

DORSEY, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)
STEPHEN D. GRAY
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March 9, 2018

RECEIVED

MAR 12 2018

PUBLIC SERVICE
COMMISSION

FEDEX

Ms. Gwen R. Pinson
Executive Director
Public Service Commission of Kentucky
Post Office Box 615
Frankfort, Kentucky 40602

Re: Henderson County Water District
2017 Purchased Water filing

Dear Ms. Pinson:

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 purchased water adjustment worksheet ("Exhibit B"), tariff sheets ("Exhibit C"), notice for the newspaper and a resolution ("Exhibit D") of the Henderson County Water District approving the purchased water adjustment and tariff sheets.

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

RECEIVED**MAR 12 2018****PUBLIC SERVICE
COMMISSION**

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

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.

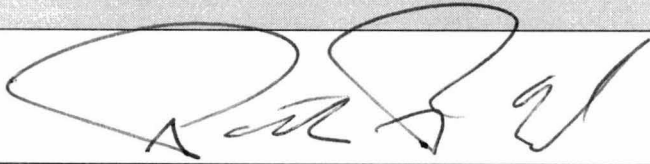
Supplier(s)	Base Rate	Changed Rate
Henderson Water Utility, North	\$2.7319	\$3.2064
Henderson Water Utility, South	\$2.3638	\$2.5708

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	1/ 2017	through	12/2017
	(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
Henderson Water Utility, North	351,279,690
Henderson Water Utility, South	37,136,608
TOTAL PURCHASES	388,416,298
4. Total gallons sold for the 12 month period	348,381,962
5. Increased water cost	\$174,369.48
<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 B</p>	
6. Purchased water adjustment factor	\$0.50051
<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 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	March 31, 2018
	
Signature of Utility Officer	
Superintendent	
Title	

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

November 30, 2017

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 2016-2017 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	\$2.7319	\$3.2064
South	\$2.3638	\$2.5708

These revised rates are to go into effect on the first billing after March 31, 2018. 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

A



November 28, 2017

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, 2016 through June 30, 2017. 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 \$5,552,823 and the gallons of water treated amounted to 2,164,744,142 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:

$$\frac{\$5,552,823}{2,164,744,142} = \$2.5651 \text{ per 1,000 gallons}$$

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 \$3.2064 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
 6/30/2017**

Operating Expenses	5,637,086
Interest Expense	132,037
Amortization Expense	<u>-</u>
Total Cost	5,769,123
Less: City Overhead Allocation	(216,300)
Net Expenses applicable to HCWD	<u><u>5,552,823</u></u>

Calculation:

Expenses per above	5,552,823
Volumes	2,164,744,142
Rate	\$ 2.5651
Times	1.25
Calculated Rate	<u><u>\$ 3.2064</u></u>



November 28, 2017

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, 2016 through June 30, 2017. 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 \$1,749,514 and the gallons of water treated amounted to 850,653,534 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:

$$\frac{\$1,749,514}{850,653,534} = \$2.0567 \text{ per 1,000 gallons}$$

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 \$2.5708 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
PURCHASED WATER ADJUSTMENT WORKSHEET

North Plant

South Plant

\$3.2064 - 2018 change rate

\$2.5708 - 2018 change rate

\$2.7319 - 2017 base rate

\$2.3638 - 2017 base rate

\$.4745 - increased cost per 1k gallons

\$. 207 increased cost per 1k gallons

Gallons purchased during previous 12 mo.

351,279,690

37,136,608

x \$.4745

x \$.207

\$166,682,212.90

\$7,687,277.86

divided by 1,000 =

divided by 1,000 =

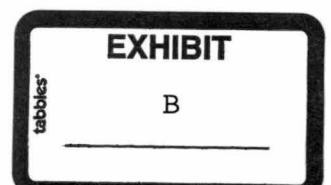
\$166,682.21

\$7,687.27

\$166,682.21 + \$7,687.27 = \$174,369.48 increased water cost

Total gallons sold for previous 12 months = 348,381,692

\$174,369.48/348,381,692 x 1,000 = .50051 PWA factor



FOR Henderson & Webster Counties

PSC KY NO. _____

Henderson County Water District

(NAME OF UTILITY)

SHEET NO. 3

CANCELLING PSC KY NO. _____

SHEET NO. 3

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

First	2,000 gallons	\$20.38	Minimum bill
Next	8,000 gallons	7.50	per 1,000 gallons
Next	20,000 gallons	6.97	per 1,000 gallons
Over	30,000 gallons	6.44	per 1,000 gallons

1-Inch Meter

First	5,000 gallons	\$42.88	Minimum bill
Next	5,000 gallons	7.50	per 1,000 gallons
Next	20,000 gallons	6.97	per 1,000 gallons
Over	30,000 gallons	6.44	per 1,000 gallons

2-Inch Meter

First	16,000 gallons	\$122.20	Minimum bill
Next	14,000 gallons	6.97	per 1,000 gallons
Over	30,000 gallons	6.44	per 1,000 gallons

3-Inch Meter

First	30,000 gallons	\$219.78	Minimum bill
Over	30,000 gallons	6.44	per 1,000 gallons

4-Inch Meter

First	50,000 gallons	\$348.58	Minimum bill
Over	50,000 gallons	6.44	per 1,000 gallons

6-Inch Meter

First	100,000 gallons	\$670.58	Minimum bill
Over	100,000 gallons	6.44	per 1,000 gallons

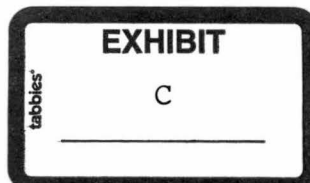
DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE March 31, 2018
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Superintendent

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN
CASE NO. _____ DATED 2018



FOR Henderson & Webster Counties

PSC KY NO. _____

Henderson County Water District

(NAME OF UTILITY)

SHEET NO. 3

CANCELLING PSC KY NO. _____

SHEET NO. 3

Volunteer Fire Department (Metered Services) \$20.38 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 \$20.46 for the month (\$20.38 plus \$0.08). 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 \$20.54 for that month (\$20.38 plus \$0.16).

