



Warren County
Water District

December 20, 2016

MS TALINA R. MATHEWS
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT KY 40602

RECEIVED

DEC 21 2016

PUBLIC SERVICE
COMMISSION

RE: Case 2016-00430
Amendment to Include Wholesale Rate Adjustment to BGMU

Dear Ms. Mathews:

Bowling Green Municipal Utilities (BGMU), our wholesale water supplier, is increasing our wholesale water rate effective January 1, 2017 as reflected in our filing of a Purchase Water Adjustment with the Public Service Commission, Case 2016-00430. Warren County Water District intends to pass this increase back through to BGMU via the wholesale rate established at our Cemetery Road connection point and is submitting this amendment with supporting information. We are requesting that the proposed rate increase to our customers and BGMU be effective January 1, 2017.

In support of the wholesale rate adjustment, enclosed are the original and 10 copies of the following documents:

1. Revised Exhibit C – Current and Proposed Rates with the wholesale rate.
2. Exhibit E – Memorandum of Agreement between Warren County Water District and BGMU with highlighted emphasis on rate determination.

Exhibit A in the original filing details the wholesale rate calculation.

If you have any questions or need additional information, please let me know.

Sincerely,

John M. Dix, P.E.
General Manager

JMD:sa
Enclosures

Providing high-quality
water and wastewater
services to families and
businesses throughout
Warren County.

*Delivering Quality
and Commitment
in Every Drop*

EXHIBIT C - REVISED

**EXHIBIT C
REVISED**

CURRENT MONTHLY RATES

A. MONTHLY RATES*

1. General Service

5/8 x 3/4 Inch Meter

First	2,000 Gallons	\$11.16 Minimum Bill
Next	8,000 Gallons	3.41 per 1,000 Gallons
Next	90,000 Gallons	2.74 per 1,000 Gallons
Next	900,000 Gallons	2.29 per 1,000 Gallons
Over 1,000,000	Gallons	1.95 per 1,000 Gallons

3/4-Inch Meter

First	3,000 Gallons	\$14.57 Minimum Bill
Next	7,000 Gallons	3.41 per 1,000 Gallons
Next	90,000 Gallons	2.74 per 1,000 Gallons
Next	900,000 Gallons	2.29 per 1,000 Gallons
Over 1,000,000	Gallons	1.95 per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$21.82 Minimum Bill
Next	5,000 Gallons	3.41 per 1,000 Gallons
Next	90,000 Gallons	2.74 per 1,000 Gallons
Next	900,000 Gallons	2.29 per 1,000 Gallons
Over 1,000,000	Gallons	1.95 per 1,000 Gallons

1-1/2-Inch Meter

First	10,000 Gallons	\$41.47 Minimum Bill
Next	90,000 Gallons	2.74 per 1,000 Gallons
Next	900,000 Gallons	2.29 per 1,000 Gallons
Over 1,000,000	Gallons	1.95 per 1,000 Gallons

2-Inch Meter

First	15,000 Gallons	\$55.81 Minimum Bill
Next	85,000 Gallons	2.74 per 1,000 Gallons
Next	900,000 Gallons	2.29 per 1,000 Gallons
Over 1,000,000	Gallons	1.95 per 1,000 Gallons

3-Inch Meter

First	20,000 Gallons	\$81.15 Minimum Bill
Next	80,000 Gallons	2.74 per 1,000 Gallons
Next	900,000 Gallons	2.29 per 1,000 Gallons
Over 1,000,000	Gallons	1.95 per 1,000 Gallons

4-Inch Meter

First	30,000 Gallons	\$135.28 Minimum Bill
Next	70,000 Gallons	2.74 per 1,000 Gallons
Next	900,000 Gallons	2.29 per 1,000 Gallons
Over 1,000,000	Gallons	1.95 per 1,000 Gallons

6-Inch Meter

First	50,000 Gallons	\$204.73	Minimum Bill
Next	50,000 Gallons	2.74	per 1,000 Gallons
Next	900,000 Gallons	2.29	per 1,000 Gallons
Over 1,000,000	Gallons	1.95	per 1,000 Gallons

8-Inch Meter

First	80,000 Gallons	\$298.99	Minimum Bill
Next	20,000 Gallons	2.74	per 1,000 Gallons
Next	900,000 Gallons	2.29	per 1,000 Gallons
Over 1,000,000	Gallons	1.95	per 1,000 Gallons

10-Inch Meter

First	120,000 Gallons	\$421.38	Minimum Bill
Next	880,000 Gallons	2.29	per 1,000 Gallons
Over 1,000,000	Gallons	1.95	per 1,000 Gallons

*These rates apply to all customer classifications and are subject to 10 percent penalty if paid after the due date.

