

DORSEY, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)
STEPHEN D. GRAY
WILLIAM B. NORMENT, JR.
J. CHRISTOPHER HOPGOOD
S. MADISON GRAY
DAVIS L. HUNTER

TELEPHONE
(270) 826-3965
TELEFAX
(270) 826-6672
www.dkgnlaw.com

February 23, 2017

RECEIVED

FEB 24 2017

PUBLIC SERVICE
COMMISSION

FEDEX

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

Case No. 2017-00104

Re: Henderson County Water District
2017 Purchased Water filing

Dear Dr. Mathews:

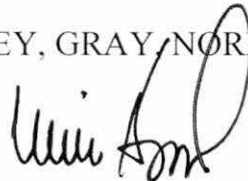
Enclosed for filing is the Henderson County Water District's Purchased Water application. Attached as "Exhibit A" is the notification from our wholesale provider, Henderson Water Utility, with attachments. Also enclosed is a resolution ("Exhibit B") of the Henderson County Water District approving the purchased water adjustment and tariff sheets ("Exhibit C").

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood

JCH/cds

Encls.

COPY/w/encls.: Mr. Pete Conrad, Superintendent

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

FEB 24 2017

PUBLIC SERVICE
COMMISSION

Name of Utility	Henderson County Water District		
Date			
Address	655 South Main, P.O. Box 655		
City, State, Zip	Henderson KY, 42419		
Telephone Number	(270) 826-9802		
Email Address	pconrad@hendersoncounty.ky.gov		

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.

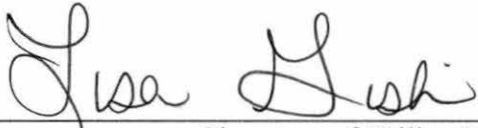
Supplier(s)	Base Rate	Changed Rate
Henderson Water Utility, North	\$2.4507	\$2.7319
Henderson Water Utility, South	\$2.2745	\$2.6368

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

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	1/1/2016	through	12/31/2016
	(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
Henderson Water Utility, North	379,405,003
Henderson Water Utility, South	64,011,918
TOTAL PURCHASES	443,416,921
4. Total gallons sold for the 12 month period	337,771,166
5. Increased water cost	\$129,880.2022514
<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	\$.39
<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 A	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit B	
9. Proposed effective date	<i>after 3/31/17</i>
	
Signature of Utility Officer	
<i>Acting Superintendent</i>	
Title	

FOR Henderson & Webster Counties
PSC KY NO. _____
SHEET NO. 3
CANCELLING PSC KY NO. _____
SHEET NO. 3

Henderson County Water District
(NAME OF UTILITY)

5/8-Inch x 3/4 -Inch Meter

First	2,000 gallons	\$19.48	Minimum bill
Next	8,000 gallons	7.05	per 1,000 gallons
Next	20,000 gallons	6.52	per 1,000 gallons
Over	30,000 gallons	5.99	per 1,000 gallons

1-Inch Meter

First	5,000 gallons	\$40.63	Minimum bill
Next	5,000 gallons	7.05	per 1,000 gallons
Next	20,000 gallons	6.52	per 1,000 gallons
Over	30,000 gallons	5.99	per 1,000 gallons

2-Inch Meter

First	16,000 gallons	\$115.00	Minimum bill
Next	14,000 gallons	6.52	per 1,000 gallons
Over	30,000 gallons	5.99	per 1,000 gallons

3-Inch Meter

First	30,000 gallons	\$206.28	Minimum bill
Over	30,000 gallons	5.99	per 1,000 gallons

4-Inch Meter

First	50,000 gallons	\$326.08	Minimum bill
Over	50,000 gallons	5.99	per 1,000 gallons

6-Inch Meter

First	100,000 gallons	\$625.58	Minimum bill
Over	100,000 gallons	5.99	per 1,000 gallons

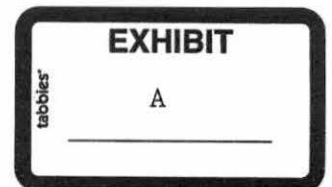
DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE March 31, 2017
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Superintendent

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED 2017



FOR Henderson & Webster Counties
 PSC KY NO. _____
 SHEET NO. 3
 CANCELLING PSC KY NO. _____
 SHEET NO. 3

Henderson County Water District
 (NAME OF UTILITY)

Volunteer Fire Department (Metered Services) \$19.48 per month

The monthly charge for water usage of the respective minimum water rates set out above shall be computed in increments of 10 gallons. Accordingly, a customer having a 5/8 inch meter who consumes at least 2,010 gallons of water and not more than 2,019 gallons of water in any month shall pay the amount of \$19.55 for the month (\$19.48 plus \$0.07). A customer having a 5/8 inch meter who consumes at least 2,020 and not more than 2,029 gallons of water in any month shall pay the amount of \$19.62 for that month (\$19.48 plus \$0.14).

