

RECEIVED

Commissioners:
Robert Tucker, Chairman
Deborah Duncan
Roy McGregor

South Hopkins Water District

Phone 270-797-5760
Fax 270-797-3800
129 S. Main St. P. O. Box 487
Dawson Springs, KY 42408

MAR 14 2019

PUBLIC SERVICE
COMMISSION

March 13, 2019

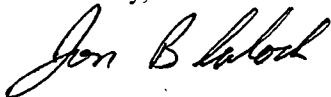
Ms. Gwen R. Pinson
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Purchased Water Adjustment
South Hopkins Water District

Dear Ms. Pinson:

Enclosed is a completed Purchased Water Adjustment form. Also enclosed are exhibits A, B, C and D.
Please contact the office if anything else is needed. Thank you.

Sincerely,



Jon Blalock, Superintendent

Enclosures

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

RECEIVED

MAR 14 2019

PUBLIC SERVICE
COMMISSION

Name of Utility	SOUTH HOPKINS WATER DISTRICT		
Date	2/25/2019		
Address	PO BOX 487 129 S. MAIN ST.		
City, State, Zip	DAWSON SPRINGS, KY	42408	
Telephone Number	270-797-5760		
Email Address	southhopkinswate@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 Dawson	1.87/thousand	N/A
City of Madisonville	3.97/thousand	4.52/thousand

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	1/2018	through	12/2018
	(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
City of Dawson Springs	418,152,390
City of Madisonville	6,190,000
TOTAL PURCHASES	424,342,390
4. Total gallons sold for the 12 month period	291,783,207
5. Increased water cost	3,404.50
<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	0.02
<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, 2019
	
Signature of Utility Officer	
<i>Superintendent</i>	
Title	



Berry Kington & Utley PSC
Certified Public Accountants

2822 North Main Street ■ Madisonville, KY 42431
Phone 270-821-3355 ■ Fax 270-821-0101

January 14, 2019

Mr. Cory Alexander
City Finance Director/Treasurer
City of Madisonville, Kentucky
67 North Main Street
Madisonville, KY 42431

Dear Cory:

We have prepared the accompanying Cost Review Formulas for revising calendar year wholesale rate charges as per Treated Water Sale and Purchase Agreements with the South Hopkins Water District.

We prepared the Cost Review Formulas using June 30, 2018 audited financial statements and wholesale user consumption records as provided by the City of Madisonville. We did not audit the wholesale user consumption records during our June 30, 2018 audit due to the fact that such records were outside the scope of the audit.

The wholesale water rate to be charged to the South Hopkins Water District is \$4.52 per each one thousand gallons of treated water. It is my understanding that the new rate will be charged from March 31, 2019 to March 31, 2020.

Now
\$3.97

We appreciate the opportunity to be of service to the City of Madisonville. Please call if you have any questions regarding these computations.

Very truly yours,

Charles A. Kington, CPA

**APPENDIX A
CURRENT AND PROPOSED RATES**

Current Rates

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 11.74
1 inch	10,000	68.06
2 inch	20,000	126.30
3 inch	50,000	287.64

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
First 1,000 Gallons (lump sum)	\$ 11.74
Next 9,000 Gallons	6.26
Next 10,000 Gallons	5.82
Next 30,000 Gallons	5.38
Over 50,000 Gallons	4.55

WHOLESALE CUSTOMERS

All Customers	\$ 2.69
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Proposed Rates

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 11.76
1 inch	10,000	68.26
2 inch	20,000	126.70
3 inch	50,000	288.64

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
First 1,000 Gallons (lump sum)	\$ 11.76
Next 9,000 Gallons	6.28
Next 10,000 Gallons	5.84
Next 30,000 Gallons	5.40
Over 50,000 Gallons	4.57

WHOLESALE CUSTOMERS

All Customers	\$ 2.71
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EXHIBIT B
Computation of Purchased Water Adjustment Factor

	<u>New Rate</u>	<u>Base Rate</u>
City of Madisonville		
Purchase in gallons	6,190,000	6,190,000
Volumetric rate	<u>4.52</u>	<u>3.97</u>
Totals	\$ 27,978.80	\$ 24,574.30
Increased Water Cost	\$ 3,404.50	
City of Dawson Springs		
Purchase in gallons	418,152,390	418,152,390
Volumetric rate	<u>no change</u>	<u>no change</u>
Increased Water Cost	\$ 3,404.50	
Divided by gals. sold / 1,000	291,783.2	
Purchased Water Adj. Factor	\$ 0.0117	

or \$ 0.02 per 1,000 gallons

EXHIBIT C
CURRENT AND PROPOSED RATES

Current Rates

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
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WHOLESALE CUSTOMERS

All Customers	\$ 2.71
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EXHIBIT D

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE SOUTH HOPKINS WATER DISTRICT ADJUSTING WATER RATES AND CHARGES TO OFFSET THE CITY OF MADISONVILLE WHOLESALE RATE INCREASE

WHEREAS, the City of Madisonville ("City") is one of South Hopkins Water District's ("District") wholesale water providers;

WHEREAS, on March 31, 2019, the City will increase the wholesale water rate that the City charges the District from \$3.97 to \$4.52 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 \$ 3,404.50;

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 SOUTH HOPKINS 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 \$ 0.02 per 1,000 gallons;

Section 3. All tiers of water usage set forth in the District's existing tariff shall be increased by \$ 0.02 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 31, 2019.

Section 5. The District's Chairman 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, Superintendent, all other appropriate District Staff 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 SOUTH HOPKINS WATER DISTRICT at a meeting held on March 12, 2019, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:




SECRETARY

CERTIFICATION

I, Secretary of the South Hopkins 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 March 12, 2019, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 12th day of March, 2019.



SECRETARY