

**RECEIVED**

JUL 18 2017

**MONTGOMERY COUNTY WATER DISTRICT #1**

PUBLIC SERVICE  
COMMISSION

**4412 Camargo Road  
Mt. Sterling, KY 40353**

**Phone: (859) 498-0521**

**Fax: (859) 498-0872**

July 12, 2017

Jeff Derouen  
Executive Director  
KY Public Service Commission  
PO Box 615  
Frankfort, KY. 40602

RE: Formal Application for a Purchased Water Agreement

This is an application for a purchased water rate adjustment for the Montgomery County Water District #1. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates that will become effective August 01, 2017.

The District will publish the notice of the new rates in the local newspaper no later than the issuance of the first bill at the increased rate.

Sincerely;

  
enclosure

original

Case No. 2017-00280

RECEIVED

JUL 18 2017

Public Service  
Commission

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

Name of Utility	Montgomery County Water District #1	
Date	July 12, 2017	
Address	4412 Camargo Road	
City, State, Zip	Mt. Sterling, Ky. 40353	
Telephone Number	(859) 498-0521	

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
Mt. Sterling Water & Sewer	2.96	3.02

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	June 2016	through	May 2017
	(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
Mt. Sterling Water & Sewer	43,102,977
<b>TOTAL PURCHASES</b>	43,102,977
4. Total gallons sold for the 12 month period	34,089,170
5. Increased water cost	2586.18
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	.08
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p><b>Note:</b> 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	August 01, 2017
	
Signature of Utility Officer	
Title Chairman	

# MT. STERLING WATER & SEWER SYSTEM

POST OFFICE BOX 392 - 300 EAST MAIN STREET  
MOUNT STERLING, KENTUCKY 40353-0392

Exhibit A

June 23, 2017

Sandra Cole  
Montgomery County Water District  
4412 Camargo Road  
Mt. Sterling, Kentucky 40353

Re: Wholesale Rate Increase

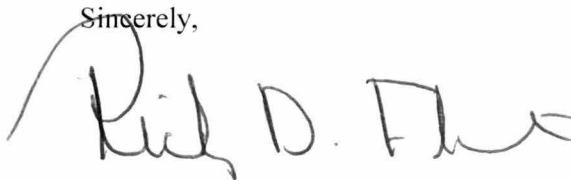
Sandra,

The purpose of this letter is to advise you that our utility, Mt. Sterling Water and Sewer (Mt. Sterling) has requested approval from the Kentucky Public Service Commission (PSC) to increase wholesale water rates charged to water districts/associations, served by our utility. This proposed increase is based on a Rate/Cost of Service study conducted by Norbourne and Associates, a Louisville based firm that specializes in rate analysis. The results of this study have indicated that the current wholesale rate of \$2.96 per 1,000 gallons is less than what it costs our utility to produce this amount. In an effort to recover these costs, our water and sewer board of commissioners voted to increase water rates by a factor of 2% at their regular monthly meeting held June 19, 2017.

Our utility has petitioned the Public Service Commission (PSC), to allow this increase be passed along to our wholesale customers. A rate modification request has been filed, which includes a tariff sheet asking to increase our current wholesale water rate of \$2.96/1,000 gallons, up to \$3.02. We have requested that this increase be effective August 1, 2017, should this increase be approved it will be reflected in the September billing. This notice is being provided in order to comply with a PSC statute that requires effected wholesale customers to receive notice of any proposed rate increase a minimum of 30 days prior to the implementation of said increase. Included, please find a copy of the tariff sheet, notification of proposed increase with required PSC language, along with a copy of our Rate Analysis and Cost of Service Studies.

In closing, thank you for both your understanding and cooperation regarding this matter. Should you have questions, comments or concerns regarding this notice, please feel free to contact me at (859) 498-0166. Thanks.

