



A Proud Past. A Bright Future.

Office of the City Manager

Post Office Box 1839
Ashland, Kentucky 41105-1839
Telephone: (606) 327-2002
Fax: (606) 327-2055
For Hearing Impaired: TDD (606) 327-2097

RECEIVED

FEB 09 2009

**PUBLIC SERVICE
COMMISSION**

February 9, 2009

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

2009-00057

RE: Wholesale Water Rate Adjustment for Cannonsburg Water District

Dear Mr. Derouen:

Please consider this official notice that the City of Ashland proposes to adjust its wholesale water rate for service provided to Cannonsburg Water District.

The rate increase is necessary because a water rate study completed by HDR / Quest Engineers in June 2008 determined that the rate currently in effect does not cover the costs associated with providing water service to Cannonsburg Water District.

As allowed under KRS 278.180, it is respectfully requested the rates be allowed to become effective on March 1, 2009, which is less than the standard 30-day notice period. For a showing of good cause, the City of Ashland submits that Cannonsburg Water District was initially notified of the rate increase on September 8, 2008 and furthermore that implementation of the rate increase has been delayed an additional two months from the date the rate increase would have become effective. As a result, Cannonsburg Water District has been given nearly a 6-month notice which is a significantly longer notice period than the required 30-days. Therefore, the requested deviation only affects the notice period for the Public Service Commission.

Enclosed is (1) a proposed tariff sheet with an effective date of March 1, 2009, (2) a copy of the letter and notice to Cannonsburg Water District, and (3) a copy of the city ordinance setting the rate to Cannonsburg Water District of \$1.89 per 1,000 gallons.

Please contact me should you have any questions regarding this filing.

Regards:

Stephen W. Corbitt, PE
City Manager
City of Ashland

FOR Boyd County, Kentucky
Community, Town or City

P.S.C. KY. NO. 1

1st Revised SHEET NO. 1

CANCELLING P.S.C. KY. NO. 1

Original SHEET NO. 1

City of Ashland, Kentucky
(Name of Municipal Utility)

RATES AND CHARGES

MONTHLY WHOLESALE WATER RATE:

Cannonsburg Water District

\$1.89 Per 1,000 Gallons

NOTE: This tariff revises the following prior rates:

\$1.20 per 1,000 gallons effective on April 6, 1998.

\$1.32 per 1,000 gallons effective on January 1, 2006.

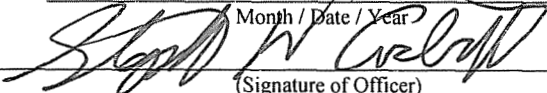
\$1.43 per 1,000 gallons effective on January 1, 2007.

DATE OF ISSUE FEBRUARY 9, 2009

Month / Date / Year

DATE EFFECTIVE MARCH 1, 2009

Month / Date / Year

ISSUED BY 

(Signature of Officer)

TITLE CITY MANAGER

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

ACKNOWLEDGEMENT OF RECEIPT

I, Danny Clarkson, Manager of the Cannonsburg Water District, hereby acknowledge receipt of the letter dated September 8, 2008 from Stephen W. Corbitt, City Manager of the City of Ashland, stating that the City of Ashland intends to pursue a water rate increase to \$1.89/1,000 gallons effective January 1, 2009 and an annual adjustment each January thereafter.

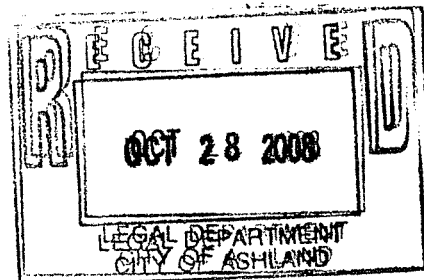
Danny Clarkson
DANNY CLARKSON

STATE OF KENTUCKY)
COUNTY OF Boyd)

I, a Notary Public in and for the aforesaid county and state, do hereby certify that the foregoing Acknowledge of Receipt was this day before me in my said county and state, duly executed, acknowledged, subscribed and sworn to by Danny Clarkson, Manager of the Cannonsburg Water District, to be his free act and deed.

This 15th day of October, 2008.

Melanie P. Stemmer
NOTARY PUBLIC, State-at-Large, KY
My Commission Expires: 01-23-2012



NOTICE

The City of Ashland has filed a proposed rate schedule with the Public Service Commission which will increase the rate for water service provided as follows:

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>% Increase</u>
Cannonsburg Water District	\$1.43 per 1000 gallons	\$1.89 per 1000 gallons	32.2%

The proposed effective date is March 1, 2009. Water flowing through the meter(s) before the effective date will be charged at the current rate. Water flowing through the meter(s) on and after the effective date will be charged at the new proposed rate.

