

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTH SHELBY WATER )  
COMPANY FOR A PURCHASED WATER ) CASE NO. 2008-00556  
ADJUSTMENT )

ORDER

On December 29, 2008, North Shelby Water Company ("North Shelby") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that:

1. North Shelby purchases water from Louisville Water Company, City of Shelbyville ("Shelbyville"), Frankfort Electric and Water Plant Board ("Frankfort"), and West Shelby Water District.
2. The wholesale rate that Frankfort charges to North Shelby is composed of two rate components: general rate and Kentucky River Authority Withdrawal Fee rate.
3. On December 8, 2008, Frankfort increased its general rate from \$1.539 per 1,000 gallons to \$1.822 per 1,000 gallons pending final action in Case No. 2008-00250.<sup>2</sup>

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<sup>1</sup> KRS 278.012; 807 KAR 5:068.

<sup>2</sup> Case No. 2008-00250, The Proposed Adjustment of the Wholesale Rates of the Frankfort Electric and Water Plant Board (Ky. PSC filed June 6, 2008).

4. On December 10, 2008, North Shelby's Board of Directors voted to adjust the water association's rates to reflect the increase in the general rate component effective immediately.

5. In applying the purchased water adjustment procedures set forth in Administrative Regulation 807 KAR 5:068, each rate component of Frankfort's wholesale should be considered a separate rate and adjusted individually, not collectively. The individual rate components should not be combined and considered as one rate.

6. During the 12 months ending November 30, 2008, North Shelby purchased 478,136,860 gallons of water and sold a total of 382,534,000 gallons. The total increase cost of purchased water is \$50,492.58, which results in a purchased water adjustment of \$0.13 per 1,000 gallons.

7. The calculations shown in Appendix A to this Order reflect the proper calculation of the purchased water adjustment factor.

8. In calculating the effects of the adjustment, North Shelby misapplied the adjustment factor to its current rates.

9. A purchased water adjustment of \$0.13 per 1,000 gallons is fair, just and reasonable.

IT IS THEREFORE ORDERED that:

1. North Shelby's proposed rates are denied.
2. A purchased water adjustment of \$0.13 per 1,000 gallons is approved.
3. The rates set forth in Appendix B to this Order are approved for services that North Shelby renders on and after the date of this Order.
4. Within 20 days of the date of this Order, North Shelby shall file with the Commission revised tariff sheets containing the approved rates.

Done at Frankfort, Kentucky, this 28<sup>th</sup> day of January, 2009.

By the Commission

ATTEST:

*WEMillet*  
FOR JEFF DEROUEN, w/ PERMISSION  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00556 DATED JANUARY 28, 2009

	New Rate	Base Rate	
North Shelby Water			
Purchases in gallons	478,136,860	478,136,860	
Volumetric rate	<u>\$1.822/1,000</u>	<u>\$1.539/1,000</u>	
	\$325,079.42	\$274,586.84	
		Increased water cost	\$50,492.58
Increased water cost		\$ 50,492.58	
Divided by gallons sold		<u>382,534,400</u>	
Purchased water adjustment factor		\$0.13 per 1,000 gallons	

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00556 DATED JANUARY 28, 2009

The following rates and charges are prescribed for the customers in the area served by North Shelby Water Company. 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.

#### 5/8" X 3/4" Meter

First	2,000 gallons	\$12.06 Minimum Bill
Next	3,000 gallons	4.91 per 1,000 gallons
Next	5,000 gallons	3.79 per 1,000 gallons
Next	40,000 gallons	3.23 per 1,000 gallons
Over	50,000 gallons	2.67 per 1,000 gallons

#### 1" Meter

First	5,000 gallons	\$26.79 Minimum Bill
Next	5,000 gallons	3.79 per 1,000 gallons
Next	40,000 gallons	3.23 per 1,000 gallons
Over	50,000 gallons	2.67 per 1,000 gallons

#### 1 1/2" Meter

First	10,000 gallons	\$45.74 Minimum Bill
Next	40,000 gallons	3.23 per 1,000 gallons
Over	50,000 gallons	2.67 per 1,000 gallon

#### 2" Meter

First	15,000 gallons	\$61.89 Minimum Bill
Next	35,000 gallons	3.23 per 1,000 gallons
Over	50,000 gallons	2.67 per 1,000 gallons

#### 3" Meter

First	35,000 gallons	\$126.49 Minimum Bill
Next	15,000 gallons	3.23 per 1,000 gallons
Over	50,000 gallons	2.67 per 1,000 gallons

Darrell Dees  
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