



North Shelby Water Company

PO Box 97
Bagdad, KY 40003
(502) 747-8942

March 2, 2012

Jeff R. Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RECEIVED

MAR 06 2012

PUBLIC SERVICE
COMMISSION

RE: Formal Application to Increase Rates Pursuant to
Purchased Water Adjustment Regulation 807 KAR 5:068

Dear Mr. Derouen

The North Shelby Water Company respectfully requests that the Commission allow for an adjustment to our rates in accordance with 807 KAR 5:068 Purchased Water Adjustment clause.

In accordance with the terms of a 2011 Joint Settlement Stipulation and Recommendation agreement between the Frankfort Electric & Water Plant Board and the North Shelby Water Company, effective April 1, 2011 the Frankfort Electric & Water Plant Board will implement a \$0.10 per 1000 gallon increase to our wholesale water purchase rates. The result of this increase is \$15,794.90 in additional yearly supply cost for the Company. This translates into \$0.04 per 1000 gallons of water sold to our customers. Therefore, we propose to increase our rates by that amount.

The following supporting documentation is enclosed for your review:

- Exhibit A – Purchase Water Rate Adjustment
- Exhibit B – 2011 Joint Settlement Stipulation and Recommendation and PSC approved Wholesale Tariffs
- Exhibit C – Statement of Water Purchased
- Exhibit D – Statement of Water Sold
- Exhibit E – Notice to Customers
- Exhibit F – Revised Tariff Sheet

The Notice to Customers will be published in accordance with Commission regulations and verification of its publication will be provided to the Commission.

Should you have any questions please contact Lee Mudd at (502) 839-1310, as he is handling this matter.

Sincerely,

Jerry Ruble, President

JR/jlm

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

Name of Utility	North Shelby Water Association	
Date	3/1/2011	
Address	P.O. Box 97	
City, State, Zip	Bagdad, Kentucky	40003
Telephone Number	(502) 747-8942	

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.

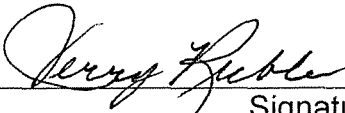
Supplier(s)	Base Rate	Changed Rate
Frankfort Electric & Water Plant Board	\$1.81	\$1.91
Louisville Water Company	\$1.73	No Change
Shelbyville Municipal Water & Sewer Commission	\$1.765	No Change
West Shelby Water District	\$7.54	No Change

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

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 2011	through	January 2012
	(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
Frankfort Electric & Water Plant Board	157,949,000
Louisville Water Company	285,423,000
Shelbyville Municipal Water & Sewer Commission	1,669,580
West Shelby Water District	0
TOTAL PURCHASES	445,041,580
4. Total sales for the 12 month period	378,641,300
5. Increased water cost	\$15,794.90
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	\$0.04
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	April 1, 2012
	
Signature of Utility Officer	
<i>President</i>	
Title	

Increased Water Cost Calculation:

Frankfort Electric & Water Plant Board

$$157,949 * 1.91 = \$301,682.59$$

$$157,949 * 1.81 = \$285,887.69$$

$$\text{Increased Water Cost} = \$15,794.90$$

Purchased Water Adjustment Factor Calculation:

$$\text{Increased Cost of Water} = \$15,794.90$$

$$\text{Total Gallons Sold} = 378,641,300$$

$$\$15,794.90 / 378,641.3 = \$0.04 / 1000 \text{ Gallons}$$

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.

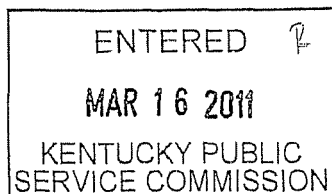
As the Settlement Agreement, on its face, appears neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

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 Dell for Jeff Perrow
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 intervenors, 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 Pinn 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 Pinn w/ authorization
DONALD T. PRATHER, ESQ, THEIR
ATTORNEY

FOR ENTIRE SERVICE AREA
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 1

CANCELLING P.S.C. KY. NO. N/A

N/A SHEET NO. N/A

FRANKFORT ELECTRIC &
WATER PLANT BOARD
(Name of Utility)

RATES & CHARGES

APPLICABILITY: All wholesale water users regulated by the Public Service Commission purchasing water from the FEWPB that is to be resold.

