

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF ) CASE NO. 2012-00419  
LAKE VILLAGE WATER ASSOCIATION, INC. )

ORDER

On September 12, 2012, Lake Village Water Association (“Lake Village”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

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

1. Lake Village purchases water from the city of Harrodsburg, Kentucky (“Harrodsburg”) and the city of Danville, Kentucky.
2. Harrodsburg’s wholesale water service rates to Lake Village are based upon a seven-step, declining block rate design.
3. On September 10, 2012, Harrodsburg increased its wholesale water rate to Lake Village, increasing each rate block, on average, by 12.5 percent.
4. Lake Village proposes to increase the water rates to its customers effective November 1, 2012, to reflect the increase in Harrodsburg’s rates.
5. During the 12 months ending August 31, 2012, Lake Village purchased a total of 73,022,458 gallons<sup>2</sup> of water from Harrodsburg and sold 120,078,387 gallons.

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

<sup>2</sup> 73,022,458 gallons equal 10,061,456 cubic feet.

The increase in the cost of purchased water is \$18,658.30, resulting in a purchased water adjustment of \$0.16 per 1,000 gallons.<sup>3</sup>

6. The purchased water adjustment of \$0.16 per 1,000 gallons is fair, just, and reasonable and should be approved.

7. Lake Village's proposed rates are fair, just, and reasonable and should be approved for service rendered on and after November 1, 2012.

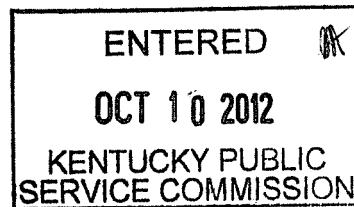
IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.16 per 1,000 gallons, as calculated in Appendix A to this Order, is approved.

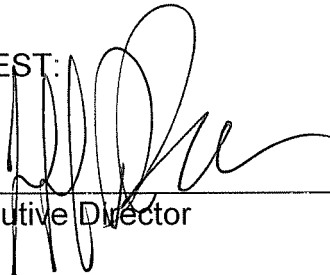
2. Lake Village's proposed rates, as set forth in Appendix B to this Order, are approved for water service rendered on and after November 1, 2012.

3. Lake Village's tariff sheet, as filed in its application, is approved.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

<sup>3</sup> In its application, Lake Village calculated the increased cost of purchased water as \$19,756.07 and resulted in a purchased water adjustment factor of \$0.164526 per 1,000 gallons, which it proposed to round down to \$0.16 per 1,000 gallons. The Commission's calculations, as shown in Appendix A, show the increased cost to be \$18,658.30.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2012-00419 DATED OCT 10 2012

**BASE RATES**

		<u>Bills</u>	Total Cubic <u>Feet</u>	<u>Rate</u>	<u>Revenue</u> <sup>4</sup>
First	250 cu. ft.	12	3,000	\$8.78	\$ 105.360
Next	750 cu. ft.		9,000	3.33	299.700
Next	3,000 cu. ft.		36,000	2.90	1,044.000
Next	6,000 cu. ft.		72,000	2.46	1,771.200
Next	25,000 cu. ft.		300,000	2.10	6,300.000
Next	25,000 cu. ft.		300,000	1.75	5,250.000
Over	60,000 cu. ft.		<u>9,341,456</u>	1.40	<u>130,780.384</u>
TOTAL		12	10,061,456		\$145,550.644

**CHANGED RATES**

		<u>Bills</u>	Total Cubic <u>Feet</u>	<u>Rate</u>	<u>Revenue</u> <sup>5</sup>
First	250 cu. ft.	12	3,000	\$9.87	\$ 118.440
Next	750 cu. ft.		9,000	3.75	337.500
Next	3,000 cu. ft.		36,000	3.26	1,173.600
Next	6,000 cu. ft.		72,000	2.77	1,994.400
Next	25,000 cu. ft.		300,000	2.36	7,080.000
Next	25,000 cu. ft.		300,000	1.97	5,910.000
Over	60,000 cu. ft.		<u>9,341,456</u>	1.58	<u>147,595.005</u>
TOTAL		12	10,061,456		\$164,208.945

Increased Water Cost = \$164,208.945 - \$145,550.644 = \$18,658.30

\$18,658.30 (Increased Water Cost) ÷ 120,078,387 gallons (Gallons Sold) = \$0.1554 per  
1,000 gallons (Purchased Water Adjustment Factor)

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<sup>4</sup> Revenue's have been calculated based on per 100 cubic feet.

<sup>5</sup> *Id.*

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2012-00419 DATED OCT 10 2012

The following rates and charges are prescribed for the customers in the area served by Lake Village Water Association. All other rates and charges not specifically listed remain the same as those in effect prior to the effective date of this Order.

Monthly Water Rates

First	2,000 gallons	\$23.60 Minimum Bill
Next	18,000 gallons	8.85 per 1,000 gallons
Over	20,000 gallons	6.87 per 1,000 gallons

Wholesale Water Rates

Northpoint Training Facility	\$ 2.50 per 1,000 gallons
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Mike D Sanford  
Executive Director  
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