

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Elkhorn Water District

RECEIVED

MAR 07 2011

PUBLIC SERVICE
COMMISSION

Name of Utility

P.O. Box 67 132 Northwood Road

Frankfort, KY 40601

Business Mailing Address

Telephone Number 502/ 695 4431

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Garland Moore, Chairman

Address: 2221 Switzer Road

Frankfort, KY 40601

Telephone Number: 502-695-4431

- | | | |
|----|---|-----|
| 1) | Do you have 500 customers or fewer? | NO |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less? | YES |
| 3) | Has the Utility filed an annual report with this Commission for the past year and the two previous years? | YES |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise? | YES |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2009.
- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

	2009	Adjustments	Adjusted Bal.
Operating Revenues			
Water Sales	\$ 215,452	\$ 73,819	\$ 289,271
Total Operating Revenue	\$ 215,452	\$ 73,819	\$ 289,271
Expenses:			
Operating & Maint. Expenses			
Salaries & Wages-Employees	\$ 17,782		\$ 17,782
Salaries & Wages-Officers	7,200		7,200
Pensions and Benefits			
Purchased Water	133,849	1,020	134,869
Purchased Power	7,311		7,311
Materials and Supplies	8,282		8,282
Contractual Services	55,777		55,777
Testing	1,338		1,338
Rent	840		840
Insurance	3,325		3,325
Miscellaneous Expenses	<u>78</u>		<u>78</u>
<i>Total operation & Maint. Expen</i>	\$ 235,782		\$ 235,782
Depreciation	36,326	321	36,647
Taxes Other Than Income	<u>2,049</u>		<u>2,049</u>
	\$ 274,157	1,341	\$ 275,498

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Refer to Exhibit A for descriptions and the supporting calculations for each proposed pro forma adjustment.

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	=====

See Appendix C

III. Other Information

a. Please complete the following questions:

1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

2) Total number of Customers
as of the date of filing: **580**

total amount of increased

revenue requested: **\$30,298**

3) Please circle Yes or No:

a) Does the utility have any outstanding indebtedness? YES

b) If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

c) Were all revenues and expenses listed in the Annual Report for **2006** incurred and collected from January 1 to December 31 of that year? YES

d) If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

4) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for **2009** and the amount shown on this schedule.

See attached

- 5) If utility is a sewer utility:
- a) Attach a copy of the latest State and Federal Income Tax Returns. **Not Applicable**
 - b) How much of the utility plant was recovered through the sale of lots or other contributions _____ \$ or %? (If unknown, state the reason).

Not Applicable

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

The operating expenses have increased since the last rate case. For Elkhorn Water District to be able to provide adequate service to its ratepayers, the requested increase in rates is required.

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using declining block rate design. This billing analysis is not intended for companies using a flat rate design.

- a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore, all usage is recorded in Column 4.

Step2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000 gallons – record in Column 4.
Next 3,000 gallons – remainder of water over 2,000 = 1,388,000 gallons – record in Column 5.

Step3: Next 10,000 gallons rate level
1,830 Bills
16,268,700 gallons used
1st 2,000 minimum x 1,830 bills = 3,660,000 gallons – record in Column 4.
Next 3,000 gallons x 1,830 bills = 5,490,000 gallons – record in Column 5.
Next 10,000 gallons – remainder of water over 3,000 = 7,118,700 gallons – record in Column 6.

Step4: Next 25,000 gallons rate level
650 Bills

15,275,000 gallons used
1st 2,000 minimum x 650 bills = 1,300,000 gallons –
record in Column 4.
Next 3,000 gallons x 650 bills = 1,950,000 gallons –
record in Column 5.
Next 10,000 gallons x 650 bills = 6,500,000 gallons –
record in Column 6.
Next 25,000 gallons – remainder of water over 10,000
= 5,525,000 gallons – record in Column 7.

Step5: Over 40,000 gallons rate level
153 Bills
9,975,600 gallons used
1st 2,000 minimum x 153 bills = 306,000 gallons –
record in Column 4.
Next 3,000 gallons x 153 bills = 459,000 gallons –
record in Column 5.
Next 10,000 gallons x 153 bills = 1,530,000 gallons –
record in Column 6.
Next 25,000 gallons x 153 bills = 3,825,000 gallons –
record in Column 7.
Over 40,000 gallons – remainder of water over 25,000
= 3,855,600 gallons – record in Column 8.