THE BASE RATE FOR PURCHASED WATER SHALL BE:

<u>Supplier</u>	<u>Rate</u>
Henderson Water Utilities (North) PWSID #0510188	\$23.2064 per 1,000 Gallons
Henderson Water Utilities (South) PWSID #0510510	\$2.5708 per 1,000 Gallons

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE March 31, 2018
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Superintendent

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN

CASE NO. _____ DATED 2018

NOTICE

Notice is hereby given that Henderson County Water District ("District") received approval from the Public Service Commission ("PSC") to adjust its rates pursuant to an increased wholesale rate from its water supplier, Henderson Water Utility. The new rates shown below will be effective for service rendered after March 31, 2018.

<u>Monthly Rates</u>	<u>Prior Rate</u>	<u>New Rates</u>	<u>\$ Increase</u>	<u>% Increase</u>
<u>5/8-Inch x 3/4 -Inch Meter</u>				
First 2,000 gallons (minimum bill)	\$19.38	\$20.38	\$1.00	5.2%
Next 8,000 gallons (per 1,000 gallons)	7.00	7.50	0.50	7.1%
Next 20,000 gallons (per 1,000 gallons)	6.47	6.97	0.50	7.7%
Over 30,000 gallons (per 1,000 gallons)	5.94	6.44	0.50	8.4%
<u>1-Inch Meter</u>				
First 5,000 gallons (minimum bill)	\$40.38	\$42.88	\$2.50	6.2%
Next 5,000 gallons (per 1,000 gallons)	7.00	7.50	0.50	7.1%
Next 20,000 gallons (per 1,000 gallons)	6.47	6.97	0.50	7.7%
Over 30,000 gallons (per 1,000 gallons)	5.94	6.44	0.50	8.4%
<u>2-Inch Meter</u>				
First 16,000 gallons (minimum bill)	\$114.20	\$122.20	\$8.00	7.0%
Next 14,000 gallons (per 1,000 gallons)	6.47	6.97	0.50	7.7%
Over 30,000 gallons (per 1,000 gallons)	5.94	6.44	0.50	8.4%
<u>3-Inch Meter</u>				
First 30,000 gallons (minimum bill)	\$204.78	\$219.78	\$15.00	7.3%
Over 30,000 gallons (per 1,000 gallons)	5.94	6.44	0.50	8.4%
<u>4-Inch Meter</u>				
First 50,000 gallons (minimum bill)	\$323.58	\$348.58	\$25.00	7.7%
Over 50,000 gallons (per 1,000 gallons)	5.94	6.44	0.50	8.4%
<u>6-Inch Meter</u>				
First 100,000 gallons (minimum bill)	\$620.58	\$670.58	\$50.00	8.1%
Over 100,000 gallons (per 1,000 gallons)	5.94	6.44	0.50	8.4%
Vol. Fire Dept. (Metered Services/Flat Rate)	\$19.38	\$20.38	\$1.00	5.2%

The monthly bill for an average customer using 4,000 gallons of water each month will increase \$2.00 (or 6.0%) from \$33.38 to \$35.38.

A person may examine this application at the district's office located at 655 South Main Street in Henderson; telephone (270)826-9802.

A person may also examine this application at the PSC located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m. or on the PSC website at <http://psc.ky.gov>; telephone (502) 564-3940.

Resolution

The Henderson County Water District met at its regular monthly business meeting on Wednesday February 28, 2018 at the office of the Henderson County Water District and upon motion of Commissioner Mike Skaggs seconded by Commissioner Brian Pritchett, the following resolution was enacted:

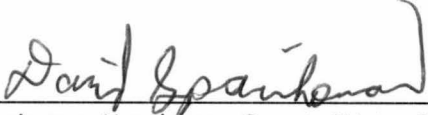
Whereas, the Henderson County Water District received notice from the Henderson Water Utility of the increased wholesale cost of water beginning with the first bill after March 31, 2018: and

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:

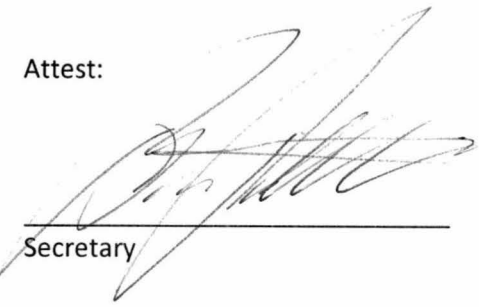
1. The purchased water increase is accepted and the increase is to be implemented upon approval by the Kentucky Public Service Commission.
2. The Henderson County Water District hereby authorizes the Superintendent and counsel to file the necessary purchased water application with the Kentucky Public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

This the 28th day of February, 2018.



Chairman, Henderson County Water District

Attest:



Secretary

EXHIBIT

D

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