

McGHEE ENGINEERING, INC.

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Guthrie, Kentucky 42234

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January 17, 2007

Elizabeth O'Donnell, Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Case No. 2007-00026

RECEIVED

JAN 19 2007

PUBLIC SERVICE
COMMISSION

RE: South Logan Water Association
Purchase Water Adjustment

Dear Ms. O'Donnell:

On behalf of the South Logan Water Association, please find enclosed ten copies of a Purchase Water Adjustment. The adjustment is in response to their supplier's (Logan Todd Regional Water Commission) decision to raise the wholesale rate from \$2.91/1,000 gallons to \$3.31/1,000 gallons. In addition to the PWA, a copy of Logan Todd's rate change notice is attached.

If you have any questions or need additional information, please feel free to call our office or email chriswilcutt@mchsi.com.

Sincerely,

McGhee Engineering, Inc.



Chris Wilcutt P.E.
Project Engineer

Cc: South Logan Water Association

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 January 2006 through December 2006
(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
<u> Logan Todd Regional Water Commission </u>	<u> 141,263,000 </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
TOTAL PURCHASES	<u> </u>

4. Total sales for the 12 month period 141,263,000

5. Increased water cost \$56,505 .

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$0.53 .

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

See Attached PWA Calculation Spreadsheet (Attachment B)

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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

See Table 3 for Current SLWA Rates

See Table 4 for Revised SLWA Rates

7. Proposed effective date February 1, 2007.

Bob Allen Pres.
(Signature of Utility Officer)

Bob Allen, President
(Title)

Table 1
Logan Todd Regional Water Commission Base Rate

Usage Block	Rate per 1,000 Gallons
First 1,000 gallons	\$2.91
All Over 1,000 cubic feet gallons	\$2.91

Table 2
Logan Todd Regional Water Commission Changed Rate

Usage Block	Rate per 1,000 Gallons
First 1,000 gallons	\$3.31
All Over 1,000 cubic feet gallons	\$3.31

**Table 3
Current South Logan Water Association Rates**

Rate Schedule (Effective 09-21-05 per PSC)

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

First	<u>2,000</u>	Gallons @	<u>\$ 19.80</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 6.70</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.44</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.18</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 5.93</u>	per 1,000 Gallons

Meter Size 1-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 38.50</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 6.70</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.44</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.18</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 5.93</u>	per 1,000 Gallons

Meter Size 1 1/2-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 55.30</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 6.70</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.44</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.18</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 5.93</u>	per 1,000 Gallons

Meter Size 2-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 85.70</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 6.70</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.44</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.18</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 5.93</u>	per 1,000 Gallons

Meter Size 3-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 115.70</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 6.70</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.44</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.18</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 5.93</u>	per 1,000 Gallons

Meter Size 4-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 150.00</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 6.70</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.44</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.18</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 5.93</u>	per 1,000 Gallons

Table 4
Revised South Logan Water Association Rates

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

First	<u>2,000</u>	Gallons @	<u>\$ 20.86</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 7.23</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.97</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.71</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 6.46</u>	per 1,000 Gallons

Meter Size 1-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 39.56</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 7.23</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.97</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.71</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 6.46</u>	per 1,000 Gallons

Meter Size 1 1/2-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 56.36</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 7.23</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.97</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.71</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 6.46</u>	per 1,000 Gallons

Meter Size 2-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 86.76</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 7.23</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.97</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.71</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 6.46</u>	per 1,000 Gallons

Meter Size 3-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 116.76</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 7.23</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.97</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.71</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 6.46</u>	per 1,000 Gallons

Meter Size 4-Inch:

First	<u>2,000</u>	Gallons @	<u>\$ 151.06</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$ 7.23</u>	per 1,000 Gallons
Next	<u>40,000</u>	Gallons @	<u>\$ 6.97</u>	per 1,000 Gallons
Next	<u>50,000</u>	Gallons @	<u>\$ 6.71</u>	per 1,000 Gallons
All Over	<u>100,000</u>	Gallons @	<u>\$ 6.46</u>	per 1,000 Gallons

Exhibit A

Supplier's Notice of Rate Change

WHOLESALE WATER RATE RESOLUTION**RESOLUTION OF THE LOGAN/TODD REGIONAL WATER COMMISSION
ESTABLISHING THE WHOLESALE WATER RATE OF SAID COMMISSION.**

WHEREAS, the Board of Commissioners (the "Commission") of the Logan/Todd Regional Water Commission (the "Commission") is in the process of obtaining permanent financing from the U.S. Department of Agriculture, acting through Rural Development ("RD") in connection with the construction of a new water treatment facility and distribution system (the "System") of the Commission, and

WHEREAS, RD has issued its Letter of Conditions wherein it is stated that in order for RD to provide the permanent financing for the System, certain wholesale water rates must be established,

WHEREAS, in order to comply with the RD Letter of Conditions, the Commission hereby establishes the wholesale water rates set forth herein.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE LOGAN/TODD REGIONAL WATER COMMISSION DOES RESOLVE AS FOLLOWS:

Section 1. Amendment of Existing Rate Resolution. That the previous wholesale water rate Resolution of the Commission is hereby amended so as to implement the rates required by RD in connection with the permanent financing of the System.

