

Bowley, Todd

From: Bowley, Todd
Sent: Tuesday, January 26, 2021 9:28 AM
To: 'pconrad@hendersoncounty.ky.gov'; 'beechgrovewaters@bellsouth.net'
Subject: PSC Rate Notice
Attachments: PSC Filing 01262021 Notice.pdf

Please see the attached notice for the rate changes that will be published. I'm filing the required paperwork with the PSC today for the changes that go in effect for March consumption (April billings). You all should have received the calculations and details of the new rates back in December.

Let me know if you have any questions.

Thanks

Todd Bowley
Chief Financial Officer



111 Fifth Street
Henderson, KY 42420
bowleyt@hkywater.org
270-869-6607
270-860-1378 (Cell)

NOTICE

Henderson Water Utility ("Henderson Water") is providing notice that on January 26, 2021, it filed with the Public Service Commission to increase the wholesale rates it charges Henderson County Water District and Beech Grove Water System effective for water service rendered on and after March 1, 2021. The proposed rates are as follows:

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
Henderson County Water District				
North System	\$3.0029 per 1,000 gallons	\$3.5029 per 1,000 gallons	\$0.5000 per 1,000 gallons	16.65% Increase
South System	\$2.6818 per 1,000 gallons	\$3.2549 per 1,000 gallons	\$0.5731 per 1,000 gallons	21.37% Increase
Beech Grove Water System	\$2.7470 per 1,000 gallons	\$3.3919 per 1,000 gallons	\$0.6449 per 1,000 gallons	23.48% 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 Henderson Water Utility located at 111 Fifth Street in Henderson, 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 Henderson 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.

Bowley, Todd

From: Bowley, Todd
Sent: Thursday, January 21, 2021 7:58 AM
To: 'Terry Carver'
Subject: RE: 2021 HCWD Water Purchase Rate Increase
Attachments: FY 2019-2020 NORTH-SOUTH PLANT CONSUMP.pdf

Terry

See attached.

Let me know if you need anything else.

Thanks

Todd Bowley
Chief Financial Officer



111 Fifth Street
Henderson, KY 42420
bowleyt@hkywater.org
270-869-6607
270-860-1378 (Cell)

From: Terry Carver <tcarver@kempercpa.com>
Sent: Wednesday, January 20, 2021 5:26 PM
To: Bowley, Todd <todd.bowley@hkywater.org>
Subject: 2021 HCWD Water Purchase Rate Increase

Hi Todd:

Pete Conrad at the HCWD has requested that we review the water rate calculations related to the fiscal year ended June 30, 2020 financials.

As in the past, can you please email me a copy of the 2019-2020 North-South Plant consumption worksheet (see attached copy from 2018-2019). Pete provided me a copy of the HWU Audit Report FYE 06/30/2020.

Many thanks for the assistance.

Respectively,
Terry Carver

Terry Carver, CPA

Partner

Kemper CPA Group LLP | 941 N. Green Street | P.O. Box 676 | Henderson, KY 42419-0676

Ph (270) 826-4474 | Fx (270) 826-6735 | tcarver@kempercpa.com | kempercpa.com



This electronic message and any attachment may contain confidential and privileged information belonging to the sender or intended recipient. This information is intended only for the use of the persons or entities named therein. If you are not the intended recipient or the agent or employee responsible to deliver this message to the intended recipient, you are hereby notified that any disclosure, copying, use, distribution, or taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately advise the sender by reply email and delete this message from your system. Thank you for your cooperation.



Henderson Water Utility
WATER • WASTEWATER • STORMWATER

📞 270.826.2421

💻 www.hkywater.org

📍 111 Fifth Street
Henderson, KY 42420

December 18, 2020

Mr. Pete Conrad
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42419

Dear Mr. Conrad:

In accordance with the contract between the Henderson Water Utility (HWU) and the Henderson County Water District, the costs of providing water services based on our fiscal year June 30, 2020 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our North and South Water Systems. Enclosed is a copy of each individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$3.0029	\$3.5029
South	\$2.6818	\$3.2549

These revised rates are to go into effect on the first billing after March 31, 2021. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of North Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2020. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Henderson County Water District Calculation of North Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2020, is presented in accordance with the Contract, in all material respects.

