

**Eastern
Rockcastle
Water**

Association P.O. BOX 540 MT. VERNON, KY. 40456

(606) 453-0019 TELEPHONE (606) 453-0020 FAX

Every Drop of Your Business Helps Keep Our Business Flowing -----

November 10, 2012

Mr. Jeff Derouen
Executive Director
KY Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

NOV 7 2012

**PUBLIC SERVICE
COMMISSION**

Re: Eastern Rockcastle Water Association (ERWA)
Formal Application to Increase Rates Pursuant to
Purchased Water Adjustment Regulation 807 KAR 5:068

Dear Mr. Derouen:

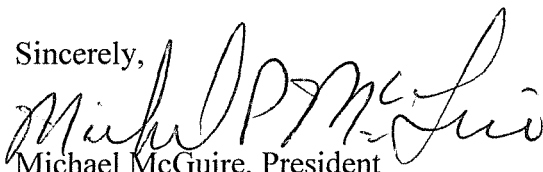
This is an application to increase rates in accordance with the Purchased Water Adjustment regulation. The Association has received an increase from its suppliers, Jackson County Water Association (JCWA), City of Mt. Vernon, and City of Livingston. This rate was approved by the Association for services rendered on and after December 10, 2012.

The following supporting documentation is enclosed for your review:

- Exhibit A – Purchase Water Rate Adjustment Form & Calculation of the PWA Factor
- Exhibit B – Copies of JCWA, City of Mt. Vernon, and City of Livingston Wholesale Tariffs
- Exhibit C – Statement of Water Purchase Adjustment Worksheet
- Exhibit D – Notice to ERWA Customers
- Exhibit E – Revised ERWA Tariff Sheets
- Exhibit F – Resolution Adopting Purchased Water Adjustment Rate Increase

A copy of the notice to be published is enclosed. The Association will publish the notice in accordance with Commission regulations and will provide verification that such notice has been given. Should you have any questions or need additional information, please advise.

Sincerely,


Michael McGuire, President
Eastern Rockcastle Water Association

Enclosures

RECEIVED

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

NOV 7 2012
PUBLIC SERVICE
COMMISSION

Name of Utility	EASTERN ROCKCASTLE WATER ASSOCIATION	
Date	NOVEMBER 10, 2012	
Address	Po Box 540	
City, State, Zip	Mt. Vernon, Kentucky	40456-0540
Telephone Number	606-453-0019	

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.

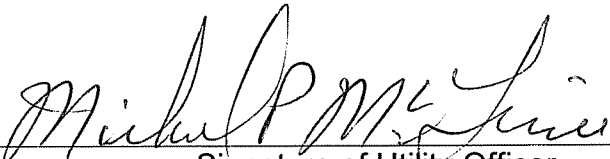
Supplier(s)	Base Rate	Changed Rate
Jackson County Water Assoc.	\$2.66/1,000 Gallons	\$3.50/1,000 Gallons
City of Mt. Vernon Water	\$2.16/1,000 Gallons	\$2.93/1,000 Gallons
City of Livingston	\$2.55/1,000 Gallons	\$3.19/1,000 Gallons

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	OCTOBER 2011	through	SEPTEMBER 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
Jackson County Water Association	13,207,500
City of Mt. Vernon Water	8,774,000
City of Livingston Water	3,027,223
TOTAL PURCHASES	25,088,723
4. Total sales for the 12 month period	21,825,500
5. Increased water cost	\$19,787.70
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	\$0.91
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	DECEMBER 10, 2012
	
Signature of Utility Officer	
President	
Title	

**EASTERN ROCKCASTLE WATER ASSOCIATION
CALCULATION OF PWA FACTOR**

Increased Water Cost Calculation:

13,207.50 * \$3.50 = \$ 46,226.25 (JCWA)
8,774.00 * \$2.93 = \$ 25,707.82 (MT. VERNON)
3,027.223 * \$3.19 = \$ 9,656.84 (LIVINGSTON)

\$ 81,590.91

13,207.50 * \$2.66 = \$ 35,131.95 (JCWA)
8,774.00 * \$2.16 = \$ 18,951.84 (MT. VERNON)
3,027.223 * \$2.55 = \$ 7,719.42 (LIVINGSTON)

