

DORSEY, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)  
STEPHEN D. GRAY  
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February 26, 2015

RECEIVED

FEB 29 2016

Public Service  
Commission

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

Case No. 2016-00101

Re: Henderson County Water District  
2015 Purchased Water Adjustment

Dear Mr. DeRouen

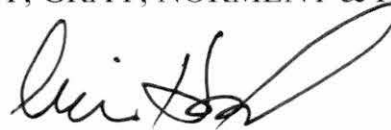
Enclosed for filing are the original and 10 copies of the Henderson County Water District's completed and signed Purchased Water Adjustment. Attached as "Exhibit A" is the notification from our wholesale provider, Henderson Water Utility, along with audit information; Exhibit "B" is the calculation; Exhibit "C" is the schedule showing current and proposed rates; and Exhibit "D" the District's resolution approving the 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

Case No. 2016-00101

RECEIVE

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

FEB 29 2016  
Public Service  
Commission

Name of Utility	HENDERSON COUNTY WATER DISTRICT	
Date		
Address	Post Office Box 655 655 South Main Street	
City, State, Zip	Henderson, KY	42419
Telephone Number	(270) 826-9802	
Email Address		

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	2.4800 per 1,000 gal.	2.4507 per 1,000 gal.
Henderson Water Utility - South	3.129 per 1,000 gal.	2.2745 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 2015	through	December 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
Henderson Water Utility - North	401,596,111
Henderson Water Utility - South	58,344,500
TOTAL PURCHASES	459,940,611
4. Total gallons sold for the 12 month period	341,685,508
5. Decreased water cost	North .0293 per 1,000 gal South. 8545 per 1,000 gal
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 B.	
6. Purchased water adjustment factor	.1803
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. A schedule listing the current and proposed rates is attached as Exhibit C.	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit D.	
9. Proposed effective date	April 1, 2016
	
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

November 19, 2015

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

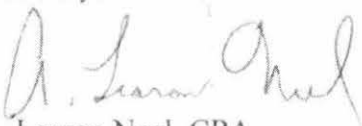
Dear Mr. Conrad:

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 2014-2015 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:

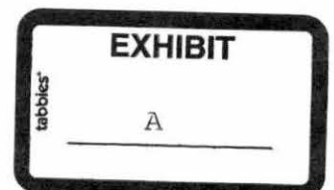
Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$2.4800	\$2.4507
South	\$3.1209	\$2.2745

These revised rates are to go into effect on the first billing after March 31, 2016. 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



November 12, 2015

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, 2014 through June 30, 2015. 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 \$4,287,067 and the gallons of water treated amounted to 2,186,659,122 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:

$$\frac{\$4,287,067}{2,186,659,122} = \$1.9606 \text{ per 1,000 gallons}$$

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 \$2.4507 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

November 12, 2015

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, 2014 through June 30, 2015. 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 \$1,550,438 and the gallons of water treated amounted to 852,078,051 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:

$$\frac{\$1,550,438}{852,078,051} = \$1.819 \text{ per 1,000 gallons}$$

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 \$2.2745 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

## NOTICE

Henderson Water Utility ("Henderson Water") is providing notice that on January 04, 2016, it filed with the Public Service Commission to increase the wholesale rates it charges Henderson County Water District and Beech Grove Water System effective for water service rendered on and after March 1, 2016. The proposed rates are as follows:

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
Henderson County Water District				
North System	\$2.4800 per 1,000 gallons	\$2.4507 per 1,000 gallons	\$0.0293 per 1,000 gallons	1.2% Decrease
South System	\$3.1209 per 1,000 gallons	\$2.2745 per 1,000 gallons	\$0.8464 per 1,000 gallons	27.1% Decrease
Beech Grove Water System	\$3.1275 per 1,000 gallons	\$2.3816 per 1,000 gallons	\$0.7459 per 1,000 gallons	23.8% Decrease

Water flowing through the meter(s) before the effective date will be charged at the current rates while water flowing through the meter(s) on and after the effective date will be charged at the proposed rates.

This filing may be examined at the offices of Henderson Water Utility located at 111 Fifth Street in Henderson, Kentucky.

This filing may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday – Friday from 8:00 am – 4:30 pm or on the PSC website at <http://psc.ky.gov>.

Comments regarding this filing may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Henderson Water but the Public Service Commission may order rates that differ from the proposed rates.

