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MAY 21 2015

PUBLIC SERVICE
COMMISSION

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

2015-00164

Name of Utility	Lake Village Water Association, Inc.		
Date	May 20, 2015		
Address	801 Pleasant Hill Dr., P.O. Box 303		
City, State, Zip	Burgin	KY	40310
Telephone Number	(859) 748-5642		
Official Email Address	mike@lakevillagewater.org		

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
City of Harrodsburg	See attached	No change
City of Danville	See attached	\$2.41 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 1

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of the proposed effective date).

From	May 2014	through	April 2015
	(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
City of Harrodsburg	64,411,088 gallons
City of Danville	163,713,305 gallons
TOTAL PURCHASES	228,124,393 gallons
4. Total gallons sold for the 12 month period	181,072,496 gallons
5. Increased water cost	\$125,359.23
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	0.00069232
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
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.	
7. Proposed effective date	May 15, 2015
NOTE: The next 2-steps only apply to water districts.	
8. Date reported to the appropriate governing body	
9. Date attended (or scheduled to attend) meeting with the appropriate governing body	
 Signature of Utility Officer	
Executive Director Title	

City of
DANVILLE
KENTUCKY

P.O. Box 670
Danville, KY 40423
(859) 238-1200

August 20, 2014

Lake Village Water Association, Inc.
Mike D. Sanford, Executive Director
801 Pleasant Hill Drive
Burgin, Kentucky 40310
(859)748-5642

RE: 2014 Wholesale Water Rate Adjustment

Dear Mr. Sanford,

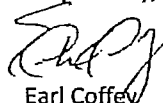
We are providing this letter as the official notice of the 2014 Wholesale Water Rate Adjustment as discussed previously. This letter is to confirm for you the basis for the rate adjustment and also the details of the change.

Recall the City previously indicated its intention to complete a utility rate study this year. The City contracted with a third party, Salt River Engineering, to complete the rate study with a cost of service component and to evaluate and recommend adjustments for all rates charged by the City's municipal utility. The study began this past winter and the wholesale portion of the evaluation has been completed. The rate study was completed consistent with the principles established in the American Water Works Association Manual M-1. The chosen study approach was the *Hybrid Method* (Cash Needs/Utility Basis) which was used to determine the revenue requirements for both owner and non-owner utility customers.

The City Commission accepted the recommendations from the consultant by implementing revised wholesale rates. The implementation of the revised rates will begin with the effective date of September 1st 2014. Consistent with the recommendations, the Lake Village Water Association shall pay a Flat Rate of \$2.41 per 1000 gallons consumed or \$1.80 per 100 cubic feet consumed. The minimum bill will not adjust as a result of this change.

As stated previously it is our goal to help you understand the details related to the rate identified. As such we will be more than willing to provide information to provide a better understanding. Please let us know how we may address your questions. We look forward to working with you as we transition into this revised rate.

Respectfully,


Earl Coffey
City Engineer

"This institution is an equal opportunity provider and employer."

"The City of Firsts"

First Courthouse in Kentucky - 1785
First U. S. Post Office in the West - 1792
First Successful Ovariectomy in the World - 1800

First Capitol of Kentucky District - 1785
First Political Club in the West - 1786
First Constitutional Convention in the West - 1792

First College in the West - 1785
First Law School in the West - 1799
First State Supported School for Deaf - 1825

ORDINANCE NO. 1842

AN ORDINANCE AMENDING CDO SECTION 18-79(2) PERTAINING TO WATERWORKS AND MONTHLY WATER RATES FOR WHOLESALE CONSUMERS.

