

Larue County Water District

6215 N. L & N Turnpike, Buffalo, KY 42716

270-325-3242

RECEIVED

SEP - 1 2004

PUBLIC SERVICE
COMMISSION

August 20, 2004

Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

Case 2004-00344

RE: Formal Application for a Purchased Water Adjustment

This is an application for a purchased water rate adjustment for the Larue County Water District. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates.

The district will publish the enclosed public notice of these requested rate revisions in the local newspaper. In accordance with PSC rules and regulations, the notice will be published before the new bills are issued and will be published one time. A copy of the newspaper notice will be forwarded to you upon publication.

Sincerely,



John Maurice Detre
Chairman

enclosure

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

Larue County Water District No.1
(Name of Utility)

August 20, 2004
(Date)

6215 N. L & N Turnpike
(Address)

Buffalo, KY 42716
(City, State)

270-325-3242
(Telephone Number)

RECEIVED

SEP 01 2004

**PUBLIC SERVICE
COMMISSION**

Case 2004-00344

- 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.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>City of Bardstown</u>	<u>\$1.70 Per 1000 Gal.</u>	<u>No Change</u>
<u>Green River Valley Water District</u>	<u>\$1.18 Per 1000 Gal.</u>	<u>\$1.58 Per 1,000</u>
<u>Green Taylor Water District</u>	<u>\$1.72 Per 1000 Gal.</u>	<u>No Change</u>
<u>Campbellsville Municipal Water & Sewer</u>	<u>\$18.00 For 1000 Gal, Then \$1.56 Per 1000 Gal.</u>	<u>\$1.97 New Rate</u>
<u>Hodgenville Water Works</u>	<u>\$1.58 Per 1000 Gal.</u>	<u>\$1.97 New Rate</u>
<u>New Haven</u>	<u>\$2.00 Per 1000 Gal.</u>	<u>No Change</u>

1.b. The Public Service Commission has approved the increased rates for Green River Valley, Hodgenville and Campbellsville. LaRue County Water District was notified of the increase in rates and chose not object to the increases.

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 August 2003 through July 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 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
<u>City of Bardstown</u>	<u>53,418,400</u>
<u>Green River Valley Water District</u>	<u>88,765,000</u>
<u>Green Taylor Water District</u>	<u>62,200</u>
<u>Campbellsville Municipal Water & Sewer</u>	<u>4,205,980</u>
<u>Hodgenville Water Works</u>	<u>62,901,599</u>
<u>New Haven</u>	<u>1,260,730</u>
TOTAL PURCHASES	<u>210,613,909</u>

4. Total sales for the 12 month period 172,033,348

5. Increased water cost \$61,564


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

6. Purchased water adjustment factor \$.36

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 ^{J.M.D.}
₁₂ August 1, 2004


John Maurice Detre, Chairman

LaRue County Water District

Purchases and Sales

	Green River	Hodgenville	Bardstown	Campbellsville	Green Taylor	New Haven
Aug 03	8,903,900	5,430,300	5,809,000	370,080	7,800	-
Sept 03	7,703,000	5,527,900	4,558,000	300,440	5,300	-
Oct 03	6,312,200	5,398,300	3,466,400	248,370	3,100	727,360
Nov 03	6,793,200	5,436,699	4,074,200	298,480	4,000	-
Dec 03	6,916,700	4,922,100	4,470,200	313,640	4,300	-
Jan 04	7,248,200	5,844,900	4,292,100	308,480	5,400	5,160
Feb 04	6,889,500	4,602,400	4,642,100	375,540	3,900	148,200
Mar 04	7,206,800	5,151,200	4,307,800	315,600	3,200	-
April 04	7,321,400	4,892,700	4,150,000	346,700	3,000	-
May 04	7,775,400	5,331,700	4,776,400	332,100	6,600	-
June 04	7,815,800	5,417,200	4,730,100	490,660	7,900	-
July 04	7,878,900	4,946,200	4,142,100	505,890	7,700	380,010
Subtotal Purchased	88,765,000	62,901,599	53,418,400	4,205,980	62,200	1,260,730
Total Purchases	210,613,909					
New Rate	\$ 1.58	\$ 1.97	\$ 1.70	\$ 1.97	\$ 1.72	\$ 2.00
Old Rate	1.18	1.58	1.70	1.56	1.72	2.00
New Cost	\$ 140,249	\$ 123,916	\$ 90,811	\$ 8,286	\$ 107	\$ 2,521
Old Cost	104,743	99,385	90,811	6,759	107	2,521
Increased Cost	\$ 35,506	\$ 24,532	\$ -	\$ 1,527	\$ -	\$ -
Total Increase	\$ 61,564					
Total Sales	172,033,348					
Adjustment	\$0.36 per 1,000 gallons					
Note: Campbellsville Old Rate is \$18.00 for the first 1,000 gallons then 1.56 per 1,000 gallons						

FOR Larue County
Community, Town or City

P.S.C. KY. NO. _____

Revised _____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

Original _____ SHEET NO. _____

Larue County Water District
(Name of Utility)

