

# Garrard County Water Association, Inc.

P.O. BOX 670 315 LEXINGTON ROAD

LANCASTER, KY 40444-0670

(859) 792-4501 TTY: 800-648-6056

FAX: (859) 792-1671

March 16, 2007

Ms. Beth O' Donnell, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

RECEIVED

MAR 19 2007

PUBLIC SERVICE  
COMMISSION

RE: Non-recurring charge adjustments.

Dear Ms. O' Donnell:

*Case No. 2007-00113*

The Directors of the Garrard County Water Association (hereinafter the Association) now find it necessary to request that the Public Service Commission (hereinafter the "Commission") approve increases in the Association's non-recurring charges. These non-recurring charges were last adjusted in 2003 (Case No. 2003-00290). Over the past three (3) years the Association's costs of labor, employee benefits, materials, equipment and fuel have obviously increased. These rate adjustments will only affect those customers requesting these services. An original and ten (10) copies are enclosed.

In support of the Association's request, please rely on the following:

1. That the Association is a water utility organized as a not for-profit corporation consistent with KRS 273, operating in Garrard, Lincoln and Madison Counties, Kentucky. Copies of the Articles of Incorporation creating the Association are filed with the Public Service Commission from cases in 1970, 1973, 1978, 1985, 1992 and most recently with rate adjustment case 95-133.
2. That the Association seeks approval from the Commission to adjust its charges for new 3/4" and 1" service connections and to adjust all existing non-recurring charges. The requested adjustments are:

a. New service connections:

<u>Meter Size</u>	<u>Present Charge</u>	<u>Requested Charge</u>
5/8 X 3/4"	500.00	625.00
1"	600.00	750.00

b. Existing non-recurring charges:

	<u>Present Charge</u>	<u>Requested Charge</u>
Meter turn on charge	30.00	40.00
Reconnection Charge	48.00	63.50
Reconnection Charge (after hours)	66.00	88.50
Delinquent account field collection charge	24.00	30.00
Returned check charge	12.00	17.00
New meter inspection charge	32.00	45.00
Customer requested meter test charge	47.00	59.00
Meter move & reset charge	Actual Cost	Actual Cost

3. That cost justification forms for the requested adjustments are attached to this letter.
4. That public notice of the adjustments and new charges is being given to the public in The Central Record, a newspaper of general circulation in the Association's service area. The public notice will be published in the March 22, 2007, March 29, 2007, and April 5, 2007 editions of that newspaper. Copies of the published notices and an affidavit of publication will be supplied shortly after April 5, 2007.
5. That a copy of this petition was mailed to the Kentucky Attorney General's office this date and a copy of said letter is attached.
6. That copies of the Association's balance sheet and income statement for calendar year 2006 are attached.
7. That the additional revenue generated by the requested adjustments and new charge will represent less than a five (5) percent increase to present revenues generated by all existing non-recurring charges now tariffed.
8. That the Association's last general rate increase occurred in 1995 (Case No. 95-133). The Association does not anticipate a general rate increase in the immediate future given the present regulatory environment. If these adjustments are not now made, general rate base will have to absorb some of the costs.

9. That the effective date of the proposed adjustments be May 1, 2007.  
Revised tariff sheets are attached reflecting same.

If additional information should be required, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "H. C. Ward", written in a cursive style.

Harold C. Ward  
President/Executive Director

Enclosures

FOR Entire Area Served  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

6th SHEET NO. 1

Garrard County Water Assoc., Inc.  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

5th SHEET NO. 1

RATES AND CHARGES

NON-RECURRING CHARGES

Connection fee for new service:

5/8 x 3/4" meter	\$625.00*
1" meter	750.00*
1 1/2" meter	Actual Cost
2" meter	Actual Cost

\*(All connection fees do not include any expense for any boring in rock areas or any expense for rock removal. Any rock boring or removal will be an additional expense to be paid by the customer. The charge for rock removal shall be applied per linear trench foot and shall not exceed the actual cost of excavation.)

