

DORSEY, KING, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)
FRANK N. KING, JR.
STEPHEN D. GRAY
WILLIAM B. NORMENT, JR.
J. CHRISTOPHER HOPGOOD
S. MADISON GRAY

TELEPHONE
(270) 826-3965
TELEFAX
(270) 826-6672
www.dkgnlaw.com

January 24, 2007

FEDEX

RECEIVED

JAN 25 2007

PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 406021

Re: Henderson County Water District
Application for Purchased Water Adjustment

Dear Ms. O'Donnell:

Case No. 2007-00038

Enclosed please find an original and 10 copies of an application for a purchased water rate adjustment for Henderson County Water District ("HCWD"), to be effective March 1, 2007. We request notification that this application meets minimum filing requirements and has been assigned a case number.

As the Commission's files will reflect, in Case No. 2005-00072 the Commission authorized HCWD to adjust rates in two (2) phases, with Phase 2 to be effective April 28, 2007. Then in Case No. 2006-00100 a purchased water adjustment was approved and HCWD was directed to adjust the Phase 2 rates to reflect the changes in HCWD's purchased water costs. Assuming the enclosed application is approved, HCWD plans to further adjust the Phase 2 rates to reflect the changes in purchased costs contained in the instant filing. Please advise if the Commission has any specific direction for the adjustments.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By

Frank N. King, Jr.
Frank N. King, Jr.

Attorney for Henderson County Water District

FNKJr/cds

Encls.

COPY/w/encls.: Henderson County Water District

Attorney General, Office of Rate Intervention

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

Henderson County Water District
(Name of Utility)

January 24, 2007
(Date)

655 South Main Street
(Address)

Henderson, KY 42419
(City, State)

(270) 826-9802
(Telephone Number)

RECEIVED

JAN 25 2007

PUBLIC SERVICE
COMMISSION

Case No. 2007-00038

- 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.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>Henderson Water Utility – North</u>	<u>\$1.4532</u>	<u>\$1.5788</u>
<u>Henderson Water Utility - South</u>	<u>\$1.3335</u>	<u>\$1.5190</u>

(See attached Exhibit A for compilation of relevant information pertaining to this application.)

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

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>Henderson Water Utility - North</u>	<u>470,700,000</u>
<u>Henderson Water Utility – South</u>	<u>32,835,000</u>
TOTAL PURCHASES	<u>503,535,000</u>

4. Total sales for the 12 month period 402,246,000 gallons.

5. Increased water cost \$65,210.81.

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

6. Purchased water adjustment factor 0.16.

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

7. Proposed effective date March 1, 2007.



(Signature of Utility Officer)

Superintendent

(Title)

Henderson County Water District

<u>SUPPLIER</u>	<u>NEW RATE (per 1,000)</u>	<u>OLD RATE (per 1,000)</u>
Henderson North	\$1.5788	\$1.4532
Henderson South	\$1.5190	\$1.3335

TWELVE MONTH TEST PERIOD: January 2006 thru December 2006

<u>SUPPLIER</u>	<u>GALLONS PURCHASED DURING TEST PERIOD</u>
Henderson North	470,700,000
Henderson South	32,835,000
TOTAL	503,535,000

<u>SUPPLIER</u>	<u>COST AT NEW RATE</u>	<u>COST AT OLD RATE</u>	<u>INCREASED WATER COST</u>
Henderson North	\$743,141.16	\$684,021.24	
Henderson South	\$49,876.37	\$43,785.47	
TOTAL	\$793,017.53	\$727,806.71	= \$65,210.81

TOTAL GALLONS SOLD FOR THE TEST PERIOD : 402,246,000

Increased Water Cost / (total gallons sold / 1,000) = Purchased Water Adjustment Factor

$$\begin{array}{rclclcl}
 \$65,210.81 & / & 402,246,000 & /1000 & = & 0.162116746 \\
 & & & & \text{ROUNDED} & \boxed{0.16}
 \end{array}$$

	<u>North</u>		<u>South</u>	
	<u>Sold</u>	<u>Purchased</u>	<u>Sold</u>	<u>Purchased</u>
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
TOTAL	-	-	-	-