The rates contained in this notice are the rates proposed by the City of Ashland. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes request to intervene. Intervention may be granted beyond the thirty (30) day period for good cause shown.

Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and any other filings made by the utility by contacting Stephen Corbitt, City of Ashland, 1700 Greenup Avenue, Ashland, Kentucky 41105-1839; telephone 606-327-2055.

Any person may examine the rate application and other filings made by visiting the offices of the City of Ashland at 1700 Greenup Avenue in Ashland, Kentucky, or by contacting the Public Service Commission at 211 Sower Boulevard in Frankfort, Kentucky; telephone 502-564-3940.



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September 8, 2008

Danny Clarkson, Manager
Cannonsburg Water District
1606 Cannonsburg Road
Ashland, KY 41102

Dear Mr. Clarkson;

I am notifying The Cannonsburg Water District of a water rate increase to \$1.89 /1,000 gallons effective January 1, 2009 and an annual adjustment each January thereafter.

As per our contract: "City of Ashland shall notify the Cannonsburg Water District of proposed rate increase and no modification shall become effective earlier than one hundred eight days after increase shall be adopted by City of Ashland".

The City of Ashland City Commissioned passed Ordinance 59, 2008 (copy attached) on June 9, 2008 that set Water District fees at \$1.89 per 1,000 gallons effect July 1, 2008. The Ordinance also an annual adjustment to the rate as follows:

Effective January 1, 2010 and each January thereafter:

The annual percentage increase of the Water, Sewer, and Garbage line item for the U. S. Department of Labor Consumer Price Index starting with the percentage for 2008 shall be applied one year later on January 1, 2010. The 2009 annual percentage rate shall be applied on January 1, 2011 in the like manner, and annually thereafter similar adjustments shall be applied to the user charge per 1,000 gallons.

The contract also requires the City of Ashland to reasonably provide Cannonsburg information which would assist Cannonsburg in its presentation or application required with the KY PSC for approval of proposed rates. The following is attached:

- The Water Rate Study of the Ashland Utility which was completed by HDR / Quest Engineers in June 2008. This study determined that Ashland water rate currently in effect to your system does not cover the cost of services for the City of Ashland to provide that water.

Danny Clarkson
September 8, 2008
Page Two

- A 2006 study of 159 Kentucky water rates by Allen & Hoshall Engineering shows that Ashland's water rates are lower than 96.3% of the rates in the Commonwealth.

The City of Ashland is also making application with the KY PSC for approval of proposed rates. For inclusion in that application, the City requests a letter from the Cannonsburg Water District confirming notification of the rate increase.

Regards

A handwritten signature in black ink, appearing to read "Stephen W. Corbitt". The signature is stylized and cursive.

Stephen W. Corbitt, PE
City Manager
City of Ashland

CM

ORDINANCE NO. 81, 2008

AN ORDINANCE OF THE CITY OF ASHLAND, KENTUCKY, AMENDING ORDINANCE NO. 59, SERIES OF 2008, WHICH ESTABLISHED WATER RATES, TAP FEES, INSTALLATION CHARGES, SERVICE CHARGES, PENALTIES, AND INTEREST.

* * * *

BE IT ORDAINED BY THE CITY OF ASHLAND, KENTUCKY:

SECTION 1. That Ordinance No. 59, series of 2008, being an ordinance entitled, "AN ORDINANCE OF THE CITY OF ASHLAND, KENTUCKY, ESTABLISHING WATER RATES, TAP FEES, INSTALLATION CHARGES, SERVICE CHARGES, PENALTIES, AND INTEREST AND REPEALING ORDINANCE NO. 80, SERIES OF 2005, AS AMENDED BY ORDINANCE NO. 25, SERIES OF 2007," be and said ordinance is hereby amended as follows, such amendments shown by underscoring all newly inserted language and by a single broken line through all deleted language:

SECTION 1. FEES.

That on and after the effective date of this ordinance, the rates and charges for water sold by the Department of Public Services of the City of Ashland, shall be as follows:

1.1 FEES FOR WATER SERVICE WITHIN THE CORPORATE LIMITS OF THE CITY OF ASHLAND EFFECTIVE JULY 1, 2008

Administrative & Billing Charge \$3.68/mo.

