

HARRISON COUNTY WATER ASSOCIATION  
P. O. BOX 215  
CYNTHIANA, KENTUCKY 41031  
PHONE 234-4284

RECEIVED

JAN 05 2016

PUBLIC SERVICE  
COMMISSION

January 5, 2016

Jeff R. Derouen, Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

Re: Purchased Water Adjustment

Dear Mr. Derouen:

Case No. 2016-00028

In accordance with the Addendum to Water Purchase Agreement dated November 11, 2014, the city of Cynthiana increased its wholesale rate to Harrison County Water Association by \$0.22 per 1,000 gallons effective January 1, 2016. HCWA intends to pass this increase through to our retail customers in accordance with 807 KAR 5:068. This retail rate adjustment will be in effect for bills delivered to customers on or after February 1, 2016.

The following documentation is enclosed in support of this application:

- Purchased Water Adjustment Form
- Exhibit A - Addendum to Water Purchase Agreement dated November 11, 2014
- Exhibit B - Purchased Water Adjustment Worksheet
- Exhibit C - Schedule of Current and Proposed Rates
- Exhibit D - HCWA Authorization of Proposed Rates

The Association will publish notice to its customers and provide verification that such notice has been given in accordance with regulations.

Please contact me if you need additional information.

Sincerely,



Danny Northcutt  
General Manager

Case No. 2016-00028

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

RECEIVED

JAN 05 2016

PUBLIC SERVICE  
COMMISSION

|                  |                                   |       |  |
|------------------|-----------------------------------|-------|--|
| Name of Utility  | Harrison County Water Association |       |  |
| Date             | January 5, 2016                   |       |  |
| Address          | PO Box 215                        |       |  |
| City, State, Zip | Cynthiana, KY                     | 41031 |  |
| Telephone Number | 859-234-4284                      |       |  |
| Email Address    | dianalukins@yahoo.com             |       |  |

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 |
|------------------------|-----------|--------------|
| Cynthiana              | \$2.63    | \$2.85       |
| Paris                  | \$2.25    | \$2.25       |
| KY American            | \$4.49    | \$4.49       |
| Millersburg (KyAm)     | \$2.25    | \$2.25       |
| Nicholas Co Water Dist | \$2.10    | \$2.10       |

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 | December 2014    | through | November 2015    |
|      | (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. See Exhibit B.

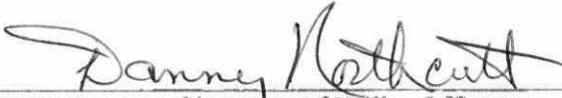
| Supplier(s)  | Gallons Purchased during 12 month period |
|--|--|
| Cynthiana  | 359,389,140                              |
| Paris  | 3,458,700                                |
| KY American  | 35,203,480                               |
| Millerburg (KY American)   | 8,191,420                                |
| Nicholas Co Water District   | 18,967,900                               |
| TOTAL PURCHASES  | 425,210,640                              |
| 4. Total gallons sold for the 12 month period  | 324,806,828                              |
| 5. Increased water cost  | \$79,066                                 |
| The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate. The calculation and all supporting documents used to determine the change in purchased water costs sufficient to determine the accuracy of the calculation is attached as Exhibit B. |  |
| 6. Purchased water adjustment factor   | \$0.25                                   |
| 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.   |  |
| 7. A schedule listing the current and proposed rates is attached as Exhibit C.   |  |
| 8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit D.   |  |
| 9. Proposed effective date   | January 1, 2016                          |
| <br>Signature of Utility Officer   |  |
| Manager<br>Title   |  |

EXHIBIT A

ADDENDUM TO WATER PURCHASE AGREEMENT  
BETWEEN CITY OF CYNTHIANA AND  
HARRISON COUNTY WATER ASSOCIATION, INC.

