

North Hopkins Water District
316 Liberty Church Loop
Madisonville, Kentucky 42431

RECEIVED

AUG 21 2017

PUBLIC SERVICE
COMMISSION

August 16, 2017

Public Service Commission of Kentucky
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602

Pursuant to KRS 278.012 and 278.015 we respectfully submit the enclosed 10 copies of an application for a Purchased Water Rate Adjustment.

Sincerely,

A handwritten signature in black ink, appearing to read "Norman D. Adams". The signature is fluid and cursive, with the first name being the most prominent.

Norman D. Adams, Chairman

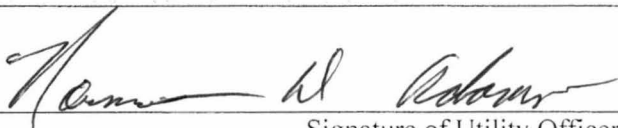
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PURCHASED WATER ADJUSTMENT FOR WATER DISTRICTS AND WATER ASSOCIATIONS (807 KAR 5:068)			
Name of Utility	North Hopkins Water District		
Date	August 16, 2017		
Address	316 Liberty Church Loop		
City, State, Zip	Madisonville, KY	42431	
Telephone Number	270-825-1623		
Email Address	northhopkinswd@yahoo.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	
City of Madisonville, KY	\$4.13 per 1,000 gallons	\$4.39 per 1,000 gallons	
1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit A			
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	July 2016	through	June 2017
	(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.			

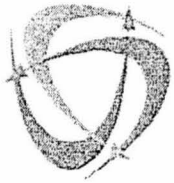
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Supplier(s)	Gallons Purchased during 12 month period
City of Madisonville, Kentucky	99,224,000
TOTAL PURCHASES	99,224,000
4. Total gallons sold for the 12 month period	68,860,351
5. Increased water cost	\$25,798.24
The increased water cost is the cost 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	\$0.37 per 1,000 gallons
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	C
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit	D
9. Proposed effective date	August 9, 2017
	
Signature of Utility Officer	
Chairman	
Title	

" EXHIBIT A "



BerryKington & Utley PSC
Certified Public Accountants

2872 North Main Street * Madisonville, KY 42431
Phone 270-821-3355 * Fax 270-821-0101

June 21, 2017

Mr. Cory Alexander
City Finance Director/Treasurer
City of Madisonville, Kentucky
67 North Main Street
Madisonville, KY 42431

Dear Cory:

We have prepared the accompanying Cost Review Formulas for revising wholesale rate charges as per Treated Water Sale and Purchase Agreements with the Nebo Water District and for the North Hopkins and South Hopkins Water Districts.

We prepared the Cost Review Formulas using June 30, 2016 audited financial statements and wholesale user consumption records as provided by the City of Madisonville. We did not audit the wholesale user consumption records during our June 30, 2016 audit due to the fact that such records were outside the scope of the audit.

The main revisions to the rate calculations relates to the capitalization of Water Filtration Membrane replacements over a seven-year useful life utilizing the straight-line method of depreciation. The result of moving the membrane replacements from Treatment expenses under the Cash Operation and Maintenance Expenses category to the Capital Costs category reduces the previously calculated wholesale water rate to be charged to the various Districts from \$5.01 per thousand gallons of treated water to \$4.39. We understand that the new rate will be charged from March 31, 2017 to March 31, 2018.

We appreciate the opportunity to be of service to the City of Madisonville. Please call if you have any questions regarding these computations.

Very truly yours,

Charles A. Kington, CPA

North Hopkins Water District
Purchased Water Rate Adjustment
Date of Issue: August 16, 2017

EXHIBIT B - PURCHASED WATER ADJUSTMENT CALCULATIONS

Water Purchased: 99,224,000 gallons

Water Sold: 68,860,351 gallons

Cost at changed rate: $99,224,000/1,000 \times \$4.39 =$ \$435,593.36

LESS

Cost at base rate: $99,224,000/1,000 \times \$4.13 =$ \$409,795.12

Increase in cost -----
\$ 25,798.24
=====

$\$25,798.24 / 68,860,351$ gallons sold = \$.0003746 or \$.37 per 1,000 gallons

P.S.C. NO. _____

____ SHEET NO. _____

North Hopkins Water District
Name of Issuing CorporationCANCELING P.S.C. NO. 2016-00099

