

Morgan County Water District
1009 Hwy 172
West Liberty, Ky. 41472
606-743-1204 (Office) 606-743-9585 (Fax)

Roy Collett, Chairman
Holli Litteral, Secretary/Treasurer
Steve Keeton
William Holbrook
Donnie Gunnell

December 7, 2015

RECEIVED

FEB 04 2016

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: ARF Application
Morgan County Water District

Dear Mr. Derouen:

Enclosed for filing are the original and five (5) copies of the Morgan County Water District's ARF Application for an adjustment to its water rates. The AFR Application is being filed pursuant to 807 KAR 5:076.

The ARF Application uses calendar year 2014 as the Test Year, with appropriate adjustments to normalize revenues and expenses.

A copy of the ARF Application has been provided to the Office of Rate Intervention in the Attorney General's Office.

My electronic mail address is morgancounty@gmail.com.

Sincerely,



Kyle Risner, Manager
Morgan County Water District

KR:jbd

Enclosures

cc: Office of the Attorney General, Rate Intervention

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 04 2016

PUBLIC SERVICE
COMMISSION

Morgan County Water District
(Name of Utility)

1009 New Hwy 172
(Business Mailing Address - Number and Street, or P.O. Box)

West Liberty, KY 41472
(Business Mailing Address - City, State, and Zip)

606-743-1204
(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:

Kyle Risner
(Name)

1009 New Hwy 172
(Address - Number and Street or P.O. Box)

West Liberty, KY 41472
(Address - City, State, Zip)

606 - 743 - 1204
(Telephone Number)

morganwater@gmail.com
(Email Address)

(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|-----|
| 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 type="checkbox"/> | <input checked="" 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 N/A

4. a. Applicant is a corporation that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
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.
- 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.
6. a. Applicant has 20 or fewer customers 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.)**
- b. Applicant has more than 20 customers 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.)**
- c. Applicant has more than 20 customers 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.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

YES NO N/A

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.)**
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, 2014.
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.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 328,501.27 and total revenues from service rates of \$ 1,445,186.27. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 2,650 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
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.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| 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 type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately _____ (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 type="checkbox"/> | <input type="checkbox"/> | <input checked="" 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 to complete such form. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

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 *Roy Collett*
 Officer of the Company/Authorized Representative
 Title *Chairman*
 Date *12-7-15*

COMMONWEALTH OF KENTUCKY

COUNTY OF *Morgan*

Before me appeared *Roy Collett*, 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.

Chanell Holbrook
 Notary Public
 My commission expires: *2/24/2018*

LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- Attachment Billing Analysis" Attachment
- Depreciation Schedules
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

EXHIBIT LIST

Morgan County Water District

1. Customer Notice
2. Reasons for Rate Increase
3. Current and Proposed Rate
4. Statement of Adjusted Operations
5. Revenue Requirement Calculation
6. Billing Analysis (Current and Proposed Rates)
7. Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules)
8. Statement of Disclosure of Related Party Transaction
9. Resolution

CUSTOMER NOTICE

Notice is hereby given that the Morgan County Water District expects to file an application on or about February 3, 2016 with the Kentucky Public Service Commission seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

