

ELKHORN WATER DISTRICT

7165 U.S. 127 North
Frankfort, Kentucky 40601

Michael Dudgeon,
Chairman

(502) 695-4431

June 12, 2018

RECEIVED

Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

re: Elkhorn Water District
Case No. 2018-00145

JUN 14 2018

PUBLIC SERVICE
COMMISSION

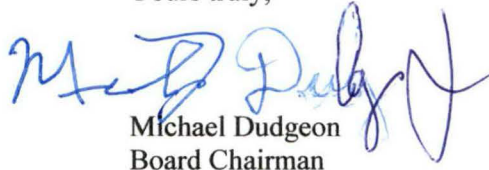
To the COMMISSION:

The filing deficiencies in the above case are addressed as follows:

1. The Water District is unable to locate its copy of the bond issued by Rural Development in 1993 in the amount of \$200,000, carrying an interest rate of 5.25%. The District is current on its bond obligations. Reference is made to the filing with PSC in 1993 for a Certificate of Convenience and Necessity.
2. The amortization schedule from our audit is attached.
3. The depreciation schedule from our audit is attached.
4. The District is unable to analyze the customer bills due to the nature of the computerized billing system. Extensive efforts have been made with no creditable results. We ask for a deviation from 807KAR 5:076: Section 4(1).
5. A revised notice is attached.
6. No board members/commissioners, CEO or General Manager has ownership of 10% or more. Attached are ARF Form-3 for each Board member.

Lastly, please schedule the on site visit as soon as practical.

Yours truly,



Michael Dudgeon
Board Chairman

MD:pac

cc: Warner Broughman, III, Engineer
Office of the Attorney General

Enclosures

Note M-Schedule of Annual Debt Requirements

Year End	Bond	Issue: 1997 Issue (91-03)		Total	Total
	Prin. Due	Interest			
	January 1, 2017	January 1, 2017	July 1, 2017		
2018	5,900	3,483	3,483	6,966	12,866
2019	6,300	3,328	3,328	6,656	12,956
2020	6,700	3,163	3,163	6,326	13,026
2021	7,200	2,987	2,987	5,974	13,174
2022	7,700	2,798	2,798	5,596	13,296
2023	8,200	2,596	2,596	5,192	13,392
2024	8,800	2,380	2,380	4,760	13,560
2025	9,400	2,149	2,149	4,298	13,698
2026	10,100	1,903	1,903	3,806	13,906
2027	10,800	1,638	1,638	3,276	14,076
2028	11,500	1,354	1,354	2,708	14,208
2029	12,400	1,052	1,052	2,104	14,504
2030	13,200	727	727	1,454	14,654
2031	14,500	380	380	760	15,260
	\$ 132,700	\$ 29,938	\$ 29,938	\$ 59,876	\$ 192,576

Note G - Reserves

Debt Service Reserve - There is to be a monthly deposit of \$130 until a balance of \$15,600 is accumulated for all bond issues. The Reserve Fund balance totaled \$30,943 at December 31, 2017 and \$29,848 at December 31, 2016, and are included in Restrictions of Net Assets for December 31, 2017 and 2016.

Note H - Concentrations of Credit Risk

The District did not have cash, and cash equivalents in excess of FDIC insurance as of December 31, 2017. All cash and cash equivalent amounts were under category 1 of credit risk and were insured by the FDIC.

Note I - Related Party Transactions

The District utilized the services of Gatewood Water Service as an independent contractor in 2017, and 2016.

Note J - Subsequent Events

Management did not indicate financially impacting information regarding subsequent events. An evaluation of subsequent events through June 12, 2018 found no events that appeared to have a material effect regarding the accompanying financial statements of Elkhorn Water District as of and for the year ended December 31, 2017.

