

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	CASE NO.
APPLICATION OF ELKHORN WATER)	2009-00219
DISTRICT)	

O R D E R

On June 15, 2009, Elkhorn Water District ("Elkhorn") submitted an application for approval to reduce its rates pursuant to the purchased water adjustment procedure.¹ Elkhorn submitted the application due to a decrease in the wholesale rate for water purchased from the Frankfort Electric and Water Plant Board ("Plant Board"). The application failed to meet the Commission's minimum filing requirements set out in 807 KAR 5:068. Elkhorn was notified of the deficiencies by letter dated June 22, 2009. On July 8, 2009, Elkhorn submitted information curing the deficiencies.

The Plant Board implemented an increase in the wholesale rate to Elkhorn prior to approval of that increase by the Commission. Elkhorn passed that increase on to its customers through the purchased water adjustment process in Case No. 2009-00003.² The Plant Board was ultimately required to reduce its wholesale rate and refund certain funds already paid by Elkhorn.³ Pursuant to 807 KAR 5:068, Section 2(4), Elkhorn has

¹ KRS 278.015; 807 KAR 5:068.

² Case No. 2009-00003, Purchased Water Adjustment of Elkhorn Water District (Ky. PSC Feb. 5, 2009).

³ Case No. 2008-00250, Proposed Adjustment of the Wholesale Water Service Rate of the Frankfort Electric and Water Plant Board (Ky. PSC Apr. 6, 2009).

now applied to the Commission for authority to pass that reduced rate along to its customers, but it has not addressed the issue of the required refunds. The Commission's Order in the Plant Board case also required that "[u]pon receipt of the Plant Board's refund, each of the Intervenors [one of which is Elkhorn] shall immediately apply to the Commission for authority to make adjustments on the amounts charged to its customers' bills, pursuant to 807 KAR 5:068, Section 2(4)." The Plant Board has notified Commission Staff that it has refunded each wholesale purchaser the amount owed, via a credit on the June billing statement.

KRS 278.015 permits a water district "to increase its rates commensurate with the wholesale supplier." After a water district files the appropriate documents with the Commission, we must "approve the filing or establish revised rates by order no later than thirty (30) days" after the documents are filed, pursuant to that statute. This Order shall serve to establish revised rates based on the reduced wholesale rate approved for the Plant Board. However, additional information is necessary in order to calculate the refund owed to Elkhorn's customers. An Order authorizing Elkhorn's refund to its customers based on 807 KAR 5:068, Section 2(4), shall be issued at a later date.

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

1. Elkhorn purchases water from the Plant Board.
2. The Plant Board reduced its wholesale rate to Elkhorn per Commission Order in Case No. 2009-00250, effective April 6, 2009, from \$1.822 per 1,000 gallons to \$1.704 per 1,000 gallons.

3. Elkhorn proposed a purchased water adjustment factor of \$0.18 per 1,000 gallons. Elkhorn failed to follow the method for calculating a purchased water adjustment factor as set out in 807 KAR 5:068.

4. The base rate, as defined by 807 KAR 5:068, Section 1, to be used in this case shall be \$1.822 per 1,000 gallons. The changed rate to be used in this case shall be \$1.704 per 1,000 gallons.

5. During the 12 months ending April 30, 2009, Elkhorn purchased 66,613,300 gallons of water from the Plant Board, and it sold 61,161,100 gallons. The decrease in the cost of purchased water is \$7,860.37, resulting in a purchased water adjustment factor of \$-0.13 per 1,000 gallons.

6. The purchased water adjustment factor of \$-0.13 per 1,000 gallons is fair, just, and reasonable and should be approved.

7. The Plant Board refunded the amount owed Elkhorn, via a credit on the June billing statement for charges, as a result of the Plant Board placing its proposed rates into effect prior to resolution of Case No. 2008-00250 pursuant to KRS 278.190; but additional information is needed to calculate the refund factor to be used by Elkhorn.

8. Elkhorn has not yet received Commission authority to make refunds to its customers' bills under 807 KAR 5:068, Section 2(4).

IT IS HEREBY ORDERED that:

1. The rates proposed by Elkhorn are denied.
2. The purchased water adjustment factor of \$-0.13 per 1,000 gallons, as calculated in Appendix A, is approved.

3. The rates in Appendix B, attached hereto and incorporated herein, are fair, just, and reasonable, and are approved for services on or after June 18, 2009.

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

5. Elkhorn shall not make any further adjustments or refunds to its customers' bills until it has received authority by future Order of this Commission.

6. Elkhorn shall, within 10 days of the date of this Order, file with the Commission the original and six copies of the information listed in Appendix C, with a copy to all parties of record.

a. Responses to requests shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided.

b. Each response shall be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

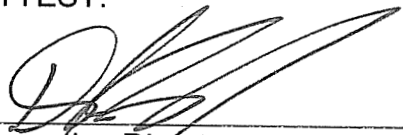
c. Elkhorn shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which Elkhorn fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

By the Commission

ENTERED *M*
JUL 27 2009
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00219 DATED JUL 27 2009

	Changed Rate	Base Rate
Frankfort		
Purchases in gallons	66,613,300	66,613,300
Volumetric rate	<u>\$ 1.704 /1,000</u>	<u>\$ 1.822/1,000</u>
	\$113,509.06	\$121,369.43
	Decreased water cost	\$ 7,860.37

Decreased water cost	\$7,860.37
Divided by gallons sold	61,161,100
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. 2009-00219 DATED JUL 27 2009

The following rates and charges are prescribed for the customers in the area served by Elkhorn 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	\$13.27	Minimum Bill
Next	3,000 gallons	4.99	per 1,000 gallons
Next	5,000 gallons	4.41	per 1,000 gallons
Over	10,000 gallons	3.18	per 1,000 gallons

1" Meter

First	5,000 gallons	\$28.24	Minimum Bill
Next	5,000 gallons	4.41	per 1,000 gallons
Over	10,000 gallons	3.18	per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$50.29	Minimum Bill
Over	10,000 gallons	3.18	per 1,000 gallons

Mobile Home Parks

McConnell	15,000 gallons
Elkhorn	76,000 gallons
Capital	125,000 gallons

Monthly Minimum Bills

	99.53
	504.26
	829.37

Emergency Wholesale Rate	3.18	per 1,000 gallons
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APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00219 DATED JUL 27 2009

1. Identify the total refund Elkhorn received from the Plant Board.
2. State how often Elkhorn bills its customers (e.g., monthly or quarterly).
3. Identify the approximate date on which Elkhorn reads its customers' meters.
4. Identify the approximate date on which Elkhorn sends bills to its customers.
5. Identify the approximate date on which Elkhorn's customers' bills are due to Elkhorn.
6. State whether Elkhorn prefers to provide refunds over a one- or two-month period.
7. State the month or months in which Elkhorn prefers to send out bills to its customers with the refund.
8. Estimate the number of gallons of water Elkhorn will sell to its customers during July and August 2009.
9. Describe how Elkhorn determined its estimate in Item 8 above.

Garland Moore
Chairman
Elkhorn Water District
P. O. Box 67
Frankfort, KY 40602