

PO Box 97 Bagdad, KY 40003 (502) 747-8942

March 30, 2005



Public Service Commission P.O. Box 615 Frankfort, KY 40602

Case 2005-00146

APR 01 2005

PUBLIC SERVICE COMMISSION

To the COMMISSION:

The North Shelby Water Company respectfully requests that the COMMISSION allow us to make an adjustment in our rates in accordance with 807 KAR 5:067 Purchased Water Adjustment clause.

The Company has been told by its supplier, Louisville Water Company, that a \$0.07 per 1,000 gallon increase will take effect May 1, 2005. The Company purchased 243,291,000 gallons from January 1, 2004 to December 31, 2004 from Louisville Water Company, out of a total purchase of 439,175,800 gallons. The Frankfort Plant Board has also raised its rate \$0.121/1,000 gallons effective April 1, 2005. The company purchased 168,922,000 gallons during the same period. The result of the new rate is an increase of \$37,469.93 or \$0.10 per 1,000 gallons. We propose to raise each gallonage block that amount.

The following documents are enclosed:

- Exhibit A. Purchased Water Rate Adjustment
- Exhibit B. Copy of Wholesale Tariff
- Exhibit C. Statement of Water Purchased
- Exhibit D. Statement of Water Sold
- Exhibit E. Notice to Customers
- Exhibit G. Tariff Sheet

If you have any questions, please contact Warner Broughman at (859) 271-1778, as he is handling this matter.

Yours truly,

Ruman Le Compte

Duncan LeCompte, President

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PURCHASED WATER RATE ADJUSTMENT

Pursuant to KRS 278.012 and 278.015

North Shelby Water Company (Name of Utility) P.O. Box 97 Bagdad, KY 40003 (Business Mailing Address)

March 31, 2005 (Date) (502) 747-8942 (Telephone Number)

1. (a) Names of all wholesale suppliers and the base rate and changed rate of each.

| <u>Supplier(s)</u> | Base Rate | Changed Rate |
|--------------------------|----------------------------------|------------------------------------|
| (1) <u>Shelbyville</u> | \$ <u>1.37</u> per 1,000 gallons | <u>no change</u> per 1,000 gallons |
| (2) <u>Frankfort</u> | \$ <u>1.418</u> | \$ <u>1.539</u> |
| (3) Louisville Water Co. | \$ <u>1.49</u> | \$ <u>1.56</u> |
| (4) West Shelby W.D. | \$ <u>3.49</u> | <pre>\$_no change</pre> |

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

2. Twelve-month Period Upon Which Purchased Water Adjustment is Based

From January 2004through December 2004Month & YearMonth & Year

3. Statement of Water Purchases

| 5. Statement of water run | liases |
|---|---|
| | Gallons Purchased |
| Supplier's Name | Meter No. 1 |
| (1) Shelbyville | <u>26,771,700</u> |
| (2) Frankfort | 168,922,000 |
| (3) Louisville Water Co. | 243,291,000 |
| (4) West Shelby W.D. | 191,100 |
| • | 439,175,800 |
| 4. Total Sales for the 12-Mo | onths <u>368,987,800</u> gallons |
| 5. Purchased Water Adjust | ment Factor <u>0.10</u> per gallon. |
| Increased Purchase Cost | Frankfort 168,922 x 0.121 = 20,439.56 |
| | Louisville 243,291 x $0.07 = 17,030.37$ |
| | TOTAL \$37,469.93 |
| Unit Price Calculation | |
| | |

| <u>Increase</u> | <u>37469.93</u> | = | <u>0.100</u> | SAY <u>\$0.10</u> / 1,000 Gallons |
|-----------------|-----------------|---|--------------|-----------------------------------|
| Water Sold | 368,897.80 | | | |

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

EXHIBIT A

warner Caines General Manager



* Electric * Water * Cable
 * Cable Advertising * Community TV

Frankfort Plant Board

December 30, 2004

Mr. Darrell Dees U.S. 60 Water District P.O. Box 97 Bagdad, Kentucky 40003

Subject: Proposed Water Rate Increase

Dear Mr. Dees:

At their regular board meeting on November 16, 2004, the Board of Directors of the Frankfort Plant Board authorized publishing notice of a public hearing on a proposed increase in water rates. A copy of the public notice is attached.

