

AUG 29 2019

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF BIG SANDY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
CONSTRUCT A SYSTEM IMPROVEMENTS) CASE NO. 2019-00275
PROJECT AND AN ORDER APPROVING A)
CHANGE IN RATES AND AUTHORIZING)
THE ISSUANCE OF SECURITIES PURSUANT)
TO KRS 278.023)

** *** **** ***** **** *** **

MOTION TO AMEND APPLICATION

The Applicant, Big Sandy Water District (the "District"), by Counsel, files this Motion to Amend Application in response to the August 26, 2019 Order.

The Applicant hereby moves the Commission to amend the original Application in Case No. 2019-00275 as follows:

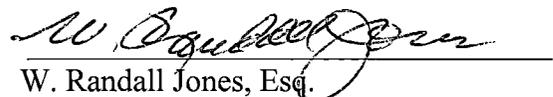
- (1) Applicant requests Commission approval to unify its current retail rate structure for Division 1 and Division 2.
- (2) Applicant has received Amendment No. 2 to the USDA, Rural Development ("RD") Letter of Conditions, which Amendment sets forth the revised rates required by RD to provide financing for the proposed Project (see **Exhibit "A"** attached hereto).
- (3) Applicant has arranged for the publication (publication date is August 28, 2019) of a revised Notice of Proposed Rate Change which complies with 807 KAR 5:069, Section 3 (see **Exhibit "B"** attached hereto). Applicant will file the required Affidavit of Publication and Tearsheet as soon as same is available.

Respectfully Submitted,
Rubin & Hays

By 
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Louisville, Kentucky 40202
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Supplemental Filing was duly mailed by first class United States Postal Service mail to all parties of record in this proceeding on this 28th day of August, 2019.


W. Randall Jones, Esq.
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Phone: (502) 569-7525
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Counsel for Big Sandy Water District



Rural Development August 26, 2019

Kentucky State Office

771 Corporate Drive, Suite 200 Lexington, KY 40503

Mr. Paul E. Thomas, Chairman Big Sandy Water District 18200 State Route 3 Catlettsburg, Kentucky 42219

Voice 859.224.7300 Fax 855.661.8335 TTY 859.224.7422

Re: Letter of Conditions Dated 11/20/2018 and Amendment No. 1 Dated 07/22/2019

Dear Chairman Thomas:

This letter shall serve as Amendment No. 2 to the Letter of Conditions dated November 20, 2018 and Amendment No. 1 dated July 22, 2019. The purpose of this amendment is to revise the user rates in order to provide additional revenue to cover the subsequent loan.

Paragraph numbered "32" is revised to read as follows:

"32. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be:

Meter Size 5/8"

First	1,000	gallons @ \$18.25. - Minimum Bill.
Next	9,000	gallons @ \$ 9.40. - per 1,000 gallons.
Next	10,000	gallons @ \$ 6.40. - per 1,000 gallons.
Next	20,000	gallons @ \$ 5.95. - per 1,000 gallons.
All Over	40,000	gallons @ \$ 5.70. - per 1,000 gallons.

Meter Size 1"

First	10,000	gallons @ \$102.85. - Minimum Bill.
Next	10,000	gallons @ \$ 6.40. - per 1,000 gallons.
Next	20,000	gallons @ \$ 5.95. - per 1,000 gallons.
All Over	40,000	gallons @ \$ 5.70. - per 1,000 gallons.

Meter Size 1 1/2"

First	20,000	gallons @ \$166.85. - Minimum Bill.
Next	20,000	gallons @ \$ 5.95. - per 1,000 gallons.
All Over	40,000	gallons @ \$ 5.70. - per 1,000 gallons.

USDA is an equal opportunity provider, employer and lender.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Meter Size 2"

First	40,000 gallons @ \$285.85 - Minimum Bill.
All Over	40,000 gallons @ \$ 5.70. - per 1,000 gallons.

