



## South 641 Water District

PO Box 126, Hazel, KY 42049  
(270)492-8857

RECEIVED

JUN 30 2016

Public Service  
Commission

June 28, 2016

Acting Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

Case No. 2016-00223

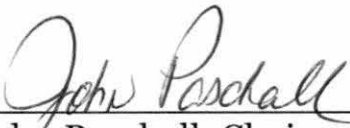
RE: Purchased Water Adjustment Increase Effective July 1, 2016  
Wholesale Provider: City of Murray Water and Sewer System  
Wholesale Purchaser: South 641 Water District

Dear Acting Executive Director:

The South 641 Water District (District) has received written notice from the City of Murray Water and Sewer System (Murray) of Murray's intent to increase its Wholesale Rate, effective July 1, 2016.

The District does NOT plan to file a Motion for Intervention in this matter.

Yours truly,

  
\_\_\_\_\_  
John Paschall, Chairman  
South 641 Water District

Case No. 2016-00223

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

**RECEIVED**

**JUN 30 2016**

Public Service  
Commission

Name of Utility	South 641 Water District	
Date	June 27, 2016	
Address	207 Main Street, P.O. Box 126	
City, State, Zip	Hazel, KY 42049	
Telephone Number	(270) 492-8857	
Email Address	So641@wk.net	

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.

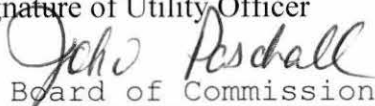
Supplier(s)	Base Rate	Changed Rate
Murray Water & Sewer System	\$2.01	\$2.21

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit

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	May 2015	through	April 2016
	(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
Murray Water & Sewer System	17,634,000
TOTAL PURCHASES	17,634,000
4. Total gallons sold for the 12 month period	15,458,520
5. Increased water cost	\$3,526.80
<p>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</p>	
6. Purchased water adjustment factor	\$0.23
<p>The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.</p> <p>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.</p>	
7. A schedule listing the current and proposed rates is attached as Exhibit	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit	
9. Proposed effective date	July 1, 2016
Signature of Utility Officer  South 641 Board of Commissioners-Chairman Title	

## Exhibit A

### NOTICE

Murray Water & Sewer System hereby provides notice that it filed with the Public Service Commission on May 27, 2015, to increase its wholesale water rate to Dexter-Almo Heights Water District, Murray Water District #2, and South 641 Water District. New rates are proposed to be implemented in seven incremental steps, the first to become effective for water service rendered on and after July 1, 2015 with a new rate to become effective each subsequent six months as set forth below:

<u>Monthly Rate Per 1,000 Gallons</u>	<u>New Rate</u>	<u>Previous Rate</u>	<u>\$ Difference</u>	<u>% Difference</u>
Effective 07/01/2015	\$1.83	\$1.66	\$0.17	10%
Effective 01/01/2016	\$2.01	\$1.83	\$0.18	10%
Effective 07/01/2016	\$2.21	\$2.01	\$0.20	10%
Effective 01/01/2017	\$2.43	\$2.21	\$0.22	10%
Effective 07/01/2017	\$2.67	\$2.43	\$0.24	10%
Effective 01/01/2018	\$2.94	\$2.67	\$0.27	10%
Effective 07/01/2018	\$3.23	\$2.94	\$0.29	10%

Water flowing through the meter(s) before the effective date will be charged at the previous rate while water flowing through the meter(s) on and after the new effective date will be charged at the new rate(s).

This filing may be examined at the utility's office inside Murray City Hall located at 104 North 5<sup>th</sup> Street in Murray, Kentucky; Monday – Friday from 7:30 am and 4:30 pm.

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 Public Service Commission's 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, Kentucky 40602; or through its website at <http://psc.ky.gov>.

While the proposed rates are the rates proposed by Murray Water & Sewer System, the Public Service Commission may order rates that differ from these 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, Kentucky 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.

**EXHIBIT B  
SOUTH 641 WATER DISTRICT**

SUPPLIER	NEW RATE (per 1,000)	OLD RATE (per 1,000)
<b>Murray Water</b>	<b>\$2.21</b>	<b>\$2.01</b>

TWELVE MONTH TEST PERIOD: **May 2015-April 2016**

SUPPLIER	GALLONS PURCHASED DURING TEST PERIOD
<b>Murray Water</b>	17,634,000
<b>TOTAL</b>	<b>17,634,000</b>

SUPPLIER	COST AT NEW RATE	COST AT OLD RATE	INCREASED WATER COST
<b>Murray Water</b>	\$38,971.14	\$35,444.34	
<b>TOTAL</b>	<b>\$38,971.14</b>	<b>\$35,444.34</b>	<b>= \$3,526.80</b>

TOTAL GALLONS SOLD FOR THE TEST PERIOD: **15,458,520**

Increased Water Cost / (total gallons sold / 1,000) = **Purchased Water Adjustment Factor**

$$\$3,526.80 \quad / \quad 15,458,520 \quad \times 1000 \quad = \quad \mathbf{0.2281}$$

