

HARRISON COUNTY WATER ASSOCIATION
P. O. BOX 215
CYNTHIANA, KENTUCKY 41031
PHONE 234-4284

RECEIVED

JAN 23 2015

PUBLIC SERVICE
COMMISSION

January 21, 2015

Jeff R. Derouen, Executive Director
KY Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602

Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601
2015-00029

RE: Purchased Water Adjustment

Dear Mr. Derouen:

Please be advised that the City of Cynthiana has negotiated a wholesale water rate increase effective January 1, 2015. Harrison County Water Association intends to pass this increase through to our retail customers in accordance with 807 KAR 5:068. This rate adjustment was approved by the District Commissioners during the January 21, 2015 board meeting and will go in effect on February 15, 2015.

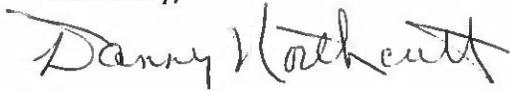
The following support documentation is enclosed for your review:

- Exhibit A - Copy of Water Purchase Contract Addendum
- Exhibit B - Copy of the Cynthiana Wholesale Tariff
- Exhibit C - Purchased Water Adjustment Form
- Exhibit D - Purchased Water Adjustment Worksheet
- Exhibit E - Notice to Harrison County Water Association Customers
- Exhibit F - Revised Harrison County Water Association Tariff
- Exhibit G - Copy of Harrison County Water Association's meeting minutes

The Association will publish the notice in accordance with Commission regulations and will provide verification that such notice has been given before rendering the first customer statement reflecting the increase.

Please contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Danny Northcutt". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Danny Northcutt
General Manager

**ADDENDUM TO WATER PURCHASE AGREEMENT
BETWEEN CITY OF CYNTHIANA AND
HARRISON COUNTY WATER ASSOCIATION, INC.**

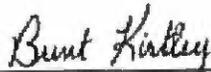
WHEREAS, the City of Cynthiana, Kentucky and Harrison County Water Association, Inc. entered into a Water Purchase Agreement dated September 29, 2009 setting forth rates to be charged by the City of Cynthiana to Harrison County Water Association, Inc. for treated water which Harrison County Water Association, Inc. purchases from the City of Cynthiana, Kentucky, and

WHEREAS, Paragraph 7 of the Agreement provides that the rates set out in the agreement are subject to change by mutual agreement of the City and the Harrison County Water Association, or if unable to reach such an agreement, then upon a minimum of thirty days' notice of any such change, subject to the review and approval of the Public Service Commission of the Commonwealth of Kentucky, and

WHEREAS, the City of Cynthiana and the Harrison County Water Association, Inc. have reached an agreement on a rate increase which will take effect in phases commencing January 1, 2015 and January 1, 2016, respectively, with the new rates to supersede and replace in all respects those rates set out in the Water Purchase Agreement dated September 29, 2009, and

WHEREAS, the parties wish to amend the Water Purchase Agreement to reflect the new rates,

NOW, THEREFORE, this Addendum to Water Purchase Agreement is made and entered into as of this the 11th day of November 2014, by and between the City of Cynthiana, Kentucky, a municipal corporation located in Harrison County, Kentucky (hereinafter referred to as "City") and the Harrison County Water Association, Inc., P.O. Box 215, Cynthiana, Kentucky 41031 (hereinafter referred to as "HCAWA")

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 1/1/2015
PURSUANT TO 807 KAR 5 011 SECTION 9 (1)

WITNESSETH:

1. The City and the HCWA have reached an agreement to change the water rates pursuant to Paragraph 7 of the Water Purchase Agreement dated September 29, 2009. The new rates to be charged by the City of Cynthiana to HCWA shall be as follows:

Phase I Monthly Rates, effective from January 1, 2015 through December 31, 2015:

	<u>Current Rate</u>	<u>Phase I Rate</u>	<u>\$ Change</u>	<u>% Change</u>
All usage	\$2.41 per 1,000 gallons	\$2.63 per 1,000 gallons	\$0.22 increase	9.1% increase

Phase II Monthly Rates, effective on or after January 1, 2016:

	<u>Phase I Rate</u>	<u>Phase II Rate</u>	<u>\$ Change</u>	<u>% Change</u>
All usage	\$2.63 per 1,000 gallons	\$2.85 per 1,000 gallons	\$0.22 increase	8.4% increase

2. Water flowing through the meters between January 1, 2015 and December 31, 2015 will be charged at the Phase I rate while water flowing through the meters on or after January 1, 2016 will be charged at the Phase II rate.

