

DEC 30 2019

**Lake Village Water Association, Inc.**

PUBLIC SERVICE  
COMMISSION

801 Pleasant Hill Drive  
P.O. Box 303  
Burgin, Kentucky 40310  
(859) 748-5642

December 26, 2019

Ms. Gwen R. Pinson  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602

Re: Lake Village Water Association, Inc.  
Purchase Water Adjustment

Dear Ms. Pinson,

Enclosed is the Purchase Water Adjustment application for the Lake Village Water Association, Inc. Attached to the application is the following exhibits:

- Exhibit 1: City of Harrodsburg Notice of Rate Change
- Exhibit 2: City of Danville Rate Schedule
- Exhibit 3: 12 Month Water Purchase Period; Statement of Water Purchased
- Exhibit 4: Schedule of Current & Proposed Rates
- Exhibit 5: Resolution of the Board of Directors Authorizing the Proposed Rates
- Exhibit 6: Revised Tariff Sheet

If further information is necessary or if questions arise concerning the application, please let me know.

Sincerely,



Mike D. Sanford, MPA  
Executive Director  
Lake Village Water Association, Inc.

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

**RECEIVED**

DEC 30 2019

PUBLIC SERVICE  
COMMISSION

Name of Utility	Lake Village Water Association, Inc.		
Date	December 11, 2019		
Address	801 Pleasant Hill Drive P.O. Box 303		
City, State, Zip	Burgin, KY 40310		
Telephone Number	(859) 748-5642		
Email Address	Lvwa2@yahoo.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 Danville	See Attached	No Change
City of Harrodsburg	See Attached	See Attached

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit 1.

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	November 2018	through	October 2019
	(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 Danville	151,868,736 gallons
City of Harrodsburg	54,157,839 gallons
TOTAL PURCHASES	206,026,575 gallons
4. Total gallons sold for the 12 month period	156,715,400 gallons
5. Increased water cost	\$25,568.70
<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</p>	
6. Purchased water adjustment factor	0.00016315
<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	
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	January 15, 2020
	
Signature of Utility Officer	
Executive Director	
Title	

# EXHIBIT 1

City of Harrodsburg Notice of Rate Change

## NOTICE

The City of Harrodsburg ("Harrodsburg Water") plans to file with the Public Service Commission, no later than December 1, 2019, a proposed rate schedule, to be effective January 1, 2020, that will increase the wholesale rate charged to North Mercer Water District and Lake Village Water Association as follows:

			<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First	250	cubic feet	\$9.87	\$11.84	\$1.97	20.0% Increase
Next	750	cubic feet	3.75	4.50	0.75	20.0% Increase
Next	3,000	cubic feet	3.26	3.91	0.65	20.0% Increase
Next	6,000	cubic feet	2.77	3.32	0.55	19.9% Increase
Next	25,000	cubic feet	2.36	2.83	0.47	19.9% Increase
Next	25,000	cubic feet	1.97	2.36	0.39	19.8% Increase
Over	60,000	cubic feet	1.58	1.90	0.32	20.3% Increase

Water flowing through the meter(s) before the effective date will be charged at the current rates while water flowing through the meter(s) on and after the effective date will be charged at the proposed rates.

This filing may be examined at the offices of Harrodsburg Water located at 208 South Main Street in Harrodsburg, Kentucky.

This 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 PSC 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 KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Harrodsburg Water 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, KY 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.

FOR Harrodsburg, Kentucky  
Name of Municipality

P.S.C. KY. NO. 1

7<sup>th</sup> Revised SHEET NO. 1

City of Harrodsburg Water Department  
(Name of Municipal Utility)

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

6<sup>th</sup> Revised SHEET NO. 1

RATES AND CHARGES

Rates for North Mercer Water District and Lake Village Water Association:

First	250	cubic feet	\$11.84	per 100 cubic feet	(I)
Next	750	cubic feet	4.50	per 100 cubic feet	↓
Next	3,000	cubic feet	3.91	per 100 cubic feet	
Next	6,000	cubic feet	3.32	per 100 cubic feet	
Next	25,000	cubic feet	2.83	per 100 cubic feet	
Next	25,000	cubic feet	2.36	per 100 cubic feet	
Over	60,000	cubic feet	1.90	per 100 cubic feet	

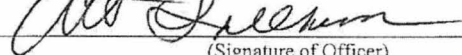
Kentucky River Authority Withdrawal Fee:

Tier I Fee	\$0.01645600	per 100 cubic feet
Tier II Fee	<u>\$0.16456000</u>	per 100 cubic feet
Sub-Total	\$0.18101600	per 100 cubic feet
Adjustment to recover the full cost of the KRA Fee	<u>\$0.00067590</u>	per 100 cubic feet
Total for separate Line Item	<u>\$0.18169190</u>	per 100 cubic feet