Meter turn-on charge	40.00
Reconnection charge	63.50
Reconnection charge – after hours	88.50
Delinquent account field collection charge	30.00
Return check charge	17.00
New installation inspection charge	45.00
Customer requested meter test charge	59.00
Meter move and reset charge	Actual Cost
Fire Hydrants (per year per hydrant)	50.00

DATE OF ISSUE \_\_\_\_\_

Month / Date / Year

DATE EFFECTIVE May 1, 2007

Month / Date / Year

ISSUED BY \_\_\_\_\_

(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

THE GARRARD COUNTY WATER ASSOCIATION, INC.

BALANCE SHEETS

	December 31, 2006	December 31, 2005
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash on hand	\$ 75	\$ 75
Cash on deposit	397,877	480,984
Accounts receivable - trade (net of allowances for uncollectible accounts of \$5,944 and \$6,845, respectively)	128,990	132,555
Line relocation receivable - KY Department of Transportation	-	5,415
Due from employee	13	-
Prepaid utility tax	329	-
Grants receivable	23,594	-
Interest receivable	11,333	8,502
Prepaid insurance	13,814	13,236
Total Current Assets	<u>576,025</u>	<u>640,767</u>
RESTRICTED ASSETS:		
Cash in bank - Extension Escrow Account	5,675	69,604
Cash in bank - Extension 9 & 10 Escrow Account	-	69,250
Total Restricted Assets	<u>5,675</u>	<u>138,854</u>
INVESTMENTS:		
Certificates of deposit - held to maturity	1,703,000	1,214,000
Repurchase agreements - held to maturity	350,000	350,000
Total Investments	<u>2,053,000</u>	<u>1,564,000</u>
FIXED ASSETS, LESS DEPRECIATION	<u>8,818,356</u>	<u>8,547,155</u>
TOTAL ASSETS	<u>\$ 11,453,056</u>	<u>\$ 10,890,776</u>
<u>LIABILITIES AND FUND EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 54,455	\$ 56,178
Payroll taxes payable	1,074	4,724
Interest payable	55,744	51,587
Contributions in advance of construction	2,493	500
Construction costs payable	3,899	-
Current portion of notes payable	44,516	42,131
Total Current Liabilities	<u>162,181</u>	<u>155,120</u>
LIABILITIES PAYABLE FROM RESTRICTED CASH:		
Due to developers for extension escrow deposits	5,675	69,604
Contributions in advance of construction of Extension 9 & 10	-	69,250
Total Liabilities Payable from Restricted Cash	<u>5,675</u>	<u>138,854</u>
LONG-TERM LIABILITIES:		
Notes payable	<u>2,317,635</u>	<u>2,367,363</u>
FUND EQUITY:		
Contributed capital	6,677,329	6,121,134
Retained earnings	2,290,236	2,108,305
Total Fund Equity	<u>8,967,565</u>	<u>8,229,439</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,453,056</u>	<u>\$ 10,890,776</u>

"See accompanying notes."

THE GARRARD COUNTY WATER ASSOCIATION, INC.