Wholesale Rate to BGMU at Cemetery Road \$1.3129

PROPOSED MONTHLY RATES

A. MONTHLY RATES*

1. General Service

5/8 x 3/4 Inch Meter

First	2,000 Gallons	\$11.86	Minimum Bill
Next	8,000 Gallons	3.76	per 1,000 Gallons
Next	90,000 Gallons	3.09	per 1,000 Gallons
Next	900,000 Gallons	2.64	per 1,000 Gallons
Over 1,000,000	Gallons	2.30	per 1,000 Gallons

3/4-Inch Meter

First	3,000 Gallons	\$15.62	Minimum Bill
Next	7,000 Gallons	3.76	per 1,000 Gallons
Next	90,000 Gallons	3.09	per 1,000 Gallons
Next	900,000 Gallons	2.64	per 1,000 Gallons
Over 1,000,000	Gallons	2.30	per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$23.57	Minimum Bill
Next	5,000 Gallons	3.76	per 1,000 Gallons
Next	90,000 Gallons	3.09	per 1,000 Gallons
Next	900,000 Gallons	2.64	per 1,000 Gallons
Over 1,000,000	Gallons	2.30	per 1,000 Gallons

1-1/2-Inch Meter

First	10,000 Gallons	\$44.97	Minimum Bill
Next	90,000 Gallons	3.09	per 1,000 Gallons
Next	900,000 Gallons	2.64	per 1,000 Gallons
Over 1,000,000	Gallons	2.30	per 1,000 Gallons

2-Inch Meter

First	15,000 Gallons	\$61.06 Minimum Bill
Next	85,000 Gallons	3.09 per 1,000 Gallons
Next	900,000 Gallons	2.64 per 1,000 Gallons
Over	1,000,000 Gallons	2.30 per 1,000 Gallons

3-Inch Meter

First	20,000 Gallons	\$88.15 Minimum Bill
Next	80,000 Gallons	3.09 per 1,000 Gallons
Next	900,000 Gallons	2.64 per 1,000 Gallons
Over	1,000,000 Gallons	2.30 per 1,000 Gallons

4-Inch Meter

First	30,000 Gallons	\$145.78 Minimum Bill
Next	70,000 Gallons	3.09 per 1,000 Gallons
Next	900,000 Gallons	2.64 per 1,000 Gallons
Over	1,000,000 Gallons	2.30 per 1,000 Gallons

6-Inch Meter

First	50,000 Gallons	\$222.23 Minimum Bill
Next	50,000 Gallons	3.09 per 1,000 Gallons
Next	900,000 Gallons	2.64 per 1,000 Gallons
Over	1,000,000 Gallons	2.30 per 1,000 Gallons

8-Inch Meter

First	80,000 Gallons	\$326.99 Minimum Bill
Next	20,000 Gallons	3.09 per 1,000 Gallons
Next	900,000 Gallons	2.64 per 1,000 Gallons
Over	1,000,000 Gallons	2.30 per 1,000 Gallons

10-Inch Meter

First	120,000 Gallons	\$463.38 Minimum Bill
Next	880,000 Gallons	2.64 per 1,000 Gallons
Over	1,000,000 Gallons	2.30 per 1,000 Gallons

*These rates apply to all customer classifications and are subject to 10 percent penalty if paid after the due date.

Wholesale rate to BGMU at Cemetery Road \$1.6147.