User Charges

0 to 2,000	gallons @	\$3.74 per 1,000 gallons
2,001 to 10,000	gallons @	\$2.81 per 1,000 gallons
10,001 to 100,000	gallons @	\$2.27 per 1,000 gallons
over 100,000	gallons @	\$1.84 per 1,000 gallons

Minimum Bill ----- \$7.42 per month

EFFECTIVE JANUARY 1, 2010 AND EACH JANUARY THEREAFTER

The annual percentage increase of the Water, Sewer, and Garbage line item for the U. S. Department of Labor Consumer Price Index starting with the percentage for 2008 shall be applied one year later on January 1, 2010. The 2009 annual percentage rate shall be applied on January 1, 2011 in the like manner, and annually thereafter similar adjustments shall be applied to:

Administrative and billing charges
Each user charge per 1,000 gallons
Minimum bills

1.2 FEES FOR WATER SERVICE OUTSIDE THE CORPORATE LIMITS OF THE CITY OF ASHLAND EFFECTIVE JULY 1, 2008

Administrative & Billing Charge \$3.68/mo.

User Charges

0 to 2,000	gallons @	\$6.35 per 1,000 gallons
2,001 to 10,000	gallons @	\$4.78 per 1,000 gallons
10,001 to 100,000	gallons @	\$3.85 per 1,000 gallons
over 100,000	gallons @	\$3.12 per 1,000 gallons

Minimum Bill ----- \$~~10.03~~ 16.38 per month

EFFECTIVE JANUARY 1, 2010 AND EACH JANUARY THEREAFTER

The annual percentage increase of the Water, Sewer, and Garbage line item for the U. S. Department of Labor Consumer Price Index starting with the percentage for 2008 shall be applied one year later on January 1, 2010. The 2009 annual percentage rate shall be applied on January 1, 2011 in the like manner, and annually thereafter similar adjustments shall be applied to:

Administrative and billing charges
Each user charge per ~~1,000~~ 2,000 gallons
Minimum bills

1.3 FEE EXCEPTION FOR ELDERLY OR HANDICAPPED PERSONS.

Effective July 1, 2008 the minimum monthly water charge stated in this ordinance shall not apply to family residential units located in the City of Ashland which are occupied by the homeowner, provided that the occupant is on a fixed income due to being blind, disabled, or sixty-two (62) years of age or older, provided that said total family income does not exceed Seventeen Thousand Five Hundred Dollars (\$17,500) annual, provided that such financial incapacity is proven and established to the satisfaction of the City Manager of the City of Ashland, or his designee by sworn affidavit or other properly authenticated records. If such provisions apply, the minimum monthly water usage charges effective July 1, 2008 shall be Two Dollars and Four Cents (\$2.04) per month. Also, if such provisions apply, the Administrative and Billing Charge, effective July 1, 2009 shall be Three Dollars and Fifteen Cents (\$3.15) per month.

Any fee reduction granted must be renewed annually by the homeowner by January 1st. Failure to renew exemption applications January 1st of each year will result of termination of the exemption.

Renewal of expired exemptions, or new exemptions, may be granted at any time during the year, however, no retroactive exemptions shall be granted.

1.4 WATER DISTRICT FEES.

Per Agreements with City:

\$1.89 per 1,000 gallons effective July 1, 2008.

EFFECTIVE JANUARY 1, 2010 AND EACH JANUARY THEREAFTER

The annual percentage increase of the Water, Sewer, and Garbage line item for the U. S. Department of Labor Consumer Price Index starting with the percentage for 2008 shall be applied one year later on January 1, 2010. The 2009 annual percentage rate shall be applied on January 1, 2011 in the like manner, and annually thereafter similar adjustments shall be applied to:

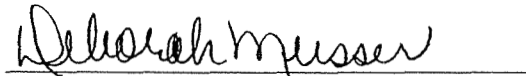
User charge per 1,000 gallons

SECTION 2. All ordinances and parts of ordinances in conflict herewith, to the extent of such conflict only, are hereby repealed.

SECTION 3. This ordinance shall be in full force and effect from and after its adoption, readoption and publication, as required by law.


PRESIDING COMMISSIONER

ATTEST:


CITY CLERK

ADOPTED BY THE BOARD OF COMMISSIONERS: August 7, 2008
READOPTED BY THE BOARD OF COMMISSIONERS: **AUG 21 2008**
PUBLISHED: _____

REQUESTED/SPONSORED BY: MICHELLE VEACH
ASSISTANT FINANCE DIRECTOR