



# CITY OF GREENSBURG

*"Bridging the Past and the Future!"*

110 West Court Street  
Greensburg, Kentucky 42743  
(270) 932-4298 Fax: 932-7778  
[www.GreensburgOnline.com](http://www.GreensburgOnline.com)  
[CityHall@GreensburgOnline.com](mailto:CityHall@GreensburgOnline.com)

October 8, 2009

Jeff Derouen  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

Dear Mr. Derouen:

Please consider this the 30 day notice required for the City of Greensburg to adjust its wholesale water rate for service to the Green-Taylor Water District.

The water district was notified of the increase via a letter sent on July 20<sup>th</sup>, 2009. (See Copy Attached)

The rate was approved in City Ordinance Number 2009-0706.

Enclosed is a proposed tariff sheet with an effective date of November 9, 2009, and a copy of the PSC notice that was sent to the district on October 8, 2009.

The new rate was established based on a financial review by both Bell Engineering (See Attached) and the City's independent accountant, which noted based on last year's cost alone just to break even the City would have to increase rates across the board to residents as well as the water district by 14.81%. It was also noted that these numbers did not include the increased cost of newly mandated testing, chemicals or pension cost. It should also be noted the City of Greensburg, prior to this increase, has raised the rates to our own citizens twice over the last few years without raising the rate to the Green – Taylor Water District. Without this increase, the financial solvency of the City's Water Utility is questionable and could cause the City to default on its current bonded debt.

The Green – Taylor Water District has requested by letter that we review our numbers with them and their representative Ms. Carryn Lee (See Attached). We will be happy to do so however, given the dire financial situation the system is in, we can not allow those discussions to slow down the process through PSC.

**Mayor George C. "Lisle" Cheatham, II**

Therefore, we urgently request your assistance with this proposed rate increase. Please feel free to contact me with with any questions and to review the process that we need to follow going forward.

Sincerely,

A handwritten signature in black ink, appearing to read "George 'Lisle' Cheatham, II". The signature is fluid and cursive, with a large initial "G" and "C".

George "Lisle" Cheatham, II  
Mayor  
City of Greensburg

## NOTICE

The City of Greensburg has filed a proposed rate schedule with the Public Service Commission to increase its rates to the Green-Taylor Water District as follows:

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>% Difference</u>
Green-Taylor Water District			
All Usage	\$1.838 per 1000 gallons	\$2.206 per 1000 gallons	20.0% Increase

The proposed effective date is 11/9/2009.

The rates contained in this notice are the rates proposed by the City of Greensburg. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates other than the 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. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the rate application and testimony by visiting the office located at: 110 West Court Street in Greensburg, Kentucky; telephone 270-932-4298.

A copy of the application and testimony shall be available for public inspection at the office.



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**FILE COPY**

July 20, 2009

Green-Taylor –Water District  
c/o Roger Moss, Manager  
391 Industrial Park Rd.  
Greensburg, KY 42743

Dear Mr. Moss:

The City of Greensburg as worked hard over the past several years to keep costs at a minimum while at the same time maintaining our infrastructure. As I am sure you are aware this has become increasingly difficult under the current economic and regulatory environment.

Over the past seven years, our cost for personnel, benefits, property and liability insurance, utilities along with chemical and testing have increased by 10.64% per year. This doesn't even take into account the cost of maintenance and improvements to an aging system. Since 2004 the residents of Greensburg have seen two rate increases associated with project cost to maintain or improve the system totaling approximately 14%. During this same time period the rate charged to the Green – Taylor Water District had not been changed. However, due to the increased cost of operating and maintaining the City Of Greensburg Utility System, the City has been forced to implement a 20% across the board rate increase for all customers including the Green – Taylor Water District effective August 1<sup>st</sup>, 2009. The current rate being charged Green – Taylor has been \$1.838 per 1000 gallons. The new rate will be \$2.206 per 1000 gallons. If viewed over the period since the last rate adjustment – 5 years ago – this represents less than a 4% per year annual increase.

If you should require further information, please do not hesitate to contact me at 270-932-4298 or via e-mail at [Mayor@Greensburgonline.com](mailto:Mayor@Greensburgonline.com).