Sincerely,



Rick Fletcher  
Manager  
Mt. Sterling Water and Sewer



**MONTGOMERY COUNTY WATER DISTRICT #1**

**4412 Camargo Road  
Mt. Sterling, KY 40353**

**Phone: 859-498-0521**

**Fax Phone 859-498-0872**

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**MINUTES  
July 11, 2017**

The meeting of the Montgomery County Water District #1 was called to order at 5:00 P.M. at the water office by Office Manager Sandra Cole.

**Roll Call:**

Staff members present at meeting were Junior Holley, DeWayne Williams, and Sandra Cole.

**Approval of June 13, 2017 Minutes:**

Junior Holley made a motion to approve the minutes for June 13, 2017 meeting DeWayne Williams seconded the Motion. Motion carried.

**Guests Present:**

None

**Comments:**

None

**Old Business:**

**New Business:**

**A. Approve Managers Report, Financial Report, Adjustments,  
Billing summary, Account Write Offs, Budget Variances, Cash Receipt  
Report, and Pay Bills**

Junior Holley made the motion to approve the Managers/Treasurers Report. Dewayne Williams seconded the Motion. Motion carried.

**B. Additional Comments**

Sandra ask Commissioner's if A.J. could cover and receive Jacob Prewitt's pay for a while until Jacob can get back to work. Commissioner's agreed this would be fine.

**C. Rate Increase / Pass-Thru**

Dewayne Williams made a Motion to approve the Rate Increase / Pass-Thru. Junior Holley seconded the Motion. Motion carried.

**D. Adjourn:**

Junior Holley made a Motion to adjourn. DeWayne Williams seconded the Motion. Motion carried. Time 5:35 P.M.

**MONTGOMERY COUNTY WATER DISTRICT #1**

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**Water Sold 2016-2017**

<b>June</b>	<b>3,170,700</b>
<b>July</b>	<b>2,659,970</b>
<b>August</b>	<b>3,118,100</b>
<b>September</b>	<b>2,608,890</b>
<b>October</b>	<b>2,786,650</b>
<b>November</b>	<b>2,919,080</b>
<b>December</b>	<b>2,494,400</b>
<b>January</b>	<b>3,528,330</b>
<b>February</b>	<b>2,739,860</b>
<b>March</b>	<b>2,300,850</b>
<b>April</b>	<b>3,065,610</b>
<b>May</b>	<b>2,696,730</b>
<b>TOTAL</b>	<b>34,089,170</b>

$$34,089,170 \div 1000 = 34,089.17$$

$$43,102.977 \div 1000 = 43,102.98$$

$$\begin{array}{r} 43,102.98 \times \text{Current Rate } 2.96 = 127,584.82 \\ 43,102.98 \times \text{New Rate } 3.02 = 130,171.00 \\ \hline \text{difference } 2586.18 \end{array}$$

