

BRUCE E. SMITH LAW OFFICES, PLLC

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September 8, 2016

Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40601

Re: Case No. 2016-00314
Jessamine-South Elkhorn Water District ("District")
Purchased Water Adjustment Application Filing – 807 KAR 5:068

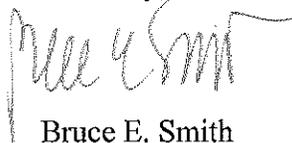
Dear Executive Director:

This is an electronically filed application to pass through an increase in the volumetric purchase rate for water from Kentucky American Water Company ("KAWC") and amend the Water Service Tariff of the Jessamine-South Elkhorn Water District to reflect such change. These charges will apply to all of the District's water customers.

Enclosed please find 1) a completed Purchased Water Adjustment Form 1 and its attachments (LFUCG notice of increase, calculation of increase to District rates, schedule of current rates and proposed rates and Board resolution authorizing increase); and 2) transmittal letter to Kentucky Attorney General evidencing electronic transmission of this filing to that office at rateinventory@ag.Ky.gov.

The District has previously filed income statements and balance sheets with the Commission that are currently on file in your office.

Sincerely,



Bruce E. Smith

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

Name of Utility	JESSAMINE-SOUTH ELKHORN WATER DISTRICT	
Date	SEPTEMBER 8, 2016	
Address	802 SOUTH MAIN STREET (P.O. BOX 731)	
City, State, Zip	NICHOLASVILLE	KY 40356 (40340-0731)
Telephone Number	(859) 881-0589	
Email Address	Jessamine.South@jsewd.com	

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
KY American Water	4.2093/1,000 gal.	4.3255/1,000 gal.
KY Ameri. Meter Svc	62.45 per month	No Change
KY Ameri. Meter Svc	624.50 per month	No Change
City of Nicholasvi'l	2.81/1,000 gal.	No Change

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

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

From	August 7, 2015	through	August 5, 2016
	(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
KY American Water Co.	238,314,296 gal.
City of Nicholasville	23,962,910 gal.
TOTAL PURCHASES	262,277,206 gal.
4. Total gallons sold for the 12 month period	217,356,220
5. Increased water cost	\$27,692.10
<p>The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate. The calculation and all supporting documents used to determine the change in purchased water costs sufficient to determine the accuracy of the calculation is attached as Exhibit "B"</p>	
6. Purchased water adjustment factor	.13
<p>The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.</p> <p>Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice.</p>	
7. A schedule listing the current and proposed rates is attached as Exhibit "C"	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit "D"	
9. Proposed effective date: September 13, 2016	
	
Signature of Utility Officer	
Chairman	
Title	

From: kentuckyamericanwater@amwater.com
Sent: Wednesday, August 24, 2016 6:53 PM
To: kentuckyamericanwater@amwater.com
Subject: Re: Kentucky American Water Rate Case Update

All,

Good afternoon! I wanted to take a second to follow up on the note below that I sent in early July. As you may have read, the Kentucky Public Service Commission (PSC) has announced its approval of a settlement granting Kentucky American Water a rate adjustment for water bills. As a result of the rate adjustment, the monthly bill for an average residential water service customer using 4,136 gallons of water per month will increase from \$34.41 to \$37.38 – or \$2.97 more per month – **effective Aug. 28.**

All parties involved in the rate case proceeding – Kentucky American Water, the Kentucky Office of the Attorney General, the Lexington-Fayette Urban County Government and the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties – reached a settlement in the case in July, which was subject to PSC approval.

We requested the rate adjustment primarily due to the \$79 million in capital improvements we have made since 2012. These improvements include projects such as replacing aging water mains, upgrading pumps to more efficient models, and constructing a new \$15 million filtration building at the Richmond Road Station water treatment plant in Lexington to replace a 90-year-old structure. Before the 2016 case, the last time we requested a rate adjustment was in December 2012.

