

**LEVEE ROAD WATER ASSOCIATION**

**4969 Levee Road  
Mt. Sterling, KY 40353**

**(859) 498-6980**

**levee.water@gmail.com**

May 31, 2018

RECEIVED

JUN 04 2018

PUBLIC SERVICE  
COMMISSION

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

Office of the Attorney General  
Consumer Protection Division  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

Dear Ms. Pinson:

Please be advised that Mt. Sterling Water and Sewer Commission increased their wholesale water rate effective July 1, 2018. Levee Road Water Association intends to pass this increase through to our retail customers in accordance with 807 KAR 5:068. This rate adjustment was approved by the Board of Directors during the May 30, 2018 board meeting.

The following support documentation is enclosed for your review:

- Mt. Sterling Notice to Increase Rates / Tariff
- Resolution Approving PWA
- Purchased Water Rate Adjustment Form
- PWA Calculation Sheet
- Notice to Customers
- Revised Tariff Rate Sheet

The Association will publish the notice in accordance with Commission regulations and will provide verification that such notice has been given before rendering the first customer statement reflecting the increase.

Please contact me if you have questions or need additional information.

Sincerely,

  
Brenda Murphy  
Secretary

RECEIVED

JUN 04 2018

PUBLIC SERVICE  
COMMISSION

**Exhibit A**

**Mt. Sterling Notice to Increase Rates**

# MT. STERLING WATER & SEWER SYSTEM

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

May 31, 2018

Chad Linkous  
Levee Road Water Association  
P.O. Box 770  
Mt. Sterling, Kentucky 40353

Re: Wholesale Rate Increase

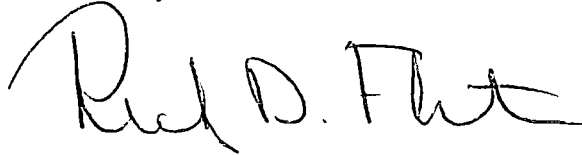
Chad,

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 an increase of the inflationary rate of 2.9% as indicated by the Bureau of Labor Statistics, as well as several water projects slated for the 2018/2019 fiscal year. As a result our water and sewer board of commissioners voted to increase water rates by a factor of 3% at the regular monthly board meeting held May 14, 2018.

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 \$3.02/1,000 gallons, up to \$3.11. We have requested that this increase be effective July 1, 2018, should this increase be approved it will be reflected in the August 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 notification of the proposed increase, notification to the PSC Executive Director, proposed tariff sheet, required PSC language, along with an excerpt from the Bureau of Labor Statistics web site.

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,

A handwritten signature in black ink, appearing to read "Rick D. Fletcher". The signature is fluid and cursive, with the first name "Rick" being the most prominent.

Rick Fletcher  
Manager  
Mt. Sterling Water and Sewer

# MT. STERLING WATER & SEWER SYSTEM

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

May 31, 2018

Executive Director  
Public Service Commission  
P.O. Box 616  
Frankfort, Kentucky 40602

Re: Wholesale Rate Increase

Dear Sir/Madam,

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 an increase of the inflationary rate of 2.9% as indicated by the Bureau of Labor Statistics, as well as several water projects slated for the 2018/2019 fiscal year. As a result our water and sewer board of commissioners voted to increase water rates by a factor of 3% at the regular monthly board meeting held May 14, 2018.

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Sincerely,

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Rick Fletcher  
Manager  
Mt. Sterling Water and Sewer



AREA Mt. Sterling, Kentucky

PSC KY NO. 9

SHEET NO. \_\_\_\_\_

Mt. Sterling Water and Sewer Commission  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 8

SHEET NO. \_\_\_\_\_

Monthly Wholesale Water Rates:

Levee Road Water Association  
Reid Village Water District  
Montgomery County Water District  
Judy Water Association  
Bath County Water District

All Usage \$3.11/1,000 gallons (I)

Note: Revises previous rate of \$3.02/1,000 gallons which was effective August 1, 2017 (T)

DATE OF ISSUE May 31, 2018

MONTH / DATE / YEAR

DATE EFFECTIVE July 1, 2018

MONTH / DATE / YEAR

ISSUED BY [Signature]

