WEST DAVIESS COUNTY WATER DISTRICT

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



April 8, 2004

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

Case 2004-00135

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 \$ 1.243 per 1,000 gallons to \$ 1.342 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 West 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)

WEST DAVIESS COUNTY WATER DISTRICT (Name of Utility)

4-8-04 (Date)

3400 BITTEL RD (Address)



OWENSBORO, KY 42301 (City, State) Case 2004-00135

(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.

Supplier(s)	<u>Base Rate</u>	Changed Rate
OWENSBORO MUNICIPAL UTILITIES	<u>\$ 1.243 / 1</u> ,000 GALLONS	\$ <u>1.342 / 1</u> ,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 _____.

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.

Supplier(s) OWENSBORO MUNICIPAL UTILITIES	Gallons Purchased during 12 month period 385,173,430
TOTAL PURCHASES	385,173,430

4. Total sales for the 12 month period <u>339,858.980 GALLONS</u>.

5. Increased water cost \$ 38,132.17

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

- 6. Purchased water adjustment factor <u>\$ 0.11 PER 1,000 GALLONS</u>
 - 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.

7. Proposed effective date __JUNE 1, 2004

(Signature of Utility Officer)

	FOR <u>West Daviess County</u> , Kentucky Community, Town or City		
	P.S.C. KY. NO1		
	Sheet NO1		
West Daviess County Water District (Name of Utility)	CANCELLING P.S.C. KY. NO1		
(Traine of Ourry)	Sheet NO1		
RATES AND	CHARGES		
A. MONTHLY RATES:			
<u>5/8" x 3/4" Meter</u>			
Customer Charge	\$ 1.49 Per Month		
First 20,000 Gallons	3.13 Per 1,000 Gallons		
Over 20,000 Gallons	2.36 Per 1,000 Gallons		
<u>1" Meter</u>			
Customer Charge	\$ 3.73 Per Month		
First 20,000 Gallons	3.13 Per 1,000 Gallons		
Over 20,000 Gallons	2.36 Per 1,000 Gallons		
<u>1 1/2" Meter</u>			
Customer Charge	\$ 7.46 Per Month		
First 20,000 Gallons	3.13 Per 1,000 Gallons		
Over 20,000 Gallons	2.36 Per 1,000 Gallons		
<u>2" Meter</u>			
Customer Charge	\$ 14.93 Per Month		
First 20,000 Gallons	3.13 Per 1,000 Gallons		
Over 20,000 Gallons	2.36 Per 1,000 Gallons		

DATE OF ISSUEApril 8, 2004	
Month / Date / Year	
DATE EFFECTIVEJune 1, 2004	
Month / Date / Year	
ISSUED BY M. Therupson.	
Signature of Officer	
TITLE Chairman '	
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO DATED'	

	FOR <u>West Daviess County, Kentucky</u> Community, Town or City P.S.C. KY. NO. <u>1</u>
	Sheet NO5
<u>s County Water District</u> me of Utility)	CANCELLING P.S.C. KY. NO1 Sheet NO5
RATES AND CH	IARGES
HASED WATER RATES:	
Owensboro Municipal Utilities	<u>Rate</u> \$ 1.342 per 1,000 Gallons

E. WHOLESALE WATER RATES:

D. PURCHASED WATER RATES:

West Daviess County Water District (Name of Utility)

McLean County Water District

Beech Grove Water Association

Rate \$ 2.05 per 1,000 Gallons

\$ 2.05 per 1,000 Gallons

DATE OF ISSUEApril 8, 2004
Month / Date / Year
DATE EFFECTIVE June 1, 2004
Month/ Date / Year
ISSUED BY MM Thempren
Signature of Officer
TITLE Chairman
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO DATED '



EXHIBIT A

March 12, 2004

Mr. Jan Kuegel, Manager West 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 West Daviess County Water District will become \$1.342 per thousand gallons effective June 1, 2004, an increase of 8% verses fiscal year 2004. The ultimate per unit cost to West District is dependent upon the annual district usage.

Future year calculations may result in fluctuations in the rate per thousand gallons. The formal calculation will continue to be prepared annually. You will receive official notification of any change in your rate by March 16th 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, West 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 • 270-926-3200 • www.omu.org

EXHIBIT B

CALCULATION OF COST OF RATE INCREASE

Apr	2003	Sales 27,168,840	Gallons Purchased 29,180,415
May	2000	26,892,530	31,392,505
Jun		30,370,070	37,270,786
Jul		35,542,120	40,183,252
Aug		32,132,370	32,913,473
			, ,
Sep		32,137,890	35,200,769
Oct		25,646,010	29,479,479
Nov		25,740,700	29,465,311
Dec		25,604,080	27,963,945
Jan	2004	26,804,980	30,959,559
Feb		27,379,500	29,366,348
Mar		24,439,890	31,797,588
	-	339,858,980	385,173,430
BASE	RATE	\$ 1.243	
	х	1.080	

•	^	1.000
NEW RATE	\$	1.342

Cost at changed rate	
385,173,430 x 1.342 per 1,000 gallo	ns = \$516,902.74
<u>Cost at base rate</u>	
385,173,430 x 1.342 per 1,000 gallo	ns = \$ 478,770.57
	*
	\$ 38,132.17
Proposed increase of water rates	
	58,980 / 1000 gallons
	-
	= 0.11 per 1,000 gallons

WEST DAVIESS COUNTY WATER DISTRICT RATE ADJUSTMENT INCREASE

In accordance with 807 KAR 5:068 and KRS 278:015, West 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 5,600 gallons from \$18.40 to \$19.02; an increase of 3.37%. The following rates are proposed: First 20,000 gallons.....\$ 3.13 Per 1,000 gallons Over 20,000 gallons.....\$ 2.36 Per 1,000 gallons Sales to other water districts......\$ 2.05 Per 1,000 gallons Customer charge by meter size: 5/8" x 3/4".....\$ 1.49 per month 1".....\$ 3.73 per month 1 1/2".....\$ 7.46 per month 2".....\$ 14.93 per month JAN KUEGEL

MANAGER