Meter Size 3"

First	100,000 gallons @ \$627.85 - Minimum Bill.
All Over	100,000 gallons @ \$ 5.70. - per 1,000 gallons.

Meter Size 4"

First	200,000 gallons @ \$1,197.85. - Minimum Bill.
All Over	200,000 gallons @ \$ 5.70. - per 1,000 gallons.

Former Overland Development Water System Customers:

Meter Size 5/8"

First	1,000 gallons @ \$18.25. - Minimum Bill.
Next	9,000 gallons @ \$ 9.40. - per 1,000 gallons.
Next	10,000 gallons @ \$ 6.40. - per 1,000 gallons.
Next	20,000 gallons @ \$ 5.95. - per 1,000 gallons.
All Over	40,000 gallons @ \$ 5.70. - per 1,000 gallons.

Wholesale Water Rate:

Cannonsburg Water District - \$5.70 per 1,000 gallons.
 Rates based on monthly consumption and calculated per 1,000 gallons.

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,



HILDA GAY LEGG
 State Director

- cc: Field Director - Morehead, Kentucky
- Field Specialist - Morehead, Kentucky
- FIVCO ADD - Grayson, Kentucky
- Randy Jones - Louisville, Kentucky
- Sisler Maggard - Lexington, Kentucky
- Roger Hall - Ashland, Kentucky
- PSC - ATTN: Talina Mathews - Frankfort, Kentucky

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission ("PSC") as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the **Big Sandy Water District ("District")** of a change in water rates for users of the District's water system. The changes in water rates are required by USDA, Rural Development ("RD") in connection with a loan from RD to the District in the amount of \$2,065,000 to be evidenced by the issuance by the District of its waterworks revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Big Sandy Water District Current Monthly Water Rates Division 1

5/8"x 3/4" Meters

First 1,000 gallons	\$17.02	Minimum
Next 9,000 gallons	\$8.67	Per 1,000 gallons
Next 10,000 gallons	\$6.07	Per 1,000 gallons
Next 20,000 gallons	\$5.65	Per 1,000 gallons
Over 40,000 gallons	\$5.42	Per 1,000 gallons

1 Inch Meter

First 10,000 gallons	\$94.97	Minimum
Next 10,000 gallons	\$6.07	Per 1,000 gallons
Next 20,000 gallons	\$5.65	Per 1,000 gallons
Over 40,000 gallons	\$5.42	Per 1,000 gallons

1.5 Inch Meter

First 20,000 gallons	\$155.67	Minimum
Next 20,000 gallons	\$5.65	Per 1,000 gallons
Over 40,000 gallons	\$5.42	Per 1,000 gallons

2 Inch Meter

First 40,000 gallons	\$268.67	Minimum
Over 40,000 gallons	\$5.42	Per 1,000 gallons

3 Inch Meter

First 100,000 gallons	\$593.87	Minimum
Over 100,000 gallons	\$5.42	Per 1,000 gallons

4 Inch Meter

First 200,000 gallons	\$1,135.87	Minimum
Over 200,000 gallons	\$5.42	Per 1,000 gallons

Wholesale Rates

Cannonsburg Water District	\$5.12	Per 1,000 gallons
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Rates Based on monthly consumption and calculated per 100 gallons

Division 2 Former Overland Development Area

5/8"x 3/4" Meters

First 2,000 gallons	\$25.48	Minimum
Next 8,000 gallons	10.01	Per 1,000 gallons
Next 20,000 gallons	8.23	Per 1,000 gallons
Next 20,000 gallons	7.29	Per 1,000 gallons
Over 50,000 gallons	6.39	Per 1,000 gallons

**Big Sandy Water District
Proposed Monthly Water Rates**

<u>5/8" x 3/4" Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 1,000 gallons	\$18.25	\$1.23	7.23%
Next 9,000 gallons	\$9.40	\$0.73	8.42%
Next 10,000 gallons	\$6.40	\$0.33	5.44%
Next 20,000 gallons	\$5.95	\$0.30	5.31%
Over 40,000 gallons	\$5.70	\$.028	5.17%