EXHIBIT E

**Resolution of the Board of Commissioners of
Warren County Water District and Bowling Green
Municipal Utilities Board of Directors separately
adopted by each utility board.**

WHEREAS, an Agreed Order issued by the Commonwealth of Kentucky before the Public Service Commission set forth an Order in Case No. 95-044 that Bowling Green Municipal Utilities (BGMU) and Warren County Water District (WCWD) jointly create the "Joint Engineering, Planning, and Finance Committee" (Committee) to oversee the development and implementation of long range plans for the development and expansion of water and sewer service from BGMU to WCWD, to include the necessary capital improvement needs for such service, and;

WHEREAS, all future capital improvements of BGMU that result from the need for increased service by BGMU to WCWD and all future capital improvements of WCWD which have a direct impact on BGMU's service to WCWD shall be reviewed by the Committee in an effort to provide the customers of both utilities the best service at the least cost, and;

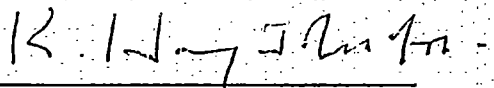
WHEREAS, the Committee shall recommend allocations of costs of future capital improvements of BGMU in accordance with the Public Service Commission's Agreed Order, and;

WHEREAS, future capital improvements needed for increased service by BGMU to WCWD shall only be made after the methods and time for payment of such capital improvements are recommended by the Committee and approved by the respective governing bodies of BGMU and WCWD, and;

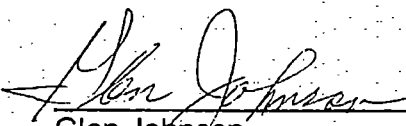
WHEREAS, the Committee has met and recommends to the respective governing bodies of BGMU and WCWD to approve a Memorandum of Agreement dated August 21, 1998, relating to capital improvements and methods and time for payment of such capital improvements to meet the future needs of both utilities,

NOW, THEREFORE, BE IT RESOLVED by WCWD that the Memorandum of Agreement dated August 21, 1998, as recommended by the Joint Engineering, Planning and Finance Committee of BGMU and WCWD is approved by Warren County Water District.

Adopted this 26 day of August, 1998.



R. Harvey Johnston, III
Chairman
Warren County Water District

ATTEST: 

Glen Johnson
Secretary

MEMORANDUM OF AGREEMENT

August 21, 1998

1. BGMU will design, finance, construct, own and maintain a 30-inch Transmission Main from the Water Treatment Plant to the intersection of Lovers Lane and Cemetery Road (Cemetery Road Transmission Line). This line shall be jointly used by BGMU and WCWD with debt service paid 10.9% by BGMU and 89.1% by WCWD.

BGMU may connect at any point or points it deems necessary or desirable along the route of the line. BGMU shall pay 100% of the cost for any connections. Total BGMU usage from this line shall not exceed 1,200 GPM.

2. A pumping station located at the BGMU Water Treatment Plant (the Cemetery Road pumping station) to convey water through the Cemetery Road Transmission Line will be financed and owned by BGMU. Engineering and construction shall be the responsibility of WCWD and said plans will complement existing structures at the Water Treatment Plant (WTP) both operationally and aesthetically. Plans and specifications prepared by WCWD shall be reviewed and approved by BGMU. Construction shall be closely coordinated with BGMU. Through a lease agreement with BGMU, WCWD shall operate and maintain the pumping station and pay 100% of BGMU debt service on the pumping station. WCWD shall be responsible for all operating expenses.

The Cemetery Road pumping station piping shall be connected so that the station will be supplied with water from either the existing and/or proposed WTP clearwells or, as a back-up supply, from the BGMU North Pressure Zone (NPZ). Also piping shall be arranged to allow supply from the pumping station to BGMU's NPZ for use in an emergency. A low clearwell cutoff shall be installed in the pumping station. In addition, an emergency pump control switch shall be installed at the WTP. BGMU will only use this switch if there is a water quality problem, a piping failure on the Cemetery Road Transmission Line, or other emergency situations at the WTP. In all cases of water supply emergency, treated water shall be shared between the customers of BGMU and WCWD in proportion to normal usage. BGMU shall contact WCWD immediately should it be necessary to activate any emergency controls or valving at the pumping station. Pumping rates at this pumping station shall be coordinated with Water Treatment Plant capacity.

