \$0.78 per 1,000 gallons is fair, just, and reasonable and should be approved.

6. The rates set forth in Appendix A reflect a purchased water adjustment of \$0.78 per 1,000 gallons to Simpson District's current rates.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.78 per 1,000 gallons and the rates in Appendix A are approved for service rendered on and after February 3, 2007.

² As KRS 278.015 does not permit the Commission to adjust a water district's rates to reflect immediately an increase in a supplier's rates that has yet to occur, the Commission cannot approve any increase in Simpson District's rates prior to February 3, 2007.

2. Within 20 days of the date of this Order, Simpson District shall file with the Commission revised tariff sheets showing the rates approved herein with an effective date of February 3, 2007.³

Done at Frankfort, Kentucky, this 30th day of January, 2007.

By the Commission

ATTEST:



Executive Director

³ In its application for a purchased water adjustment, Simpson District also filed a tariff sheet reflecting its current rates for private fire protection service. See Case No. 2002-00042, An Investigation Into Simpson County Water District's Rate Schedules For Services With Private Fire Protection Facilities (Ky.PSC May 11, 2005). As these rates are neither related to nor affected by the proposed purchased water adjustment, the Commission has separated this sheet from Simpson District's application and will review it separately under the procedures set forth in KRS 278.180 and Administrative Regulation 807 KAR 5:011.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00009 DATED January 30, 2007

The following rates and charges are prescribed for the customers in the area served by Simpson 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	2,000 gallons	\$14.19 Minimum Bill
Next	8,000 gallons	4.84 per 1,000 gallons
Next	190,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

3/4" Meter:

First	3,000 gallons	\$19.54 Minimum Bill
Next	7,000 gallons	4.84 per 1,000 gallons
Next	190,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

1" Meter:

First	5,000 gallons	\$29.72 Minimum Bill
Next	5,000 gallons	4.84 per 1,000 gallons
Next	190,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

1 1/2" Meter:

First	10,000 gallons	\$59.94 Minimum Bill
Next	190,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

2" Meter:

First	16,000 gallons	\$86.83 Minimum Bill
Next	184,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

3" Meter:

First	30,000 gallons	\$173.10 Minimum Bill
Next	170,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

4" Meter:

First	50,000 gallons	\$263.71 Minimum Bill
Next	150,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

6" Meter:

First	100,000 gallons	\$489.25 Minimum Bill
Next	100,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

8" Meter:

First	160,000 gallons	\$763.11 Minimum Bill
Next	40,000 gallons	4.23 per 1,000 gallons
Next	400,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons

10" Meter:

First	550,000 gallons	\$2,310.09 Minimum Bill
Next	50,000 gallons	3.90 per 1,000 gallons
Over	600,000 gallons	2.62 per 1,000 gallons