(D)

DATE OF ISSUE November 14, 2019  
Month / Date / Year

DATE EFFECTIVE January 1, 2020  
Month / Date / Year

ISSUED BY   
(Signature of Officer)

TITLE MAYOR

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

# EXHIBIT 2

City of Danville Rate Schedule

CONTRACT AMENDMENT

This CONTRACT AMENDMENT made and entered into this 25<sup>th</sup> day of July, 2016, by and between the CITY OF DANVILLE, KENTUCKY, a Municipal Corporation of the Third Class, situated in Boyle County, Kentucky, hereinafter referred to as "SELLER", and the LAKE VILLAGE WATER ASSOCIATION, INC., a non-profit corporation serving Danville, Boyle County, and Harrodsburg, Mercer County, Kentucky, hereinafter referred to as "PURCHASER",

W I T N E S S E T H:

WHEREAS, the parties hereto did on May 29, 1969 enter into an Agreement under which the SELLER agreed to supply unto the PURCHASER a maximum of 2,000,000 gallons of water per month for a term of thirty (30) years with the option of extending the Agreement for a second thirty (30) year term upon expiration of the first thirty (30) year term; and

WHEREAS, the original contract has been amended periodically (on or about December 30, 1969; on or about April 27, 1982; and on or about February 14, 2013) to increase the maximum amount of water PURCHASER may purchase from SELLER each month and to adjust the amounts PURCHASER agrees to pay for water purchased each month from SELLER, but no amendment has been made previously to the language concerning the contract term; and

WHEREAS, under the language of the original Agreement dated May 29, 1969, the Agreement between the PURCHASER and the SELLER is in its second thirty (30) year term, which will expire in 2029, with no additional option to extend said Agreement; and

WHEREAS, the PURCHASER is undertaking a certain capital project and is now requested by its lender (Rural Development) to obtain a forty (40) year Agreement to purchase water from SELLER; and

WHEREAS, both parties desire to continue their good working relationship, and SELLER is of the opinion it can comply with the PURCHASER's request,

NOW THEREFORE, in consideration of the mutual promises and obligations in the original Agreement, dated May 29, 1969, as well as in the amendments which followed as mentioned herein, the parties agree as follows:



1. Numerical paragraph 7 of the original Agreement, dated May 29, 1969, is hereby deleted in its entirety and amended to read as follows: The term of this contract shall be for a period of forty (40) years commencing August 1, 2016.


2. The parties specifically acknowledge that all other items and conditions of the original agreement and amendments thereto shall remain in full force and effect and are incorporated herein by reference.

SELLER:

CITY OF DANVILLE, KENTUCKY

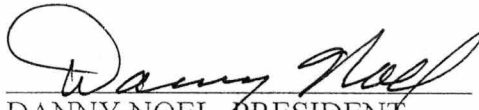
  
\_\_\_\_\_  
MIKE PERROS, MAYOR

ATTEST:

  
\_\_\_\_\_  
DONNA PEEK, CITY CLERK

PURCHASER:

LAKE VILLAGE WATER ASSOCIATION

  
\_\_\_\_\_  
DANNY NOEL, PRESIDENT

ATTEST:

  
\_\_\_\_\_  
EARL CAMPBELL, SECRETARY

CONTRACT AMENDMENT

This CONTRACT AMENDMENT made and entered into this 14<sup>th</sup> day of February, 2013, by and between the CITY OF DANVILLE, KENTUCKY, a Municipal Corporation of the Third Class, situated in Boyle County, Kentucky, hereinafter referred to as "SELLER", and the LAKE VILLAGE WATER ASSOCIATION, INC., a non-profit corporation of Danville, Boyle County, Kentucky, hereinafter referred to as "PURCHASER";

W I T N E S S E T H:

WHEREAS, the parties hereto did on May 29, 1969 enter into an Agreement under which the Seller was obligated to supply unto Purchaser a maximum of 2,000,000 gallons of water per month; and

WHEREAS, on or about December 30, 1969, the maximum amount of water was amended and increased to 5,000,000 gallons per month; and

WHEREAS, on or about August 23, 1977, the Seller did by action of its legislative body increase the maximum limit to 6,000,000 gallons per month and did impose a penalty of two times the normal rate charge for any water consumed over and above said limit; and

WHEREAS, on or about August 27, 1982, the maximum amount of water was amended and increased to 9,000,000 gallons of water per month at normal rate with the penalty of two times the normal rate charge for any water consumed over and above said limit; and

WHEREAS, the parties desire to increase the purchase limit and fix the rate charged to reflect that of other wholesale customers without penalty; and

WHEREAS, the parties desire to allow Purchaser to provide water to North Point Training Facility so long as the water is purchased from Seller and not an alternative source;

