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DEC 22 2017

PUBLIC SERVICE
COMMISSION

South 641 Water District

PO Box 126, Hazel, KY 42049

(270)492-8857

December 18, 2017

Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

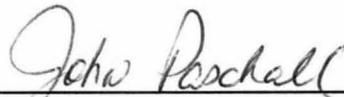
RE: Purchased Water Adjustment Increase Effective January 1, 2018
Wholesale Provider: City of Murray Water and Sewer System
Wholesale Purchaser: South 641 Water District

Dear Director Pinson:

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, 2018.

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

Yours truly,



John Paschall, Chairman
South 641 Water District

**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 \$2.67 to \$2.99 per 1,000 gallons effective January 1, 2018;

WHEREAS, based upon the water purchases from Murray during the previous 12 months the estimated annual increased cost to the District will be \$5,013.98;

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 \$0.32 per 1,000 gallons;

Section 3. All tiers of water usage set forth in the District's existing tariff shall be increased by \$0.32 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, 2018.

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.

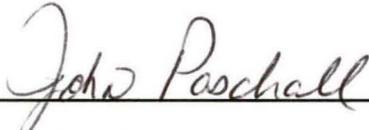
Section 6. The Chairman, all appropriate District Staff, and the District's attorney are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement the PWA.

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 18, 2017, 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 18, 2017, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect

WITNESS my hand this 18th day of December, 2017.



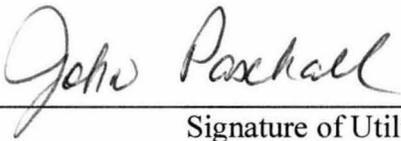
SECRETARY

Purchased Water Adjustment Form 1
July 2014PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND WATER ASSOCIATIONS
(807 KAR 5:068)**RECEIVED**

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PUBLIC SERVICE
COMMISSION

Name of Utility	South 641 Water District		
Date	December 18, 2017		
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	\$2.67	\$2.99	
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 2016	through	September 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
Murray Water & Sewer System	18,570,300
TOTAL PURCHASES	18,570,300
4. Total gallons sold for the 12 month period	15,891,860
5. Increased water cost	\$ 5,013.98
<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	\$0.32
<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, 2018
	
Signature of Utility Officer	
South 641 Board of Commissioners-Chairman	
Title	

AREA Entire Service Area

APPENDIX A

PSC KY NO _____

Third Revised SHEET NO 4

South 641 Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

Second Revised SHEET NO. 4

RATES AND CHARGES

Monthly Water Rates

All Meter Sizes

First 2,000 Gallons	\$20.74 Minimum Bill
Next 3,000 Gallons	\$ 8.14 per 1,000 gallons
Next 5,000 Gallons	\$ 7.23 per 1,000 gallons
Over 10,000 Gallons	\$ 6.34 per 1,000 gallons
Bulk Rate	\$ 6.34 per 1,000 gallons

5/8" x 4/4" meter \$1,000.00
 All larger meters Actual Cost

Rock Clause:

An additional charge shall be made for meter connections where rock is encountered. The charge shall be applied per linear foot and shall not exceed the actual cost of excavation.

DATE OF ISSUE _____
Month/Date/Year

DATE EFFECTIVE 01/01/2018
Month/Date/Year

ISSUED BY *John Parshall*
(Signature of Officer)

TITLE Chairman

By Authority Of Order Of The Public Service Commission

IN CASE NO. _____ DATED _____

**EXHIBIT B
SOUTH 641 WATER DISTRICT**

SUPPLIER	NEW RATE (per 1,000)	OLD RATE (per 1,000)
Murray Water	\$2.94	\$2.67

TWELVE MONTH TEST PERIOD: **October 2016 - September 2017**

SUPPLIER	GALLONS PURCHASED DURING TEST PERIOD
Murray Water	18,570,300
TOTAL	18,570,300

SUPPLIER	COST AT NEW RATE	COST AT OLD RATE	INCREASED WATER COST
Murray Water	\$54,596.68	\$49,582.70	
TOTAL	\$54,596.68	\$49,582.70	= \$5,013.98

TOTAL GALLONS SOLD FOR THE TEST PERIOD: **15,891,860**

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

$$\$5,013.98 \quad / \quad 15,891,860 \quad \times 1000 \quad = \quad \mathbf{0.3155}$$

OR ROUNDUP
TO

INCREASE PER 1,000 GALLONS **\$0.32**

EXHIBIT B

PURCHASED WATER - ADJUSTED BILLING for JANUARY 1, 2018 PWA

MONTH	MURRAY BILLING	WATER PURCHASED		WATER		SOUTH 641 BILLING	WATER SOLD	CUSTOMERS
	PERIOD	GALLONS	ADJ GALLONS	PURCHASED \$\$	ADJ \$\$	PERIOD		
SEP 2017	8/15/17-9/12/17	1,494,700	1,646,750	\$3,990.85	\$4,396.83	9/1/17-9/30/17	1,426,970	370
AUG 2017	7/13/17-8/14/17	1,898,000	1,696,350	\$5,067.66	\$4,529.26	8/1/17-8/31/17	1,462,870	365
JUL 2017	6/14/17-7/12/17	1,602,000	1,750,000	\$4,277.34	\$4,672.50	7/1/17-7/31/17	1,513,890	368
JUN 2017	5/14/17-6/13/17	1,643,000	1,622,500	\$3,992.49	\$4,134.92	6/1/17-6/30/17	1,562,230	361
MAY 2017	4/14/17-5/13/17	1,579,500	1,611,250	\$3,838.19	\$3,915.34	5/1/17-5/31/17	1,364,790	358
APR 2017	03/16/17-04/13/17	1,318,000	1,448,750	\$3,202.74	\$3,520.47	4/1/17-4/30/17	1,237,790	356
MAR 2017	02/15/17-03/15/17	1,350,000	1,334,000	\$3,280.50	\$3,241.62	3/1/17-3/31/17	1,188,980	354
FEB 2017	01/13/17-02/14/17	1,540,150	1,445,075	\$3,745.85	\$3,513.18	2/1/17-2/28/17	1,209,430	361
JAN 2017	12/14/16-01/12/17	1,414,500	1,477,325	\$3,437.24	\$3,591.55	1/1/17-1/31/17	1,213,570	361
DEC 2016	11/14/16-12/13/16	1,298,500	1,356,500	\$2,869.69	\$3,153.47	12/1/16-12/31/16	1,186,930	361
NOV 2016	10/13/16-11/13/16	1,798,300	1,548,400	\$3,962.53	\$3,416.11	11/1/16-11/30/16	1,236,250	365
OCT 2016	9/14/16-10/12/16	1,468,500	1,633,400	\$3,245.39	\$3,603.96	10/1/16-10/31/16	1,288,160	368
ADJUSTED TOTAL WATER PURCHASED:		GAL:	18,570,300	\$\$	\$45,689.18	SOLD:	15,891,860	

EXHIBIT C

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

Monthly Water Rates

	Current Rates	Proposed Rates*
First 2,000 gallons	\$20.10 Minimum Bill	\$20.74 Minimum Bill
Next 3,000 gallons	7.82 per 1,000 gallons	8.14 per 1,000 gallons
Next 5,000 gallons	6.91 per 1,000 gallons	7.23 per 1,000 gallons
Over 10,000 gallons & Bulk Rate	6.02 per 1,000 gallons	6.34 per 1,000 gallons

***Effective: January 1, 2018**