

**ELKHORN WATER DISTRICT
P.O. BOX 67
FRANKFORT, KY 40602**

RECEIVED

APR 08 2011

PUBLIC SERVICE
COMMISSION

April 3, 2011

Public Service Commission
P.O. Box 615
Frankfort, KY 40602

To the Commission:

2011-00129

The Elkhorn Water District respectfully requests that the Commission allow us to make an adjustment in our rates in accordance with 807 KAR 5:068 Purchased Water Adjustment Clause.

The District purchased 79,445,400 gallons from February 2010 to January 2011. The District sold 60,381,300 gallons to its customers. The effective cost of water purchased was 1.754 (with the Kentucky River Authority fee) during the test period. With the wholesale increase by the Frankfort Electric and Water Plant Board the new cost is expected to be 1.86 making the total new cost \$147,768.44. The difference between the old cost and the new cost is expected to be \$8,421.21; the incremented cost in terms of water sold is \$.14 per 1,000 gallons. We propose to raise each gallonage block that amount.

The following documents are enclosed:

Purchased Water Rate Adjustment

Copy of Tariff

Statement of Water Purchased and Sold

Notice to Customers

Tariff Sheet

If you have any questions , please contact the office at 695-4431.

Sincerely,



Garland Moore, Jr.
Chairman

NOTICE TO CUSTOMERS

Elkhorn Water District has made an adjustment in rates due to the increase by the Frankfort Electric and Water Plant Board to the District. The change is made necessary due to the increase in the wholesale price of water from our supplier, Frankfort Electric and Water Plant Board.

Monthly Rates

General Service

First 2,000 gallons per month	\$13.55 Minimum Bill
Next 3,000 gallons per month	5.13 per 1,000 Gallons
Next 5,000 gallons per month	4.55 per 1,000 Gallons
All over 10,000 gallons per month	3.32 per 1,000 Gallons

General Service Meters

5/8 inch	2,000 gallons \$13.55
1 inch	5,000 gallons \$28.94
1 ½ inch	10,000 gallons \$51.69

Mobile Home Parks

McConnell	15,000 gallons \$ 101.63
Elkhorn	76,000 gallons \$ 514.90
Capital	125,000 gallons \$ 846.88

Emergency Wholesale Rate \$3.32 per 1,000 gallons

The application is on file at the office of Elkhorn Water District, Frankfort, Kentucky and is available for during examination during office hours.

**PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5:068)**

Name of Utility	ELKHORN WATER DISTRICT	
Date	4/3/2011	
Address	PO BOX 67	
City, State, Zip	FRANKFORT KY	40602
Telephone Number	502-695-4431	

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

Supplier(s)	Base Rate	Changed Rate
FEWPB	1.754	1.86

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From	February 2010	through	January 2011
	(month and year)		(month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
FEWPB	79,445,400
TOTAL PURCHASES	79,445,400
4. Total sales for the 12 month period	60,381,300
5. Increased water cost	\$8,421.21
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	.14
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p>Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.</p>	
7. Proposed effective date	May 2011
	
Signature of Utility Officer	
Title	

FOR Entire Area Served _____

PSC KY NO. _____

SHEET NO. _____

Elkhorn Water District
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____

SHEET NO. _____

Usage Blocks

First 2,000 gallons
Next 3,000 gallons
Next 5,000 gallons
Over 10,000 gallons

Monthly Rates

\$13.55 Minimum Bill
5.13 per 1,000 Gallons
4.55 per 1,000 Gallons
3.32 per 1,000 Gallons

Meter Sizes

1 inch meter
1 ½ inch meter

Monthly Minimum Bills

5,000 Gallons \$28.94
10,000 Gallons \$51.69

All usage in excess of the minimum bill shall be billed according to the General Rate Schedule.

Mobile Home Parks

McConnell
Elkhorn
Capital

Monthly Minimum Bills

15,000 Gallons \$101.63
76,000 Gallons \$514.90
125,000 Gallons \$846.88

Emergency Wholesale Rate

3.32 per 1,000 Gallons

Anyone who wishes to purchase water at the emergency wholesale rate shall pay any costs associated with the emergency hookup.

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY *David M. J.*
SIGNATURE OF OFFICER

TITLE *Chairman*

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

WATER PURCHASED AND SOLD

	Water Purchased	Water Sold
Feb	7,725,900	4,047,000
Mar	7,226,100	4,250,000
April	5,400,900	4,144,500
May	5,531,500	4,680,600
June	7,400,900	5,584,100
July	6,570,300	6,131,900
Aug	6,879,800	5,815,600
Sep	6,792,600	5,829,200
Oct	6,371,900	5,800,500
Nov	6,294,200	4,784,400
Dec	6,625,900	4,518,000
Jan	6,625,400	4,795,500
Total	79,445,400	60,381,300

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF FRANKFORT) CASE NO. 2010-00485
ELECTRIC AND WATER PLANT BOARD)

ORDER

On November 18, 2010, Frankfort Electric and Water Plant Board ("Plant Board") proposed to adjust its existing rates for wholesale water service to public utilities effective on and after December 19, 2010. On December 17, 2010, the Commission suspended the Plant Board's proposed rate, set up this case to investigate the reasonableness of the proposed rate, and granted intervention to Elkhorn Water District ("Elkhorn"), North Shelby Water Company ("North Shelby"), Peaks Mill Water District ("Peaks Mill"), and U.S. 60 Water District ("U.S. 60 District"). The Order of December 17, 2010 also included a procedural schedule and data request from the Commission. The Plant Board responded to that data request on January 7, 2011.

