

**MARION COUNTY WATER DISTRICT  
1835 CAMPBELLSVILLE ROAD  
P O BOX 528  
LEBANON, KY 40033**

Telephone: 270-692-2004  
Fax: 270-692-1010  
TTY 1-800-648-6956 or 711

RECEIVED

APR 23 2018

PUBLIC SERVICE  
COMMISSION

April 20, 2018

Ms. Gwen R. Pinson  
Executive Director  
KY Public Service Commission  
PO Box 615  
Frankfort, KY 40602

RE: Formal Application to Increase Rates Pursuant to  
Purchased Water Adjustment Regulation 807 KAR 5:068

Dear Ms. Pinson:

The Marion County Water District respectfully requests that the Commission allow for an adjustment to our rates in accordance with 807 KAR 5:068 Purchased Water Adjustment clause.

The District was recently notified by its supplier, Lebanon Water Works Company, that it will increase meter service charges by \$7.20 per month and wholesale rates by \$0.85 per 100 cubic feet (\$1.1363 per 1000 gallons). These increases were effective April 16, 2018. The result of these increases is \$511,424.99 in additional yearly supply cost for the District. This translates into \$1.33 per 1000 gallons of water sold to our customers. Therefore, we propose to increase our rates by that amount.

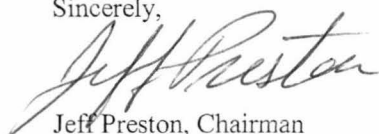
The following supporting documentation is enclosed for your review:

- Exhibit A – Purchase Water Rate Adjustment
- Exhibit B – Copy of Lebanon Water Works Company Notice of an Increase in Wholesale Rates
- Exhibit C – Statement of Water Purchased
- Exhibit D – Statement of Water Sold
- Exhibit E – Notice to Customers
- Exhibit F – Revised Tariff Sheet
- Exhibit G – Resolution of the Board of Commissioners formally authorizing the proposed rates.

The Notice to Customers will be published in accordance with Commission regulations and verification of its publication will be provided to the Commission.

Should you have any questions please contact Lee Mudd at (502) 839-1310, as he is handling this matter on behalf of the District.

Sincerely,



Jeff Preston, Chairman

JP/jlm

RECEIVED

APR 23 2018

PUBLIC SERVICE  
COMMISSION

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

Name of Utility	Marion County Water District	
Date	4/20/18	
Address	P.O. Box 528	
City, State, Zip	Lebanon, Kentucky	40033
Telephone Number	(270) 692-2004	

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
Lebanon Water Works Com(pany	Monthly Meter Service Charge: \$81.00  (Twelve (12) meters @ \$6.75 per meter)  Rate per 100 Cubic Feet: \$2.50  <i>Equivalent Rate per 1,000            gallons: \$3.3420</i>	Monthly Meter Service Charge: \$88.20  (Twelve (12) meters @ \$7.35 per meter)  Rate per 100 Cubic Feet: \$3.35  <i>Equivalent Rate per 1,000            gallons: \$4.4783</i>
Campbellsville Municipal Water & Sewer	Rate per 1000 gallons: \$1.97	No Change

1.b. A copy of the supplier's notice of the changed rates showing the effective date of the increases are attached as Exhibit B.

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	April 2017	through	March 2018
	(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
Lebanon Water Works Company	450,003,158
Campbellsville Municipal Water & Sewer	3,637,600
<b>TOTAL PURCHASES</b>	<b>453,640,758</b>

4. Total sales for the 12 month period 385,292,569

5. Increased water cost \$511,424.99

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$1.33

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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date April 16, 2018



Signature of Utility Officer

Chairman

Title

**Increased Water Cost Calculation:**

**Lebanon Water Works Company**

$$(12 \times \$88.20) + (450,003.158 \times 4.4783) = \$2,016,307.54$$

$$(12 \times \$81.00) + (450,003.158 \times \$3.3420) = \$1,504,882.55$$

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$$\text{Increased Water Cost} = \$511,424.99$$

**Purchased Water Adjustment Factor Calculation:**

$$\text{Increased Cost of Water} = \$511,424.99$$

$$\text{Total Gallons Sold} = 385,292,569$$

$$\$511,424.99 / 385,292.569 = \$1.33 \text{ per 1000 Gallons}$$



120 S. Proctor Knott Avenue  
Lebanon, Kentucky 40033-1299  
(270) 692-2491  
Fax (270) 692-6413  
TTY (800) 648-6056

September 12, 2017

Mr. Jimmy Mudd, Manager  
Marion County Water District  
PO Box 528  
1835 Campbellsville Road  
Lebanon, KY 40033

Hand Delivered

RE: Proposed Water Rate Increase

Dear Jimmy:

Last night, the Lebanon City Council had the Second Reading and passage of Ordinance No. 2017-06, which amends both the Meter Charge and the O & M Charge (volumetric rate) for water service provided by Lebanon Water Works Company (Lebanon Water).