NOW, THEREFORE, in consideration of the foregoing, and for and in consideration of the mutual promises and agreements hereinafter set forth, the parties do now agree as follows:

1. Numerical paragraph 1 of the Contract Amendment dated April 27, 1982 between the parties shall be revised and amended to read as follows: Effective March 1, 2013, the Purchaser shall be entitled to purchase from the Seller 665,000 gallons per day or 19,950,000 gallons per month at the normal rate for other wholesale customers, which is hereinafter described in numerical paragraph 2 below. It is explicitly stated that there is no penalty assessed for any water purchased over the allowed amount. Nothing contained herein shall be construed

as creating an obligation upon the Seller to provide water in excess of 19,950,000 gallons per month and, further, the Seller may at its option choose not to supply water exceeding 19,950,000 gallons per month; any sale of water by Seller in excess of 19,950,000 gallons per month shall not constitute a waiver of the limitation and shall not prohibit the Seller from enforcing the limitation during subsequent months.

2. Numerical paragraph 5 of the Agreement dated May 29, 1969 is hereby revised and amended to read as follows: The Purchaser agrees to pay to the Seller monthly upon receiving a bill therefore for water delivered, in accordance with the following schedule of rates, plus applicable state sales and use taxes:

First 20,000 cu. ft. @ \$1.68 per ccf, (minimum bill \$448.00);

Next 80,000 cu. ft. @ \$1.35 per ccf;

Next 100,000 cu. ft. @ \$1.05 per ccf;

Next 300,000 cu. ft. @ \$0.96 per ccf;

All over 500,000 cu. ft. @ \$0.91 per ccf.

3. Seller shall allow Purchaser to furnish water to North Point Training Facility in an amount up to 500,000 gallons per day so long as Purchaser agrees to only purchase that water furnished to North Point Training Facility from Seller and not from an alternative source. The water furnished by Purchaser to North Point Training Facility under this paragraph shall not count against the daily and monthly allowance of Purchaser described in numerical paragraph 1 above.

4. The parties specifically acknowledge that all other terms and conditions of the original agreement and amendments thereto shall remain in full force and effect and are incorporated herein by reference.

SELLER:

CITY OF DANVILLE, KENTUCKY

BY: Bernie Hunstad  
BERNIE HUNSTAD, MAYOR

ATTEST:

Donna Peek  
DONNA PEEK, CITY CLERK

PURCHASER:

LAKE VILLAGE WATER ASSOCIATION,  
INC.

BY: Danny Kay  
PRESIDENT

ATTEST:

Erin Campbell  
SECRETARY

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# EXHIBIT 3

12 Month Water Purchase Period  
Statement of Water Purchased

Lake Village Water Association, Inc.  
Purchase Water Adjustment  
PWA Factor Calculations  
November 2018-October 2019

<u>Month</u>	<u>Purchased-Danville gallons</u>	<u>Purchased-Harrodsburg gallons</u>	<u>Water Sold-LVWA gallons</u>	<u>Harrodsburg Water Charge</u>	<u>Harrodsburg- Per 1,000 gallon charge</u>	<u>New Charge-Harrodsburg</u>	<u>Net Increase</u>
Nov-18	12,046,705	4,273,825	11,692,400	\$ 10,138.58	\$ 2.37	\$ 12,166.30	\$ 2,027.72
Dec-18	11,891,308	5,478,786	12,099,800	\$ 12,687.46	\$ 2.32	\$ 15,224.95	\$ 2,537.49
Jan-19	14,020,280	4,720,067	12,045,700	\$ 11,077.54	\$ 2.35	\$ 13,293.05	\$ 2,215.51
Feb-19	13,202,873	4,498,225	13,164,700	\$ 10,523.25	\$ 2.34	\$ 12,627.90	\$ 2,104.65
Mar-19	11,797,785	3,753,442	13,474,000	\$ 9,044.88	\$ 2.41	\$ 10,853.86	\$ 1,808.98
Apr-19	12,986,372	3,886,788	11,639,700	\$ 9,268.25	\$ 2.38	\$ 11,121.90	\$ 1,853.65
May-19	12,956,355	4,220,844	11,880,200	\$ 9,973.57	\$ 2.36	\$ 11,968.28	\$ 1,994.71
Jun-19	10,892,720	4,604,583	14,473,400	\$ 10,788.84	\$ 2.34	\$ 12,946.61	\$ 2,157.77
Jul-19	11,736,217	4,405,921	13,903,500	\$ 10,473.26	\$ 2.38	\$ 12,567.91	\$ 2,094.65
Aug-19	13,093,949	4,710,792	14,294,900	\$ 11,127.05	\$ 2.36	\$ 13,352.46	\$ 2,225.41
Sep-19	14,229,645	4,915,429	13,541,800	\$ 11,609.52	\$ 2.36	\$ 13,931.42	\$ 2,321.90
Oct-19	13,014,527	4,689,137	14,505,300	\$ 11,131.31	\$ 2.37	\$ 13,357.57	\$ 2,226.26
<b>Total</b>	<b>151,868,736</b>	<b>54,157,839</b>	<b>156,715,400</b>	<b>\$ 127,843.51</b>		<b>\$ 153,412.21</b>	<b>\$ 25,568.70</b>

