

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 12 2020

PUBLIC SERVICE  
COMMISSION


IN THE MATTER OF:

APPLICATION OF MURRAY WATER	)	
DISTRICT #2 FOR AN ORDER APPROVING A	)	CASE NO.
TRANSFER OF OWNERSHIP AND CONTROL	)	2019-00413
TO THE CITY OF MURRAY	)	

**NOTICE OF FILING**

COMES now CITY OF MURRAY, KENTUCKY and WATER DISTRICT #2, by and through counsel and hereby gives Notice of Filing of their joint response to Commission Staff's Second Request For Information, along with an Affidavit of Marty Futrell, both of which are attached hereto and incorporated by reference as if fully stated herein and respectively marked EXHIBIT "A" and EXHIBIT "B".

Respectfully Submitted,

  
WARREN K. HOPKINS

Attorney at Law  
405 Maple Street, Suite B  
Murray, KY 42071

Telephone: (270) 759-9504  
Facsimile: (270) 759-9821

**CERTIFICATE OF SERVICE**

I, the undersigned, hereby certify that on the 11<sup>th</sup> day of FEBRUARY, 2020, a true and correct copy of the foregoing Notice was mailed, with proper postage affixed, to the Public Service Commission, 211 Sower Blvd., Frankfort, KY 40601.

  
WARREN K. HOPKINS,  
Attorney at Law

# AFFIDAVIT

COMES NOW Affiant, **MARTY FUTRELL**, being first duly sworn and depose and hereby states the following:

1. Affiant is an adult residing in Murray, Calloway County, Kentucky, having a mailing address of 201 New Providence Road, Murray, KY 42071.
2. Affiant is the Chairman for Murray Water District #2.
3. Affiant states that financial data for the period ending DECEMBER 31, 2019 is not available as of the filing of the City of Murray and Murray Water District #2's joint response to the Public Service Commission's Second Request For Information. The Murray Water District #2's 2019 information has been submitted to the Murray Water District #2's accountant for audit and a financial statement has not yet been completed.
4. Affiant states that with approval and permission from the Public Service Commission's Office of General Counsel, the journal entry, identified as Item #2 in the response, was created using the financial data as of DECEMBER 31, 2018.

FURTHER the Affiant saith not on this the 10<sup>th</sup> day of FEBRUARY, 2020.

  
\_\_\_\_\_  
MARTY FUTRELL

COMMONWEALTH OF KENTUCKY  
COUNTY OF CALLOWAY

I, the undersigned Notary Public, do hereby certify that the foregoing instrument was duly subscribed, acknowledged and sworn to before me by **MARTY FUTRELL**, who is personally known to me (or proved to me on the basis of satisfactory evidence), as his free and duly authorized act, on this the 10<sup>th</sup> day of FEBRUARY, 2020.



  
\_\_\_\_\_  
NOTARY PUBLIC, State at Large  
MY COMMISSION EXPIRES: 4/25/2020

RECEIVED

FEB 12 2020

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MURRAY WATER DISTRICT #2	)	
FOR AN ORDER APPROVING A TRANSFER OF	)	CASE NO.
OWNERSHIP AND CONTROL TO THE CITY OF	)	2019-00413
MURRAY	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO MURRAY WATER DISTRICT #2 AND THE CITY OF MURRAY

Murray Water District #2 (Murray District #2) and the city of Murray, Kentucky (Murray), collectively (Joint Applicants), pursuant to 807 KAR 5:001, are to file with the Commission the original and six copies in paper medium of the following information, with a copy to all parties of record. The information requested herein is due on or before February 14, 2020. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Applicants shall make timely amendments to any prior response if the Joint Applicants obtain information which indicates that the response was incorrect when made

or, though correct when made, is now incorrect in any material respect. For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, Joint Applicants shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Joint Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Based upon the record, it appears that the customers of Murray District #2 will experience a significant increase in their monthly water bills in the event the transfer is completed.

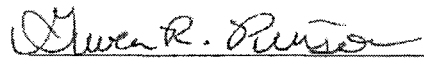
a. Provide the reasons Murray District #2 used to justify this impact on the customers' bills.

b. State whether or not Murray District #2 conducted any studies that projected what the rates for Murray District #2 would be if the utility continued in operation as a water district.

c. If any studies were produced, provide a copy of the study.

2. In Item 4 of Commission Staff's First Request for Information, Murray was requested to, "Provide the proposed journal entry that Murray will use to record the

transfer.” Provide the requested journal entry using Murray District #2’s financial data as of December 31, 2019.



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

DATED JAN 22 2020

cc: Parties of Record

Case No. 2019-00413

\*Murray #2 Water District  
201 New Providence Road  
Murray, KY 42071

\*Honorable Warren K Hopkins  
Attorney at Law  
Hopkins & Associates  
405 Maple Street, Suite B  
Murray, KENTUCKY 42071

\*Marty Futrell  
Murray #2 Water District  
201 New Providence Road  
Murray, KY 42071

**RESPONSE TO ITEM # 1 FOR SECOND REQUEST FROM PSC FOR INFORMATION,**  
**CASE #2019-00413**

1.a. Murray Water District #2 has shown loss of revenue for the last several years as shown in the audited statements submitted to the Public Service Commission each year. The Water District has anticipated the transfer of the system to the City of Murray for the past several years but it has been delayed due to changes in administration in the City. The Water District had not raised rates since 2004 until last year which depleted nearly all reserve funds. The current rates are still insufficient to cover ongoing costs and could not cover any unusual costs or breakdowns. The new City rates are the required rates set by ordinance for all customers outside of the city limits of Murray which currently include approximately 2174 customers. The customers of Murray Water District #2 were all notified by mail of the transfer negotiations with the City of Murray and the rate changes in the attached notice, Attachment "A". No complaints were received in response to this notice.

