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April 25, 2016

RECEIVED

Ms. Linda Faulkner
Filings Division Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

APR 27 2016

Public Service
Commission

In re: Lake Village Water Association, Inc.
Case No.: 2016-00153 Filing Delinquencies

Dear Ms. Faulkner:

Thank you for your letter dated April 20, 2016, concerning the above-referenced application. Pursuant to 807 KAR 5:059 Section 2(7), please find enclosed a copy of the public notice that has been sent to all Lake Village Water Association, Inc., customers. Accordingly, Lake Village Water Association, Inc., has now complied with the requirements of Section 3 of the aforementioned regulation.

We appreciate the prompt attention you have given this matter. Feel free to contact me if other issues arise or if I may be of any assistance as the Commission continues to process this case.

Respectfully submitted,



Lynne Pierce Dean
Attorney for Lake Village Water
859-319-3721

Lake Village Water Association, Inc.

RECEIVED

APR 27 2016

Public Service
Commission

801 Pleasant Hill Drive
P.O. Box 303
Burgin, Kentucky 40310
(859) 748-5642
www.lakevillagewater.org

April 26, 2016

Dear Association Member,

During the summer of 2016, the Association will be incorporating the existing 600,000 gallon elevated storage tank located at the Northpoint Training Center into the distribution system. The completion of the project will allow the Association to increase the water storage capacity for our customers from 548,000 gallons to 1,148,000 gallons. 807 KAR 5:066 4(4) requires water utilities to maintain a minimum storage capacity equal to the average daily consumption of the customer base. The average daily customer demand for the past 12 months was 710,000 gallons per day, with a peak of 1,047,200 gallons per day. The project is necessary most importantly to maintain adequate water storage for our customers, but also to maintain compliance with regulations overseeing our operations. Along with the rehabilitation of the tank, approximately 1,500 LF of 12-inch water main will be installed to incorporate the elevated storage tank into the Association's distribution system.

The project will be funded through a loan from USDA, Rural Development in the amount of \$656,000. The Letter of Conditions issued by Rural Development, dated June 23, 2015, includes a rate adjustment for all Association customers as a result of the increased debt obligation, but also due to the fact that the Association has not had a rate adjustment since 2008, with the exception of Purchase Water Adjustments. As described in a previous public notice, Purchase Water Adjustments are increases that are passed along to Association customers as a result of increases from the City of Danville and the City of Harrodsburg, which supply the Association with water. As you recall, the increased revenue from these increases is not used for Association operation and maintenance.

The Board of Directors and Management of the Association have worked very hard to maintain the current rate schedule and are proud that we have been able to operate the Association for 8 years without an increase, but the rate must be adjusted. On May 15, 2016, the water rates for all Lake Village Water Association customers will increase by \$0.70 per 1,000 gallons purchased. The minimum bill will increase from \$25.00 to \$26.40 for up to 2,000 gallons of water used. The average monthly bill based on 4,000 gallons per month will increase by \$2.80 or 5.97%. A copy of the full rate schedule is attached for your reference.

On April 11, 2016, the Association filed with the Public Service Commission, an application for a Certificate of Public Convenience and Necessity for a Federally Funded Project. The application is available for viewing at the Lake Village Water Association office located at 801 Pleasant Hill Drive. The application may also be examined at the office of the Commission located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00am to 4:30 pm or viewed through the Commission's website at psc.ky.gov. Comments regarding the application may be submitted to the Commission through the web site or by mail to Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602. The proposed rates are required under the terms of the agreement between the Lake Village Water Association and USDA, Rural Development. KRS 278.023 does not grant the Public Service Commission any discretionary authority to modify or reject any portion of the agreement between USDA, Rural Development and the Lake Village Water Association, or to defer the issuance of all necessary orders to implement the terms of the agreement.

The Board of Directors and Management of the Association appreciate your understanding and cooperation as we strive to provide a safe, reliable and cost efficient service to you. We consider it a privilege to serve the Association and would be glad to provide assistance to you with regard to your water service at any time. If further information is desired or if you have questions please contact the office at (859) 748-5642.

Sincerely,

A handwritten signature in blue ink that reads "Mike D. Sanford". The signature is written in a cursive style with a large, stylized "S" at the end.

Mike D. Sanford, MPA
Executive Director
Lake Village Water Association, Inc.
Mercer County Sanitation District

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

**Proposed Water Rates
 Effective May 15, 2016**

Gallon Usage	Current Rate	Proposed Rate	Increase	% Increase
1,000	\$25.00	\$26.40	\$1.40	5.30
2,000	\$25.00	\$26.40	\$1.40	5.30
3,000	\$34.55	\$36.65	\$2.10	5.73
4,000	\$44.10	\$46.90	\$2.80	5.97
5,000	\$53.65	\$57.15	\$3.50	6.12
6,000	\$63.20	\$67.40	\$4.20	6.23
7,000	\$72.75	\$77.65	\$4.90	6.31
8,000	\$82.30	\$87.90	\$5.60	6.37
9,000	\$91.85	\$98.15	\$6.30	6.42
10,000	\$101.40	\$108.40	\$7.00	6.46
15,000	\$149.15	\$159.65	\$10.50	6.58
18,000	\$177.80	\$190.40	\$12.60	6.62
20,000	\$196.90	\$210.90	\$14.00	6.64
25,000	\$234.75	\$252.25	\$17.50	6.94
30,000	\$272.60	\$293.60	\$21.00	7.15
35,000	\$310.45	\$334.95	\$24.50	7.31
40,000	\$348.30	\$376.30	\$28.00	7.44
50,000	\$424.00	\$459.00	\$35.00	7.63
100,000	\$802.50	\$872.50	\$70.00	8.02
200,000	\$1,559.50	\$1,699.50	\$140.00	8.24
300,000	\$2,316.50	\$2,526.50	\$210.00	8.31

Proposed Wholesale Water Rate- Northpoint Training Center

Gallon Usage	Current Rate	Proposed Rate	Increase	% Increase
Per 1,000 gallons	\$3.20	\$3.90	\$0.70	17.9

Block Usage	Charge
First 2,000 gallons	\$26.40 Minimum Bill
Next 18,000 gallons	\$10.25 per 1,000 gallons
Over 20,000 gallons	\$8.27 per 1,000 gallons