

# Meade County Water District

1003 Armory Place  
Brandenburg, KY 40108

Telephone: (270) 422-5006

Fax: (270) 422-5068

mcwatjb@bbtel.com

March 17, 2016

RECEIVED

MAR 17 2016

PUBLIC SERVICE  
COMMISSION

James W Gardner, Esq.  
Acting Executive Director  
Public Service Commission  
PO Box 615  
Frankfort, KY 40602

Re: Purchased Water Adjustment

Case No. 2016-00122

Dear Mr. Gardner:

In accordance to the Modification Agreement #4 dated November 26, 2014; the City of Brandenburg increased its wholesale rate to Meade County Water District (MCWD) by \$0.15 per 1,000 gallons effective January 8, 2016. MCWD intends to pass this increase through to our customers in accordance with 807 KAR 5:068. This rate adjustment will be in effect for all water used on or after March 1, 2016.

The following documentation is enclosed in support of this application:

- Purchased Water Adjustment Form
- Exhibit A – Modification Agreement #4 dated November 26, 2014
- Exhibit B - Purchased Water Adjustment Worksheet
- Exhibit C - Schedule of Current and Proposed Rates
- Exhibit D - MCWD Authorization of Proposed Rates

The District will publish notice to its customers and provide verification that such notice has been given in accordance with regulations.

Please contact me if you need additional information.

Sincerely,



Joe Bartley  
General Manager

Case No. 2016-00122

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

RECEIVED

Name of Utility	Meade County Water District	MAR 17 2016 PUBLIC SERVICE COMMISSION
Date	March 17, 2016	
Address	PO Box 367	
City, State, Zip	Brandenburg, KY 40108	
Telephone Number	270-422-5006	
Email Address	mcwatjb@bbtel.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
Hardin Co. WD #1	\$2.00	\$2.00
City of Brandenburg	1.65	1.80

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. See Exhibit B.

Supplier(s)	Gallons Purchased during 12 month period
Hardin Co. Water District #1	213,791,500
City of Brandenburg	137,357,500
<b>TOTAL PURCHASES</b>	<b>351,149,000</b>
4. Total gallons sold for the 12 month period	297,025,719
5. Increased water cost	\$ 20,604
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	\$ 0.07
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	March 1, 2016
 Signature of Utility Officer	
Joe Bartley, General Manager Title	

**MODIFICATION AGREEMENT NUMBER 4**

THIS AGREEMENT, effective as of the 26<sup>th</sup> day of NOVEMBER, 2014, by and between **THE CITY OF BRANDENBURG, KENTUCKY** (hereinafter referred to as "City"), of P. O. Box 305, Brandenburg, Kentucky 40108; and **THE MEADE COUNTY WATER DISTRICT**, a water district organized pursuant to KRS Chapter 74 (hereinafter referred to as "MCWD"), of P. O. Box 367, Brandenburg, Kentucky 40108.

**WITNESSETH:**

**WHEREAS**, the Parties hereto originally entered into a Water Purchase Contract on or about the 7<sup>th</sup> day of February, 1984, said Water Purchase Contract being referred to herein as the "Original Contract"; and

**WHEREAS**, the Parties thereafter by mutual consent modified the Original Contract in modifications entered into ~~on or~~ about **August 21, 1991** (hereafter "Modification No. 1"); **July 12, 1999** (hereafter "Modification No. 2"), and **September 4, 2008** (hereafter "Modification No. 3"); and

**WHEREAS**, the Parties wish to further modify the existing Water Purchase Contract, as amended by Modifications No. 1, 2, and 3, as follows:

1. Beginning with the first billing cycle following the approval of Modification Agreement Number 4 by the Kentucky Public Service Commission (the "Effective Date"), MCWD shall pay for water delivered by the City and taken by MCWD the price of One Dollar and Sixty-Five Cents (\$1.65) per One Thousand (1,000) gallons of water purchased by MCWD from the City;

2. Beginning twelve (12) months after the Effective Date MCWD shall pay for water delivered by the City and taken by MCWD the price of One Dollar a

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN</b> EXECUTIVE DIRECTOR
<b>TARIFF BRANCH</b> <i>Brent Kirtley</i>
<b>EFFECTIVE 1/8/2015</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

per One Thousand (1,000) gallons of water purchased by MCWD from the City.