INCOME STATEMENTS

	For The Year Ended December 31,	
	2006	2005
OPERATING REVENUE:		
Water sales - metered	\$ 1,547,634	\$ 1,531,425
Service charges	67,260	69,244
Machine hire and labor	35,919	12,650
Bulk water sales	7,770	11,200
Hydrant fees	1,100	1,100
Total Operating Revenue	<u>1,659,683</u>	<u>1,625,619</u>
OPERATING EXPENSES:		
Purchased water	607,291	631,221
Depreciation	357,105	340,916
Salaries (net of capitalized labor)	256,041	244,542
Office supplies and postage	34,450	36,008
Insurance	27,050	24,652
Repairs and maintenance	25,789	36,741
Payroll taxes	24,626	23,947
Utilities and telephone	20,205	19,093
Group insurance	20,134	19,573
Gas and oil	16,184	17,416
Bad debts	15,460	17,405
Pension expense	11,860	9,560
Directors' fees	8,200	8,000
Legal and accounting	8,078	7,725
PSC assessment	2,671	2,533
Collection fees - loading stations	1,305	1,392
Engineering	630	2,407
Training	410	11,022
Other	12,603	12,444
Total Operating Expenses	<u>1,450,092</u>	<u>1,466,597</u>
OPERATING INCOME	209,591	159,022
OTHER INCOME (EXPENSE):		
Interest income	91,218	51,397
Gain on sale of equipment	1,800	4,200
Interest expense	(120,678)	(123,005)
NET INCOME	<u>\$ 181,931</u>	<u>\$ 91,614</u>

"See accompanying notes."

Garrard County Water Association, Inc.

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FAX: (859) 792-1671

March 16, 2007

Office of the Attorney General  
Utility & Rate Intervention Section  
Capitol Building 118  
Frankfort, KY 40601

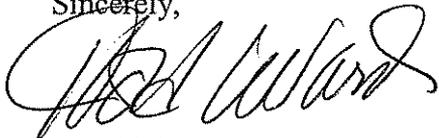
RE: Association's request to Public Service Commission  
for rate adjustment – non-recurring charges.

Dear Madame or Sir:

Please find enclosed one copy of a rate adjustment of non-recurring charges requested from the Public Service Commission. This copy is being sent to your office pursuant to 807KAR 5:011, Section 10.

Please advise if further information should be required.

Sincerely,



Harold C. Ward  
President/Executive Director

Enclosure

AVERAGE METER CONNECTION EXPENSE  
COST JUSTIFICATION

Name of Utility Garrard County Water Association

The following is an itemization of expenses for providing a metered service connection.

A. Meter Size

5/8-Inch     3/4-Inch     1-Inch     1 1/2-Inch     2-Inch

Other (specify) \_\_\_\_\_

B. Materials Expense

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1. Water Meter	<u>1</u>	<u>\$ 45.00</u>	<u>\$ 45.00</u>
2. Meter Yoke	<u>1</u>	<u>98.00</u>	<u>98.00</u>
3. Corporation Stop & Saddle	<u>1</u>	<u>44.00</u>	<u>44.00</u>
4. Meter Box and Top	<u>1</u>	<u>50.00</u>	<u>50.00</u>
5. Miscellaneous Fittings	_____	_____	_____
6. Other (Itemize)	_____	_____	_____
Total Materials Expense (add total cost)			<u>\$ 237.00</u>

C. Service Pipe Expense

Type of Service Pipe polyethelene Size of Service Pipe 3/4"

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1. Short Side Service	<u>10 LF</u>	<u>\$ .35</u>	<u>\$ 3.50</u>
2. Long Side Service	<u>50 LF</u>	<u>.35</u>	<u>17.50</u>
Average Cost (Add total cost and divide by 2)			<u>\$ 10.50</u>

D. Installation Expense

Labor & Travel

	<u>Total Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
1. Short Side Service	<u>5</u>	<u>\$ 25.00</u>	<u>\$ 125.00</u>
2. Long Side Service	<u>10</u>	<u>25.00</u>	<u>250.00</u>
Average Cost (Add total cost and divide by 2)			<u>\$ 187.50</u>

Equipment

	<u>Total Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
1. Short Side Service	<u>1</u>	<u>\$ 60.00</u>	<u>\$ 60.00</u>
2. Long Side Service	<u>2.5</u>	<u>60.00</u>	<u>150.00</u>
Average Cost (Add total cost and divide by 2)			<u>\$105.00</u>

