

Powell's Valley Water District
31 Adams Ridge Road
P.O. Box 550
Clay City, Kentucky 40312
606 663-5870

October 5, 2009

RECEIVED

OCT 7 2009

PUBLIC SERVICE
COMMISSION

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: Beech Fork Water Commission Increase

To Whom It May Concern:

2009-00406

The Powell's Valley Water District has been notified by the Beech Fork Water Commission of a significant rate increase in the amount of \$.087 per 1000 gallons effective January 1, 2010.

The Powell's Valley Water District cannot absorb the large additional cost once the new rate increase goes into effect. We are asking for a review of the enclosed information and approval in time to meet the new increase the District will incur January 1, 2010.

We are enclosing the original and 10 copies of a Purchase Water Adjustment, new Tariff filing, worksheets and a copy of the notice from Beech Fork Water Commission.

If you have any questions, please call our office 606 663-5870.

Sincerely,



Stephen Everman, Chairman
Powell's Valley Water District

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

RECEIVED

OCT 07 2009

**PUBLIC SERVICE
COMMISSION**

Name of Utility	Powell's Valley Water District	
Date	October 1, 2009	
Address	P.O. Box 550 31 Adam's Ridge Road	
City, State, Zip	Clay City, Kentucky	40312
Telephone Number	606 663-5870	

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.


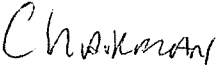
Supplier(s)	Base Rate	Changed Rate
Beech Fork Water	\$1.90	\$2.57

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit

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	October 2008	through	September 2009
	(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
Beech Fork Water Commission	139,714,000
TOTAL PURCHASES	139,714,000
4. Total sales for the 12 month period	108,435,250
5. Increased water cost	\$93,608.38
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	\$0.87
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p>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.</p>	
7. Proposed effective date	January 1, 2010
	
Signature of Utility Officer	
	
Title	

FOR Powell, Estill, Montgomery and Wolfe Counties

Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____

Powell's Valley Water District
(Name of Utility)

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

SHEET NO. _____

RATES AND CHARGES

Customer Class	Rates
First 2,000 Gallons (Min. Bill)	\$20.74 Min. Bill
Next 2,000 Gallons	\$8.96 Per 1,000 Gallons
Next 2,000 Gallons	\$8.06 Per 1,000 Gallons
All Over 6,000 Gallons	\$7.53 Per 1,000 Gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE January 1, 2010
Month / Date / Year

ISSUED BY *St. Eve*
(Signature of Officer)

TITLE *Chairman*

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

Powell's Valley Water District	Water Purchase	2008													#8
Beech Fork	GALLONS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	GALLONS YTD	
	COST	\$21,161.22	\$22,486.48	\$19,277.66	\$22,158.74	\$22,487.40	\$24,349.82	\$26,094.99	\$26,339.09	\$26,456.89	\$23,554.11	\$23,123.58	\$20,778.74	133,360.100	
		110,100	11,699,000	10,030,000	11,529,000	11,700,000	12,669,000	13,577,000	13,704,000	13,245,000	12,256,000	12,031,000	10,811,000	133,360,100	
														\$277,267.72	

This was used during 2008 audit

35,097,000.00 +
 104,617,000.00 +
 002 139,714,000.00 *

10/08-9/09

Gallons purchased

12,225,000.00 +
 12,031,000.00 +
 10,811,000.00 +
 003 35,097,000.00 *

10/08-12/08 gallons

Powell's Valley Water District	District												#8
Water Purchase	2009												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	GALLONS YTD
Beech Fork	11,288,000	11,924,000	10,051,000	10,613,000	11,186,000	12,186,000	12,827,000	12,288,000	12,256,000	0	0	0	104,617,000
GALLONS													
COST	\$21,695.54	\$22,917.93	\$19,318.02	\$20,398.19	\$21,499.49	\$23,419.57	\$24,653.49	\$23,617.54	\$23,554.11	0	0	0	\$201,073.88

RUN DATE: 09/30/09 10:07
 TERMINAL: 0

POWELL'S VALLEY WATER DISTRICT
 HISTORY TRACKING BY VOLUME RANGES
 FOR 10/2008 THRU 09/2009

PAGE 1
 program 10-6-1

SERVICE: W WATER ACCOUNT RANGE: ALL ACCOUNT CLASS RANGE: A THRU Z
 RATE TABLE(S): ALL adjusted usage included usage converted MASTER METER RANGE: ALL

VOLUME RANGE: -99999.9 THRU -9999.0 NO RECORDS FOUND FOR THIS RANGE

VOLUME RANGE: -9999.7 THRU 999999.9

ITEM	OCT 08	NOV 08	DEC 08	JAN 09	FEB 09	MAR 09	TOTALS
COUNT	2339	2330	2320	2319	2307	2310	27920
USAGE	97901.1	87482.2	78094.1	85060.9	82123.1	72106.3	1084352.50 <i>sellms</i>
AVERAGE USE	41.9	37.4	33.5	36.7	35.6	31.2	38.8
BILLING	72365.75	66605.22	61566.76	65146.61	63726.68	58137.10	986927.04 <i>Billing</i>
AVERAGE BILL	30.94	28.49	26.45	28.09	27.62	25.17	32.47

