

Garrard County Water Association, Inc.

P.O. BOX 670 315 LEXINGTON ROAD

LANCASTER, KY 40444-0670

(859) 792-4501 TTY: 800-648-6056

FAX: (859) 792-1671

March 8, 2006

Ms. Beth O' Donnell, Executive Director  
Public Service Commission  
P.O. box 615  
Frankfort, KY 40602-0615

RECEIVED

MAR - 9 2006

PUBLIC SERVICE  
COMMISSION

Dear Ms. O' Donnell:

*Case No. 2006-00113*

Please find enclosed the Association's request for a purchased water rate adjustment. This adjustment request is due to the increased cost of wholesale water from the City of Lancaster that will be effective on April 1, 2006. Exhibit "B" is attached to the application showing this agreed to rate increase.

Also, enclosed is a revised tariff sheet reflecting the seven cent per thousand gallons adjustment.

The Association will notify its customers of the rate adjustment before rendering the first customer statement reflecting the increase.

If additional information should be required, please advise.

Sincerely,



Harold C. Ward  
President/Executive Director

Enclosures

Garrard County and parts  
FOR of Lincoln and Madison Counties  
Community, Town or City

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

9th Revised SHEET NO. 1

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

8th Revised SHEET NO. 1

GARRARD COUNTY WATER ASSOC., INC.  
(Name of Utility)

RATES AND CHARGES

RATE PER UNIT

RESIDENTIAL, FARM AND SMALL COMMERCIAL

5/8" x 3/4" Meter Schedule

First	1,000 Gallons	10.00 (Minimum Bill)
Next	1,000 Gallons	5.10 per 1,000 Gallons
Next	1,000 Gallons	4.00 per 1,000 Gallons
Next	2,000 Gallons	3.80 per 1,000 Gallons
All Over	5,000 Gallons	3.50 per 1,000 Gallons

LARGE COMMERCIAL, DAIRY FARM AND SCHOOL CONNECTIONS

1" Meter Schedule

First	5,000 Gallons	26.70 (Minimum Bill)
All Over	5,000 Gallons	3.50 per 1,000 Gallons

1 1/2" Meter Schedule

First	10,000 Gallons	44.20 (Minimum Bill)
All Over	10,000 Gallons	3.50 per 1,000 Gallons

2" Meter Schedule

First	25,000 Gallons	96.70 (Minimum Bill)
All Over	25,000 Gallons	3.50 per 1,000 Gallons

Bulk Sales

\$4.50 per 1,000 Gallons

Rates based on monthly consumption.

Penalty of 10% to all unpaid bills 20 days from date of bill.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE 04/01/06  
Month / Date / Year

ISSUED BY [Signature]  
(Signature of Officer)

TITLE President

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

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

THE GARRARD COUNTY WATER ASSOCIATION, INC.

\_\_\_\_\_  
(Name of Utility)

MARCH 8, 2006

\_\_\_\_\_  
(Date)

P.O. BOX 670

\_\_\_\_\_  
(Address)

LANCASTER, KY 40444

\_\_\_\_\_  
(City, State)

859-792-4501

\_\_\_\_\_  
(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>	<u>Changed Rate</u>
CITY OF LANCASTER	\$1.70	\$1.78
CITY OF DANVILLE	NO ADJUSTMENT SEE ATTACHED EXHIBIT A	
CITY OF BEREA	\$1.95	\$1.95

- 1.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 the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From FEBRUARY 2005 through JANUARY 2006  
 (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
CITY OF LANCASTER	244,091,540
CITY OF DANVILLE	See attached Exhibit C
CITY OF BEREA	26,512,860
<b>TOTAL PURCHASES</b>	<b>361,975,661</b>

4. Total sales for the 12 month period 293,581,310.

5. Increased water cost \$19,527.00.

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

6. Purchased water adjustment factor \$.07.

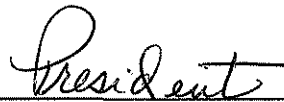
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

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 April 1, 2006.



(Signature of Utility Officer)



(Title)

EXHIBIT A

be the expense and responsibility of the Purchaser to furnish, install, and maintain the necessary metering equipment, the same to be determined by the Seller's City Engineer, and any required devices of standard types for property measuring the quantity of water delivered to the Purchaser and the responsibility of the Seller to calibrate and test for accuracy such metering equipment annually, or at such other times that are reasonably requested by either party. A meter registering not more than 2% above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the six (6) months previous to such tests in accordance with the percentage of inaccuracy found by such tests.

If any meter fails to register for any period, the amount of water delivered in the corresponding period immediately prior to the failure shall be considered the amount consumed, unless the Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on a regular basis, but not less than once every month. An appropriate official or representative of the Purchaser shall at all reasonable times have access to the meter for the purpose of verifying its readings.

5. The Purchaser agrees to pay to Seller for water delivered in accordance with the following rate schedule based on monthly consumption:

Quantity (Cu Ft)	Rate (\$/100 Cu Ft)
---------------------	------------------------

EXHIBIT A cont.

First	20,000 cu ft	\$1.68
Next	80,000 cu ft	\$1.44
Next	100,000 cu ft	\$1.20
Next	300,000 cu ft	\$1.06
All over	500,000 cu ft	\$0.86

6. In addition to the foregoing schedule of rates, the Purchaser shall further pay to Seller a surcharge of twenty percent (20%) to be added to the total water bill (not including any applicable taxes or fees).

