

**LEEVE ROAD WATER ASSOCIATION**  
4969 Levee Road  
Mt. Sterling, KY 40353  
(859) 498-6980

RECEIVED

MAR 09 2018

PUBLIC SERVICE  
COMMISSION

March 8, 2018

Case No. 2018-00099

Gwen R. Pinson, Executive Director  
KY Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

Office of the Attorney General  
Consumer Protection Division  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

Dear Ms. Pinson:

Please be advised that Mt. Sterling Water and Sewer Commission increased their wholesale water rate effective August 1, 2017. Levee Road Water Association intends to pass this increase through to our retail customers in accordance with 807 KAR 5:068. This rate adjustment was approved by the Board of Directors during the February 5, 2017 board meeting.

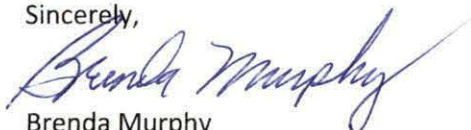
The following support documentation is enclosed for your review:

- Mt. Sterling Notice to Increase Rates
- Mt. Sterling Wholesale Tariff
- Levee Road Meeting Minutes approving the PWA
- PWA Calculation Sheet
- Purchased Water Rate Adjustment Form
- Legal Notice to Levee Road Water Association Customers
- Revised Levee Road Water Association Tariff

The Association will publish the notice in accordance with Commission regulations and will provide verification that such notice has been given before rendering the first customer statement reflecting the increase.

Please contact me if you have any questions or need additional information.

Sincerely,



Brenda Murphy  
Board Secretary / Treasurer

# MT. STERLING WATER & SEWER SYSTEM

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

June 23, 2017

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. This proposed increase is based on a Rate/Cost of Service study conducted by Norbourne and Associates, a Louisville based firm that specializes in rate analysis. The results of this study have indicated that the current wholesale rate of \$2.96 per 1,000 gallons is less than what it costs our utility to produce this amount. In an effort to recover these costs our water and sewer board of commissioners voted to increase water rates by a factor of 2% at their regular monthly meeting held June 19, 2017.

Our utility has petitioned the Public Service Commission (PSC), to allow this increase be passed along to our wholesale customers. A rate modification request has been filed, which includes a tariff sheet asking to increase our current wholesale water rate of \$2.96/1,000 gallons, up to \$3.02. We have requested that this increase be effective August 1, 2017, should this increase be approved it will be reflected in the September billing. This notice is being provided in order to comply with a PSC statute that requires effected wholesale customers to 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 a copy of our Rate Analysis and Cost of Service Studies.

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

# MT. STERLING WATER & SEWER SYSTEM

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

June 23, 2017

Executive Director  
Public Service Commission  
P.O. Box 616  
Sower Boulevard  
Frankfort, Kentucky 40602

Re: Wholesale Rate Increase

Sir/Madam,

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. This proposed increase is based on a Rate/Cost of Service study conducted by Norbourne and Associates, a Louisville based firm that specializes in rate analysis. The results of this study have indicated that the current wholesale rate of \$2.96 per 1,000 gallons is less than what it costs our utility to produce this amount. In an effort to recover these costs, our water and sewer board of commissioners voted to increase water rates by a factor of 2% at their regular monthly meeting held June 19, 2017.

Our utility has petitioned the Public Service Commission (PSC), to allow this increase be passed along to our wholesale customers. A rate modification request has been filed, which includes a tariff sheet asking to increase our current wholesale water rate of \$2.96/1,000 gallons, up to \$3.02. We have requested that this increase be effective August 1, 2017, should this increase be approved it will be reflected in the September billing. This notice is being provided in order to comply with a PSC statute that requires effected wholesale customers to 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 a copy of our Rate Analysis and Cost of Service Studies.

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,

A handwritten signature in black ink that reads "Rick D. Fletcher". The signature is written in a cursive style with a large initial "R" and "F".

Rick Fletcher  
Manager  
Mt. Sterling Water and Sewer

**RECEIVED**

MAR 09 2018

PUBLIC SERVICE  
COMMISSION

PURCHASED WATER ADJUSTMENT FOR WATER DISTRICTS AND ASSOCIATIONS (807 KAR 5:068)			
Name of Utility	Levee Road Water Association		
Date	2/10/2018		
Address	4969 Levee Road		
City, State, Zip	Mt. Sterling	40353	
Telephone Number	(859) 498-6980		
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.			
<b>Supplier(s)</b>	<b>Base Rate</b>	<b>Changed Rate</b>	
Mt. Sterling Water Works	\$2.96	\$3.02	
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	January 2017	through	December 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.			