THE BASE RATE FOR PURCHASED WATER SHALL BE:

<u>Supplier</u>	<u>Rate</u>
Henderson Water Utilities (North) PWSID #0510188	\$2.7319 per 1,000 Gallons
Henderson Water Utilities (South) PWSID #0510510	\$2.6368 per 1,000 Gallons

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE March 31, 2017
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Superintendent

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
 IN CASE NO. _____ DATED 2017

Resolution

The Henderson County Water District met at its regular monthly business meeting on Wednesday, February 22, 2017 at the office of the Henderson County Water District and upon motion of Commissioner SKIBBS seconded by Commissioner RIDEOUT, the following resolution was enacted:

Whereas, the Henderson County Water District received notice from the Henderson Water Utility of the increased wholesale cost of water beginning with the first bill after March 31, 2017: and

Whereas, the Henderson County Water District's auditor has approved the Henderson Water Utility's methodology for determining the cost;

Now, therefore, upon unanimous vote after motion and second as set forth above, the Board of Commissioners resolve as follows:

1. The purchased water increase is accepted and the increase is to be implemented upon approval by the Kentucky Public Service Commission.
2. The Henderson County Water District hereby authorizes the Superintendent and counsel to file the necessary purchased water application with the Kentucky Public Service Commission

This the 22nd day of February, 2017.

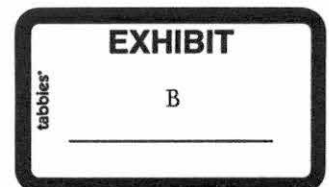


Chairman, Henderson County Water District

Attest:



Secretary



HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

December 16, 2016

Mr. Pete Conrad
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42419

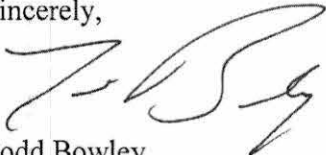
Dear Mr. Conrad:

In accordance with the contract between the Henderson Water and Sewer Commission and the Henderson County Water District, the costs of providing water services based on our 2015-2016 fiscal year audit have been calculated by our auditors, Myriad CPA Group for our North and South Water Systems. Enclosed is a copy of each individual letter highlighting their calculations. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$2.4507	\$2.7319
South	\$2.2745	\$2.3638

These revised rates are to go into effect on the first billing after March 31, 2017. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,



Todd Bowley
Chief Financial Officer

EXHIBIT

C

tabbles



December 13, 2016

Mr. Tom Williams, General Manager
Water and Sewer Commission
City of Henderson
Henderson, KY 42420

RE: Water Rate Calculation-Henderson County Water District, North Plant

Dear Mr. Williams:

We have examined the water intake, treatment, transmission and distribution expenses for the North Plant for the period from July 1, 2015 through June 30, 2016. These figures are taken from financial statements that were audited by our firm for the same time period listed above.

We have also reviewed the records of water billed for the same period. The purpose of these reviews was to determine whether cost increases in this period would justify a rate increase to the Henderson County Water District. The calculations of expenses and pumping data are attached as a part of this report.

Based on this review, we have determined that allowable expenses were \$4,809,608 and the gallons of water treated amounted to 2,200,664,076 gallon units. These gallons are net of the usage at the water treatment plant and the waste water treatment plant.

Therefore, the cost per 1,000 gallons is:

$$\frac{\$4,809,608}{2,200,664,076} = \$2.1855 \text{ per 1,000 gallons}$$

The cost indicated above plus the markup of 25%, as allowed in the contract with the Henderson County Water District, would indicate that a rate of \$2.7319 per 1,000 gallons should be charged to the Henderson County Water District.

Should you have any questions regarding this report, please contact our office.

