

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT	)	
FILING OF ELKHORN WATER	)	CASE NO. 2012-00427
DISTRICT	)	

ORDER

On September 18, 2012, Elkhorn Water District (“Elkhorn”) filed its application 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. Elkhorn purchases water from Frankfort Electric and Water Plant Board (“Frankfort”).
2. On September 24, 2012, Frankfort adjusted the Kentucky River Authority (“KRA”) Fee component of its wholesale water service rate to Elkhorn from \$0.0965 per 1,000 gallons to \$0.1079 per 1,000 gallons.
3. Elkhorn proposes to apply a purchased water adjustment factor of \$0.07 per 1,000 gallons to its rates to reflect the increased cost of purchased water.

Elkhorn, in its application, calculated its purchased water adjustment factor by adding the KRA Fee component to Frankfort’s wholesale rate and rounding up the sum. This method, however, inflates the effect of the wholesale rate increase. The more appropriate and accurate methodology to calculate the purchased water adjustment

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

factor is shown in Appendix A and results in a purchased water adjustment factor of \$0.02.

4. Elkhorn proposes to adjust its rates on October 18, 2012.

5. During the 12 months ended July 31, 2012, Elkhorn purchased 64,624,000 gallons of water from Frankfort. It sold 52,595,700 gallons of water during the same period.

6. The purchased water adjustment factor as calculated using the KRA Fee component of \$0.02 per 1,000 gallons is fair, just, and reasonable and should be approved.

7. The rates set forth in Appendix B to this Order are fair, just, and reasonable and should be approved for water service that Elkhorn renders on and after October 18, 2012.

IT IS THEREFORE ORDERED that:

1. Elkhorn's proposed rates are denied.

2. The purchased water adjustment factor of \$0.02 per 1,000 gallons as calculated in Appendix A is approved.

3. The rates in Appendix B are approved for service that Elkhorn renders on or after October 18, 2012.

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

By the Commission

ENTERED PA  
OCT 05 2012  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST.

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

Case No. 2012-00427

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2012-00427 DATED **OCT 05 2012**

	New Rate	Base Rate
Frankfort		
Purchases in gallons	64,624,000	64,624,000
Volumetric rate	No Change	No Change
KRA Fee rate	<u>\$0.1079/1,000</u>	<u>\$0.0965/1,000</u>
	\$6,972.93	\$6,236.22
Increased water cost		\$736.71
Increased water cost		\$736.71
Divided by gallons sold/1,000		52,595,700
Purchased water adjustment factor		\$0.0140
		or \$0.02 per 1,000 gallons

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00427 DATED **OCT 05 2012**

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.

		<u>Monthly Rates</u>	
<u>Usage Blocks</u>			
First	2,000 gallons	\$13.85	Minimum Bill
Next	3,000 gallons	5.28	per 1,000 gallons
Next	5,000 gallons	4.70	per 1,000 gallons
Over	10,000 gallons	3.47	per 1,000 gallons
<u>Minimum Bill for Larger Meter Sizes</u>			
1" Meter			
First	5,000 gallons	\$29.69	Minimum Bill
1 1/2" Meter			
First	10,000 gallons	\$53.19	Minimum Bill
<u>Minimum Bill for Mobile Home Parks</u>			
McConnell			
First	15,000 gallons	\$103.88	Minimum Bill
Elkhorn			
First	76,000 gallons	\$526.30	Minimum Bill
Capital			
First	125,000 gallons	\$865.63	Minimum Bill
Emergency Wholesale Rate		3.47	per 1,000 gallons

Michael Dudgeon  
Chairman  
Elkhorn Water District  
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