Owensboro, Kentucky
December 15, 2020

Riney Hancock CPAs PSC

**Henderson County Water District
Calculation of North Water Cost per Contract
6/30/2020**

Operating expenses	\$ 6,075,926
Interest expense	<u>101,925</u>
Total cost	6,177,851
Less: City of Henderson overhead allocation	<u>(227,500)</u>
Net expenses applicable to Henderson County Water District	<u><u>\$ 5,950,351</u></u>

Calculation of North Water Cost per Contract:

Expenses per above	\$ 5,950,351
Volume in gallons	<u>2,123,351,260</u>
Rate per 1000 gallons	\$ 2.8023
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 3.5029</u></u>



INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2020. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Henderson County Water District Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2020, is presented in accordance with the Contract, in all material respects.

Owensboro, Kentucky
December 15, 2020

Riney Hancock CPAs PSC

Henderson County Water District
Calculation of South Water Cost per Contract
6/30/2020

Operating expenses	\$ 2,493,588
Interest expense	<u>47,037</u>
Total cost	2,540,625
Less: City of Henderson overhead allocation	<u>(65,000)</u>
Net expenses applicable to HCWD	<u><u>\$ 2,475,625</u></u>

Calculation of South Water Cost per Contract:


Expenses per above	\$ 2,475,625
Volume in gallons	<u>950,741,456</u>
Rate per 1000 gallons	\$ 2.6039
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 3.2549</u></u>

HWU




Henderson Water Utility

WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

December 18, 2020

Tommy Conrad
Beech Grove Water System, Inc.
445 Highway 56 North
Calhoun, Kentucky 42327

Dear Mr. Conrad:

In accordance with the contract between the Henderson Water Utility (HWU) and the Beech Grove Water System, the costs of providing water services based on our fiscal year June 30, 2020 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our South Water System. Enclosed is a copy of the individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rate:

BEECH GROVE WATER RATE	
Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
\$2.7470	\$3.3919

These revised rates are to go into effect on the billing for March 2021 consumption. We appreciate the opportunity to serve the Beech Grove Water System. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Beech Grove Water System, Inc. Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2020. Henderson Water Utility's management is responsible for the Calculation in accordance with the Agreement dated October 14, 2014. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Agreement, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Beech Grove Water System, Inc. Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2020, is presented in accordance with the Agreement, in all material respects.

Owensboro, Kentucky
December 15, 2020

Riney Hancock CPAs PSC

Beech Grove Water System, Inc.
Calculation of South Water Cost per Contract
6/30/2020


Operating expenses	\$ 2,493,588
Interest expense	<u>47,037</u>
Total cost	<u><u>\$ 2,540,625</u></u>
Net expenses applicable to Beech Grove Water System, Inc.	\$ 2,540,625
<u>Calculation of South Water Cost per Contract:</u>	
Expenses per above	\$ 2,540,625
Billable volume in gallons	861,372,838
Rate per 1000 gallons	\$ 2.9495
Times contract factor	<u>1.15</u>
Calculated rate per 1,000 gallons	<u><u>\$ 3.3919</u></u>

HWU




Henderson Water Utility

WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

December 18, 2020

Mayor Ozzie O’Nan
City of Sebree
36 S. Spring St.
Sebree, KY 42455

Dear Mr. O’Nan:

In accordance with the contract between the Henderson Water Utility (HWU) and the City of Sebree, the costs of providing water and wastewater services based on our fiscal year June 30, 2020 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our South Water System. Enclosed is a copy of the individual calculation and the accountant’s report provided by our auditors. The following table summarizes the current versus the new rates:

City of Sebree Rate		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
Water	\$2.6153	\$3.1899
Wastewater	\$4.1713	\$4.4570

These revised rates are to go into effect on the billing for March 2021 consumption. We appreciate the opportunity to serve the City of Sebree. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Sebree City Calculation of Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2020. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water and Sewer Service Agreement (Agreement) dated September 26, 1995. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Agreement, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Sebree City Calculation of Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2020, is presented in accordance with the Agreement, in all material respects.

