

South 641 Water District

PO Box 126, Hazel, KY 42049

(270)492-8857

RECEIVED

DEC 9 2016

Public Service
Commission

December 6, 2016

Talina Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Purchased Water Adjustment Increase Effective January 1, 2017
Wholesale Provider: City of Murray Water and Sewer System
Wholesale Purchaser: South 641 Water District

Dear Director Matthews:

The South 641 Water District (District) has received written notice from the City of Murray Water and Sewer System (Murray) of Murray's intent to increase its Wholesale Rate, effective January 1, 2017.

The District does NOT plan to file a Motion for Intervention in this matter.

Yours truly,



John Paschall, Chairman
South 641 Water District

**EXHIBIT B
SOUTH 641 WATER DISTRICT**

SUPPLIER	NEW RATE (per 1,000)	OLD RATE (per 1,000)
Murray Water	\$2.43	\$2.21

TWELVE MONTH TEST PERIOD: **Oct 2015-Sep 2016**

SUPPLIER	GALLONS PURCHASED DURING TEST PERIOD
Murray Water	18,369,500
TOTAL	18,369,500

SUPPLIER	COST AT NEW RATE	COST AT OLD RATE		INCREASED WATER COST
Murray Water	\$44,637.89	\$40,596.60		
TOTAL	\$44,637.89	\$40,596.60	=	\$4,041.29

TOTAL GALLONS SOLD FOR THE TEST PERIOD: **15,759,280**

Increased Water Cost / (total gallons sold / 1,000) = **Purchased Water Adjustment Factor**

$$\$4,041.29 \quad / \quad 15,759,280 \quad \times 1000 \quad = \quad \mathbf{0.2564}$$

OR ROUNDUP
TO
INCREASE PER 1,000 GALLONS **\$0.26**

EXHIBIT C

**SCHEDULE OF CURRENT AND PROPOSED RATES
FOR
SOUTH 641 WATER DISTRICT**

Monthly Water Rates

	Current Rates	Proposed Rates*
First 2,000 gallons	\$19.02 Minimum Bill	\$19.54 Minimum Bill
Next 3,000 gallons	7.28 per 1,000 gallons	7.54 per 1,000 gallons
Next 5,000 gallons	6.37 per 1,000 gallons	6.63 per 1,000 gallons
Over 10,000 gallons & Bulk Rate	5.48 per 1,000 gallons	5.74 per 1,000 gallons

***Effective: January 1, 2017**

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

Name of Utility	South 641 Water District	
Date	December 06, 2016	
Address	207 Main Street, P.O. Box 126	
City, State, Zip	Hazel, KY 42049	
Telephone Number	(270) 492-8857	
Email Address	So641@wk.net	

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
Murray Water & Sewer System	\$2.21	\$2.43

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 2015	through	September 2016
	(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
Murray Water & Sewer System	18,369,500
TOTAL PURCHASES	18,369,500
4. Total gallons sold for the 12 month period	15,759,280
5. Increased water cost	\$ 4041.29
<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</p>	
6. Purchased water adjustment factor	\$0.26
<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	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit	
9. Proposed effective date	January 1, 2017
 Signature of Utility Officer	
South 641 Board of Commissioners-Chairman Title	

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE SOUTH 641 WATER DISTRICT ADJUSTING
WATER RATES AND CHARGES TO OFFSET THE CITY
OF MURRAY WHOLESALE RATE INCREASE**

WHEREAS, the City of Murray Water & Sewer System (“Murray”) is South 641 Water District’s (“District”) wholesale water provider;

WHEREAS, on May 27, 2015, Murray filed an application with the Kentucky Public Service Commission (“PSC”) seeking to increase the wholesale water rate that Murray charges the District from \$2.21 to \$2.43 per 1,000 gallons effective January 1, 2017;

WHEREAS, based upon the water purchases from Murray during the previous 12 months the estimated annual increased cost to the District will be \$4,041.29;

WHEREAS, prudent financial management dictates that the District take immediate action to adjust its retail rates commensurate with Murray’s wholesale rate increase; and

WHEREAS, KRS 278.015 and 807 KAR 5:068 provide the legal mechanism for the District to increase its water rates commensurate with Murray’s wholesale rate increase via a Purchased Water Adjustment (“PWA”);

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF SOUTH 641 WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The PWA factor is **\$0.26** per 1,000 gallons;

Section 3. All tiers of water usage set forth in the District's existing tariff shall be increased by **\$0.26** per 1,000 gallons, subject to any minor adjustments that may be made by the PSC.

Section 4. The monthly water rates to be charged to and collected from the customers and users of the water system of the District shall be as set forth in **Appendix A**, which is attached hereto and is incorporated herein by references as a part of this Resolution. The rates and charges set forth in **Appendix A**, are subject to any minor adjustment that may be made by the PSC. These monthly rates and charges shall be in effect for all water service rendered on and after January 1, 2017.

Section 5. The Chairman is hereby authorized and directed to execute and file the PWA Application, Tariff Sheet, and all other documents that may be required by the PSC.

Section 6. The Chairman, all appropriate District Staff, and the District's attorney are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement the PWA.

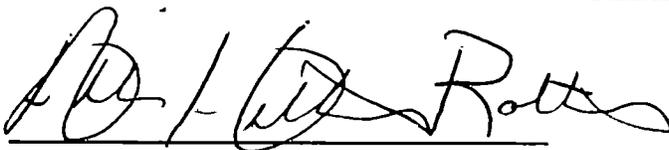
Section 7. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF SOUTH 641 WATER DISTRICT at a meeting held on December 05, 2016, signed by the Chairman, and attested by the Secretary.