WHEREAS, the City of Cynthiana, Kentucky and Harrison County Water Association, Inc. entered into a Water Purchase Agreement dated September 29, 2009 setting forth rates to be charged by the City of Cynthiana to Harrison County Water Association, Inc. for treated water which Harrison County Water Association, Inc. purchases from the City of Cynthiana, Kentucky, and

WHEREAS, Paragraph 7 of the Agreement provides that the rates set out in the agreement are subject to change by mutual agreement of the City and the Harrison County Water Association, or if unable to reach such an agreement, then upon a minimum of thirty days' notice of any such change, subject to the review and approval of the Public Service Commission of the Commonwealth of Kentucky, and

WHEREAS, the City of Cynthiana and the Harrison County Water Association, Inc. have reached an agreement on a rate increase which will take effect in phases commencing January 1, 2015 and January 1, 2016, respectively, with the new rates to supersede and replace in all respects those rates set out in the Water Purchase Agreement dated September 29, 2009, and

WHEREAS, the parties wish to amend the Water Purchase Agreement to reflect the new rates,

NOW, THEREFORE, this Addendum to Water Purchase Agreement is made and entered into as of this the 11<sup>th</sup> day of November 2014, by and between the City of Cynthiana, Kentucky, a municipal corporation located in Harrison County, Kentucky (hereinafter referred to as "City") and the Harrison County Water Association, Inc., P.O. Box 215, Cynthiana, Kentucky 41031 (hereinafter referred to as "Association"),

|   |
|---|
| KENTUCKY<br>PUBLIC SERVICE COMMISSION   |
| JEFF R. DEROUEN<br>EXECUTIVE DIRECTOR   |
| TARIFF BRANCH                           |
| <i>Brent Kirtley</i>                    |
| EFFECTIVE<br>1/1/2015                   |
| PURSUANT TO E07 KAR 5.011 SECTION 9 (1) |

**WITNESSETH:**

1. The City and the HCWA have reached an agreement to change the water rates pursuant to Paragraph 7 of the Water Purchase Agreement dated September 29, 2009. The new rates to be charged by the City of Cynthiana to HCWA shall be as follows:

**Phase I Monthly Rates, effective from January 1, 2015 through December 31, 2015:**

|           | <u>Current Rate</u>      | <u>Phase I Rate</u>      | <u>\$ Change</u> | <u>% Change</u> |
|-----------|--------------------------|--------------------------|------------------|-----------------|
| All usage | \$2.41 per 1,000 gallons | \$2.63 per 1,000 gallons | \$0.22 increase  | 9.1% increase   |

**Phase II Monthly Rates, effective on or after January 1, 2016:**

|           | <u>Phase I Rate</u>      | <u>Phase II Rate</u>     | <u>\$ Change</u> | <u>% Change</u> |
|-----------|--------------------------|--------------------------|------------------|-----------------|
| All usage | \$2.63 per 1,000 gallons | \$2.85 per 1,000 gallons | \$0.22 increase  | 8.4% increase   |

2. Water flowing through the meters between January 1, 2015 and December 31, 2015 will be charged at the Phase I rate while water flowing through the meters on or after January 1, 2016 will be charged at the Phase II rate.

3. Except as specifically amended herein relating to rates, the remaining paragraphs and provisions of the Water Purchase Agreement dated September 29, 2009 remain in full force and effect.

IN TESTIMONY WHEREOF, this Addendum has been lawfully and with full authority executed (1) by the Mayor of the City of Cynthiana, Kentucky, by and on behalf of the City and (2) by the President and Chairman of the Board of Directors of the Harrison County Water Association, Inc., by and on behalf of the HCWA.

CITY OF CYNTHIANA, KENTUCKY

By:

*Steve Moses*

Steve Moses, Mayor

|   |
|---|
| KENTUCKY<br>PUBLIC SERVICE COMMISSION   |
| JEFF R. DEROUEN<br>EXECUTIVE DIRECTOR<br>TARIFF BRANCH                          |
| <i>Bunt Kirtley</i><br>EFFECTIVE<br>1/1/2015<br>PURSUANT TO ORDER OF SECTION 11 |

STATE OF KENTUCKY  
COUNTY OF HARRISON

The foregoing Addendum to Water Purchase Agreement was subscribed, sworn to and acknowledged before me by Steve Moses, acting as Mayor on behalf of the City of Cynthiana, Kentucky, on this the 18 day of November 2014.

