

Union County Water District

**P.O. Box 146
Morganfield, Kentucky 42437
389-3868**

RECEIVED

JAN 14 2016

PUBLIC SERVICE
COMMISSION

December 31, 2015

Executive Director
KY Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Formal Application for a Purchased Water Adjustment

2016 0046

Enclosed is an application for a purchased water rate adjustment for the Union County Water District. The adjustment is necessary to pass through an increase in the cost of water attributable to our supplier's, the City of Morganfield, new wholesale rates.

The District has published the enclosed public notice of these requested rate revisions in the local newspaper. In accordance with PSC rules and regulations, the notice was published before the new bills were issued and was published one time.

Sincerely,



Gary Sheffer, Manager

RECEIVED

JAN 14 2016

PUBLIC SERVICE
COMMISSION

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

Name of Utility	UNION COUNTY WATER DISTRICT	
Date	DECEMBER 9, 2015	
Address	P.O. BOX 146 409 NORTH COURT STREET	
City, State, Zip	MORGANFIELD, KY	42437
Telephone Number	270-389-3868	
Email Address	ucwdgarysheffer@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.

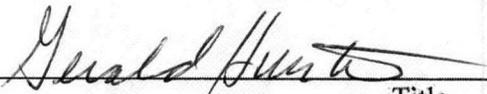
Supplier(s)	Base Rate	Changed Rate
CITY OF MORGANFIELD, KY	1.9279	2.1664

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	November 2014	through	October 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.

Supplier(s)	Gallons Purchased during 12 month period
CITY OF MORGANFIELD, KY	341,962,510
TOTAL PURCHASES	341,962,510
4. Total gallons sold for the 12 month period	307,305,784
5. Increased water cost	\$81,558.06
<p>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</p>	
6. Purchased water adjustment factor	\$0.27
<p>The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.</p> <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.</p>	
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
Signature of Utility Officer	
CHAIRMAN	
	Title



CITY OF MORGANFIELD

130 East Main Street
P.O. Box 420
Morganfield, Kentucky 42437-0420

Exhibit A

Tel. (270)389-2525
Fax (270)389-2157
e-mail cityadm@att.net

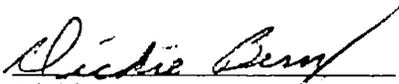
Gary Sheffer
Manager, Union County Water District
P.O. Box 146
Morganfield, Kentucky 42437

December 9, 2015

Dear Gary;

Please find enclosed your revised water rates for the calendar year 2016. The rate has been computed by the City's auditing firm using the criteria in the contract. The new rate is \$2.1664. I have enclosed a copy of the calculation, if you have any questions regarding this matter, please feel free to contact me or Gary Vetter.

Sincerely,


Dickie Berry, Mayor

Union County Water District
 Schedule of water production costs and rates
 For the period beginning Jan 2016

