

2004-0032

MONTGOMERY COUNTY WATER DISTRICT #1
4406 Camargo Road
Ph. 859-498-0521 Mt. Sterling, KY 40353 Fax 859-498-0872

RECEIVED
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PCS
FINANCIAL ANALYSIS

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PUBLIC SERVICE
COMMISSION

January 29, 2004

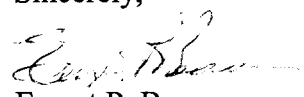
Jack Scott Lawless, CPA
Financial Analyst
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

Dear Mr. Lawless:

Visiting your office Thursday, January 22 made it possible today to complete and mail our application for rate increase to the Attorney General's office and to the Executive Director of the Kentucky Public Service Commission.

Copies of the hand-out or mailing pamphlet have been completed and dated January 28, 2004. Also enclosed is a copy of the two column bordered newspaper notice that went with the applications. It was put on our MCWD #1 letterhead for identification and only that portion in the red brackets appeared in the newspaper. The newspaper was asked today to line up column headings over the figures for the next publication.

Thanks again for your help, it is appreciated.

Sincerely,

Ernest P. Bean
Chairman

Enclosures

MONTGOMERY COUNTY WATER DISTRICT #1
4406 Camargo Road
Ph. 859-498-0521 Mt. Sterling, KY 40353 Fax 859-498-0872

NOTICE

Montgomery County Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is April 29, 2004.

Monthly Rate:

<u>Current</u>			<u>Proposed</u>		<u>Rate</u>
First	2,000 Gallons	\$17.02	First	2,000	\$14.98 Minimum Bill
Next	3,000 Gallons	3.22	Next	3,000	4.37 per 1,000 gallons
Next	5,000 Gallons	3.05	Next	5,000	3.83 per 1,000 gallons
Over	10,000 Gallons	2.38	Over	10,000	3.29 per 1,000 gallons

	MONTHLY		MONTHLY	PERCENT
	BILL AT		BILL AT	INCREASE
MONTHLY	CURRENT		PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>		<u>RATE</u>	<u>CURRENT</u>
2,000	\$17.02		\$14.98	-12.0%
5,000	26.68		28.09	5.3%
10,000	41.93		47.24	12.7%
20,000	65.73		80.14	21.9%
30,000	89.53		113.04	26.3%
50,000	137.13		178.84	30.4%
75,000	196.63		261.09	32.8%
100,000	256.13		343.34	34.0%
150,000	375.13		507.84	35.4%
200,000	494.13		672.34	36.1%
300,000	732.13		1001.34	36.8%

The rates contained in this notice are the rates proposed by the Montgomery County Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 4406 Camargo Rd. in Mt. Sterling, KY 40353. Upon request from an intervenor, the Association shall furnish to the intervenor a copy of the application and supporting documents.

Montgomery County Water District

The above notice of application for water rate increase appears in and is copied from the January 29, 2004 issue of the weekly Mt. Sterling Advocate newspaper. The same notice is scheduled to run again February 5 and February 12.

**To our Montgomery County
Water District #1 Customers.**

If you have suggestions, make notes
and bring them to the Water Office at 4406
Camargo Road.

You may reach us by phoning
498-0521 or by fax 498-0872.

Public Service Commission rules require
rate increase applications to be published
three (3) consecutive weeks in the Mt.
Sterling Advocate Newspaper before they
are to become effective.

**MONTGOMERY COUNTY
WATER DISTRICT #1
Camargo, KY**

Application for Rate Increase

**Submitted
January 28, 2004**

WHY THE INCREASE?

Camargo is growing and with growth comes the necessity for change, expansion and improvement for one of our most basic needs - safe, clean pure water!

Special thanks are due the Montgomery County Fiscal Court and Montgomery County Judge Executive, B. D. Wilson for a \$10,000 grant used to remove McCormick Road's original transite (asbestos) pipe and replacing it with modern PVC plastic.

The fire hydrant was checked and reconnected for continued response in the event of fire.

Pressure tests were made along the line and at the end to be sure all areas tested 50 PSI or more as required by Public Service.

With the continued application for subdivision permits and routine building on selected sites, growth will continue and we are making an effort to visualize requirements ten (10) years ahead to 2014.

The center column shows the change in cost of water for individual users. It illustrates that the average family of four (4) using 5,000 gallons per month will pay only \$1.41 more than under the old rate. The total system increase to be spread among 650 customers is \$15,327.00 or 5.22 %.

We are planning loop connections that will allow cut off for leak repair work in one section without suffering loss of service to customers not in the affected area. This will require additional new line.

NEW RATE SCHEDULE

Gallons Used	Current Cost	New Cost	+ or - Difference
1 st.			
2,000	17.02	14.98	-2.04
3,000	20.24	19.35	-0.89
4,000	23.46	23.72	+0.26
5,000	26.68	28.09	+1.41
6,000	29.73	31.95	+2.22
7,000	32.78	35/78	+3.00
8,000	35.83	39.61	+3.78
9,000	38.88	43.44	+4.56
10,000	41.93	47.27	+5.34
11,000	44.31	50.56	+6.25
12,000	46.69	53.85	+7.16
13,000	49.07	57.14	+8.07
14,000	51.45	60.43	+8.98
15,000	53.83	63.72	+9.89

Montgomery County Water District #1 users can determine their individual monthly cost difference using the chart above.

The cost increments will also be posted on the water office bulletin board and you are invited to ask questions of our Secretary/Treasurer on duty.

The office is open 9:00 a.m. to 4:00 p.m., Monday through Friday except when closed in observance of recognized holidays.

Our office will appreciate customers viewing the cost increases as a sign of progress and planning for the future.

The Jeffersonville Water Association will soon draw Cave Run water and this will relieve MCWD #1 of the cost of constructing a new elevated storage tank with savings passed on to you.

OTHER PROJECTS

Going back some years ago, our water district reached a point in consumption that would require a new water tower to provide the growing number of customers with adequate supply and pressure.

As mentioned earlier, Jeffersonville's decision to tap into Cave Run water relieved MCWD #1's need for a new water tower. The previous water board is due credit for recognizing the need and it now benefits present operation.

We received permission to use the \$250,000 grant to do extensive upgrading of the Camargo system. For example; there are 4" lines that must be replaced with 6" pipe in order to provide adequate supply for fire protection and future development.

Kentucky is fortunate in having had administrations that recognized the need to extend "water service to all Kentuckians." For the most part, that has been done.

We have installed a new, modern accounting system that enables the board to more closely view financial activity. Soon there will be a new billing printer on line to increase efficiency and capacity.

Our Water Board is made up of local men living on the system with an interest in anticipating needs instead of emergencies. Your suggestions are welcome!

Ernest Bean
Chairman - Ph. 498-1305