\$ 61,803.21

Increased Water Cost = \$ 19,787.70

Purchased Water Adjustment Factor Calculation:

Increased Cost of Water = \$19,787.70

Total Gallons Sold = 21,825.50

PWA FACTOR: \$19,787.70/21,825.50= \$0.91/1,000 Gallons

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 West Todd Street
Frankfort, Kentucky 40601

Telephone: (502) 227-7270

inhughes@fewpb.net

Telefax (502) 875-7059

June 21, 2011

RECEIVED

Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

JUN 21 2011
PUBLIC SERVICE
COMMISSION

Re: Jackson County Water Association

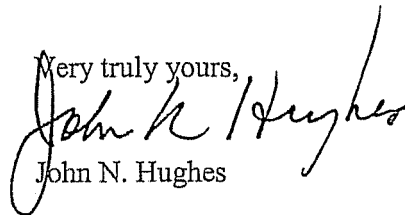
Dear Mr. Derouen:

Attached is the proposed tariff for an increase in the water rate to Jackson County Water Association's wholesale customers. Also attached are: (1) the minutes of the Board meeting approving the increase and the mailing of the notice to the customers; (2) a copy of the notice of the increase; and (3) a copy of the cost of service study supporting the increase. The effective date of the increase is August 1, 2011.

The cost study calculates a rate of \$4.32 per 1000 gallons of water sold, however, the Association is only proposing to increase the rate to \$3.50 per 1000 gallons.

If there are any questions about this matter, please contact me.

Very truly yours,



John N. Hughes

Attorney for JCWA

Attachments

NOTICE

The Jackson County Water Association has filed a proposed rate schedule with the Public Service Commission which will increase the rate for wholesale water service provided as follows:

Customer	Current Rate	Proposed Rate	Percentage Increase
City of Beattyville	\$2.55	\$3.50	37.2%
Estill County Water District No.1	\$2.55	\$3.50	37.2%
City of McKee	\$2.39	\$3.50	43.5%
Eastern Rockcastle Water Association	\$2.66	\$3.50	31.6%

The proposed effective date is August 1, 2011.

Water passing through the meter on and after that date will be billed at \$3.50 per 1,000 gallons. At an average monthly usage of 500,000 gallons and 37.2% rate increase, this will amount to an approximate \$475 per month increase in water costs.

The rates contained in this notice are the rates proposed by Jackson County Water Association. However, the Public Service Commission may order rates to be charged that differ from the proposed rate contained in this notice that may be higher or lower than proposed.

Any corporation, association, or person with a substantial interest in the matter may by written request within thirty (30) days after publication or mailing of this notice of the proposed rate change request to intervene. Intervention may be granted beyond the thirty (30) day period for good cause shown. Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and any other filings at the office of the Jackson County Water Association, US Highway 421 South, Tyner, KY 40486, John Powell, Manager, 606 287 7000, or by contacting the Public Service Commission at 211 Sower Boulevard in Frankfort, Kentucky; telephone 502-564-3940. Any person may examine the application or any filing by the Association at either of those locations.

FOR Jackson County

PSC KY NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Eastern Rockcastle County Water Association	\$3.50 per 1,000 gallons
City of Beattyville.	\$3.50 per 1,000 gallons
City of McKee	\$3.50 per 1,000 gallons
Estill County Water District No. 1	\$3.50 per 1,000 gallons

DATE OF ISSUE April 23, 2012
MONTH/DATE/YEAR

DATE EFFECTIVE April 23, 2012
MONTH/DATE/YEAR

ISSUED BY *John D. Paull*
SIGNATURE OF OFFICER

TITLE *Manager*

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2011-00240 DATED April 23, 2012

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE 4/23/2012
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

City of Livingston

PO Box 220

Livingston, LA 70303

504-334-2000

www.livingstonla.gov

May 18, 2012

Eastern Rockcastle Water Association:

This notice is given to inform you that The City of Livingston Water Works are seeking approval by the Public Service Commission to raise the rates for water that we sale to your Association. This water rate increase is due to the fact that Wood Creek Water whom we purchase the water from has raised us. And we have to also do the same. You are now paying \$2.55 per 1,000 gallons and we are seeking to raise this to \$3.19 per 1,000 gallons. We are paying for it currently at \$2.92 per 1,000 gallons. This increase will have us making profit of \$0.27 per 1,000 gallons we sale to you. We thank you for your understanding.