SIGNATURE OF OFFICER

TITLE Manager, Mt. Sterling Water and Sewer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

## Notice

Mt. Sterling Water and sewer is providing notice that it plans to file documentation with the Public Service Commission on or before May 31, 2018 to increase its wholesale rate for water service provided after July 1, 2018. The proposed rates are as follows:

<u>Wholesale Customer</u>	<u>New Rate</u>	<u>Previous Rate</u>	<u>\$ Difference</u>	<u>% Difference</u>
Levee Road Water Association	\$3.11	\$3.02	\$0.09	3
Reid Village Water District	\$3.11	\$3.02	\$0.09	3
Montgomery County Water District	\$3.11	\$3.02	\$0.09	3
Judy water Association	\$3.11	\$3.02	\$0.09	3
Bath County Water District	\$3.11	\$3.02	\$0.09	3

Water flowing through the meter(s) before the effective date will be charged at the previous rate(s) while water flowing through the meter(s) after the new effective date will be charged at the new rate(s).

This filing may be examined at the utility's office located at 300 East Main Street in Mt. Sterling, Kentucky; telephone: (859) 498-0166.

This filing may also be examined at the office of the Public service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday – Friday from 8:00 am – 4:30 pm, or on the Public service Commission's web site at <http://psc.ky.gov>.

The proposed rates are the rates proposed by Mt. Sterling Water and Sewer, but the Public Service Commission may order rates that differ from the proposed rates.

Intervention may be requested by submitting a timely written request for intervention by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. The request for intervention must establish the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public service Commission may take final action on the filing.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U), U.S. city average, by expenditure category, 12-month analysis table

Expenditure category	Relative importance Feb. 2018	Twelve Month				
		Unadjusted percent change Mar. 2017- Mar. 2018	Unadjusted effect on All Items Mar. 2017- Mar. 2018(1)	Standard error, median price change(2)	Largest (L) or Smallest (S) unadjusted change since: (3)	
					Date	Percent change
Alcoholic beverages away from home	0.366	2.1	0.008	0.32	-	-
Beer, ale, and other malt beverages away from home(4)(5)		1.3		0.63	S-May 2016	1.3
Wine away from home(4)(5)		2.0		0.58	L-Jan. 2018	2.2
Distilled spirits away from home(4)(5)		2.9		0.77	L-Jul. 2016	2.9
Other goods(11)	1.569	2.7	0.041	0.34	L-Jan. 2018	2.7
Tobacco and smoking products	0.646	5.9	0.039	0.44	S-Mar. 2017	3.6
Cigarettes(4)	0.573	5.9	0.036	0.43	S-Mar. 2017	3.7
Tobacco products other than cigarettes(4)	0.059	5.0	0.002	1.18	L-Nov. 2017	5.6
Personal care products	0.700	0.3	0.002	0.54	L-Sep. 2016	0.4
Hair, dental, shaving, and miscellaneous personal care products(4)	0.385	-0.6	-0.002	0.81	L-Jan. 2018	-0.5
Cosmetics, perfume, bath, nail preparations and implements	0.309	1.2	0.004	0.85	L-Aug. 2016	1.8
Miscellaneous personal goods(4)	0.222	-0.1	0.000	1.81	L-Oct. 2017	0.2
Stationery, stationery supplies, gift wrap(5)		-0.5		1.51	-	-
Infants' equipment(2)(5)		4.1		1.28	S-Jan. 2018	2.3
Services less energy services	59.112	2.9	1.719	0.09	L-Mar. 2017	2.9
Shelter	32.697	3.3	1.105	0.10	L-Aug. 2017	3.3
Rent of shelter(15)	32.325	3.3	1.102	0.10	L-Oct. 2017	3.3
Rent of primary residence(10)	7.779	3.6	0.283	0.11	-	-
Lodging away from home(4)	0.939	2.4	0.029	2.03	L-Apr. 2017	2.9
Housing at school, excluding board(10)(15)	0.113	2.0	0.002	0.29	L-Jan. 2018	2.0
Other lodging away from home including hotels and motels	0.826	2.3	0.027	2.37	L-Apr. 2017	2.8
Owners' equivalent rent of residences(10)(15)	23.606	3.3	0.790	0.10	L-Aug. 2017	3.3
Owners' equivalent rent of primary residence(10)(15)	22.288	3.3	0.754	0.10	L-Aug. 2017	3.3
Tenants' and household insurance(4)	0.373	0.8	0.003	0.37	S-Dec. 2017	0.6
Water and sewer and trash collection services(4)	1.073	2.9	0.033	0.20	-	-
Water and sewerage maintenance(10)	0.814	3.3	0.028	0.24	-	-
Garbage and trash collection(13)	0.259	1.8	0.005	0.38	L-Dec. 2017	2.0
Household operations(4)	0.869	5.6	0.048	0.99	-	-
Domestic services(4)	0.298	3.3	0.010	0.41	S-Dec. 2017	3.2