Sincerely,

George C. Cheatham, II  
Mayor  
City of Greensburg

GCC/jbc  
Encl: Ordinance 2009-0706

**Mayor George C. "Lisle" Cheatham, II**

AN ORDINANCE  
OF THE  
CITY OF GREENSBURG  
Ordinance Number: 2009-0706

AN ORDINANCE AMENDING THE RATES FOR THE USE OF THE MUNICIPAL WATER  
WORKS SYSTEM AND THE MUNICIPAL SEWER OF THE CITY OF GREENSBURG

WHEREAS, it has been determined that mandatory State regulations, and the rising costs to maintain the City of Greensburg’s existing water and wastewater systems and to provide continued water quality, necessary flow, pressure and fire protection; and

WHEREAS, the Greensburg Water & Sewer system’s water and sewer revenue has remained relatively flat, growing at just 2.34% per year since 2002, while at the same time expenses for day to day operations and maintenance has grown by over 10.64% per year since 2002; and

WHEREAS, the Greensburg Water & Sewer system cannot continue to absorb the additional cost of operation by continuing to pull cash from its reserve funds to maintain normal standard operations; and

WHEREAS, it is has been determined through a ten county survey that the current Greensburg Water and Sewer rates are well below the average, and as a result, has placed the system in a financial bind; and

WHEREAS, the City of Greensburg has been advised by the Division of Water and Bell Engineering that the water and sewer rates should be adjusted as such to properly maintain a quality utility system and to correct the cost revenue imbalance;

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF GREENSBURG that the water and sewer rate ordinances of the City of Greensburg be and hereby amended to the minimum structure as follows:

SECTION 1.

		<u>Water Rates</u>		<u>Sewer Rates</u>
		Inside	Outside	
		<u>City</u>	<u>City</u>	
First	2000 gallons	\$11.48	\$16.80	\$13.51 Minimum *
Next	3,000 gallons	4.69	6.95	5.52 per 1000 gallons
Next	5,000 gallons	4.22	5.50	4.98 per 1000 gallons
Next	10,000 gallons	3.83	3.40	4.50 per 1000 gallons
Next	25,000 gallons	3.50	3.40	4.12 per 1000 gallons
Over	45,000 gallons	2.70	3.40	3.49 per 1000 gallons

- A. The monthly water rates for customers outside the boundaries of the city limits of the City of Greensburg shall be and are hereby set at the same rate charged by the Green-Taylor Water District to its customers and said rates shall be subject to change and amendment as said Water District’s rates are changed and amended from time to time.
- B. All water rates for usage over and above the first 2,000 gallons per month shall be applied and billed in increments of 100 gallons.

- C. The water usage rates set out herein shall not apply to water sold to Green-Taylor Water District; however, the City of Greensburg is processing documents to increase the wholesale rate per 1000 gallons to Green-Taylor at the rate of \$      per 1000 gallons. If said increase is uncontested, the wholesale rate shall take affect August 1<sup>st</sup>, 2009.

SECTION 2.

- A. All sewer rates for usage over and above the first 2,000 gallons of water used per month shall be applied and billed in increments of 100 gallons.

SECTION 3.

- A. Subject to prior approval by resolution of the Greensburg City Council, the approved tables of charges adopted by this ordinance shall be adjusted annually, beginning August 1<sup>st</sup>, 2010, by a nationally recognized and published municipal inflation cost factor.

SECTION 4.

- A. Having not been adjusted since 2004, the water usage rate contracted by Green-Taylor Water District is hereby adjusted accordingly from \$1.838 per 1000 gallons used to \$2.206 per 1000 gallons effective August 1<sup>st</sup>, 2009.

SECTION 5.

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not effect the validity of the remaining portions hereof.

SECTION 6.

This Ordinance shall be in full force and effect upon its passage, approval and publication in accordance with applicable law.

Received 1<sup>st</sup> reading June 22<sup>nd</sup>, 2009

Received 2<sup>nd</sup> Reading July 6<sup>th</sup>, 2009

Publication date: July 15<sup>th</sup>, 2009

Signed this 7<sup>th</sup> day of July, 2009.

\_\_\_\_\_  
George C. Cheatham, II, Mayor

\_\_\_\_\_  
Janie Blakeman Casey, City Clerk /Treasurer

EXHIBIT 1  
 GREENSBURG WATER AND WASTEWATER FACILITIES  
 GREENSBURG, KENTUCKY  
 JUNE 2009

	Water	Sewer	Total
<b>Operating Revenues:</b>			
Sales and Service *	\$ 655,813	\$ 269,788	\$ 925,601
Interest Income			\$ 19,470
Other Services			\$ 24,616
			<u>\$ 969,687</u>
 ( *Sales and Service Revenues have increased about \$59,000 since 2006)			
Operating Expenses: (Excluding Depreciation, Amortization & Interest)			\$ 891,387
(Expenses appear to have increased about \$123,708 since 2006)			
Net Available for Debt Service			\$ 78,300
 <b>Debt Service (2009)</b>			
Principal and Interest	1992 Issue		\$ 110,100
	1993 KIA Loan		\$ 42,921
	2007 RD Loan		\$ 20,379
	Hospital & Dent Clinic RD Loan		<u>\$ 12,459</u>
Subtotal Prin. & Int.			\$ 185,859
 <b>Coverage</b>			
	1992 Issue	20%	\$ 22,020
	1993 KIA Loan		\$ 974
	2007/08 RD Loan	20%	\$ 4,076
	Hosp. & Dent Clinic RD Loan	20%	<u>\$ 2,492</u>
Subtotal Prin. & Int.			\$ 29,562
Total Debt Service			\$ 215,421
Additional Revenues Needed			\$ 137,121
% Rate Increase Needed			14.81%

