



June 8, 2011

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

RECEIVED
JUN 9 2011
PUBLIC SERVICE
COMMISSION


RE: North Nelson Water District
Purchased Water Adjustment

Dear Mr. Derouen:

Enclosed for filing are the original and ten (10) copies of the Application for a Purchased Water Adjustment (PWA) of the North Nelson Water District.

Attached to the PWA Application is the Customer Notice which will be published in the local newspaper prior to the rendering of the first bill at the increased rate.

Should you need any additional information, please let me know.

Yours truly,
North Nelson Water District

Julia Phillips, Assistant Manager

Enclosures

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

Name of Utility	North Nelson Water District	
Date	4-27-11	
Address	P.O. Box 25	
City, State, Zip	Cox's Creek	KY 40013
Telephone Number	502-348-8342	

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.

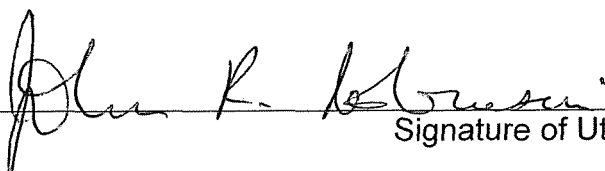
Supplier(s)	Base Rate	Changed Rate
Louisville Water Company	1.71	1.87
Louisville Water Company	169.50 monthly service charge	206.70 monthly service charge
City of Bardstown	1.70	N/A

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

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	May 2010	through	April 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
Louisville Water Company		149,733,000
City of Bardstown		178,275,700
TOTAL PURCHASES		328,008,700
4. Total sales for the 12 month period	283,892,800	
5. Increased water cost	23,957.28 + \$446.40 = \$24,403.68	
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.		
6. Purchased water adjustment factor	.09 per thousand	
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.		
<p>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.</p>		
7. Proposed effective date	July 1, 2011	
 Signature of Utility Officer		
Chairman North Nelson Water District Title		



March 15, 2011

Ms. Julia Phillips
North Nelson Water District
P.O. Box 25
Cox's Creek, KY 40013

Dear Julia:

On behalf of Louisville Water Company, thank you for sending representatives from North Nelson Water District to our wholesale customer meeting on February 15, 2011. I appreciate the opportunity for feedback from this important customer group of our Company.

As previously discussed at the above meeting, Louisville Water Company anticipates the rate for wholesale water service on and after July 1, 2011 will be \$1.57 per thousand gallons, plus an elevated service area surcharge of \$0.30 per thousand gallons.

We are planning to file the necessary documentation for this new rate with the Public Service Commission over the next few weeks. The PSC has advised us that we must inform you of the proposed rate increase in the format of the notice attached on the next page, although we have already provided notice to you at our wholesale customer meeting February 15, 2011.

In addition, we have been advised by the Kentucky Public Service Commission that it is helpful to their review process if we can provide a signed letter from each of our regulated wholesale customers, indicating they have been notified of the proposed rate going into effect and that they do not intend to file for intervention. If this is indeed the case with North Nelson Water District, we respectfully ask that North Nelson send a letter confirming this to the PSC.

Thank you again for sending representatives to our wholesale customer meeting. If you have any questions or need additional information please call Patti Kaelin at 502.569.0843, or Jim Smith at 502.569.3687. I can also be reached at 502.569.3681.

Sincerely,

Gregory C. Heitzman
President/CEO

NOTICE

The Louisville Water Company has filed a proposed rate schedule which will increase by 9.4% the rate(s) which it currently charges to North Nelson Water District for water service.

Louisville Water Company currently charges a \$169.50 monthly meter fee, \$1.44 per thousand gallons, and \$0.27 elevated service area surcharge per thousand gallons, for a total rate of \$1.71 per thousand gallons.

Louisville Water Company proposes to charge a \$206.70 monthly meter fee, and \$1.57 per thousand gallons, and \$0.30 elevated service area surcharge per thousand gallons, for a total rate of \$1.87 per thousand gallons, effective July 1, 2011.

The rates contained in this notice are the rates proposed by Louisville Water Company. The Public Service Commission, however, may order rates to be charged that differ from the proposed rates contained in this notice.

Any corporation, association or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes request to intervene. Intervention may be granted beyond the thirty (30) day period for good cause shown.

Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and other filings made by Louisville Water Company by contacting Barbara Dickens at Louisville Water Company, 550 s. 3rd Street, Louisville, Kentucky. Her phone number is 502.569.0808.

Any person may examine the Louisville Water Company rate application and any other filings at its main office at 550 s. 3rd Street, Louisville, Kentucky or at the Public Service Commission's Office at 211 Sower Blvd, Frankfort, Kentucky.

