LEDBETTER WATER DISTRICT 1483 U. S. 60 West P. O. Box 123 Ledbetter, Kentucky 42058

Phone: 270-898-3236 Fax: 270-898-3496 ledbetterwaterdi@bellsouth.net

November 17, 2008

Stephanie L. Stumbo Executive Director Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40601

RECEIVED NOV 2 1 2008 PUBLIC SERVICE COMMISSION

Case No: 2008-00484

RE: Request for a review of the records regarding an application for a Purchased Water Adjustment

Dear Ms. Stumbo:

Ledbetter Water District hereby requests a review, by the Public Service Commission, of the events regarding a request for a purchased water adjustment. Enclosed are an original and ten copies of this request and supporting documents.

During early 2004 Ledbetter Water District asked Public Service Commission staff to assist with a request for a Purchased Water Adjustment (PWA). Crittenden – Livingston Water District had raised the rate it charged Ledbetter for wholesale water, and a rate increase was necessary to recover the additional cost. PSC staff informed us that the PWA process was much simpler than a full rate case, and they agreed to help. Ledbetter staff provided them with the financial and water use data needed to calculate the rate increase. At the same time, the District was preparing, as a separate case, a request to raise some non-recurring charges and revise some tariff language regarding rules and regulations.

The events referred to herein happened four and one half years ago, and some details cannot be recalled precisely. However we have some supporting documentation to back up our memory, and we believe this account to be accurate. PSC staff involved in the process included Jack Kaninberg and Brent Kirtley. Someone in the Rate Design Branch was also involved, but we cannot recall who that person was.

Using the information provided by the District, PSC's Rate Design Branch calculated new rates. They then prepared a public notice, detailing the PWA rate increase and the effect it would have on customers' bills, and sent that notice to the District. The public notice was submitted to the Paducah Sun to be published one time. Simultaneously a second public notice, concerning the non-recurring charges and tariff language, was submitted to the newspaper for publication three times, as required. The District published the notices (Exhibit BB) in the Paducah Sun, the local daily newspaper with the widest circulation.

Upon submitting the ads to the paper, the District filed an application (Exhibit AA) for the Purchased Water Adjustment, including supporting documentation and a copy of the public notice submitted for publication. The District's records do not specifically state so, but it appears that the application for the PWA was submitted to the PSC in the same package as the request to raise non-recurring charges. We found copies of both applications filed in the same folder, and the notices appear side by side in the newspaper. The District received a letter acknowledging receipt of the application, referencing case number 2004-00107, and a copy is attached (Exhibit CC). Upon receiving it we apparently assumed that this receipt pertained to both applications. We recently reviewed the electronic case file 2004-00107 on the PSC web site, and we found that the last document displayed in the file was a photocopy of the newspaper ad for the PWA.

Either just before publication of the public notice, or just afterward, I had a conversation with Brent Kirtley regarding the PWA process, for the purpose of ensuring that we met all of the PSC requirements. Mr. Kirtley reiterated that the

PWA was a much simpler process than a full rate case, and that we only had to publish the notice in the newspaper once. To the best of my recollection, I asked if that was all that we needed to do. His reply was that we just needed to publish the notice once and then file documents with the PSC.

Upon publication we mailed copies of the public notices that appeared in the paper, along with the affidavits of publication, to the PSC. Copies of the ads, along with the affidavits, are attached. At that point we understood that we had completed the necessary requirements for the Purchased Water Adjustment. We received a copy of an Order approving the increase in non-recurring charges and the changes in tariff language (Exhibit DD), and the PWA case was not mentioned. Having been assured that the PWA process was relatively simple and streamlined compared to a rate case, we, perhaps mistakenly, did not question the lack of an Order specifically approving the PWA. We thought that the process was complete. We put the new rates in effect, as prescribed in the public notice.

The staff working at Ledbetter Water District in 2004 had been involved in one rate case, and had limited experience with the PSC rate processes. We had worked with PSC staff throughout the rate process. We had sent documents necessary for the rate calculations, and documentation of the public notification. We had been told of the relative simplicity of the PWA process, and we apparently misunderstood the degree of simplicity. Thereby we failed to follow up and verify that the PWA was definitely approved.

