

RECEIVED

OCT 13 2016

Public Service  
Commission

Levee Road Water Association

859-498-6980

P.O. Box 770

Mt. Sterling, Ky. 40353

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Date 10-10-2016

Kentucky Public Service Commission

Rates Adjustment section

Frankfort, Kentucky

**Dear Kentucky Public Service Commission :**

Ladies and Gentlemen,

The Levee Road Water Association of Montgomery County, Kentucky would respectfully request a pass through of .13 cents per 1000/gallons to our existing rate schedule.

This rate increase from our distributor, Mt. Sterling Water & Sewer Co puts a burden of revenue on our system. The Levee Road Water needs this pass through rate to adjust to economic demands on our budget.

Thank you in advance for your consideration in this matter.

Sincerely,



LEVEE ROAD WATER ASSOCIATION  
Brenda Murphy, Secretary/Treasurer

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

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OCT 13 2016

Public Service  
Commission

Name of Utility	Levee Road Water Association	
Date	10/10/2016	
Address	P.O. Box 770	
City, State, Zip	Mt. Sterling	Kentucky 40353
Telephone Number	859-498-6980	
Email Address	bmurphy@murphyrg.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.

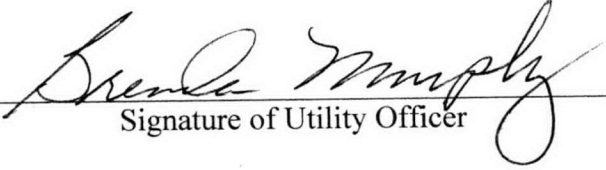
Supplier(s)	Base Rate	Changed Rate
Mt. Sterling Water & Sewer Company	2.85/1000gallon	2.96/1000gallon

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

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	August 2015	through	August 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. N/A

Supplier(s)	Gallons Purchased during 12 month period
Mt. Sterling Water & Sewer Company	57,612,981
TOTAL PURCHASES	57,612,981
4. Total gallons sold for the 12 month period	
	50,195,125
5. Increased water cost 6,419.35	
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	
6. Purchased water adjustment factor	
	0.13
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	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit Attached	
9. Proposed effective date	
	November 1, 2016
 Signature of Utility Officer	
Board Secretary/Treasurer	
Title	

# MT. STERLING WATER & SEWER SYSTEM

POST OFFICE BOX 392 – 300 EAST MAIN STREET  
MOUNT STERLING, KENTUCKY 40353-0392

May 20, 2016

Brenda Murphy  
Levee Road Water Association  
P.O. Box 770  
Mt. Sterling, Kentucky 40353

Re: Wholesale Rate Increase

Brenda,

The purpose of this letter is to advise you that our utility, Mt. Sterling Water and Sewer (Mt. Sterling) has requested approval from the Kentucky Public Service Commission (PSC) to increase wholesale water rates charged to water districts/associations, served by our utility under their purview. This proposed increase is based on the fact that the Consumer Price Index (CPI) rose by a factor of 3.9% over the period from April 2015 and April 2016 for goods and services identified as water, sewer and trash related. In addition to this inflationary increase Mt. Sterling also expects to experience a significant revenue decline in the amount of \$80,000.00 over our next budget cycle, \$30,000.00 water and \$50,000.00 sewer, due to the announced closure of two industrial facilities. These two factors, in combination, have resulted in a budgetary deficit for the 2016/2017 fiscal year. In an effort to offset this financial shortfall Mt. Sterling's board of commissioners found it necessary to approve a proposed budget at their regular monthly meeting, May 16, 2016, which included a 4% water rate increase.

Our utility has petitioned the PSC, to consider for approval, to allow this increase be passed along to our wholesale customers in that amount. A rate modification request has been filed, which includes a tariff sheet asking to increase our current wholesale water rate of \$2.85/1,000 gallons, up to \$2.96. We have requested that this increase be effective July 1, 2016, should this increase be approved it will be reflected in the August billing. This notice is being provided in order to comply with a PSC statute that requires effected wholesale customers receive notice of any proposed rate increase a minimum of 30 days prior to the implementation of said increase. Included please find a copy of the tariff sheet, notification of proposed increase with required PSC language, along with an excerpt from the Bureau of Labor Statistics report regarding the identified inflationary increase previously referenced.