MONTHLY WATER RATES

Meter Size	Current Rates	Proposed Rates	Dollar Increase	Wholesale Rates	Percent Increase
5/8" x 3/4" Meter					
First 2,000 gallons	\$21.75 Minimum Bill	\$25.00	\$3.25		15%
Next 3,000 gallons	\$8.00 per 1,000 gallons	\$9.20	\$1.20		15%
Next 5,000 gallons	\$7.40 per 1,000 gallons	\$8.51	\$1.11		15%
Next 5,000 gallons	\$6.80 per 1,000 gallons	\$7.82	\$1.02		15%
Over 15,000 gallons	\$6.20 per 1,000 gallons	\$7.13	\$0.93		15%
1" Meter					
First 5,000 gallons	\$45.85 Minimum Bill	\$52.73	\$6.88		15%
Next 5,000 gallons	\$7.40 per 1,000 gallons	\$8.51	\$1.11		15%
Next 5,000 gallons	\$6.80 per 1,000 gallons	\$7.82	\$1.02		15%
Over 15,000 gallons	\$6.20 per 1,000 gallons	\$7.13	\$0.93		15%
2" Meter					
First 15,000 gallons	\$115.85 Minimum Bill	\$133.23	\$17.38		15%
Next 15,000 gallons	\$6.20 per 1,000 gallons	\$7.13	\$0.93		15%
6" Meter					
First 100,000 gallons	\$643.75 Minimum Bill	\$740.31	\$96.56		15%
Over 100,000 gallons	\$6.20 per 1,000 gallons	\$7.13	\$0.93		15%
Wholesale Water Rate					
City of Campton	\$3.52 per 1,000 gallons		\$0.53	\$4.05	15%
City of Frenchburg	\$3.52 per 1,000 gallons		\$0.53	\$4.05	15%

If the Public Service Commission approves the proposed rates, then the monthly bill for a residential customer using an average of 5,000 gallons per month will increase from \$6.80 to \$7.82. This is an increase of \$1.02 or 15%.

The rates contained in this notice are the rates proposed by Morgan County Water District. However, the Public Service Commission may order rates to be charge that differ from these proposed rates. Such action may result in rates for consumers other than the rates shown in this notice.

Morgan County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the Morgan County Water District's office located at 1009 New Hwy 172, West Liberty, KY 41472. You may contact the office at 606-743-1204.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, KY 40601, Monday thru Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, KY 40602. You may contact the Public Service Commission at 502-564-3940.

A person may submit a timely written request for intervention to the Public Service Commission, PO Box 615 Frankfort, KY 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the Public Service Commission may take final action on the application.

Reasons for Rate Increase

Morgan County Water District (the “District”) is requesting a 15% across-the-board rate increase for its retail customers. The District needs the rate increase for the following reasons:

1. To enable the District to pay its annual principal payments on its existing long-term debts from water revenues rather than from depreciation reserves;
2. To enable the District to meet the coverage requirements set forth in its existing debt instruments;
3. To restore the District to a sound financial condition; and
4. To enable the District to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

CURRENT AND PROPOSED RATES

Morgan County Water District

Current Rates		
Residential		
5/8" x 3/4" Meter		
First 2,000 gallons	\$21.75	Minimum Bill
Next 3,000 gallons	\$8.00	per 1,000 gallons
Next 5,000 gallons	\$7.40	per 1,000 gallons
Next 5,000 gallons	\$6.80	per 1,000 gallons
Over 15,000 gallons	\$6.20	per 1,000 gallons
1" Meter		
First 5,000 gallons	\$45.85	Minimum Bill
Next 5,000 gallons	\$7.40	per 1,000 gallons
Next 5,000 gallons	\$6.80	per 1,000 gallons
Over 15,000 gallons	\$6.20	per 1,000 gallons
2" Meter		
First 15,000 gallons	\$115.85	Minimum Bill
Next 15,000 gallons	\$6.20	per 1,000 gallons
6" Meter		
First 100,000 gallons	\$643.75	Minimum Bill
Over 100,000 gallons	\$6.20	per 1,000 gallons
Wholesale Water Rates		
City of Campton	\$3.52	per 1,000 gallons
City of Frenchburg	\$3.52	per 1,000 gallons