$$2586.18 \div .08$$

per 1000 gallon = Water Adjustment Factor

## Customer History Report

Service Type All  
AR Code WTR Water Billing - Charge

Use Reading Factor ☐  
Start Balance With Zero ☐

Print Transaction in Descending Order ☐

Beginning Date 06/01/2016  
Ending Date 05/31/2017

Print Breakdown By ☐ Transaction ☐ Service ☒ Taxes ☐ Totals Only

History For Account 0019-00400-001 Water, Montgomery County

Tran Date	Post Date	Code	Description	Service Desc	Service	Surcharge1	Surcharge2	Unapplied	Balance
Void	Posted By	Check#		Usage	Local Tax	State Tax	Penalty		
06/09/16	06/09/16	lisam	WTR Water Billing	WATER 02	\$10,181.48	\$0.00	\$0.00	\$0.00	\$10,181.48
				3,572,448	\$0.00	\$0.00	\$0.00	\$0.00	\$10,181.48
07/07/16	07/07/16	lisam	WTR Water Billing	WATER 02	\$10,732.33	\$0.00	\$0.00	\$0.00	\$10,732.33
				3,765,731	\$0.00	\$0.00	\$0.00	\$0.00	\$10,732.33
08/09/16	08/09/16	lisam	WTR Water Billing	WATER 02	\$13,836.67	\$0.00	\$0.00	\$0.00	\$13,836.67
				4,674,551	\$0.00	\$0.00	\$0.00	\$0.00	\$13,836.67
09/08/16	09/08/16	lisam	WTR Water Billing	WATER 02	\$10,541.45	\$0.00	\$0.00	\$0.00	\$10,541.45
				3,561,302	\$0.00	\$0.00	\$0.00	\$0.00	\$10,541.45
10/08/16	10/08/16	lisam	WTR Water Billing	WATER 02	\$10,536.37	\$0.00	\$0.00	\$0.00	\$10,536.37
				3,559,583	\$0.00	\$0.00	\$0.00	\$0.00	\$10,536.37
11/07/16	11/07/16	lisam	WTR Water Billing	WATER 02	\$10,940.65	\$0.00	\$0.00	\$0.00	\$10,940.65
				3,696,167	\$0.00	\$0.00	\$0.00	\$0.00	\$10,940.65
12/08/16	12/08/16	lisam	WTR Water Billing	WATER 02	\$10,721.68	\$0.00	\$0.00	\$0.00	\$10,721.68
				3,622,190	\$0.00	\$0.00	\$0.00	\$0.00	\$10,721.68
01/06/17	01/06/17	lisam	WTR Water Billing	WATER 02	\$9,794.20	\$0.00	\$0.00	\$0.00	\$9,794.20
				3,308,853	\$0.00	\$0.00	\$0.00	\$0.00	\$9,794.20
02/09/17	02/09/17	lisam	WTR Water Billing	WATER 02	\$10,218.20	\$0.00	\$0.00	\$0.00	\$10,218.20
				3,452,095	\$0.00	\$0.00	\$0.00	\$0.00	\$10,218.20
03/09/17	03/09/17	lisam	WTR Water Billing	WATER 02	\$8,876.91	\$0.00	\$0.00	\$0.00	\$8,876.91
				2,998,957	\$0.00	\$0.00	\$0.00	\$0.00	\$8,876.91
04/08/17	04/08/17	lisam	WTR Water Billing	WATER 02	\$9,337.22	\$0.00	\$0.00	\$0.00	\$9,337.22
				3,154,466	\$0.00	\$0.00	\$0.00	\$0.00	\$9,337.22
05/09/17	05/09/17	lisam	WTR Water Billing	WATER 02	\$11,060.44	\$0.00	\$0.00	\$0.00	\$11,060.44
				3,736,634	\$0.00	\$0.00	\$0.00	\$0.00	\$11,060.44
Total For Selection					\$126,777.60	\$0.00	\$0.00	\$0.00	\$126,777.60
					\$0.00	\$0.00	\$0.00	\$0.00	\$126,777.60
Ending Balance					\$15,817.61	\$0.00	\$0.00	\$0.00	\$15,817.61
					\$0.00	\$0.00	\$0.00	\$0.00	\$15,817.61

3,572,448 • +

3,765,731 • +

4,674,551 • +

3,561,302 • +

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3,696,167 • +

3,622,190 • +

3,308,853 • +

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43,102,977 • \*

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## **MONTHLY WATER RATES**

### **CURRENT**

**\$23.09 Minimum Bill**

**Next 3,000 Gal. \$7.40 Per 1000 Gal**

**Next 5,000 Gal. \$6.68 Per 1000 Gal.**

**Over 10,000 Gal. \$5.96 Per 1000 Gal**

### **PROPOSED**

**\$23.25 Minimum Bill**

**\$7.48 Per 1,000 Gallon**

**\$6.76 Per 1,000 Gallon**

**\$6.04 Per 1,000 Gallon**

**Wholesale Customer \$3.21 Per 1,000 Gal**

**\$3.29 Per 1,000 Gallon**