____ SHEET NO. _____

CLASSIFICATION OF SERVICE

Monthly Rates

	Current rates	Proposed rates
<u>5/8 x 3/4 Inch Meters</u>		
First 2,000 gallons	\$24.38 (Minimum Bill)	\$25.12 (Minimum Bill)
Next 2,000 gallons	11.89 per 1,000 gallons	12.26 per 1,000 gallons
Next 3,000 gallons	9.54 per 1,000 gallons	9.91 per 1,000 gallons
Next 3,000 gallons	8.39 per 1,000 gallons	8.76 per 1,000 gallons
Over 10,000 gallons	6.59 per 1,000 gallons	6.96 per 1,000 gallons
<u>3/4 Inch Meters</u>		
First 3,000 gallons	\$36.27 (Minimum Bill)	\$37.38 (Minimum Bill)
Next 1,000 gallons	11.89 per 1,000 gallons	12.26 per 1,000 gallons
Next 3,000 gallons	9.54 per 1,000 gallons	9.91 per 1,000 gallons
Next 3,000 gallons	8.39 per 1,000 gallons	8.76 per 1,000 gallons
Over 10,000 gallons	6.59 per 1,000 gallons	6.96 per 1,000 gallons
<u>1 Inch Meters</u>		
First 5,000 gallons	\$57.70 (Minimum Bill)	\$59.55 (Minimum Bill)
Next 2,000 gallons	9.54 per 1,000 gallons	9.91 per 1,000 gallons
Next 3,000 gallons	8.39 per 1,000 gallons	8.76 per 1,000 gallons
Over 10,000 gallons	6.59 per 1,000 gallons	6.96 per 1,000 gallons
<u>1-1/2 Inch Meters</u>		
First 10,000 gallons	\$101.95 (Minimum Bill)	\$105.65 (Minimum Bill)
Over 10,000 gallons	6.59 per 1,000 gallons	6.96 per 1,000 gallons
<u>2 Inch Meters</u>		
First 15,000 gallons	\$134.90 (Minimum Bill)	\$140.45 (Minimum Bill)
Over 15,000 gallons	6.59 per 1,000 gallons	6.96 per 1,000 gallons
<u>3 Inch Meters</u>		
First 30,000 gallons	\$233.75 (Minimum Bill)	\$244.85 (Minimum Bill)
Over 30,000 gallons	6.59 per 1,000 gallons	6.96 per 1,000 gallons

DATE OF ISSUE August 16, 2017DATE EFFECTIVE August 9, 2017

ISSUED BY _____

TITLE ChairmanBy authority of Order of the Public Service Commission
in Case No. _____ dated _____.

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE NORTH HOPKINS WATER DISTRICT
ADJUSTING WATER RATES AND CHARGES TO OFFSET
THE CITY OF MADISONVILLE WHOLESALE RATE
INCREASE**

WHEREAS, the City of Madisonville (“Madisonville”) is North Hopkins Water District’s (“District”) sole wholesale water provider;

WHEREAS, on February 6, 2017, Madisonville filed an application with the Kentucky Public Service Commission (“PSC”) seeking to increase the wholesale water rate that Madisonville charges the District from \$4.13 to \$5.01 per 1,000 gallons (See PSC Case No. 2017-00133);

WHEREAS, on June 28, 2017, Madisonville, the District, and North Hopkins Water District entered into the Joint Settlement Agreement and Stipulation (“Settlement”), which provides for an increase in the wholesale water rate that Madisonville charges the District from \$4.13 to \$4.39 per 1,000 gallons;

WHEREAS, the Settlement is under consideration by the PSC at this time;

WHEREAS, based upon the water purchases from Madisonville during the previous 12 months, the estimated annual increased cost to the District will be \$ 25,798.24, if the Settlement is approved as submitted;

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

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF NORTH HOPKINS 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 \$0.37 per 1,000 gallons;

Section 3. All tiers of water usage set forth in the District's existing tariff shall be increased by \$0.37 per 1,000 gallons, subject to any minor adjustment 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 reference 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 on the date the PSC grants approval to Madisonville to increase its rates to the District to \$4.39 per 1,000 gallons in Case No. 2017-00133.

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.

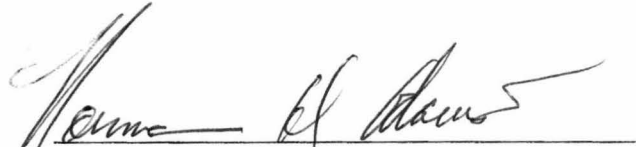
Section 6. The Superintendent, Office Manager, all appropriate District Staff, and the District's accountant are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement the PWA.

Section 7. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF NORTH HOPKINS WATER

DISTRICT at a meeting held on August 15, 2017, signed by the Chairman, and attested by the Secretary.

ATTEST:



CHAIRMAN



SECRETARY

CERTIFICATION

I, Secretary of the North Hopkins 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 August 15, 2017, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 15th day of August, 2017.



SECRETARY