Under the proposed rates, residential and commercial customers in the City of Frankfort will see an average increase of 8.5%, customers outside the city will see an average increase of 8.5%, and resale customers (Water Districts & Georgetown Water Company) will see an increase of 8.5%. As a practical matter, an average FPB water customer using 6,000 gallons of water will see the following:

| Plant Board | City | County |
|-----------------------|-------|--------------|
| Current rates (month) | 20.43 | 28.33 |
| Proposed rates | 22.17 | <u>30.73</u> |
| Monthly Increase | 1.74 | 2.40 |
| Annual Increase | 20.88 | 28.80 |

The water rates per 1,000 gallons to Resalers will also increase 8.5% from \$1.418 to \$1.539 or \$0.121 cents. Assuming that this increase would be passed directly to your customers, an average customer using 6,000 gallons of water would increase \$0.726 per month or \$8.71 per year. As you can see, even though the percentages seem formidable the actual dollar value of the proposed increases is not all that large on the basis of an average customer. It is also apparent that if the District passes the increase through to its customers the increase to the Districts customers will be less than half of the increase the Board is requiring of its customers. Obviously, customers using greater than 6,000 gallons would see greater dollar increases.

According to our records, your Water District purchased on average 15,607,000 gallons per month. At \$0.121 per thousand gallons this would be a monthly increase of \$1,888.44, \$22,661.28 per year.

Equal Opportunity/Affirmative Action Employer

 317 West Second Street
 (P.O. Box 308)
 Frankfort, Kentucky 40601
 Phone
 (502) 223-3401

 Fax
 (502) 223-3887
 www.fewpb2.com

EXHIBIT B - 1

Page Two December 30, 2004

The advertised public hearing was held on December 21, 2004. However, since no comments were provided on behalf of your company, we are extending your opportunity to comment on the proposed increase by attending the January Board Meeting at the Frankfort Plant Board Clubhouse located at 98 Tanglewood Drive on January 18, 2005 at 11:00 a.m. Assuming that comments made during that January Meeting do not cause the Board to change the proposed rates, final approval of the water rates for resalers by the Board would occur at the regular Board meeting of February 15, 2005. Notice to the water districts and Public Service Commission would be sent on February 16, 2005 with an effective date of implementation being with the bill due and payable April 15, 2005.

If you desire, I will also meet with you or anyone else you wish to attend for the purpose of discussing the proposed increase. The meeting, however, would need to be held prior to the January 18, 2005 meeting. The Board hopes that these opportunities for input will help resolve questions you might have concerning the proposed rates, and avoid Public Service Commission involvement with its related costs in time and money for both our operations.

If you have any questions on this matter, please feel free to contact me at 502-352-4377.

General Manager

NOTICE OF PUBLIC HEARING

The Frankfort Plant Board (FPB) will conduct a 2nd Public Hearing on Tuesday, January 18, 2005 at 11:00 a.m. at FPB's Clubhouse located at 98 Tanglewood Drive to hear only comments covering a proposed water rate increase for water services to FPB resale customers (Water Districts and Georgetown Water Company).

| SERVICE | EXISTING | PROPOSED |
|---|--|--|
| 1. Water Service | | |
| A. Resale Customers - 1. Non Water Producers | \$1.418 per 1,000 gal | \$1.539 per 1,000 gal |
| B. Resale Customers – 2. Other Water Producers | | · , |
| First 15 million gallons Over 15 million gallons | \$1.474 per 1,000 gal \$1.296 per 1,000 gal | \$1.599 per 1,000 gal \$1.406 per 1,000 gal |

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EXHIBIT B - 3



LOUISVILLE WATER COMPANY

TEL 502-569-3600

SEO SOUTH THIRD STREET + LOUISVILLE, KENTUCKY 40202 WWW.LOUISVILLEWATER.COM

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March 4, 2005

Mr. Darrell Dees Manager North Shelby Water Company P.O. Box 97 Bagdad, KY 40003

Dear Mr. Dees:

We are sorry you were unable to join us for the meeting of our wholesale customers earlier this week. Please find enclosed the information discussed at the meeting, as well as a copy of the comments made by Bob Miller

Also enclosed is a copy of the 2005 Rate Schedule. As indicated in paragraph 6.03 of the schedule, the rate for wholesale water service on and after May 1, 2005 will be \$1.31 per thousand gallons, plus an elevated service area surcharge of \$0. 25 per thousand gallons. This new rate is subject to approval by the Public Service Commission,

We are planning to file the necessary documentation for this new rate with the Public Service Commission soon. We would like to ask North Shelby to send a letter to the PSC indicating no objection to the proposed rate increase.

As was the case last year, I again offer any assistance as we continue to bring the wholesale water rates in line with our cost of service. Patti Kaelin will be following up with you next week to make arrangements for LWC to meet with North Shelby. In the meantime, if you have any questions you may call Jim Smith at (502) 569-3687 or me at 569-3680.

Sincerely, 🔨 Guerden en de la com

President de la caracteria de la caracteria 的复数变形 2 A Course of the C: Bob Miller - LWCo.

