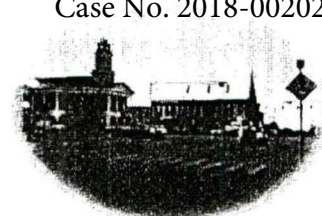




## CITY OF LANCASTER

Billy C. Moss Municipal Center  
308 West Maple Avenue, Suite 1  
Lancaster KY 40444  
(859) 792-2241

Mayor

Chris Davis

City Clerk

Debbie Carrier

City Attorney

Beth Wesley

City Council

James Bushnell

Bret Baierlein

Ken Parsons

Marshall Norton

Donnelly Barnes

Michael Gaffney

RECEIVED

JUN 18 2018

PUBLIC SERVICE  
COMMISSION

May 25, 2018

Sean Smith, General Manager  
Garrard County Water Association, Inc.  
315 Lexington Road  
Lancaster, KY 40444

**Hand Delivered**

RE: Proposed Water Rate Increase

Dear Mr. Smith:

As you are aware, the Kentucky River Authority ("KRA") recently increased its Tier II Water Withdrawal Fee from \$0.13 per 1,000 gallons to \$0.22 per 1,000 gallons. Accordingly, the City of Lancaster, Kentucky ("Lancaster") is increasing the KRA Water Withdrawal Fee component of its wholesale rate to Garrard County Water Association, Inc. ("GCWA"). Lancaster is simply passing along the increased Water Withdrawal Fee and no other portion of the wholesale rate will be changed. The volumetric component will continue to be governed by the Water Purchase Agreement between Lancaster and GCWA dated October 3, 2017.

Attached are the following documents, which contain the new rate for the KRA Water Withdrawal Fee component of the wholesale rate, the proposed Effective Date, and other information required by the Public Service Commission ("PSC").

1. Customer Notice;
2. Tariff Sheet; and
3. Letter from KRA to Lancaster.

Lancaster plans to file these documents with the PSC on or before May 31, 2018. Should you have any questions or need further information, please feel free to contact me.

Sincerely,

Chris Davis  
Mayor, City of Lancaster

## CUSTOMER NOTICE

The City of Lancaster, Kentucky (“Lancaster”) is providing notice that it plans to file with the Public Service Commission, on or before May 31, 2018, to increase the Kentucky River Authority (“KRA”) Water Withdrawal Fee component of the wholesale water rate it charges Garrard County Water Association, Inc. (“GCWA”) effective for water service on and after July 10, 2018. The volumetric component of the wholesale water rate will not be affected. The current rate and proposed rate are set forth as follows:

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>KRA Water Withdrawal Fee</b> (per 1,000 gallons)	\$0.16	\$0.27	\$0.11 increase	68.7% increase

GCWA purchased approximately 262,510,000 gallons of water from Lancaster in the 2017 calendar year. Its average monthly purchases were 21,875,833 gallons. Under the current rates, the KRA Water Withdrawal Fee component of GCWA’s average monthly bill is \$3,500.

The rate increase will cause the KRA Water Withdrawal Fee component of GCWA’s average monthly bill to increase from \$3,500 to \$5,906. This is an increase of \$2,406 or 68.7%.

This filing may be examined at the offices of Lancaster located at 308 West Maple Ave., Lancaster, KY 40444.

The filing may also be examined at the offices 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 Commission website at <http://psc.ky.gov>.

Comments regarding this filing may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602; or through its website at <http://psc.ky.gov>.

The new rate is the rate proposed by Lancaster in its filing, but the Public Service Commission may order a rate that differs from the proposed rate contained in this Customer Notice.

Intervention by GCWA or another person with a substantial interest 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 prior to the effective date of the proposed rates, the Public Service Commission may take final action on the proposed rates.

FOR Garrard County Water Association, Inc.  
Community, Town or City

P.S.C. KY. NO. 1

1<sup>st</sup> Revised SHEET NO. 2

City of Lancaster  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1

Original SHEET NO. 2

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CLASSIFICATION OF SERVICE

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MONTHLY WHOLESALE WATER RATE

Garrard County Water Association, Inc.

