

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

Case No: 2008-00326

August 6, 2008

Ms. Stephanie Stumbo, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

AUG - 7 2008

**PUBLIC SERVICE
COMMISSION**

Dear Ms. Stumbo:

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 Berea that will be effective on September 10, 2008. Exhibit "C" is attached to the application showing this agreed to rate increase.

Also, enclosed is a revised tariff sheet reflecting the two 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

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

RECEIVED

AUG - 7 2008

PUBLIC SERVICE
COMMISSION

THE GARRARD COUNTY WATER ASSOCIATION, INC.
(Name of Utility)

AUGUST 6, 2008
(Date)

P.O. BOX 670
(Address)

LANCASTER, KY 40444-0670
(City, State)

859-792-4501
(Telephone Number)

Case No:
2008-00326

- 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 LANCASTER</u>	<u>NO ADJUSTMENT SEE ATTACHED EXHIBIT A</u>	
<u>CITY OF DANVILLE</u>	<u>NO ADJUSTMENT SEE ATTACHED EXHIBIT B</u>	
<u>CITY OF BEREA</u>	<u>\$1.95</u>	<u>\$2.20</u>

5. Increased water cost \$6,622.04.

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

6. Purchased water adjustment factor \$.02.

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 September 10, 2008.



(Signature of Utility Officer)



(Title)

Water Rate Agreement

This Agreement made and entered into this 5th day of June, 2008, 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".

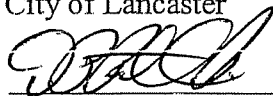
Witnesseth: That whereas by a contract dated March 25, 1970, an arrangement was made that the rate to be charged for water supplied by the City to the Association would be subject to modification every five years based on a demonstrable increase in the cost of performance, such cost not to include increased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

That whereas this time period was shortened to one year by subsequent agreements and that the latest one year agreement expires at the close of the day on June 30, 2008 and whereas this latest one year agreement introduced the concept of a guaranteed minimum purchase by the Association from the City.

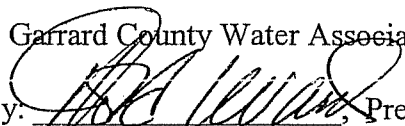
Now, therefore, the parties hereto agree as follows:

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 \$1.88 per thousand gallons for the next year. There will be a Kentucky River Fee of \$.088 added. If there is an increase in the Kentucky River Fee it will be passed on to the purchaser in the next billing cycle after becoming effective. The increased rate is to take effect on July 1, 2008. This agreement will remain in effect to June 30, 2009.
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 in 2009 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 5th day of June, 2008.

City of Lancaster
By: , Mayor

Attest 

Garrard County Water Association
By: , President

Attest 

EXHIBIT B

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)
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EXHIBIT B 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.

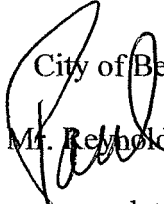
7. The Purchaser shall not consume more than the monthly limit without written permission from the Seller except in the case

BEREA MUNICIPAL UTILITIES

P.O. BOX 926
BEREA, KENTUCKY 40403
(859) 986-4391
FAX (859) 986-5884

July 9, 2008

Mr. Paul Reynolds
Garrard County Water Association
P.O. Box 670
Lancaster, KY 40444

RE:  City of Berea Wholesale Water Rate Increase Notice.

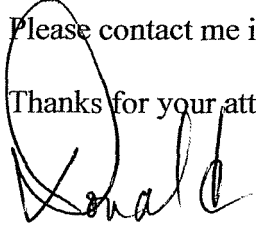
Dear Mr. Reynolds:

We have completed the rate study and passed the necessary ordinance to change the rates for which we charge Garrard County Water Association. In April/May 2008, I forwarded to you via email a copy of the consumption analysis and revenue requirements which were the basis for the proposed increase.

Ordinance No. 07-08 provides that the new charge to GCWA will be \$0.0162490 per cubic foot, or the equivalent of \$2.172 per 1,000 gallons. We will continue to add a KRA fee as we have in the past. This is the first water rate increase since 1990.

Please contact me if there are any questions or concerns.

Thanks for your attention,


Donald D. Blackburn
Utilities Manager

Enclosures

C: Kentucky Public Service Commission

EXHIBIT C cont.

Berea Municipal Utilities
(Name of Utility)

For: Berea, Kentucky and Vicinity
Community, Town or City
P.S.C. KY. NO. _____
SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____
SHEET NO: _____

RATES & CHARGES

WHOLESALE SERVICE-CLASS 6

Garrard County Water Association \$0.0162490 per cubic foot
(Berea City Ordinance No. 07-08)

Southern Madison Water District \$0.002172 per gallon
(Berea City Ordinance No. 07-08)

Separate Line Item for the Kentucky River Authority Withdrawal Fee:

Tier I Fee: \$0.0220 per 1,000 gallons
Adjustment (15%) for water losses: \$0.0033 per 1,000 gallons
Total: \$0.0253 per 1,000 gallons

Note: The above Kentucky River Authority Withdrawal Fee has been previously submitted and approved. It remains unchanged.


DATE OF ISSUE: May 19, 2008
Month/Date/Year
DATE EFFECTIVE: August 10, 2008
Month/Date/Year
ISSUED BY: 
(Signature of Officer)
TITLE: MAYOR
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO: _____ DATED: _____

EXHIBIT D

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

<u>MONTH</u>		<u>AMOUNT</u>
July	2007	8,296,592 GALLONS
August	2007	11,471,852 GALLONS
September	2007	9,748,834 GALLONS
October	2007	9,634,764 GALLONS
November	2007	7,735,068 GALLONS
December	2007	7,828,044 GALLONS
January	2008	7,291,055 GALLONS
February	2008	6,874,793 GALLONS
March	2008	6,874,793 GALLONS
April	2008	6,997,465 GALLONS
May	2008	8,857,218 GALLONS
June	2008	7,868,661 GALLONS
	TOTAL GALLONS	99,479,139 GALLONS

FOR Entire Area Served
Community, Town or City

P.S.C. KY. NO. _____

13th Revised SHEET NO. 1

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

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

12th Revised SHEET NO. 1

RATES AND CHARGES

RATE PER UNIT

RESIDENTIAL, FARM AND SMALL COMMERCIAL

5/8" x 3/4" Meter Schedule

First	1,000 Gallons	10.15 (Minimum Bill)
Next	1,000 Gallons	5.25 per 1,000 Gallons
Next	1,000 Gallons	4.15 per 1,000 Gallons
Next	2,000 Gallons	3.95 per 1,000 Gallons
All Over	5,000 Gallons	3.65 per 1,000 Gallons

LARGE COMMERCIAL, DAIRY FARM AND SCHOOL CONNECTIONS

1" Meter Schedule

First	5,000 Gallons	27.45 (Minimum Bill)
All Over	5,000 Gallons	3.65 per 1,000 Gallons

1 1/2" Meter Schedule

First	10,000 Gallons	45.70 (Minimum Bill)
All Over	10,000 Gallons	3.65 per 1,000 Gallons

2" Meter Schedule

First	25,000 Gallons	100.45 (Minimum Bill)
All Over	25,000 Gallons	3.65 per 1,000 Gallons

Bulk Sales

\$5.00 per 1,000 Gallons

Rates based on monthly consumption.
Penalty of 10% applied to all unpaid bills 10 days from date of bill.

DATE OF ISSUE _____

Month / Date / Year

09/10/08

DATE EFFECTIVE _____

Month / Date / Year

ISSUED BY _____

(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____