I have attached a link to the full settlement document along with the sheets specifically outlining the rate adjustments for industrial and commercial accounts. The full document can be found here: http://psc.ky.gov/pscecf/2015-00418/15800_efs/07062016013443/KAW_SA_070616.pdf

The pages that might interest you are here:

(See attached file: Rate Case Consumption Rates.pdf)(See attached file: Rate Case Proposed Rates.pdf)

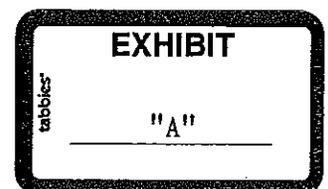
If I can be of any assistance to you all, please contact me anytime.

Thanks!

Ellen Williams
Major Accounts/External Affairs Specialist
Kentucky American Water
2300 Richmond Road
Lexington, KY 40502

P: (859) 268.6364 M: (859) 490.9380 ellen.williams@amwater.com

Kentucky American Water is a proud recipient of the "2016 Best Places to Work in Kentucky" Award.



CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority metered service.

Meter Rates

The following shall be the rates for consumption, in addition to the service charges provided for herein;

Customer Category	Rate Per 1,000 Gallons		Rate Per 100 Gallons		Rate Per 100 Cubic Feet	
	<u>All consumption</u>		<u>All Consumption</u>		<u>All Consumption</u>	
Residential	\$6.0190	(I)	\$0.6019	(I)	\$3.9647	(D)
Commercial	5.0952	(I)	0.5095	(I)	3.6113	(D)
Industrial	4.3087	(I)	0.4309	(I)	2.9132	(D)
Municipal & Other						
Public Authority	4.6034	(I)	0.4603	(I)	3.1754	(D)
Sales for Resale	4.3255	(I)	0.4326	(I)	3.1486	(D)

Service Charges

All metered general water service customers shall pay a service charge based on the size of meter installed. The service charge will not entitle the customer to any water.

Size of Meter	<u>Residential</u> (N)	<u>All Other Classes</u> (N)
	<u>Service Charge Per Month</u>	<u>Service Charge Per Month</u>
5/8"	\$12.49	\$ 13.63
3/4"	18.74	20.46
1"	31.23	34.07
1-1/2"	62.45	68.17
2"	99.92	109.04
3"	187.35	204.47
4"	312.25	340.77
6"	624.50	681.50
8"	999.20	1,090.40

- (N) Indicates New Rate or Requirement
- (I) Indicates Increase
- (D) Indicates Deletion (removal of a rate per 100 Cubic Feet)

ISSUED: July 6, 2016
 EFFECTIVE: August 28, 2016

ISSUED BY: /s/ Nick O. Rowe
 Nick O. Rowe, President
 2300 Richmond Road, Lexington, KY 40502

Kentucky American Water Company
Case No. 2015-00418
Revenue at Present and Proposed Rates
Forecast Year for the 12 Months Ended August 31, 2017

Line No.	Rate Classification (A)	Sales (B)	Revenues at Present Rates (C)	Revenues at Proposed Rates (D)	Revenues Change (Amt) (E)	% of Revenues Change (F)
1						
2						
3						
4	Residential	5,575,259	\$47,597,938	\$51,604,319	\$4,006,381	8.42%
5	Commercial	3,487,266	21,168,395	22,495,325	1,326,930	6.27%
6	Industrial	619,086	2,540,483	2,808,611	268,128	10.55%
7	Other Public Authority	1,196,002	5,904,766	6,408,697	503,931	8.53%
8	Sale for Resale	403,500	1,774,742	1,828,594	53,852	3.03%
9	Private Fire Service:	0	2,699,847	2,738,564	38,717	1.43%
10	Public Fire Service	0	3,740,506	4,017,447	276,941	7.40%
11	Miscellaneous	4,368	84,644	84,644	0	0.00%
12	Other Water Revenue	0	0	0	0	0.00%
13						
14						
15						
16						
17	Total	11,285,481	\$85,511,321	\$91,986,201	\$6,474,880	7.57%
18	Proforma Other Operating Revenues					
19	Other Water Revenue		\$0	\$0	\$0	0.00%
20	Late Payment Fee		852,640	852,640	0	0.00%
21	Rent		69,684	69,684	0	0.00%
22	Rent I/C		65,400	65,400	0	0.00%
23	Collect for Others		0	0	0	0.00%
24	NSF Check Charge		32,142	32,142	0	0.00%
25	Application/Initiation Fee		743,543	743,543	0	0.00%
26	Usage Data		52,634	52,634	0	0.00%
27	Reconnect Fee		299,605	299,605	0	0.00%
28	Miscellaneous Service		59,000	59,000	0	0.00%
29	AFUDC		642,356	642,356	0	0.00%
30	Proforma Total Operating Revenues		\$88,328,325	\$94,803,205	\$6,474,880	7.33%