Riney Hancock CPAs PSC

Owensboro, Kentucky
December 15, 2020

Sebree City
Calculation of Water Cost per Contract
6/30/2020

Operating expenses	\$ 2,493,588
Interest expense	<u>47,037</u>
Total cost	2,540,625
Less: City of Henderson overhead allocation	(65,000)
Depreciation on grant	<u>(49,445)</u>
Net expenses applicable to Sebree City	<u><u>\$ 2,426,180</u></u>

Calculation of Water Cost per Contract:

Expenses per above	\$ 2,426,180
Volume in gallons	950,741,456
Rate per 1000 gallons	\$ 2.5519
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 3.1899</u></u>



INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Sebree City Calculation of Wastewater Treatment Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2020. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water and Sewer Service Agreement (Agreement) dated September 26, 1995. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Agreement, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Sebree City Calculation of Wastewater Treatment Cost per Contract of the Henderson Water Utility for the year ended June 30, 2020, is presented in accordance with the Agreement, in all material respects.

Owensboro, Kentucky
December 15, 2020

Sebree City
Calculation of Wastewater Treatment Cost per Contract
6/30/2020

Operating expenses	\$ 2,832,494
Interest expense	<u>17,856</u>
Total cost	2,850,350
Less: City of Henderson overhead allocation	(65,000)
Depreciation on expansion	(89,565)
Depreciation on grant	<u>(32,996)</u>
Net expenses applicable to Sebree City	<u><u>\$ 2,662,789</u></u>

Calculation of Wastewater Treatment Cost per Contract:

Expenses per above	\$ 2,662,789
Volume in gallons	<u>746,806,299</u>
Rate per 1000 gallons	\$ 3.5656
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 4.4570</u></u>

Bowley, Todd

From: Bowley, Todd
Sent: Friday, December 4, 2020 12:30 PM
To: 'pconrad@hendersoncounty.ky.gov'
Cc: Williams, Tom
Subject: HCWD Contract Rates
Attachments: HCWD Water Costs FY20 Draft.pdf; HWU Audit Report 2020.pdf

Pete

Attached is our audit report for fiscal year ending June 30, 2020 and a draft of the calculations for the North and South rates per our contracts. Our auditors are working now to confirm the calculations to provide their report on them.

I wanted to go ahead and get you a draft, since both increased by decent amounts. South increase is driven mainly by increase in power costs for pumping water to the treatment plan related to the shut down of the Big Rivers power plants in Sebree. North increase is driven mainly by increased allocation of Admin and SOC costs to North system due to that is where majority of our time was spent working last fiscal year.

I'll get you final copies and the auditor's report on the calculations when I receive. Let me know if you have questions or wish to discuss.

Thanks

Todd Bowley
Chief Financial Officer



111 Fifth Street
Henderson, KY 42420
bowleyt@hkywater.org
270-869-6607
270-860-1378 (Cell)

Bowley, Todd

From: Bowley, Todd
Sent: Wednesday, February 5, 2020 11:28 AM
To: 'pconrad@hendersoncounty.ky.gov'; 'beechgrovewaters@bellsouth.net'
Subject: PSC Rate Notice
Attachments: CCE02052020.pdf

Please see the attached notice for the rate changes that will be published. I'm filing the required paperwork with the PSC today for the changes that go in effect for March consumption (April billings).

Thanks

Todd Bowley
Chief Financial Officer



111 Fifth Street
Henderson, KY 42420
bowleyt@hkywater.org
270-869-6607
270-860-1378 (Cell)

NOTICE

Henderson Water Utility ("Henderson Water") is providing notice that on February 5, 2020, it filed with the Public Service Commission to increase(decrease) the wholesale rates it charges Henderson County Water District and Beech Grove Water System effective for water service rendered on and after March 1, 2020. The proposed rates are as follows:

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
Henderson County Water District				
North System	\$3.2064 per 1,000 gallons	\$3.0029 per 1,000 gallons	(\$0.2035) per 1,000 gallons	6.37% Decrease
South System	\$2.5708 per 1,000 gallons	\$2.6818 per 1,000 gallons	\$0.0111 per 1,000 gallons	4.32% Increase
Beech Grove Water System	\$2.6165 per 1,000 gallons	\$2.7470 per 1,000 gallons	\$0.1305 per 1,000 gallons	4.99% 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 Henderson Water Utility located at 111 Fifth Street in Henderson, 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 Henderson 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.

