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September 26, 2016

FEDEX

Dr. Talina R. Mathews
Executive Director
Kentucky Public Service Commission
Post Office Box 615
Frankfort, KY 40602

RECEIVED

SEP 27 2016

PUBLIC SERVICE
COMMISSION

Re: Beech Grove Water System, Inc.
Case No. 2016-255

Dear Dr. Mathews:

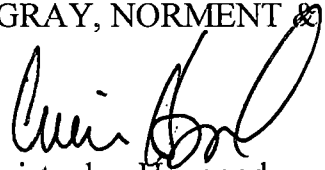
Enclosed for filing please find the original and 10 copies of
Supplemental Application and Supplemental Testimony in the above case.

Your assistance in this matter is appreciated.

Respectfully,

DORSEY, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood
Attorney for Beech Grove Water System, Inc.

JCH/cds
Encls.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

SEP 27 2016

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE APPLICATION OF BEECH GROVE)
WATER SYSTEM, INC. FOR CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
NECESSITY)

CASE NO. 2016-00255

SUPPLEMENTAL APPLICATION

The applicant, **BEECH GROVE WATER SYSTEM, INC.** ("Applicant") respectfully supplements its prior application to correct deficiencies as follows:

(a) Applicant was established as a nonprofit corporation on or about March 13, 1970, when its articles of incorporation were filed with the Kentucky Secretary of State. A copy of applicant's bylaws are on file in Case No. 2010-00309. Applicant attests that it is in good standing. The district is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to Applicant are incorporated by reference in this application. Applicant serves members in McLean County and Daviess County, Kentucky.

(b) The address of the Applicant is Beech Grove Water Systems, Inc., 445 SR 56 N. Calhoun, KY 42327.

(c) Applicant proposes to purchase and install 525 5/8 X 3/4 inch radio frequency meters and 55 one inch radio frequency meters along with hardware and software.

(d) Beech Grove Water System, Inc. solicited bids for its initial set of radio frequency meters on September 10, 2015. G & C Supply Company, Inc. was the sole bidder and was awarded the bid. The purchase price for the system is \$32,000.00 for the hardware and software installation and training, \$159.00 each for the 525 smaller meters (\$82,521.00) and \$195.00 each for the 55 larger meters (10,730) for a total of \$130,234.14 (see exhibits to application in 2016-00255 as updated by the attached).

(e) The \$130,234.14 meter purchase will be funded by Government Capital Corporation. Applicant will pay \$28,556.12 annually at an interest rate of 4.53% for five (5) years (See application exhibits in 2016-00255). Applicant seeks approval of the purchase of the meters and a certificate of public convenience and necessity pursuant to KRS 278.020.

(f) After the proposed facilities are complete the estimated cost of operation will be lower than the average system costs presently incurred. An adjustment in rates will not be required, 807 KAR 5:001 Section 9(2)(f).

(g) The proposed installation of new radio frequency meters is required by public convenience and necessity because Applicant has fallen behind on meter replacement. Approximately 25% of existing meters need replacement. Applicant has 103 meters that are 10 years old or older. Additionally, Applicant's water loss last measured at 22%. Therefore, creating a new efficient metering system will benefit the system. Further, it would be difficult and inefficient to have a system that has some manually read meters and some radio frequency meters.

(h) The estimated cost of operation after the proposed construction should be the same as using the manually read meters. Applicant does not intend to reduce personnel but it does intend to divert meter reading man-hours to maintenance and leak prevention and repair. Therefore, the Applicant's annual report on file reflects the cost of operation. The cost of operation will not decrease as a result of this installation, However, the worker who performs the manual meter reading will spend the time savings on maintenance and leak repair thereby resulting in a more efficient system.

WHEREFORE, applicant asks that the Public Service Commission of the Commonwealth of Kentucky grant a certificate of public convenience and necessity for the purchase of 577 new radio frequency meters and accompanying hardware/software systems along with installation and training for its use, for approval of the proposed financing in the matter previously filed, and that it be afforded all proper relief.

DORSEY, GRAY, NORMENT & HOPGOOD

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Henderson, KY 42420

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Counsel for Beech Grove Water Systems, Inc.

By 

J. Christopher Hopgood

chopgood@dkgnlaw.com

STATE OF KENTUCKY

COUNTY OF McLean

The affiant, **NATHAN WARD**, being first duly sworn, states: That he is the President of **BEECH GROVE WATER SYSTEMS, INC.**, the Applicant in this case; that he has read the foregoing Supplemental Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

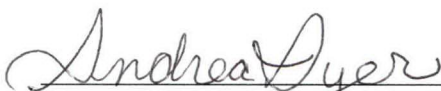

NATHAN WARD

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by **NATHAN WARD**, President of **BEECH GROVE WATER SYSTEM, INC.** on this the 23 day of September, 2016.

My commission expires _____

ANDREA AYER
NOTARY PUBLIC
Kentucky, State At Large
My Commission Expires 5/2/2020

ANDREA AYER
NOTARY PUBLIC
Kentucky, State At Large
My Commission Expires 5/2/2020

 556304
Notary Public, State of Kentucky at Large

