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Ledbetter Water District  
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Ledbetter, Kentucky 42058  
Phone 270-898-3236  
Email [ledbetterwaterdi@bellsouth.net](mailto:ledbetterwaterdi@bellsouth.net)

April 11, 2018

Ms. Gwen R. Pinson  
Executive Director  
Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

RE: Case No. 2018-00117  
Ledbetter Water District  
ARF Application - Water & Sewer Rates

Dear Ms. Pinson:

Enclosed for filing are the original and five (5) copies of supplemental information in support of the referenced application. A copy of this information has been provided to the Office of Rate Intervention in the Attorney General's Office.

Yours truly,

A handwritten signature in cursive script that reads "Bill Downs". The signature is written in black ink and includes a horizontal line extending to the right from the end of the name.

Bill Downs, Manager

Enclosures  
cc: Office of the Attorney General, Rate Intervention

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**NARRATIVE FOR PROPOSED CUSTOMER CHARGES**

Ledbetter Water District proposes to obtain needed revenue by implementing an across the board rate increase applied to its existing rate structure. The total increase will be done in two phases. However, the District also proposes to establish a different customer charge in its water rates for each size meter.

AWWA Manual M1 recommends the application of equivalent meter ratios to distribute meter and service costs to customer classes. That manual states that "Distribution of customer costs by equivalent meter and service ratios recognizes that meter and service costs vary, depending on considerations such as size of service pipe, materials used, locations of meters and other local characteristics for various sized meters as compared to 5/8-inch meters and services." For scaling its customer charges Ledbetter proposes using the typical customer meter and service equivalent ratios based on investment that are presented in AWWA Manual M1.

Calculations of the proposed customer charges are tabulated on the next page. The proposed charges are the result of multiplying the existing customer charge by the required percentage rate increase and each respective equivalent ratio. The proposed charge for 5/8" meters is adjusted as shown to arrive at the correct amount of total revenue from all meter sizes.

## CALCULATION OF PROPOSED CUSTOMER CHARGES

### PHASE 1 CUSTOMER CHARGE

<u>Meter</u>	<u>No. of</u>	<u>Exist.</u>		<u>Total with</u>	<u>Equiv.</u>	<u>Prop.</u>	
<u>Size</u>	<u>Bills</u>	<u>Cust. Ch.</u>	<u>Revenue</u>	<u>17.0% Incr.</u>	<u>Ratio</u>	<u>Cust. Ch. *</u>	<u>Revenue</u>
5/8	14,848	6.59	97,848.32		1.0	7.58	112,547.84
1	163	6.59	1,074.17		1.4	10.79	1,758.77
1-1/2	24	6.59	158.16		1.8	13.88	333.12
2	84	6.59	553.56		2.9	22.36	1,878.24
4	-	6.59	-		14.0	107.94	-
<b>Totals</b>	<b>15,119</b>		<b>99,634.21</b>	<b>116,572.03</b>			<b>116,517.97</b>

### PHASE 2 CUSTOMER CHARGE

<u>Meter</u>	<u>No. of</u>	<u>Exist.</u>		<u>Total with</u>	<u>Equiv.</u>	<u>Prop.</u>	
<u>Size</u>	<u>Bills</u>	<u>Cust. Ch.</u>	<u>Revenue</u>	<u>27.3% Incr.</u>	<u>Ratio</u>	<u>Cust. Ch. *</u>	<u>Revenue</u>
5/8	14,848	6.59	97,848.32		1.0	8.26	122,644.48
1	163	6.59	1,074.17		1.4	11.74	1,913.62
1-1/2	24	6.59	158.16		1.8	15.10	362.40
2	84	6.59	553.56		2.9	24.33	2,043.72
4	-	6.59	-		14.0	117.45	-
<b>Totals</b>	<b>15,119</b>		<b>99,634.21</b>	<b>126,834.35</b>			<b>126,964.22</b>

\* The proposed customer charge for 5/8" meters is reduced by \$0.13 to compensate for increased revenue from larger meters and arrive at the appropriate total revenue from customer charges.