A discrepancy between the rates the District charges and the rates on file with the PSC was discovered during the process of preparing for an application for a rate increase. Ledbetter Water District is currently operating in the red. We have asked for help in preparing a rate case, and the PSC's staff is assisting us. During conversations with some of the PSC staff, I asked why Ledbetter's Tariff that is available on the PSC web site does not reflect the PWA that we thought we were granted. We were subsequently informed that the PWA had not been approved.

Ledbetter Water District respectfully requests that the Public Service Commission review all files and records in this case to determine whether the District was deficient in filing the application for the Purchased Water Adjustment and, if so, to determine the extent of the deficiency. The District then requests that the Commission rule on the legitimacy of the Purchased Water Adjustment that was enacted, and the resulting rates that the District has charged subsequent to the enactment of the PWA in 2004.

The board of commissioners and the staff of Ledbetter Water District have developed great respect for the Public Service Commission. All of our experiences in working with the commission's staff have been positive. They have been very helpful, reliable and professional. And PSC decisions which we have observed have always appeared to be based on sound reasoning. We would not risk jeopardizing our standing with the Commission by deliberately skirting PSC rules.

We have been informed that it is possible that we may be required to refund money collected through the increased rate that we enacted in 2004. We sincerely hope that the PSC can rule that this is not necessary. The District is already operating in the red, and we do not have money for a refund. Our only source of funds is through rates paid by our customers. Financing a refund would be costly, and that cost would have to be passed on to the customers. Therefore we would need to raise our customers' rates substantially in order to pay those same customers a refund.

The District acted in good faith to obtain approval for the 2004 rate adjustment. The possible error in failing to follow up on the approval process was made without malice or intent. Since that time the District's staff has had considerable experience with rate and Tariff cases, and is much less likely to make such errors. We are familiar with PSC personnel in the different branches, and we are comfortable in asking them questions when necessary. Our personnel regularly attend training sessions conducted by the PSC. We would welcome additional training for our staff and our commissioners if that could be arranged. It is always our desire to be well informed so that we can conduct business properly and in the best interest of the customers we serve.

Sincerely,

Billy Downs_

Billy Downs District Manager

Exhibit AA

270-898-3236

Ledbetter Water District

1483 U.S. 60 West Ledbetter, Kentucky 42058

Thomas M. Dorman Executive Director **KY Public Service Commission** PO Box 615 Frankfort, KY 40602

RE: Formal Application for a Purchased Water Adjustment

Dear Mr. Dorman:

Enclosed is an original and 10 copies of an application for a purchased water rate adjustment for Ledbetter Water District. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached.

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 and an affidavit verifying publication will be forwarded to you upon publication.

The District has previously filed income statements and balance sheets with the Public Service Commission. These income statements and balance sheets are currently on file with the Commission.

Sincerely,

Bill Downs Manager

enclosure

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

Ledbetter Water District (Name of Utility)

February 18, 2004 (Date)

1483 U.S. 60 West, P.O. Box #123 (Address)

Ledbetter, KY 42058 (City, State)

(270) 898-3236 (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 schedule must be shown. Attach additional sheets if necessary.

Supplier(s)	Base Rate	Changed Rate
Crittenden – Livingston Water District	\$1.83	\$2.20

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as **Exhibit A**.
- 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:	Jan 2003	through	Dec 2003
	(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)

Crittenden – Livingston Water

Gallons Purchased during 12 month period 38,509,000

TOTAL PURCHASES

38,509,000

4. Total sales for the 12-month period: **66,222,291.**

5. Increased water cost: **\$14,248.33**

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

6. Purchased water adjustment factor: 0.22.

> 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: March 31, 2004.

Bill Downe

(Signature of Utility Officer)

Manager (Title)

Exhibit A

NOTICE

Ledbetter Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is March 31, 2004. The purpose of the proposed rate increase is to recover added cost due to an increase in the rate that the water district pays for purchased water.