CONTENTS

Rates: Monthly
5/8" x 3/4" Meter

First	1,000 gallons	\$12.50	Minimum Bill
Next	4,000 gallons	5.40	per 1,000 gallons
Next	5,000 gallons	4.75	per 1,000 gallons
Over	10,000 gallons	3.75	per 1,000 gallons

3/4" Meter

First	3,000 gallons	\$23.30	Minimum Bill
Next	2,000 gallons	5.40	per 1,000 gallons
Next	5,000 gallons	4.75	per 1,000 gallons
Next	10,000 gallons	3.75	per 1,000 gallons

1" Meter

First	5,000 gallons	\$34.10	Minimum Bill
Next	5,000 gallons	4.75	per 1,000 gallons
Over	10,000 gallons	3.75	per 1,000 gallons

1-1/2" Meter

First	10,000 gallons	\$57.85	Minimum Bill
Over	10,000 gallons	3.75	per 1,000 gallons

2" Meter

First	20,000 gallons	\$95.35	Minimum Bill
Over	20,000 gallons	3.75	per 1,000 gallons

DATE OF ISSUE August 20, 2004
123AD

DATE EFFECTIVE August 1, 2004
Month / Date / Year
123AD

ISSUED BY John Maurice Detie
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

NOTICE

Due to a rate increase from the City of Campbellsville, Green River Valley Water District and the City of Hodgenville, the Larue County Water District has filed an application with the Public Service Commission to implement the following rate schedule. The proposed change will affect all bills issued on and after Aug. 31, 2004.

<u>Monthly Rates</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
<u>5/8" x 3/4" Meter</u>		
First 1,000 gallons	\$12.14 Minimum Bill	\$12.50 Minimum Bill
Next 4,000 gallons	5.04 per 1000 gallons	5.40 per 1,000 gallons
Next 5,000 gallons	4.39 per 1000 gallons	4.75 per 1,000 gallons
Over 10,000 gallons	3.39 per 1000 gallons	3.75 per 1,000 gallons
<u>3/4" Meter</u>		
First 3,000 gallons	\$22.22 Minimum Bill	\$23.30 Minimum Bill
Next 2,000 gallons	5.04 per 1000 gallons	5.40 per 1,000 gallons
Next 5,000 gallons	4.39 per 1000 gallons	4.75 per 1,000 gallons
Next 10,000 gallons	3.39 per 1000 gallons	3.75 per 1,000 gallons
<u>1" Meter</u>		
First 5,000 gallons	\$32.30 Minimum Bill	\$34.10 Minimum Bill
Next 5,000 gallons	4.39 per 1000 gallons	4.75 per 1,000 gallons
Over 10,000 gallons	3.39 per 1000 gallons	3.75 per 1,000 gallons
<u>1-1/2" Meter</u>		
First 10,000 gallons	\$54.25 Minimum Bill	\$57.85 Minimum Bill
Over 10,000 gallons	3.39 per 1000 gallons	3.75 per 1,000 gallons
<u>2" Meter</u>		
First 20,000 gallons	\$88.15 Minimum Bill	\$95.35 Minimum Bill
Over 20,000 gallons	3.39 per 1000 gallons	3.75 per 1,000 gallons

The bill for an average customer using 5,000 gallons each month would go from \$32.30 to \$34.10, a monthly increase of \$1.80, or 5.5 percent.

The rates contained in this notice are the rates proposed by the Larue County Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Larue County Water District has available for inspection at its office the application submitted to the Public Service Commission. The office is located at 6215 N. L & N Turnpike, Buffalo, Kentucky 42716. Or you may contact the office at (270) 325-3242.

FOR City of Campbellsville
Name of Municipality

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Campbellsville Municipal Water & Sewer
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Wholesale Water Rate \$1.97 per thousand gallons

Water Districts Affected

- Marion County Water District
- Green-Taylor Water District
- Adair County Water District
- Larue County Water District

DATE OF ISSUE (TODAY'S DATE) - 5/10/04
Month / Date / Year

DATE EFFECTIVE 07/01/04
Month / Date / Year

ISSUED BY *Douglas Todd Ford*
(Signature of Officer)

TITLE *CMT*

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 01 2004

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY *[Signature]*
EXECUTIVE DIRECTOR



Ernie Fletcher
Governor

LaJuana S. Wilcher
Secretary

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission

211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
August 12, 2004

Honorable Damon R. Talley
Attorney at Law
P. O. Box 150
Hodgenville, KY 42748-0150

CERTIFICATE OF SERVICE

RE: Case No. 2004-00104
City of Hodgenville

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on August 12, 2004.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

TD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 2004-00104
HODGENVILLE)

ORDER

The city of Hodgenville, Kentucky ("Hodgenville") proposed to adjust its existing rate for wholesale water service to LaRue County Water District No. 1 ("LaRue District") effective April 1, 2004. On March 31, 2004, after receiving notice of LaRue District's objection to the proposed adjustment and request for an investigation of the proposed adjustment, the Commission suspended the proposed adjustment and initiated this proceeding. We further granted LaRue District's motion for leave to intervene in this proceeding.