Proposed Rates		
5/8" x 3/4" Meter		
Next 3,000 gallons	\$25.00	Minimum Bill
Next 5,000 gallons	\$9.20	per 1,000 gallons
Next 5,000 gallons	\$8.51	per 1,000 gallons
Over 15,000 gallons	\$7.82	per 1,000 gallons
	\$7.13	per 1,000 gallons
1" Meter		
First 5,000 gallons		
Next 5,000 gallons	\$52.73	Minimum Bill
Next 5,000 gallons	\$8.51	per 1,000 gallons
Over 15,000 gallons	\$7.82	per 1,000 gallons
	\$7.13	per 1,000 gallons
2" Meter		
First 15,000 gallons		
Next 15,000 gallons	\$133.23	Minimum Bill
	\$7.13	per 1,000 gallons
6" Meter		
First 100,000 gallons		
Over 100,000 gallons	\$740.31	Minimum Bill
	\$7.13	per 1,000 gallons
Wholesale Water Rates		
City of Campton	\$4.05	per 1,000 gallons
City of Frenchburg	\$4.05	per 1,000 gallons

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

	Test Year	Adjustment	Ref.	Pro Forma
Operating Revenues				
Sales of Water				
Unmetered Water Sales				
Metered Water Sales	\$1,116,685.00			\$1,116,685.00
Bulk Loading Stations				
Fire Protection Revenue				
Sales for Resale				
Total Sales of Water	<u>\$1,116,685.00</u>			<u>\$1,116,685.00</u>
Other Water Revenues				
Forfeited Discounts				
Miscellaneous Service Revenues	\$226,751.00			\$226,751.00
Rents from Water Property				
Other Water Revenues				
Total Other Water Revenues	<u>\$226,751.00</u>			<u>\$226,751.00</u>
Total Operating Revenues	<u><u>\$1,343,436.00</u></u>			<u><u>\$1,343,436.00</u></u>
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	\$166,679.00			\$166,679.00
Salaries and Wages - Officers				
Employee Pensions and Benefits	\$66,603.00			\$66,603.00
Purchased Water	\$557,322.00	-\$135,406.40		\$421,915.60
Purchased Power				
Fuel for Power Production				
Chemicals				
Materials and Supplies	\$79,937.00			\$79,937.00
Contractual Services	\$22,985.00			\$22,985.00
Water Testing				
Rents				
Transportation Expenses	\$16,379.00			\$16,379.00
Insurance	\$20,361.00			\$20,361.00
Regulatory Commission Expenses				
Bad Debt Expense				
Miscellaneous Expenses	\$264,077.00			\$264,077.00
Total Operation and Maintenance Expenses	<u>\$1,194,343.00</u>	-\$135,406.40		<u>\$1,058,936.60</u>
Depreciation Expense	\$436,533.00			\$436,533.00
Amortization Expense				
Taxes Other Than Income	\$12,328.00			\$12,328.00
Income Tax Expense				
Total Operating Expenses	<u><u>\$1,643,204.00</u></u>	<u><u>-\$135,406.40</u></u>		<u><u>\$1,507,797.60</u></u>
Utility Operating Income	<u><u>-\$299,768.00</u></u>			<u><u>-\$164,361.60</u></u>

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

Pro Forma Operating Expenses	\$1,507,797.60
Plus: Average Annual Debt Principal and Interest Payments	\$236,948.67
Debt Coverage Requirements	<u>\$17,820.00</u>
Total Revenue Requirement	\$1,762,566.27
Less: Other Operating Revenue	\$226,751.00
Non-Operating Revenue	\$90,282.00
Interest Income	<u>\$347.00</u>
Revenue Required From Rates	\$1,445,186.27
Less: Revenue From Sales at Present Rate	<u>\$1,116,685.00</u>
Required Revenue Increase	<u><u>\$328,501.27</u></u>

Required Revenue Increase as a Percentage of Revenue at Present Rates: 29.42%

Billing Analysis 2014 Rates

Residential 5/8 x 3/4 Meters	\$1,072,018.16
1" Meters	\$2,517.25
2" Meters	\$34,424.61
6" Meters	\$7,725.00
Total	\$1,116,685.00

Billing Analysis Proposed 15% Rate Increase

Residential 5/8 x 3/4 Meters	\$1,232,439.28
1" Meters	\$2,894.93
2" Meters	\$39,588.51
6" Meters	\$8,883.72
Total	\$1,283,806.00

Analysis of Actual Water Usage - Existing System

For the period ending, 2014

Residential 3/4" meter

First 2,000 Gal. at	\$21.75	minimum
Next 3,000 Gal. at	\$8.00	per Thousand Gallons.
Next 5,000 Gal. at	\$7.40	per Thousand Gallons.
Next 5,000 Gal. at	\$6.80	per Thousand Gallons.
All Over 15,000 Gal. at	\$6.20	per Thousand Gallons.

