

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

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

RECEIVED

FEB 14 2014

PUBLIC SERVICE
COMMISSION

Western Fleming County Water District
(Name of Utility)

1500 Ewing Road, P.O. Box 16
(Business Mailing Address - Number and Street, or P.O. Box)

Ewing, KY 41039
(Business Mailing Address - City, State, and Zip)

(606)267-2120
(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Patrick E. Price
(Name)

207 Court Square
(Address - Number and Street or P.O. Box)

Flemingsburg, KY 41041
(Address - City, State, Zip)

(606) 849-2338
(Telephone Number)

peprice@windstream.net
(Email Address)

(For each statement below, the Applicant should check either "YES" or "NO".)

- | | YES | NO |
|---|-------------------------------------|--------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|---|-------------------------------------|-------------------------------------|
| 4. a. Applicant is a corporation. A certified copy of its articles of incorporation and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant is a limited liability company. A certified copy of its articles of organization and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant is a limited partnership. A certified copy of its limited partnership agreement and all amendments thereto are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. Applicant is a sole proprietorship or partnership. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. Applicant is a water district organized pursuant to KRS Chapter 74. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| f. Applicant is a water association organized pursuant to KRS Chapter 273. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. a. Applicant has 20 or fewer customers or is a sewer utility and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant has more than 20 customers, is not a sewer utility, and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant has more than 20 customers, is not a sewer utility, and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." (Attach completed "Reasons for Application" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | | YES | NO |
|-------|--|-------------------------------------|--------------------------|
| 8. | Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." (Attach completed "Current and Proposed Rates" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. | Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, _____. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. | Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." (Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. | Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ _____ and total revenues from service rates of \$ _____. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. (Attach a completed "Revenue Requirement Calculation" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 12. | As of the date of the filing of this application , Applicant had <u>1454</u> customers. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 13. | A billing analysis of Applicant's current and proposed rates is attached to this application. (Attach a completed "Billing Analysis" Attachment.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. | Applicant's depreciation schedule of utility plant in service is attached. (Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.a. | Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. | Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution). | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. | Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|--|-------------------------------------|-------------------------------------|
| 16.a. Applicant is not required to file state and federal tax returns. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant is required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant's most recent state and federal tax returns are attached to this Application. (Attach a copy of returns.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately <u>\$4,112,278.00</u> (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires complete such form. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed *Vernon Barton*
 Officer of the Company/Authorized Representative
 Title Chairman (Commissioner)
 Date December 19, 2013

COMMONWEALTH OF KENTUCKY

COUNTY OF FLEMING

Before me appeared Vernon Barton, Chairman, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

Dorothy Dune
 Notary Public
 My commission expires: 8-29-14

Miscellaneous Expenses	31,859.00		31,859.00
Total Operation and Maintenance Expenses	653,097.00	0.00	653,097.00
Depreciation Expense	252,037.00	62,950.00	314,987.00
Amortization Expense			0.00
Taxes Other Than Income	12,467.00		12,467.00
Income Tax Expense			0.00
Total Operating Expenses	917,601.00	62,950.00	980,551.00
Utility Operating Income	13,256.00	-62,950.00	-49,694.00

WESTERN FLEMING WATER DISTRICT

Rate increase by Rate Class

All increase should be placed on the wholesale water customers based on the Engineering Cost of Service Study.

Increase for Wholesale Water Sales

Total Revenue Requirments	\$ 1,206,329.00
Less Revenue from Retail Rate Class	594,176.00
Revenue Requirements for Wholesale Rate Class	<u>\$ 612,153.00</u>
	<u>2.743383019</u>
Rate Design	
Revenue Requirements for Wholesale Rate Class	\$ 612,153.00
Wholesale Water Sales (000) Gallons	<u>223,138</u>
Rate per (000) Gallons	\$ 2.743

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

- (1) District is operating at a loss.
- (2) District is not meeting current mortgage obligations.
- (3) Current rate design does not cover cost of service criteria.