AVAILABILITY OF SERVICE: To all water districts

RATE: 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

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.

CONDITIONS OF SERVICE: Pursuant to contract.

NOTE: As of April 1, 2011, this tariff sheet cancels and replaces all other tariff sheets on file containing general rates applicable to wholesale water districts and implements the general rates established in Case No. 2010-00485. FPB's tariff sheet containing charges for the Ky. River Authority withdrawal fee on file with the Commission shall remain in full force and effect.

DATE OF ISSUE March 18, 2011
Month / Date / Year
DATE EFFECTIVE April 1, 2011
Month / Date / Year
ISSUED BY [Signature]
(Signature of Officer)
TITLE General Manager
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2010-00485 DATED March 16, 2011

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 4/1/2011 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**STATEMENT OF WATER PURCHASED
NORTH SHELBY WATER COMPANY**

FRANKFORT ELECTRIC & WATER PLANT BOARD

Month	Usage/Gallons	Total Cost
February 2011	13,465,000	\$26,433.53
March	11,135,000	20,048.57
April	12,350,000	23,545.28
May	11,285,000	21,399.58
June	14,930,000	28,464.05
July	16,470,000	31,400.06
August	14,454,000	27,730.04
September	15,865,000	30,246.62
October	11,375,000	21,686.44
November	10,805,000	20,599.73
December	13,315,000	25,385.05
January 2011	12,500,000	23,831.25
TOTAL	157,949,000	\$300,770.20

LOUISVILLE WATER COMPANY

Month	Usage/Gallons	Total Cost
February 2011	20,216,000	\$34,964.88
March	18,954,000	32,793.66
April	21,582,000	37,327.10
May	19,674,000	34,038.06
June	29,447,000	50,776.25
July	28,347,000	51,989.17
August	32,887,000	61,981.01
September	31,542,000	59,498.02
October	22,133,000	41,871.03
November	20,361,000	38,541.31
December	22,437,000	42,471.67
January 2011	17,843,000	33,848.73
TOTAL	285,423,000	\$520,100.89

SHELBYVILLE MUNICIPAL WATER & SEWER COMMISSION

Month	Usage/Gallons	Total Cost
February 2011	69,470	\$1,180.99
March	45,860	809.43
April	53,710	947.99
May	57,690	1,018.23
June	131,540	2,321.68
July	883,900	1,560.08
August	134,040	2,365.81
September	97,860	1,727.23
October	59,100	1,009.05
November	48,870	862.55
December	41,900	739.54
January 2011	45,640	805.54
TOTAL	1,669,580	\$15,348.12

WEST SHELBY WATER DISTRICT

Month	Usage/Gallons	Total Cost
February 2011	0	\$0.00
March	0	0.00
April	0	0.00
May	0	0.00
June	0	0.00
July	0	0.00
August	0	0.00
September	0	0.00
October	0	0.00
November	0	0.00
December	0	0.00
January 2011	0	0.00
TOTAL	0	\$0.00

**STATEMENT OF WATER SOLD
NORTH SHELBY WATER COMPANY**

NORTH SHELBY WATER COMPANY

Month	Residential	Commercial	Other	Total Gallons Sold
February 2011	36,056,900	3,158,100	142,200	39,357,200
March	21,244,400	3,259,600	186,400	24,690,400
April	22,048,300	2,213,500	182,500	24,444,300
May	22,690,900	3,421,200	150,300	26,262,400
June	26,328,600	3,551,300	186,000	30,065,900
July	33,326,100	4,951,900	94,300	38,372,300
August	37,152,700	4,144,800	391,000	41,688,500
September	36,000,500	3,610,800	132,900	39,744,200
October	30,379,000	3,708,200	207,400	34,294,600
November	25,266,400	3,175,300	174,900	28,616,600
December	23,701,400	3,594,300	160,100	27,455,800
January 2012	20,724,200	2,818,800	106,100	23,649,100
TOTAL	334,919,400	41,607,800	2,114,100	378,641,300