EXHIBIT

A

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

A. LEASON NEEL, CPA
CHIEF FINANCIAL OFFICER

November 29, 2006

Mr. Allan R. VanMeter
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42420

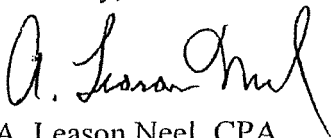
Dear Mr. VanMeter:

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 2005-2006 fiscal year audit have been calculated by our auditors, McElroy, Mitchell & Associates, LLP 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	\$1.4532	\$1.5788
South	\$1.3335	\$1.5190

These rates are to go into effect on the first billing after March 31, 2007. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

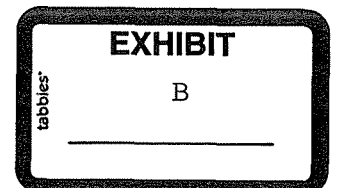
Sincerely,



A. Leason Neel, CPA
Chief Financial Officer

Enclosures

c: Mr. Bruce Shipley
Ms. Vickie Meuth
Mr. Charlie Young



FOR Henderson & Webster Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. 1 _____

Henderson County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES and CHARGES

5/8" x 3/4" Meter

First	2,000	Gallons	\$13.39	Minimum Bill
Next	8,000	Gallons	4.59	Per 1,000 Gallons
Next	20,000	Gallons	4.16	Per 1,000 Gallons
Over	30,000	Gallons	3.73	Per 1,000 Gallons

1 Inch Meter

First	5,000	Gallons	\$27.16	Minimum Bill
Next	5,000	Gallons	4.59	Per 1,000 Gallons
Next	20,000	Gallons	4.16	Per 1,000 Gallons
Over	30,000	Gallons	3.73	Per 1,000 Gallons

2 Inch Meter

First	16,000	Gallons	\$75.07	Minimum Bill
Next	14,000	Gallons	4.16	Per 1,000 Gallons
Over	30,000	Gallons	3.73	Per 1,000 Gallons

3 Inch Meter

First	30,000	Gallons	\$133.31	Minimum Bill
Over	30,000	Gallons	3.73	Per 1,000 Gallons

4 Inch Meter

First	50,000	Gallons	\$207.91	Minimum Bill
Over	50,000	Gallons	3.73	Per 1,000 Gallons

6 Inch Meter

First	100,000	Gallons	\$394.41	Minimum Bill
Over	100,000	Gallons	3.73	Per 1,000 Gallon

DATE OF ISSUE _____
Month / Date / Year

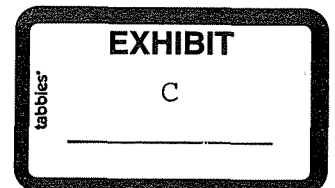
DATE EFFECTIVE March 1, 2007

ISSUED BY *Allen R. W. Nelson* _____
Month / Date / Year
(Signature of Officer)

TITLE Superintendent

BY AUTHORITY OF ORDERS OF THE PUBLIC SERVICE

COMMISSION IN CASE NO. 2007- DATED _____



FOR Henderson & Webster Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. 2 _____

Henderson County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES and CHARGES

Volunteer Fire Departments (Metered Services)

Flat Rate \$ 13.39 Maximum Bill

The monthly charge for water usage in excess 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 \$13.44 for the month (\$13.39 plus \$0.05). 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 \$13.48 for that month (\$13.39 plus \$0.09).

The foregoing rates are rates to be charged by the District and any applicable State Sales Tax and School Tax shall be added to each bill.

THE BASE RATE FOR PURCHASED WATER SHALL BE:

<u>Supplier</u>	<u>Rate</u>
Henderson Water Utilities (North) PWSID # 0510188	\$1.5788 Per 1,000 Gallons
Henderson Water Utilities (South) PWSID #0510510	\$1.5190 Per 1,000 Gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE March 1, 2007

ISSUED BY 
Month / Date / Year
(Signature of Officer)

TITLE Superintendent

BY AUTHORITY OF ORDERS OF THE PUBLIC SERVICE

COMMISSION IN CASE NO. 2007- DATED _____