BILLING ANALYSIS - FLAT RATES

Revenue from Present/Proposed Rates

	<u>Current Rate</u>	<u>Proposed Rate</u>
Number of Customers	1454	
Flat Monthly Rate	\$11.36	
Monthly Revenue		
Number of Months	12	12
Annual Revenue	\$0.00	\$0.00

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

WHOLESALE

Current

\$1.43/1,000 gallons

Proposed

\$2.743/1,000 gallons

RESIDENTIAL

Current

\$11.36/1,000 gallons

Proposed

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SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 *12*

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	594,176.00			594,176.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale	313,415.00			313,415.00
Total Sales of Water	907,591.00	0.00		907,591.00
Other Water Revenues				
Forfeited Discounts	11,974.00			11,974.00
Miscellaneous Service Revenues				0.00
Rents from Water Property				0.00
Other Water Revenues	11,292.00			11,292.00
Total Other Water Revenues	23,266.00	0.00		23,266.00
Total Operating Revenues	930,857.00	0.00		930,857.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	171,308.00			171,308.00
Salaries and Wages - Officers	12,400.00			12,400.00
Employee Pensions and Benefits	32,891.00			32,891.00
Purchased Water	65,007.00			65,007.00
Purchased Power	103,662.00			103,662.00
Fuel for Power Production				0.00
Chemicals	107,524.00			107,524.00
Materials and Supplies	31,502.00			31,502.00
Contractual Services	40,197.00			40,197.00
Water Testing				0.00
Rents				0.00
Transportation Expenses				0.00
Insurance	56,747.00			56,747.00
Regulatory Commission Expenses				0.00
Bad Debt Expense				0.00

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REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$980,551.00
Plus: Average Annual Debt Principal and Interest Payments*	226,319.00
Debt Coverage Requirement**	12,000.00
Total Revenue Requirement	1,218,870.00
Less: Other Operating Revenue	-7,225.00
Non-operating Revenue	
Interest Income	-5,316.00
Revenue Required from Rates	1,206,329.00
Less: Revenue from Sales at Present Rates	-907,591.00
Required Revenue Increase	\$298,738.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 32.92%

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

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**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

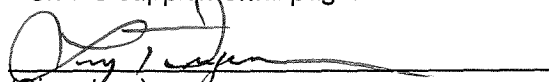
I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Western Fleming Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
LARRY INGRAM	COMMISSIONER	\$200.00/month

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

LARRY INGRAM
(Print Name)


(Signature)

COMMISSIONER
Position/Office

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF FLEMING

Subscribed and sworn to before me by Larry Ingram
(Name)

this 26 day of November, 2013.

Scott E. Jones
NOTARY PUBLIC
State-at-Large
My Commission Expires 8-29-14

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

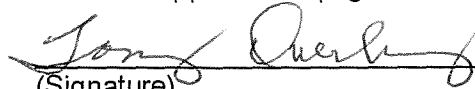
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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Tony Overbey	COMMISSIONER	\$200.00/month

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

Tony Overbey
(Print Name)


(Signature)

COMMISSIONER
Position/Office


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COMMONWEALTH OF KENTUCKY

COUNTY OF FLEMING

Subscribed and sworn to before me by Tony Overbey
(Name)

this 26 day of November, 2013



NOTARY PUBLIC
State-at-Large
Mc Comm. Expires 8-29-14

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Western Fleming Co Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
James Houston	Commissioner	\$200.00/month

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

James Houston
(Print Name)

James Houston
(Signature)

Commissioner
Position/Office

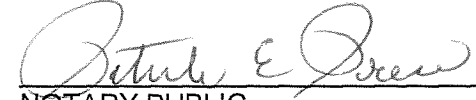
* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Fleming

Subscribed and sworn to before me by James Houston
(Name)

this 26 day of November, 2013.


NOTARY PUBLIC
State-at-Large
Comm expires 8-29-14

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: James Houston

Position: Commissioner

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Self	Read meters	\$126.00

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Vernon Barton	COMMISSIONER	\$200.00/month

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

Vernon Barton
(Print Name)

Vernon Barton
(Signature)

COMMISSIONER
Position/Office

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COMMONWEALTH OF KENTUCKY

COUNTY OF Fleming

Subscribed and sworn to before me by Vernon Barton
(Name)

this 26 day of November, 2013.