My commission expires:  
March 24, 2017

Charleen M. McGowan  
Notary Public

HARRISON COUNTY WATER  
ASSOCIATION, INC.

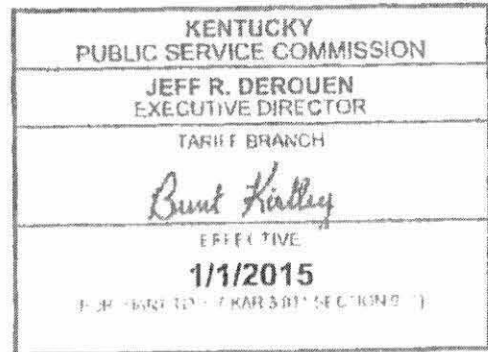
By: William Toadvine  
William Toadvine, President and  
Chairman of the Board of Directors

STATE OF KENTUCKY  
COUNTY OF HARRISON

The foregoing Addendum to Water Purchase Agreement was subscribed, sworn to and acknowledged before me by William Toadvine, acting as President and Chairman of the Board of Directors on behalf of Harrison County Water Association, Inc., on this the 19 day of November 2014.

My commission expires:  
4/10/18

Danny Northcutt  
Notary Public



**Exhibit B**  
**PURCHASED WATER ADJUSTMENT WORKSHEET**  
**HARRISON COUNTY WATER ASSOCIATION**

| Month         | Purchased Water (gallons) |                  |                   |                  |                   | Totals             | Water Sold (gallons) |
|---------------|---------------------------|------------------|-------------------|------------------|-------------------|--------------------|----------------------|
|               | Cynthiana                 | Paris            | KY American       | Millersburg*     | Nicholas Co.      |                    |                      |
| Dec 2014      | 30,166,520                | 186,500          | 3,067,500         | 410,652          | 490,300           | 34,321,472         | 24,262,372           |
| Jan 2015      | 33,331,580                | 262,400          | 2,745,160         | 587,928          | 1,879,200         | 38,806,268         | 29,668,828           |
| Feb           | 32,265,220                | 264,000          | 2,702,524         | 936,496          | 1,485,500         | 37,653,740         | 25,711,281           |
| Mar           | 31,156,560                | 362,600          | 2,428,700         | 1,152,668        | 1,763,700         | 36,864,228         | 24,471,084           |
| Apr           | 31,527,760                | 222,700          | 2,835,600         | 964,920          | 1,857,100         | 37,408,080         | 26,706,109           |
| May           | 30,998,230                | 302,600          | 3,516,300         | 1,162,392        | 1,801,600         | 37,781,122         | 26,301,838           |
| June          | 30,619,930                | 302,800          | 3,122,900         | 742,764          | 2,077,200         | 36,865,594         | 34,057,073           |
| July          | 30,327,090                | 394,400          | 3,612,800         | 561,000          | 1,896,800         | 36,792,090         | 28,034,555           |
| Aug           | 26,831,150                | 286,000          | 2,987,500         | 618,800          | 1,714,000         | 32,437,450         | 25,374,942           |
| Sept          | 27,243,650                | 388,400          | 3,220,800         | 0                | 329,500           | 31,182,350         | 28,536,089           |
| Oct           | 28,395,470                | 258,900          | 2,624,700         | 591,600          | 1,340,700         | 33,211,370         | 25,797,138           |
| Nov           | 26,525,980                | 227,400          | 2,338,996         | 462,200          | 2,332,300         | 31,886,876         | 25,885,519           |
| <b>Totals</b> | <b>359,389,140</b>        | <b>3,458,700</b> | <b>35,203,480</b> | <b>8,191,420</b> | <b>18,967,900</b> | <b>425,210,640</b> | <b>324,806,828</b>   |