May 18, 2012

Eastern Rockcastle Water Association:

Thank you,

Raymond Griffin

Raymond Griffin, Mayor

Attest: Trisha Doan, City Clerk

Trisha Doan

Thank you,

Raymond Griffin

EXHIBIT B - 4

**AN ORDINANCE AMENDING
THE CITY OF LIVINGSTON
WATER RATE AND SEWER RATE
ORDINANCE, AS AMENDED**

Whereas, the City of Livingston in order to meet its present obligations, as well as meet the increased cost of operating and maintaining the water and sewer systems, the City recognizes the necessity to adjust customer service rate and charges;

Now, Therefore, be it ordained by the City of Livingston as follows:

Section One: The Water and Sewer Rate Ordinance, as amended, is amended as follows:

A. Water Rates:

Water Usage

Inside City Limits

First 2,000 Gallons ~~\$25.50~~ **\$27.82 Minimum Bill**

2,001-9999999 Gallons **\$1.16 per 1,000 gallons**

Outside City Limits

First 2,000 Gallons ~~\$25.50~~ **\$29.50 Minimum Bill**

2,001-9999999 Gallons **\$1.16 per 1,000 gallons**

Eastern Rockcastle

Wholesale ~~\$2.55~~ **\$3.19 per 1,000 gallons**

Now, Therefore, be it ordained by the City of Livingston as follows:

Sewer Usage

First 2,000 Gallons ~~\$14.00~~ **\$17.50 Minimum Bill**

Next 5,000 Gallons **\$5.50 per 1,000 Gallons**

Next 3,000 Gallons **\$4.30 per 1,000 Gallons**

Next 10,000 Gallons **\$3.60 per 1,000 Gallons**

Sewer Rates

The former sewer rate was calculated on the basis of a \$14.00 minimum bill plus 80% of the water bill above 2,500 gallon usage

B. Connection Charges: The charge for a 5/8x3/4 inch water connection shall be \$500. Will be assessed for each sewer connection

Wholesale ~~\$2.55~~ **\$3.19 per 1,000 gallons**

Sewer Usage

First 2,000 Gallons

Next 5,000 Gallons

Next 3,000 Gallons

Next 10,000 Gallons

EXHIBIT B - 5



The City of Mount Vernon

Mayor Mike Bryant

Jeanette Robinson, City Clerk/Treasurer

April 4, 2012

Administration

Jill Medley
Mayor's Assistant
Projects Administrator

Josh Bray
Tax Administrator
H.R. Director

Torsha Lear
Utility Clerk

Pam Bullock
Receptionist

Operations

Dennis McClure
Superintendent
Operations Manager

Frank Baker
Water Plant Manager

Calvin Meece
Sewer Plant Manager

Police Department

Barry Adams
Assistant Chief

Fire Department

David Bales, Chief

City Council

Clark Mullins
Jamie Bryant
Adam Bales
Shelley Lewis
Sharon Saylor
Wayne Bullock

Darrell Whitaker, President
Western Rockcastle Water Association, Inc.
P.O. Box 627
Mt. Vernon, KY 40456

RE: Wholesale Water Rates

Dear Mr. Whitaker;

The City of Mt. Vernon is currently undertaking a \$2,600,000 project to improve its water storage system. The project is being funded through a loan from the Drinking Water State Revolving Fund (DWSRF). The conditions of the loan stipulated that the City would be required to raise its rates to generate the revenue needed for the proper operation, maintenance, and financing of the project. A rate increase of 36.00% was uniformly applied to all of the City's retail and wholesale water rates.

The City will be petitioning the Public Service Commission (PSC) to increase the wholesale rate to the Western Rockcastle Water Association, Inc. from \$2.16 per 1,000 gallons to \$2.93 per 1,000 gallons. The increased rate is based on a cost of service study prepared by Carlos F. Miller, P.E. with Kenvirons, Inc.

To expedite the PSC's approval of the new wholesale rate, we are requesting that you execute the attached amendment to the Water Purchase Agreement and return it to our office in a timely manner.

