

Case No: 2007-00476

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PUBLIC SERVICE COMMISSION

APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities  
Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)

Garrison-Quincy-Ky-O-Heights Water District  
Name of Utility

P.O. Box 279, Murphy's Lane

Garrison, Kentucky 41141  
Business Mailing Address

Telephone Number (606) 757-4898  
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: John Pierce, Manager

Address: P.O. Box 279, Murphy's Lane

Garrison, KY 41141

Telephone Number: (606) 757-4898

- |    |  |     |    |
|----|--|-----|----|
| 1) | Do you have 500 customers or fewer?  | Yes | No |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less? – <b>Deviation Requested; 2006 revenues are less than 10% above the threshold at \$328,855.</b> | Yes | No |
| 3) | Has the Utility filed an annual report with this Commission for the past year and the two previous years?  | Yes | No |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise?  | Yes | No |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain

written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2006.
- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

**See Attachment A.**

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

**Please see the notes to Attachment A for these descriptions.**

- i. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

**See attachments**

III. Other Information

- a. Please complete the following questions:
- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).
- 2) Total number of Customers as of the date of filing: 1,074

3) Total amount of increased revenue requested: \$88,852

4) Please circle Yes or No:

a) Does the utility have any outstanding indebtedness? **Yes** No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

b) Were all revenues and expenses listed in the Annual Report for 2006 incurred and collected from January 1 to December 31 of that year? **Yes** No

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2006 and the amount shown on this schedule. – **Depreciation schedule attached.**

6) If utility is a sewer utility:

a) Attach a copy of the latest State and Federal Income Tax Returns. **Not applicable**

b) How much of the utility plant was recovered through the sale of lots or other contributions? (If unknown, state the reason).

b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

**Garrison-Quincy's costs have continued to increase since its last rate case, and its current rates do not provide adequate funds to recover all of its operating expenses.**

#### IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the

current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1:           1<sup>st</sup> 2,000 gallons minimum bill rate level  
                  432 Bills  
                  518,400 gallons used  
                  All bills use 2,000 gallons or less, therefore, all usage  
                  is recorded in Column 4.

Step2:           Next 3,000 gallons rate level  
                  1,735 Bills  
                  4,858,000 gallons used  
                  1<sup>st</sup> 2,000 minimum x 1,735 bills = 3,470,000 gallons –  
                  record in Column 4.  
                  Next 3,000 gallons – remainder of water over 2,000 =  
                  1,388,000 gallons – record in Column 5.

Step3:           Next 10,000 gallons rate level  
                  1,830 Bills  
                  16,268,700 gallons used

1<sup>st</sup> 2,000 minimum x 1,830 bills = 3,660,000 gallons –  
record in Column 4.

Next 3,000 gallons x 1,830 bills = 5,490,000 gallons –  
record in Column 5.

Next 10,000 gallons – remainder of water over 3,000  
= 7,118,700 gallons – record in Column 6.

Step4: Next 25,000 gallons rate level

650 Bills

15,275,000 gallons used

1<sup>st</sup> 2,000 minimum x 650 bills = 1,300,000 gallons –  
record in Column 4.

Next 3,000 gallons x 650 bills = 1,950,000 gallons –  
record in Column 5.

Next 10,000 gallons x 650 bills = 6,500,000 gallons –  
record in Column 6.

Next 25,000 gallons – remainder of water over 10,000  
= 5,525,000 gallons – record in Column 7.

Step5: Over 40,000 gallons rate level

153 Bills

9,975,600 gallons used

1<sup>st</sup> 2,000 minimum x 153 bills = 306,000 gallons –  
record in Column 4.

Next 3,000 gallons x 153 bills = 459,000 gallons –  
record in Column 5.

Next 10,000 gallons x 153 bills = 1,530,000 gallons –  
record in Column 6.

Next 25,000 gallons x 153 bills = 3,825,000 gallons –  
record in Column 7.

Over 40,000 gallons – remainder of water over 25,000  
= 3,855,600 gallons – record in Column 8.

Step6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

The Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains the revenue produced.

**SAMPLE**

Revenue from Present/Proposed Rates  
 Test Period from 01-01-XX to 12-31-XX

**USAGE TABLE**

Usage by Rate Increment

**Class:** Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,000	(9) Total
First 2,000 Minimum Bill	432	518,400	518,400					518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975,600
<b>Totals</b>	<b>4,800</b>	<b>46,895,700</b>	<b>9,254,400</b>	<b>9,287,000</b>	<b>15,148,700</b>	<b>9,350,000</b>	<b>3,855,600</b>	<b>46,895,700</b>

**REVENUE TABLE**

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	4,800	9,254,400	\$ 5.00 Minimum Bill	\$ 24,000.00
Next 3,000 Gallons		9,287,000	\$ 2.50 per 1,000 Gal.	23,217.50
Next 10,000 Gallons		15,148,700	\$ 2.00 per 1,000 Gal.	30,297.40
Next 25,000 Gallons		9,350,000	\$ 1.25 per 1,000 Gal.	11,687.50
Over 40,000 Gallons		3,855,600	\$ 0.75 per 1,000 Gal.	2,891.70
<b>Totals</b>	<b>4,800</b>	<b>46,895,700</b>		<b>\$ 92,094.10 Total Revenue</b>

Instructions for Completing Revenue Table:

- (1) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (2) Complete Column No. 4 using rates either present or proposed.
- (3) Column No. 5 is completed by first multiplying the bills times the minimum charge.
- (4) Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

c. One Copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch  
Office of the Attorney General  
Post Office Box 2000  
Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

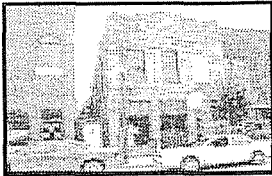
Signed John Pierce  
Officer of the Company  
Title Manager  
Date 11-06-07

Garrison-Quincy KY Water District  
10/9/07

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**NOTICE**

Garrison-Quincy-KY-O'Heights Water District has filed an application with the Public Service Commission to increase its rates for water service.

