

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	CASE NO.
FILING OF FARMDALE WATER)	2009-00220
DISTRICT)	

O R D E R

On June 16, 2009, Farmdale Water District ("Farmdale") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ On June 26, 2009, the Commission notified Farmdale that it would also consider Farmdale's authorization to make adjustments in the amounts charged to Farmdale's customers as a result of Farmdale's receipt of a refund from the Frankfort Electric and Water Plant Board ("Plant Board") and based on 807 KAR 5:068, Section 2(4).

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" pursuant to that statute. This Order shall serve to establish revised rates based on the purchased water adjustment, but additional information is necessary in order to calculate the refund owed to Farmdale's customers. An Order authorizing Farmdale's refund to its customers based on 807 KAR 5:068, Section 2(4), shall be issued at a later date.

¹ KRS 278.015; 807 KAR 5:068.

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

1. Farmdale purchases water from the Plant Board.
2. The Plant Board reduced its wholesale rate to Farmdale per Commission Order in Case No. 2009-00250,² effective April 6, 2009, from \$1.822 per 1,000 gallons to \$1.704 per 1,000 gallons.
3. Farmdale proposed a purchased water adjustment factor of \$0.26 per 1,000 gallons. Farmdale 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 ended April 30, 2009, Farmdale purchased 219,954,000 gallons of water from Frankfort, and it sold 176,430,000 gallons. The decrease in the cost of purchased water is \$25,954.57, resulting in a purchased water adjustment factor of \$-0.15 per 1,000 gallons.
6. The purchased water adjustment factor of \$-0.15 per 1,000 gallons is fair, just, and reasonable and should be approved.
7. Farmdale proposed an effective date of June 1, 2009.
8. The Plant Board refunded \$5,806.12 to Farmdale for charges as a result of the Plant Board placing its proposed rates into effect prior to resolution of the case

² Case No. 2008-00250, *Proposed Adjustment of the Wholesale Water Service Rates of Frankfort Electric and Water Plant Board* (Ky. PSC Apr. 6, 2009).

pursuant to KRS 278.190, but additional information is needed to calculate the accurate refund factor used by Farmdale.

9. Farmdale has stated that it refunded customers \$0.10 per 1,000 gallons on bills sent out in May 2009 and will refund customers an additional \$0.10 per 1,000 gallons on bills to be sent out in July 2009.

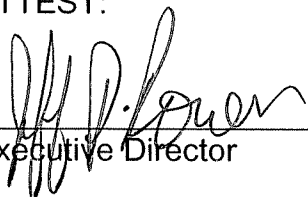
10. Farmdale has not yet received Commission authority to make adjustments to its customers' bills under 807 KAR 5:068, Section 2(4).

IT IS HEREBY ORDERED that:

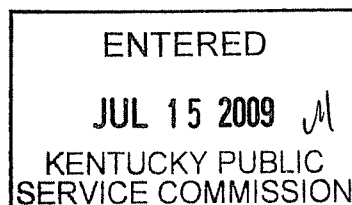
1. The rates proposed by Farmdale are denied.
2. The purchased water adjustment factor of \$-0.15 per 1,000 gallons, as calculated in Appendix A, is approved.
3. The rates in Appendix B, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services on or after June 1, 2009.
4. Within 20 days of the date of this Order, Farmdale shall file with the Commission revised tariff sheets showing the rates approved herein.
5. Farmdale shall not make any further adjustments or refunds to its customers' bills until it has received authority by future Order of this Commission.

By the Commission

ATTEST:



Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00220 DATED JUL 15 2009

	Changed Rate	Base Rate
Frankfort		
Purchases in gallons	219,954,000	219,954,000
Volumetric rate	<u>\$ 1.704 /1,000</u>	<u>\$ 1.822/1,000</u>
	\$374,801.62	\$400,756.19
	Decreased water cost	\$ 25,954.57

Decreased water cost	\$25,954.57
Divided by gallons sold	176,430,000
Purchased water adjustment factor	-\$0.15 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00220 DATED **JUL 15 2009**

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

Residential and Commercial Consumers

5/8" Meter

First	2,000 gallons	\$9.00	Minimum Bill
Next	3,000 gallons	3.00	per 1,000 gallons
Next	5,000 gallons	2.50	per 1,000 gallons
Over	10,000 gallons	2.30	per 1,000 gallons

1" Meter

First	7,000 gallons	\$23.00	Minimum Bill
Next	3,000 gallons	2.50	per 1,000 gallons
Next	140,000 gallons	2.30	per 1,000 gallons
Over	150,000 gallons	2.05	per 1,000 gallons

Commercial Consumers (Stewart Home)

First	7,000 gallons	\$23.00	Minimum Bill
Next	3,000 gallons	2.50	per 1,000 gallons
Next	140,000 gallons	2.30	per 1,000 gallons
Over	150,000 gallons	2.05	per 1,000 gallons

Industrial Consumers/Trailer Parks

First	7,000 gallons	\$23.00	Minimum Bill
Next	3,000 gallons	2.50	per 1,000 gallons
Next	140,000 gallons	2.30	per 1,000 gallons
Over	150,000 gallons	2.05	per 1,000 gallons

Berl Robinson
Chairman
Farmdale Water District
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Route 8
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