

DORSEY, GRAY, NORMENT & HOPGOOD
ATTORNEYS-AT-LAW

318 SECOND STREET
HENDERSON, KENTUCKY 42420

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February 29, 2020

RECEIVED

MAR 05 2020

PUBLIC SERVICE
COMMISSION

Mr. Kent Chandler
Executive Director
Public Service Commission of Kentucky
Post Office Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Henderson County Water District
2020 Purchased Water filing
No. 2020-00071

Dear Mr. Chandler:

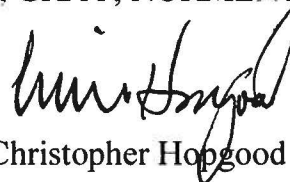
Enclosed for filing is the Purchased Water Adjustment filing for the Henderson County Water District including Form 1, the audit report, the Board's Resolution, the calculations for the adjustment and a proposed tariff.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood

JCH/cds
Encls.

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

RECEIVED

MAR 05 2020

PUBLIC SERVICE
COMMISSION

Name of Utility	Henderson County Water District	
Date	1/22/2020	
Address	655 South Main, P.O. Box 655	
City, State, Zip	Henderson KY, 42419	
Telephone Number	(270) 826-9802	
Email Address	pconrad@hendersoncounty.ky.gov	

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.

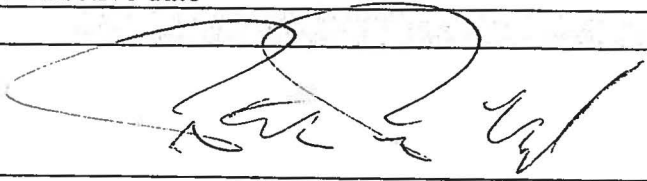
Supplier(s)	Base Rate	Changed Rate
Henderson Water Utility, North	\$3.1509	\$3.0029
Henderson Water Utility, South	\$2.5039	\$2.6818

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit

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/ 2019	through	12/2019
	(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
Henderson Water Utility, North	432,274,750
Henderson Water Utility, South	32,090,197
TOTAL PURCHASES	464,364,947
4. Total gallons sold for the 12 month period	334,990,394
5. Decreased water cost	\$58,267.82
<p>The decreased 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</p>	
6. Purchased water adjustment factor	\$0.1739
<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	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit	
9. Proposed effective date	March 31, 2020
	
Signature of Utility Officer	
Superintendent	
Title	



Henderson Water Utility
WATER • WASTEWATER • STORMWATER

270.826.2421

www.hkywater.org

111 Fifth Street
Henderson, KY 42420

January 8, 2020

Mr. Pete Conrad
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42419

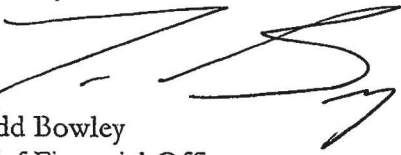
Dear Mr. Conrad:

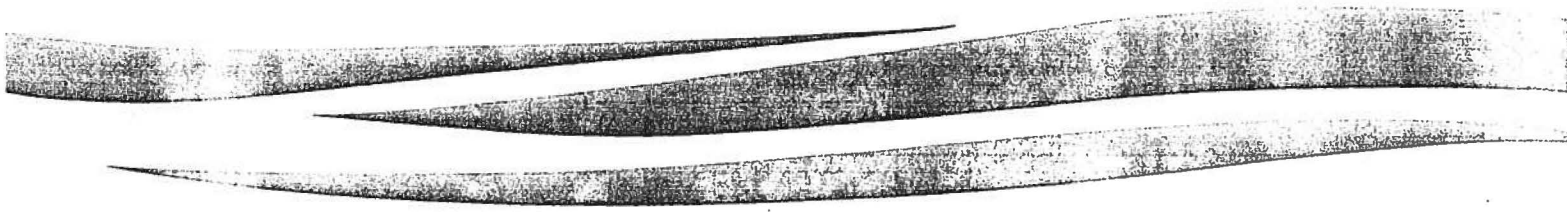
In accordance with the contract between the Henderson Water Utility (HWU) and the Henderson County Water District, the costs of providing water services based on our fiscal year June 30, 2019 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our North and South Water Systems. Enclosed is a copy of each individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$3.1509	\$3.0029
South	\$2.5039	\$2.6818

These revised rates are to go into effect on the first billing after March 31, 2020. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,


Todd Bowley
Chief Financial Officer





INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of North Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2019. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Henderson County Water District Calculation of North Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2019, is presented in accordance with the Contract, in all material respects.

Riney Hancock CPAs PSC

Owensboro, Kentucky
December 16, 2019

**Henderson County Water District
Calculation of North Water Cost per Contract
6/30/2019**

Operating expenses	\$ 5,479,289
Interest expense	<u>106,519</u>
Total cost	5,585,808
Less: City of Henderson overhead allocation	<u>(217,000)</u>
Net expenses applicable to Henderson County Water District	<u><u>\$ 5,368,808</u></u>

Calculation of North Water Cost per Contract:

Expenses per above	\$ 5,368,808
Volume in gallons	<u>2,234,826,585</u>
Rate per 1000 gallons	\$ 2.4023
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 3.0029</u></u>



INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2019. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Henderson County Water District Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2019, is presented in accordance with the Contract, in all material respects.