3. Except as specifically amended herein relating to rates, the remaining paragraphs and provisions of the Water Purchase Agreement dated September 29, 2009 remain in full force and effect.

IN TESTIMONY WHEREOF, this Addendum has been lawfully and with full authority executed (1) by the Mayor of the City of Cynthiana, Kentucky, by and on behalf of the City and (2) by the President and Chairman of the Board of Directors of the Harrison County Water Association, Inc., by and on behalf of the HCWA.

CITY OF CYNTHIANA, KENTUCKY

By: *Steve Moses*
Steve Moses, Mayor

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 1/1/2015 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

**STATE OF KENTUCKY
COUNTY OF HARRISON**

The foregoing Addendum to Water Purchase Agreement was subscribed, sworn to and acknowledged before me by Steve Moses, acting as Mayor on behalf of the City of Cynthiana, Kentucky, on this the 18 day of November 2014.

My commission expires:
March 24, 2017

Charleen M M Glavin
Notary Public

**HARRISON COUNTY WATER
ASSOCIATION, INC.**

By: William Toadvine
William Toadvine, President and
Chairman of the Board of Directors

**STATE OF KENTUCKY
COUNTY OF HARRISON**

The foregoing Addendum to Water Purchase Agreement was subscribed, sworn to and acknowledged before me by William Toadvine, acting as President and Chairman of the Board of Directors on behalf of Harrison County Water Association, Inc., on this the 19 day of November 2014.

My commission expires:
4/10/18

Danny Northcutt
Notary Public

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <u>Bunt Kirtley</u>
EFFECTIVE 1/1/2015 PURSUANT TO 807 KAR 5 011 SECTION 9 (1)

FOR Harrison County Water Association

P.S.C. KY. NO. 1

Original SHEET NO. 1

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

SHEET NO. _____

City of Cynthiana (Water)
(Name of Municipal Utility)

RATES AND CHARGES

MONTHLY WHOLESALE WATER RATE:

Harrison County Water Association:

All usage - Phase I (January 1, 2015 – December 31, 2015)	\$2.63	Per 1,000 gallons	(1)
All usage - Phase II (On and after January 1, 2016)	\$2.85	Per 1,000 gallons	(1)

NOTE: This revises the previous rate of \$2.41 per 1,000 gallons that became effective on November 1, 2009.

DATE OF ISSUE 11/11/2014
Month Date Year

DATE EFFECTIVE January 1, 2015
Month Date Year

ISSUED BY City of Cynthiana by Steve Moses
(Signature)

TITLE Mayor

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N.A. DATED N.A.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 1/1/2015 <small>PURSUANT TO 807 KAR 5.011 SECTION 9 (1)</small>

Harrison County Water Association

P.O. Box 215
2167 U.S. 27 South
Cynthiana, Kentucky 41031

January 21, 2015

The Harrison County Water Association met in regular session at the Water Association office at US 27 South on Wednesday January 21, 2015. The meeting was call to order 7:30 P.M. by Pres. Toadvine. Members of the Board present included:

William R. Toadvine	President
J. Frank Marsh	Vice President
Patty Hanna	Secretary
Lewis Furnish	Treasurer
Russell Gray	Member
Paul Wilson	Member
Gary Carter	Member

Others Present:	Danny D. Northcutt	Manager
	Jo Mastin	Attorney
	Andrew Esarey	Engineer
	Charles Brunker	CPA
	Tony Harover	Engineer

The minutes of the previous meeting were approved on a motion by Wilson and seconded by Marsh. Motion carried.