EXHIBIT 2  
 GREENSBURG WATER AND WASTEWATER FACILITIES  
 GREENSBURG, KENTUCKY  
 JUNE 2009

<b>RATES:</b>	<u>WATER</u>	SEWER
	Inside City	
First 2,000 Gallons/Mo.	\$ 9.57	\$ 11.26
Next 3,000 Gallons/Mo.	\$ 3.91	\$ 4.60
Next 5,000 Gallons/Mo.	\$ 3.52	\$ 4.15
Next 10,000 Gallons/Mo.	\$ 3.19	\$ 3.75
Next 25,000 Gallons/Mo.	\$ 2.92	\$ 3.43
Over 45,000 Gallons/Mo.	\$ 2.48	\$ 2.92

Billing @ 4000 Gallons Per Month

Current Bill	\$ 17.39	\$ 20.46
Adjusted by 15%	\$ 20.00	\$ 23.53
Adjusted by 20%	\$ 20.87	\$ 24.55



**JOHN D. HENDERSON, P.S.C.**  
ATTORNEY AT LAW

103 WEST COURT STREET, SUITE E  
GREENSBURG, KENTUCKY 42743  
OFFICE (270) 932-3131  
FAX (270) 932-5722

*Of Counsel: Bill Colvin*

August 5, 2009

Hon. George C. Cheatham II  
CITY OF GREENSBURG  
110 West Court Street  
Greensburg, Kentucky 42743

Re: *Green-Taylor Water District/City of Greensburg Proposed Water Rate Increase*

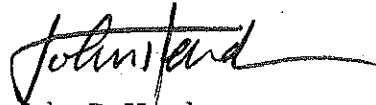
Mayor:

Green-Taylor Water District has received the City's proposed water rate increase and would appreciate the opportunity to negotiate a fair and reasonable rate based upon your plant's financial information. In order to properly address the issue, we have notified the Public Service Commission of your proposal and as indicated in my letter, desire to attempt a prompt and fair resolution of this important issue.

We have again contacted Ms. Carryn Lee to assist us in reviewing your proposed rate increase. We understand there have been increases in costs in all areas, but due diligence requires the Board to ensure the City's numbers reflect adherence to our agreement. We would prefer to reach common ground as to the proper rate without the PSC's intervention. Therefore, once we have an understanding of your plant's numbers, we would like to discuss your proposed rate increase.

If you have any questions, please feel free to give me a call.

Very truly yours,



John D. Henderson  
GTWD Local Counsel

JDH

Cc: Green-Taylor Water District  
P.O. Box 168  
Greensburg, Kentucky 42743

JOHN D. HENDERSON, P.S.C.  
ATTORNEY AT LAW

**COPY**

103 WEST COURT STREET, SUITE E  
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OFFICE (270) 932-3131  
FAX (270) 932-5722

*Of Counsel: Bill Colvin*

August 5, 2009

Mr. Jeff Derouen  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

Re: *Green-Taylor Water District/City of Greensburg Proposed Water Rate Increase*

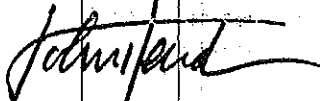
Mr. Derouen:

On August 1, 2009, Green-Taylor Water District (hereinafter "GTWD") received a proposed City of Greensburg water rate increase that apparently has not yet been filed with the commission. At this time, GTWD is reviewing the rate increase and intends to attempt a fair resolution based upon the financial information of the City and its water plant.

In the meantime, as Local Counsel for GTWD, I have been requested to give formal notice to the Public Service Commission that the GTWD Board of Commissioners desires the Commission to suspend and investigate the proposed rate increase of the City of Greensburg as it pertains to water sold to GTWD.

The Board of Commissioners await your response.

Very truly yours,



John D. Henderson  
GTWD Local Counsel

JDH  
Cc: Green-Taylor Water District  
P.O. Box 168  
Greensburg, Kentucky 42743

City of Greensburg  
110 West Court Street  
Greensburg, Kentucky 42743

FOR Greensburg, Kentucky  
Name of Municipality

P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Greensburg Water Department  
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

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RATES AND CHARGES

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MONTHLY WHOLESALE WATER RATE:

Green-taylor Water District

All usage

\$2.206 Per 1,000 Gallons

NOTE: This rate revises the prior rate of \$1.838 per 1,000 gallons.

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DATE OF ISSUE 10/8/2009

Month / Date / Year

DATE EFFECTIVE 11/9/2009

Month / Date / Year

ISSUED BY *Joe C. ...*

(Signature of Officer)

TITLE MAYOR - City of Greensburg

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A