Installation Expense continued

	<u>Total Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
1. Inspection	<u>          </u>	\$ <u>          </u>	\$ <u>          </u>
2. Site Clean-up	<u>  1  </u>	<u>  25.00  </u>	<u>  25.00  </u>
3. Other (Itemize) Seed & Straw	<u>  1  </u>	<u>  10.00  </u>	<u>  10.00  </u>
Total Miscellaneous (add total cost)			\$ <u>  35.00  </u>

E. Overhead Expense

1. Installation expense (\$ <u>327.50</u> ) times overhead rate ( <u>10</u> %)	\$ <u>  32.75  </u>
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F. Administrative Expense

1. Office expense for establishing a new account and billing record.	\$ <u>  12.25  </u>
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G. Total Expense

1. Total of all items:

Materials Expense	\$ <u>237.00</u>
Service Pipe Expense	<u>  10.50  </u>
Installation Labor Expense	<u>187.50</u>
Installation Equipment Expense	<u>105.00</u>
Equipment Expense	<u>          </u>
Miscellaneous Expense	<u>  35.00  </u>
Overhead Expense	<u>  32.75  </u>
Administrative Expense	<u>  17.25  </u>
Total Connection Expense	\$ <u>  625.00  </u>

AVERAGE METER CONNECTION EXPENSE  
COST JUSTIFICATION

Name of Utility Garrard County Water Association

The following is an itemization of expenses for providing a metered service connection.

A. Meter Size

5/8-Inch     3/4-Inch     1-Inch     1 1/2-Inch     2-Inch

Other (specify) \_\_\_\_\_

B. Materials Expense

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1. Water Meter	<u>1</u>	<u>\$ 120.00</u>	<u>\$ 120.00</u>
2. Meter Yoke	<u>1</u>	<u>140.00</u>	<u>140.00</u>
3. Corporation Stop & Saddle	<u>1</u>	<u>54.00</u>	<u>54.00</u>
4. Meter Box and Top	<u>1</u>	<u>50.00</u>	<u>50.00</u>
5. Miscellaneous Fittings	_____	_____	_____
6. Other (Itemize)	_____	_____	_____
<b>Total Materials Expense</b>			<b><u>\$ 364.00</u></b>
(add total cost)			

C. Service Pipe Expense

Type of Service Pipe polyethelene Size of Service Pipe 1"

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1. Short Side Service	<u>10 Lf</u>	<u>\$ .45</u>	<u>\$ 4.50</u>
m 2. Long Side Service	<u>50 Lf</u>	<u>.45</u>	<u>22.50</u>
Average Cost (Add total cost and divide by 2)			<u>\$ 13.50</u>

D. Installation Expense

Labor

	<u>Total Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
1. Short Side Service	<u>5</u>	<u>\$ 25.00</u>	<u>\$ 125.00</u>
2. Long Side Service	<u>10</u>	<u>25.00</u>	<u>250.00</u>
Average Cost (Add total cost and divide by 2)			<u>\$ 187.50</u>

Equipment

	<u>Total Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
1. Short Side Service	<u>1</u>	<u>\$ 60.00</u>	<u>\$ 60.00</u>
2. Long Side Service	<u>2.5</u>	<u>60.00</u>	<u>150.00</u>
Average Cost (Add total cost and divide by 2)			<u>\$ 105.00</u>

Installation Expense continued

	<u>Total Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
1. Inspection	<u>        </u>	\$ <u>        </u>	\$ <u>        </u>
2. Site Clean-up	<u>1</u>	<u>25.00</u>	<u>25.00</u>
3. Other (Itemize) Seed & Straw	<u>1</u>	<u>10.00</u>	<u>10.00</u>
Total Miscellaneous (add total cost)			<u>\$ 35.00</u>

E. Overhead Expense

1. Installation expense (\$ <u>327.50</u> ) times overhead rate ( <u>10</u> %)		<u>\$ 32.75</u>
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F. Administrative Expense

1. Office expense for establishing a new account and billing record.		<u>\$ 12.25</u>
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G. Total Expense