Supplier(s)	Gallons Purchased during 12 month period
Mt. Sterling Water Works	50,569
<b>TOTAL PURCHASES</b>	50,569
4. Total sales for the 12 month period	38,119
5. Increased water cost	\$3,034.14
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	\$0.08
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p><b>Note:</b> 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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.</p>	
7. Proposed effective date	March 15, 2018
Signature of Utility Officer	
Secretary / Treasurer	
Title	

**Levee Road Water Association  
Purchase Water Adjustment Worksheet**

Month/Year	Purchased Water (gallons)				Water Sold (gallons)
	Mt. Sterling				
Jan 2017	4,591,244				2,782,850
Feb 2017	3,406,542				3,282,460
Mar 2017	3,763,487				3,453,664
Apr 2017	3,968,888				3,042,030
May 2017	3,947,645				3,707,720
Jun 2017	4,312,370				3,518,280
Jul 2017	7,800,066				3,571,150
Aug 2017	4,400,260				3,405,090
Sep 2017	3,762,515				2,696,680
Oct 2017	3,766,030				2,854,660
Nov 2017	3,581,349				2,852,370
Dec 2017	3,269,583				2,952,600
Totals	50,569,979	-	-	-	38,119,554

**TWELVE MONTH PURCHASED WATER COST**

Gallons Purchased	Current Rate	Cost	New Rate	Cost
50,569,979	\$ 2.96	\$ 149,687.14	\$ 3.02	\$ 152,721.34
-		\$ -		\$ -
-		\$ -		\$ -
-		\$ -		\$ -
-		\$ -		\$ -
50,569,979		\$ 149,687.14		\$ 152,721.34

Increased Cost \$ 3,034.20                      PWA Factor \$ 0.08

**WATER RATE AJUSTMENT**

Rate Schedule	Current Rate	Increase	New Rate
First	1,000 \$ 11.17	\$ 0.08	\$ 11.25
Next	2,000 \$ 4.77	\$ 0.08	\$ 4.85
Next	3,000 \$ 4.07	\$ 0.08	\$ 4.15
Next	19,000 \$ 3.32	\$ 0.08	\$ 3.40
Next	25,000 \$ 2.97	\$ 0.08	\$ 3.05
Over	50,000 \$ 2.67	\$ 0.08	\$ 2.75

**BILL CALCULATION**

Usage	Current Rate	Increase	New Rate
5,000 gallons	\$ 28.85	\$ 0.40	\$ 29.25



## LEGAL NOTICE

Due to a rate increase from the City of Mt. Sterling, the Levee Road Water Association has filed an application with the Public Service Commission to implement the following rate schedule. The proposed change will affect all bills issued after April 15, 2018.

	<u>Rate Step</u>	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>	<u>Per Unit Sale</u>	
<b>Residential</b>	First	1,000 gallons	\$ 11.17	\$ 11.25	0.71%	Minimum Bill
	Next	2,000 gallons	\$ 4.77	\$ 4.85	1.65%	per 1,000 gallons
	Next	3,000 gallons	\$ 4.07	\$ 4.15	1.93%	per 1,000 gallons
	Next	19,000 gallons	\$ 3.32	\$ 3.40	2.35%	per 1,000 gallons
	Next	25,000 gallons	\$ 2.97	\$ 3.05	2.62%	per 1,000 gallons
	All Over	50,000 gallons	\$ 2.67	\$ 2.75	2.91%	per 1,000 gallons
<b>Other</b>	Commercial Hauler	1,000 gallons	\$ 5.05	\$ 5.13	1.56%	per 1,000 gallons
	Private Loading Unit	1,000 gallons	\$ 5.05	\$ 5.13	1.56%	per 1,000 gallons
	Water Coin Vendor	1,000 gallons	\$ 5.05	\$ 5.13	1.56%	per 1,000 gallons

### Present Rate Proposed Rate Increase

The bill for an average residential customer using 5,000 gallons each month would increase 1.16% from \$28.85 to \$29.25, a monthly increase of \$0.40.