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	1,000	309	542	167.48	11,788.50
1,000	2,000	1,800	507	912.60	11,027.25
2,000	3,000	2,895	387	1,120.37	11,188.17
3,000	4,000	3,550	328	1,164.40	11,201.20
4,000	5,000	4,863	263	1,278.97	11,744.00
5,000	6,000	5,442	157	854.35	7,695.91
6,000	7,000	6,670	137	913.79	7,960.80
7,000	8,000	7,346	98	719.91	6,184.82
8,000	9,000	8,593	47	403.87	3,399.90
9,000	10,000	9,818	36	353.45	2,930.52
10,000	11,000	10,290	14	144.06	1,186.11
11,000	12,000	11,861	7	83.03	667.83
12,000	13,000	12,605	4	50.42	401.85
13,000	14,000	13,848	3	41.54	326.75
14,000	15,000	14,567	7	101.97	796.64
15,000	over	15,400	7	107.80	834.61
TOTALS			2544	8,417.99	89,334.85

Annual Residential Water Sales	\$1,072,018.16
---------------------------------------	-----------------------

Total Water Sold (Gallons)	101,015,927
-----------------------------------	--------------------

RESIDENTIAL	
Total Users	2544
Total Annual Water Sales	\$1,072,018.16
Average Monthly Bill	\$35.12
Average Monthly Usage (Gallons)	3,309

Analysis of Actual Water Usage - Existing System

For the period ending, 2014

1" meter

First 5,000 Gal. at	\$45.85	minimum
Next 5,000 Gal. at	\$7.40	per Thousand Gallons.
Next 5,000 Gal. at	\$6.80	per Thousand Gallons.
All Over 15,000 Gal. at	\$6.20	per Thousand Gallons.

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	1,000	309	0	0.00	0.00
1,000	2,000	1,800	0	0.00	0.00
2,000	3,000	2,895	0	0.00	0.00
3,000	4,000	3,550	0	0.00	0.00
4,000	5,000	4,863	1	4.86	45.85
5,000	6,000	5,442	0	0.00	0.00
6,000	7,000	6,670	0	0.00	0.00
7,000	8,000	7,350	0	0.00	0.00
8,000	9,000	8,950	1	8.95	75.08
9,000	10,000	9,818	0	0.00	0.00
10,000	11,000	10,881	1	10.88	88.84
11,000	12,000	11,855	0	0.00	0.00
12,000	13,000	12,605	0	0.00	0.00
13,000	14,000	13,846	0	0.00	0.00
14,000	15,000	14,567	0	0.00	0.00
15,000	over	15,400	0	0.00	0.00
TOTALS			3	24.69	209.77

Annual Residential Water Sales	\$2,517.25
---------------------------------------	-------------------

Total Water Sold (Gallons)	296,328
-----------------------------------	----------------

RESIDENTIAL	
Total Users	3
Total Annual Water Sales	\$2,517.25
Average Monthly Bill	\$69.92
Average Monthly Usage (Gallons)	8,231

Analysis of Actual Water Usage - Existing System

For the period ending, 2014

2" meter

First 15,000 Gal. at		\$115.85	minimum		
All Over 15,000 Gal. at		\$6.20	per Thousand Gallons.		
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	2,000	618	0	0.00	0.00
2,000	4,000	3,600	0	0.00	0.00
4,000	6,000	5,790	0	0.00	0.00
6,000	8,000	7,100	0	0.00	0.00
8,000	10,000	9,726	1	9.73	115.85
10,000	12,000	10,883	0	0.00	0.00
12,000	15,000	13,340	1	13.34	115.85
15,000	17,000	14,700	0	0.00	0.00
17,000	19,000	17,900	0	0.00	0.00
19,000	21,000	19,636	0	0.00	0.00
21,000	23,000	21,762	0	0.00	0.00
23,000	25,000	23,711	0	0.00	0.00
25,000	27,000	26,750	1	26.75	188.70
27,000	29,000	2,850	0	0.00	0.00
29,000	31,000	29,134	0	0.00	0.00
31,000	over	95,037	4	380.15	2,448.32
TOTALS			7	429.96	2,868.72