| Twelve Month Purchased Water Cost |                    |               |                    |          |                    |
|-----------------------------------|--------------------|---------------|--------------------|----------|--------------------|
|                                   | Gals. Purch.       | Existing Rate | Existing Cost      | New Rate | New Cost           |
| Cynthiana                         | 359,389,140        | \$2.63        | \$945,193          | \$2.85   | \$1,024,259        |
| Paris                             | 3,458,700          | 2.25          | 7,782              | 2.25     | 7,782              |
| KY American                       | 35,203,480         | 4.49          | 158,064            | 4.49     | 158,064            |
| Millersburg*                      | 8,191,420          | 2.25          | 18,431             | 2.25     | 18,431             |
| Nicholas Co.                      | 18,967,900         | 2.10          | 39,833             | 2.10     | 39,833             |
| <b>Totals</b>                     | <b>425,210,640</b> |               | <b>\$1,169,302</b> |          | <b>\$1,248,368</b> |
| <b>Increased Cost</b>             |                    |               |                    |          | <b>\$79,066</b>    |
| <b>PWA Factor</b>                 |                    |               |                    |          | <b>\$0.2434</b>    |
| rounded to                        |                    |               |                    |          | <b>\$0.25</b>      |

\* Millersburg source now operated by Kentucky American

**Exhibit C**

**PROPOSED MONTHLY RATE SCHEDULE  
HARRISON COUNTY WATER ASSOCIATION**

Current Rates

|                         |         |                   |
|-------------------------|---------|-------------------|
| <u>5/8 x 3/4" Meter</u> |         |                   |
| First 2,000 Gallons     | \$16.81 | Minimum Bill      |
| Next 1,000 Gallons      | 6.28    | Per 1,000 Gallons |
| Next 2,000 Gallons      | 6.12    | Per 1,000 Gallons |
| Next 45,000 Gallons     | 5.62    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 4.78    | Per 1,000 Gallons |
| <u>3/4" Meter</u>       |         |                   |
| First 3,000 Gallons     | \$23.09 | Minimum Bill      |
| Next 2,000 Gallons      | 6.12    | Per 1,000 Gallons |
| Next 45,000 Gallons     | 5.62    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 4.78    | Per 1,000 Gallons |
| <u>1" Meter</u>         |         |                   |
| First 5,000 Gallons     | \$35.33 | Minimum Bill      |
| Next 45,000 Gallons     | 5.62    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 4.78    | Per 1,000 Gallons |
| <u>1-1/2" Meter</u>     |         |                   |
| First 10,000 Gallons    | \$63.43 | Minimum Bill      |
| Next 40,000 Gallons     | 5.62    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 4.78    | Per 1,000 Gallons |
| <u>2" Meter</u>         |         |                   |
| First 15,000 Gallons    | \$91.53 | Minimum Bill      |
| Next 35,000 Gallons     | 5.62    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 4.78    | Per 1,000 Gallons |
| <br>                    |         |                   |
| Bulk Loading Sta. Rate  | \$6.83  | Per 1,000 Gallons |

