# SOUTHEAST DAVIESS COUNTY WATER DISTRICT

3400 Bittel Rd Owensboro, KY 42301 Phone : (270) 685-5594 Fax : (270) 683-6324

April 12, 2004



To : Mr. Thomas Dorman Executive Director Public Service Commission 211 Sower Blvd P.O. Box 615 Frankfort, KY 40602

Case 2004-00134

RE : Purchased Water Rate Adjustment

Mr. Dorman,

By letter dated March 12, 2004, we were notified that our wholesale supplier, Owensboro Municipal Utilities (OMU) will be increasing their rate charged to us from \$ 1.157 per 1,000 gallons to \$ 1.262 per 1,000 gallons effective June 1, 2004. As a result, we are submitting a purchased water adjustment to recover the additional water cost to the Southeast Daviess County Water District. Pages 1 - 3 is the information requested by the Public Service Commission for the rate adjustment. Pages 4 and 5 is the revised tariff sheets which pertain to the rate increase. Exhibit A is the before mentioned letter from OMU. Exhibit B is our calculation of how the increase will affect the rates to our customers. Exhibit C is the newspaper notice notifying our customers of the purchased water adjustment submitted to the Public Service Commission to be included in our local newspaper within the next couple of days. We will send the affidavit once we receive it from the newspaper.

If there are any questions, please contact our office.

Sincerely,

Manager

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



<u>SOUTHEAST DAVIESS COUNTY WATER DISTRICT</u> (Name of Utility)

<u>4-12-04</u> (Date)

<u>3400 BITTEL RD</u> (Address)

Case 2004-00134

OWENSBORO, KY 42301 (City, State)

(270) 685-5594 (Telephone Number)

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 shedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	Changed Rate
OWENSBORO MUNICIPAL UTILITIES	<u>\$ 1.157 /</u> 1000 GALLONS	<u>\$ 1.262 /</u> 1,000 GALLONS

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

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 APRIL 2003 through MARCH 2004 (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 decling block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Gallons Purchased		
during 12 month period 555,342,446		
555,342,446		

4. Total sales for the 12 month period 520,626,510

5. Increased water cost <u>\$ 58,310.96</u>

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$ 0.11 PER 1,000 GALLONS

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

Proposed effective date JUNE 1, 2004 7.

Jaseph J Elleut (Signature of Utility Officer)

FOR	Southea <u>s</u>	t Davies:	s County	<u>, Kentuc</u>
P.S.C	. <b>KY</b> . NO.	1		
	Sh	eet NO.	1	
CANC	ELLING P	.S.C. KY	. NO	1
	Sh	eet NO.	1	

# RATES AND CHARGES

### A. MONTHLY RATES:

(Name of Utility)

Non Users First 2,000 Gallons Next 8,000 Gallons Next 10,000 Gallons Next 20,000 Gallons Over 40,000 Gallons

Southeast Daviess County Water District

- \$ 5.34
  - 7.14 Minimum Bill2.06 Per 1,000 Gallons1.95 Per 1,000 Gallons1.84 Per 1,000 Gallons
  - 1.75 Per 1,000 Gallons

DATE OF ISSUEApril 12, 2004
Month / Date / Year
DATE EFFECTIVE <u>June 1, 2004</u>
Month / Date / Year
ISSUED BY Jaseph T Elbert
() (Signature of Officer)
TITLE Charpen .
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO DATED

FOR	Southeast Daviess County, Kentucky	Į
	Community, Town or City	

P.S.C. KY. NO. \_\_\_\_1

\_\_\_\_\_ Sheet NO. \_\_\_\_5

Southeast Daviess County Water District (Name of Utility) CANCELLING P.S.C. KY. NO. \_\_\_\_1

\_\_\_\_\_ Sheet NO. \_\_\_\_5

## RATES AND CHARGES

#### E. PURCHASED WATER RATES:

**Owensboro Municipal Utilities** 

<u>Rate</u> \$ 1.262 per 1,000 Gallons

# F. WHOLESALE WATER RATES:

City of Whitesville

East Daviess County Water Association

<u>Rate</u> \$ 1.50 per 1,000 Gallons

\$ 1.50 per 1,000 Gallons

DATE OF ISSUEApril 12, 2004
Month / Date / Year
DATE EFFECTIVE _ June 1, 2004
Month / Date / Year
ISSUED BY Jasaph TElleat
Signature of Officer
TITLE Chur
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO DATED