Based on costs for fiscal year
 ended June 30, 2015

Exhibit A

Expenses-Breck Plant:	Gross earnings		Fy 6/15	Fy 6/14	Fy 6/13	Fy 6/12	
Salaries:							
John Coffman	Super	\$ 53,468	100.00%	\$ 53,468	\$ 46,562	\$ 45,201	\$ 44,533
William K. Buckman	Mechanic	-	60.00%	-	21,801	27,403	28,860
Dale Pierce	Mechanic	-	40.00%	-	-	-	11,855
Tommy Menser	Labor	-	100.00%	-	9,379	37,230	38,725
William J. Leigh	Labor	-	100.00%	-	23,824	30,918	28,768
J Baymon	Labor	3,112	100.00%	3,112	1,360	-	-
Ted Morse	Operator	38,631	100.00%	38,631	27,284	25,989	25,384
Thomas Horton	Operator	41,970	100.00%	41,970	35,091	33,662	31,378
Jeremy S. Martin	Operator	52,364	100.00%	52,364	41,923	37,415	37,208
Damian Alvey	Operator	8,002	100.00%	8,002	38,994	33,275	35,710
Timothy Hall	Operator	46,821	100.00%	46,821	31,507	-	-
David W. Tapp	Operator	47,353	100.00%	47,353	-	-	-
Mark Dickerson	Operator	44,702	100.00%	44,702	616	-	-
Total Salaries		334,623		334,623	278,341	271,093	280,417
Telephone				\$ 1,239	\$ 4,799	\$ 4,140	\$ 3,245
Office and postage				4,270	4,218	7,813	6,393
Rental/lease expense				-	224	2,245	1,080
Retirement/Payroll tax				88,071	78,343	78,932	76,318
Allocated Benefits				-	5,880	2,984	3,894
Advertising				34	881	813	1,117
Equip repairs				74,284	41,263	87,465	57,871
Lake dredging/cleaning				-	-	-	-
Insurance				28,975	24,141	22,324	21,362
Legal and accounting				2,611	2,611	2,611	2,528
Travel				577	1,919	974	894
Gas and Oil				3,544	7,022	12,670	11,601
Health & Disability				121,499	115,587	116,769	123,713
Chemicals				174,911	155,173	137,235	162,537
Electricity				117,799	135,555	119,934	121,283
Engineering/Consulting				12,243	12,100	10,001	26,484
Uniforms				4,579	4,354	3,541	2,249
Maint supplies				10,647	8,068	15,682	9,293
Other				14,042	9,337	7,801	5,843
Small capital items				-	15,437	23,818	-
					Orig Cost		
Cap recovery (Incl Interest)							
Equipment (1999)	A	Thru 2015		34,817	2,418	2,418	2,418
Raw water line, Bldg Imp (2000)	B	Thru 2017		513,897	49,527	49,527	49,527
Collector well,	C	Thru 2018		272,883	24,370	24,370	24,370
2002 Cap exp	D	Thru 2019		42,082	3,815	3,815	3,815
2004 Cap exp (equipment)	E	Thru 2021		32,531	2,785	2,785	2,785
2004 Cap exp (Raw water line net UCFC grant)	F	Thru 2022		617,839	49,756	49,756	49,756
2010 Cap exp (generator net of UCFC grant)	G	Thru 2027		73,762	5,998	5,998	5,998
2010 Cap exp (wash valves)	H	Thru 2027		18,895	1,536	1,536	1,536
2011 Cap Exp (build improv, equip, truck)	I	Thru 2028		89,008	7,325	7,325	7,325
2012 Cap Exp (build improv, equip)	J	Thru 2029		270,371	21,253	21,253	21,253
2013 Cap Exp (elevated tank, pumps, valves)	K	Thru 2030		2,086,592	168,445	168,445	-
2014 Cap Exp (SCADA upgrade, vehicles)	L	Thru 2031		232,889	18,922	18,922	-
2015 Cap Exp ()	M	Thru 2032		487,742	37,963	-	-
Debt service:							
Principal on bonds				-	-	-	-
Interest on bonds		Not incl amort		-	-	-	-
Change in interest rate factor				(19,455)	(1,395)	(3,933)	(6,785)
Grand total				\$ 1,366,606	\$ 1,259,808	\$ 1,261,640	\$ 1,079,900
Water rate per 1000 gallon (Cost / Production)				2.1664	1.9279	2.0378	1.6617
Percentage change					11.704%		
Production 000's							
Total gallons produced				634,966	657,882	625,852	655,640
Less: Used for plant operation				(4,155)	(4,434)	(6,726)	(5,765)
Net Production				630,811	653,448	619,126	649,875
Ops Debt @ 6/30/2013							
		Rem debt per amort	Base Rate	Rate this yr	Increase (Decrease)	Cost factor for chg in rates	
1999 Capital items	A	4,487	5.98%	3.82%	-2.16%	(98)	
Raw water line	B	171,695	5.98%	3.82%	-2.16%	(3,709)	
Collector well	C	103,882	5.49%	3.82%	-1.67%	(1,735)	
2002 Cap exp	D	18,113	5.28%	3.82%	-1.46%	(279)	
2004 Cap exp	E	17,993	5.01%	3.82%	-1.19%	(214)	
2005 Cap exp	F	365,943	4.24%	3.82%	-0.42%	(1,537)	
2010 Cap exp- generator	G	61,878	4.36%	3.82%	-0.54%	(334)	
2010 Cap exp- valves	H	16,850	4.36%	3.82%	-0.54%	(86)	
2011 Cap exp- Improvs, equip, truck	I	78,610	4.51%	3.82%	-0.69%	(542)	
2012 Cap exp- build improves, equip	J	248,752	3.94%	3.82%	-0.12%	(299)	
2013 Cap exp- elevated tank, pumps, v	K	2,086,592	4.27%	-3.82%	-0.45%	(9,390)	
2014 Cap exp- SCADA upgrade, vehicl	L	232,889	4.35%	3.82%	-0.53%	(1,234)	
2014 Cap exp- NE Transmission Lines	M	487,742	3.82%	3.82%	0.00%	-	
Total debt		3,895,404				(19,455)	