On January 28, 2011, Commission Staff issued a second data request to the Plant Board. Elkhorn and Peaks Mill issued a joint request for information on the same day. On February 10, 2011, the Plant Board filed a motion to suspend the procedural schedule because the parties had reached a settlement in the matter. The Plant Board indicated that all parties agreed to the suspension. On February 15, 2011, Commission Staff held an informal teleconference, in which the parties informed Staff of the proposed settlement and discussed the procedure for filing the settlement. On February

18, 2011, the parties filed a Joint Settlement Stipulation and Recommendation, a copy of which is attached as an Appendix to this Order.

Having considered the Joint Settlement Stipulation and Recommendation, the Commission finds that the agreed rate and other settlement provisions should be approved. The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure "that any public utility consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service." Simpson County Water District v. City of Franklin, 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The intervenors that purchase water from the Plant Board made clear their objections to the proposed rate adjustment. The Plant Board has apparently addressed the intervenors concerns, and the parties have reached agreement on the appropriate rates for service for future years.

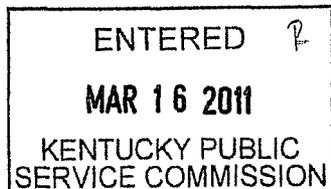
As the Settlement Agreement, on its face, appears neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. The Plant Board's motion to suspend the procedural schedule is granted.
2. The Joint Settlement Stipulation and Recommendation is approved.
3. The rates for wholesale water service set forth in the Settlement Agreement are approved for service rendered on and after April 1, 2011.

4. The Plant Board shall, within 20 days of the date of this Order, file tariff sheets that reflect the rates approved herein.

By the Commission



ATTEST:

Stephan Bell for Jeff Derosier
Executive Director

Case No. 2010-00485

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00485 DATED **MAR 16 2011**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
FEB 18 2011
PUBLIC SERVICE
COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE FRANKFORT) CASE NO. 2010-00485
ELECTRIC AND WATER PLANT BOARD)

JOINT SETTLEMENT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely the applicant, Frankfort Electric and Water Plant Board (“Frankfort Plant Board” or “FPB”); and the Intervenor, Elkhorn Water District, Peaks Mill Water District, North Shelby Water Company and U.S. 60 Water District of Shelby and Franklin Counties, Kentucky (“Intervenors”) to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the “Stipulation” and/or “Recommendation”.

It is understood by all parties hereto that this Recommendation is not binding upon the Public Service Commission (“Commission”), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to FPB’s rates. The parties have expended considerable efforts to reach the stipulation and agreements that form the basis of this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

The adoption of this Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission’s final order. Therefore, the parties stipulate and recommend the following:

1. FPB should be permitted to adjust its rates to recover more in annual revenue than it is recovering under its current rates, with such rates to be effective for service rendered on and after April 1, 2011. The parties agree to phase in rate increases of six (6) percent per year for the next three (3) years beginning with the current rate of \$1.704 per 1,000 gallons. Under this structure, the rates are as follows:

Year 1 (April 1, 2011 – March 31, 2012) - \$1.81 per 1,000 gallons

Year 2 (April 1, 2012 – March 31, 2013) - \$1.91 per 1,000 gallons

Year 3 (April 1, 2013 – March 31, 2014) - \$2.01 per 1,000 gallons

FPB will not increase the rates charged to the wholesale non-water producers (i.e. water districts) until after March 31, 2014. After March 31, 2014, FPB will continue to charge \$2.01 per 1,000 gallons until it files a revised tariff that is approved by the Commission.

2. FPB and North Shelby Water Company and U.S. 60 Water District of Shelby and Franklin Counties, Kentucky will extend their current wholesale contracts with a term sufficient to qualify for Rural Development financing. FPB will negotiate mutually agreeable extensions or new contracts with Peaks Mill and Elkhorn Water Districts.

3. Each party waives all cross-examination of the witnesses of the other parties unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record.

4. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving FPB or any other utility.

5. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to that order.

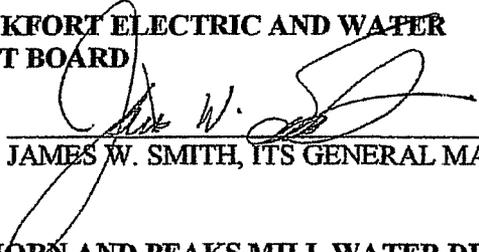
6. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any or all matters involved, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties, nor shall such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party, the Commission, or its Staff in any such hearing.

7. The parties agree that the foregoing Recommendation is reasonable and in the best interests of all concerned, and urge the Commission to adopt the Recommendation in its entirety.

AGREED: This the 18th day of February, 2011.

**FRANKFORT ELECTRIC AND WATER
PLANT BOARD**

BY:



JAMES W. SMITH, ITS GENERAL MANAGER

ELKHORN AND PEAKS MILL WATER DISTRICTS

BY:

Thomas A. Marshall / by Hans Prie w/ authorization
THOMAS A. MARSHALL, ESQ, THEIR
ATTORNEY

**NORTH SHELBY WATER COMPANY AND U.S. 60
WATER DISTRICT OF SHELBY AND FRANKLIN
COUNTIES, KENTUCKY**

BY:

Donald T. Prather / by Hans Prie w/ authorization
DONALD T. PRATHER, ESQ, THEIR
ATTORNEY

Honorable Thomas A Marshall
Attorney At Law
212 Washington Street
P.O. Box 223
Frankfort, KENTUCKY 40601

Honorable Donald T Prather
Mathis, Riggs & Prather, P.S.C.
500 Main Street, Suite 5
Shelbyville, KENTUCKY 40065

Honorable Hance Price
Attorney at Law
Frankfort Electric & Water Plant Board
317 W. Second Street
P. O. Box 308
Frankfort, KY 40602