

DORSEY, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)
STEPHEN D. GRAY
WILLIAM B. NORMENT, JR.
J. CHRISTOPHER HOPGOOD
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March 27, 2014

Mr. Jeff DeRouen
Executive Director
Public Service Commission of Kentucky
Post Office Box 615
Frankfort, Kentucky 40602

RECEIVED
MAR 28 2014
PUBLIC SERVICE
COMMISSION

Re: Henderson County Water District
2014 Purchased Water filing

Dear Mr. DeRouen

Enclosed for filing is the Henderson County Water District's Purchased Water application.

We had not filed a purchased water application in 2013 because we had a rate case pending and the purchased water adjustment was negligible. This was ultimately picked up in the rate order which came later in 2013. If the PSC desires to adjust our retail rate because of last year's oversight, we have no objection to that.

Pete Conrad of the Henderson County Water District is scheduled to meet with the Henderson Fiscal Court on April 1 and the Webster Fiscal Court on April 14 to satisfy the HB 1 requirements. We will file updated reports after those meetings.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood

JCH/cds

Encls.

COPY/w/o/encls.: Henderson Co. & Webster Co. Judges Executive

RECEIVED
MAR 28 2014
PUBLIC SERVICE
COMMISSION

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

Name of Utility	Henderson County Water District		
Date			
Address	Post Office Box 655; 655 South Main Street		
City, State, Zip	Henderson,	KY	42419
Telephone Number	(270) 826-9802		
Official Email Address	pconrad@hendersoncounty.ky.gov		

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
Henderson Water Utility (North)	2.2094 per 1,000 gallons	2.2726 per 1,000 gallons
Henderson Water Utility (South)	2.7613 per 1,000 gallons	2.9142 per 1,000 gallons

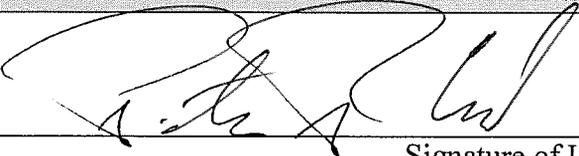
1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit A

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of the proposed effective date).

From	April 2014	through	March 2015
	(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
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Henderson Water Utility - North	463,505,040
Henderson Water Utility - South	15,779,400
TOTAL PURCHASES	
4. Total gallons sold for the 12 month period	347,036,066
5. Increased water cost	North .0632 per 1,000 gal South .1529 per 1,000 gal
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	.182725
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
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.	
7. Proposed effective date.	April 30, 2014
NOTE: The next 2-steps only apply to water districts	
8. Date reported to the appropriate governing body	3/04/14
9. Date attended (or scheduled to attend) meeting with the appropriate governing body	4/1/14 (Henderson Fiscal) 4/14/14 (Webster Fiscal)
 Signature of Utility Officer	
Superintendent Title	

FOR Henderson & Webster Counties

PSC KY NO. _____

SHEET NO. _____

CANCELLING PSC KY NO. _____

SHEET NO. _____

Henderson County Water District
(NAME OF UTILITY)

5/8-Inch x 3/4 -Inch Meter

First	2,000 gallons	\$17.42	Minimum bill
Next	8,000 gallons	6.15	per 1,000 gallons
Next	20,000 gallons	5.65	per 1,000 gallons
Over	30,000 gallons	5.15	per 1,000 gallons

1-Inch Meter

First	5,000 gallons	\$35.81	Minimum bill
Next	5,000 gallons	6.15	per 1,000 gallons
Next	20,000 gallons	5.65	per 1,000 gallons
Over	30,000 gallons	5.15	per 1,000 gallons

2-Inch Meter

First	16,000 gallons	\$100.24	Minimum bill
Next	14,000 gallons	5.65	per 1,000 gallons
Over	30,000 gallons	5.15	per 1,000 gallons

3-Inch Meter

First	30,000 gallons	\$179.06	Minimum bill
Over	30,000 gallons	5.15	per 1,000 gallons

4-Inch Meter

First	50,000 gallons	\$281.66	Minimum bill
Over	50,000 gallons	5.15	per 1,000 gallons

6-Inch Meter

First	100,000 gallons	\$538.16	Minimum bill
Over	100,000 gallons	5.15	per 1,000 gallons

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE _____ Superintendent

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

FOR Henderson & Webster Counties

PSC KY NO. _____

SHEET NO. _____

CANCELLING PSC KY NO. _____

SHEET NO. _____

Henderson County Water District
(NAME OF UTILITY)

Volunteer Fire Department (Metered Services) \$17.42 per month

The monthly charge for water usage of the respective minimum water rates set out above shall be computed in increments of 10 gallons. Accordingly, a customer having a 5/8 inch meter who consumes at least 2,010 gallons of water and not more than 2,019 gallons of water in any month shall pay the amount of \$17.48 for the month (\$17.42 plus \$0.06). A customer having a 5/8 inch meter who consumes at least 2,020 and not more than 2,029 gallons of water in any month shall pay the amount of \$17.54 for that month (\$17.42 plus \$0.12).