Patrick E. Bruce
NOTARY PUBLIC
State-at-Large
Comm expires 8.29.14

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Vernon Barton

Position: Commissioner

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Vernon Barton (Commissioner)	Read meters (Aug 2012 to Feb, 2013)	\$2163.00

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

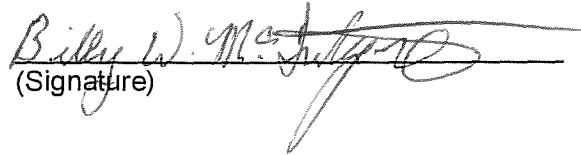
I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Western Fleming County Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Billy Wayne McIntyre	Commissioner	\$200.00/month

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

Billy Wayne McIntyre
(Print Name)


(Signature)

Commissioner
Position/Office

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Fleming

Subscribed and sworn to before me by Billy W. McIntyre
(Name)

this 26 day of November, 2013



NOTARY PUBLIC
State-at-Large

Comm Expires 8-29-14

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Billy Wayne McIntyre

Position: COMMISSIONER

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Billy Wayne McIntyre (COMMISSIONER)	Read Meters (Aug 2012 to Feb 2013)	\$2415.00
Judy McIntyre (Wife of Billy W. McIntyre)	Read Meters	\$1120.00

**CERTIFICATE OF SERVICE
OF
NOTICE OF APPLICATION OF RATE ADJUSTMENT
FOR WESTERN FLEMING WATER DISTRICT**

I, the undersigned, hereby certify that I have mailed, postage prepaid, a copy of the rate adjustment of the Western Fleming Water District before the Public Service Commission, this 14th day of February, 2014, to the following:

Nicholas County Water District
1639 Old Paris Road
Carlisle, KY 40311

Buffalo Trail Water Association, Inc.
41135 US Highway 62
P.O. Box 6026
Maysville, KY 41056



**PATRICK E. PRICE
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ATTORNEY AT LAW
207 COURT SQUARE
FLEMINGSBURG, KY 41041
(606) 849-2338**

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Attorneys at Law

Marvin W. Suit

Patrick E. Price

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Darrell K. Ruark

207 Court Square
Flemingsburg, KY 41041

Phone (606) 849-2338
Fax (606) 845-8701

**NOTICE OF APPLICATION RATE INCREASE
PUBLIC SERVICE COMMISSION**

TO: Buffalo Trail Water Association, Inc.
41135 US 62
P.O. Box 6026
Maysville, KY 41056

FROM: Patrick E. Price
Suit, Price, Price & Ruark, PLLC

SUBJECT: Application for Rate Adjustment

DATE: February 14, 2014

MESSAGE: The Western Fleming Water District has on February 14, 2014, filed an application for rate adjustment before the Public Service Commission. A copy of which is enclosed.



PATRICK E. PRICE
SUIT, PRICE, PRICE & RUARK, PLLC
ATTORNEYS AT LAW

SUIT, PRICE, PRICE & RUARK, PLLC
Attorneys at Law

Marvin W. Suit

Patrick E. Price

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Darrell K. Ruark

207 Court Square
Flemingsburg, KY 41041

Phone (606) 849-2338
Fax (606) 845-8701

**NOTICE OF APPLICATION RATE INCREASE
PUBLIC SERVICE COMMISSION**

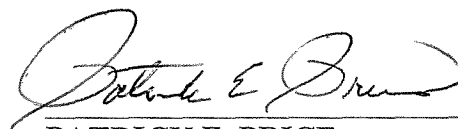
TO: Nicholas County Water District
1639 Old Paris Road
Carlisle, KY 40311

FROM: Patrick E. Price
Suit, Price, Price & Ruark, PLLC

SUBJECT: Application for Rate Adjustment

DATE: February 14, 2014

MESSAGE: The Western Fleming Water District has on February 14, 2014, filed an application for rate adjustment before the Public Service Commission. A copy of which is enclosed.



**PATRICK E. PRICE
SUIT, PRICE, PRICE & RUARK, PLLC
ATTORNEYS AT LAW**