

SOUTH ANDERSON WATER DISTRICT

142 SOUTH MAIN STREET/P.O. BOX 17, LAWRENCEBURG, KY 40342
502-839-6919 FAX 502-859-0424

RECEIVED

OCT 04 2006

PUBLIC SERVICE
COMMISSION

October 4, 2006

Commonwealth of Kentucky
Public Service Commission
Tariff Review Branch
P.O. Box 615
Frankfort, Kentucky 40601

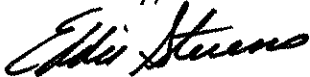
Re: Purchase Water Adjustment Request

Case No. 2006-00436

Dear Sirs:

Transmitted herewith is a request to adjust the District's rates to cover the recent rate increase imposed by one of our suppliers the Frankfort Electric and Water Plant Board. If there are any questions please contact either the District or our engineer, Ken Taylor with Kenvirons, Inc. at 502 695 4357.

Sincerely,



Eddie Stevens
Chairman

Attachments

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

RECEIVED

OCT 04 2006

PUBLIC SERVICE
 COMMISSION

SOUTH ANDERSON WATER DISTRICT
 (Name of Utility)

10-4-06
 (Date)

142 SOUTH MAIN STREET
 (Address)

LAWRENCEBURG, KY. 40342
 (City, State)

502-839-6919
 (Telephone Number)

Case No. 2006-00436

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>
<u>CITY OF LAWRENCEBURG</u>	<u>*</u>	<u>*</u>
<u>FRANKFORT PLANT BEARD</u>	<u>\$1.539/1,000 GAL</u>	<u>\$1.714/1,000 GAL</u>
<u> </u>	<u> </u>	<u> </u>

* \$2.15/1,000 GAL FOR FIRST 8,000,000 GALLONS PER MONTH AND \$2.00/1,000 GAL FOR ALL OVER 8,000,000 GALLONS PER MONTH.

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit 1.
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 SEPTEMBER 2005 through AUGUST 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
LAWRENCEBURG	SEE EXHIBIT 2
FRANKFORT	SEE EXHIBIT 2
TOTAL PURCHASES	

4. Total sales for the 12 month period 152,135,060.

5. Increased water cost \$5169.85.

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

6. Purchased water adjustment factor \$0.03/1,000 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.

7. Proposed effective date NOVEMBER 1, 2006.

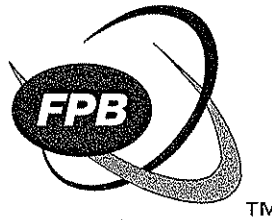


(Signature of Utility Officer)



(Title)

EXHIBIT #1



Water
Cable
Electric
Security
Local Phone
Digital Cable
Long Distance
Community TV
Ethernet/Internet
Cable Modem/ISP
Cable Advertising

Warner J. Caines
General Manager

Frankfort Plant Board

August 2, 2006

Mr. Alton Warfield
South Anderson Water District
246 Court Street
Lawrenceburg, Kentucky 40342

Subject: Proposed Water Rate Increase

Dear Mr. Warfield:

At their regular Board Meeting on July 18, 2006, 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, all wholesale customers (Water Districts and Georgetown Water Company) will see an increase of 11.4%. All other FPB water customers have seen an increase of 14%. As a practical matter, an average FPB water customer using 6,000 gallons of water will see the following:

	<u>City</u>	<u>County</u>
Current Rates (monthly)	\$22.17	\$30.73
Proposed Rate	\$25.27	\$35.03
Monthly Increase	\$ 3.10	\$ 4.30
Annual Increase	\$37.20	\$51.60

The water rates per 1,000 gallons to the wholesale water producers will increase 11.4% from \$1.539 to \$1.714 or \$.175 cents. Assuming that this increase would be passed directly to your customers, an average customer using 6,000 gallons of water would increase \$1.050 per month or \$12.60 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 District's customers will be almost one-third 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, South Anderson Water District purchased on average of 2,542,800 gallons per month from July 2005 to June 2006. At \$.175 per thousand gallons this would be a monthly increase of \$445 or \$5,340 per year.

Equal Opportunity/Affirmative Action Employer

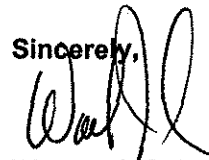
317 West Second Street (P.O. Box 308) Frankfort, Kentucky 40602 Phone (502) 352-4372
Fax (502) 223-3887 www.fpb.cc

Page Two
August 2, 2006

If you desire, I will meet with you or anyone else you wish to attend for the purpose of discussing the proposed increase. The meeting would need to be held prior to the public hearing. The Board hopes that these opportunities for input will help resolve questions you might have concerning the proposed rate 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Warner J. Gaines". The signature is stylized with a large, looped "W" and "G".