If you should have any questions or need additional information, please contact our office at your earliest convenience.

Sincerely,


Hon. Mike Bryant
Mayor

EXHIBIT B - 6

**EASTERN ROCKCASTLE WATER ASSOCIATION
PURCHASE WATER ADJUSTMENT WORKSHEET**

MONTH/YEAR	PURCHASED WATER (GALLONS)			WATER SOLD (GALLONS)
	J.C.W.A	MT. VERNON	LIVINGSTON	
October 2011	1,245,100	722,000	116,600	2,102,100
November	1,133,700	710,000	251,837	1,786,000
December	1,232,600	719,000	262,175	2,026,400
January 2012	1,691,000	817,000	313,165	1,824,700
February	1,244,100	750,000	235,291	1,687,900
March	887,000	750,000	276,705	1,768,300
April	894,500	785,000	231,074	2,325,800
May	1,108,200	752,000	167,085	1,622,600
June	940,200	778,000	320,567	1,713,400
July	1,008,100	689,000	297,368	1,757,400
August	941,000	656,000	313,821	1,500,200
September	882,000	646,000	241,535	1,710,700
TOTALS	13,207,500	8,774,000	3,027,223	21,825,500

TWELVE MONTH PURCHASED WATER COST

GALLONS PURCHASED	CURRENT RATE	COST	NEW RATE	COST
13,207,500	\$2.66	\$35,131.95	\$3.50	\$46,226.25
8,774,000	\$2.16	18,951.84	\$2.93	25,707.82
3,027,223	\$2.55	7,719.42	\$3.19	9,656.84
25,008,723		\$61,803.21		\$81,590.91

INCREASE	\$19,787.70	=	\$81,590.91 - \$61,803.21
FACTOR	\$0.91	=	\$19,787.70 / 21,825.50

WATER RATE ADJUSTMENT

RATE SCHEDULE		CURRENT RATE	INCREASE	NEW RATE
FIRST	2,000 GALLONS	\$22.00	\$1.82	\$23.82
OVER	2,000 GALLONS	\$8.80	\$0.91	\$9.71
FIRST	5,000 GALLONS	\$48.40	\$4.55	\$52.95
OVER	5,000 GALLONS	\$8.80	\$0.91	\$9.71
FIRST	15,000 GALLONS	\$136.40	\$13.65	\$150.05
OVER	15,000 GALLONS	\$8.80	\$0.91	\$9.71

LEGAL NOTICE REGARDING THE EASTERN ROCKCASTLE WATER ASSOCIATION

Notice is hereby given that because of an increase in the cost of water purchased from the Jackson County Water Association, the City of Mt. Vernon, and the City of Livingston, the Eastern Rockcastle Water Association will increase its rates for services rendered on and after December 10, 2012. In addition, the Association proposes to make the revisions to its schedule of charges as noted below. An application has been filed with the Kentucky Public Service Commission to increase rates as follows:

<u>MONTHLY WATER RATES</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
<u>¾-Inch Meter</u>		
First 2,000 Gallons	\$22.00 Minimum Bill	\$23.82 Minimum Bill
Over 2,000 Gallons	8.80 per 1,000 Gallons	9.71 per 1,000 Gallons
<u>1-Inch Meter</u>		
First 5,000 Gallons	\$48.40 Minimum Bill	\$52.95 Minimum Bill
Over 5,000 Gallons	8.80 per 1,000 Gallons	9.71 per 1,000 Gallons
<u>2-Inch Meter</u>		
First 15,000 Gallons	\$136.40 Minimum Bill	\$150.05 Minimum Bill
Over 15,000 Gallons	8.80 per 1,000 Gallons	9.71 per 1,000 Gallons

As noted above, based on the increased cost of water from the Jackson County Water Association, the City of Mt. Vernon, and the City of Livingston, all rates will increase \$0.97 per 1,000 gallons.