Attached are the following documents, which contain the new rates, the proposed Effective Date, and other information, required by the PSC:

1. Customer Notice; and
2. Tariff Sheet.

Lebanon Water plans to file these documents with the PSC on or before September 14, 2017. If you have any questions, please let me know.

Sincerely,

A handwritten signature in dark ink, appearing to read "Daren S. Thompson", is written over a large, stylized, light-colored circular mark.

Daren S. Thompson  
Operations & Management Superintendent  
Enclosures

Lebanon Water Works Company, Inc. is an Equal Opportunity Provider and Employer  
Complaints of discrimination should be sent to:  
USDA, Director, Office of Civil Rights, Washington, D.C. 20240-9410

**EXHIBIT B-1**

## CUSTOMER NOTICE

Lebanon Water Works Company (“Lebanon Water”) is providing notice that it plans to file with the Public Service Commission, on or before September 14, 2017, to increase its water rates to the Marion County Water District effective for water service on and after November 15, 2017. The proposed rates are as follows:

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Meter Charge</b> (monthly, per meter)	\$6.75	\$7.35	\$0.60 increase	8.9% increase
<b>Volume Charge</b> (per 100 cubic feet)	\$2.50	\$3.35	\$0.85 increase	34% increase

Marion County Water District purchased 598,251 hundred cubic feet of water from Lebanon Water during the Test Year (FY ending 6-30-16). Its average monthly purchases were 49,854 hundred cubic feet. It purchases water through 12 master meters. Under the current rates, Marion County Water District’s average monthly bill for both water consumption and meter charges is \$124,716. Under the proposed rates, Marion County Water District’s average monthly bill for both water consumption and meter charges will be \$167,099. This is an increase of \$42,383 per month or 34%.

**Rate Case Expenses.** Lebanon Water further proposes a surcharge to recover all expenses it may incur to participate in and defend its proposed rates in any Public Service Commission proceeding that is initiated to investigate the reasonableness of those rates. These expenses include fees and expenses for any rate consultant, cost-of-service experts, accountants, legal services, and any other consultants. The surcharge will be assessed over a period of 36 months and the amount of the monthly surcharge will equal one-thirty-sixth ( $\frac{1}{36}$ ) of the total amount of expenses that Lebanon Water incurs to defend its proposed rates. (For example, if Lebanon Water incurs total expenses of \$72,000 to defend its proposed rates, the amount of the monthly surcharge would be \$2,000.)

Water flowing through the meters before the effective date will be charged at the current rates while water flowing through the meters on and after the effective date will be charged at the new rates.

This filing may be examined at the offices of Lebanon Water located at 120 S. Proctor Knott Avenue, Lebanon, Kentucky 40033. Please contact Daren Thompson, Operations & Management Superintendent, at (270) 692-2491 regarding any questions related to the proposed rates.

The 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 Commission 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, Kentucky 40602; or through its website at <http://psc.ky.gov>.

The new rates are the rates proposed by Lebanon Water in its filing, but the Public Service Commission may order rates that differ from the proposed rates contained in this Customer Notice.

Intervention by Marion County Water District or another person with a substantial interest 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 prior to the effective date of the proposed rates, the Public Service Commission may take final action on the proposed rates.

FOR Marion County Water District  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

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

Lebanon Water Works Company  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

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

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CLASSIFICATION OF SERVICE

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**Marion County Water District Water Rates**

Meter Charge, per meter per month \$ 7.35

Volume Charge per 100 Cubic Feet \$ 3.35

Rate Case Expense Surcharge\* \$ 2,000.00 Per Month

\*Lebanon Water proposes a surcharge to recover all expenses it may incur to participate in and defend its proposed rates in any Public Service Commission proceeding that is initiated to investigate the reasonableness of those rates. These expenses include fees and expenses for any rate consultant, cost-of-service experts, accountants, legal services, and any other consultants. The surcharge will be assessed over a period of 36 months and the amount of the monthly surcharge will equal one-thirty-sixth ( $\frac{1}{36}$ ) of the total amount of expenses that Lebanon Water incurs to defend its proposed rates. (For example, if Lebanon Water incurs total expenses of \$72,000 to defend its proposed rates, the amount of the monthly surcharge would be \$2,000.)