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EXHIBIT B - 4

| | NORTH Shelly | GALLONS USED: |
|--|--|---|
| | | No. 18 N |
| ANUARY | the state of the | 19,698,000 |
| EB | \$ 25,928.25 | 18,858,000 |
| MARCH | \$ 23,219.18 | 16,852,000 |
| PRIL | \$ 28,201.54 \$ 28,594.07 \$ 30,091.73 | 20,487,000 |
| YAY | \$ 28,594.07 | 19,390,000 |
| JUNE | | 19,877,000 |
| JULY | \$ 38,375.12 | 24,197,000 |
| AUGUST | \$ 32,087.47 | 21,203,000 |
| SEPT | \$ 354,872.55 | 23,498,000 22,157,000 |
| DCT | \$ 33,488.93 | 16,398,000 |
| NOV | \$ 24,908.02 \$ 31,286.71 | 20,679,000 |
| DEC TOTAL: | \$ 31,286.71 \$ 675,778.87 | 243,291,000 |
| IOTAL: | FRANKFORT PLANT BOARD | 240,281,000 |
| | PRANNFURT FLANT BUARD | |
| JAN | \$ 20,317.12 | 13,840,000 |
| FEB | \$ 20,317.12 \$ 21,399.04 | 14,577,000 |
| VAR | \$ 19,749.00 | 13,453,00 |
| APRIL | \$ 19,772.49 | 13,469,00 |
| MAY | \$ 21,327.10 | 14,528,00 |
| JUNE | \$ 22,755.47 | 15,501,00 |
| JULY | \$ 23,085.77 | 15,728,000 |
| AUG | \$ 21,498.88 | 14,645,00 |
| SEPT | \$ <u>21,498.88</u> \$ <u>22,734.92</u> | 15,487,000 |
| OCT | \$ 17,925.75 | 12,211,000 |
| NOV | \$ 19,235.20 | 13,103,000 |
| DEC | \$ 19,105.78 | 12,382,00 |
| TOTAL: | \$ 248,906.50 | 168,922,000 |
| an an the second se | SHELBYVILLE MUNICIPAL | |
| | | |
| JAN | \$ 3,875.10 | 2,583,400 |
| FEB | \$ 3,882.60 | 2,588,400 |
| MARCH | \$ 3,028.80 | 2,019,200 |
| APRIL | \$ 2,494.20 | 1,662,80 |
| MAY | \$ 2,848.35 | 1,898,90 |
| JUNE | \$ 3,193.80 | 2,125,200 |
| JULY | \$ 4,327.65 | 2,885,10 |
| AUG | 3,368.40 | 2,245,60 |
| SEPT | \$ 4,289.55 | 2,859,700 |
| TOC | \$3,471.90 \$2,878.35 | 2,314,60 |
| VOV | \$ 2,878.35 | 1,918,900 |
| | \$ 2,510.85 | 1,669,900 |
| | \$ 40,169.55 | 26,771,700 |
| DEC TOTAL: | and a second | |
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| FOTAL: | | 17 (2016) 2017 동일에 17 2017 전 18 2017 전 19 2017 전 19 2017 전 19 2017 전 19 2017 |
| | | 日間1日には、 日間1日には、 日本日本日 日本日本日 日本日本日 子前日 本部編刊の前日 本部編刊の前日 |
| TOTAL: | | 日日本1000年1月1日 日本100日日 日本10日日 日本10日日 日本10日日 日本10日 日本11日 日 日 日 |

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|--------|-------------|----------|--|
| JAN | \$ | 135.02 | 6,800 |
| FEB | \$ | 135.02 | 27,800 |
| MAR | \$ | 135.02 | 1,500 |
| APRIL | \$ | 135.02 | 1,600 |
| MAY | \$ | 139.28 | 4,900 |
| JÜNE | \$ | 139.28 | 8,500 |
| JULY | \$ | 139.28 | 22,200 |
| AUG | \$ | 139.28 | 6,500 |
| SEPT | \$ | 139.28 | 17,900 |
| OCT | \$ | 387.00 | 89,700 |
| NOV | \$ | 139.28 | 2,000 |
| DEC | \$ | 139.28 | 1,700 |
| TOTAL: | 15 | 1,882.04 | 191,100 |

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|---|--|--|
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NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 - Notes payable (continued)

| Future maturities of these notes are as follows: | |
|--|-------------|
| 2005 | \$84,558 |
| 2006 | 88,750 |
| 2007 | 94,151 |
| 2008 | 98,820 |
| 2009 | 103,722 |
| Thereafter | 1,270,176 |
| Total | \$1,740,177 |
| Outstanding balances | \$1,740,177 |
| Less current maturities | 84,588 |
| Total long term notes | \$1,655,589 |

All properties and assets both real and personal, and revenues are pledged to secure these loans.

