

**MONTGOMERY COUNTY WATER DISTRICT #1**  
**4406 Camargo Road**  
**Mt. Sterling, KY 40353**

**Phone: (859) 498-0521**

**Fax: (859) 498-0872**

Jeff Derouen  
Executive Director  
KY Public Service Commission  
PO Box 615  
Frankfort, KY. 40602

RECEIVED

APR 1 2011

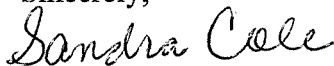
PUBLIC SERVICE  
COMMISSION

RE: Formal Application for a Purchased Water Agreement

This is an application for a purchased water rate adjustment for the Montgomery County Water District #1. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates that will become effective May 01, 2011. The District is seeking to make this effective with the May 30, 2011 billing.

The District's notice will be printed on previous bills before the new bills are issued.

Sincerely;



enclosure

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

<b>Name of Utility</b>	Montgomery County Water District #1	
<b>Date</b>	April 12, 2011	
<b>Address</b>	4406 Camargo Road	
<b>City, State, Zip</b>	Mt. Sterling, Kentucky	40353
<b>Telephone Number</b>	(859) 498-0521	

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.

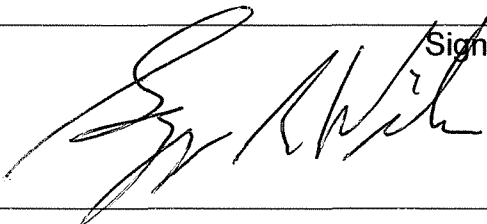
<b>Supplier(s)</b>	<b>Base Rate</b>	<b>Changed Rate</b>
Mt. Sterling Water & Sewer	2.07	2.34

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).

<b>From</b>	March 2010	<b>through</b>	February 2011
	(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
Mt. Sterling Water & Sewer		44,336,728
<b>TOTAL PURCHASES</b>		44,336,728
4. Total sales for the 12 month period		36,964,820
5. Increased water cost		11,970.92
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.		
6. Purchased water adjustment factor		.33
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.		
<p><b>Note:</b> 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.</p>		
7. Proposed effective date		May 01, 2011
		
Signature of Utility Officer		
Chairman		
Title		

**MT. STERLING WATER & SEWER SYSTEM**

POST OFFICE BOX 392 -- 300 EAST MAIN STREET  
MOUNT STERLING, KENTUCKY 40353-0392

March 18, 2011

Sandra Cole  
Montgomery County Water District  
4406 Camargo Road  
Mount Sterling, Kentucky 40353

Re: Wholesale Rate Increase

Ms. Cole,

The purpose of this letter is to advise you that our utility, Mt. Sterling Water and Sewer, recently completed a cost of service study, related to both retail and wholesale rates. The results of this study indicated that a rate modification was justifiable. A tariff has been filed with the Public Service Commission (PSC) asking for approval to alter our current wholesale rates from \$2.07/1,000 gallons to \$2.34, an increase of 13 percent. We have requested approval that this increase be effective May 1, 2011, should this increase be approved it will be reflected in the June billing.

This notice is being provided in order to comply with a PSC statute requiring that effected wholesale customers received notice of any increase a minimum of 30 days prior to the implementation of said increase. It is unfortunate that we find it necessary to implement an increase at this time, given the state of our economy. However I hope you will understand that Mt. Sterling has not had a rate increase in three years and during that time period cost have continued to escalate, as I'm sure you are aware. In closing thank you for your understanding and cooperation concerning this matter.

Sincerely,



Rick Fletcher  
Manager  
Mount Sterling Water and Sewer

FOR CAMARGO AND SURROUNDING  
AREA SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

MONTGOMERY COUNTY WATER DISTRICT #1

CANCELLING P.S.C KY. NO. \_\_\_\_\_

\_\_\_\_\_  
(Name of Utility)

SHEET NO. \_\_\_\_\_

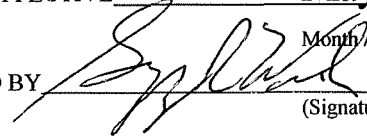
CONTENTS

Monthly Water Rates

First 2,000 Gallons	\$21.59 Minimum Bill
Next 3,000 Gallons	\$ 6.65 Per 1,000 Gallons
Next 5,000 Gallons	\$ 5.93 Per 1,000 Gallons
Over 10,000 Gallons	\$ 5.21 Per 1,000 Gallons
Wholesale Customers	\$ 2.46 Per 1,000 Gallons

DATE OF ISSUE May 01,2011  
Month / Date / Year

DATE EFFECTIVE May 01,2011  
Month / Date / Year

ISSUED BY   
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

**MONTGOMERY COUNTY WATER DISTRICT #1  
4406 Camargo Road  
Mt. Sterling, KY 40353**

**Phone: 859-498-0521**

**Fax Phone 859-498-0872**

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**MINUTES  
April 12, 2011**

The regular meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Chairman Greg Wilson.

**Roll Call:**

Staff members present at meeting were Junior Holley, Greg Wilson, Taylor Abney, David Bailey, Sandra Cole, and Walter Lee.Jr.

**Approval of March 08, 2011 Minutes:**

Junior Holley made a motion to approve minutes for the March 08, 2011 meeting. Taylor Abney seconded the Motion. Motion carried

**Guests Present:**

**Steve Hall**

**Comments:**

None

**Old Business:**

**A. Grant Money/ K.I.A For New Office Building and Lot**

David Bailey updated Commissioners on the parking lot at new office. David said at bid opening on March 14, 2011 that the low bidder was Richard Little. David contacted Mr. Little to let him know he was the low bidder and Mr. Little told him that he had other obligations at this time and would not be able to do this job .At that point David contacted Walker Construction. Walker Construction was awarded the bid. Walker started working on the lot and had some complications, they said to fix the problem would cost an extra \$12,000.00. The total payment for the lot would be \$43,257.50. Sandra Cole let Commissioners know the final payment from the Grant Money was drawn from Construction Account.

**B. Water Tower**

David explained to Commissioners that he has been working on Tower and at this time the valve is working fine.

**New Business:**

**A. Approve Managers Report, Financial Report, Adjustments, Billing Summary, Account Write Offs, Budget Variances, Cash Receipt Report, and Pay Bills**

Junior Holley made the motion to approve the Managers/Treasurers Report. Taylor Abney seconded the Motion. Motion carried.

**B. Additional Comments:**

Commissioners talked with Walter about driving water truck home at night. Greg Wilson decided to wait until next meeting to give a decision.

Sandra Cole asked for approval on the new water rates that will go into effect on May 01, 2011. Due to increase from Mt. Sterling Water & Sewer, Sandra explained this would just be a pass through and the new rates would be reflected on the May 30, 2011 bills. Also a notice of rate increase would be printed on the April 29, 2011 bills. Sandra spoke with Mr. Beavers at P.S.C. and he told her this would not have to be published in the Advocate. Junior Holley made a Motion to approve the rate increase. Taylor Abney seconded the Motion. Motion carried.

Sandra asked for the approval to purchase a new copier. The Commissioners agreed to the purchase.

**C. Adjourn**

Taylor Abney made the Motion to adjourn. Junior Holley seconded the Motion. Motion carried. Time 5:45 p.m.