Annual Residential Water Sales	\$34,424.61
---------------------------------------	--------------------

Total Water Sold (Gallons)	5,159,568
-----------------------------------	------------------

RESIDENTIAL	
Total Users	7
Total Annual Water Sales	\$34,424.61
Average Monthly Bill	\$409.82
Average Monthly Usage (Gallons)	61,423

Analysis of Actual Water Usage - Existing System

For the period ending, 2014

6" meter

First 100,000 Gal. at		\$643.75	minimum		
All Over 15,000 Gal. at		\$6.20	per Thousand Gallons.		
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	20,000	6,180	0	0.00	0.00
20,000	40,000	36,000	0	0.00	0.00
40,000	60,000	57,900	0	0.00	0.00
60,000	80,000	71,000	0	0.00	0.00
80,000	100,000	97,260	1	97.26	643.75
100,000	120,000	108,834	0	0.00	0.00
120,000	140,000	133,400	0	0.00	0.00
140,000	160,000	147,000	0	0.00	0.00
160,000	180,000	179,000	0	0.00	0.00
180,000	200,000	196,360	0	0.00	0.00
200,000	220,000	217,620	0	0.00	0.00
220,000	240,000	237,106	0	0.00	0.00
240,000	260,000	267,500	0	0.00	0.00
260,000	280,000	28,500	0	0.00	0.00
280,000	300,000	291,340	0	0.00	0.00
300,000	over	300,000	0	0.00	0.00
TOTALS			1	97.26	643.75

Annual Residential Water Sales	\$7,725.00
---------------------------------------	-------------------

Total Water Sold (Gallons)	1,167,120
-----------------------------------	------------------

RESIDENTIAL	
Total Users	1
Total Annual Water Sales	\$7,725.00
Average Monthly Bill	\$643.75
Average Monthly Usage (Gallons)	97,260

Proposed Rate

Residential 3/4" meter

First 2,000 Gal. at	\$25.00	minimum
Next 3,000 Gal. at	\$9.20	per Thousand Gallons.
Next 5,000 Gal. at	\$8.51	per Thousand Gallons.
Next 5,000 Gal. at	\$7.82	per Thousand Gallons.
All Over 15,000 Gal. at	\$7.13	per Thousand Gallons.

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	1,000	309	542	167.48	13,550.00
1,000	2,000	1,800	507	912.60	12,675.00
2,000	3,000	2,895	387	1,120.37	12,861.56
3,000	4,000	3,550	328	1,164.40	12,877.28
4,000	5,000	4,863	263	1,278.97	13,502.31
5,000	6,000	5,442	157	854.35	8,848.33
6,000	7,000	6,670	137	913.79	9,153.20
7,000	8,000	7,346	98	719.91	7,111.32
8,000	9,000	8,593	47	403.87	3,909.29
9,000	10,000	9,818	36	353.45	3,369.64
10,000	11,000	10,290	14	144.06	1,363.85
11,000	12,000	11,861	7	83.03	767.92
12,000	13,000	12,605	4	50.42	462.08
13,000	14,000	13,848	3	41.54	375.72
14,000	15,000	14,567	7	101.97	916.05
15,000	over	15,400	7	107.80	959.71
TOTALS			2544	8,417.99	102,703.27

Annual Residential Water Sales \$1,232,439.28

Total Water Sold (Gallons) 101,015,927

RESIDENTIAL	
Total Users	2544
Total Annual Water Sales	\$1,232,439.28
Average Monthly Bill	\$40.37
Average Monthly Usage (Gallons)	3,309

Proposed Rate

1" meter

First 5,000 Gal. at	\$52.73	minimum
Next 5,000 Gal. at	\$8.51	per Thousand Gallons.
Next 5,000 Gal. at	\$7.82	per Thousand Gallons.
All Over 15,000 Gal. at	\$7.13	per Thousand Gallons.