REPORT TOTALS

ITEM	OCT 08	NOV 08	DEC 08	JAN 09	FEB 09	MAR 09	TOTALS
COUNT	2339	2330	2320	2319	2307	2310	27920
USAGE	97901.1	87482.2	78094.1	85060.9	82123.1	72106.3	1084352.5
AVERAGE USE	41.9	37.4	33.5	36.7	35.6	31.2	38.8
BILLING	72365.75	66605.22	61566.76	65146.61	63726.68	58137.10	986927.04
AVERAGE BILL	30.94	28.49	26.45	28.09	27.62	25.17	32.47

OR THIS REPORT BILLING CONSIST OF THE FOLLOWING ITEM(S):
 CHARGES

B. SCOTT GRAHAM

Attorney At Law

331 East College Ave. • P.O. Box 637
Stanton, Kentucky 40380

606-663-6368

1-800-663-9989

Fax 663-6348

August 3, 2009

City of Stanton
Attn: Mayor Dale Allen
PO Box 370
Stanton, Kentucky 40380

City of Clay City
Attn: Mayor Jimmy Caudill
PO Box 548
Clay City, Kentucky 40312

Powell's Valley Water District
PO Box 550
Clay City, Kentucky 40312

In Re: Water Rate Increase;
Beech Fork Water Commission

Dear Stanton, Clay City and Powell's Valley Water District,

I am the attorney for the Beech Fork Water Commission. The Commission has requested that I contact each of its customers and provide notification that at its last meeting on July 13th, the Beech Fork Water Commission, after reviewing the current state of the finances, approved a rate increase for its potable water to \$2.57 per thousand gallons. I have enclosed a copy of the resolution enacting said rate increase. This was the first increase by the Beech Fork Water Commission in approximately ten years and was only done due to the recent financial reports and analysis demonstrating that the Commission is now, and has for the past year or two, been operating at a deficit. The rate increase is to become effective on January 1, 2010, and should be sufficient to insure that no deficits or shortfalls in spending occur by the Beech Fork Water Commission in the next few years.

The Commission regrets being forced to increase its water rates, but the economics of the situation are such that Beech Fork is now, and has been for some time, operating at a loss. The ever-increasing costs of health and property insurance, employee benefits and wages, and the costs of producing the water and to make periodic repairs to the system have steadily increased in past years. As an employer, I am sure that you are aware of these same cost increases. As stated previously, the rate increase will not go

into effect until January 1, 2010. Hopefully, this will allow your governmental body sufficient time to modify the rates you charge to your customers. Once again, we regret this increase and have taken steps to delay any increase as much as possible, but it appears that we have reached that point.

The next regular meeting of the Beech Fork Water Commission is scheduled for Monday, August 10th at 6:00 pm at the Beech Fork Water Plant. If you have any questions regarding this matter or would like to discuss the reasons behind the need for the rate increase or address any concerns you may have, you are welcome to be present at that meeting. Also, you are welcome to contact either myself or the Chairman, Ray Rogers, regarding same. We appreciate your assistance on this matter.

Sincerely,

A handwritten signature in black ink that reads "B. Scott Graham". The signature is written in a cursive style with a large initial "B" and a long, sweeping underline.

B. Scott Graham
Attorney for the
Beech Fork Water Commission

BEECH FORK WATER COMMISSION
RESOLUTION NO. 09-04

WHEREAS, the Beech Fork Water Commission is faced with ever-increasing operational costs associated with the maintenance, operation and upkeep of its existing system and water plant, as well as the costs incurred by the Commission in maintaining its employees at said plant; and

WHEREAS, no increase to water rates by the Commission has taken place in approximately ten years, during which time the costs incurred by the Commission to produce potable water has increased significantly; and

WHEREAS, the Beech Fork Water Commission did not generate a profit last fiscal year and, based on the current rates, will continue to operate at a loss until some action is taken to increase revenues; and

WHEREAS, the increase in costs and expenses incurred by the Commission is such as to amount to a "demonstrative increase" so as to permit and require modification of the rates charged by the Beech Fork Water Commission to its customers; and

WHEREAS, in order to protect the financial stability of the Beech Fork Water Commission, it is deemed necessary and appropriate by the Commission to increase the charges for potable water supplied to the Commission's three customers, (the City of Stanton, the City of Clay City and the Powell's Valley Water District);

NOW THEREFORE, BE IT RESOLVED BY THE BEECH FORK WATER COMMISSION AS FOLLOWS:

1. The Beech Fork Water Commission hereby raises the rates it shall charge its three customers, (City of Stanton, City of Clay City, and the Powell's Valley Water District), from \$1.90 per thousand gallons of potable water to \$2.57 per thousand gallons of potable water;
2. That the above rate change shall not alter or in any way affect the 0.022 rate per thousand gallons usage fee currently assessed by the Kentucky River Authority;
3. That Ray Rogers, as Chairman of the Beech Fork Water Commission is hereby authorized to execute, on behalf of the Beech Fork Water Commission, such documents as are necessary in order to formalize the modification of rate as set forth above.
4. That the new rate for thousand gallons of potable water shall be effective as of January 1, 2010.

Motion to approve this Resolution was made by Mary Baber;
Seconded by Jerry Rose. The vote was 5 in favor;
and 0 opposed, at the regular meeting of the Beech Fork Water Commission,
held on the 13th day of July, 2009.

Ray Rogers
RAY ROGERS, Chairman
Beech Fork Water Commission

ATTEST:

Dan Med
SECRETARY, Beech Fork
Water Commission