Note K - Property, Plant, & Equipment

Capital Assets Being Depreciated				
<u>Description</u>	<u>December 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2017</u>
Pumps, Lines, & Meters	936,137			936,137
Tanks	294,318			294,318
Meters	16,352			16,352
Office Equipment	8,798			8,798
Total	\$ 1,255,605	\$ -	\$ -	\$ 1,255,605
Less: Accumulated Depreciation	1,007,438	27,804		1,035,242
Net Depreciable Assets	248,167	(27,804)		220,363
Total Capital Assets, Net	\$ 249,167	\$ (27,804)		\$ 221,363

Capital Assets Being Depreciated				
<u>Description</u>	<u>December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2016</u>
Pumps, Lines, & Meters	936,137	1,653		936,137
Tanks	294,318	-		294,318
Meters	16,352	420		16,352
Office Equipment	8,798			8,798
Total	\$ 1,255,605	\$ 2,073	\$ -	\$ 1,255,605
Less: Accumulated Depreciation	979,351	28,087		1,007,438
Net Depreciable Assets	276,254	(28,087)		248,167
Total Capital Assets, Net	\$ 277,254	\$ (28,087)		\$ 249,167

Depreciation for the years ended December 31, 2017 and 2016 was \$28,087 and \$28,087.

Note L-Interest Expense

Interest expense incurred and charged to expense for the years ended December 31, 2017 and 2016 was \$7,256 and \$7,573. No interest was capitalized in 2017 and 2016.

NOTICE TO THE PUBLIC OF UTILITY RATE CHANGE

Elkhorn Water District

Elkhorn Water District ("Elkhorn") has asked for approval from the Public Service Commission to adjust its rates for water service. The District will file an application on June 1, 2018.

Monthly Rates

	<u>Prior Rates</u>	<u>New Rates</u>	<u>\$ Change</u>	<u>% Change</u>
<u>5/8 inch x 3/4 Meter</u>				
First 2,000 Gallons (Minimum Bill)	\$15.73	\$16.29	.56	3.6% Increase
Next 3,000 Gallons (per 1,000 gallons)	\$ 6.22	\$ 6.44	.22	3.5% Increase
Next 5,000 Gallons (per 1,000 gallons)	\$ 5.64	\$ 5.84	.20	3.5% Increase
Over 10,000 Gallons (per 1,000 gallons)	\$ 4.41	\$ 4.57	.18	3.5% Increase
<u>1-inch Meter</u>				
5,000 Gallons (min. bill)	\$34.39	\$35.61	\$1.22	3.5% Increase
<u>1-1/2 Meter</u>				
10,000 Gallons (min. bill)	\$62.59	\$64.81	\$2.22	3.5% Increase
<u>Mobil Home Parks</u>				
Southcreek	\$117.98	\$122.18	\$4.20	3.6% Increase
Elkhorn	\$597.74	\$619.02	\$21.26	3.6% Increase
Capital	\$983.13	\$1018.13	\$35.00	3.6% Increase
<u>Emergency Wholesale Rate</u>				
	\$4.41	\$4.57	\$0.16	3.6% Increase

The monthly bill for an average customer using 5,000 gallons of water each month will increase \$1.22 (or 3.5%) from \$34.39 to \$35.61.

The rates contained in this notice are the rates proposed by Elkhorn Water District, the Public Service Commission may order rates to be changed that differ from the proposed rates in this notice.

A person may examine this application at Elkhorn Water District office located at 7165 U.S. 127 North in Frankfort, Kentucky. A person may also examine this application at the Public Service Commission, 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.

Comments regarding the application may be made to the Commission through the Commission website or via mail at Public Service Commission, P.O. Box 615, Frankfort, KY 40602. A person may submit a timely written request to intervene to the Public Service Commission, P.O. Box 615, Frankfort, KY 40602 establishing grounds for the request and including the statutes of interest of the party. If the Commission does not receive written request for Intervention within 30 days of initial publication of notice, the Commission may take final action on the application.

EXHIBIT B

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between ELKHORN WATER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Michael F. Dudgeon, Jr.
(Print Name)

M. F. Dudgeon, Jr.
(Signed)

Chairman
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

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Abner Lipps
(Print Name)

Abner Lipps
(Signed)

Treasurer
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

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Steve M. Ke
(Print Name)

[Signature]
(Signed)

Secretary
(Position/Office)

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