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DATE OF ISSUE September 11, 2017  
Month / Date / Year

DATE EFFECTIVE November 15, 2017  
Month / Date / Year

ISSUED BY JR Moraja Sr  
(Signature of Officer)

TITLE President

By Authority Of Order Of The Public Service Commission

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC PROPOSED</b>	)	
<b>ADJUSTMENT OF THE WHOLESALE</b>	)	<b>CASE NO. 2017-00417</b>
<b>WATER SERVICE RATES OF</b>	)	
<b>LEBANON WATER WORKS</b>	)	

**NOTICE OF INTENT TO PLACE PROPOSED  
RATES INTO EFFECT**

Pursuant to KRS 278.190(2),<sup>1</sup> Lebanon Water Works Company (“the Company”) gives notice of its intent to place its proposed rates, with the exception of its proposed rate case expense surcharge, into effect for service rendered on and after April 16, 2018. The Company will not place the proposed rate case expense surcharge into effect until the Public Service Commission has determined the total amount of reasonable rate case expense.

A revised tariff sheet reflecting this action is attached to this Notice and has also been filed through the Public Service Commission’s Electronic Tariff Filing System. The Company will maintain its records in a manner to enable it or the

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<sup>1</sup> The Public Service Commission has previously held that KRS 278.190(2) is applicable to this proceeding. See Order of November 13, 2017 at 4. In previous proceedings involving proposed adjustments to a municipal utility’s wholesale rate, the Public Service Commission has applied KRS 278.190(2) to permit a municipal utility to place its proposed wholesale rates into effect pending final resolution of the Public Service Commission’s investigation. See *Proposed Adjustment of the Wholesale Service Rates of Hopkinsville Water Environment Authority*, Case No. 2009-00373 (Ky. PSC Mar. 5, 2010); *Proposed Adjustment of the Wholesale Service Rates of the City of Danville*, Case No. 2014-00392 (Ky. PSC May 5, 2015).

Public Service Commission to determine the amounts to be refunded and to whom a refund is due if the Public Service Commission orders a refund.

Dated: April 13, 2018

Respectfully submitted,

A handwritten signature in blue ink that reads "Damon R. Talley". The signature is written in a cursive style with a horizontal line underneath it.

Damon R. Talley  
Stoll Keenon Ogden PLLC  
P.O. Box 150  
Hodgenville, Kentucky 42748-0150  
damon.talley@skofirm.com  
Telephone: (270) 358-3187  
Fax: (270)358-9560

Gerald E. Wuetcher  
Mary Ellen Wimberly  
Stoll Keenon Ogden PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801  
gerald.wuetcher@skofirm.com  
maryellen.wimberly@skofirm.com  
Telephone: (859) 231-3000  
Fax: (859) 259-3517

*Counsel for Lebanon Water Works  
Company*

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Lebanon Water Works Company's electronic filing of this Notice is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on April 13, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this Notice will be delivered to the Commission on or before April 17, 2018.

  
Damon R. Talley

FOR Marion County Water District  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

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

Lebanon Water Works Company  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

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

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CLASSIFICATION OF SERVICE

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**Marion County Water District Water Rates**

Meter Charge, per meter per month \$ 7.35

Volume Charge per 100 Cubic Feet \$ 3.35

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DATE OF ISSUE April 13, 2018  
Month / Date / Year

DATE EFFECTIVE April 16, 2018  
Month / Date / Year

ISSUED BY /s/ J.R. Moraja, Sr.  
(Signature of Officer)

TITLE President

By Authority Of Order Of The Public Service Commission

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

**EXHIBIT B-8**

# STATEMENT OF WATER PURCHASED MARION COUNTY WATER DISTRICT

## LEBANON WATER WORKS COMPANY

Month	Usage/Gallons	Total Cost
April 2017	38,100,053	127,411.38
May	34,358,557	114,907.30
June	39,908,492	133,455.18
July	35,869,741	119,957.67
August	42,921,886	143,525.94
September	39,466,126	131,976.79
October	38,768,092	129,643.96
November	35,537,181	118,846.26
December	35,475,920	118,641.52
January	38,735,030	129,533.47
February	37,853,887	126,588.69
March 2018	33,008,193	110,394.38
TOTAL	450,003,158	\$1,504,882.55

## CAMPBELLSVILLE MUNICIPAL WATER & SEWER

Month	Usage/Gallons	Total Cost
April 2017	218,000	429.46
May	263,600	519.29
June	308,700	608.14
July	372,900	734.61
August	282,800	557.12
September	309,500	609.72
October	346,100	681.82
November	297,200	585.48
December	333,200	656.40
January	298,100	587.26
February	361,500	712.16
March 2018	246,000	484.62
TOTAL	3,637,600	\$7,166.07