3. Master meters shall be installed at this pumping station and at the terminus of the Cemetery Road Transmission Line. The metering equipment at the terminus shall provide for accurate flow measurement both out of and into BGMU's Cemetery Road Transmission Line. Master meters will be owned by BGMU and constructed with each respective facility. The cost of meter maintenance shall be paid directly as follows: (1) the Cemetery Road pumping station meter shall be split 50 / 50 by both utilities, (2) the meter at the terminus of the Cemetery Road line shall be paid by WCWD, and (3) the meter at the inflow back from the Westside Transmission Line (see paragraph 4) shall be paid by BGMU. BGMU shall not use more than 1,200 GPM when combining the flows from each end of the Cemetery Road Transmission Line. SCADA equipment owned and maintained by both utilities may be connected to the master meters.
4. From master meters at the terminus of the Cemetery Road Transmission Line, WCWD shall design, finance, construct, own and maintain a 30-inch transmission main (Westside Transmission Line). Water purchased by WCWD from BGMU at this point of connection will be conveyed to an elevated storage tank also constructed and owned by WCWD. BGMU may utilize the WCWD Westside Transmission Line and storage facility to supply water to its customers along the Cemetery Road Transmission Line through the master meter and with the flow limit described in Paragraphs 1 and 3. BGMU shall pay WCWD use of the Cemetery Road pumping station and Westside transmission and storage facilities. The rate to BGMU shall be determined based on the usage of each facility as related to the total joint use of the facilities with costs allocated in a similar manner as the existing base rates established for WCWD.
5. Charges from BGMU to WCWD for the water WCWD purchases at the terminus of the Cemetery Road Transmission Line shall be calculated to include the following capital and operating expenses:
 - a) Water treatment plant (including upgrade when debt service begins)
 - b) Cemetery Road Transmission Line
 - c) Pumping station lease payments (capital only)

Allocations of these costs shall be as computed as in existing base rates except the new capital costs discussed herein. Water loss from the Cemetery Road Transmission Line shall be estimated based on the overall SPZ unaccounted for water per inch-mile multiplied by the total inch-miles in the subject main.
6. Charges from WCWD to BGMU for facility usage shall be based on the water BGMU uses from the Cemetery Road Transmission Line and shall include WCWD's capital and operating costs for the Cemetery Road

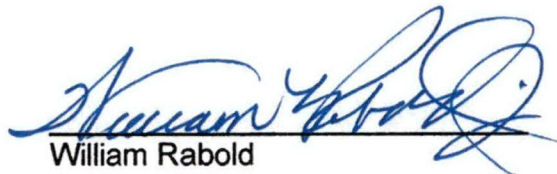
pumping station, Westside transmission and storage facilities. Allocation of these costs shall be as computed in the same manner as existing base rates for water purchased from BGMU by WCWD.

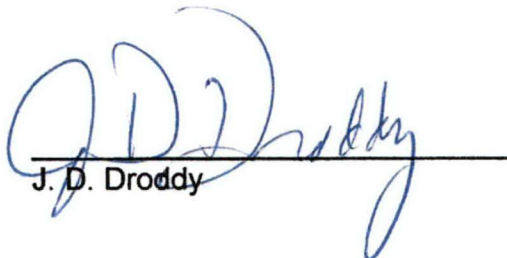
7. With the development of BGMU's Cemetery Road Transmission Line and WCWD Westside Transmission Facilities, it is not anticipated that BGMU's future capacity improvements in the South Pressure Zone (SPZ) through the year 2030 will be included in the base rate for WCWD water purchased at the Morgantown Road, Barren River Road and Beech Bend Road connections. However, if WCWD has additional needs above WCWD's current 30-year projections, the necessary facilities will be agreed-upon in accordance with the Public Service Commission's Agreed Order dated February 27, 1996. All other existing Westside connections between the two utilities shall remain serviceable, but shall only be used in the case of an emergency by either utility with the consent of all parties.
8. BGMU will design, finance and construct a project to upgrade the water treatment plant to 30 MGD. This project is composed of work involving renovations and added capacity. Bids for this work will be structured so that the contractor's prices for each category are apparent. WCWD will pay its share of the debt service for renovation work in accordance with the Water Production Factor as computed for the fiscal year of each future rate study. WCWD will pay its share of the debt service for new capacity in accordance with the following factors: Westside – 5.48%; Northside – 20.66%; Cemetery Road – 54.59%.
9. Both utilities shall operate and maintain their respective jointly used facilities in a responsible manner while considering the needs and usage of the other party. Both utilities shall jointly plan and coordinate maintenance and operation of the jointly used facilities while considering the immediate needs of all.
10. Considering the facility investments made above to serve the water needs of both utilities and the debt service related to those investments, WCWD agrees to pay its allocated share of the debt service until the end of the amortized bond payments included in the water rates, unless otherwise agreed to by both parties.
11. By the end of 2002, after WCWD has completed its off-loading from BGMU's SPZ to the Cemetery Road connection, BGMU will evaluate the need for the Cave Mill Road water booster pump station. If BGMU's evaluation is that the station is not necessary for its future SPZ needs, WCWD agrees to pay for the remaining portion of the station not yet paid for through rates. After a final decision is made, WCWD will be able to remove any portion of the station it considers salvageable. All other SPZ stranded investment costs are moot.