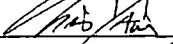
**Kentucky River Authority Withdrawal Fee:**

Tier I Fee	\$0.022 per 1,000 Gallons	
Tier II Fee	<u>\$0.220</u> per 1,000 Gallons	(I)
Sub-total	\$0.242 per 1,000 Gallons	(I)
Adjustment to recover full cost of KRA Fee	<u>\$0.028</u> per 1,000 Gallons	(I)
<b>Total KRA Fee</b>	<b>\$0.270</b> per 1,000 Gallons	(I)

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DATE OF ISSUE May 25, 2018  
Month / Date / Year

DATE EFFECTIVE July 10, 2018  
Month / Date / Year

ISSUED BY   
(Signature of Officer)

TITLE Mayor

By Authority Of Order Of The Public Service Commission

IN CASE NO. N/A DATED \_\_\_\_\_





COMMONWEALTH OF KENTUCKY

MATT BEVIN  
Governor

KENTUCKY RIVER AUTHORITY  
403 WAPPING STREET, SUITE 105  
FRANKFORT, KENTUCKY 40601  
OFFICE (502) 564-2866  
FAX (502) 564-2681  
KRA.ky.gov

JERRY T. GRAVES  
Executive Director

MICHAEL H. FLYNN  
Chairman

April 23, 2018

Lancaster Municipal Water Works  
Mr. Troy Deshon  
743 Water Works Road  
Lancaster, KY 40444

Dear Mr. Deshon:

The Kentucky River Authority, at its April 9<sup>th</sup> board meeting, voted to adjust the Tier II water withdrawal fee set forth in administrative regulation 420 KAR 1:050. **Beginning July 1, 2018 the new Tier II rate will be \$0.22 per 1,000 gallons of water withdrawn.** (Currently this rate is \$0.13 per 1,000 gallons). The Tier I rate will remain unchanged. This rate increase is necessary to fund the debt service required for the capital improvements at Dam 10 on the Kentucky River. If you have any questions, please call our office at (502) 564-2866.

Sincerely,

  
Jerry Graves  
Executive Director  
Kentucky River Authority

cc: Lancaster City Clerk's Office

June 5, 2018

Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

Dear Executive Director:

Please find enclosed the Association's request for a purchased water rate adjustment. This adjustment request is due to the increased cost from the Kentucky River Authority ("KRA") of its Tier II Water Withdrawal Fee. This fee is simply passed on to Garrard Co. Water Association from the City of Lancaster and will be effective on August 10, 2018. Exhibit "A" is attached to the application showing this agreed to rate increase.

Also, enclosed is a revised tariff sheet reflecting the eight cent per thousand gallons adjustment.

The Association will notify its customers of the rate adjustment before rendering the first customer statement reflecting the increase.

If additional information should be required, please advise.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sean Smith", is written over a horizontal line.

Sean Smith  
General Manager

Enclosures

Per Lancaster Water Works in providing to the Garrard County Water Association a notice that it filed with the Public Service Commission on May 25, 2018, to increase its wholesale water rates. The Board of Directors of the Garrard County Water Association met on June 5, 2018 and approved proceeding with the Lancaster rate increase.

Billy C. Cooper  
Executive Director

6-5-18  
Date

# Garrard County Water 2018

<u>SUPPLIER</u>	<u>NEW RATE</u> <u>(per 1,000)</u>	<u>OLD RATE</u> <u>(per 1,000)</u>
Lancaster	<b>\$2.3700</b>	<b>\$2.2600</b>

TWELVE MONTH TEST PERIOD:

**June 2017 – May 2018**

<u>SUPPLIER</u>	<u>GALLONS PURCHASED</u> <u>DURING TEST PERIOD</u>
Lancaster	<b>265,657,806</b>
0	<b>0</b>
<b>TOTAL</b>	<b>265,657,806</b>

<u>SUPPLIER</u>	<u>COST AT</u> <u>NEW RATE</u>	<u>COST AT</u> <u>OLD RATE</u>
Lancaster	<b>\$629,609.01</b>	<b>\$600,386.65</b>
<b>Total</b>	<b>\$629,609.01-</b>	<b>\$600,386.65 = \$29,222.36</b>

**TOTAL GALLONS SOLD FOR THE TEST PERIOD : 388,328,600**

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

<b>\$29,222.36</b>	<b>/</b>	<b>388,328,600</b>	<b>/1000</b>	<b>=</b>	<b>.0753</b>
<b>Rounded</b>					<b>.08</b>

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

Name of Utility	GARRARD COUNTY WATER ASSOCIATION		
Date	December 20, 2017		
Address	P.O. BOX 670		
City, State, Zip	LANCASTER	KY	40444
Telephone Number	859-792-4501		
Email Address	ssmith@garrardwater.com		

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
CITY OF LANCASTER	2.26	2.37
CITY OF DANVILLE	2.41	2.41
CITY OF BEREA	2.65	2.65

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 2017	through	May 2018
	(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.