1. Total of all items:

Materials Expense	<u>\$ 364.00</u>
Service Pipe Expense	<u>13.50</u>
Installation Labor Expense	<u>187.50</u>
Installation Equipment Expense	<u>105.00</u>
Equipment Expense	<u>        </u>
Miscellaneous Expense	<u>35.00</u>
Overhead Expense	<u>32.75</u>
Administrative Expense	<u>12.25</u>
Total Connection Expense	<u>\$ 750.00</u>







**NONRECURRING CHARGE COST JUSTIFICATION**

Type of Charge: Delinquent account field collection charge

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

<u>.6 hour x \$25.00</u>	<u>15.00</u>
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<b>Total Field Expense</b>	<b>\$ <u>15.00</u></b>
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2. Clerical and Office Expense

A. Supplies	\$ <u>1.50</u>
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B. Labor	<u>4.50</u>
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<b>Total Clerical and Office Expense</b>	<b>\$ <u>6.00</u></b>
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3. Miscellaneous Expense

A. Transportation	\$ <u>9.00</u>
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B. Other (Itemize)	_____
_____	_____
_____	_____

<b>Total Miscellaneous Expense</b>	<b>\$ <u>9.00</u></b>
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<b>Total Nonrecurring Charge Expense</b>	<b>\$ <u>30.00</u></b>
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## NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Return check charge

1. Field Expense:

A. Materials (Itemize)

<hr/>	\$ <hr/>
<hr/>	<hr/>
<hr/>	<hr/>

B. Labor (Time and Wage)

<hr/>	<hr/>
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Total Field Expense

\$ 

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2. Clerical and Office Expense

A. Supplies

\$ 2.00

B. Labor

10.00

Total Clerical and Office Expense

\$ 12.00

3. Miscellaneous Expense

A. Transportation

\$ 

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B. Other (Itemize)

Bank charge

5.00

Total Miscellaneous Expense

\$ 5.00

Total Nonrecurring Charge Expense

\$ 17.00

## NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: New meter inspection charge

### 1. Field Expense:

A. Materials (Itemize)	
_____	\$ _____
_____	_____
_____	_____
B. Labor (Time and Wage)	
1 hour x \$25.00	25.00
_____	_____
<b>Total Field Expense</b>	<b>\$ 25.00</b>

### 2. Clerical and Office Expense

A. Supplies	\$ 1.50
B. Labor	8.50
_____	_____
<b>Total Clerical and Office Expense</b>	<b>\$ 10.00</b>

### 3. Miscellaneous Expense

A. Transportation	\$ 10.00
B. Other (Itemize)	
_____	_____
_____	_____
_____	_____
<b>Total Miscellaneous Expense</b>	<b>\$ 10.00</b>

**Total Nonrecurring Charge Expense** \$ 45.00



NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Meter Move & Re-set Charge

1. Field Expense:

A. Materials (Itemize)

\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

B. Labor (Time and Wage)

\_\_\_\_\_

Total Field Expense \$ \_\_\_\_\_

2. Clerical and Office Expense

A. Supplies \$ \_\_\_\_\_

B. Labor \_\_\_\_\_

Total Clerical and Office Expense \$ \_\_\_\_\_

3. Miscellaneous Expense

A. Transportation \$ \_\_\_\_\_

B. Other (Itemize)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Total Miscellaneous Expense \$ \_\_\_\_\_

Total Nonrecurring Charge Expense \$ Actual cost



RECEIVED  
MAR 19 2007  
PUBLIC SERVICE  
COMMISSION

<p><b>GARRARD COUNTY WATER ASSOCIATION INC.</b> P.O. Box 670 Lancaster, Kentucky 40444-0670</p>	<p><b>TO:</b> Ms. Beth O'Donnell Executive Director Public Service Commission P.O. Box 615 Frankfort, KY 40602-0615</p>
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