Warner J. Gaines
General Manager

WJC/abb
Attachment

cc: Chron File

NOTICE OF PUBLIC HEARING

The Frankfort Electric and Water Plant Board will conduct a Public Hearing on Tuesday, August 22, 2006 at 5 p.m. at the Clubhouse located at 98 Tanglewood Drive to hear oral comments covering a proposed water rate increase for all wholesale water customers effective with the bill due and payable December 15, 2006.

<u>SERVICE</u>	<u>EXISTING</u>	<u>PROPOSED</u>
Resale – Non-Water Producers <i>(Water Districts)</i>	\$ 1.539	\$ 1.714
Resale – Other Water Producers <i>(Georgetown Water Company)</i>		
0-15,000,000	\$ 1.599	\$ 1.781
Over 15,000,000	\$ 1.406	\$ 1.566

EXHIBIT # 2

South Anderson Water District						9/26/2006	
Water Purchased							
	City of Lawrenceburg			Frankfort Plant Board			Total Purchased
	Gallons			Gallons			Gallons
Sept	14254000	\$	29,314.41	3580700	\$	5,683.25	17834700 \$ 34,997.66
Oct	10472000	\$	21,833.62	3435900	\$	5,453.46	13907900 \$ 27,287.08
Nov	10516000	\$	21,899.93	2994800	\$	4,758.74	13510800 \$ 26,658.67
Dec	9514000	\$	19,938.69	2486000	\$	3,950.25	12000000 \$ 23,888.94
Jan	9261000	\$	19,438.26	2053800	\$	3,263.49	11314800 \$ 22,701.75
Feb	10402000	\$	21,695.15	2121900	\$	3,371.70	12523900 \$ 25,066.85
March	7410000	\$	15,412.80	1701000	\$	2,702.89	9111000 \$ 18,115.69
April	9070000	\$	18,298.28	1911400	\$	3,037.21	10981400 \$ 21,335.49
May	8601000	\$	18,728.84	1990200	\$	3,162.43	10591200 \$ 21,891.27
June	10170000	\$	21,926.46	2090700	\$	3,322.13	12260700 \$ 25,248.59
July	10600000	\$	22,802.80	2424300	\$	3,852.22	13024300 \$ 26,655.02
August	12780000	\$	27,245.64	2751300	\$	4,371.81	15531300 \$ 31,617.45
	123050000	\$	258,534.88	29542000	\$	46,929.58	152592000 \$ 305,464.46
Cost of Frankfort Water - Old Rate:			\$1.539/1,000				\$45,465.14
Cost of Frankfort Water - New Rate:			\$1.714/1,000				\$50,634.99
Cost of Lawrenceburg Water:			First 8,000 gal./mo. @\$ 2.15/1,000				\$206,400.00
			Remaining @2.00/1,000 gal				\$54,100.00
			Total				\$260,500.00
Combined Cost at old rate:							\$305,965.14
Combined Cost at new rate:							\$311,134.99
Difference in cost:							\$5,169.85

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	123050000	\$ 258,534.88	29542000	\$ 46,929.58	152592000	\$ 305,464.46	

PUBLIC NOTICE
SOUTH ANDERSON WATER DISTRICT
PURCHASED WATER ADJUSTMENT

Due to an increase in the wholesale rate for water purchased from the City of Lawrenceburg, the South Anderson Water District has applied to the Kentucky Public Service Commission for a rate increase to cover its increased costs. The rates contained herein are the rates proposed by South Anderson Water District, however the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body public or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rates change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion including the status and interest of the party. Copies of the application may be obtained at no charge from the South Anderson Water District at 142 South Main St., Lawrenceburg, KY 40342.

MONTHLY WATER RATES

	OLD RATE	NEW RATE
First 2,000 gallons	\$16.15	\$16.21 (minimum bill)
Next 1,000 gallons	7.91	7.94 per 1,000 gallons
Next 2,000 gallons	6.86	6.89 per 1,000 gallons
Next 2,000 gallons	5.87	5.90 per 1,000 gallons
Next 3,000 gallons	4.83	4.86 per 1,000 gallons
All over 10,000 gallons	4.50	4.53 per 1,000 gallons

The proposed rates are scheduled to go into effect on services rendered on and after November 10, 2006. The proposed rate increase will only recover the District's increase in the cost of purchased water.