OR ROUNDUP  
TO  
**INCREASE PER 1,000 GALLONS** **\$0.23**

## EXHIBIT B

## PURCHASED WATER - ADJUSTED BILLING for JULY 1, 2016 PWA

MONTH	MURRAY BILLING PERIOD	WATER				SOUTH 641 BILLING		CUSTOMERS
		PURCHASED GALLONS	ADJ GALLONS	PURCHASED \$\$	ADJ \$\$	PERIOD	WATER SOLD	
APR 2016	3/13/2016-4/12/16	1,319,500	1,470,000	\$2,652.20	\$2,954.70	4/1/16-4/30/16	1,334,530	357
MAR 2016	2/13/16-3/12/16	1,285,500	1,302,500	\$2,583.86	\$2,618.03	3/1/16-3/31/16	1,207,470	358
FEB 2016	1/13/16-2/12/16	1,672,000	1,478,750	\$3,360.72	\$2,972.29	2/1/16-2/29/16	1,180,760	352
JAN 2016	12/13/15-1/12/16	1,436,500	1,554,250	\$2,887.37	\$3,124.05	1/1/16-1/31/16	1,367,690	350
DEC 2015	11/13/15-12/12/15	1,356,000	1,396,250	\$2,481.48	\$2,684.43	12/1/15-12/31/15	1,140,190	349
NOV 2015	10/13/15-11/12/15	1,337,000	1,346,500	\$2,446.71	\$2,464.10	11/1/15-11/30/15	1,210,420	351
OCT 2015	9/11/15-10/13/15	1,500,500	1,418,750	\$2,745.92	\$2,596.32	10/1/15-10/31/15	1,161,430	360
SEP 2015	8/12/15-9/11/15	1,524,500	1,512,500	\$2,789.84	\$2,767.88	9/1/15-9/30/15	1,319,680	363
AUG 2015	7/14/15-8/12/15	1,495,500	1,510,000	\$2,736.77	\$2,763.31	8/1/15-8/31/15	1,355,570	358
JUL 2015	6/15/15-7/14/15	1,523,500	1,509,500	\$2,788.01	\$2,762.39	7/1/15-7/31/15	1,376,360	358
JUN 2015	5/13/15-6/15/15	1,629,000	1,576,250	\$2,704.14	\$2,746.08	6/1/15-6/30/15	1,499,500	362
MAY 2015	4/13/15-5/13/15	1,488,500	1,558,750	\$2,470.91	\$2,587.53	5/1/15-5/31/15	1,304,920	359

ADJUSTED TOTAL WATER PURCHASED:

GAL:

17,634,000

\$\$

\$33,041.08

SOLD:

15,458,520

EXHIBIT C

SCHEDULE OF CURRENT AND PROPOSED RATES  
FOR  
SOUTH 641 WATER DISTRICT

Monthly Water Rates

	Current Rates	Proposed Rates*
First 2,000 gallons	\$18.56 Minimum Bill	\$19.02 Minimum Bill
Next 3,000 gallons	7.05 per 1,000 gallons	7.28 per 1,000 gallons
Next 5,000 gallons	6.14 per 1,000 gallons	6.37 per 1,000 gallons
Over 10,000 gallons & Bulk Rate	5.25 per 1,000 gallons	5.48 per 1,000 gallons

\*Effective: July 1, 2016

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE SOUTH 641 WATER DISTRICT ADJUSTING  
WATER RATES AND CHARGES TO OFFSET THE CITY  
OF MURRAY WHOLESALE RATE INCREASE**

**WHEREAS**, the City of Murray Water & Sewer System (“Murray”) is South 641 Water District’s (“District”) wholesale water provider;

**WHEREAS**, on May 27, 2015, Murray filed an application with the Kentucky Public Service Commission (“PSC”) seeking to increase the wholesale water rate that Murray charges the District from \$2.01 to \$2.21 per 1,000 gallons effective July 1, 2016. (See PSC Case TFS2015-00341);

**WHEREAS**, based upon the water purchases from Murray during the previous 12 months the estimated annual increased cost to the District will be \$3,526.80;

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



**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF SOUTH 641 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 **\$0.23** per 1,000 gallons;

**Section 3.** All tiers of water usage set forth in the District's existing tariff shall be increased by **\$0.23** per 1,000 gallons, subject to any minor adjustments 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 references 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 July 1, 2016.

**Section 5.** The Chairman 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, all 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 SOUTH 641 WATER**

**DISTRICT** at a meeting held on June 27, 2016, signed by the Chairman, and attested by the Secretary.

ATTEST:

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

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

**CERTIFICATION**

I, Secretary of the South 641 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 June 27, 2016, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect

WITNESS my hand this 27<sup>th</sup> day of June 2016.

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