The financial report for the month of December 2014 was approved on a motion by Marsh and seconded by Wilson. Motion carried.

Guests from Sturgis Public Works attended.

Joe Burns from Ky Rural Water attended. Report attached re: Purchased water adjustments. Motion by Carter, seconded by Marsh to accept purchase water agreement as presented by City of Cynthiana to Harrison County Water Assoc. Motion carried.

Motion by Hanna, seconded by Gray to participate in the Compliance Check Program furnished by Ky Rural Water Association. Motion carried.

Andrew Esarey- Strand Engineering-Report attached.

Tony Harover- report attached.

Motion by Furnish seconded by Gray to accept bid from McKenzie Trucking Co for our part of Millersburg by pass project. Motion carried.

Charlie Brunker-report attached.

Motion by Furnish seconded by Gray to accept budget. Motion carried.

Jo Mastin advised Eula Howard property purchased for \$3500.00.

Motion by Furnish seconded by Gray to pay Strand Invoices. Motion carried.
In#0109261 @ \$416.00

Motion by Carter seconded by Gray to approve leak adjustments. Motion carried..

Motion made by Furnish seconded by Gray to give rate increase to Danny Northcutt \$151.00 per month and Johnny Galbreath \$66.00 per month. Motion carried.

Danny Northcutt advised nothing has been resolved with NSF check from Knochgriffin Farm. \$210.87 will be written off.

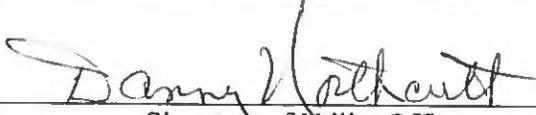
Danny Northcutt reported Keith Quesenberry property @ Sunrise has outstanding bill of \$879.42. Customer had moved out then returned and cut the lock off meter and used water for 25 monthes. Formal complaint has been filed by Northcutt with Harrison Co. Sheriff.

Motion by Hanna seconded by Marsh to adjourn. Motion carried.

A handwritten signature in cursive script that reads "Patty Hanna".

Patty Hanna
Secretary
Harrison County Water Association

PURCHASED WATER ADJUSTMENT FOR WATER DISTRICTS AND WATER ASSOCIATIONS (807 KAR 5:068)		RECEIVED
		JAN 23 2015 PUBLIC SERVICE COMMISSION
Name of Utility	Harrison County Water Association	
Date	January 21, 2015	
Address	PO Box 215	
City, State, Zip	Cynthiana, KY 41031	
Telephone Number	(859) 234-4284	
Email Address	dianalukins@yahoo.com	
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
Cynthiana	\$ 2.41	\$ 2.63
Paris	\$ 2.25	\$ 2.25
KY American Water	\$ 4.49	\$ 4.49
Millersburg	\$ 2.25	\$ 2.25
Nicholas Co Water District	\$ 2.10	\$ 2.10
1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit		
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 2014	through
	December 2014	
	(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
Cynthiana	367,556,400
Paris	4,002,300
KY American Water	34,222,000
Millersburg	6,443,400
Nicholas Co Water District	15,611,900
TOTAL PURCHASES	427,836,000
4. Total gallons sold for the 12 month period	325,402,294
5. Increased water cost	\$ 80,862.41
<p>The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate. The calculation and all supporting documents used to determine the change in purchased water costs sufficient to determine the accuracy of the calculation is attached as Exhibit</p>	
6. Purchased water adjustment factor	\$ 0.25
<p>The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.</p> <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.</p>	
7. A schedule listing the current and proposed rates is attached as Exhibit	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit	
9. Proposed effective date	March 1, 2015
	
