

Beech Grove Water System

445 Highway 56 North
Calhoun, KY. 42327
Telephone 270 273-5738
beechgrovewaters@bellsouth.net
Fax 270-273-5770

RECEIVED

FEB 12 2013

PUBLIC SERVICE
COMMISSION

February 7, 2013

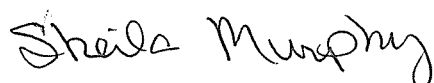
Jeff Derouen, Executive Director
Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, KY 40602

Dear Derouen,

Please accept filing for the enclosed water rate increase due to the City of Henderson rate increase. I have included the original & ten copies.

Any questions please call 270 273-5738.

Thank you,



Sheila Murphy

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

RECEIVED

FEB 1 2 2013

**PUBLIC SERVICE
COMMISSION**

Name of Utility	Beech Grove Water System, Inc.	
Date	January 23, 2013	
Address	445 Highway 56 N.	
City, State, Zip	Calhoun KY.	42327
Telephone Number	270 273-5738	

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.

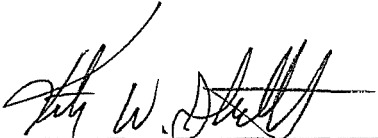
Supplier(s)	Base Rate	Changed Rate
City of Henderson	Declining Block	See attached
West Davies County	No Change	No Change

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

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	January 2012	through	December 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
City of Henderson	54,972,138
West Daviess County	2,870,000
TOTAL PURCHASES	57,842,138
4. Total gallons sold for the 12 month period	50,136,650
5. Increased water cost	1710.99
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	.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, 2013
	
Signature of Utility Officer	
President	
Title	

FOR All territory served

PSC KY NO. _____

_____ SHEET NO. _____

Beech Grove Water System, Inc
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

Monthly Water Rates

5/8" X 3/4" Meter:

First	2,000 gallons:	\$18.10	Minimum Bill
Next	98,000 gallons	5.86	per 1,000 gallons
All Over	100,000 gallons	4.96	per 1,000 gallons

Bulk Loading Station \$2.79 per 1,000 gallons

DATE OF ISSUE _____

MONTH / DATE / YEAR

DATE EFFECTIVE April 1, 2013

MONTH / DATE / YEAR

ISSUED BY _____

SIGNATURE OF OFFICER

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

Exhibit A

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

A. LEASON NEEL, CPA
CHIEF FINANCIAL OFFICER

December 26, 2012

General Manager
Beech Grove Water System, Inc.
P.O. Box 118
Beech Grove, Kentucky 42322

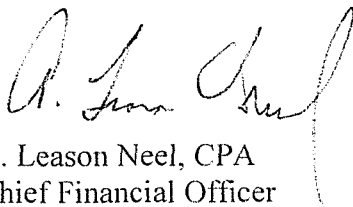
Dear Sir:

Our contract with the Beech Grove Water System requires an evaluation of our costs each year and an adjustment in the rates to the water system based on the costs of producing and distributing water from our South System. The audit for our fiscal year 2011-2012 has been completed and the new rates are shown below. The new rates will be implemented beginning with March 2013 consumption.

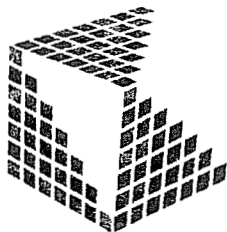
BEECH GROVE WATER SYSTEM RATE			
Monthly Rate Steps (Gallons)	Monthly Volume (Gallons)	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
First 4,000,000	4,000,000	\$3.19	\$3.22
Next 1,000,000	5,000,000	\$2.98	\$3.01
Next 1,000,000	6,000,000	\$2.68	\$2.71
Over 6,000,000		\$2.40	\$2.43

If you have any questions concerning this adjustment, please give me a call.

Sincerely,



A. Leason Neel, CPA
Chief Financial Officer



McElroy, Mitchell & Associates, LLP

Certified Public Accountants • Business Consultants

Robert E. Mitchell, CPA
S. Martin McElroy, Jr., CPA

December 11, 2012

Mr. Bruce Shipley
General Manager
City of Henderson, Kentucky
Henderson Water Utility - Water and Sewer Commission
111 Fifth Street
Henderson, KY 42420

RE: Water Rate Calculation - Beech Grove Water Systems, Inc.

Dear Mr. Shipley:

We have examined and reviewed both the costs and records of treating water at the South Plant of the Henderson Water Utility - Water and Sewer Commission for the period from July 1, 2011 through June 30, 2012. These figures are taken from the audited financial statements issued by our firm or from other audited information.

The purpose of these reviews was to determine whether cost increased during this period which would justify a rate increase to the Beech Grove Water Systems, Inc. The tabulations of expenses for the South Water Treatment Plant are attached as part of this report.

Based on our review, we have determined that allowable expenses were \$ 1,679,290 and the gallons of water distributed net of Henderson Water Utility consumption (818,527,000 gallons distributed less 58,315,142 gallons consumed by Henderson Water Utility) amounted to 760,211,858 gallon units.

Therefore, the cost per 1,000 gallons is:

$$\frac{\$ 1,679,290}{760,211,858} = \$2.2090 \text{ per 1,000 gallons}$$

Therefore, the cost per 1,000 gallons plus 30% markup is:

\$ 2.8717 per 1,000 gallons

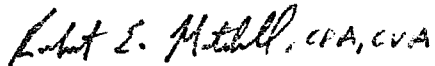
The cost indicated above, plus the markup of 30%, as allowed in the contract with the Beech Grove Water System, Inc., is less than present water rates. Therefore, this would indicate that a minimum rate increase of 1% would be effective for the period beginning March 1, 2013 and cause rates to be as follows:

First 4,000,000 gallons	3.2214 per 1,000 gallon
Next 1,000,000 gallons	3.0075 per 1,000 gallon
Next 1,000,000 gallons	2.7103 per 1,000 gallon
Over 6,000,000 gallons	2.4250 per 1,000 gallon

Should you have any questions regarding this report, please contact our office.

Sincerely,

McElroy, Mitchell & Associates, LLP



Robert E. Mitchell, CPA, CVA

Partner