Intervention may be requested by submitting a timely written request for intervention by mail to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602. The request for intervention must establish the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the filing.

2009 Current

$$401,596.111 \times 2.4800$$

$$995,958.35528$$

New

$$401,596.111 \times 2.4507$$

$$984,191.5892277$$

Difference

$$11,766.7660523$$

South Current

$$58,344.500 \times 3.129$$

$$182,559.9405$$

New

$$58,344.500 \times 2.2745$$

$$132,704.56525$$

Difference

$$-49,855.37525$$

Water Adjustment Factor

$$11,766.7660523 +$$

$$49,855.37525$$

$$= 61,622.1413023$$

Sold

$$341,685,508$$

$$= .180347541467$$

$$2873$$



2016  
Pass-Thru  
Calculation



## NOTICE

Notice is hereby given that Henderson County Water District ("District") received approval from the Public Service Commission ("PSC") to adjust its rates pursuant to a decreased wholesale rate from its water supplier, Henderson Water Utility. The new rates shown below will be effective for service rendered on and after April 1, 2016.

<u>Monthly Rates</u>	<u>Prior Rate</u>	<u>New Rates</u>	<u>\$ Decrease</u>	<u>% Decrease</u>
<u>5/8-Inch x 3/4 -Inch Meter</u>				
First 2,000 gallons (minimum bill)	\$19.04	\$18.68	\$0.36	1.9%
Next 8,000 gallons (per 1,000 gallons)	6.83	6.65	0.18	2.7%
Next 20,000 gallons (per 1,000 gallons)	6.30	6.12	0.18	2.9%
Over 30,000 gallons (per 1,000 gallons)	5.77	5.59	0.18	3.2%
<u>1-Inch Meter</u>				
First 5,000 gallons (minimum bill)	\$39.53	\$38.63	\$0.90	2.3%
Next 5,000 gallons (per 1,000 gallons)	6.83	6.65	0.18	2.7%
Next 20,000 gallons (per 1,000 gallons)	6.30	6.12	0.18	2.9%
Over 30,000 gallons (per 1,000 gallons)	5.77	5.59	0.18	3.2%
<u>2-Inch Meter</u>				
First 16,000 gallons (minimum bill)	\$111.48	\$108.60	\$2.88	2.7%
Next 14,000 gallons (per 1,000 gallons)	6.30	6.12	0.18	2.9%
Over 30,000 gallons (per 1,000 gallons)	5.77	5.59	0.18	3.2%
<u>3-Inch Meter</u>				
First 30,000 gallons (minimum bill)	\$199.68	\$194.28	\$5.40	2.8%
Over 30,000 gallons (per 1,000 gallons)	5.77	5.59	0.18	3.2%
<u>4-Inch Meter</u>				
First 50,000 gallons (minimum bill)	\$315.08	\$306.08	\$9.00	2.9%
Over 50,000 gallons (per 1,000 gallons)	5.77	5.59	0.18	3.2%
<u>6-Inch Meter</u>				
First 100,000 gallons (minimum bill)	\$603.58	\$585.58	\$18.00	3.1%
Over 100,000 gallons (per 1,000 gallons)	5.77	5.59	0.18	3.2%
Vol. Fire Dept. (Metered Services/Flat Rate)	\$19.04	\$18.68	\$0.36	1.9%

The monthly bill for an average customer using 4,000 gallons of water each month will decrease \$0.72 (or 2.3%) from \$32.70 to \$31.98.

A person may examine this application at the district's office located at 655 South Main Street in Henderson; telephone (270)826-9802.

A person may also examine this application at the PSC located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m. or on the PSC website at <http://psc.ky.gov>; telephone (502) 564-3940.

**EXHIBIT**

C

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## Resolution

The Henderson County Water District met at its regular monthly business meeting on Wednesday, February 24, 2016 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:  
*Secretary*

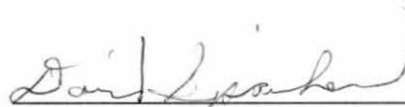
**Whereas**, the Henderson County Water District received notice from the Henderson Water Utility of the decreased wholesale cost of water beginning with the first bill after March 31, 2016: and

**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 resolve as follows:

1. The purchased water decrease is accepted and the decrease 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 24<sup>th</sup> day of February, 2016.



\_\_\_\_\_  
Chairman, Henderson County Water District

Attest:

  
\_\_\_\_\_  
Secretary

**EXHIBIT**

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