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DEC 28 2018

PUBLIC SERVICE
COMMISSION

Meade County Water District

1003 Armory Place
Brandenburg, KY 40108
mcwattg@bbtel.com

Telephone: (270) 422-5006

Fax: (270) 422-5068

December 21, 2018

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

RE: Purchased Water Adjustment
Meade County Water District

Dear Ms. Pinson:

Enclosed for filing are the original and ten (10) copies of Meade County Water District's application for a Purchased Water Adjustment. This application is being filed pursuant to 807 KAR 5:068.

The following documentation is enclosed in support of this application:

- Purchased Water Adjustment Form
- Exhibit A - Purchased Water Increase Explanation
- Exhibit B- Purchased Water Adjustment Worksheet
- Exhibit C - Schedule of Current and Proposed Rates
- Exhibit D - MCWD Authorization of Proposed Rates

The District will publish notice to its customers and provide verification that such notice has been given in accordance with regulations.

Please contact me if you need additional information.

Sincerely,



Tim Gossett
General Manager

Enclosures

cc: Office of the Attorney General, Rate Intervention

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

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COMMISSION

Name of Utility	Meade County Water District		
Date	December 7, 2018		
Address	PO Box 367		
City, State, Zip	Brandenburg, KY	40108	
Telephone Number	270-422-5006		
Email Address	mcwattg@bbtel.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	
Hardin Co. WD #1	\$2.36	NA	
City of Brandenburg	\$1.80	NA	
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. See Exhibit A for an explanation of the change.			
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	October 2017	through	September 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. See Exhibit B.			

Supplier(s)	Gallons Purchased during 12 month period
Hardin Co. Water District #1	181,444,200
City of Brandenburg	171,789,000
TOTAL PURCHASES	353,233,200
4. Total gallons sold for the 12 month period	288,255,677
5. Increased water cost	\$ 96,202
<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	\$ 0.33
<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	December 1, 2018
Signature of Utility Officer	
Tim Gossett, General Manager	
Title	

Exhibit A

PURCHASED WATER INCREASE EXPLANATION

The Meade County Water District (MCWD) provides potable water to a majority of Meade County, not including the City of Brandenburg (COB) and the City of Muldraugh. MCWD distributes water only and does not treat water for distribution. In the past MCWD has purchased water from two suppliers: COB at the central section of its distribution system and Hardin County Water District No. 1 (HCWD1) from the southeastern section of its system.

Previously both suppliers used chlorine as a disinfectant. However, HCWD1 has now converted to chloramines, which has become the regional disinfectant of choice. Because COB continued to disinfect with chlorine, MCWD was required to separate its distribution system into two completely separate zones.

MCWD determined that to improve water quality, reduce disinfection byproducts in the drinking water, maintain a consistent disinfection approach throughout its distribution system, and meet existing and future system demands, it should purchase all of its water from HCWD1. To accommodate this change certain transmission system improvements were required and in 2016 a \$2.0 million loan from Rural Development was awarded. After engineering work was finished and construction bids were received, MCWD applied to the Public Service Commission for a Certificate of Public Convenience and Necessity which the PSC granted in Case No. 2017-00380.

With the required transmission system improvements in service, MCWD began purchasing all water from HCWD1 in late October 2018. The price of water from HCWD1 is \$0.56 per 1,000 gallons higher than from COB. Based upon the quantity of water formerly purchased from COB during the previous 12 months, the estimated annual increased cost to the MCWD will be \$96,202. MCWD proposes passing this additional cost on to its customers through this Purchased Water Adjustment.

Exhibit B

**PURCHASED WATER ADJUSTMENT WORKSHEET
MEADE COUNTY WATER DISTRICT**

Month	Purchased Water (gallons)			Water Sold (gallons)
	HCWD #1	Brandenburg	Totals	
Oct '17	15,510,500	12,572,000	28,082,500	19,433,610
Nov	15,468,200	12,415,000	27,883,200	20,030,792
Dec	13,979,400	13,920,000	27,899,400	19,613,392
Jan '18	13,979,400	15,844,000	29,823,400	25,865,857
Feb	15,079,600	13,947,000	29,026,600	24,128,360
Mar	14,678,000	12,350,000	27,028,000	21,397,222
Apr	13,356,400	13,719,000	27,075,400	22,385,548
May	13,772,700	14,905,000	28,677,700	24,842,507
June	14,175,400	15,941,000	30,116,400	27,457,895
July	16,749,100	16,312,000	33,061,100	29,740,113
Aug	16,273,700	13,902,000	30,175,700	27,110,903
Sept	18,421,800	15,962,000	34,383,800	26,249,478
Totals	181,444,200	171,789,000	353,233,200	288,255,677