<u>1 Inch Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 10,000 gallons	\$102.85	\$7.88	8.30%
Next 10,000 gallons	\$6.40	\$0.33	5.44%
Next 20,000 gallons	\$5.95	\$0.30	5.31%
Over 40,000 gallons	\$5.70	\$.028	5.17%

<u>1.5 Inch Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 20,000 gallons	\$166.85	\$11.18	7.18%
Next 20,000 gallons	\$5.95	\$0.30	5.31%
All Over 40,000 gallons	\$5.70	\$.028	5.17%

<u>2 Inch Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 40,000 gallons	\$285.85	\$17.18	6.39%
All Over 40,000 gallons	\$5.70	\$.028	5.17%

<u>3 Inch Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 100,000 gallons	\$627.85	\$33.98	5.72%
All Over 100,000 gallons	\$5.70	\$.028	5.17%

<u>4 Inch Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 200,000 gallons	\$1,197.85	\$61.98	5.46%
Over 200,000 gallons	\$5.70	\$.028	5.17%

Former Overland Development Area

<u>5/8" x 3/4" Meters</u>	<u>New Monthly Rate</u>
First 1,000 gallons	\$18.25
Next 9,000 gallons	\$9.40
Next 10,000 gallons	\$6.40
Next 20,000 gallons	\$5.95
Over 40,000 gallons	\$5.70

Wholesale Water Rate			
Cannonsburg Water Dist.	\$5.70	\$0.58	11.33%

Rates Based on monthly consumption and calculated per 100 gallons

Customer Class	Average Monthly Usage Per Customer	Average Monthly Bill (Present Rates)	Average Monthly Bill (Proposed Rates)	Increase in Average Monthly Bill (\$)	Increase in Average Monthly Bill (%)
5/8" x 3/4" meter	3023	34.56	37.33	2.77	8.02
1" meter	7807	94.97	102.85	7.88	8.30
1.5" meter	6187	155.67	166.85	11.18	7.18
2" meter	8629	268.67	285.85	17.18	6.39
3" meter	89,505	593.87	627.85	33.98	5.72
4" meter	412,094	1135.87	1197.85	61.98	5.46
O.D. 5/8" x 3/4" Meter	3400	39.49	40.81	1.32	3.34
C.W.D. 2" Meter	N.A.	5.12/1000	5.70/1000	0.58	11.33

The proposed monthly water rates shall be effective for water sold after the date of the final approving Order of the PSC, which Order is expected to be issued no later than 30 days of the filing of the Application. The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Big Sandy Water District, 18200 State Rt. #3, Catlettsburg, KY 41129; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at <http://psc.ky.gov>. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement. The RD loan proceeds will be used to finance the costs of the (i) sandblasting, rehab, repainting of (7) seven ground storage tanks at Fuller Ridge, Cunningham Hill, Quarry Branch, Rush Hill, Bowling Drive, Buchanan, U.S. 23 and also repairs and caulking at U.S. 23 glass lined tank; (ii) replacing (3) three existing (28 yr. old) pump stations at Quarry Branch, Fuller Ridge and Cunningham Hill and furnish and install variable frequency drives (VFD's) at U.S. 60 pump station and The Point pump station to improve efficiency of operation and decrease power use; (iii) replacing (7) seven stream crossings by HDD (horizontal directional drilling) with HDPE (high density poly ethylene pipe); replacing 41,100 L.F. of Blue Max 3/4" service line, replacing 5,900 L.F. of 1" Blue max service line; installing multiple gate valves (60 each) throughout system to allow isolation of leak sections; installing master meters throughout system to allow isolation and calculation of leaks; (iv) begin G.P.S. of the system; and (v) construction of new office building to include drive thru window and emergency generator. Signed: Paul E. Thomas, Chairman, Big Sandy Water District.