**Union County Water District
Rate Change Calculation
December-15**

		Gallons Purchased	Gallons Sold
2014			
November		32,013,200	30,574,386
December		30,390,300	26,684,886
2015			
October	YTD	279,559,010	250,046,512
	Total	<u>341,962,510</u>	<u>307,305,784</u>

Rate per 1000 gallons

		Purchased At
Old Rate	1.9279	659,269.52
New Rate	2.1664	740,827.58
Increased water costs		<u>81,558.06</u>

Purchased water adjustment factor 0.27

M:\Client Files\Un Co. Water District\Other\Rate Increase\Dec 2015\Water Adjustment calc.xlsx\2015

Amounts taken from monthly utility bill reconciliation.

NOTICE

Union County 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 January 1, 2016.

			<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>	
<u>5/8" Meter</u>	First	2,000 gallons	\$11.97	\$12.51	4.51%	minimum bill
	Next	3,000 gallons	5.98	6.25	4.52%	per 1,000 gallons
	Next	5,000 gallons	5.58	5.85	4.84%	per 1,000 gallons
	Next	15,000 gallons	5.23	5.50	5.16%	per 1,000 gallons
	Next	25,000 gallons	4.93	5.20	5.48%	per 1,000 gallons
	Next	50,000 gallons	4.53	4.80	5.96%	per 1,000 gallons
	Next	100,000 gallons	4.13	4.40	6.54%	per 1,000 gallons
	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons
<u>3/4" Meter</u>	First	5,000 gallons	\$29.90	\$31.25	4.52%	minimum bill
	Next	5,000 gallons	5.58	5.85	4.84%	per 1,000 gallons
	Next	15,000 gallons	5.23	5.50	5.16%	per 1,000 gallons
	Next	25,000 gallons	4.93	5.20	5.48%	per 1,000 gallons
	Next	50,000 gallons	4.53	4.80	5.96%	per 1,000 gallons
	Next	100,000 gallons	4.13	4.40	6.54%	per 1,000 gallons
	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons
<u>1" Meter</u>	First	10,000 gallons	\$57.80	\$60.50	4.67%	minimum bill
	Next	15,000 gallons	5.23	5.50	5.16%	per 1,000 gallons
	Next	25,000 gallons	4.93	5.20	5.48%	per 1,000 gallons
	Next	50,000 gallons	4.53	4.80	5.96%	per 1,000 gallons
	Next	100,000 gallons	4.13	4.40	6.54%	per 1,000 gallons
	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons
<u>1 1/2" Meter</u>	First	25,000 gallons	\$136.25	\$143.00	4.95%	minimum bill
	Next	25,000 gallons	4.93	5.20	5.48%	per 1,000 gallons
	Next	50,000 gallons	4.53	4.80	5.96%	per 1,000 gallons
	Next	100,000 gallons	4.13	4.40	6.54%	per 1,000 gallons
	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons
<u>2" Meter</u>	First	50,000 gallons	\$259.50	\$273.00	5.20%	minimum bill
	Next	50,000 gallons	4.53	4.80	5.96%	per 1,000 gallons
	Next	100,000 gallons	4.13	4.40	6.54%	per 1,000 gallons
	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons
<u>2 1/2" Meter</u>	First	75,000 gallons	\$372.74	\$392.99	5.43%	minimum bill
	Next	25,000 gallons	4.53	4.80	5.96%	per 1,000 gallons
	Next	100,000 gallons	4.13	4.40	6.54%	per 1,000 gallons
	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons
<u>3" Meter</u>	First	100,000 gallons	\$485.99	\$512.99	5.56%	minimum bill
	Next	100,000 gallons	4.13	4.40	6.54%	per 1,000 gallons
	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons
<u>4" Meter</u>	First	200,000 gallons	\$898.98	\$952.98	6.01%	minimum bill
	Next	100,000 gallons	\$3.73	4.00	7.24%	per 1,000 gallons
	All over	300,000 gallons	\$3.33	3.60	8.11%	per 1,000 gallons
<u>6" Meter</u>	First	300,000 gallons	\$1,271.97	\$1,352.97	6.37%	minimum bill
	All over	300,000 gallons	\$3.33	3.60	8.11%	per 1,000 gallons

