



## SOUTHERN WATER & SEWER DISTRICT

P.O. Box 610  
245 KY Rt. 680  
McDowell, KY 41647

Ph. (606) 377-9296 Fax. (606) 377-9286

RECEIVED

MAR 05 2019

PUBLIC SERVICE  
COMMISSION

March 1, 2019

Ms. Gwen R. Pinson  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Purchased Water Adjustment

Dear Ms. Pinson:

In accordance with the City of Pikeville's notice and its Tariff approved by the PSC on October 16, 2018, Pikeville increased its wholesale rate to Southern Water & Sewer District by \$0.53 per 1,000 gallons. Southern intends to pass this increase through to our retail customers in accordance with 807 KAR 5:068. This retail rate adjustment will be in effect for water used by customers on or after March 1, 2019.

The original and 10 copies of the following documentation is enclosed in support of this application:

- Purchased Water Adjustment Form 1
- Exhibit A - Notice of Changed Rate from Pikeville
- Exhibit B - Purchased Water Adjustment Worksheet
- Exhibit C - Schedule of Current and Proposed Rates
- Exhibit D - Southern Resolution authorizing proposed rates

Southern will mail a 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,

A handwritten signature in blue ink that reads 'Dean m Hall'.

Dean Hall  
Manager

Enclosures

Equal Opportunity Employer  
& Provider

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

**RECEIVED**

MAR 05 2019

PUBLIC SERVICE  
COMMISSION

Name of Utility	Southern Water and Sewer District	
Date	March 1, 2019	
Address	P.O. Box 610	
City, State, Zip	McDowell, KY	41647-061
Telephone Number	606-377-9296	
Email Address	deanm.hall@bellsouth.net	

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.

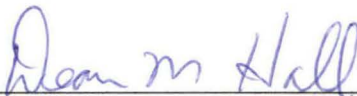
Supplier(s)	Base Rate	Changed Rate
City of Pikeville	1.72	2.25
PCUC	3.05	3.05
KCWD	3.00	3.00

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 2018	through	December 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
Pikeville	149,536,000
PCUC	21,484,800
KCWD	18,098,100
<b>TOTAL PURCHASES</b>	189,118,900
4. Total gallons sold for the 12 month period	264,590,000
5. Increased water cost	\$ 79,254
<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	\$ 0.30 / 1,000 gals.
<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 1, 2019
	
Signature of Utility Officer	
Manager	
Title	



**James A. Carter**  
*Mayor*

**CITY OF PIKEVILLE**

243 Main Street  
Pikeville, Kentucky 41501  
(606) 437-5100  
Fax Number (606) 437-5106

**Philip R. Elswick, P.E.**  
*City Manager*

September 13, 2018

Mr. Dean Hall  
Southern Water & Sewer District  
P.O. Box 610  
McDowell, KY 41647

RE: Rate Increase

Dear Dean:

As we discussed on September 10, 2018, the City of Pikeville will agree to increase wholesale water rates to the Southern Water & Sewer District at a rate of \$2.25 per 1,000 gallons to be effective on October 16, 2018. I am attaching a copy of the customer notice that the Public Service Commission has previously required to be mailed.

It is my understanding that Southern's Board will consider Pikeville's rate increase at its board meeting on September 24, 2018. After that meeting, please confirm that Southern will not object to Pikeville's rate increase.

If you have any questions, please contact me at (606) 437-5100 or via e-mail at [philip.elswick@pikevilleky.gov](mailto:philip.elswick@pikevilleky.gov).

Sincerely,

Philip R. Elswick, P.E.  
City Manager

## NOTICE

Notice is hereby given that the City of Pikeville proposes to increase its rate for wholesale water service to Southern Water and Sewer District effective October 16, 2018. On or about September 13, 2018, documentation will be filed with the Kentucky Public Service Commission to increase rates as follows:

<u>Current Rate</u>	<u>New Rate</u>	<u>\$ Change</u> <u>Ave. Month</u>	<u>% Change</u> <u>Ave. Rate</u>
\$1.72 per 1,000 gallons	\$2.25 per 1,000 gallons	\$5,653.33*	30.81%

\* Based on an average of 128,000,000 gallons per year

The proposed effective date is October 16, 2018. Water flowing through the meter(s) before the effective date will be charged at the current rate while water flowing through the meter(s) on and after the effective date will be charged at the proposed new rate.

The rates contained in this notice are the rates proposed by the City of Pikeville but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may examine this filing at the offices the Pikeville City Hall, City Manager's Office, located at 213 Main Street in Pikeville, Kentucky; telephone (606) 437-5100.

This filing may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday through Friday from 8:00am to 4:30pm or through the PSC website at <http://psc.ky.gov>.

Comments regarding the filing may be submitted to the PSC through its website or by mail to Public Service Commission, Post Office Box 615, Frankfort, KY 40602.

A timely written request for intervention that establishes grounds for the request may also be submitted to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. If the PSC does not receive a written request for intervention within thirty (30) days of the date notice was initially provided, the PSC may take final action on the filing.