WHEREAS, the Board of Commissioners authorized a water rate study conducted by Salt River Engineering; and

WHEREAS, said study was based on American Water Works Association (AWWA) guidelines and principles; and

WHEREAS, the Board of Commissioners deems it necessary and appropriate to make certain adjustments to the water rates for its wholesale consumers based on the reasonable mathematical conclusions drawn from said study and the cost of service method of calculation;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF DANVILLE, KENTUCKY, as follows:

SECTION ONE:

Section (2) of §18-79 of the City of Danville Code of Ordinances is hereby amended to read as follows:

(2) *Monthly water rates for wholesale consumers:*

(a) Garrard County Water Association shall pay a flat rate of \$2.41 per 1,000 gallons consumed, which is the equivalent of \$1.80 per cubic foot consumed;

(b) Hustonville shall pay a flat rate of \$2.47 per 1,000 gallons consumed, which is the equivalent of \$1.85 per cubic foot consumed;

(c) Lake Village Water Association shall pay a flat rate of \$2.41 per 1,000 gallons consumed, which is the equivalent of \$1.80 per cubic foot consumed;

(d) Parksville shall pay a flat rate of \$2.68 per 1,000 gallons consumed, which is the equivalent of \$2.00 per cubic foot consumed; and

(e) For all other wholesale consumers, Effective July 1, 2014, all wholesale the usage rates shall be \$2.176 2.41 per 1,000 gallons consumed, which is the equivalent of \$1.80 per cubic foot consumed. Prior to the effective date the City of Danville will complete a cost of service study based on AWWA guidelines to ensure the adequacy of the rate and to verify that all rates produce operational revenues sufficient to sustain the waterworks system.

The minimum monthly rate is \$448.00.

SECTION TWO: Section 18-82 of the City of Danville Code of Ordinances is hereby amended to read as follows:

(a) There is hereby imposed a nonresident surcharge of one hundred twenty (120) percent to be added to the total water bill, but less taxes, off all residential and commercial consumers outside the city limits purchasing water from the city filtered at the city waterworks. ~~There is hereby imposed a nonresidential surcharge of twenty (20) percent to be added to the total water bill, but less taxes, of all wholesale consumers outside the city limits purchasing water from the city filtered at the city waterworks.~~

(b) There is hereby imposed a nonresident surcharge upon all industrial

customers outside the city limits purchasing water from the city filtered at the city water works, which surcharge shall be equivalent to one hundred twenty (120) percent to be added to the total water bill, but less taxes.

SECTION THREE: This ordinance is effective as of September 1, 2014, or as soon thereafter as each wholesale water purchase contract will allow and is practicable.

SECTION FOUR: If any section, subsection, paragraph, sentence, clause, phrase, or portion of this Ordinance is declared illegal or unconstitutional or otherwise invalid, such declaration shall not affect the remaining portions hereof.

GIVEN FIRST READING AND PASSED 8/25/2014.

GIVEN SECOND READING AND PASSED 8/27/2014.

PUBLISHED IN THE ADVOCATE-MESSENGER 9/2/2014.

APPROVED:


BERNIE HUNSTAD, MAYOR

ATTEST:


DONNA PEEK, CITY CLERK

W:\Common File\City of Danville\Ordinances (2014)\Water - Wholesale Consumer Rates Ordinance Amendment-2014.doc

Lake Village Water Association, Inc.
801 Pleasant Hill Drive
P.O. Box 303
Burkin, Kentucky 40310

Water Rates Effective May 15, 2015

Gallon Usage	Charge
1,000	\$25.00
2,000	\$25.00
3,000	\$34.55
4,000	\$44.10
5,000	\$53.65
6,000	\$63.20
7,000	\$72.75
8,000	\$82.30
9,000	\$91.85
10,000	\$101.40
15,000	\$149.15
18,000	\$177.80
20,000	\$196.90
25,000	\$234.75
30,000	\$272.60
35,000	\$310.45
40,000	\$348.30
50,000	\$424.00
100,000	\$802.50
200,000	\$1,559.50
300,000	\$2,316.50

Block Usage	Charge
First 2,000 gallons	\$25.00 Minimum Bill
Next 18,000 gallons	\$9.55 per 1,000 gallons
Over 20,000 gallons	\$7.57 per 1,000 gallons