FOR Entire Area Served
Community, Town, or City

P.S.C. KY. NO. _____

Second Revised Sheet No. 2

Cancelling P.S.C. KY. No. _____

First Revised Sheet No. 2

North Nelson Water District

(Name of Utility)

Rates and Charges

Monthly Water Rates

First 2,000 Gallons	\$13.91 Minimum Bill
Next 3,000 Gallons	\$3.78 Per 1,000 Gallons
Next 5,000 Gallons	\$3.26 Per 1,000 Gallons
Over 10,000 Gallons	\$2.91 Per 1,000 Gallons
Truck Loading Stations	\$6.59 Per 1,000 Gallons

Date of Issue May 16, 2011

Date Effective July 1, 2011

Issued By Adam R. Johnson

Title Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE NORTH NELSON WATER DISTRICT
ADJUSTING WATER RATES AND CHARGES
TO OFFSET THE LOUISVILLE WATER COMPANY
WHOLESALE RATE INCREASE**

WHEREAS, the Louisville Water Company (“LWC”) is one of North Nelson Water District’s (“District”) wholesale water providers;

WHEREAS, on April 1, 2011, the LWC filed an application with the Kentucky Public Service Commission (“PSC”) seeking to increase the wholesale water rate that LWC charges the District from \$1.71 to \$1.87 per 1,000 gallons (See PSC Case TFS2011-00242);

WHEREAS, based upon the water purchases from LWC during the previous 12 months, the annual increased cost to the District will be approximately \$24,404.00;

WHEREAS, prudent financial management dictates that the District take immediate action to adjust its retail rates commensurate with LWC’s wholesale rate increase; and

WHEREAS, KRS 278.015 and 807 KAR 5:068 provide the legal mechanism for the District to increase its water rates commensurate with LWC’s wholesale rate increase via a Purchased Water Adjustment (“PWA”);

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF NORTH NELSON WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The PWA factor is \$0.09 per 1,000 gallons;

Section 3. All tiers of all meter sizes of the District's existing tariff shall be increased by \$0.09 per 1,000 gallons, subject to any minor adjustment that may be made by the PSC.

Section 4. The monthly water rates to be charged to and collected from the customers and users of the water system of the District shall be as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The rates and charges set forth in **Appendix A** are subject to any minor adjustment that may be made by the PSC. These monthly rates and charges shall be in effect for all water service rendered on and after July 1, 2011.

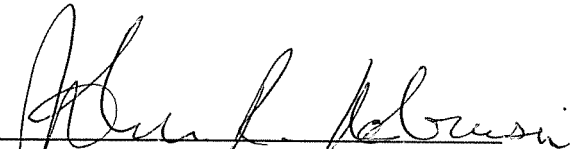
Section 5. The Chairman is hereby authorized and directed to execute and file the PWA Application, Tariff Sheet and all other documents that may be required by the PSC.

Section 6. The Chairman, all appropriate District Staff, and the District's attorney are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement the PWA.

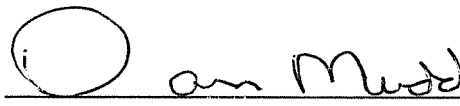
Section 7. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF NORTH NELSON WATER DISTRICT at a meeting held on May 16, 2011, signed by the Chairman, and attested by the Secretary.

ATTEST:



CHAIRMAN




SECRETARY

CERTIFICATION

I, Secretary of the North Nelson Water District (the "District"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Commission of the District at a meeting properly held on May 16, 2011, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 16th day of May, 2011.



SECRETARY

CUSTOMER NOTICE

Due to a rate increase from the Louisville Water Company, notice is hereby given that the North Nelson Water District has filed an application for a Purchased Water Adjustment with the Kentucky Public Service Commission for adjusting its water rates. Customer rates will increase by \$0.09 per 1,000 gallons used. The proposed change will be effective for service rendered on and after July 1, 2011.

Monthly Water Rates

	Current Rates	Proposed Rates
First 2,000 gallons	\$13.73 Minimum Bill	\$13.91 Minimum Bill
Next 3,000 gallons	3.69 per 1,000 gallons	3.78 per 1,000 gallons
Next 5,000 gallons	3.17 per 1,000 gallons	3.26 per 1,000 gallons
Over 10,000 gallons	2.82 per 1,000 gallons	2.91 per 1,000 gallons
Truck loading stations	6.50 per 1,000 gallons	6.59 per 1,000 gallons

The monthly bill for a residential customer using an average of 5,000 gallons per month will increase from \$24.80 to \$25.25. This is an increase of \$0.45 or 1.8%.

The rates contained in this notice are the rates proposed by North Nelson Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates shown in this notice.

North Nelson Water District has available for inspection at its office the application which it submitted to the Public Service Commission. North Nelson Water District's office is located at 5555 Louisville Road, Cox's Creek, KY 40013. You may contact the office at 502-348-8342.