Monthly Bill for 5,000 gallons                      \$35.33

Proposed Rates

|                         |         |                   |
|-------------------------|---------|-------------------|
| <u>5/8 x 3/4" Meter</u> |         |                   |
| First 2,000 Gallons     | \$17.31 | Minimum Bill      |
| Next 1,000 Gallons      | 6.53    | Per 1,000 Gallons |
| Next 2,000 Gallons      | 6.37    | Per 1,000 Gallons |
| Next 45,000 Gallons     | 5.87    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 5.03    | Per 1,000 Gallons |
| <u>3/4" Meter</u>       |         |                   |
| First 3,000 Gallons     | \$23.84 | Minimum Bill      |
| Next 2,000 Gallons      | 6.37    | Per 1,000 Gallons |
| Next 45,000 Gallons     | 5.87    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 5.03    | Per 1,000 Gallons |
| <u>1" Meter</u>         |         |                   |
| First 5,000 Gallons     | \$36.58 | Minimum Bill      |
| Next 45,000 Gallons     | 5.87    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 5.03    | Per 1,000 Gallons |
| <u>1-1/2" Meter</u>     |         |                   |
| First 10,000 Gallons    | \$65.93 | Minimum Bill      |
| Next 40,000 Gallons     | 5.87    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 5.03    | Per 1,000 Gallons |
| <u>2" Meter</u>         |         |                   |
| First 15,000 Gallons    | \$95.28 | Minimum Bill      |
| Next 35,000 Gallons     | 5.87    | Per 1,000 Gallons |
| Over 50,000 Gallons     | 5.03    | Per 1,000 Gallons |
| <br>                    |         |                   |
| Bulk Loading Sta. Rate  | \$7.08  | Per 1,000 Gallons |

Monthly Bill for 5,000 gallons                      \$36.58  
Increase in monthly bill      3.5% or                      \$1.25



Exhibit D

**Harrison County Water Association**

P.O. Box 215  
2167 U.S. 27 South  
Cynthiana, Kentucky 41031

January 21, 2015

The Harrison County Water Association met in regular session at the Water Association office at US 27 South on Wednesday January 21, 2015. The meeting was call to order 7:30 P.M. by Pres. Toadvine. Members of the Board present included:

|                     |                |
|---------------------|----------------|
| William R. Toadvine | President      |
| J. Frank Marsh      | Vice President |
| Patty Hanna         | Secretary      |
| Lewis Furnish       | Treasurer      |
| Russell Gray        | Member         |
| Paul Wilson         | Member         |
| Gary Carter         | Member         |

|                 |                    |          |
|-----------------|--------------------|----------|
| Others Present: | Danny D. Northcutt | Manager  |
|                 | Jo Mastin          | Attorney |
|                 | Andrew Esarey      | Engineer |
|                 | Charles Brunker    | CPA      |
|                 | Tony Harover       | Engineer |

The minutes of the previous meeting were approved on a motion by Wilson and seconded by Marsh. Motion carried.

The financial report for the month of December 2014 was approved on a motion by Marsh and seconded by Wilson. Motion carried.

Guests from Sturgis Public Works attended.

Joe Burns from Ky Rural Water attended. Report attached re: Purchased water adjustments. Motion by Carter, seconded by Marsh to accept purchase water agreement as presented by City of Cynthiana to Harrison County Water Assoc. Motion carried.

Motion by Hanna, seconded by Gray to participate in the Compliance Check Program furnished by Ky Rural Water Association. Motion carried.

Andrew Esarey- Strand Engineering-Report attached.

Tony Harover- report attached.

Motion by Furnish seconded by Gray to accept bid from McKenzie Trucking Co for our part of Millersburg by pass project. Motion carried.

Charlie Brunker-report attached.

Motion by Furnish seconded by Gray to accept budget. Motion carried.

Jo Mastin advised Eula Howard property purchased for \$3500.00.

Motion by Furnish seconded by Gray to pay Strand Invoices. Motion carried.  
In#0109261 @ \$416.00

Motion by Carter seconded by Gray to approve leak adjustments. Motion carried..

Motion made by Furnish seconded by Gray to give rate increase to Danny Northcutt \$151.00 per month and Johnny Gaibreath \$66.00 per month. Motion carried.

Danny Northcutt advised nothing has been resolved with NSF check from Knochgriffin Farm. \$210.87 will be written off.

Danny Northcutt reported Keith Quesenberry property @ Sunrise has outstanding bill of \$879.42. Customer had moved out then returned and cut the lock off meter and used water for 25 monthes. Formal complaint has been filed by Northcutt with Harrison Co. Sheriff.

Motion by Hanna seconded by Marsh to adjourn. Motion carried.

A handwritten signature in cursive script that reads "Patty Hanna".

Patty Hanna  
Secretary  
Harrison County Water Association