Step6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

The Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains the revenue

Revenue from Present/Proposed Rates
 Test Period from 01-01-XX to 12-31-XX

USAGE TABLE
Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,000	(9) Total
First 2,000 Minimum Bill	432	518,400	518,400					518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975,600
Totals	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,895,700

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	4,800	9,254,400	\$ 5.00 Minimum Bill	\$ 24,000.00
Next 3,000 Gallons		9,287,000	\$ 2.50 per 1,000 Gal.	23,217.50
Next 10,000 Gallons		15,148,700	\$ 2.00 per 1,000 Gal.	30,297.40
Next 25,000 Gallons		9,350,000	\$ 1.25 per 1,000 Gal.	11,687.50
Over 40,000 Gallons		3,855,600	\$ 0.75 per 1,000 Gal.	2,891.70
Totals	4,800	46,895,700		\$ 92,094.10 Total Revenue

Instructions for Completing Revenue Table:

- (1) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (2) Complete Column No. 4 using rates either present or proposed.
- (3) Column No. 5 is completed by first multiplying the bills times the minimum charge.
- (4) Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

EXHIBIT B

REVENUE REQUIREMENT

Operating Expenses.	\$ 275,498
Debt Service	36,726
.20 Coverage	<u>7345</u>
Revenue Requirement	\$ 319,569
Normalized Revenue	<u>(289,271)</u>
Increase Required	\$ 30,298

EXHIBIT C
PROPOSED RATES

5/8" Meter

First 2,000 Gallons **\$14.66 Minimum Bill**

Next 3,000 Gallons 5.51 per 1,000 gallons
Next 5,000 Gallons 4.87 per 1,000 gallons
Over 10,000 Gallons 3.51 per 1,000 gallons

1" Meter

First 5,000 Gallons **\$31.19 Minimum Bill**

Next 5,000 Gallons 4.87 per 1,000 gallons
Over 10,000 Gallons 3.51 per 1,000 gallons

1 1/2" Meter

First 10,000 Gallons **\$55.54 Minimum Bill**

Over 10,000 Gallons 3.51 per 1,000 Gallons

Mobile Home Parks

McConnell

First 15,000 Gallons **\$109.95 Minimum Bill**

Over 15,000 Gallons 3.51 per 1,000 gallons

Elkhorn

First 76,000 Gallons \$557.07 Minimum Bill
Over 76,000 Gallons 3.51 per 1,000 gallons

Capital

First 125,000 Gallons \$916.23 Minimum Bill
Over 125,000 Gallons 3.51 per 1,000 gallons

Emergency Wholesale Rate \$3.51 per 1,000 gallons

NOTICE

Elkhorn Water District has filed an application with the Public Service Commission to increase its rates for water service.

Monthly Rate:

<u>Current</u>				<u>Proposed</u>		<u>Rate</u>
First	2,000 Gallons		\$13.27	First	2,000	\$14.66 Minimum Bill
First	3,000 Gallons		4.99	First	3,000	5.51 per 1,000 gallons
First	5,000 Gallons		4.41	First	5,000	4.87 per 1,000 gallons
Over	10,000 Gallons		3.18	Over	10,000	3.51 per 1,000 gallons

	MONTHLY		MONTHLY	PERCENT
	BILL AT		BILL AT	INCREASE
MONTHLY	CURRENT		PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>		<u>RATE</u>	<u>CURRENT</u>
2,000	\$13.27		14.66	10.4%
5,000	28.24		31.19	10.4%
10,000	50.29		55.54	10.4%
20,000	82.09		90.64	10.4%
50,000	177.49		195.94	10.4%
100,000	336.49		371.44	10.4%
200,000	654.49		722.44	10.4%
300,000	972.49		1073.44	10.4%

The rates contained in this notice are the rates proposed by the Elkhorn Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 132 Northwood Road in Frankfort, KY 40602. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

Elkhorn Water District