

Garrard County Water Association, Inc.

P.O. BOX 670 315 LEXINGTON ROAD

LANCASTER, KY 40444-0670

(859) 792-4501 TTY: 800-648-6056

FAX: (859) 792-1671

March 16, 2007

Ms. Beth O' Donnell, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

MAR 19 2007

PUBLIC SERVICE
COMMISSION

Dear Ms. O' Donnell:

Case No. 2007-00112

Please find enclosed the Association's request for a purchased water rate adjustment. This adjustment request is due to the increased cost of wholesale water from the City of Lancaster that will be effective on April 10, 2007. Exhibit "B" is attached to the application showing this agreed to rate increase.

Also, enclosed is a revised tariff sheet reflecting the four cent per thousand gallons adjustment.

The Association will notify its customers of the rate adjustment before rendering the first customer statement reflecting the increase.

If additional information should be required, please advise.

Sincerely,



Harold C. Ward
President/Executive Director

Enclosures

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

RECEIVED

MAR 19 2007

PUBLIC SERVICE
 COMMISSION

THE GARRARD COUNTY WATER ASSOCIATION, INC.
 (Name of Utility)

MARCH 15, 2007
 (Date)

P.O. BOX 670
 (Address)

Case No. 2007-00112

LANCASTER, KY 40444-0670
 (City, State)

859-792-4501
 (Telephone Number)

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 shedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>CITY OF LANCASTER</u>	<u>\$1.78</u>	<u>\$1.83</u>
<u>CITY OF DANVILLE</u>	<u>NO ADJUSTMENT SEE ATTACHED EXHIBIT A</u>	
<u>CITY OF BEREA</u>	<u>\$1.95</u>	<u>\$1.95</u>

- 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 FEBRUARY 2006 through JANUARY 2007
 (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> CITY OF LANCASTER </u>	<u> 224,005,323 </u>
<u> CITY OF DANVILLE </u>	<u> See attached Exhibit C </u>
<u> CITY OF BEREA </u>	<u> 24,657,820 </u>
TOTAL PURCHASES	<u> 345,459,627 </u>

4. Total sales for the 12 month period 290,035,725 .

5. Increased water cost \$11,200.00 .

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

6. Purchased water adjustment factor \$.04.

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.

7. Proposed effective date April 10, 2007.



(Signature of Utility Officer)

President
(Title)

FOR Entire area served
Community, Town or City

P.S.C. KY. NO. _____

10th Revised SHEET NO. 1

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

9th Revised SHEET NO. 1

GARRARD COUNTY WATER ASSOC., INC.

(Name of Utility)

RATES AND CHARGES

RATE PER UNIT

RESIDENTIAL, FARM AND SMALL COMMERCIAL

5/8" x 3/4" Meter Schedule

First	1,000 Gallons	10.04 (Minimum Bill)
Next	1,000 Gallons	5.14 per 1,000 Gallons
Next	1,000 Gallons	4.04 per 1,000 Gallons
Next	2,000 Gallons	3.84 per 1,000 Gallons
All Over	5,000 Gallons	3.54 per 1,000 Gallons

LARGE COMMERCIAL, DAIRY FARM AND SCHOOL CONNECTIONS

1" Meter Schedule

First	5,000 Gallons	26.90 (Minimum Bill)
All Over	5,000 Gallons	3.54 per 1,000 Gallons

1 1/2" Meter Schedule

First	10,000 Gallons	44.60 (Minimum Bill)
All Over	10,000 Gallons	3.54 per 1,000 Gallons

2" Meter Schedule

First	25,000 Gallons	97.70 (Minimum Bill)
All Over	25,000 Gallons	3.54 per 1,000 Gallons

Bulk Sales

\$4.75 per 1,000 Gallons

Rates based on monthly consumption.

Penalty of 10% applied to all unpaid bills 10 days from date of bill.

DATE OF ISSUE _____

Month / Date / Year

DATE EFFECTIVE 04/10/07

Month / Date / Year

ISSUED BY _____

(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

EXHIBIT A

be the expense and responsibility of the Purchaser to furnish, install, and maintain the necessary metering equipment, the same to be determined by the Seller's City Engineer, and any required devices of standard types for property measuring the quantity of water delivered to the Purchaser and the responsibility of the Seller to calibrate and test for accuracy such metering equipment annually, or at such other times that are reasonably requested by either party. A meter registering not more than 2% above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the six (6) months previous to such tests in accordance with the percentage of inaccuracy found by such tests.

If any meter fails to register for any period, the amount of water delivered in the corresponding period immediately prior to the failure shall be considered the amount consumed, unless the Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on a regular basis, but not less than once every month. An appropriate official or representative of the Purchaser shall at all reasonable times have access to the meter for the purpose of verifying its readings.