Lake Village Water Association, Inc.
801 Pleasant Hill Drive
P.O. Box 303
Burkin, Kentucky 40310

Water Rates Effective November 1, 2012

Gallon Usage	Charge
1,000	\$23.60
2,000	\$23.60
3,000	\$32.45
4,000	\$41.30
5,000	\$50.15
6,000	\$59.00
7,000	\$67.85
8,000	\$76.70
9,000	\$85.55
10,000	\$94.40
15,000	\$138.65
18,000	\$165.20
20,000	\$182.90
25,000	\$217.25
30,000	\$251.60
35,000	\$285.95
40,000	\$320.30
50,000	\$389.00
100,000	\$732.50
200,000	\$1,419.50
300,000	\$2,106.50

Block Usage	Charge
First 2,000 gallons	\$23.60 Minimum Bill
Next 18,000 gallons	\$8.85 per 1,000 gallons
Over 20,000 gallons	\$6.87 per 1,000 gallons

FOR Boyle & Mercer Counties, KY

PSC KY NO. 1

4th Revised SHEET NO. 4

Lake Village Water Association, Inc.
(NAME OF UTILITY)

CANCELLING PSC KY NO. 1

3rd Revised SHEET NO. 4

A. Monthly Water Rates

5/8 x 3/4 Inch Meter

First	2,000 gallons	\$25.00	Minimum Bill
Next	18,000 gallons	\$9.55	per 1,000 gallons
Over	20,000 gallons	\$7.57	per 1,000 gallons

Wholesale Water Rate

North Point Training Center	\$3.20	per 1,000 gallons
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DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE 05/15/2015
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Executive Director

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

Lake Village Water Association, Inc.
Purchase Water Adjustment
PWA Factor Calculations
June 2014-April 2015

<u>Month</u>	<u>Purchased-Danville gallons</u>	<u>Purchased-Harrodsburg gallons</u>	<u>Water Sold-LVWA gallons</u>	<u>Danville Water Charge</u>	<u>New Charge-Danville</u>	<u>Net Increase</u>
Apr-15	14,804,767	4,271,177	16,860,998	\$24,919.36	\$35,679.49	\$10,760.13
Mar-15	14,744,291	8,583,076	15,420,500	\$24,790.87	\$35,533.74	\$10,742.87
Feb-15	13,187,472	5,229,964	13,940,898	\$22,059.23	\$31,781.81	\$9,722.58
Jan-15	13,127,631	5,059,734	13,900,000	\$22,227.94	\$31,637.59	\$9,409.65
Dec-14	15,629,602	4,722,715	13,022,198	\$25,126.29	\$37,667.34	\$12,541.05
Nov-14	13,187,868	4,824,226	17,780,498	\$21,266.20	\$31,782.76	\$10,516.56
Oct-14	12,921,304	5,304,562	12,055,801	\$20,846.82	\$31,140.34	\$10,293.52
Sep-14	14,164,442	5,458,829	14,135,598	\$23,089.56	\$34,136.31	\$11,046.75
Aug-14	14,068,227	5,008,533	19,628,200	\$22,788.98	\$33,904.43	\$11,115.45
Jul-14	12,536,158	5,009,700	16,335,898	\$20,490.03	\$30,212.14	\$9,722.11
Jun-14	14,039,032	5,264,087	14,655,104	\$22,620.26	\$33,834.07	\$11,213.81
May-14	11,302,511	5,674,485	13,336,803	\$18,964.30	\$27,239.05	\$8,274.75
Total	163,713,305	64,411,088	181,072,496	\$269,189.84	\$394,549.07	\$125,359.23

Total Sold: 181,072,496
(gallons)

PWA Factor: 0.00069232

Rate Increase \$0.69
(per 1,000 gallons)

Lake Village Water Association, Inc.
801 Pleasant Hill Drive
Post Office Box 303
Burgin, Kentucky 40310

October 14, 2014

The regular monthly meeting of the Lake Village Water Association, Inc. was held at 6:00 p.m. on the 14th day of October, 2014 at the office of the Association located at 801 Pleasant Hill Drive, Burgin, Kentucky.