The rates contained in this notice are the rates proposed by Levee Road Water Association. The Public Service Commission, however, may order rates to be charged that differ from the proposed rates in this notice. A corporation, association, or person may, within thirty (30) days after the initial publication or mailing of notice of the proposed rate change, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party.

Any person may examine this application at Levee Road Water Association's office at 4969 Levee Road, Mt. Sterling, KY 40353. The application and all documents filed with the Public Service Commission may be viewed and downloaded at the Public Service Commission's web site at <http://psc.ky.gov/>.

FOR Montgomery County, Kentucky  
Community, Town or City

P.S.C. KY. NO. 2

2<sup>nd</sup> Revised SHEET NO. 4

CANCELLING P.S.C. KY. NO. 2

Original SHEET NO. 1

Levee Road Water Association  
(Name of Utility)

---

RATES AND CHARGES

---

Monthly Water Rates

First	1,000 Gallons	\$11.25	Minimum Bill
Next	2,000 Gallons	4.85	per 1,000 Gallons
Next	3,000 Gallons	4.15	per 1,000 Gallons
Next	19,000 Gallons	3.40	per 1,000 Gallons
Next	25,000 Gallons	3.05	per 1,000 Gallons
Over	50,000 Gallons	2.75	per 1,000 Gallons
Commercial Hauler		5.13	per 1,000 Gallons
Any Individual who has a Private Loading Unit		5.13	per 1,000 Gallons
All Water Purchased from Water Coin Vendor		5.13	per 1,000 Gallons

---

DATE OF ISSUE March 8, 2018  
Month / Date / Year

DATE EFFECTIVE April 15, 2018  
Month / Date / Year

ISSUED BY Brenda Murphy  
(Signature of Officer)

TITLE Secretary - Treasurer  
General Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



Cost of Service Study  
Prepared for  
Mt. Sterling  
Water and Sewer  
Commission

June 2017



## **Executive Summary**

The Mount Sterling Water and Sewer Commission ("Mt. Sterling") engaged Norbourne Associates, LLC, to conduct an analysis of its water and sewer service rates. Norbourne Associates, LLC is a consulting company specializing in rate design, cost of service and economic analysis for electric, gas, water and wastewater utilities.

### **Overview of the Rate Study Process**

A comprehensive rate study typically utilizes three interrelated analyses to address the adequacy and equity of a utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis.

#### **Revenue Requirement Analysis**

*Compares the sources of funds (revenues) to the expenses of the utility to determine the overall rate adjustment required*

#### **Cost of Service Analysis**

*Allocates the revenue requirements to the various customer classes of service in a "fair and equitable" manner*

Norbourne Associates performed a revenue requirement analysis for the 12-month test period ended June 30, 2016 (shown as Attachment 1) for both water and sewer service. It was decided that, based upon these results, that no change was need to Mt. Sterling's Sewer rates at this time.

After discussions with the management of Mt. Sterling a 2% increase to water rates became the fair and equitable target for a change to rates.

## Revenue requirement.

The first step in calculating the revenue requirement was to establish a time frame for the revenue requirement analysis. For this study, the revenue requirement was developed for the fiscal year ended June 30, 2016.

The second step in determining the revenue requirement was to decide on the basis of accumulating costs. For Mt. Sterling's revenue requirement, a cash basis approach was utilized. The cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement. The actual revenue requirement developed for Mt Sterling was customized to follow its system of accounts. And certain pro-forma adjustments were made to normalize the analysis.

We began the study of Mt. Sterling's water and sewer rates with a revenue requirement analysis. Attachment 1 contains the derivation of the revenue requirements analysis. This analysis follows what is known, as the cash needs approach.

Essentially, this approach states that the utilities revenue must be sufficient to cover all cash needs, this includes debt service. The following formula is useful in identifying the items generally included in a cash needs revenue requirements:

$$\text{Cash needs} = \text{O\&M} + \text{Debt Service} + \text{Projects} - \text{other Revenue}$$

Where: *Cash needs* = Cash needs revenue requirements  
*O&M* = Operation and maintenance expenses  
*Debt Service* = Interest and Principal on all debt  
*Projects* = Projects/improvements funded by rates  
*Other revenue* = Other or miscellaneous revenue

Most public utilities use the "cash basis" approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy to understand.