5/8 inch meter	CURRENT	PROPOSED
	RATES	RATES
Customer Charge	\$5.42 Customer Charge	\$5.42 Customer Charge
FIRST 25,000 GALLONS	4.42 per 1,000 gallons	4.64 per 1,000 gallons
OVER 25,000 GALLONS	2.98 per 1,000 gallons	3.20 per 1,000 gallons

COMPARISON OF 5 / 8 " METER SIZE RATES AT DIFFERENT USAGE LEVELS

	MONTHLY BILL AT	MONTHLY BILL AT	PERCENT
MONTHLY	CURRENT	PROPOSED	OVER
<u>USAGE</u>	RATE	RATE	<u>CURRENT</u>
0	\$5.42	\$5.42	0%
1000	9.84	10.06	2.2%
2,000	14.26	14.70	3.1%
5,000	27.52	28.62	4.0%
10,000	49.62	51.82	4.4%
20,000	93.82	98.22	4.7%
30,000	130.82	137.42	5.0%
50,000	190.42	201.42	5.8%
75,000	264.92	281.42	6.2%
100,000	339.42	361.42	6.5%
150,000	488.42	521.42	6.8%
200,000	637.42	681.42	6.9%
1,000,000	3,041.42	3,241.42	6.6%
2,000,000	6,021.42	6,441.42	6.9%

Note: Average customer (5,000 gallons) bill will increase from \$27.52 to \$28.62 or 4.0%.

The rates contained in this notice are the rates proposed by the Ledbetter 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 politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 1483 U. S. 60 West, Ledbetter, Kentucky. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

	FOR <u>Ledbetter, Kentucky</u> Community, Town or City
	P.S.C. KY. NO
	SHEET NO
Ledbetter Water District	CANCELLING P.S.C. KY. NO
(Name of Utility)	SHEET NO
· · · · · · · · · · · · · · · · · · ·	
RAT	ES AND CHARGES
A. MONTHLY RATES:	

All Customer Classes

Customer Charge First 25,000 Gallons Over 25,000 Gallons	\$5.42 per Month \$4.64 per 1,000 Gallons \$3.20 per 1,000 Gallons	

DATE OF ISSUI	3	
	Month	n / Date / Year
DATE EFFECTI	VE	
		n / Date / Year
ISSUED BY	Billto	when
	(Signa	iture of Officer)
TITLE	Manager	
BY AUTHORIT		BLIC SERVICE COMMISSION
IN CASE NO.		DATED

Exhibit BB

The Paducah Sun



The Water District has available for inspection at its office the proposed changes to its Rules and Regulations. The office is located at 1483 U.S. 60 West, Ledbetter, Kentucky 42058.

This notice is published pursuant to 807 KAR 5:011 Tariffs

Ledbetter Water District



DIAL 575-8700

To place your WANT AD MONDAY - FRIDAY 8:00 A.M. TO 4:30 P.M. In-Column Deadlines Sun.-Mon. ... 3 p.m. Friday Tues.-Sat12 Noon Previous Day

9:30 A.M. • Sat., Mar. 27, 2004 Located at 2031 Clay Street, Paducah, KY PERSONAL PROPERTY

Color TV, ottoman, couch & chair, recliner, 2 lamps, 2 end tables, 2 floor lamps, clock, wall pictures, dining room table & chairs, telephone chair, Fostoria glasses China basket, dishes, hutch, China set, stereo & records, salt & pepper shakers, microwave, tulip glass bowl, mel mac, iron, wood stool, Pyrex bowls, rollaway bed, aluminum walker, pots & pans, silverware, toaster, rolling pin, sifter, clock, sewing box, table lamps, bird bell, rabbit dish, pendulum clock, vibrating chair, electric sewing machine, 78 rpm records, Bibles, Zippo

	MONTHLY BILL AT	MONTHLY BILL AT	PERCENT INCREASE
MONTHLY	CURRENT	PROPOSED	OVER
USAGE	RATE	RATE	CURRENT
0	\$5.42	\$5.42	0%
1,000	9.84	10.06	2.2%
2,000	14.26	14.70	3.1%
5,000	27.52	28.62	4.0%
10,000	49.62	51.82	4.4%
20,000	93,82	98.22	4.7%
30,000	130.82	137.42	5.0%
50,000	190.42	201.42	5.8%
75,000	264.92	281.42	6.2%
100,000	339.42	361.42	6.5%
150,000	488.42	521.42	. 6.8%
200,000	637.42	681.42	6.9%
1,000,000	3,041.42	3,241.42	6.6%
2,000,000	6,021.42	6,441.42	6.9%

Note: Average customer (5,000 gallons) bill will increase from \$27.52 to \$28.62 or 4.0%