### EXHIBIT A

March 12, 2004

Mr. Jan Kuegel, Manager Southeast Daviess County Water District 3400 Bittel Road Owensboro, KY 42301

Re: Wholesale Water Rate Increase

Dear Jan:

We have made the required rate calculations using projected usages and costs for the fiscal year ending May 31, 2004, as per the terms of our contract. A copy of these calculations is enclosed, as well as a copy of fiscal year 2003 true-up calculations.

Based on these calculations, the rate charged to the Southeast Daviess County Water District will become \$1.262 per thousand gallons effective June 1, 2004, an increase of 9% verses fiscal year 2004.

This fiscal year, Southeast District water usage has been approximately 5% less than the historical 5-year average. For comparison purposes, based on the historical average use of 597 million gallons, the charge beginning June 1, 2004 would have been \$1.205, only a 4% increase from the prior year. The ultimate per unit cost to Southeast District is highly dependent upon the annual district usage.

Future year calculations may result in fluctuations in the rate per thousand gallons. The format calculation will continue to be prepared annually. You will receive official notification of any change in your rate by March 16<sup>th</sup> of each year, as required by contract.

OMU issued water bonds in May 2003 to fund a number of upcoming capital projects, including a water tank to replace the existing tank on West Fourth Street. Virtually all of the capital projects included in this bond issue are related to new well field, storage, or production plant facilities. Future rate calculations will include the additional debt service required on the new bonds after the capitalization period is complete.

Based on the projected debt service schedule for this bond issue along with projected calculations for future fiscal years, Southeast Daviess County Water District will likely experience additional increases in each of the next two years.

Sincerely,

Robert E./Hunzinger General Manager

Cc: Kentucky Public Service Commission Enclosures

Owensboro Municipal Utilities • P.O. Box 806 • Owensboro, KY 42302-0806 • 270-926-526

# CALCULATION OF COST OF RATE INCREASE

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar	2003	Sales 39,335,130 41,976,510 44,097,370 48,051,730 53,525,560 51,622,830 45,488,820 42,371,360 38,602,760 39,738,940 39,043,430 36,772,070	48,290,690         52,280,938         55,955,427         49,048,523         52,363,863         46,193,143         41,562,573         39,186,798         42,649,835         38,555,162
Mar		36,772,070	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
		520,626,510	555,342,446
BASE R	ATE	\$ 1.157	7

Cost at changed rate 555,342,446 x	1.262 per 1,000 gallons =	\$ 700,842.17
<u>Cost at base rate</u> 555,342,446 x	1.157 per 1,000 gallons =	\$ 642,531.21
D	DIFFERENCE	\$ 58,310.96
Proposed increase of water rates	<u>s</u>	

\$ 58,310.96	1

 x
 1.091

 NEW RATE
 \$
 1.262

520,626,510 / 1000 gallons = 0.11 r

0.11 per 1,000 gallons

#### SOUTHEAST DAVIESS COUNTY WATER DISTRICT RATE ADJUSTMENT INCREASE

In accordance with 807 KAR 5:068 and KRS 278:015, Southeast Daviess County Water District has applied for approval from the Kentucky Public Service Commission for a rate increase of 11 cents per 1,000 gallons of water effective June 1, 2004. The rate increase reflects the additional cost of water purchased from Owensboro Municipal Utilities. The change in rates will increase the average residential customer's water bill of 5,900 gallons from \$14.53 to \$15.17; an increase of 4.40%. The following rates are proposed: Non User .......\$ 5.34 First 2,000 gallons..........\$ 7.14 Minimum bill

Minimum bill
Next 8,000 gallons\$ 2.06
Per 1,000 gallons
Next 10,000 gallons\$ 1.95
Per 1,000 gallons
Next 20,000 gallons\$ 1.84
Per 1,000 gallons
Over 40,000 gallons\$ 1.75
Per 1,000 gallons
Sales to other water districts\$ 1.50
Per 1,000 gallons
JAN KUEGEL
MANAGER