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June 2, 2023

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

RE: City of Harrodsburg – Wholesale Water Rates

Dear Ms. Bridwell:

City of Harrodsburg, by counsel, hereby provides its notice and rate sheet for proposed increases to the wholesale water rates to Lake Village Water Association and North Mercer Water Districts. Copies of these documents are also being provided to these wholesale customers.

As you may be aware, the contracts between the City and these wholesale customers require increases to the wholesale rate when Harrodsburg's retail rates are raised. The City anticipates a commensurate 6.5% increase to its retail customers to be effective on July 3, 2023.

The Commission recently approved an increase to the City's wholesale water rates in Case No. 2022-00349. In that Order, the Commission justified its decision based on the fact that "Harrodsburg's requested increase is limited to the level of its retail water increase, is in compliance with the contracts between the parties, and an analysis evidencing support for the increase was provided." The City submitted its FY 2021 financial statements in that case.

The City can support the proposed 6.5% increase based on the more recent FY 2022 financial statements and information presented in Case No. 2022-00349. As the attached calculation shows, the City could have increased its rates by 37.09 percent. This is also consistent with the Commission's statement that "Harrodsburg also presented an analysis prepared by GRW Engineering that it could justify an increase in the wholesale water rate substantially in excess of the" amount requested in Case No. 2022-00349.

Please contact me if you have any questions.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

City of Harrodsburg
Wholesale Rate Justification

Operating Expenses	\$ 2,335,615.00	FY22 Audit, Page 65
Add: Depreciation	\$ 1,256,958.00	Approximate amount based on Case No. 2022-00349 DR 3-8 without new captial amount from FY 22
Add: Average Annual Debt Principal and Interest	\$ 872,236.80	Case No. 22-349; DR 1-6, Debt Schedule. Three year average of 2011 (FY12) bond, F-11-17, F 13-002, F-15-31, F-16-049, water meters.
Additional Working Capital	\$ 174,447.36	1.2x DSC
Overall Revenue Requirement	\$ 4,639,257.16	Sum of above
Less: Other Operating Revenue	\$ (135,062.00)	FY22 Audit, Page 65
Interest Income	\$ (8,700.00)	FY22 Audit, Page 65
Revenue Requirement - Water Rates	\$ 4,495,495.16	
Revenue from Service	\$ (2,828,286.00)	FY21 Audit, Page 65
Required Revenue Increase	\$ 1,667,209.16	
Percentage Increase	37.09%	

NOTICE

The City of Harrodsburg (“Harrodsburg Water”) plans to file with the Public Service Commission, no later than June 2nd, 2023, a proposed rate schedule, to be effective July 3rd, 2023, 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 (Min. Bill)	\$13.12	\$13.97	\$0.85	6.5% Increase
Next	750	cubic feet (per 100 cu. ft.)	4.98	5.30	0.32	6.5% Increase
Next	3,000	cubic feet (per 100 cu. ft.)	4.32	4.60	0.28	6.5% Increase
Next	6,000	cubic feet (per 100 cu. ft.)	3.67	3.91	0.24	6.5% Increase
Next	25,000	cubic feet (per 100 cu. ft.)	3.13	3.33	0.20	6.5% Increase
Next	25,000	cubic feet (per 100 cu. ft.)	2.61	2.78	0.17	6.5% Increase
Over	60,000	cubic feet (per 100 cu. ft.)	2.09	2.23	0.14	6.5% Increase

No change is being proposed to the Kentucky River Authority Withdrawal Fee.

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 this notice, the Public Service Commission may take final action on the filing.

FOR North Mercer Water District and
Lake Village Water Association
Area Served

P.S.C. KY. NO. _____ 1 _____

9th Revised SHEET NO. _____ 1 _____

CANCELLING P.S.C. KY. NO. _____

8th Revised SHEET NO. _____ 1 _____

City of Harrodsburg
(Name of Municipal Utility)

RATES AND CHARGES

Volumetric Monthly Rates to North Mercer Water District and Lake Village Water Association:

First	250 Cubic Feet	\$13.97 Minimum Bill	(I)
Next	750 Cubic Feet	0.0530 Per Cubic Foot	(I)
Next	3,000 Cubic Feet	0.0460 Per Cubic Foot	(I)
Next	6,000 Cubic Feet	0.0391 Per Cubic Foot	(I)
Next	25,000 Cubic Feet	0.0333 Per Cubic Foot	(I)
Next	25,000 Cubic Feet	0.0278 Per Cubic Foot	(I)
Over	60,000 Cubic Feet	0.0223 Per Cubic Foot	(I)

Kentucky River Authority Withdrawal Fee:

Tier I Fee	\$0.02169200 per 100 cubic feet
Tier II Fee	\$0.16456000 per 100 cubic feet
Sub-Total	\$0.18625200 per 100 cubic feet
Adjustment to recover the full cost of the KRA Fee	\$0.00067590 per 100 cubic feet
Total for separate Line Item	\$0.18692790 per 100 cubic feet

Monthly Rate Case Surcharge

\$196.96 per month for 36 months (Bills in June 2023 to May 2026)

DATE OF ISSUE 06/02/2023
Month / Date / Year

DATE EFFECTIVE 7/3/2023
Month / Date / Year

ISSUED BY 
(Signature of Officer)

TITLE Mayor

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____