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Sunday, March 21, 2004



	12 Noon Prev. Day
	Noon Fri.
******	Thurs. 4 p.m.
	Thurs. 4 p.m. Thurs. 4 p.m.
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	Fri. 4 p.m.
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	Tues. Noon
	Wed. Noon
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- 4:30 p.m.

d to check the first insertion of their ads for Sun will be responsible for only one incorshould be reported immediately so correc-

ra ds & Worldwide:

in The Paducah Sun Classifieds, you can TRA! and on SunSix Infonet for an addi-

11	vate	Par	ty A	d Ra	ates:
/S	4 Days	5 Days	6 Days	7 Days	1 Month
.00	\$16.00	\$18.00	\$21.60	\$22.40	\$71.60

DIAL 575-8700

To place your WANT AD

MONDAY - FRIDAY

8:00 A.M. TO 4:30 P.M.

The Paducah Sun



Color TV, ottoman, couch & chair, recliner, 2 lamps, 2 end tables, 2 floor lamps, clock, wall pictures, dining room table & chairs, telephone chair, Fostoria glasses China basket, dishes, hutch, China set, stereo & records, salt & pepper shakers, microwave, tulin plass howl mel

to the Executive Director, Public Service

Frankfort, KY 40602, and shall set forth

the status and interest of the party mov

obtained at no charge from the District (

The. Paducah Sun

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AFFIDAVIT OF PUBLICATION

STATE OF	KENTUCKY
COUNTY	OF MCCRACKEN

Judy Gordon _____, being Classifled Adventising Manager of The 1.

Paducah Sun, published in Paducah, Kentucky, hereby states that The Paducah Sun carried the

advertisement of: _____Ledbetter Water District Notice of Rate Increase

SS

ON THE FOLLOWING DATES: March 21, 2004

SIGNATURE: Judy borden

DATE: March 22, 2004

Subscribed and swom to before me by the Affiant named in the afore-going Affidavit, being personally known to me this 22nd day of March, 2004

My commission expires August 11, 2007

Cassidy J. C. Kinzez



COPY

AFFIDAVIT OF PUBLICATION

,	Judy Gordon		Classified Advertising Manager of The
Paducah Su	un, published in Padu	cah, Kentucky, hereby states that	The Paducah Sun carried the
advertiseme	ont of: <u>Ledbetter</u>	Water District Notice of	Water Charges Revision
	nya nya mina katang kang kang kang kang kang kang kang k	n en	
	yang ding bernar sama kerang dapat di kerang di Ker	ON THE FOLLOWING D	ATES: March 21, 2004
		4	March 28, 2004
			April 4, 2004
		SIGNA	
			0
			DATE: <u>April 5, 2004</u>
			• •
Si	ubscribed and swom	to before me by the Affiant nar	med in the afore-going Affidavit, being
nentopally	known to me this <u>5</u>	th day of April, 200)4
Dorgonana	1.		

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 March 30, 2004

Billy Downs Manager Ledbetter Water District P. O. Box 123 Ledbetter, KY 42058-0123

RE: Case No. 2004-00107 Ledbetter Water District (Rates - Non-Recurring Charges)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received March 26, 2004 and has been assigned Case No. 2004-00107. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact Jeff Cline at (502) 564-3940 ext. 218.

Sincerely,

Thomas M. Dorman Executive Director

Exhibit CC

Exhibit DD

Ernie Fletcher Governor



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 April 23, 2004

Billy Downs Manager Ledbetter Water District P. O. Box 123 Ledbetter, KY 42058-0123

CERTIFICATE OF SERVICE

RE: Case No. 2004-00107 Ledbetter Water District

I, Thomas M. Dorman, 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 April 23, 2004.

Thomas

LaJuana S. Wilcher

Secretary

Executive Director

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LEDBETTER WATER DISTRICT TO INCREASE CERTAIN NON-RECURRING CHARGES

CASE NO. 2004-00107

ORDER

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On March 26, 2004, Ledbetter Water District ("Ledbetter") applied for authority to

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. The proposed charges are equal to the expenses incurred to provide the associated services.

2. The charges and policies set forth in the Appendix to this Order are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The charges in the Appendix are approved for services rendered on and after the date of this Order.

2. The proposed tariff sheets filed by Ledbetter are approved as filed.