On July 26, 2004, LaRue moved to withdraw as an intervenor in this proceeding. In support of its motion, LaRue District stated that it had examined documents that Hodgenville furnished to it regarding the municipal utility's operations and that it "is now satisfied that . . . [Hodgenville's] proposed wholesale rate is fair, just and reasonable." Motion to Withdraw at 2. LaRue District further requested that the Commission move expeditiously to approve the proposed rate adjustment.

Having considered the motion and being otherwise sufficiently advised, the Commission finds that LaRue District's motion should be granted and that the proposed rate adjustment be approved. The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure that any public

utility "consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service." Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The affected public utility made clear its objections to the proposed rate adjustment. Addressing the concerns of this public utility, Hodgenville convinced it of the reasonableness of the proposed rate adjustment. LaRue District has withdrawn its objections to the proposed adjustment.

As the proposed rates on their face appear neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

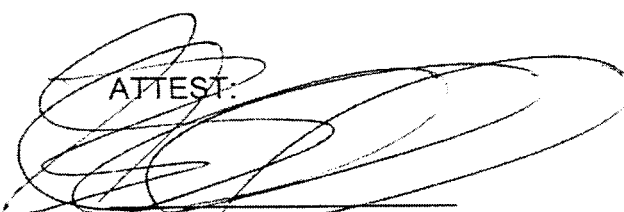
IT IS THEREFORE ORDERED that:

1. LaRue District's Motion to Withdraw is granted.
2. Hodgenville's proposed wholesale water service rate of \$1.98 per 1,000 gallons is approved for wholesale water service rendered to LaRue District on and after the date of this Order.
3. Within 20 days of the date of this Order, Hodgenville shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 12th day of August, 2004.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GREEN RIVER VALLEY)	
WATER DISTRICT, HART, BARREN, LARUE,)	
GREEN AND METCALFE COUNTIES, KENTUCKY,)	
(1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR ADDITIONS AND)	CASE NO.
IMPROVEMENTS TO ITS WATER DISTRIBUTION)	2004-00285
SYSTEM, (2) SEEKING APPROVAL OF REVISED)	
WATER SERVICE RATES AND CHARGES AND (3))	
SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES)	

O R D E R

On July 30, 2004, Green River Valley Water District ("Green River Valley") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$7,756,000 waterworks improvement project. This project consists of the expansion of its existing water treatment plant from 4 million gallons per day ("MGD") to 6 MGD. This project also includes approximately 25,000 lineal feet of 16-inch and 52,000 lineal feet of 10-inch water transmission mains to maintain and improve water service to existing and future water customers. Project funding consists of a \$5,000,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$1,150,000 grant from the RD, and a \$1,606,000 loan from the Kentucky Rural Water Finance Corporation ("KRWFC").

Green River Valley's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S.

Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in the case on July 30, 2004, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Green River Valley is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Green River Valley's proposed plan of financing is accepted.
3. Green River Valley is authorized to issue revenue bonds to RD in an amount not to exceed \$5,000,000 at an interest rate not exceeding 4.50 percent per annum over a period not to exceed 40 years and to enter a loan agreement with KRWFC for an amount not to exceed \$1,606,000 at an interest rate not exceeding 5.65 percent per annum over a period not to exceed 20 years.
4. The proceeds from issuance of the revenue bonds and the loan agreement with KRWFC shall be used only for the purposes specified in Green River Valley's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Green River Valley may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in Green River Valley's rates for service. Green River Valley shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Green River Valley shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

8. Within 30 days of the date of this Order, Green River Valley shall file with the Commission its revised tariffs setting out the rates approved herein.

9. Any deviation from the proposed construction shall be under taken only with the prior approval of the Commission.

10. Green River Valley shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

11. Three years from the effective date of this Order, Green River Valley shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 23rd day of August, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end.

Executive Director

Case No. 2004-00285

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00285 DATED August 23, 2004

The following rates and charges are prescribed for the customers in the area served by Green River Valley Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8 x 3/4 Inch Meter

First	2,000	gallons	\$ 14.34	Minimum bill
Next	8,000	gallons	3.62	per 1,000 gallons
Next	10,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons

1 Inch Meter

First	5,000	gallons	\$ 24.12	Minimum bill
Next	5,000	gallons	3.62	per 1,000 gallons
Next	10,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons

1 1/2 Inch Meter

First	10,000	gallons	\$ 42.88	Minimum bill
Next	10,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons

2 Inch Meter

First	16,000	gallons	\$ 64.32	Minimum bill
Next	4,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons


Wholesale Rate			\$1.58	per 1,000 gallons
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JOHNSON COUNTY GAS CO.
P.O. BOX 339
HAROLD, KY 41635


Ms. Elizabeth O'Donnell
Executive Director
Ky Public Service Commission
211 Lower Blvd.
P.O. Box 615
Frankfort, Ky. 40602

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