1.b. No in-depth study has been performed to determine the necessary rate increase that would be required to continue operation as Water District #2. There are currently two comparable Water Districts, Almo-Dexter Water District and U.S. 641 South Water District, who also purchase water from the City of Murray and operate in Calloway County. The rate of both of these systems exceed those of the rates that would be charged by the City of Murray. It should also be noted that WD #2 has had three different certified water system operators in the past five years. It is very difficult to keep an operator with such a small system. The transfer to the City of Murray would solve this problem.

1.c. No studies were produced.

*The information in this response was provided by Marty Futrell, Chairman, Murray WD #2.*

Attachment A

**TO ALL CUSTOMERS OF MURRAY #2 WATER DISTRICT  
JUNE 2019**

The Water Board of Murray #2 Water District has been in negotiations with the City of Murray, whom we purchase our water from, for the last three years to transfer the water district ownership and operation over to the City of Murray. Due to ever changing rules, regulations and restrictions, it is becoming very difficult for small districts like Murray #2 to remain in existence and operate properly and efficiently. Since the City of Murray is our water supplier and does our maintenance, we felt it most feasible and more sensible to turn the district over to them. This letter is to inform all of our customers of this transition in advance. We are hopeful that this transition will take place sometime during 2019; however, we aren't certain of a date as of yet since approval is required by the Kentucky Public Service Commission.

Once this transition is completed and the City of Murray is in operation of Murray #2 Water District, the water rates will increase to the same rates that the City of Murray charges all its "outside the city" customers. Those rates are as follows:

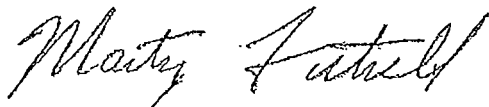
First 2000 gal (minimum bill)	\$20.54 per month
Next 4000 gal	\$5.77 per 1000 gal used
Next 4000 gal	\$4.87 per 1000 gal used
Next 50,000 gal	\$4.03 per 1000 gal used
All over 60,000 gal	\$3.75 per 1000 gal used

The current rate for Murray #2 for a 2000 gal water bill is \$11.67; the City of Murray rate for an "outside the city" customer for a 2000 gal water bill is \$20.54. The increase on a 2000 gal water bill is approximately \$9.00 per month plus applicable state and local taxes.

Again the purpose of this letter is to inform the customers of Murray #2 Water District well in advance of this rate increase and transfer. If you have any questions, please call Marty Futrell, Chairman at (270) 293-2828.

Thank you,

6-13-19



Marty Futrell, Chairman  
Murray #2 Water District



## CERTIFICATION

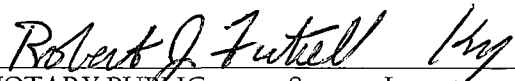
I, Marty Futrell, representative for the Applicant, Murray Water District #2, do hereby verify that the above Responses (Item 1) were answered by me on behalf of Murray Water District #2 and each answer given is accurate, true and correct to the best of my knowledge and belief on this the 4th day of February, 2020.

Murray Water District #2

  
Chairman, Authorized Representative

COMMONWEALTH OF KENTUCKY  
COUNTY OF CALLOWAY

I, the undersigned Notary Public, do hereby certify that the foregoing instrument was duly subscribed, acknowledged and sworn to before me by Marty Futrell in his/her capacity as Representative for Murray Water District #2, who is personally known to me (or proved to me on the basis of satisfactory evidence), as his/her duly authorized act, on this the 4th day of February, 2020.

  
NOTARY PUBLIC      State at Large  
MY COMMISSION EXPIRES: 4-9-2021

**Water District #2 financial data for the period ending December 31, 2019 was not available at the time of this request. Upon approval from the Office of General Counsel, the journal entry below is prepared using Water District #2 financial data as of December 31, 2018. KW 2/5/2020**

	DEBIT		CREDIT	
	GL ACCOUNT	AMOUNT	GL ACCOUNT	AMOUNT
CASH-WTR DISTRICT CHECKING	40-104-000-000	5,958.81		
LAND AND LAND RIGHTS	40-160-000-000	150.00		
PLANT UNCLASSIFIED	40-180-000-000	392,650.25		
ACCOUNTS RECEIVABLE	40-121-000-000	408.00		
INVENTORY-MATERIAL AND SUPPLIES	40-190-000-000	314.08		
ACCOUNTS PAYABLE			40-202-000-000	1,599.33
MISCELLANEOUS INCOME			40-450-000-051	6,366.81
OTHER CONTRIBUTION IN AID OF CONSTRUCTION			40-250-000-000	391,515.00
		<u>399,481.14</u>		<u>399,481.14</u>

CERTIFICATION

I, Jim OSBORNE, representative for the Applicant, City of Murray, do hereby verify that the above Response (Item 2) was answered by or on behalf of the City of Murray and each answer given is accurate, true and correct to the best of my knowledge and belief on this the 5<sup>th</sup> day of February, 2020.

CITY OF MURRAY

Jim Osborne  
Authorized Representative

COMMONWEALTH OF KENTUCKY  
COUNTY OF CALLOWAY

I, the undersigned Notary Public, do hereby certify that the foregoing instrument was duly subscribed, acknowledged and sworn to before me by Jim Osborne in his/her capacity as Representative for the City of Murray, who is personally known to me (or proved to me on the basis of satisfactory evidence), as his/her duly authorized act, on this the 5<sup>th</sup> day of February, 2020.

Marie C. Stunt  
NOTARY PUBLIC State at Large  
MY COMMISSION EXPIRES: 5-14-2022