Signature of Utility Officer	
	
Title	

**Harrison County Water Association
Purchase Water Adjustment Worksheet**

Month/Year	Purchased Water (gallons)					Water Sold (gallons)
	Cynthiana	Paris	KYAM	Millersburg	Nicholas Co	
Jan 2014	26,899,970	219,300	2,726,400	423,000	1,365,900	26,729,425
Feb 2014	35,574,220	241,200	3,516,300	596,000	922,800	35,455,077
Mar 2014	36,122,670	333,600	3,187,900	0	249,300	25,191,208
Apr 2014	31,195,290	378,200	0	620,000	899,600	24,030,132
May 2014	29,212,500	205,200	4,128,900	758,000	1,343,500	27,676,198
Jun 2014	31,583,390	367,100	3,051,800	1,081,000	1,564,700	30,929,904
Jul 2014	30,656,430	363,000	3,031,600	1,156,000	1,590,400	30,952,427
Aug 2014	30,414,320	663,100	3,505,100	1,177,000	1,723,600	25,373,751
Sep 2014	28,370,460	341,600	2,953,100	245,000	1,777,800	29,102,054
Oct 2014	25,573,260	304,000	2,748,100	0	1,814,600	26,372,116
Nov 2014	28,589,230	309,200	2,503,500	387,400	1,513,100	19,327,630
Dec-14	33,364,660	276,800	2,869,300	0	846,600	24,262,372
Totals	367,556,400	4,002,300	34,222,000	6,443,400	15,611,900	325,402,294

TWELVE MONTH PURCHASED WATER COST

Gallons Purchased	Current Rate	Cost	New Rate	Cost
367,556,400	\$ 2.41	\$ 885,810.92	\$ 2.63	\$ 966,673.33
4,002,300	\$ 2.25	\$ 9,005.18	\$ 2.25	\$ 9,005.18
34,222,000	\$ 4.49	\$ 153,656.78	\$ 4.49	\$ 153,656.78
6,443,400	\$ 2.25	\$ 14,497.65	\$ 2.25	\$ 14,497.65
15,611,900	\$ 2.10	\$ 32,784.99	\$ 2.10	\$ 32,784.99
427,836,000		\$ 1,095,755.52		\$ 1,176,617.93

Increased Cost \$ 80,862.41 PWA Factor \$ 0.25

WATER RATE AJUSTMENT

Rate Schedule	Current Rate	Increase	New Rate
First 2,000 gal	\$ 16.31	\$ 0.50	\$ 16.81
Next 1,000 gal	\$ 6.03	\$ 0.25	\$ 6.28
Next 2,000 gal	\$ 5.87	\$ 0.25	\$ 6.12
Next 45,000 gal	\$ 5.37	\$ 0.25	\$ 5.62
Over 50,000 gal	\$ 4.53	\$ 0.25	\$ 4.78

BILL CALCULATION

Usage	Current Rate	Increase	New Rate
5,000 gallons	\$ 34.08	\$ 1.25	\$ 35.33

LEGAL NOTICE

Due to a rate increase from the City of Cynthiana, the Harrison County Water Association has filed an application with the Public Service Commission to implement the following rate schedule. The proposed change will affect all bills issued after March 1, 2015.

<u>Meter Size</u>		<u>Rate Step</u>	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>	<u>Per Unit Sale</u>
<u>5/8" Meter</u>	First	2,000 gallons	\$ 16.31	\$ 16.81	3.07%	Minimum Bill
	Next	1,000 gallons	\$ 6.03	\$ 6.28	4.15%	per 1,000 gallons
	Next	2,000 gallons	\$ 5.87	\$ 6.12	4.26%	per 1,000 gallons
	Next	45,000 gallons	\$ 5.37	\$ 5.62	4.66%	per 1,000 gallons
	All Over	50,000 gallons	\$ 4.53	\$ 4.78	5.52%	per 1,000 gallons
<u>3/4" Meter</u>	First	3,000 gallons	\$ 22.34	\$ 23.09	3.36%	Minimum Bill
	Next	2,000 gallons	\$ 5.87	\$ 6.12	4.26%	per 1,000 gallons
	Next	45,000 gallons	\$ 5.37	\$ 5.62	4.66%	per 1,000 gallons
	All Over	50,000 gallons	\$ 4.53	\$ 4.78	5.52%	per 1,000 gallons
<u>1" Meter</u>	First	5,000 gallons	\$ 34.08	\$ 35.33	3.67%	Minimum Bill
	Next	45,000 gallons	\$ 5.37	\$ 5.62	4.66%	per 1,000 gallons
	All Over	50,000 gallons	\$ 4.53	\$ 4.78	5.52%	per 1,000 gallons
<u>1 1/2" Meter</u>	First	10,000 gallons	\$ 60.93	\$ 63.43	4.10%	Minimum Bill
	Next	45,000 gallons	\$ 5.37	\$ 5.62	4.66%	per 1,000 gallons
	All Over	50,000 gallons	\$ 4.53	\$ 4.78	5.52%	per 1,000 gallons
<u>2" Meter</u>	First	15,000 gallons	\$ 87.78	\$ 91.53	4.27%	Minimum Bill
	Next	45,000 gallons	\$ 5.37	\$ 5.62	4.66%	per 1,000 gallons
	All Over	50,000 gallons	\$ 4.53	\$ 4.78	5.52%	per 1,000 gallons
Bulk Loading Station			\$ 6.58	\$ 6.83	3.80%	per 1,000 gallons