Total Sold: 156,715,400  
(gallons)

PWA Factor: 0.00016315

Rate Increase \$0.16  
(per 1,000 gallons)

# EXHIBIT 4

Schedule of Current & Proposed Rates

**Lake Village Water Association, Inc.**  
**801 Pleasant Hill Drive**  
**P.O. Box 303**  
**Burgin, Kentucky 40310**  
**Purchase Water Adjustment Calculations December 2019**

**Water Rates Effective January 15, 2020**

**Current Rates**

<b>Gallon Usage</b>	<b>Charge</b>	<b>Charge</b>	<b>Increased Charge</b>	<b>% Increase</b>
1,000	\$26.72	\$26.40	\$0.32	1.21
2,000	\$26.72	\$26.40	\$0.32	1.21
3,000	\$37.13	\$36.65	\$0.48	1.31
4,000	\$47.54	\$46.90	\$0.64	1.36
5,000	\$57.95	\$57.15	\$0.80	1.40
6,000	\$68.36	\$67.40	\$0.96	1.42
7,000	\$78.77	\$77.65	\$1.12	1.44
8,000	\$89.18	\$87.90	\$1.28	1.46
9,000	\$99.59	\$98.15	\$1.44	1.47
10,000	\$110.00	\$108.40	\$1.60	1.48
15,000	\$162.05	\$159.65	\$2.40	1.50
18,000	\$193.28	\$190.40	\$2.88	1.51
20,000	\$214.10	\$210.90	\$3.20	1.52
25,000	\$256.25	\$252.25	\$4.00	1.59
30,000	\$298.40	\$293.60	\$4.80	1.63
35,000	\$340.55	\$334.95	\$5.60	1.67
40,000	\$382.70	\$376.30	\$6.40	1.70
50,000	\$467.00	\$459.00	\$8.00	1.74
100,000	\$888.50	\$872.50	\$16.00	1.83
200,000	\$1,731.50	\$1,699.50	\$32.00	1.88
300,000	\$2,574.50	\$2,526.50	\$48.00	1.90



# EXHIBIT 5

Resolution of the Board of Directors Authorizing the Proposed Rates

Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
P.O. Box 303  
Burgin, Kentucky 40310  
(859) 748-5642

**RESOLUTION APPROVING THE PROPOSED RATES AS**  
**SET FORTH IN THE PUBLIC SERVICE COMMISSION**  
**PURCHASE WATER ADJUSTMENT APPLICATION**  
**EFFECTIVE JANUARY 15, 2020**

This is to certify that the following Resolution was adopted by the Board of Directors of the Lake Village Water Association at the regular monthly meeting of the same held on the 10<sup>th</sup> day of December, 2019, at the office of the Association in Burgin, Kentucky and it is hereby further certified that the Resolution remain in full force and effect.

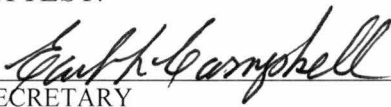
It is hereby RESOLVED that the Board of Directors does hereby approve the proposed water rates as set forth in the Public Service Commission Purchase Water Adjustment application effective January 15, 2020. The rate increase is necessary to cover the increased cost of purchased water from the City of Harrodsburg as a result of a rate increase effective January 1, 2020. A copy of the proposed rates are attached.

This 10<sup>th</sup> day of December, 2019.

LAKE VILLAGE WATER ASSOCIATION

By:   
PRESIDENT

ATTEST:

  
SECRETARY

# EXHIBIT 6

Revised Tariff Sheet

FOR Boyle & Mercer Counties, KY

PSC KY NO. 1

7<sup>th</sup> Revised SHEET NO. 4

Lake Village Water Association, Inc.  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 1

6<sup>th</sup> Revised SHEET NO. 4

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A. Monthly Water Rates

5/8 x 3/4 Inch Meter

First	2,000 gallons	\$26.72	Minimum Bill
Next	18,000 gallons	\$10.41	per 1,000 gallons
Over	20,000 gallons	\$8.43	per 1,000 gallons

Wholesale Water Rate

North Point Training Center	\$4.06	per 1,000 gallons
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DATE OF ISSUE \_\_\_\_\_  
MONTH / DATE / YEAR

DATE EFFECTIVE 01/15/2020  
MONTH / DATE / YEAR

ISSUED BY \_\_\_\_\_  
SIGNATURE OF OFFICER

TITLE Executive Director

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