<u>SPECIAL NON-RECURRING CHARGES</u>	<u>Current</u>	<u>Proposed</u>	<u>% Change</u>
5/8" x ¾" Meter Deposit	\$99.70	\$100.00	0.30%
1" Meter Deposit	0.00	190.00	100%
2" Meter Deposit	0.00	270.00	100%
Returned Check Charge	25.00	30.00	20%
Meter Connection/Tap-On Charge	517.00	875.00	81.8%
Meter Turn-On Charge	25.00	35.00	20%
Meter Re-Read Charge	0.00	35.00	100%
Meter Test Charge	0.00	50.00	100%
Service Call/Investigation Charge	25.00	35.00	20%
Service Disconnection Charge	0.00	35.00	100%
Service Reconnection Charge	0.00	35.00	100%
After Hour Service Reconnection Charge	0.00	45.00	100%

BILLING AND COLLECTION

The charges/rates aforesaid shall be billed monthly on or about the last day of each month. Bills for such service shall be due on or before the fifteenth (15th) day of the month and payable by mail or in person. Payments must be received, not postmarked, before the close of business on the 15th day of the month.

The charges/rates contained in this notice are the charges/rates proposed by the Eastern Rockcastle Water Association. 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 Association office located at 9246 Main St, Livingston, Kentucky 40445.

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

EASTERN ROCKCASTLE WATER ASSOCIATION

s/ **Michael McGuire, President**

FOR Areas of Rockcastle County/Jackson County
served by Easter Rockcastle Water Assn., Inc.
Community, Town or City

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

_____ SHEET NO. _____.

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

_____ SHEET NO. _____.

Eastern Rockcastle Water Association
(Name of Utility)

RATES AND CHARGES

SECTION 2. WATER RATES AND CHARGES

3/4" Meter

First 2,000 Gallons
Over 2,000 Gallons

Rates

\$23.82 Minimum Bill
9.71 per 1,000 Gallons

1" Meter

First 5,000 Gallons
Over 5,000 Gallons

\$52.95 Minimum Bill
9.71 per 1,000 Gallons

2" Meter

First 15,000 Gallons
Over 15,000 Gallons

\$150.05 Minimum Bill
9.71 per 1,000 Gallons

The foregoing rates are rates charged by the utility do not include sales taxes. Any applicable state taxes shall be added to each bill as a separate charge.

DATE OF ISSUE November 10, 2012
Month / Date / Year

DATE EFFECTIVE December 10, 2012
Month / Date / Year

ISSUED BY 
Michael McGuire

TITLE President

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

EASTERN ROCKCASTLE WATER ASSOCIATION

RESOLUTION

Be it hereby resolved, by a unanimous vote of the Board of Directors of the Eastern Rockcastle Water Association (herein referred to as "ERWA") at a regular called meeting on November 19, 2012, as follows:

Pursuant to 807 KAR 5068, the Eastern Rockcastle Water Association hereby approves a Purchased Water Adjustment rate increase of \$0.91 per 1000 gallons, effective November 10, 2012 and will be reflected in the January 2013 billing cycle, to compensate for the increase in the base rate of water sold to the ERWA by the Jackson County Water Association from \$2.66 per 1000 gallons (base rate) to \$3.50 per 1000 gallons (changed rate) which became effective on August 1, 2012 per the Jackson County Water Association's notification dated June 21, 2012; City of Mt. Vernon from \$2.16 per 1000 gallons (base rate) to \$2.93 per 1000 gallons (changed rate) which became effective on August 17, 2012 per the Kentucky Public Service Commission's notification on July 30, 2012; and City of Livingston from \$2.55 per 1000 gallons (base rate) to \$3.19 per 1000 gallons (changed rate) which became effective on July 1, 2012 per the City of Livingston's notification dated May 18, 2012. This increase is adopted in order for the ERWA to recover the actual cost of water purchased from Jackson County Water Association, City of Mt. Vernon, and City of Livingston.

Given under my hand this the 10th day of November, 2012.

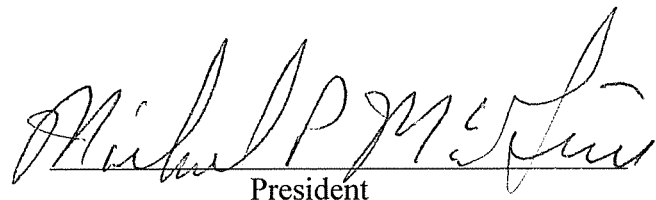

President

EXHIBIT F