The rates contained in this notice are the rates proposed by the Union County 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 409 N Court St in Morganfield, KY 42437. Upon request from an Intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

December 8, 2015 Minutes
Union County Water District Minutes
Page 3

Gary Sheffer said the flushing required since January 2015 was an approximate cost of seven thousand two hundred dollars (\$7,200) year to date, which is lower than expected. Next year's cost will be higher due to the violation of last four quarters and the need for flushing to keep Union County Water District in compliance.

Gary Sheffer explained that there is a fine of three thousand dollars (\$3,000). Andrew Arnold said the Agreed Order is negotiable. Gary recommended we offer fifteen hundred (\$1,500) and thinks it will be accepted by the state. Protection is due to exclusive remedy and no other outside agency can assess the penalty. Andrew stated that he feels we should accept the Agreed Order and offer to pay a \$1,500 to be paid at a rate of five hundred (\$500) per quarter.

Andrew Arnold made the motion to accept the Manager's Report with a second to the motion from Joyce Greenwell. The motion passed with no objections.

Gerald Hunter tuned the floor over to Todd Bowley.

Todd explained there is a pass thru rate increase. Todd told the board there will be a .27 cent increase per 1,000 gallons. Cost from the city is 2.1664 as compared to 1.9279. The current rate is calculated based upon audit of the city water plant and the contract between the City of Morganfield and the Union County Water District. The city's cost of production went up and sold fewer gallons. Last year there was a decrease in the rate.

Andrew Arnold made a motion to accept the rate increase proposal subject to approval by PSC. Joyce Greenwell seconded the motion. The motion past without opposition.

Andrew Arnold asked about the driveway at the middle school. Gary informed the board that the bid was twelve hundred dollars (\$1,200) and was supposed to be repaired already. Gary will follow up to confirm.

Andrew Arnold made a motion to go into executive session to discuss salary. Joyce Greenwell seconded the motion.

There being no further business, upon motion by Joyce Greenwell and second by Andrew Arnold the meeting was adjourned with no objections.

GERALD HUNTER, CHAIRMAN
Union County Water District

ATTEST:

Secretary

NOTICE

Union County 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 January 1, 2016.

			Current	Proposed	% Increase		
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Next		15,000 gallons	5.23	5.50	5.16%	per 1,000 gallons	
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	Next	100,000 gallons	3.73	4.00	7.24%	per 1,000 gallons	
	All over	300,000 gallons	3.33	3.60	8.11%	per 1,000 gallons	
4" Meter	First	200,000 gallons	\$898.98	\$952.98	6.01%	minimum bill	
	Next	100,000 gallons	\$3.73	4.00	7.24%	per 1,000 gallons	
	All over	300,000 gallons	\$3.33	3.60	8.11%	per 1,000 gallons	
6" Meter	First	300,000 gallons	\$1,271.97	\$1,352.97	6.37%	minimum bill	
	All over	300,000 gallons	\$3.33	3.60	8.11%	per 1,000 gallons	

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Union County Water District