

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	CASE NO.
OF PEAKS MILL WATER DISTRICT)	2009-00232

O R D E R

On June 23, 2009, Peaks Mill Water District ("Peaks Mill") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ On June 30, 2009, the Commission notified Peaks Mill that it would also consider Peaks Mill's authorization to make adjustments in the amounts charged to Peaks Mill's customers as a result of Peaks Mill'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 appropriate refund owed to Peaks Mill's customers. An Order authorizing Peaks Mill'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. Peaks Mill purchases water from the Plant Board and Kentucky-American Water Company.

2. The Plant Board reduced its wholesale rate to Peaks Mill 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. Peaks Mill proposed a purchased water adjustment factor of \$-0.197 per 1,000 gallons. Peaks Mill 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 May 30, 2009, Peaks Mill purchased 78,519,899 gallons of water from the Plant Board, and it sold 65,709,700 gallons. The decrease in the cost of purchased water is \$9,265.35, resulting in a purchased water adjustment factor of \$-0.14 per 1,000 gallons.

6. The purchased water adjustment factor of \$-0.14 per 1,000 gallons is fair, just, and reasonable and should be approved.

7. Peaks Mill proposed an effective date of June 26, 2009.

8. The Plant Board refunded \$2,779.08 to Peaks Mill 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 Peaks Mill.

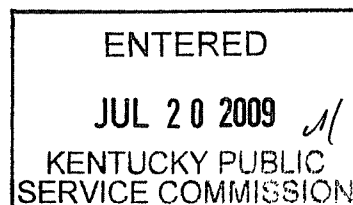
9. Peaks Mill has stated that it refunded customers on the bills sent out in June 2009.

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

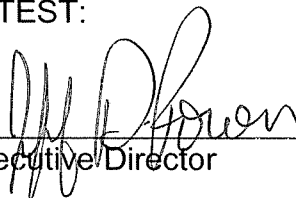
IT IS HEREBY ORDERED that:

1. The rates proposed by Peaks Mill are denied.
2. The purchased water adjustment factor of \$-0.14 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 rendered on or after June 26, 2009.
4. Within 20 days of the date of this Order, Peaks Mill shall file with the Commission revised tariff sheets showing the rates approved herein.
5. Peaks Mill 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. 2009-00232 DATED JUL 20 2009

	Changed Rate	Base Rate
Plant Board		
Purchases in gallons	78,519,899	78,519,899
Volumetric rate	<u>\$1.704 /1,000</u>	<u>\$1.822/1,000</u>
	\$133,797.91	\$143,063.26
Kentucky-American Water Company	no change	
	Decreased water cost	\$9,265.35

Decreased water cost	\$9,265.35
Divided by gallons sold	<u>65,709,700</u>
Purchased water adjustment factor	\$-0.14 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00232 DATED JUL 20 2009

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

First	2,000 gallons	\$19.83	Minimum Bill
Next	3,000 gallons	6.50	per 1,000 gallons
Next	5,000 gallons	5.28	per 1,000 gallons
Over	10,000 gallons	4.67	per 1,000 gallons

Church Quarles
Peaks Mill Water District
310 Perkins Road
Frankfort, KY 40601