Vice-Chairman Jim Boyd called the meeting to order. Attending the meeting were Vice-Chairman Jim Boyd, Chairman Danny Noel via conference call, Director Earl Campbell Attorney Lynne Coleman and LVWA employees Mike Sanford and Rita Monson.

Chairman Noel moved to approve the minutes from the September meeting. Director Campbell seconded the motion. Motion carried.

Director Campbell moved to approve the bills. Vice Chairman Boyd seconded the motion. Motion carried.

Sanford presented the Financial Report for September and stated that the financial performance was very good and continued to compare favorably to the adopted operating budget in both income and expenses for the year. Sanford noted that water sales exceeded the monthly budget by \$8,832, water cost for the month were \$36,400.85, \$140.82 under budget, with a Gross Profit of \$75,675.03, which was \$147.30 over budget. Monthly expenses were under budget by \$2,863.14. Sanford noted that the Association's Net Income for October was \$30,771.51, increasing the Year-to-Date Net Income to \$9,070.83.

Sanford reported to the Board that the unaccounted for water loss for September was 6%.

Sanford reported that the revised plans and specifications for the NTC Elevated Storage Tank and Water Main Improvements Project were approved by the Division of Water. The Association received an approval letter with accompanying requirements associated with the approval. Sanford will coordinate with Coleman to complete the PSC Certificate of Public Convenience and Necessity.

Sanford reported that the PSC Certificate of Public Convenience & Necessity application has been on hold, awaiting the receipt of the approval from the Division of Water. Sanford stated that he is in the process of updating the documents related to the CCN and will be ready to submit the application in the coming weeks. Director Campbell moved to submit the application seeking a Certificate of Public Convenience and Necessity to the Public Service Commission. Chairman Noel seconded the motion. Motion carried.

Sanford presented the calculations for the Purchase Water Adjustment that the Association will submit to the PSC due to the increase from the City of Danville for the Water Treatment Plant Expansion Project. Sanford noted that the anticipated additional cost to the Association is anticipated to be approximately \$175,607.11 annually. In order to compensate the City of Danville for the increased water cost, the Association must submit a Purchase Water

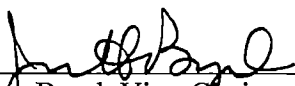
Adjustment to the Public Service Commission. The Purchase Water Adjustment calculations indicate that the Association must increase the current water rates by \$1.00 per 1,000 gallons of water used. Director Campbell moved to increase the water rates by \$1.00 per 1,000 gallons, as reflected in the Purchase Water Adjustment presented by Sanford. The revised rate schedule will be effective on December 1, 2014. Chairman Noel seconded. The motion was unanimously passed.

Sanford noted that the Association will be notifying the customers of the Purchase Water Adjustment by letter and will explain the PWA process, its necessity and other pertinent information related to the rate setting process. The letter will go out upon approval of the PWA by the Commission.

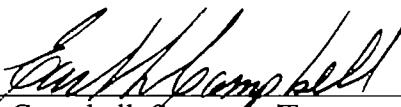
Sanford presented the Board with health insurance quotes from Anthem, Humana, and United Healthcare. The quotes provided from Vice Chairman Boyd for the three companies were the same as the quotes provided by the Benefits Group at the September meeting. Sanford will present the quotes to the Board at the November meeting for selection, ahead of the November 30, 2014 expiration date of the current Anthem policy.

Due to the timing of the health insurance renewal, the November meeting was moved up to November 4th at 6:00 pm in order to allow ample time to execute the required policy documents for the new policy.

Director Campbell moved to adjourn the meeting. Chairman Noel seconded. Motion carried.



Jim Boyd, Vice-Chairman



Earl Campbell, Secretary/Treasurer