Sincerely,

Myriad CPA Group, LLC

**Henderson County Water District
Calculation of North Water Cost Per Contract
6/30/2016**

Operating Expenses	4,834,005
Interest Expense	182,792
Amortization Expense	<u>2,461</u>
Total Cost	5,019,258
Less: City Overhead Allocation	(209,650)
Net Expenses applicable to HCWD	<u><u>4,809,608</u></u>

Calculation:

Expenses per above	4,809,608
Volumes	2,200,664,076
Rate	\$ 2.1855
Times	1.25
Calculated Rate	<u><u>\$ 2.7319</u></u>



December 13, 2016

Mr. Tom Williams, General Manager
Water and Sewer Commission
City of Henderson
Henderson, KY 42420

RE: Water Rate Calculation-Henderson County Water District, South Plant

Dear Mr. Williams:

We have examined the water intake, treatment, transmission and distribution expenses for the South Plant for the period from July 1, 2015 through June 30, 2016. These figures are taken from financial statements that were audited by our firm for the same time period listed above.

We have also reviewed the records of water billed for the same period. The purpose of these reviews was to determine whether cost increases in this period would justify a rate increase to the Henderson County Water District. The calculations of expenses and pumping data are attached as a part of this report.

Based on this review, we have determined that allowable expenses were \$1,593,963 and the gallons of water treated amounted to 842,892,347 gallon units. These gallons are net of the usage at the water treatment plant and the waste water treatment plant.

Therefore, the cost per 1,000 gallons is:

$$\frac{\$1,593,963}{842,892,347} = \$1.8911 \text{ per 1,000 gallons}$$

The cost indicated above plus the markup of 25%, as allowed in the contract with the Henderson County Water District, would indicate that a rate of \$2.3638 per 1,000 gallons should be charged to the County Water District.

Should you have any questions regarding this report, please contact our office.

Sincerely,

Myriad CPA Group, LLC

**Henderson County Water District
Calculation of South Water Cost Per Contract
6/30/2016**

Operating Expenses	1,592,384
Interest Expense	60,905
Amortization Expense	<u>574</u>
Total Cost	1,653,863
Less: City Overhead Allocation	(59,900)
Net Expenses applicable to HCWD	<u><u>1,593,963</u></u>

Calculation:

Expenses per above	1,593,963
Volumes	842,892,347
Rate	\$ 1.8911
Times	1.25
Calculated Rate	<u><u>\$ 2.3638</u></u>

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

January 03, 2017

Mr. Brent Kirtley
Public Service Commission
Commonwealth of Kentucky
Tariff Division
211 Sower Blvd.
Frankfort, KY 40601

Dear Mr. Kirtley,

Enclosed are copies of our notification letters to Henderson County Water District and Beech Grove Water Systems Inc. concerning our 2017 rate adjustments along with the signed tariff sheet.

If you have any questions concerning this filing, please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer

FOR Henderson, Kentucky
Name of Municipality

P.S.C. KY. NO. _____ 1 _____

Original _____ SHEET NO. _____ 1 _____

Henderson Municipal Water & Sewer Commission
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Henderson County Water District

North System \$2.7319 per 1000 gallons
South System \$2.3638 per 1000 gallons

Beech Grove Water System, Inc.

South System \$2.5222 per 1000 gallons

Rates will become effective for water consumed beginning in March 2017 and for bills issued after March 31, 2017.

Water Purchase Contracts between the City of Henderson and the Henderson County Water District entered into on the 1st day of June 1989 and amended the 11th day of February 1997, and between the City of Henderson and the Beech Grove Water System, Inc. entered into on the 14th day of October 2014, are on file at the Kentucky Public Service Commission.

DATE OF ISSUE January 03, 2017
Month / Date / Year

DATE EFFECTIVE MARCH 1, 2017
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ N/A _____ DATED _____ N/A _____

NOTICE

Henderson Water Utility ("Henderson Water") is providing notice that on January 03, 2017, it filed with the Public Service Commission to increase the wholesale rates it charges Henderson County Water District and Beech Grove Water System effective for water service rendered on and after March 1, 2017. The proposed rates are as follows:

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
Henderson County Water District				
North System	\$2.4507 per 1,000 gallons	\$2.7319 per 1,000 gallons	\$0.2812 per 1,000 gallons	11.47% Increase
South System	\$2.2745 per 1,000 gallons	\$2.3638 per 1,000 gallons	\$0.0893 per 1,000 gallons	3.93% Increase
Beech Grove Water System	\$2.3816 per 1,000 gallons	\$2.5222 per 1,000 gallons	\$0.1406 per 1,000 gallons	5.90% Increase

Water flowing through the meter(s) before the effective date will be charged at the current rates while water flowing through the meter(s) on and after the effective date will be charged at the proposed rates.

This filing may be examined at the offices of Henderson Water Utility located at 111 Fifth Street in Henderson, Kentucky.

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 PSC 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 KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Henderson Water but the Public Service Commission may order rates that differ from the 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, KY 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.