ATTEST:



CHAIRMAN



SECRETARY

CERTIFICATION

I, Secretary of the South 641 Water District (the "District"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Commission of the District at a meeting properly held on December 05, 2016, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect

WITNESS my hand this 5th day of December 2016.



SECRETARY

CUSTOMER NOTICE

Due to a rate increase from the City of Murray Water & Sewer System, notice is hereby given that the South 641 Water District has filed an application for a Purchased Water Adjustment with the Kentucky Public Service Commission for adjusting its water rates. Customer rates will increase \$0.26 per 1,000 gallons used. The proposed charge will be effective for service rendered on and after January 1, 2017.

Monthly Water Rates

		Current Rates	Proposed Rates	\$ Increase	% Increase
First	2,000 gallons	\$19.02 Minimum Bill	\$19.54 Minimum Bill	\$0.52	2.73%
Next	3,000 gallons	\$ 7.28 per 1,000 gallons	\$7.54 per 1,000 gallons	\$0.26	3.57%
Next	5,000 gallons	\$ 6.37 per 1,000 gallons	\$6.63 per 1,000 gallons	\$0.26	4.08%
Over	10,000 gallons	\$ 5.48 per 1,000 gallons	\$5.74 per 1,000 gallons	\$0.26	4.74%

The monthly bill for a residential customer using an average of 5,000 gallons per month will increase from \$40.86 to \$42.16. This is an increase of \$1.30 or 3.2%.

The rates contained in this notice are the rates proposed by South 641 Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates shown in this notice.

South 641 Water District has available for inspection at its office the application which it submitted to the Public Service Commission. South 641 Water District's office is located at 207 Main Street, Hazel, KY 42049. You may contact the office at 270-492-8857.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, KY 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. You may contact the Public Service Commission at 502-564-3940.

SOUTH 641 WATER DISTRICT

WATER AND SEWER RATES

Effective January 1, 2017

WATER

Monthly Rate:

First 2,000 gallons	\$19.54
3,000-4,999 gallons	\$ 7.54/thousand
5,000-9,999 gallons	\$ 6.63/thousand
10,000+ gallons	\$ 5.74/thousand

SEWER

Flat Rate \$24.97 +

\$ 5.94/thousand gallons

<u>Monthly Usage</u>	<u>Water Rate</u>	<u>Sewer Rate</u>	<u>Total (plus taxes)</u>
2,000	\$19.54	\$ 36.85	\$ 56.39
5,000	\$42.16	\$ 54.67	\$ 96.83
10,000	\$75.31	\$ 84.37	\$ 159.68
20,000	\$132.71	\$143.77	\$ 276.48
30,000	\$190.11		
50,000	\$304.91		
75,000	\$448.41		

SEWER ONLY: Monthly Flat Rate: \$48.73

BULK WATER RATE: \$ 5.74/1,000 gallons

EXHIBIT B

PURCHASED WATER - ADJUSTED BILLING for JANUARY 1, 2017 PWA

MONTH	MURRAY BILLING PERIOD	WATER				SOUTH 641 BILLING		CUSTOMERS
		PURCHASED GALLONS	ADJ GALLONS	PURCHASED \$\$	ADJ \$\$	PERIOD	WATER SOLD	
SEP 2016	8/15/16-9/13/16	1,689,000	1,578,750	\$3,732.69	\$3,489.04	9/1/16-9/30/16	1,384,590	366
AUG 2016	7/14/16-8/14/16	1,911,000	1,800,000	\$4,223.31	\$3,978.00	8/1/16-8/31/16	1,441,050	367
JUL 2016	6/15/16-7/14/16	1,649,000	1,780,000	\$3,644.29	\$3,933.80	7/1/16-7/31/16	1,389,180	363
JUN 2016	5/16/16-6/14/16	1,609,000	1,629,000	\$3,234.09	\$3,439.19	6/1/16-6/30/16	1,648,280	356
MAY 2016	4/13/16-5/16/16	1,620,500	1,614,750	\$3,257.20	\$3,245.65	5/1/16-5/31/16	1,293,690	359
APR 2016	3/13/2016-4/12/16	1,319,500	1,470,000	\$2,652.20	\$2,954.70	4/1/16-4/30/16	1,334,530	357
MAR 2016	2/13/16-3/12/16	1,285,500	1,302,500	\$2,583.86	\$2,618.03	3/1/16-3/31/16	1,207,470	358
FEB 2016	1/13/16-2/12/16	1,672,000	1,478,750	\$3,360.72	\$2,972.29	2/1/16-2/29/16	1,180,760	352
JAN 2016	12/13/15-1/12/16	1,436,500	1,554,250	\$2,887.37	\$3,124.05	1/1/16-1/31/16	1,367,690	350
DEC 2015	11/13/15-12/12/15	1,356,000	1,396,250	\$2,481.48	\$2,684.43	12/1/15-12/31/15	1,140,190	349
NOV 2015	10/13/15-11/12/15	1,337,000	1,346,500	\$2,446.71	\$2,464.10	11/1/15-11/30/15	1,210,420	351
OCT 2015	9/11/15-10/13/15	1,500,500	1,418,750	\$2,745.92	\$2,596.32	10/1/15-10/31/15	1,161,430	360
ADJUSTED TOTAL WATER PURCHASED:		GAL:	18,369,500	\$\$	\$37,499.58	SOLD:	15,759,280	