**Exhibit B**

**Resolution Approving PWA**

## RESOLUTION FOR PASS THRU RATE INCREASE

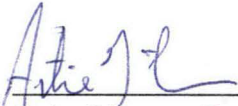
### Levee Road Water Association

WHEREAS Levee Road Water Association proposes to raise their water rates to offset an increase in their wholesale purchase rates from Mt. Sterling Water & Sewer System.

NOW THEREFORE BE IT RESOLVED by the Directors of Levee Road Water Association that Brenda Murphy, Secretary is authorized to execute and submit an application to the Kentucky Public Service Commission to raise the Levee Road Water Rates by \$0.12 per 1,000 gallons.


Adopted this 30<sup>th</sup> day of May, 2018

Signed:



Artie Gibson, President

Attest:




Brenda Murphy, Secretary

**Exhibit C**

**Purchased Water Rate Adjustment Form**

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

Name of Utility	Levee Road Water Association		
Date			
Address	4969 Levee Road		
City, State, Zip	Mt. Sterling		40353
Telephone Number	(859) 498-6980		
<p>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.</p>			
<b>Supplier(s)</b>	<b>Base Rate</b>	<b>Changed Rate</b>	
Mt. Sterling Water Works	\$3.02	\$3.11	
<p>1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit <b>A</b>.</p>			
<p>2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).</p>			
From	<b>May 2017</b>	through	<b>April 2018</b>
	(month and year)		(month and year)
<p>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.</p>			

Supplier(s)		Gallons Purchased during 12 month period		
Mt. Sterling Water Works		50,581		
<b>TOTAL PURCHASES</b>		50,581		
4. Total sales for the 12 month period		38,026		
5. Increased water cost	\$4,552.29			
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.				
6. Purchased water adjustment factor	\$0.12			
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	July 1, 2018			
				
Signature of Utility Officer				
Secretary				
Title				



**Exhibit D**

**PWA Calculation Sheet**

**Levee Road Water Association  
Purchase Water Adjustment Worksheet**

Month/Year	Purchased Water (gallons)					Water Sold (gallons)
	Mt. Sterling					
May 2017	3,947,645					3,707,720
Jun 2017	4,312,370					3,518,280
Jul 2017	7,800,066					3,571,150
Aug 2017	4,400,260					3,405,090
Sep 2017	3,762,515					2,696,680
Oct 2017	3,766,030					2,854,660
Nov 2017	3,581,349					2,852,370
Dec 2017	3,269,583					2,952,600
Jan 2018	4,635,954					3,616,090
Feb 2018	3,626,154					2,870,150
Mar 2018	3,773,735					2,909,010
Apr 2018	3,705,368					3,072,940
Totals	50,581,029	-	-	-	-	38,026,740

**TWELVE MONTH PURCHASED WATER COST**

Gallons Purchased	Current Rate	Cost	New Rate	Cost
50,581,029	\$ 3.02	\$ 152,754.71	\$ 3.11	\$ 157,307.00
-		\$ -		\$ -
-		\$ -		\$ -
-		\$ -		\$ -
-		\$ -		\$ -
50,581,029		\$ 152,754.71		\$ 157,307.00

Increased Cost    \$    4,552.29                      PWA Factor    \$        0.12