Owensboro, Kentucky
December 16, 2019

Riney Hancock CPAs PSC

**Henderson County Water District
Calculation of South Water Cost per Contract
6/30/2019**

Operating expenses	\$ 2,005,557
Interest expense	<u>49,207</u>
Total cost	2,054,764
Less: City of Henderson overhead allocation	<u>(62,000)</u>
Net expenses applicable to HCWD	<u><u>\$ 1,992,764</u></u>

Calculation of South Water Cost per Contract:

Expenses per above	\$ 1,992,764
Volume in gallons	<u>928,834,708</u>
Rate per 1000 gallons	\$ 2.1454
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 2.6818</u></u>

NOTICE

Notice is hereby given that Henderson County Water District ("District") received approval from the Public Service Commission ("PSC") to adjust its rates pursuant to a decreased wholesale rate from its water supplier, Henderson Water Utility. The new rates shown below will be effective for service rendered after March 31, 2020.

<u>Monthly Rates</u>	<u>Prior Rate</u>	<u>New Rates</u>	<u>\$ Decrease</u>	<u>% Decrease</u>
<u>5/8-Inch x 3/4 -Inch Meter</u>				
First 2,000 gallons (minimum bill)	\$20.26	\$19.92	\$0.34	1.68%
Next 8,000 gallons (per 1,000 gallons)	7.44	7.27	0.17	2.28%
Next 20,000 gallons (per 1,000 gallons)	6.91	6.74	0.17	2.46%
Over 30,000 gallons (per 1,000 gallons)	6.38	6.21	0.17	2.66%
<u>1-Inch Meter</u>				
First 5,000 gallons (minimum bill)	\$42.58	\$41.73	\$0.85	2.00%
Next 5,000 gallons (per 1,000 gallons)	7.44	7.27	0.17	2.28%
Next 20,000 gallons (per 1,000 gallons)	6.91	6.74	0.17	2.46%
Over 30,000 gallons (per 1,000 gallons)	6.38	6.21	0.17	2.66%
<u>2-Inch Meter</u>				
First 16,000 gallons (minimum bill)	\$121.24	\$118.52	\$2.72	2.24%
Next 14,000 gallons (per 1,000 gallons)	6.91	6.74	0.17	2.46%
Over 30,000 gallons (per 1,000 gallons)	6.38	6.21	0.17	2.66%
<u>3-Inch Meter</u>				
First 30,000 gallons (minimum bill)	\$217.98	\$212.88	\$5.10	2.70%
Over 30,000 gallons (per 1,000 gallons)	6.38	6.21	0.17	2.66%
<u>4-Inch Meter</u>				
First 50,000 gallons (minimum bill)	\$345.58	\$337.08	\$8.50	2.46%
Over 50,000 gallons (per 1,000 gallons)	6.38	6.21	0.17	2.66%
<u>6-Inch Meter</u>				
First 100,000 gallons (minimum bill)	\$664.58	\$647.58	\$17.00	2.56%
Over 100,000 gallons (per 1,000 gallons)	6.38	6.21	0.17	2.66%
Vol. Fire Dept. (Metered Services/Flat Rate)	\$20.26	\$19.92	\$0.34	1.68%

The monthly bill for an average customer using 4,000 gallons of water each month will decrease \$0.68 (or 1.9%) from \$35.14 to \$34.46.

A person may examine this application at the district's office located at 655 South Main Street in Henderson; telephone (270)826-9802.

A person may also examine this application at the PSC 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.

HCWD 2020 Pass-Thru calculation

HWU-North

	Purchased Water	Cost	Total	
Current Rate	432,274.750		3.1509	1,362,054.50978
Proposed Rate	432,274.750		3.0029	1,298,077.84678
		Difference		-63,976.66300

HWU-South

	Purchased Water	Cost	Total	
Current Rate	32,090.197		2.5039	80,350.64427
Proposed Rate	32,090.197		2.6818	86,059.49031
		Difference		5,708.84605

HWU-North				-63,976.66300
HWU-South				5,708.84605
Total Difference				-58,267.81695

Cost Divided by		-58,267.81695
Water Sold		334,990.394
Purchased water adjustment factor		-0.17393877

Resolution

The Henderson County Water District met at its regular monthly business meeting on Wednesday January 22, 2020 at the office of the Henderson County Water District and upon motion of Commissioner Brian Pritchett seconded by Commissioner Kenny Rideout, the following resolution was enacted:

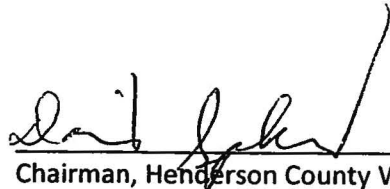
Whereas, the Henderson County Water District received notice from the Henderson Water Utility of the decreased wholesale cost of water beginning with the first bill after March 31, 2020: and

Whereas, the Henderson County Water District's auditor has approved the Henderson Water Utility's methodology for determining the cost;

Now, therefore, upon unanimous vote after motion and second as set forth above, the Board of Commissioners resolve as follows:


1. The purchased water decrease is accepted and the decrease is to be implemented upon approval by the Kentucky Public Service Commission.
2. The Henderson County Water District hereby authorizes the Superintendent and counsel to file the necessary purchased water application with the Kentucky Public Service Commission

This the 22nd day of January, 2020.



Chairman, Henderson County Water District

Attest:



Secretary