3. All other terms, conditions and provisions of the Original Contract as subsequently modified in Modifications No. 1, 2, and 3 shall remain in full force and effect. The only term of the existing agreement between the City and MCWD which the Parties intend to hereby modify is the amount per gallon to be paid by MCWD to City.

4. It is agreed and understood that this agreement is subject to the approval of the Kentucky Public Service Commission and shall not be binding on either Party until same has been approved by the Kentucky Public Service Commission;

5. This modification agreement has been or will be duly ratified by the Brandenburg City Council and the Meade County Water District Board of Commissioners.

SO AGREED the day and date first noted above as evidenced by the signatures of the Mayor of the City of Brandenburg, Kentucky, and the General Manager of the Meade County Water District.

CITY OF BRANDENBURG, KENTUCKY

BY:

David W. Pace  
David W. Pace, Mayor

MEADE COUNTY WATER DISTRICT

BY:

Joseph Bartley  
Joseph Bartley, General Manager

STATE OF KENTUCKY

COUNTY OF Meade

Subscribed and sworn to before me this 26th day of November, 2014, by

KENTUCKY  
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN  
EXECUTIVE DIRECTOR  
TARIFF BRANCH

Brent Kintley

EFFECTIVE

**1/8/2015**

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

David W. Pace, Mayor of the City of Brandenburg, Kentucky, and acknowledged by him to be his free act and deed and the free act and deed of the City of Brandenburg, Kentucky.

*Molly Jones*

Notary Public, Kentucky State at Large

My commission expires: 06-15-2016

Notary ID: 468220

STATE OF KENTUCKY

COUNTY OF Meade

Subscribed and sworn to before me this 26<sup>th</sup> day of NOVEMBER, 2014, by Joseph Bartley, General Manager of Meade County Water District, and acknowledged by him to be his free act and deed and the free act and deed of the Meade County Water District.

*Jana Benham*

Notary Public, Kentucky State at Large

My commission expires: 1-10-15

Notary ID: 434506

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**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN  
EXECUTIVE DIRECTOR**

TARIFF BRANCH

*Brent Kintley*

EFFECTIVE

**1/8/2015**

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

## Exhibit B

### PURCHASED WATER ADJUSTMENT WORKSHEET MEADE COUNTY WATER DISTRICT

Month	Purchased Water (gallons)			Water Sold (gallons)
	HCWD #1	Brandenburg	Totals	
Jan 2015	16,647,900	9,268,000	25,915,900	31,927,267
Feb	19,025,200	7,197,000	26,222,200	20,313,965
Mar	19,465,200	10,055,000	29,520,200	25,826,531
Apr	18,899,700	10,620,000	29,519,700	20,067,957
May	16,682,900	11,813,000	28,495,900	24,804,203
June	21,042,900	11,570,000	32,612,900	26,239,127
July	19,910,100	11,570,000	31,480,100	28,846,741
Aug	19,424,300	11,622,000	31,046,300	28,010,775
Sept	11,157,000	20,882,500	32,039,500	24,904,972
Oct	16,985,900	10,677,000	27,662,900	24,743,999
Nov	17,921,600	11,086,000	29,007,600	19,069,563
Dec	16,628,800	10,997,000	27,625,800	22,270,619
Totals	213,791,500	137,357,500	351,149,000	297,025,719

Twelve Month Purchased Water Cost					
	Gals. Purch.	Existing Rate	Existing Cost	New Rate	New Cost
HCWD #1	213,791,500	\$2.63	\$562,272	\$2.63	\$562,272
Brandenburg	137,357,500	1.65	226,640	1.80	247,244
Totals	351,149,000		\$788,912		\$809,515
Increased Cost					\$20,604
PWA Factor					\$0.0694
rounded to					<b>\$0.07</b>