HOWEVER, the parties understand and agree that if at any time during the term of this agreement the rate charged to other wholesale consumers, including other municipalities, independent water districts, or privately owned water companies, are modified, either increased or decreased, the rate of charge to the Purchaser shall automatically be modified to conform to such rates; similarly, it is agreed and understood that in the event the amount of the surcharge which is charged to all wholesale customers outside the city limits of Seller, is modified, then the rate of surcharge unto Purchaser shall automatically be modified to conform with such surcharge rate. It is understood and agreed by the parties that modification of the water purchase rate and the surcharge thereon shall be at the discretion of the Seller, City of Danville. The City of Danville shall be required to give a written five (5) month advance notice of any rate increase and comply with any applicable Public Service Commission rulings.

7. The Purchaser shall not consume more than the monthly limit without written permission from the Seller except in the case

EXHIBIT B

*City of Lancaster*

---

101 Stanford Street  
Lancaster, Kentucky 40444  
Phone 859-792-2241  
Fax 859-792-3341

BILLY C. MOSS  
Mayor  
SHARI LANE  
City Clerk  
JAMES S. SANDERS  
City Attorney

KENNY ADAMS  
Fire Chief  
MILLARD ROSE  
Interim Utility Manager  
RONALD LAMB  
Police Chief

Garrard Co. Water Association  
Lexington Rd  
Lancaster, KY 40444

March 1, 2006

Dear Mr. Ward:

This is to notify you that your rate for purchasing water from the City of Lancaster will increase from \$1.70/1000 gal. to \$1.78/1000 gal. on April 1, 2006.

Sincerely,



Millard Rose  
Interim Utility Manager.

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**City Council Members:**

Cecelia Adams Donna Powell Randy Stathers Daniel Napier Jesse Wagoner Don Rinthen



EXHIBIT B cont.

**Water Rate Agreement**

**Between**

**The**

**City of Lancaster**

**And The**

**Garrard County Water Association**

**April 1, 2006**

**Water Rate Agreement**

This Agreement made and entered into this 7<sup>th</sup> day of March, 2006, by and between the City of Lancaster, referred to herein as the "City", and the Garrard County Water Association, referred to herein as the "Association".

Witnesseth: That whereas by a contract dated March 25, 1970, an arrangement was made that the rate to be charged for water supplied by the City to the Association would be subject to modification every five years based on a demonstrable increase in the cost of performance, such cost not to include increased capitalization of the Lancaster system.

That whereas this time period was shortened to three years by subsequent agreements and that the latest three year agreement expires at the close of the day on December 31, 2005 and whereas this latest three year agreement introduced the concept of a guaranteed minimum purchase by the Association from the City.

Now, therefore, the parties hereto agree as follows:

1. That the original five year pricing period will continue to be shortened to one year.
2. That the rate charged by the City for water supplied to the Association will increase to \$1.78 per thousand gallons for the next year.
3. The Association agrees to a minimum purchase amount to 200 million gallons per year.
4. That the costs and methodology used to arrive at the price increase noted above will be reviewed annually by an independent third party to identify any need for an increase or decrease in wholesale rates.
5. All other provisions of the original contract between the parties will remain in full force and effect.

Witness our Signatures to duplicate copies hereof this 7<sup>th</sup> day of March, 2006.

City of Lancaster

By: Donna M. Lowell Mayor

Attest

Dorothy McAnerry

Garrard County Water Association

By: [Signature] Resident

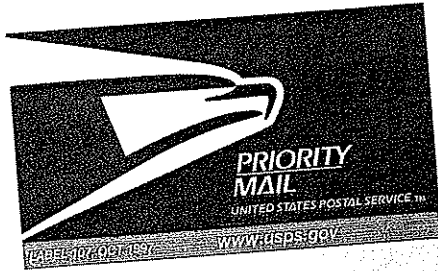
Attest

Dorothy McAnerry

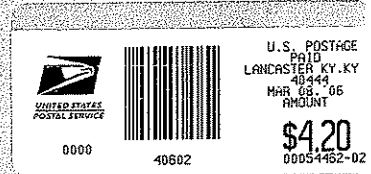
EXHIBIT C

WATER PURCHASED BY THE GARRARD COUNTY WATER ASSOCIATION  
FROM THE CITY OF DANVILLE

<u>MONTH</u>		<u>AMOUNT</u>
February	2005	6,722,126 GALLONS
March	2005	7,348,278 GALLONS
April	2005	7,436,317 GALLONS
May	2005	7,817,573 GALLONS
June	2005	8,717,192 GALLONS
July	2005	7,788,988 GALLONS
August	2005	8,257,322 GALLONS
September	2005	6,637,902 GALLONS
October	2005	6,669,393 GALLONS
November	2005	5,705,819 GALLONS
December	2005	6,964,179 GALLONS
January	2006	8,784,662 GALLONS
	TOTAL GALLONS	88,849,761 GALLONS



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ASSOCIATION INC.**  
P.O. Box 670  
Lancaster, Kentucky 40444-0670

**TO:** Ms. Beth O' Donnell  
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