**WATER RATE AJUSTMENT**

Rate Schedule		Current Rate	Increase	New Rate
First	1,000	\$ 11.25	\$ 0.12	\$ 11.37
Next	2,000	\$ 4.85	\$ 0.12	\$ 4.97
Next	3,000	\$ 4.15	\$ 0.12	\$ 4.27
Next	19,000	\$ 3.40	\$ 0.12	\$ 3.52
Next	25,000	\$ 3.05	\$ 0.12	\$ 3.17
Over	50,000	\$ 2.75	\$ 0.12	\$ 2.87

**BILL CALCULATION**

Usage	Current Rate	\$ Increase	% Increase	New Rate
5,000 gallons	\$ 29.25	\$ (29.23)	2%	\$ 29.85

**Exhibit E**

**Notice to Customers**

## LEGAL NOTICE

Due to a rate increase from the City of Mt. Sterling, the Levee Road Water Association has filed an application with the Public Service Commission to implement the following rate schedule. The proposed change will affect all bills issued after July 1, 2018.

	<u>Rate Step</u>	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>	<u>Per Unit Sale</u>
<b>Residential</b>	First 1,000 gallons	\$ 11.25	\$ 11.37	1.06%	Minimum Bill
	Next 2,000 gallons	\$ 4.85	\$ 4.97	2.41%	per 1,000 gallons
	Next 3,000 gallons	\$ 4.15	\$ 4.27	2.81%	per 1,000 gallons
	Next 19,000 gallons	\$ 3.40	\$ 3.52	3.41%	per 1,000 gallons
	Next 25,000 gallons	\$ 3.05	\$ 3.17	3.79%	per 1,000 gallons
	All Over 50,000 gallons	\$ 2.75	\$ 2.87	4.18%	per 1,000 gallons
<b>Other</b>	Commercial Hauler 1,000 gallons	\$ 5.13	\$ 5.25	2.29%	per 1,000 gallons
	Private Loading Unit 1,000 gallons	\$ 5.13	\$ 5.25	2.29%	per 1,000 gallons
	Water Coin Vendor 1,000 gallons	\$ 5.63	\$ 5.75	2.09%	per 1,000 gallons

### Present Rate Proposed Rate Increase

The bill for an average residential customer using 5,000 gallons each month would increase 2.0% from \$29.25 to \$29.85, a monthly increase of \$0.60.

The rates contained in this notice are the rates proposed by Levee Road Water Association. The Public Service Commission, however, may order rates to be charged that differ from the proposed rates in this notice. A corporation, association, or person may, within thirty (30) days after the initial publication or mailing of notice of the proposed rate change, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party.

Any person may examine this application at Levee Road Water Association's office at 4969 Levee Road, Mt. Sterling, KY 40353. The application and all documents filed with the Public Service Commission may be viewed and downloaded at the Public Service Commission's web site at <http://psc.ky.gov/>.

**Exhibit F**

**Revised Tariff Rate Sheet**

FOR Montgomery County, Kentucky  
Community, Town or City

P.S.C. KY. NO. 2

3<sup>rd</sup> Revised SHEET NO. 1

Levee Road Water Association  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2

1<sup>st</sup> Revised SHEET NO. 1

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### RATES AND CHARGES

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#### Monthly Water Rates

First	1,000	Gallons	\$11.37	Minimum Bill	(I)
Next	2,000	Gallons	4.97	per 1,000 Gallons	↓
Next	3,000	Gallons	4.27	per 1,000 Gallons	
Next	19,000	Gallons	3.52	per 1,000 Gallons	
Next	25,000	Gallons	3.17	per 1,000 Gallons	
Over	50,000	Gallons	2.87	per 1,000 Gallons	
Commercial Hauler			5.25	per 1,000 Gallons	
Any Individual who has a Private Loading Unit			5.25	per 1,000 Gallons	
All Water Purchased from Water Coin Vendor			5.75	per 1,000 Gallons	↓

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DATE OF ISSUE May 31, 2018  
Month / Date / Year

DATE EFFECTIVE July 1, 2018  
Month / Date / Year

ISSUED BY Brenda Murphy  
(Signature of Officer)

TITLE Secretary Secretary

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_