**Monthly Rate:**

5/8" Meter		Current	Proposed	% Increase
First 2,000 gallons		\$12.18	\$16.53	35.7%
Next 3,000 gallons		5.45	6.49	19.1%
Next 5,000 gallons		4.13	5.43	31.5%
Over 10,000 gallons		3.47	4.29	23.6%

1" Meter		Current	Proposed	% Increase
First 10,000 gallons		\$49.18	\$63.15	28.4%
Over 10,000 gallons		3.47	4.29	23.6%

2" Meter		Current	Proposed	% Increase
First 50,000 gallons		\$187.98	\$234.75	24.9%
Over 50,000 gallons		3.47	4.29	23.6%

The monthly bill for a customer using an average of 5,000 gallons per month will increase \$7.47 from \$28.53 to \$36.00 or 7.47%.

The rates contained in this notice are the rates proposed by the Garrison-Quincy-KY-O'Heights Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at Murphy's Lane, Garrison, KY 41141. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

Garrison-Quincy-KY-O'Heights Water District

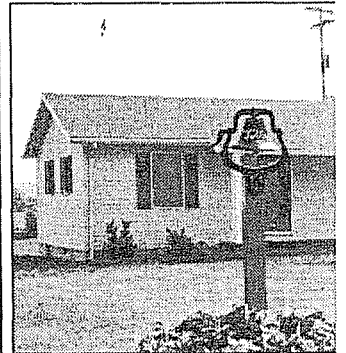
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**R 424: Lewis County. SELLER PURCHASE.** 2.4 acre lot. Nice rolling pets. Paula 748-1577. Owner will finish before the summer is over.



**R 450: Tollesboro.** Very nice ranch, room, utility, attached garage, convenient. Call Rhonda Holt 606-798-1111

**F 189A: Lewis County.** 65 wooded acres, road frontage, \$97,500. Call Sue 606-849-2612

**F 195:** 66 acres, wooded, creek frontage, \$69,900. Call Sue 606-849-2612.

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(606) 796-2655

**RIVER LOTS:** - Beautiful building lots east of Vanceburg along the Ohio River in Black Oak Bottoms. City water available. Prices starting as low as \$9,000. CALL ANTHONY FOR DETAILS!

**REDUCED - BLACK OAK - NICE VACATION HOME OR YEAR ROUND LIVING:** Extra nice 1995 double wide with bay windows, approximately 1,026 sq. ft. with 4-2-2 room count, central heat and air conditioning, stove, refrigerator, washer and dryer. Front and rear porches, 18' above ground pool with privacy fence and 10'x10' storage building. Setup in Black Oak Bottoms on nice 120'x100' lot with city water. ONLY \$42,000! CALL ANTHONY!

**PRICE REDUCED! VANCEBURG - ONE OF A KIND OFFERING:** 3,448 sq. ft. home with 11 rooms, four bedrooms, three full baths and two half baths. Other features include bedford stone exterior, two car attached garage, two fireplaces, central heat and air conditioning (two units) and lots of extra storage area. Other improvements include tool shed/storage building, cellar and extra storage building. Nice large lot with all public utilities. Good visibility and could be used as a commercial site. \$179,000! CALL ANTHONY TODAY FOR AN APPOINTMENT!!

**REDUCED - BLACK OAK:** Nice well maintained three bedroom, one bath home on nice lot in Meadowbrook III Subdivision. New carpet, paint, floor covering, landscaping, fenced back yard, paved driveway, front porch and

**VANCEBURG - FLY BRANCH ROAD:** with approximately 2,100 sq. ft., 7-3 large 40'x68' detached garage with area, two storage buildings, nice 24 more. Home has had recent updates and new central heat and air conditioning. Located just minutes from Vanceburg and High Schools, and just off AA Highway. \$139,500!

**LEWIS COUNTY - MINI FARM:** 7 farm house, small barn, city water, and remainder in wooded hillside. Proper for weekend getaway, recreational living. Located approximately seven miles from Vanceburg. \$79,000! CALL ANTHONY!

**MOBILE HOME PARK - VANCEBURG:** home park with public utilities. Current Property consists of 1.79 (+/-) acres: acres available located on Flinders Hill. ONLY!

**VANCEBURG - NEW SURVEY - FLY BRANCH ROAD:**

**PHOTOS**

Send to THE LEWIS COUNTY HERALD either color or black and white. Polaroid or digital. Photos may be printed on a computer, but for better photo quality they should be submitted on a CD-ROM or DVD format.



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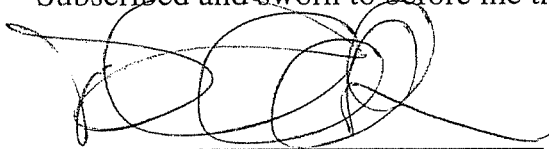
## AFFIDAVIT OF PUBLICATION

To Whom It May Concern:

This is to certify that the legal notice(s) shown on the attached tear sheet(s)  
appeared in the Lewis County Herald newspaper on the date(s) of \_\_\_\_\_

10-9-07 and 10-16-07

Subscribed and sworn to before me this 10-30-07



D.K. Brown, Publisher

Patricia Bloomfield

Notary Public

My commission expires 1-4-2011