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	1,000	309	0	0.00	0.00
1,000	2,000	1,800	0	0.00	0.00
2,000	3,000	2,895	0	0.00	0.00
3,000	4,000	3,550	0	0.00	0.00
4,000	5,000	4,863	1	4.86	52.73
5,000	6,000	5,442	0	0.00	0.00
6,000	7,000	6,670	0	0.00	0.00
7,000	8,000	7,350	0	0.00	0.00
8,000	9,000	8,950	1	8.95	86.34
9,000	10,000	9,818	0	0.00	0.00
10,000	11,000	10,881	1	10.88	102.17
11,000	12,000	11,855	0	0.00	0.00
12,000	13,000	12,605	0	0.00	0.00
13,000	14,000	13,846	0	0.00	0.00
14,000	15,000	14,567	0	0.00	0.00
15,000	over	15,400	0	0.00	0.00
TOTALS			3	24.69	241.24

Annual Residential Water Sales	\$2,894.93
---------------------------------------	-------------------

Total Water Sold (Gallons)	296,328
-----------------------------------	----------------

RESIDENTIAL	
Total Users	3
Total Annual Water Sales	\$2,894.93
Average Monthly Bill	\$80.41
Average Monthly Usage (Gallons)	8,231

Proposed Rate

2" meter

First 15,000 Gal. at		\$133.23	minimum		
All Over 15,000 Gal. at		\$7.13	per Thousand Gallons.		
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	2,000	618	0	0.00	0.00
2,000	4,000	3,600	0	0.00	0.00
4,000	6,000	5,790	0	0.00	0.00
6,000	8,000	7,100	0	0.00	0.00
8,000	10,000	9,726	1	9.73	133.23
10,000	12,000	10,883	0	0.00	0.00
12,000	15,000	13,340	1	13.34	133.23
15,000	17,000	14,700	0	0.00	0.00
17,000	19,000	17,900	0	0.00	0.00
19,000	21,000	19,636	0	0.00	0.00
21,000	23,000	21,762	0	0.00	0.00
23,000	25,000	23,711	0	0.00	0.00
25,000	27,000	26,750	1	26.75	217.01
27,000	29,000	2,850	0	0.00	0.00
29,000	31,000	29,134	0	0.00	0.00
31,000	over	95,037	4	380.15	2,815.58
TOTALS			7	429.96	3,299.04

Annual Residential Water Sales	\$39,588.51
---------------------------------------	--------------------

Total Water Sold (Gallons)	5,159,568
-----------------------------------	------------------

RESIDENTIAL	
Total Users	7
Total Annual Water Sales	\$39,588.51
Average Monthly Bill	\$471.29
Average Monthly Usage (Gallons)	61,423

Proposed Rate

6" meter

First 100,000 Gal. at		\$740.31	minimum		
All Over 15,000 Gal. at		\$7.13	per Thousand Gallons.		
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	20,000	6,180	0	0.00	0.00
20,000	40,000	36,000	0	0.00	0.00
40,000	60,000	57,900	0	0.00	0.00
60,000	80,000	71,000	0	0.00	0.00
80,000	100,000	97,260	1	97.26	740.31
100,000	120,000	108,834	0	0.00	0.00
120,000	140,000	133,400	0	0.00	0.00
140,000	160,000	147,000	0	0.00	0.00
160,000	180,000	179,000	0	0.00	0.00
180,000	200,000	196,360	0	0.00	0.00
200,000	220,000	217,620	0	0.00	0.00
220,000	240,000	237,106	0	0.00	0.00
240,000	260,000	267,500	0	0.00	0.00
260,000	280,000	28,500	0	0.00	0.00
280,000	300,000	291,340	0	0.00	0.00
300,000	over	300,000	0	0.00	0.00
TOTALS			1	97.26	740.31

