

DORSEY, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)
STEPHEN D. GRAY
WILLIAM B. NORMENT, JR.
J. CHRISTOPHER HOPGOOD
S. MADISON GRAY
DAVIS L. HUNTER

TELEPHONE
(270) 826-3965
TELEFAX
(270) 826-6672
www.dkgnlaw.com

RECEIVED

MAR 2 2015

PUBLIC SERVICE
COMMISSION

February 26, 2015

Mr. Jeff DeRouen
Executive Director
Public Service Commission of Kentucky
Post Office Box 615
Frankfort, Kentucky 40602

Re: Henderson County Water District
2015 Purchased Water filing

Dear Mr. DeRouen

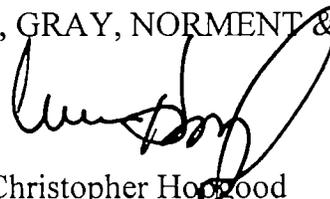
Enclosed for filing is the Henderson County Water District's Purchased Water application. Attached as "Exhibit A" is the notification from our wholesale provider, Henderson Water Utility, along with audit information. Also enclosed is a resolution of the Henderson County Water District approving the purchased water adjustment.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood

JCH/cds

Encls.

COPY/w/encls.: Mr. Pete Conrad, Superintendent

RECEIVED

MAR 2 2015

PUBLIC SERVICE
COMMISSION

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

Name of Utility	Henderson County Water District	
Date	February 26, 2015	
Address	Post Office Box 655 655 South Main Street	
City, State, Zip	Henderson, KY	42419
Telephone Number	(270) 826-9802	

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
Henderson Water Utility - North	\$2.2726 per 1,000 gal.	\$2.4800 per 1,000 gal.
Henderson Water Utility - South	\$2.9142 per 1,000 gal.	\$3.1209 per 1,000 gal.

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).

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
Henderson Water Utility - North	458,796,003
Henderson Water Utility - South	26,087,500
TOTAL PURCHASES	484,883,503

4. Total sales for the 12 month period	349,275,863
--	-------------

5. Increased water cost	North .2074 per 1,000 gallons South .2067 per 1,000 gallons
-------------------------	--

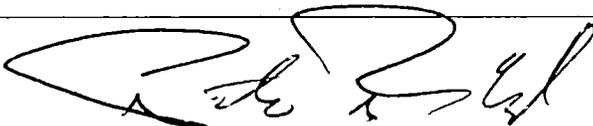
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor	0.28787
--------------------------------------	---------

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold. See attached Exhibit B for data responsive to items 3, 4, 5 and 6.

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. See attached Exhibit C

7. Proposed effective date	April 1, 2015
----------------------------	---------------


Signature of Utility Officer
Pete Conrad,
Superintendent
Title

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

A. LEASON NEEL, CPA
CHIEF FINANCIAL OFFICER

October 28, 2014

Mr. Pete Conrad
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42419

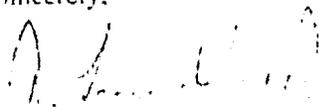
Dear Mr. Conrad:

In accordance with the contract between the Henderson Water and Sewer Commission and the Henderson County Water District, the costs of providing water services based on our 2013-2014 fiscal year audit have been calculated by our auditors, Myriad CPA Group for our North and South Water Systems. Enclosed is a copy of each individual letter highlighting their calculations. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$2.2726	\$2.4800
South	\$2.9142	\$3.1209

These revised rates are to go into effect on the first billing after March 31, 2015. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,



A. Leason Neel, CPA
Chief Financial Officer

EXHIBIT

A



October 23, 2014

Mr Tom Williams, General Manager
Water and Sewer Commission
City of Henderson
Henderson, KY 42420

RE: Water Rate Calculation-Henderson County Water District, North Plant

Dear Mr. Williams:

We have examined the water intake, treatment, transmission and distribution expenses for the North Plant for the period from July 1, 2013 through June 30, 2014. These figures are taken from financial statements that were audited by our firm for the same time period listed above.

We have also reviewed the records of water billed for the same period. The purpose of these reviews was to determine whether cost increases in this period would justify a rate increase to the Henderson County Water District. The calculations of expenses and pumping data are attached as a part of this report.

Based on this review, we have determined that allowable expenses were \$4,538,984 and the gallons of water treated amounted to 2,287,762,222 gallon units. These gallons are net of the usage at the water treatment plant and the waste water treatment plant.

Therefore, the cost per 1,000 gallons is:

$$\frac{\$4,538,984}{2,287,762,222} = \$1.984 \text{ per 1,000 gallons}$$

The cost indicated above plus the markup of 25%, as allowed in the contract with the Henderson County Water District, would indicate that a rate of \$2.4800 per 1,000 gallons should be charged to the Henderson County Water District.

Should you have any questions regarding this report, please contact our office.

