

MURRAY WATER DISTRICT #2

201 New Providence Road, Murray, KY 42071
270-293-2828

RECEIVED

AUG 15 2018

PUBLIC SERVICE
COMMISSION

August 13, 2018

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

RE: Purchased Water Adjustment Increase
Wholesale Provide: City of Murray
Wholesale Purchaser: Murray Water District #2

Dear Director Pinson:

The Murray Water District #2 is requesting a Purchased Water Adjustment to cover the seven wholesale rate increases that have been placed by the City of Murray and are contained in the City of Murray Code of Ordinances, Chapter 53.02 – “Water Rates and Tap-On Fees”.

The latest rate increase became effective on July 1, 2018. The Water District plans to pass these rates increase on to its customers on October 1, 2018.

The Notice to Customers will be published in accordance with Commission regulations and verification of its publication will be provided to the Commission.

Sincerely,

Marty Futrell, Chairman



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

RECEIVED

AUG 15 2018

PUBLIC SERVICE
COMMISSION

Name of Utility	Murray Water District #2		
Date	August 13, 2018		
Address	405 S.4 th Street		
City, State, Zip	Murray, KY	42071	
Telephone Number	270-293-2828		
Email Address			
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 Murray	\$1.66/1000 gallons	\$3.23/1000 gallons	
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	August 1, 2017	through	July 31, 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.			

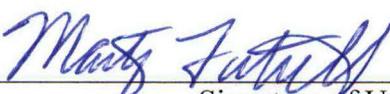
Supplier(s)	Gallons Purchased during 12 month period
City of Murray	14,935,500
TOTAL PURCHASES	14,935,500
4. Total gallons sold for the 12 month period	14,935,500
5. Increased water cost	\$23,448.74
<p>The increased water cost is the cost difference between purchases at base (current rate) and purchases 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 "B"</p>	
6. Purchased water adjustment factor	\$1.57
<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 "C"	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit "D"	
9. Proposed effective date	October 1, 2018
	
Signature of Utility Officer	
Chairman	
Title	

EXHIBIT 'A'

Includes the following:

- E-mail from Murray Municipal Utilities With Usage Report and Current and Historical Wholesale Rates.
- Copy of Murray Code of Ordinances, 53.02 Water Rates.

Don Elias

From: Sexton, Tina - Customer Billing Team Lead <Tina.Sexton@murrayky.gov>
Sent: Thursday, August 09, 2018 10:29 AM
To: Don Elias
Subject: RE: Water District #2 History Report
Attachments: WtrDst2.xlsx

WARNING: External sender. Do not click links or attachments unless you recognize the sender and know the content is safe.

Don,

Here is the updated information for Water District # 2. Let me know if you need anything else.

Tina

Tina Sexton

Billing Specialist
Murray Municipal Utilities
270-762-0350 ext 1110
Email: tina.sexton@murrayky.gov

From: Don Elias [mailto:delias@bfwengineers.com]
Sent: Wednesday, August 08, 2018 2:28 PM
To: Sexton, Tina - Customer Billing Team Lead <Tina.Sexton@murrayky.gov>
Subject: Water District #2 History Report

WD #2 is ready to file their request for a rate increase to the PSC. You provided a twelve month history to Marty Futrell a couple of months ago (see attached). We need the most recent 12 months now which may add the June and possibly July numbers to the ones you previously provided. We met with Tom on this yesterday. Thanks for your help.

50,000 gallons							
All over 60,000 gallons	\$2.56	\$2.82	\$2.97	\$3.14	\$3.33	\$3.53	\$3.75

(D) Water district customers shall be charged at a rate of \$1.66 per 1,000 gallons of water from 1/1/15 to 6/30/15 and from 7/1/15 to 12/31/18 in accordance with the rate schedule below:

<i>WATER RATE SCHEDULE/WATER DISTRICT CUSTOMERS</i>							
<i>Gallons Per Month</i>	<i>Rates per Thousand Gallons 7/1/15 through 12/31/15</i>	<i>Rates per Thousand Gallons 1/1/16 through 6/30/16</i>	<i>Rates per Thousand Gallons 7/1/16 through 12/31/16</i>	<i>Rates per Thousand Gallons 1/1/17 through 6/30/17</i>	<i>Rates per Thousand Gallons 7/1/17 through 12/31/17</i>	<i>Rates per Thousand Gallons 1/1/18 through 6/30/18</i>	<i>Rates per Thousand Gallons 7/1/18 through 12/31/18</i>
For the first 1,000 gallons	\$1.83	\$2.01	\$2.21	\$2.43	\$2.67	\$2.94	\$3.23

(E) Each customer applying for new water connection to the Murray Public Works and Utilities shall pay the fee set by the following water tap-on schedule:

<i>WATER TAP-ONS</i> <i>(Effective 07/01/2016)</i>		
<i>Tap Size</i>	<i>Inside City</i>	<i>Outside City</i>
3/4 inch	\$875	\$1,225
One inch	\$1,050	\$1,470
1-1/2 inch	\$1,750	\$2,450
Two inch	\$2,625	\$3,675
All over two inches	Cost	Cost
Fire line installation	Cost	Cost

(F) In the event the cost to the city exceeds the above tap-on fees, a determination of the actual cost shall be made by the Director of Public Works and Utilities and such cost shall be the responsibility of the water customer.