THE BASE RATE FOR PURCHASED WATER SHALL BE:

<u>Supplier</u>	<u>Rate</u>
Henderson Water Utilities (North) PWSID #0510188	\$2.2726 per 1,000 Gallons
Henderson Water Utilities (South) PWSID #0510510	\$2.9142 per 1,000 Gallons

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE _____ Superintendent

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

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

A. LEASON NEEL, CPA
CHIEF FINANCIAL OFFICER

January 10, 2014

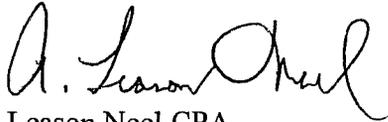
Mr. Brent Kirtley
Public Service Commission
Commonwealth of Kentucky
Tariff Division
211 Sower Blvd.
Frankfort, KY 40601

Dear Mr. Kirtley,

Enclosed are copies of our notification letters to Henderson County Water District and Beech Grove Water Systems Inc. concerning our 2014 rate adjustments along with the signed tariff sheet.

If you have any questions concerning this filing, please contact me.

Sincerely,



A. Leason Neel CPA
Chief Financial Officer

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

A. LEASON NEEL, CPA
CHIEF FINANCIAL OFFICER

January 8, 2014

Mr. Pete Conrad
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42419

Dear Mr. Conrad:

In accordance with the contract between the Henderson Water and Sewer Commission and the Henderson County Water District, the costs of providing water services based on our 2012-2013 fiscal year audit have been calculated by our auditors, Myriad CPA Group for our North and South Water Systems. Enclosed is a copy of each individual letter highlighting their calculations. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$2.2094	\$2.2726
South	\$2.7613	\$2.9142

These revised rates are to go into effect on the first billing after March 31, 2014. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,



A. Leason Neel, CPA
Chief Financial Officer



January 2, 2014

Mr. Tom Williams
General Manager
Water and Sewer Commission
City of Henderson
Henderson, KY 42420

RE: Water Rate Calculation-Henderson County Water District, North Plant

Dear Mr. Williams:

We have examined the water intake, treatment, transmission and distribution expenses for the North Plant for the period from July 1, 2012 through June 30, 2013. These figures are taken from financial statements that were audited by our firm for the same time period listed above.

We have also reviewed the records of water billed for the same period. The purpose of these reviews was to determine whether cost increases in this period would justify a rate increase to the Henderson County Water District. The calculations of expenses and pumping data are attached as a part of this report.

Based on this review, we have determined that allowable expenses were \$4,159,992 and the gallons of water treated amounted to 2,288,107,934 gallon units. These gallons are net of the usage at the water treatment plant and the waste water treatment plant.

Therefore, the cost per 1,000 gallons is:

$$\frac{\$4,159,992}{2,288,107,934} = \$1.8181 \text{ per 1,000 gallons}$$

The cost indicated above plus the markup of 25%, as allowed in the contract with the Henderson County Water District, would indicate that a rate of \$2.2726 per 1,000 gallons should be charged to the County Water District.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Cytron". The signature is written in a cursive style with a horizontal line extending from the end.

Myriad CPA Group, LLC



January 2, 2014

Mr. Tom Williams
General Manager
Water and Sewer Commission
City of Henderson
Henderson, KY 42420

RE: Water Rate Calculation-Henderson County Water District, South Plant

Dear Mr. Williams:

We have examined the water intake, treatment, transmission and distribution expenses for the South Plant for the period from July 1, 2012 through June 30, 2013. These figures are taken from financial statements that were audited by our firm for the same time period listed above.

We have also reviewed the records of water billed for the same period. The purpose of these reviews was to determine whether cost increases in this period would justify a rate increase to the Henderson County Water District. The calculations of expenses and pumping data are attached as a part of this report.

Based on this review, we have determined that allowable expenses were \$1,941,560 and the gallons of water treated amounted to 832,791,148 gallon units. These gallons are net of the usage at the water treatment plant and the waste water treatment plant.

Therefore, the cost per 1,000 gallons is:

$$\frac{\$1,941,560}{832,791,148} = \$2.3314 \text{ per 1,000 gallons}$$

The cost indicated above plus the markup of 25%, as allowed in the contract with the Henderson County Water District, would indicate that a rate of \$2.9142 per 1,000 gallons should be charged to the County Water District.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Cytron". The signature is written in a cursive style with a horizontal line extending from the end.

Myriad CPA Group, LLC