NOTE 6 - Revenue from sale of water

The following is a statistical analysis of water purchased, sold, and unbilled due to flushing, leaks and line loss.

| | Water Purc | hased | Water Sol | .d | Flushing, Lea | ks and |
|------|-------------|---------|-------------------|---------|---------------|--------|
| | Gallons Cos | t/1000 | Gallons Sale/1000 | | Line Los | |
| 2004 | 436,833,800 | \$1.471 | 368,987,800 | \$4.040 | 67,846,000 | 15.53% |
| 2003 | 421,033,594 | \$1.435 | 344,888,100 | \$4.040 | 76,145,494 | 18.09% |
| 2002 | 427,884,220 | \$1.440 | 360,778,508 | \$3.994 | 67,105,712 | 15.68% |
| 2001 | 390,049,500 | • | 338,865,742 | \$4.088 | 51,183,758 | 13.12% |
| 2000 | 393,268,360 | \$1.367 | 331,317,729 | \$4.020 | 61,950,631 | 15.75% |

NOTE 7 - Related party transactions

The Company furnished managerial, meter reading, maintenance, meter installation, accounts receivable processing, and general office services for U S 60 Water District of Shelby and Franklin Counties. The Company received \$172,492 and \$174,163 respectively for December 31, 2004 and 2003. There were receivables due from U S 60 Water District in the amount of \$7,496 and \$11,525 respectively for December 31, 2004 and 2003.

NOTICE

North Shelby Water Company has filed an application with the Public Service Commission for a proposed rate change for water service. The change is made necessary due to an increase in the wholesale price of water from our supplier.

The rates contained in this notice are the rates proposed by North Shelby Water Company. 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.

5/8 x 3/4 Inch Meter

,

| First 2,000 gallons per month (minimum bill) | \$11.54 |
|---|---------|
| Next 3,000 gallons per month per 1,000 gallons | 4.65 |
| Next 5,000 gallons per month per 1,000 gallons | 3.53 |
| Next 40,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 gallons per month per 1,000 gallons | 2.41 |
| <u>1 Inch Meter</u> | |
| First 5,000 gallons per month (minimum bill) | \$25.49 |
| Next 5,000 gallons per month per 1,000 gallons | 3.53 |
| Next 40,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 gallons per month per 1,000 gallons | 2.41 |
| <u>1-1/2 Inch Meter</u> | |
| First 10,000 gallons per month (minimum bill) | \$43.14 |
| Next 40,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 Gallons per month per 1,000 gallons | 2.41 |
| 2 Inch Meter | |

| First 15,000 gallons per month (minimum bill) | \$57.99 |
|---|---------|
| Next 35,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 gallons per month per 1,000 gallons | 2.41 |

3 Inch Meter

| First 35,000 gallons per month (minimum bill) | \$117.39 |
|---|----------|
| Next 15,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 gallons per month per 1,000 gallons | 2.41 |

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. All persons having reasons to intervene should file with the P.S.C., P.O. Box 615, Frankfort, Kentucky 40601. The application is on file at the offices for the North Shelby Water Company, 5913 Elmburg Road, Bagdad, KY and is available for examination during business hours. P.O. Box 97

Bagdad, KY 40003

North Shelby Water Company

P.S.C. KY No. (Sheet No.)

Canceling P.S.C. KY No. 2004-00169 (Sheet No.)

CLASSIFICATION OF SERVICE

RATE PER UNIT

| ttes: <u>5/8 x 3/4 Inch Meter</u> First 2,000 gallons per month (minimum bill) | \$11.54 |
|---|----------|
| Next 3,000 gallons per month per 1,000 gallons | 4.65 |
| Next 5,000 gallons per month per 1,000 gallons | 3.53 |
| Next 40,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 gallons per month per 1,000 gallons | 2.41 |
| <u>1 Inch Meter</u> | |
| First 5,000 gallons per month (minimum bill) | \$25.49 |
| Next 5,000 gallons per month per 1,000 gallons | 3.53 |
| Next 40,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 gallons per month per 1,000 gallons | 2.41 |
| <u>1-1/2 Inch Meter</u> | |
| First 10,000 gallons per month (minimum bill) | \$43.14 |
| Next 40,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 Gallons per month per 1,000 gallons | 2.41 |
| 2 Inch Meter | |
| First 15,000 gallons per month (minimum bill) | \$57.99 |
| Next 35,000 gallons per month per 1,000 gallons | 2.97 |
| Over 50,000 gallons per month per 1,000 gallons | 2.41 |
| <u>3 Inch Meter</u> | \$117.39 |
| First 35,000 gallons per month (minimum bill) | 2.97 |
| Next 15,000 gallons per month per 1,000 gallons | 2.41 |
| Over 50,000 gallons per month per 1,000 gallons | |

| Date of Issue | March 18, 2005 | Date Effective | <u>May 1, 2005</u> |
|---------------|----------------|----------------|--------------------|
| Issued by | | Title: | President |

Issued by the authority of an Order of the Public Service Commission of Kentucky in Case No. Dated _____

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