



BREMEN, KY

Muhlenberg County Water Dist. #3
4815 Main ST
PO Box 67
Bremen, KY 42325
270-525-6333
Fax: 270-525-0025

October 14, 2019

Ms. Gwen R. Pinson
Executive Director
Public Service Commission
PO Box 615 Frankfort, KY 40602

Ms. Pinson:

Enclosed is a completed Purchased Water Adjustment form. Also, enclosed are exhibits A, B, C, D, E, and F. Please contact the office if anything else is needed. Thank you.

Sincerely,

Ben Tooley, Superintendent

Enclosures

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

Name of Utility	Muhlenberg County Water District #3	
Date	10/16/19	
Address	4815 Main Street	
City, State, Zip	Bremen, KY	42325
Telephone Number	270 525 6333	
Email Address	ben@muhlenbergwater.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
Central City	\$2.63	\$3.31

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

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	September 2018	through	August 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.

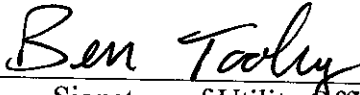
Supplier(s)	Gallons Purchased during 12 month period
Central City	213,989,900
TOTAL PURCHASES	213,989,900
4. Total gallons sold for the 12 month period	166,778,900
5. Increased water cost	145,513
<p>The increased water cost is the cost difference between purchases at base (current rate) and purchases 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 C</p>	
6. Purchased water adjustment factor	\$.88
<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 D	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit E	
9. Proposed effective date	October 31, 2019
 Signature of Utility Officer	
Superintendent Title	

Exhibit A

CUSTOMER NOTICE

Due to an increase from one of its suppliers, Muhlenberg County Water District No.3 received approval from the Public Service Commission to adjust its rates effective October 31, 2019.

MONTHLY WATER RATES

<u>Minimum Bills Based on Meter Size</u>					
<u>Meter Size</u>	<u>Gals. Incl'd. in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar Increase</u>	<u>Percent Increase</u>
		<u>Current</u>	<u>Proposed</u>		
All Meters	2,000	\$22.39	\$24.15	\$1.76	7.86%
<u>Rates for Water Usage in Addition to Minimum</u>					
<u>No. of Gallons per Month:</u>		<u>Charge per 1,000 Gals.</u>		<u>Dollar Increase</u>	<u>Percent Increase</u>
		<u>Current</u>	<u>Proposed</u>		
First 2,000 Gallons		\$22.39	\$24.15	\$1.76	7.86%
Next 8,000 Gallons		6.88	7.76	.88	12.79
Next 10,000 Gallons		6.51	7.39	.88	13.52
Next 30,000 Gallons		6.04	6.92	.88	14.57
Over 50,000 Gallons		5.69	6.57	.88	15.47

The monthly bill for an average customer using 4,000 gallons per month will increase from \$36.15 to \$39.67 this is an increase of 9.74%.

Muhlenberg County Water District No. 3 has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at Muhlenberg County Water District No. 3's office located at 4815 Main Street, Bremen, KY 42325. You may contact the office at 270-525-6333.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>.

Exhibit B

NOTICE

Notice is hereby given that the City of Central City proposes to increase its rate for wholesale water service to Muhlenberg County Water District and Muhlenberg County Water District No. 3 effective July 31, 2019. On or about June 24, 2019, documentation will be filed with the Kentucky Public Service Commission to increase rates as follows:

<u>Current Rate</u>	<u>New Rate</u>	<u>Change</u>	<u>\$ Change</u> <u>Ave. Month</u>	<u>% Change</u> <u>Ave. Rate</u>
\$2.63 per 1,000 gals.	\$3.31 per 1,000 gals.	\$0.68		
	Muhlenberg County Water District		\$27,483.33*	25.9%
	Muhlenberg County Water District No. 3		\$13,430.00**	25.9%

* Based on 485,000,000 gallons per year for Muhlenberg County Water District

** Based on 237,000,000 gallons per year for Muhlenberg County Water District No. 3

The proposed effective date is July 31, 2019. Water flowing through the meter(s) before the effective date will be charged at the current rate while water flowing through the meter(s) on and after the effective date will be charged at the proposed new rate.

The rates contained in this notice are the rates proposed by the City of Central City, and are based on a requirement by the U.S. Department of Agriculture, acting through Rural Development ("RD") in connection with a loan by RD to the District in the principal amount of \$1,000,000, which includes \$150,000 of grant funding that RD has agreed to provide if the City meets certain conditions of RD, including revising the water rates as set forth above. The proposed rates are required under the terms of an agreement between the City and RD. The Public Service Commission has previously explained that if the Commission should find that a City must charge rates less than those specified by Rural Development, the City would fail to meet the conditions imposed by Rural Development. It further declined "to impair or impede" a City's ability to receive funding and that the General Assembly's policy expressed in KRS 278.023 supported its decision.

Any person may examine at the offices of the City of Central City located at 214 N. First Street, Central City, Kentucky. Please contact David Rhoades, City Administrator, at 270-754-2336 regarding any questions related to the proposed rates.

This filing may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday through Friday from 8:00am to 4:30pm or through the PSC website at <http://psc.ky.gov>.