- Cash expenditures for a period of time to determine required revenues.
- Adds operation and maintenance (O&M) expenses to any applicable taxes or transfer payments to determine total operating expenses. Operation and maintenance expenses include the

materials, electricity, labor, supplies, etc. needed to keep the utility functioning.

- Calculates capital costs by adding debt service payments (principal and interest) to capital improvements financed with rate revenues. In lieu of including capital improvements financed with rate revenues, a utility sometimes includes depreciation expense to stabilize annual revenue requirement.

Using the financial and operating results for the 12-month test period ended June 30, 2016; we have made the following pro-forma adjustments:

Water:

- Increase in expenses: \$184,000
- Extensions and replacements: \$284,000
- Other: \$2,000
- Revenue normalization: \$126,657

Sewer:

- Increase in expenses: \$146,000
- Other: \$200
- Extensions and replacements: \$540,000

Our analysis indicates that Mt. Sterling requires a base water rate increase of \$50,000 or about a 1.5% increase in total system operating revenues. The sewer system has excess in revenue of about 340,000 or 14.8%

Once it was decided that no change was need to sewer rates, we proceeded with the analysis and included the utility approach to the water revenue requirement calculation.

Following discussions with the management of Mt. Sterling, we are recommending an over all increase of 2% to water service only.

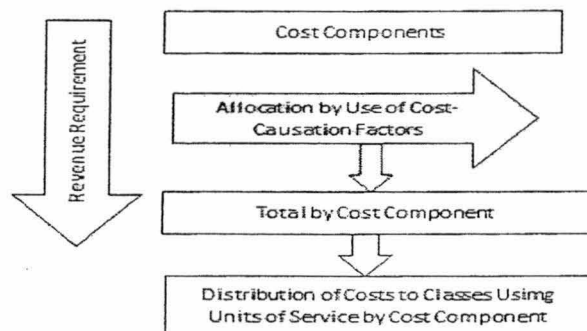
### **Cost of Service Study**

A cost of service study was conducted to provide guidance for allocating the revenue increase to the various customer classes and for developing

rates that more accurately reflect the cost of providing service. Set forth in Attachment 2 is the functional assignment for water service. We used the functional cost allocation methodology to prepare the study.

The functional cost allocation methodology provides a cost-causation allocation approach. Under the functional cost method, operating expenses and capital costs are assigned to cost components using predominate operational or service purposes as cost-causation factors.

Below is a diagram that illustrates the basic allocation methodology.



### **Allocation of Wholesale costs**

One of the major justifications for a comprehensive rate study is founded in economic theory. Economic theory suggests that the price of a commodity must roughly equal its cost if equity among customers is to be maintained. This statement's implications on utility rate designs are significant. For example, a water utility usually incurs capacity-related costs in meeting its peak day requirements. It follows that the customers who cause maximum peak day demands should pay for those demand-related facilities in proportion to their contribution to maximum demands. Emphasis on seasonal and marginal cost-based utility rates embraces this economic concept. When costing and pricing techniques are refined, consumers have a more accurate picture of what the commodity costs to produce and deliver. This price-equals-cost concept provides the basis for our subsequent analysis.

Mt. Sterling serves one water hauling customer and six wholesale customers, these are:

- Levee Road Water District,
- Reid Village Water District
- City of Jeffersonville,
- City of Camargo,
- Judy Water Association, and
- Bath County Water District.

Wholesale rates should be cost based. It has long been accepted that customers that receive benefits from the system should pay their share of transmission and distribution expenses used to maintain the system.

The formula used to develop the wholesale water rate is:

$$\frac{\text{Annual Cost of Water Service Caused by the Utility in Dollars}}{\text{Annual amount of Water Purchased by the Utility in 1,000 Gals.}}$$

This formula will allow Mt Sterling to recover all costs incurred for the part of the system that is jointly used. No subsidies should be caused by this rate.

Attachment 3 is the calculation of the wholesale rate in detail. The result is a rate of \$3.02 this is an increase of about 2.1% or \$0.06.