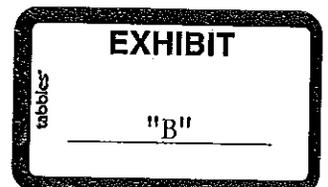
CALCULATION

$238,314,296 \text{ gal.} \div 1,000 = 238,314.30 \text{ gal.} \times \$4.2093 = \$1,003,136.30$ (old rate cost)

$238,314,296 \text{ gal.} \div 1,000 = 238,314.30 \text{ gal.} \times \$4.3255 = \$1,030,828.50$ (new rate cost)

$\$1,030,828.50 - \$1,003,136.30 = \$27,692.20$ difference in cost

$\$27,692.20 \div (\$217,356,220 \div 1,000 \text{ gal}) = .1274046$ or .13 (factor)



CURRENT RATE

5/8" Meter

First 2,000 gallons	26.28	Minimum Bill	26.28
Next 2,000 gallons	7.49	per 1000 gals	14.98
Next 2,000 gallons	7.39	per 1000 gals	14.78
Next 10,000 gallons	7.29	per 1000 gals	72.90
Next 8,000 gallons	7.19	per 1000 gals	57.52
Over 24,000 gallons	7.09	per 1000 gals	

1" Meter

First 10,000 gallons	85.20	Minimum Bill	85.20
Next 6,000 gallons	7.29	per 1000 gals	43.74
Next 8,000 gallons	7.19	per 1000 gals	57.52
Over 24,000 gallons	7.09	per 1000 gals	

2" Meter

First 24,000 gallons	186.46	Minimum Bill	186.46
Over 24,000 gallons	7.09	per 1000 gals	

*** \$6.50/per month Surcharge on all Southeast customers

NEW RATE

5/8" Meter

First 2,000 gallons	26.54	Minimum Bill	26.54
Next 2,000 gallons	7.62	per 1000 gals	15.24
Next 2,000 gallons	7.52	per 1000 gals	15.04
Next 10,000 gallons	7.42	per 1000 gals	74.20
Next 8,000 gallons	7.32	per 1000 gals	58.56
Over 24,000 gallons	7.22	per 1000 gals	

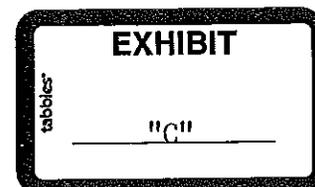
1" Meter

First 10,000 gallons	86.50	Minimum Bill	86.50
Next 6,000 gallons	7.42	per 1000 gals	44.52
Next 8,000 gallons	7.32	per 1000 gals	58.56
Over 24,000 gallons	7.22	per 1000 gals	

2" Meter

First 24,000 gallons	189.58	Minimum Bill	189.58
Over 24,000 gallons	7.22	per 1000 gals	

*** \$6.50/per month Surcharge on all Southeast customers



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September 8, 2016

VIA EMAIL: rateintervention@sg.ky.gov

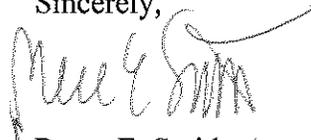
Hon. Andy Beshear
Kentucky Attorney General
The Capitol, Suite 118
Frankfort, Kentucky 40601

Re: Jessamine-South Elkhorn Water District ("District")
Water Service Charges Tariff Filing (807 KAR 5:068)
Case No. 2016-0034

Dear Sir:

Pursuant to 807 KAR 5:011. Tariffs, Section 10 (4), a copy of my client's filing with the Kentucky Public Service Commission is transmitted herewith along with the cover letter to the Kentucky Public Service Commission.

Sincerely,



Bruce E. Smith

Enclosure(s)