EXHIBIT "B"

MURRAY WATER DISTRICT #2 PURCHASED WATER ADJUSTMENT

<u>SUPPLIER</u>	<u>NEW RATE</u>	<u>OLD RATE</u>
City of Murray	\$3.23/1,000 gals	\$1.66/1000 gals

TWELVE MONTH TEST PERIOD: August 1, 2017 – July 31, 2018

GALLONS PURCHASED FROM CITY OF MURRAY DURING TEST PERIOD: 14,935,500

<u>SUPPLIER</u>	<u>COST AT NEW RATE</u>	<u>COST AT OLD RATE</u>	<u>INCREASED COST</u>
City of Murray	\$48,241.67	\$24,792.93	\$23,448.74

Increased Water Cost/ (total gallons sold/1000) = **Purchased Water Adjustment Factor:**

$$\mathbf{\$23,448.74 / (14,935,500 / 1000) = \text{Purchase Water Adjustment Factor}}$$

$$\mathbf{\$23,448.74 / 14,935.5 = \$1.57 / 1000 \text{ gallons}}$$

EXHIBIT "C"

**SCHEDULE OF CURRENT AND PROPOSED RATES FOR
MURRAY WATER DISTRICT #2**

MONTHLY WATER RATES

	<u>Current Rates</u>	<u>Proposed Rates*</u>
First 1,500 Gallons	\$6.46 Minimum Bill	\$8.82 Minimum Bill
Next 8,500 Gallons	\$3.44 Per 1000 Gallons	\$5.01 Per 1000 Gallons
Next 40,000 Gallons	\$2.14 Per 1000 Gallons	\$3.71 Per 1000 Gallons
Over 50,000 Gallons	\$1.84 Per 1000 Gallons	\$3.41 Per 1000 Gallons

***Effective Date: October 1, 2018**

EXHIBIT "D"

RESOLUTION OF MURRAY WATER DISTRICT #2

ADOPTING NEW RATE SCHEDULE

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF MURRAY WATER DISTRICT #2 ADJUSTING WATER RATES AND CHARGES TO OFFSET THE CITY OF MURRAY WHOESALE RATE INCREASES

WHEREAS, the City of Murray water and Sewer System (“Murray”) is the Murray Water District #2 wholesale water provider;

WHEREAS, the Murray Code of Ordinances, Chapter 53.02, “Water Rates and tap-on fees” establishes the wholesale rate of \$3.23 per thousand gallons effective July 1, 2018. The Murray Water District #2 has not amended its rates since August 1, 2005 when the wholesale rate was \$1.66;

WHEREAS, based on the water purchases from Murray during the previous 12 months the estimated annual increased cost to the District will be \$23,448.74;

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 808 KAR 5:068 provide the legal mechanism for the District to increase its water rates commensurate with Murray’s wholesale rate increases via a Purchase Water Adjustment (“PWA”);

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF MURRAY WATER DISTRICT #2 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 \$1.57 per 1,000 gallons.

Section 3. All tiers of water usage set forth in the District’s existing tariff shall be increased by \$1.57 per 1000 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 Murray Water District #2 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 October 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.

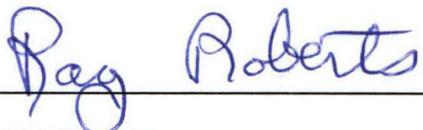
Section 7. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF MURRAY WATER DISTRICT #2 at a meeting held on 8-2-18 @ 4:30, signed by the Chairman and attested by the Secretary.

ATTEST:



CHAIRMAN

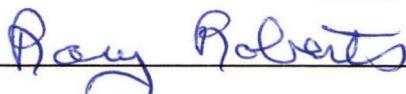


SECRETARY

CERTIFICATION

I, Secretary of the Murray Water District #2, 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 8/2/18, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 2ND day of August, 2018.



SECRETARY

EXHIBIT "A"
SCHEDULE OF PROPOSED RATES FOR
MURRAY WATER DISTRICT #2

MONTHLY WATER RATES

	<u>Proposed Rates*</u>
First 1,500 Gallons	\$8.82 Minimum Bill
Next 8,500 Gallons	\$5.01 Per 1000 Gallons
Next 40,000 Gallons	\$3.71 Per 1000 Gallons
Over 50,000 Gallons	\$3.41 Per 1000 Gallons

***Effective Date: October 1, 2018**

PUBLIC NOTICE

Due to a rate increase from the City of Murray Water District #2 proposes to make the following revisions to its schedule of charges. The proposed effective date of the change is October 1, 2018.

	Current	Proposed	% Change
First 1,500 Gals.	\$6.46 Min. Bill	\$8.82 Min. Bill	36.53%
Next 8,500 Gals.	\$3.44/1000 gals.	\$5.01/1000 gals.	45.64%
Next 40,000 Gals.	\$2.14/1000 gals.	\$3.71/1000 gals.	73.36%
Over 50,000 Gals.	\$1.84/1000 gals.	\$3.41/1000 gals.	85.33%

The monthly bill for a customer using an average of 5,000 gallons per month will increase \$7.86 from \$18.50 to \$26.36 or 42.49%.

The rates contained in this notice are the rates proposed by Murray Water District #2. However, the Public Service Commission may order rates to be charged that differ from these proposed fees. Such action may result in rates for consumers other than the rates in this notice.

Murray #2 Water District has available for inspection at its office the application which it submitted to the Public Service Commission. The office is located at 201 New Providence Road, Murray, KY 42071.

A person may also examine the application at the PSC's offices located at 211 Sower Boulevard, Frankfort, KY 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m. or on the PSC website at <http://psc.ky.gov>. or telephone (502) 564-3940.