**Mt. Sterling Water and Sewer**

Revenue Requirement for

Water Service and Sewer Service

**Based on FY 2016**

	<b>2016 WATER Cash Needs Approach</b>	<b>2016 SEWER Cash Needs Approach</b>
1 Operation & Maintenance Expenses (No Depreciation)	\$ 2,398,528	\$ 1,071,846
2 Other Exp	53,616	35,744
3 Interest and Principal on Current Debt	595,090	396,727
4 Contingency	-	
5 Pro-forma increase in Expense	184,000	146,000
6 Extensions and Replacements (2 year Average)	284,000	450,000
7 Depreciation (Fund)		
8 Other	2,000	200
9 Total	\$ 3,517,235	\$ 2,100,516
10 Other Revenue		
11 Water Tap On Charges	\$ 11,700	
12 Sewer Tap On Charges		\$ 7,000
13 Sales Tax Credit		300
14 Late Fee Income	67,091	
15 Customer Non Refundable Connection Fee	8,988	8,988
16 Pretreatment		110,047
17 Other Income	46,366	25,735
18 Reservoir Income	4,537	
19 TOTAL Revenue Requirements from Rates	\$ 3,378,553	\$ 1,948,447
20 Current Revenue	\$ 3,201,832	\$ 2,287,731
21 Adjustment for full year at present rates	\$ 126,657	-
22 Adjusted Test Year Revenue	\$ 3,328,490	\$ 2,287,731
23 Required Increase in Rate Revenue	\$ 50,063	\$ (339,283)
24 Percentage	1.50%	-14.83%

**Mt. Sterling Water and Sewer**

Water Service

Functional Assignment

Year Ended June 30, 2016

	Total Utility	Commodity	Production	Transmission and Distribution	Customer
00501-0011-000 Salary	\$389,657.44		\$389,657		
00503-0011-000 Supplies	\$11,921.40		\$ 11,921		
00505-0011-000 Repairs & Maint	\$22,215.44		\$ 22,215		
00505-0011-001 Repairs And Maintenance Outside	\$21,788.27		\$ 21,788		
00507-0011-000 Utilities-electric	\$147,718.31	\$147,718			
00507-0011-003 Utilities-telephone	\$2,454.64				\$ 2,455
00512-0011-000 Chemicals	\$375,268.08	\$375,268			
00516-0011-000 Lab Testing And Supply	\$3,462.50		\$ 3,463		
00517-0011-000 Outside Lab Testing	\$11,881.76		\$ 11,882		
00503-0012-000 Supplies	\$9,895.34			\$ 9,895	
00505-0012-000 Repairs And Maintenance	\$84,627.64			\$ 84,628	
00505-0012-001 Repairs And Maintenance Outside	\$10,357.38			\$ 10,357	
00507-0012-000 Utilities - Electric	\$77,118.69	\$ 77,119			
00507-0012-001 Utilities - Gas	\$1,391.15				\$ 1,391
00507-0012-003 Utilities - Telephone	\$854.69				\$ 855
00516-0012-000 Lab Testing & Supply	\$5,451.64			\$ 5,452	
00517-0012-000 Outside Lab Testing	\$5,409.00			\$ 5,409	
00501-0013-000 Salary	\$370,703.25			\$370,703	
00503-0014-000 Supplies	\$1,505.25		\$ 1,505		
00502-0014-000 Management Fees	\$3,000.00		\$ 3,000		
00505-0014-000 Repairs And Maintenance	\$2,936.48		\$ 2,936		
00505-0014-001 Repairs And Maintenance Outside	\$6,195.19		\$ 6,195		
00507-0014-000 Utilities - Electric	\$4,160.91	\$ 4,161			
00507-0014-002 Utilities - Water	\$587.27				\$ 587
00507-0014-003 Utilities - Telephone	\$459.30				\$ 459