Section 2. New Wholesale Water Rate. That the wholesale water rate for water service furnished by the Commission to its members is hereby fixed and established to be \$3.31 per 1,000 gallons. Said wholesale water rate shall be effective for water furnished by the Commission on and after February 1, 2007.

Section 3. Severability. That if any clause, provision, paragraph or section of this Resolution be ruled void or unenforceable by any court of competent jurisdiction, the remainder thereof is intended to be adopted and shall be in full force and effect notwithstanding.

Section 4. All Former Provisions in Conflict Repealed; Effective Date of Resolution. That all orders, resolutions, motions or parts thereof, insofar as same may be in conflict herewith, are repealed, and this Resolution shall take effect from and after its passage, approval and publication as provided by law.

Adopted and approved on this December 21, 2006.

Logan/Todd Regional Water Commission

Robert S. Blowers

Chairman

Attest:

Sandra Walton

Secretary

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Logan/Todd Regional Water Commission, that the foregoing Resolution is a true copy of a Resolution duly adopted by the Commission of said Commission at a meeting held on December 21, 2006, that said Resolution has been ordered to be published as required by law, and that said Resolution appears as a matter of public record in the official records of said Commission

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN WITNESS WHEREOF, I have hereto set my hand as Secretary of the Commission and the official Seal of the Commission on this December 21, 2006.

Sandra Walton

Secretary

(Seal of Commission)

LOGAN/TODD REGIONAL WATER COMMISSION

248 Tower Street, P. O. Box 400, Guthrie, KY 42234

Phone: (270) 483-6890, Fax: (270) 483-6691

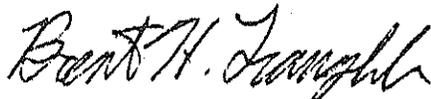
January 11, 2007

COMMISSION MEMBER ENTITIES
ADAIRVILLE
AUBURN
EAST LOGAN WATER DISTRICT
ELKTON
GUTHRIE
LEWISBURG
NORTH LOGAN WATER DISTRICT
OAK GROVE
RUSSELLVILLE
SOUTH LOGAN WATER ASSOCIATION
TODD COUNTY WATER DISTRICT
TRENTON

To Whom It May Concern:

At its board meeting held December 21, 2006, the Logan/Todd Regional Water Commission passed a resolution denoted **WHOLESALE WATER RATE RESOLUTION** in order to comply with the Rural Development Letter of Conditions related to long-term financing of its regional water project.

This resolution states in part that "the wholesale water rate for water service furnished by the Commission to its (sic) members is hereby fixed and established to be \$3.31 per 1,000 gallons. Said wholesale water rate shall be effective for water furnished by the Commission on and after February 1, 2007."



Brent H. Traughber, P. E.
System Manager/Executive Director



Sandra A. Walton
Secretary/Treasurer

Exhibit B

**Purchase Water Adjustment
Calculation Spreadsheet**

Cost of Water Calculation for Purchased Water Adjustment

Month	Actual (From SLWA Records) Quantity (Gallons)			Cost of Purchased Water	
	Purchased	Sold - Retail	Sold - Other	Old Rate	New Rate
January 2006	11,119,000	8,192,400	-	\$ 32,356	\$ 36,804
February 2006	9,883,000	7,773,900	-	\$ 28,760	\$ 32,713
March 2006	11,190,000	7,744,500	-	\$ 32,563	\$ 37,039
April 2006	11,839,000	7,625,500	-	\$ 34,451	\$ 39,187
May 2006	12,502,000	9,592,500	-	\$ 36,381	\$ 41,382
June 2006	12,801,000	9,466,500	-	\$ 37,251	\$ 42,371
July 2006	13,683,000	9,724,400	-	\$ 39,818	\$ 45,291
August 2006	13,876,000	10,550,700	-	\$ 40,379	\$ 45,930
September 2006	11,149,000	9,222,900	-	\$ 32,444	\$ 36,903
October 2006	11,504,000	9,221,300	-	\$ 33,477	\$ 38,078
November 2006	10,930,000	8,509,200	-	\$ 31,806	\$ 36,178
December 2006	10,787,000	8,007,900	-	\$ 31,390	\$ 35,705
TOTALS	141,263,000	105,631,700	-	\$ 411,075	\$ 467,581
Monthly Average	11,771,917	8,802,642	-		

Old LTRWC Wholesale Purchase Rates	
First 1,000 Gallons	\$ 2.91
All Over 1,000 Gallons	\$ 2.91

New LTRWC Wholesale Purchase Rates	
First 1,000 Gallons	\$ 3.31
All Over 1,000 Gallons	\$ 3.31

Purchased Water Adjustment Factor Calculation	
Cost Difference (New-Old)	\$ 56,505
PWA Factor (\$/1000 gal)	\$ 0.53

Notes:

1. All purchased and sold quantities are from SLWA records.