## Exhibit C

### CURRENT & PROPOSED MONTHLY RATE SCHEDULES MEADE COUNTY WATER DISTRICT

<u>Current Rates</u>			<u>Proposed Rates</u>		
<u>5/8 x 3/4" Meter</u>			<u>5/8 x 3/4" Meter</u>		
First 2,000 Gallons	\$15.85	Minimum Bill	First 2,000 Gallons	\$15.99	Minimum Bill
Next 5,000 Gallons	7.66	Per 1,000 Gallons	Next 5,000 Gallons	7.73	Per 1,000 Gallons
Next 10,000 Gallons	7.35	Per 1,000 Gallons	Next 10,000 Gallons	7.42	Per 1,000 Gallons
Next 20,000 Gallons	6.65	Per 1,000 Gallons	Next 20,000 Gallons	6.72	Per 1,000 Gallons
Over 37,000 Gallons	5.65	Per 1,000 Gallons	Over 37,000 Gallons	5.72	Per 1,000 Gallons
 Doe Valley Water	 \$3.26	 Per 1,000 Gallons	 Doe Valley Water	 3.33	 Per 1,000 Gallons
Otter Creek Water	3.37	Per 1,000 Gallons	Otter Creek Water	3.44	Per 1,000 Gallons
Bulk Sales	5.25	Per 1,000 Gallons	Bulk Sales	5.32	Per 1,000 Gallons
 Monthly Bill for 4,000 gallons			 Monthly Bill for 4,000 gallons		
		\$31.17			\$31.45
Increase in monthly bill		\$0.28 or			0.9%

## **EXHIBIT D**

### **A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE MEADE COUNTY WATER DISTRICT ADJUSTING WATER RATES AND CHARGES TO OFFSET THE CITY OF BRANDENBURG WHOLESALE RATE INCREASE**

**WHEREAS**, the City of Brandenburg (“City”) is one of Meade County Water District’s (“District”) wholesale water providers;

**WHEREAS**, on January 8, 2016, the City increased the wholesale water rate that the City charges the District from \$1.65 to \$1.80 per 1,000 gallons;

**WHEREAS**, based upon the water purchases from the City during the previous 12 months, the estimated annual increased cost to the District will be \$ 20,604 ;

**WHEREAS**, prudent financial management dictates that the District take immediate action to adjust its retail rates commensurate with the City’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 the City’s wholesale rate increase via a Purchased Water Adjustment (“PWA”);

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE MEADE COUNTY 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 \$ 0.07 per 1,000 gallons;

**Section 3.** All tiers of water usage set forth in the District's existing tariff shall be increased by \$ 0.07 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 March 1, 2016.

**Section 5.** The General Manager 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.

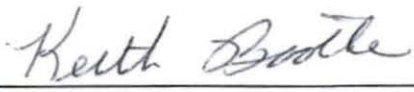
**Section 6.** The Chairman, General Manager, all other appropriate District Staff, and the District's attorney are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement the PWA.

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

**ADOPTED BY THE COMMISSION OF MEADE COUNTY WATER DISTRICT** at a meeting held on February 23, 2016, signed by the Chairman, and attested by the Secretary.

ATTEST:

  
\_\_\_\_\_  
**CHAIRMAN**

  
\_\_\_\_\_  
**SECRETARY**

## CERTIFICATION

I, Secretary of the Meade County 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 February 23, 2016, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 23<sup>rd</sup> day of February, 2016.

*Keith Boothe*

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**SECRETARY**

## **APPENDIX A**

### **Monthly Rates**

<b>5/8" x 3/4" Meter</b>	<b>Amount</b>
First 2,000 gallons	\$ 15.99 Minimum Bill
Next 5,000 gallons	7.73 per 1,000 gallons
Next 10,000 gallons	7.42 per 1,000 gallons
Next 20,000 gallons	6.72 per 1,000 gallons
Over 37,000 gallons	5.72 per 1,000 gallons
<b>Wholesale &amp; Bulk Sales</b>	
Doe Valley Water	3.33 per 1,000 gallons
Otter Creek Water	3.44 per 1,000 gallons
Bulk Sales	5.32 per 1,000 gallons