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Supplier(s)	Gallons Purchased during 12 month period
CITY OF LANCASTER	265,657,806
CITY OF DANVILLE	94,004,667
CITY OF BEREA	28,666,127
TOTAL PURCHASES	388,328,600
4. Total gallons sold for the 12 month period	317,058,662
5. Increased water cost	\$29,222.36
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 B	
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.	
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.	
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	August 10, 2018
 Signature of Utility Officer	
General Manager Title	

# Garrard Co. Water 2018 Comparison of Rates

## 5/8" x 3/4" Meter

		<u>Old Rate</u>	<u>New Rate</u>
First	1,000 Gallons	\$ 11.68	\$ 11.76 (Minimum Bill)
Next	1,000 Gallons	6.29	6.37 per 1,000 gallons
Next	1,000 Gallons	5.08	5.16 per 1,000 gallons
Next	2,000 Gallons	4.86	4.94 per 1,000 gallons
Over	5,000 Gallons	4.53	4.61 per 1,000 gallons

## 1" Meter

First	5,000 Gallons	\$ 32.77	\$ 33.17 (Minimum Bill)
All Over	5,000 Gallons	4.53	4.61 per 1,000 gallons

## 1 & 1/2" Meter

First	10,000 Gallons	\$ 55.42	\$ 56.22 (Minimum Bill)
All Over	10,000 Gallons	4.53	4.61 per 1,000 gallons

## 2" Meter

First	25,000 Gallons	\$ 123.37	\$ 125.37 (Minimum Bill)
All Over	25,000 Gallons	4.53	4.61 per 1,000 gallons

## **BULK SALES**

\$5.75 per 1,000 Gallons

## **PUBLIC NOTICE**

Due to a rate increase from the City of Lancaster, notice is hereby given that the Garrard County Water Association has filed an Application for a Purchased Water Adjustment with the Kentucky Public Service Commission for the purpose of adjusting its water rates. Customer rates will increase by six (5) cents per 1,000 gallons used. The proposed change will be effective for service rendered on and after January 10, 2018.

### **5/8" x 3/4" Meter**

		<u>Old Rate</u>	<u>New Rate</u>
First	1,000 Gallons	\$ 11.68	\$ 11.76 (Minimum Bill)
Next	1,000 Gallons	6.29	6.37 per 1,000 gallons
Next	1,000 Gallons	5.08	5.16 per 1,000 gallons
Next	2,000 Gallons	4.86	4.94 per 1,000 gallons
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All Over	10,000 Gallons	4.53	4.61 per 1,000 gallons

### **2" Meter**

First	25,000 Gallons	\$ 123.37	\$ 125.37 (Minimum Bill)
All Over	25,000 Gallons	4.53	4.61 per 1,000 gallons

## **BULK SALES**

\$5.75 per 1,000 Gallons

The rates contained in this notice are the rates proposed by The Garrard County Water Association. The Public Service Commission may order rates to be changed that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

The Garrard County Water Association has available for inspection at its office the application submitted to the Public Service Commission. The office is located at 315 Lexington Road, Lancaster, Kentucky.



AREA \_\_\_\_\_

PSC KY NO. \_\_\_\_\_

23rd REVISED SHEET NO. \_\_\_\_\_

GARRARD COUNTY WATER ASSOCIATION, INC.  
(NAME OF UTILITY)

CANCELLING PSC KY NO. \_\_\_\_\_

22st REVISED SHEET NO. \_\_\_\_\_

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RATE PER UNIT

RESIDENTIAL, FARM AND SMALL COMMERCIAL

5/8" x 3/4" Meter Schedule

First	1,000 Gallons	11.76 (Minimum Bill)
Next	1,000 Gallons	6.37 per 1,000 Gallons
Next	1,000 Gallons	5.16 per 1,000 Gallons
Next	2,000 Gallons	4.94 per 1,000 Gallons
All Over	5,000 Gallons	4.61 per 1,000 Gallons

LARGE COMMERCIAL, DAIRY FARM AND SCHOOL CONNECTIONS

1" Meter Schedule

First	5,000 Gallons	33.17 (Minimum Bill)
All Over	5,000 Gallons	4.61 per 1,000 Gallons

1 1/2" Meter Schedule

First	10,000 Gallons	56.22 (Minimum Bill)
All Over	10,000 Gallons	4.61 per 1,000 Gallons

2" Meter Schedule

First	25,000 Gallons	125.37 (Minimum Bill)
All Over	25,000 Gallons	4.61 per 1,000 Gallons

Bulk Sales

\$5.75 per 1,000 Gallons

Rates based on monthly consumption.

Penalty of 10% applied to all unpaid bills 10 days from date of bill.

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DATE OF ISSUE June 5, 2018  
MONTH / DATE / YEAR

DATE EFFECTIVE August 10, 2018  
MONTH / DATE / YEAR

ISSUED BY   
SIGNATURE OF OFFICER

TITLE General Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_