00501-0016-000 Office Salaries	\$177,205.60				\$177,206
00501-0016-001 Commissioners Salary	\$4,410.00				\$ 4,410
00503-0016-000 Supplies-office	\$10,438.71				\$ 10,439
00503-0016-001 Supplies-other	\$1,354.42				\$ 1,354
00503-0016-002 Office Equipment Lease	\$1,049.47				\$ 1,049
00505-0016-000 Repairs And Maintenance	\$2,167.39				\$ 2,167
00505-0016-001 Repairs And Maintenance Outside	\$8,502.18				\$ 8,502
00507-0016-000 Utilities-electric	\$2,532.94				\$ 2,533
00507-0016-001 Utilities-gas	\$893.87				\$ 894
00507-0016-003 Utilities-telephone	\$2,822.81				\$ 2,823
00507-0016-004 Utilities - adelphia	\$221.42				\$ 221
00541-0016-000 Postage	\$15,495.28				\$ 15,495
00551-0016-000 Attorney	\$4,323.50				\$ 4,324
00552-0016-000 Accounting	\$10,560.00				\$ 10,560
00553-0016-000 Engineers	\$11,260.20	\$ 5,630	\$ 5,630		
00561-0016-000 Insurance-regular	\$56,687.91	\$ 28,344	\$ 28,344		
00561-0016-001 Insurance-group	\$152,053.64	\$ 76,027	\$ 76,027		
00561-0016-002 Insurance-retirement	\$247,077.40	\$123,539	\$123,539		
00572-0016-000 General Expense	\$8,345.77		\$ 8,346		
00572-0016-001 General Expense-Credit Card Fees	\$3,058.12			\$ 3,058	
00573-0016-000 Employee Training	\$4,132.36	\$ 2,066	\$ 2,066		
00574-0016-000 Truck Expense	\$36,430.53	\$ 21,858	\$ 14,572		
00575-0016-000 Payroll Tax	\$61,021.61	\$ 36,613	\$ 24,409		
00576-0016-000 Dues And Subscriptions	\$5,462.26	\$ 2,731	\$ 2,731		
00938-0000-000 Collection Agency Expense					\$ 0
Other	53,616.22				\$ 53,616
Extensions and Replacments	284,000.00	\$ 99,400	\$156,200	\$ 28,400	
Other Rate Case	2,000.00	\$ 700	\$ 1,100	\$ 200	
Pro-forma increases in Expense:	184,000.00	\$ 64,400	\$101,200	\$ 18,400	
Interest and Principal on Current Debt	595,090	\$208,281	\$327,299	\$ 59,509	
Total Operating Expenses	\$3,517,235	\$604,266	\$1,144,153	\$1,357,907	\$410,908
Less: Other Revenue	-\$138,682	-	-	-	-\$138,682
Revenue Requirements from Rates	\$3,378,553	\$604,266	\$1,144,153	\$1,357,907	\$272,226

**Mt. Sterling Water and Sewer**

Water Service

Development of Wholesale Rates (Water Districts and Hauling)

Line Losses	0.1500		
Plant Use	0.0238		
Sum	0.1738		
Production Mult		1.2104	
Inch Mile Ratio		0.5130	
Wholesale line loss		0.0770	
Join Plant use loss		0.1008	
Production Multiplier		1.1121	
Allocation of Production	337,719.0	1.2104	
	842,175.5	1.1121	0.4365
Allocations of T & D	337,719.0		
	842,175.5	0.5130	0.2057
Allocation of Commodity	337,719.0		0.4010
	842,175.5		

Commodity	\$ 604,266	0.4010	\$ 242,315
Production	\$ 1,144,153	0.4365	\$ 499,383
T&D	\$ 1,357,907	0.2057	\$ 279,350
Customer	\$ 410,908	0.0000	\$ -
Total	\$ 3,517,235		\$ 1,021,048
			337,719.0
Wholesale Sales			
Proposed rate per formula			<b>\$ 3.02</b>
Current Wholesale rate			2.96
Difference			\$ (0.06)
Percentage Change			-2.14%

## Notice

Mt. Sterling Water and sewer is providing notice that it plans to file documentation with the Public Service Commission on or before June 23, 2017 to increase its wholesale rate for water service provided after August 1, 2017. The proposed rates are as follows:

<u>Wholesale Customer</u>	<u>New Rate</u>	<u>Previous Rate</u>	<u>\$ Difference</u>	<u>% Difference</u>
Levee Road Water Association	\$3.02	\$2.96	\$0.06	2
Reid Village Water District	\$3.02	\$2.96	\$0.06	2
Montgomery County Water District	\$3.02	\$2.96	\$0.06	2
Judy water Association	\$3.02	\$2.96	\$0.06	2
Bath County Water District	\$3.02	\$2.96	\$0.06	2

Water flowing through the meter(s) before the effective date will be charged at the previous rate(s) while water flowing through the meter(s) after the new effective date will be charged at the new rate(s).