**STATEMENT OF WATER SOLD  
MARION COUNTY WATER DISTRICT**

Month	Residential	Commercial	Other	Total Gallons Sold
April 2017	21,251,937	7,942,459	538,423	29,732,819
May	23,792,900	7,743,857	644,462	32,181,219
June	26,044,648	8,083,160	482,369	34,610,177
July	26,740,116	4,605,002	374,442	31,719,560
August	28,267,308	8,981,179	421,170	37,669,657
September	24,288,962	8,240,658	705,512	33,235,132
October	23,603,353	8,196,686	741,817	32,541,856
November	23,453,137	7,742,155	733,010	31,928,302
December	22,669,539	7,511,924	605,209	30,786,672
January	24,615,573	5,715,502	516,070	30,847,145
February	25,553,113	6,548,188	561,629	32,662,930
March 2018	20,353,266	6,443,616	580,218	27,377,100
<b>TOTAL</b>	<b>290,633,852</b>	<b>87,754,386</b>	<b>6,904,331</b>	<b>385,292,569</b>

## LEGAL NOTICE REGARDING THE MARION COUNTY WATER DISTRICT

Notice is hereby given that because of an increase in the cost of water purchased from the Lebanon Water Works Company, the Marion County Water District will increase its rates for services effective April 16, 2018. An application requesting the proposed rates was filed with the Kentucky Public Service Commission on April 20, 2018 to increase rates as follows:

	<u>Existing Rates</u>	<u>Proposed Rates</u>	<u>Increase (\$)</u>	<u>Increase (%)</u>
<u>Customer Charge (Minimum Bill)</u>				
5/8 Inch x 3/4 Inch Meter	\$7.45	\$7.45	NC	NC
1 Inch Meter	\$16.20	\$16.20	NC	NC
2 Inch Meter	\$25.68	\$25.68	NC	NC
3 Inch Meter	\$40.73	\$40.73	NC	NC
4 Inch Meter	\$64.60	\$64.60	NC	NC
6 Inch Meter	\$162.59	\$162.59	NC	NC

### Water Charge

All Usage, per 1000 gallons:	\$5.65	\$6.98	\$1.33	23.54%
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As noted above, based on the increased cost of water from the Lebanon Water Works Company all rates will increase \$1.33 per 1,000 gallons. The monthly bill for an average residential customer using 5,343 gallons of water each month will increase from \$37.64 to \$44.74. This is an increase of \$7.10 or 18.86%.

The charges/rates contained in this notice are the charges/rates proposed by the Marion County Water District. However, the Public Service Commission may order charges/rates to be charged that differ from these proposed charges/rates. Such action may result in charges/rates for consumers other than the charges/rates detailed in this notice.

Any person may examine this application at the offices of the Marion County Water District office located at 1835 Campbellsville Road, Lebanon, KY 40033. In addition, any person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Any comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. The Public Service Commission can also be contacted at 502-564-3940.

This notice is published pursuant to 807 KAR 5:068 - Purchased Water Adjustment for Water Districts and Water Associations.

**MARION COUNTY WATER DISTRICT**

**s/ Jeff Preston, Chairman**

FOR ALL AREAS SERVED

P.S.C. KY. NO. \_\_\_\_\_

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

Marion County Water District  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

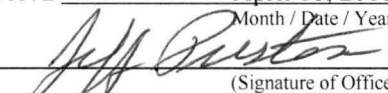
SHEET NO. \_\_\_\_\_

RATES & CHARGES

	RATE PER UNIT
Customer Charge, minimum bill	
5/8 Inch x 3/4 Inch Meter	\$7.45
1 Inch Meter	\$16.20
2 Inch Meter	\$25.68
3 Inch Meter	\$40.73
4 Inch Meter	\$64.60
6 Inch Meter	\$162.59
Water Charge	
All Usage, Per 1,000 Gallons	\$6.98
Meter Connections	
5/8 Inch x 3/4 Inch Meter	\$865.00
All Larger Meters	Actual Cost
Fire Hydrants (Non-Metered 6 Inch Connect), per month	\$7.50

DATE OF ISSUE April 20, 2018  
Month / Date / Year

DATE EFFECTIVE April 16, 2018  
Month / Date / Year

ISSUED BY   
(Signature of Officer)

TITLE Chairman

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

EXHIBIT F



## RESOLUTION OF AUTHORIZATION

The Marion County Water District hereby orders an increase in the District's rates for service pursuant to 807 KAR 5:068: Purchased Water Adjustment Regulation. This action is required due to an increase in the cost of water purchased from Lebanon Water Works Company effective on April 16, 2018. The terms of the rate increase shall be consistent with the District's application to the Public Service Commission to be submitted on or after April 16, 2018. The rates proposed therein shall become effective for service rendered on or after April 16, 2018.

Action herein ordered shall be duly recorded in the minutes of this public meeting of the Marion County Water District held on this 10<sup>th</sup> day of April, 2018.

Ordered this the 10<sup>th</sup> day of April, 2018.

Signed:

  
\_\_\_\_\_  
Jeff Preston, Chairman

Attest:

  
\_\_\_\_\_  
Everett Thomas, Secretary