Sincerely,

Myriad CPA Group, LLC



October 23, 2014

Mr. Tom Williams, General Manager
Water and Sewer Commission
City of Henderson
Henderson, KY 42420

RE: Water Rate Calculation Henderson County Water District, South Plant

Dear Mr. Williams:

We have examined the water intake, treatment, transmission and distribution expenses for the South Plant for the period from July 1, 2013 through June 30, 2014. These figures are taken from financial statements that were audited by our firm for the same time period listed above.

We have also reviewed the records of water billed for the same period. The purpose of these reviews was to determine whether cost increases in this period would justify a rate increase to the Henderson County Water District. The calculations of expenses and pumping data are attached as a part of this report.

Based on this review, we have determined that allowable expenses were \$2,112,443 and the gallons of water treated amounted to 846,092,600 gallon units. These gallons are net of the usage at the water treatment plant and the waste water treatment plant.

Therefore, the cost per 1,000 gallons is:

$$\frac{\$2,112,443}{846,092,600} = \$2.4967 \text{ per 1,000 gallons}$$

The cost indicated above plus the markup of 25%, as allowed in the contract with the Henderson County Water District, would indicate that a rate of \$3.1209 per 1,000 gallons should be charged to the County Water District.

Should you have any questions regarding this report, please contact our office.

Sincerely,

Myriad CPA Group, LLC

RESOLUTION

The Henderson County Water District met at its regular monthly business meeting on Wednesday, February 25, 2015, at the office of the Henderson County Water District and upon motion of Commissioner Mike Skaggs seconded by Commissioner Brian Pritchett, the following resolution was enacted:

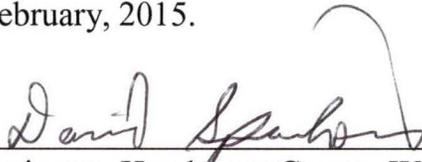
WHEREAS, the Henderson County Water District received notice from the Henderson Water Utility of the increased wholesale cost of water beginning with the first bill after March 31, 2015; and

WHEREAS, the Henderson County Water District's auditor has approved the Henderson Water Utility's methodology for determining the cost;

NOW, therefore, upon unanimous vote after motion and second as set forth above, the Board of Commissioners resolves as follows:

1. The purchased water increase is accepted and the increase is to be implemented upon approval by the Kentucky Public Service Commission.
2. The Henderson County Water District hereby authorizes the Superintendent and counsel to file the necessary purchased water application with the Kentucky Public Service Commission.

This the 25th day of February, 2015.



Chairman, Henderson County Water District

ATTEST:



Secretary

FOR Henderson & Webster Counties

PSC KY NO. _____

SHEET NO. _____

CANCELLING PSC KY NO. _____

SHEET NO. _____

Henderson County Water District
(NAME OF UTILITY)

5/8-Inch x 3/4 -Inch Meter

First	2,000 gallons	\$19.04 Minimum bill
Next	8,000 gallons	6.83 per 1,000 gallons
Next	20,000 gallons	6.30 per 1,000 gallons
Over	30,000 gallons	5.77 per 1,000 gallons

1-Inch Meter

First	5,000 gallons	\$39.53 Minimum bill
Next	5,000 gallons	6.83 per 1,000 gallons
Next	20,000 gallons	6.30 per 1,000 gallons
Over	30,000 gallons	5.77 per 1,000 gallons

2-Inch Meter

First	16,000 gallons	\$111.48 Minimum bill
Next	14,000 gallons	6.30 per 1,000 gallons
Over	30,000 gallons	5.77 per 1,000 gallons

3-Inch Meter

First	30,000 gallons	\$199.68 Minimum bill
Over	30,000 gallons	5.77 per 1,000 gallons

4-Inch Meter

First	50,000 gallons	\$315.08 Minimum bill
Over	50,000 gallons	5.77 per 1,000 gallons

6-Inch Meter

First	100,000 gallons	\$603.58 Minimum bill
Over	100,000 gallons	5.77 per 1,000 gallons

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Superintendent

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

FOR Henderson & Webster Counties

PSC KY NO. _____

SHEET NO. _____

Henderson County Water District
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____

SHEET NO. _____

Volunteer Fire Department (Metered Services) \$19.04 per month

The monthly charge for water usage of the respective minimum water rates set out above shall be computed in increments of 10 gallons. Accordingly, a customer having a 5/8 inch meter who consumes at least 2,010 gallons of water and not more than 2,019 gallons of water in any month shall pay the amount of \$19.11 for the month (\$19.04 plus \$0.07). A customer having a 5/8 inch meter who consumes at least 2,020 and not more than 2,029 gallons of water in any month shall pay the amount of \$19.18 for that month (\$19.04 plus \$0.14).

THE BASE RATE FOR PURCHASED WATER SHALL BE:

<u>Supplier</u>	<u>Rate</u>
Henderson Water Utilities (North) PWSID #0510188	\$2.4800 per 1,000 Gallons
Henderson Water Utilities (South) PWSID #0510510	\$3.1209 per 1,000 Gallons

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE _____ Superintendent

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