LEGAL NOTICE REGARDING THE NORTH SHELBY WATER COMPANY

Notice is hereby given that because of an increase in the cost of water purchased from the Frankfort Electric & Water Plant Board, the North Shelby Water Company will increase its rates for services rendered on and after April 1, 2012. An application has been filed with the Kentucky Public Service Commission to increase rates as follows:

	<u>Existing Rates</u>	<u>Proposed Rates</u>
<u>5/8" x 3/4" Meters:</u>		
First 2,000 gallons	\$15.21 Minimum Bill	\$15.29 Minimum Bill
Next 3,000 gallons	\$6.22 per 1,000 gallons	\$6.26 per 1,000 gallons
Next 5,000 gallons	\$4.84 per 1,000 gallons	\$4.88 per 1,000 gallons
Next 40,000 gallons	\$4.15 per 1,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.47 per 1,000 gallons	\$3.51 per 1,000 gallons
 <u>1" Meters:</u>		
First 5,000 gallons	\$33.87 Minimum Bill	\$34.07 Minimum Bill
Next 5,000 gallons	\$4.84 per 1,000 gallons	\$4.88 per 1,000 gallons
Next 40,000 gallons	\$4.15 per 1,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.47 per 1,000 gallons	\$3.51 per 1,000 gallons
 <u>1 1/2" Meters:</u>		
First 10,000 gallons	\$58.07 Minimum Bill	\$58.47 Minimum Bill
Next 40,000 gallons	\$4.15 per 1,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.47 per 1,000 gallons	\$3.51 per 1,000 gallons
 <u>2" Meters:</u>		
First 15,000 gallons	\$78.82 Minimum Bill	\$79.42 Minimum Bill
Next 35,000 gallons	\$4.15 per 1,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.47 per 1,000 gallons	\$3.51 per 1,000 gallons
 <u>3" Meters:</u>		
First 35,000 gallons	\$161.82 Minimum Bill	\$163.22 Minimum Bill
Next 15,000 gallons	\$4.15 per 1,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.47 per 1,000 gallons	\$3.51 per 1,000 gallons

As noted above, based on the increased cost of water from the Frankfort Electric & Water Plant Board all rates will increase \$0.04 per 1,000 gallons.

The charges/rates contained in this notice are the charges/rates proposed by the North Shelby Water Company. However, the Public Service Commission may order charges/rates to be charged that differ from these proposed charges/rates. Such action may result in charges/rates for consumers other than the charges/rates in this notice.

Any corporation, association, body politic, or person may, by motion within thirty (30) days after publication of this fee change, request leave to intervene; and the motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the application and related filings by contacting the Water Company office located at 4596 Bagdad Road, KY 40003.

This notice is published pursuant to 807 KAR 5:011-Tariffs.

NORTH SHELBY WATER COMPANY
s/ Jerry Ruble, President

EXHIBIT E

FOR ALL AREAS SERVED

P.S.C. KY. NO. _____

_____ SHEET NO. _____

North Shelby Water Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

MONTHLY RATES:

5/8 x 3/4 Inch Meters:

First 2,000 gallons	\$15.29 Minimum Bill
Next 3,000 gallons	\$6.26 per 1,000 gallons
Next 5,000 gallons	\$4.88 per 1,000 gallons
Next 40,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons

1 Inch Meters:

First 5,000 gallons	\$34.07 Minimum Bill
Next 5,000 gallons	\$4.88 per 1,000 gallons
Next 40,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons

1 1/2 Inch Meters:

First 10,000 gallons	\$58.47 Minimum Bill
Next 40,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons

2 Inch Meters:

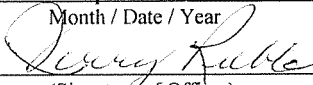
First 15,000 gallons	\$79.42 Minimum Bill
Next 35,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons

3 Inch Meters:

First 35,000 gallons	\$163.22 Minimum Bill
Next 15,000 gallons	\$4.19 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons

DATE OF ISSUE March 1, 2012
Month / Date / Year

DATE EFFECTIVE April 1, 2012
Month / Date / Year

ISSUED BY Jerry Ruble

(Signature of Officer)

TITLE President

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