Previous Twelve Month Purchased Water Cost				
	Gals. Purch.	Existing Rate	Existing Cost	
HCWD #1	181,444,200	\$ 2.36	\$ 428,208	
Brandenburg	171,789,000	1.80	309,220	
Totals	353,233,200		\$ 737,429	

Future Twelve Month Purchased Water Cost				
	Gals. Purch.	Existing Rate		New Cost
HCWD #1	353,233,200	\$ 2.36		\$ 833,630
				Increased Cost \$ 96,202
				PWA Factor \$ 0.33

Exhibit C

**CURRENT & PROPOSED MONTHLY RATE SCHEDULES
MEADE COUNTY WATER DISTRICT**

<u>Current Rates</u>		
<u>5/8 x 3/4" Meters</u>		
First 2,000 Gallons	\$17.94	Minimum Bill
Next 5,000 Gallons	8.68	Per 1,000 Gallons
Next 10,000 Gallons	8.35	Per 1,000 Gallons
Next 20,000 Gallons	7.58	Per 1,000 Gallons
Over 37,000 Gallons	6.50	Per 1,000 Gallons
Doe Valley Water	\$ 3.89	Per 1,000 Gallons
Otter Creek Water	\$ 4.01	Per 1,000 Gallons
Bulk Sales	\$ 6.00	Per 1,000 Gallons

<u>Proposed Rates</u>		
<u>5/8 x 3/4" Meters</u>		
First 2,000 Gallons	\$18.60	Minimum Bill
Next 5,000 Gallons	9.01	Per 1,000 Gallons
Next 10,000 Gallons	8.68	Per 1,000 Gallons
Next 20,000 Gallons	7.91	Per 1,000 Gallons
Over 37,000 Gallons	6.83	Per 1,000 Gallons
Doe Valley Water	\$ 4.22	Per 1,000 Gallons
Otter Creek Water	\$ 4.34	Per 1,000 Gallons
Bulk Sales	\$ 6.33	Per 1,000 Gallons

Exhibit D

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE MEADE COUNTY WATER DISTRICT ADJUSTING WATER RATES AND CHARGES

WHEREAS, it has previously been determined that by Meade County Water District ("District") purchasing all of its water from Hardin County Water District #1 ("HCWD1") the District will improve water quality, reduce disinfection byproducts in the drinking water, maintain a consistent disinfection approach throughout its distribution system, and meet existing and future system demands;

WHEREAS, the District began purchasing all of its water from HCWD1 and ended its purchases of water from the city of Brandenburg ("COB") in late October 2018;

WHEREAS, the price of water purchased from HCWD1 is \$0.56 per 1,000 gallons higher than the price of water purchased from COB and based upon the quantity of water formerly purchased from COB during the previous 12 months, the estimated annual increased cost to the District will be \$96,202;

WHEREAS, prudent financial management dictates that the District take immediate action to adjust its retail rates commensurate with the change in the cost of purchasing water; and

WHEREAS, KRS 278.015 and 807 KAR 5:068 provide the legal mechanism for the District to increase its water rates commensurate with this increase in the cost of purchasing water via a Purchased Water Adjustment ("PWA");

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE MEADE COUNTY 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 \$0.33 per 1,000 gallons and all tiers of water usage set forth in the District's existing tariff shall be increased by \$0.33 per 1,000 gallons, subject to any minor adjustment that may be made by the PSC.


Section 3. 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 for all water service rendered on and after December 1, 2019.

Section 4. The General Manager 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 5. The Chairman, General Manager, all other appropriate District Staff, and the District's attorney 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 6. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF MEADE COUNTY WATER DISTRICT
at a meeting held on December 21st, 2018, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:




SECRETARY

CERTIFICATION

I, Secretary of the Meade County 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 December ____, 2018, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 21st day of December, 2018.



SECRETARY