Comments regarding the filing may be submitted to the PSC through its website or by mail to Public Service Commission, Post Office Box 615, Frankfort, KY 40602.

A timely written request for intervention that establishes grounds for the request may also be submitted to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. If the PSC does not receive a written request for intervention within thirty (30) days of the date notice was initially provided, the PSC may take final action on the filing.

Exhibit C

Exhibit D

Current Rates

Minimum Bills Based on Meter Size

Meter Size	Gals. Incl'd. in Minimum	Minimum Monthly Bill
All Meters	2,000	\$ 22.39

Rates for Water Usage in Addition to Minimum

No. of Gallons per Month	Charge per 1,000 gals.
First 2,000 Gallons (lump sum)	\$ 22.39
Next 8,000 Gallons	6.88
Next 10,000 Gallons	6.51
Next 30,000 Gallons	6.04
Over 50,000 Gallons	5.69

Proposed Rates

Minimum Bills Based on Meter Size

Meter Size	Gals. Incl'd. in Minimum	Minimum Monthly Bill
All Meters	2,000	\$ 24.15

Rates for Water Usage in Addition to Minimum

No. of Gallons per Month	Charge per 1,000 gals.
First 2,000 Gallons (lump sum)	\$ 24.15
Next 8,000 Gallons	7.76
Next 10,000 Gallons	7.39
Next 30,000 Gallons	6.92
Over 50,000 Gallons	6.57

Exhibit E

RESOLUTION NO. 2019-09-01

**A RESOLUTION OF MUHLENBERG COUNTY
WATER DISTRICT #3 ADJUSTING ITS WATER
RATES TO OFFSET THE CENTRAL CITY
MUNICIPAL WATER AND SEWER SYSTEM'S
WHOLESALE RATE INCREASE**

WHEREAS, the Central City Municipal and Sewer System (“Central City”) supplies potable water to Muhlenberg County Water District #3 (“District”) on a wholesale basis;

WHEREAS, on June 24, 2019, Central City filed an application with the Kentucky Public Service Commission (“PSC”) seeking to increase the wholesale water rate that Central City charges the District from \$2.63 to \$3.31 per 1,000 gallons (See PSC Case No. 2019-00260);

WHEREAS, it is anticipated that the PSC will soon issue an Order approving Central City’s proposed wholesale rate of \$3.31, and that the new wholesale rate will become effective on or about October 31, 2019.

WHEREAS, based upon the water purchases from Central City during the previous 12 months, the estimated annual increased cost to the District will be **\$145,513.13**;

WHEREAS, prudent financial management dictates that the District take immediate action to adjust its retail rates commensurate with Central City's wholesale rate increase; and

WHEREAS, KRS 278.015 and 807 KAR 5:068 provide the legal mechanism for the District to increase its water rates commensurate with Central City's wholesale rate increase via a Purchased Water Adjustment ("PWA");

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF MUHLENBERG COUNTY WATER DISTRICT #3 DOES HEREBY RESOLVE 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 **\$.88** per 1,000 gallons;

Section 3. All tiers of water usage and the wholesale water rate set forth in the District's existing tariff shall be increased by **\$.88** per 1,000 gallons, subject to any minor adjustment 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 the water system of the District shall be as set forth in **Exhibit F**, which is attached hereto and is incorporated herein by reference as a

part of this Resolution. The rates set forth in **Exhibit F** are subject to any minor adjustment that may be made by the PSC. These monthly rates shall be in effect for all water service rendered on and after the effective date of Central City's wholesale rate increase as determined by the PSC in Case No. 2019-00260.

Section 5. The Chairman and the Superintendent are 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, Superintendent, and all appropriate District Staff 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.

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**ADOPTED BY THE BOARD OF COMMISSIONERS OF
MUHLENBERG COUNTY WATER DISTRICT #3** at a meeting held on
September 26, 2019, signed by the Chairman, and attested by the Secretary.

ATTEST:



DON GARRETT, CHAIRMAN



ROBERT WOODBURN, SECRETARY

CERTIFICATION

I, Robert Woodburn, Secretary of Muhlenberg County Water District #3 (the "District"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Board of Commissioners of the District at a meeting properly held on September 26, 2019, signed by the Chairman of the Board of Commissioners, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 26th day of September, 2019.



ROBERT WOODBURN, SECRETARY

Exhibit F

FOR Northern Muhlenberg County, Kentucky
Community, Town or City

P.S.C. KY. NO. 2

2nd Revised SHEET NO. 1

Muhlenberg County Water District #3
(Name of Utility)

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

Original SHEET NO. 1

RATES AND CHARGES

MONTHLY RATES:

First	2,000 gallons	\$ 24.15 (Minimum Bill)
Next	8,000 gallons	7.76 per 1,000 gallons
Next	10,000 gallons	7.39 per 1,000 gallons
Next	30,000 gallons	6.92 per 1,000 gallons
All Over	50,000 gallons	6.57 per 1,000 gallons



DATE OF ISSUE September 26, 2019
Month / Date / Year

DATE EFFECTIVE October 31, 2019
Month / Date / Year

ISSUED BY /s/Don Garrett
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. DATE _____