Present Rate Proposed Rate Increase

The bill for an average customer using 5,000 gallons each month would increase 3.67% from \$34.08 to \$35.33, a monthly increase of \$1.25.

The rates contained in this notice are the rates proposed by Harrison County Water Association. The Public Service Commission, however, may order rates to be charged that differ from the proposed rates in this notice. A corporation, association, or person may, within thirty (30) days after the initial publication or mailing of notice of the proposed rate change, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party.

Any person may examine this application at Harrison County Water Association's office at 2167 US Highway 27, Cynthiana, KY 41031. The application and all documents filed with the Public Service Commission may be viewed and downloaded at the Public Service Commission's web site at <http://psc.ky.gov/>.

FOR: HARRISON COUNTY
P.S.C.KY.NO. _____
REVISED SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____
Original SHEET NO. _____

Harrison County Water Association
(Name of Utility)

RATES

MONTHLY USAGE	RATES
<u>5/8 x 3/4 Inch Meter</u>	
First 2,000 gallons	\$ 16.81 Minimum Bill
Next 1,000 gallons	6.28 Per 1,000 gallons
Next 2,000 gallons	6.12 Per 1,000 gallons
Next 45,000 gallons	5.62 Per 1,000 gallons
Over 50,000 gallons	4.78 Per 1,000 gallons
<u>3/4 Inch Meter</u>	
First 3,000 gallons	\$ 23.09 Minimum Bill
Next 2,000 gallons	6.12 Per 1,000 gallons
Next 45,000 gallons	5.62 Per 1,000 gallons
Over 50,000 gallons	4.78 Per 1,000 gallons
<u>1 Inch Meter</u>	
First 5,000 gallons	\$ 35.33 Minimum Bill
Next 45,000 gallons	5.62 Per 1,000 gallons
Over 50,000 gallons	4.78 Per 1,000 gallons

Date Of Issue: January 21, 2015
Month/Day/Year
Date Effective: February 15, 2015
Issued By: Danny Northcutt
(Signature of Officer)
Title: Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED: 1/22/15

FOR: HARRISON COUNTY

P.S.C. KY. NO. _____
REVISED SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____
Original SHEET NO. _____

Harrison County Water Association
(Name of Utility)

RATES

MONTHLY USAGE

RATES

1 1/2 Inch Meter

First 10,000 gallons	\$ 63.43 Minimum Bill
Next 40,000 gallons	5.62 Per 1,000 gallons
Over 50,000 gallons	4.78 Per 1,000 gallons

2 Inch Meter

First 15,000 gallons	\$ 91.53 Minimum Bill
Next 35,000 gallons	5.62 Per 1,000 gallons
Over 50,000 gallons	4.78 Per 1,000 gallons

*Fire Hydrant - Connection Fee \$350.00

Available only in locations approved by
Consulting Engineers for the Association

Bulk Loading Station Water Rates

\$ 6.83 Per 1,000 gallons

Date Of Issue: January 21, 2015
Month/Day/Year

Date Effective: February 15, 2015

Issued By: Danny (L) Keith
(Signature of Officer)

Title: Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED: 1/22/15