12. By the end of 2002, after WCWD has completed its off-loading from BGMU's SPZ to the Cemetery Road connection, WCWD will transfer ownership of the 5,700 foot, 20-inch Cave Mill Road water transmission line to BGMU.
13. It is understood that BGMU intends to supply the water needs of WCWD in accordance with "Warren County Water District's Projected Daily Demands" dated August 21, 1998, attached hereto. Any capital improvements required by BGMU to meet WCWD's needs will be accomplished in accordance with the Public Service Commission's Agreed Order dated February 27, 1996.

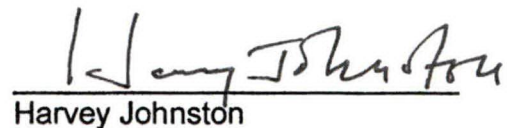
Agreed to by mutual agreement of the parties on August 24, 1998, subject to the approval of the respective Boards of Directors.

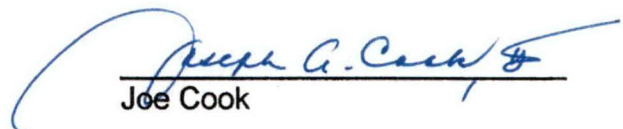
BOWLING GREEN
MUNICIPAL UTILITIES


William Rabold


J. D. Droddy

WARREN COUNTY
WATER DISTRICT


Harvey Johnston


Joe Cook

Warren County Water District
Projected Daily Demands
August 21, 1998

	1996 Actual		2000		2002		2010		2020		2030	
	Average	Peak	Average	Peak	Average	Peak	Average	Peak	Average	Peak	Average	Peak
Cassady	49,000	71,060	51,500	78,000	51,600	78,000	51,800	78,000	56,500	85,000	62,100	94,000
Hwy 31W North	2,411,000	2,805,000	2,707,500	4,062,000	2,797,900	4,198,000	3,159,600	4,740,000	3,601,300	5,402,000	4,038,200	6,058,000
Cemetery Road	0	0	1,620,700	2,430,000	3,535,860	5,302,000	4,647,000	6,970,000	6,111,500	9,168,000	7,701,500	11,552,000
Greenwood	1,046,000	1,645,000	0	0	0	0	0	0	0	0	0	0
Grider Pond	220,000	345,000	0	0	0	0	0	0	0	0	0	0
Hwy 31W South	700,000	1,060,000	1,029,800	1,545,000	0	0	0	0	0	0	0	0
Hwy 68W	586,000	850,000	607,600	911,000	0	0	0	0	0	0	0	0
Morgantown Road	413,000	627,000	468,300	750,000	494,900	792,000	601,300	963,000	771,700	1,235,000	970,000	1,552,000
Barren River Road	31,000	55,000	31,600	57,000	32,000	58,000	33,500	61,000	35,400	64,000	37,400	68,000
Beech Bend Road	<u>11,000</u>	<u>20,000</u>	<u>11,400</u>	<u>21,000</u>	<u>11,700</u>	<u>21,000</u>	<u>13,000</u>	<u>24,000</u>	<u>15,000</u>	<u>27,000</u>	<u>17,300</u>	<u>32,000</u>
Total	5,467,000	6,672,612	6,528,400	9,793,000	6,923,960	10,386,000	8,506,200	12,760,000	10,591,400	15,888,000	12,826,500	19,240,000