In closing thank you for both your understanding and cooperation regarding this matter. Should you have questions, comments or concerns regarding this notice, please feel free to contact me at (859) 498-0166. Thanks.

Sincerely,



Rick Fletcher  
Manager  
Mt. Sterling Water and Sewer

## Levee Road WA 2016

SUPPLIER	NEW RATE (per 1,000)	OLD RATE (per 1,000)
<b>Mt Sterling</b>	<b>\$2.9600</b>	<b>\$2.8500</b>

TWELVE MONTH TEST PERIOD: Aug 2016 thru July 2016

SUPPLIER	GALLONS PURCHASED DURING TEST PERIOD
<b>Mt Sterling</b>	<b>58,357,697</b>
TOTAL	58,357,697

SUPPLIER	COST AT NEW RATE	COST AT OLD RATE	INCREASED WATER COST
Mt Sterling	172,738.78	166,319.44	
	\$0.00	\$0.00	
	\$0.00	\$0.00	
TOTAL	\$172,738.78	\$166,319.44	= \$8,419.35

TOTAL GALLONS SOLD FOR THE TEST PERIOD : 50,195,125

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

\$8,419.35
/
50,195,125
/1000
=
0.127887851

ROUNDED **0.13**

## Levee Road Water 2016

### Comparison of Rates

			Current	Proposed	
First	1,000	Gallons	11.04	11.17	Minimum Bill
Next	2,000	Gallons	4.64	4.77	per 1000 gallons
Next	3,000	Gallons	3.94	4.07	per 1000 gallons
Next	19,000	Gallons	3.19	3.32	per 1000 gallons
Next	25,000	Gallons	2.84	2.97	per 1000 gallons
Over	50,000	Gallons	2.54	2.67	per 1000 gallons
Commercial Hauler			4.92	5.05	per 1000 gallons
Any Individual who has a Private Loading Unit			4.92	5.05	per 1000 gallons
All Water purchased from Water Coin Vendor			5.42	5.55	per 1000 gallons

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
LEVEE ROAD WATER ASSOCIATION, INC. PROPOSING  
ADJUSTMENTS TO ITS WATER RATES AND CHARGES  
AND AUTHORIZING ITS PRESIDENT TO FILE AN  
APPLICATION WITH THE PSC SEEKING APPROVAL OF  
THE PROPOSED RATE ADJUSTMENT**

**WHEREAS**, the Levee Road Water Association (“Association”) is a water association created and organized under the provisions of KRS Chapter 273. The District is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

**WHEREAS**, prudent financial management dictates that the Association take appropriate action to adjust its water rates and charges; and

**WHEREAS**, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the Association to propose adjustments to its water rates and charges;

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF LEVEE ROAD WATER ASSOCIATION, INC 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 Association proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

**Section 3.** The President is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

**Section 4.** The President, Superintendent, and all other appropriate Association Staff 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 this Resolution.

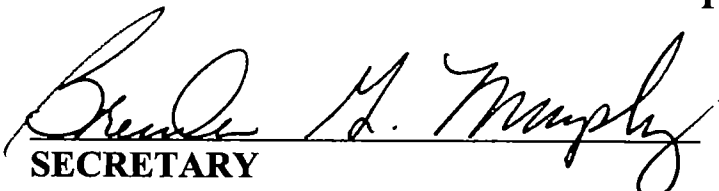
**Section 5.** This Resolution shall take effect upon its adoption.



**ADOPTED BY THE BOARD OF LEVEE ROAD WATER ASSOCIATION** at a meeting held on May 19, 2016, signed by the President, and attested by the Secretary.

ATTEST:

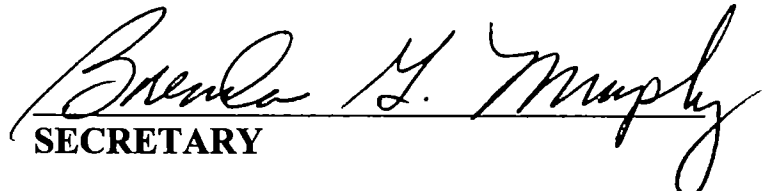
  
\_\_\_\_\_  
**PRESIDENT**

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

**CERTIFICATION**

I, Secretary of the Levee Road Water Association (the "Association"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Board of the Association at a meeting properly held on May 19, 2016, signed by the President of the Board, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 19<sup>th</sup> day of May, 2016.

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