5. The Purchaser agrees to pay to Seller for water delivered in accordance with the following rate schedule based on monthly consumption:

Quantity (Cu Ft)	Rate (\$/100 Cu Ft)
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EXHIBIT A cont.

First	20,000 cu ft	\$1.68
Next	80,000 cu ft	\$1.44
Next	100,000 cu ft	\$1.20
Next	300,000 cu ft	\$1.06
All over	500,000 cu ft	\$0.86

6. In addition to the foregoing schedule of rates, the Purchaser shall further pay to Seller a surcharge of twenty percent (20%) to be added to the total water bill (not including any applicable taxes or fees).

HOWEVER, the parties understand and agree that if at any time during the term of this agreement the rate charged to other wholesale consumers, including other municipalities, independent water districts, or privately owned water companies, are modified, either increased or decreased, the rate of charge to the Purchaser shall automatically be modified to conform to such rates; similarly, it is agreed and understood that in the event the amount of the surcharge which is charged to all wholesale customers outside the city limits of Seller, is modified, then the rate of surcharge unto Purchaser shall automatically be modified to conform with such surcharge rate. It is understood and agreed by the parties that modification of the water purchase rate and the surcharge thereon shall be at the discretion of the Seller, City of Danville. The City of Danville shall be required to give a written five (5) month advance notice of any rate increase and comply with any applicable Public Service Commission rulings.

7. The Purchaser shall not consume more than the monthly limit without written permission from the Seller except in the case

EXHIBIT B

City of Lancaster

308 W. Maple Ave.
Lancaster, Kentucky 40444
Phone 859-792-2241
Fax 859-792-3341

Garrard Co. Water Association
Lexington Rd
Lancaster, KY 40444

March 1, 2007

Dear Mr. Ward:

This is to notify you that your rate for purchasing water from the City of Lancaster will increase from \$1.78/1000 gal. to \$1.83/1000 gal. on April 10, 2007.

Sincerely,



Don Rinthen
Mayor.

Water Rate Agreement

Between

The

City of Lancaster

And The

Garrard County Water Association

April 10, 2007

Water Rate Agreement

This Agreement made and entered into this 14th day of March, 2007, by and between the City of Lancaster, referred to herein as the "City", and the Garrard County Water Association, referred to herein as the "Association".

Witnesseth: That whereas by a contract dated March 25, 1970, an arrangement was made that the rate to be charged for water supplied by the City to the Association would be subject to modification every five years based on a demonstrable increase in the cost of performance, such cost not to include increased capitalization of the Lancaster system.

That whereas this time period was shortened to one year by subsequent agreements and that the latest one year agreement expires at the close of the day on March 31, 2007 and whereas this latest one year agreement introduced the concept of a guaranteed minimum purchase by the Association from the City.

Now, therefore, the parties hereto agree as follows:

1. That the original five year pricing period will continue to be shortened to one year.
2. That the rate charged by the City for water supplied to the Association will increase to \$1.83 per thousand gallons for the next year. There will be a Kentucky River Fee of \$.044 added. If there is an increase in the Kentucky River Fee it will be passed on to the purchaser in the next billing cycle after becoming effective. The increased rate is to take effect on April 10, 2007.
3. The Association agrees to a minimum purchase amount to 200 million gallons per year.
4. That the costs and methodology used to arrive at the price increase noted above will be reviewed every two (2) years by an independent third party to identify any need for an increase or decrease in wholesale rates. For those years when an independent rate review is not required, a rate adjustment, if necessary, will be equal to the state of Kentucky's Consumer Price Index as calculated by the Governor's Office for Local Development (GOLD).
5. All other provisions of the original contract between the parties will remain in full force and effect.

Witness our Signatures to duplicate copies hereof this 14th day of March, 2007.

City of Lancaster

By: [Signature], Mayor

Attest [Signature]

Garrard County Water Association

By: [Signature], President

Attest [Signature]

EXHIBIT C

WATER PURCHASED BY THE GARRARD COUNTY WATER ASSOCIATION
FROM THE CITY OF DANVILLE

<u>MONTH</u>		<u>AMOUNT</u>
February	2006	7,363,761 GALLONS
March	2006	7,542,009 GALLONS
April	2006	8,048,528 GALLONS
May	2006	8,436,318 GALLONS
June	2006	8,388,520 GALLONS
July	2006	9,714,575 GALLONS
August	2006	7,725,942 GALLONS
September	2006	7,306,240 GALLONS
October	2006	6,734,020 GALLONS
November	2006	8,342,594 GALLONS
December	2006	8,943,387 GALLONS
January	2007	8,250,590 GALLONS
	TOTAL GALLONS	96,796,484 GALLONS



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 P.O. Box 670
 Lancaster, Kentucky 40444-0670

TO: Ms. Beth O'Donnell, Executive Director
 Public Service Commission
 P.O. Box 615
 Frankfort, KY 40602-0615

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