**Exhibit B**

**PURCHASED WATER ADJUSTMENT WORKSHEET  
Southern Water & Sewer District**

Month	Water Purchased & Produced (gallons)				Water Sold (gallons)
	WTP	Pikeville	PCUC	KCWD	
Jan 2018	51,770,000	15,423,000	4,203,000	5,958,000	29,225,000
Feb	41,370,000	11,162,000	2,697,000	1,618,000	26,120,000
Mar	42,490,000	9,754,000	757,000	1,375,000	17,166,000
Apr	47,170,000	12,500,000	-	3,580,000	21,798,000
May	47,180,000	9,432,000	1,550,000	-	19,574,000
June	47,860,000	12,044,000	588,000	-	27,253,000
July	48,670,000	12,124,000	2,757,000	2,523,000	19,371,000
Aug	46,100,000	12,885,000	3,506,000	-	21,532,000
Sept	46,090,000	11,856,000	382,000	-	23,664,000
Oct	48,650,000	12,418,000	3,271,000	1,201,000	18,372,000
Nov	49,850,000	18,544,000	1,670,000	996,000	21,840,000
Dec	51,130,000	11,394,000	103,800	847,100	18,675,000
Totals	568,330,000	149,536,000	21,484,800	18,098,100	264,590,000

Twelve Month Purchased Water Cost					
	Gals. Purch.	Existing Rate	Existing Cost	New Rate	New Cost
Pikeville	149,536,000	\$ 1.72	\$ 257,202	\$ 2.25	\$ 336,456
PCUC	21,484,800	\$ 3.05	\$ 65,529	\$ 3.05	\$ 65,529
KCWD	18,098,100	\$ 3.00	\$ 54,294	\$ 3.00	\$ 54,294
WTP	568,330,000	N/A	N/A	N/A	N/A
Totals	757,448,900		\$ 377,025		\$ 456,279
Increased Cost					\$ 79,254
Computed Factor					\$ 0.2995
<b>PWA Factor Rounded To</b>					<b>\$ 0.30</b>

## EXHIBIT C

### **CURRENT AND PROPOSED RATES Southern Water & Sewer District**

<u>Current Rates</u>	
	<u>Charge per 1,000 gals.</u>
<u>Retail Rates</u>	
<u>All Meter Sizes</u>	
First 2,000 Gallons (Minimum Bill)	\$ 24.60
Over 2,000 Gallons	8.40
<u>Wholesale Rates</u>	
City of Hindman	2.74
Knott County Water District	2.80
City of Wheewright	2.72

<u>Proposed Rates</u>	
	<u>Charge per 1,000 gals.</u>
<u>Retail Rates</u>	
<u>All Meter Sizes</u>	
First 2,000 Gallons (Minimum Bill)	\$ 25.20
Over 2,000 Gallons	8.70
<u>Wholesale Rates</u>	
City of Hindman	3.04
Knott County Water District	3.10
City of Wheewright	3.02

## **EXHIBIT D**

### **A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE SOUTHERN WATER & SEWER DISTRICT ADJUSTING WATER RATES AND CHARGES TO OFFSET THE CITY OF PIKEVILLE WHOLESALE RATE INCREASE**

**WHEREAS**, the City of Pikeville ("City") is one of Southern Water & Sewer District's ("District") wholesale water providers;

**WHEREAS**, on October 16, 2018, the City increased the wholesale water rate that the City charges the District from \$1.72 to \$2.25 per 1,000 gallons;

**WHEREAS**, based upon the water purchases from the City during the previous 12 months, the estimated annual increased cost to the District will be \$ 79,254;

**WHEREAS**, prudent financial management dictates that the District take immediate action to adjust its retail rates commensurate with the City's wholesale rate increase; and

**WHEREAS**, KRS 278.015 and 807 KAR 5:068 provide the legal mechanism for the District to increase its water rates commensurate with the City's wholesale rate increase via a Purchased Water Adjustment ("PWA");

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE SOUTHERN WATER & SEWER 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 \$ 0.30 per 1,000 gallons;

**Section 3.** All tiers of water usage set forth in the District's existing tariff shall be increased by \$ 0.30 per 1,000 gallons, subject to any minor adjustment that may be made by the PSC.



**Section 4.** 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 March 1, 2019.

**Section 5.** The District's 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 6.** The Chairman, 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 7.** This Resolution shall take effect upon its adoption.

**ADOPTED BY THE COMMISSION OF SOUTHERN WATER & SEWER DISTRICT** at a meeting held on February 25, 2019, signed by the Chairman, and attested by the Secretary.

  
\_\_\_\_\_  
CHAIRMAN


ATTEST:

  
\_\_\_\_\_  
SECRETARY

   
\_\_\_\_\_  
CERTIFICATION

I, Secretary of the Southern Water & Sewer 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 February 25, 2019, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 25th day of February, 2019.

  
\_\_\_\_\_  
SECRETARY

## APPENDIX A

### **CURRENT AND PROPOSED RATES Southern Water & Sewer District**

<u>Current Rates</u>	
	<u>Charge per 1,000 gals.</u>
<b><u>Retail Rates</u></b>	
<u>All Meter Sizes</u>	
First 2,000 Gallons (Minimum Bill)	\$ 24.60
Over 2,000 Gallons	8.40
<b><u>Wholesale Rates</u></b>	
City of Hindman	2.74
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