Annual Residential Water Sales	\$8,883.72
---------------------------------------	-------------------

Total Water Sold (Gallons)	1,167,120
-----------------------------------	------------------

RESIDENTIAL	
Total Users	1
Total Annual Water Sales	\$8,883.72
Average Monthly Bill	\$740.31
Average Monthly Usage (Gallons)	97,260

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
MORGAN COUNTY WATER DISTRICT PROPOSEDING ADJUSTMENTS TO ITS
WATER RATES AND CHAQRGES AND AUTHORIZING ITS CHAIRMAN TO FILE
AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED
RATE ADJUSTMENT**

WHEREAS, the Morgan County Water District (“District”) is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF MORGAN COUNTY WATER DISTRICT AS FOLLOWS

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as part of this Resolution.

Section 2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman and Office Clerks are hereby authorized and directed to prepare, execute, and file with PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Office Clerks, and all other appropriate District Staff are hereby further authorized and directed to take any and all other actions and to execute and deliver and all other documents as may be reasonably necessary to implement this Resolution.

Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF MORGAN COUNTY WATER DISTRICT

at a meeting held December 7, 2015, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:

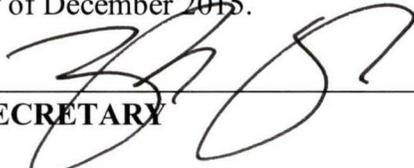


SECRETARY

CERTIFICATION

I, Secretary of the Morgan County Water District (the “District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Commission of the District at a meeting held on December 7, 2015, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 7th day of December 2015.



SECRETARY

**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 November 30, 2013 - December 1, 2015 ("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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Kyle Risner
(Print Name)

Kyle Risner
(Signed)

General Manager
(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 Morgan

Subscribed and sworn to before me by Kyle Risner
(Name)

this 7 day of Dec, 2015.

Cherrill Holbrook
NOTARY PUBLIC
State-at-Large

**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 November 30, 2013 - December 1, 2015 ("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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Roy Collett
(Print Name)

Roy Collett
(Signed)

CHAIRMAN of Bd
(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 Wagon

Subscribed and sworn to before me by Roy Collett
(Name)

this 7 day of Dec, 2015.

Chunell Holbrook
NOTARY PUBLIC
State-at-Large

**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 November 30, 2013 - December 1, 2015 ("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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Zachary R. Engle
(Print Name)


(Signed)

Treasurer
(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 Morgan

Subscribed and sworn to before me by Zachary R. Engle
(Name)

this 7 day of Dec., 2015.

Cherrill Holbrook
NOTARY PUBLIC
State-at-Large

**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 November 30, 2013 - December 1, 2015 ("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

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

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

Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

William G Holbrook
(Print Name)

[Signature]
(Signed)

member
(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 Morgan

William G. Hollbrook

Subscribed and sworn to before me by *Chunell Hollbrook*
(Name)

this 7 day of Dec., 2015.

Chunell Hollbrook
NOTARY PUBLIC
State-at-Large

**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 November 30, 2013 - December 1, 2015 ("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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Donald J. Cornwall
(Print Name)


(Signed)


(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 Morgan

Subscribed and sworn to before me by Donnie Gunnell
(Name)

this 7 day of Dec, 2015.

Cherrnell Haddock
NOTARY PUBLIC
State-at-Large

**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 November 30, 2013 - December 1, 2015 ("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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Holli Litteral
(Print Name)

Holli Litteral
(Signed)

Board Member
(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 Morgan

Subscribed and sworn to before me by _____
(Name)

this _____ day of _____, 20_____.

Kyle Ramm Exp: 2/25/17
NOTARY PUBLIC
State-at-Large