This filing may be examined at the utility's office located at 300 East Main Street in Mt. Sterling, Kentucky; telephone: (859) 498-0166.

This filing may also be examined at the office 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 Public service Commission's web site at <http://psc.ky.gov>.

The proposed rates are the rates proposed by Mt. Sterling Water and Sewer, 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, Kentucky 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.

AREA Mt. Sterling, Kentucky

PSC KY NO. 8

SHEET NO. \_\_\_\_\_

Mt. Sterling Water and Sewer Commission  
\_\_\_\_\_  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 7

SHEET NO. \_\_\_\_\_

Monthly Wholesale Water Rates:

- Levee Road Water Association
- Reid Village Water District
- Montgomery County Water District
- Judy Water Association
- Bath County Water District

All Usage

\$3.02/1,000 gallons

Note: Revises previous rate of \$2.96/1,000 gallons which was effective July 1, 2016

DATE OF ISSUE June 23, 2017  
MONTH / DATE / YEAR

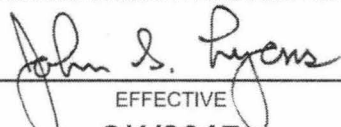
DATE EFFECTIVE August 1, 2017  
MONTH / DATE / YEAR

ISSUED BY [Signature]  
SIGNATURE OF OFFICER

TITLE Manager, Mt. Sterling Water and Sewer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

<b>KENTUCKY</b> <b>PUBLIC SERVICE COMMISSION</b>
<b>John Lyons</b> ACTING EXECUTIVE DIRECTOR 
EFFECTIVE <b>8/1/2017</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)



# Levee Road Water Association

---

## *Meeting Minutes*

### **Board Meeting:**

**Date:** February 15, 2018

**Time:** 6:00 pm

**Location:** Levee Water Office

### **Board Members in Attendance:**

Jimmy Linkous      Artie Gibson

Billy Ray Barnett      Beverly Carpenter

Brenda Murphy

### **Attending as Non-Board Members:**

Lindsey McDaniel      Margie Barnett

Chad Linkous      Joe Burns

### **Purchase Water Adjustment**

Mt. Sterling Water and Sewer Commission increased their wholesale water rate from \$2.96 to \$3.02 on August 1, 2017. The Association can no longer absorb the increase and therefore must pass the cost on to our members. The purchase water adjustment of \$0.08 / 1,000 gallons is necessary to offset the loss.

Billy Ray Barnett makes a motion pass the wholesale rate increase to our customers and proceed with the PSC filing. Jimmy Linkous seconds this motion. All board members are in favor.

### **Change to Non-Recurring Charges**

The Association can no longer absorb the increased market costs for parts, material, fuel and services. Much of this cost is recouped through non-recurring charges which currently do not allow the Association to recover the actual cost.

The following changes to certain non-recurring charges have been proposed; Deposit Fee \$58, Returned Check Fee \$20, Tap Fee \$1,070, Late Penalty 10%, Reconnect for Non-payment \$18, Disconnection for Non-payment \$18. Service reconnection for non-payment \$40 (after hours), Service call (after hours) \$40, Service Call \$18, Meter Test \$102 (at customer request) and Meter Damage at actual cost

Beverly Carpenter makes a motion to accept and submit the proposed non-recurring charges to the Public Service Commission. Billy Ray Barnett seconds this motion. All board members are in favor.

### **Updating Gateway Area Development Project List**

Board agrees to remove the following projects from the list.

WX21173047-Countryside Drive Waterline Extension

WX21173136- Radio Read Meter Replacement Project

WX21173138- Fence Replacement Project

The board would also like to make changes to WX21173107- Phase III Meter Replacement Project. This project will replace 200 radio read meters reaching the end of their lifespan.

Additional projects to be added include:

Replace waterline from the Master Meter to Oldham Tank.

Add a Chlorine Booster Station.

### **KIA Grant Closeout**

Billy Ray Barnett makes a motion to accept the KIA Grant money closeout. Jimmy Linkous seconds this motion. All board members are in favor.

*Submitted  
Secretary, Brenda Murphy  
Feb 15, 2018*