Bowley, Todd

From: Bowley, Todd
Sent: Thursday, January 16, 2020 11:22 AM
To: 'Terry Carver'
Cc: Pete Conrad (pconrad@hendersoncounty.ky.gov)
Subject: RE: 2020 HCWD Water Purchase Rate Increase
Attachments: HWU Audit Report 2019.pdf; FY 2018-2019 NORTH-SOUTH PLANT CONSUMP.pdf

Terry

Please see attached. Let me know if you need anything else.

Thanks

Todd Bowley
Chief Financial Officer



111 Fifth Street
Henderson, KY 42420
bowleyt@hkywater.org
270-869-6607
270-860-1378 (Cell)

From: Terry Carver <tcarver@kempercpa.com>
Sent: Thursday, January 16, 2020 10:01 AM
To: Bowley, Todd <todd.bowley@hkywater.org>
Cc: Pete Conrad (pconrad@hendersoncounty.ky.gov) <pconrad@hendersoncounty.ky.gov>
Subject: 2020 HCWD Water Purchase Rate Increase

Hi Todd:

Pete Conrad at the HCWD has requested that we review the water rate calculations related to the fiscal year ended June 30, 2019 financials.

As in the past, can you please email me a copy of the 2018-2019 North-South Plant consumption worksheet (see attached copy), and a copy of the HWU Audit Report FYE 06/30/2019.

Many thanks for the assistance.

Respectively,
Terry Carver

Terry Carver, CPA
Partner

Kemper CPA Group LLP | 941 N. Green Street | P.O. Box 676 | Henderson, KY 42419-0676
Ph (270) 826-4474 | Fx (270) 826-6735 | tcarver@kempercpa.com | kempercpa.com



This electronic message and any attachment may contain confidential and privileged information belonging to the sender or intended recipient. This information is intended only for the use of the persons or entities named therein. If you are not the intended recipient or the agent or employee responsible to deliver this message to the intended recipient, you are hereby notified that any disclosure, copying, use, distribution, or taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately advise the sender by reply email and delete this message from your system. Thank you for your cooperation.

Bowley, Todd

From: Terry Carver <tcarver@kempercpa.com>
Sent: Thursday, January 16, 2020 10:01 AM
To: Bowley, Todd
Cc: Pete Conrad (pconrad@hendersoncounty.ky.gov)
Subject: 2020 HCWD Water Purchase Rate Increase
Attachments: FY 2017-2018 NORTH-SOUTH PLANT CONSUMP.pdf

Follow Up Flag: Follow up
Flag Status: Completed

Hi Todd:

Pete Conrad at the HCWD has requested that we review the water rate calculations related to the fiscal year ended June 30, 2019 financials.

As in the past, can you please email me a copy of the 2018-2019 North-South Plant consumption worksheet (see attached copy), and a copy of the HWU Audit Report FYE 06/30/2019.

Many thanks for the assistance.

Respectively,
Terry Carver

Terry Carver, CPA

Partner

Kemper CPA Group LLP | 941 N. Green Street | P.O. Box 676 | Henderson, KY 42419-0676


Ph (270) 826-4474 | Fx (270) 826-6735 | tcarver@kempercpa.com | kempercpa.com




This electronic message and any attachment may contain confidential and privileged information belonging to the sender or intended recipient. This information is intended only for the use of the persons or entities named therein. If you are not the intended recipient or the agent or employee responsible to deliver this message to the intended recipient, you are hereby notified that any disclosure, copying, use, distribution, or taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately advise the sender by reply email and delete this message from your system. Thank you for your cooperation.



Henderson Water Utility
WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

January 8, 2020

Mr. Pete Conrad
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42419

Dear Mr. Conrad:

In accordance with the contract between the Henderson Water Utility (HWU) and the Henderson County Water District, the costs of providing water services based on our fiscal year June 30, 2019 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our North and South Water Systems. Enclosed is a copy of each individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$3.1509	\$3.0029
South	\$2.5039	\$2.6818

These revised rates are to go into effect on the first billing after March 31, 2020. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





Riney Hancock CPAs
PSC

INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of North Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2019. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Henderson County Water District Calculation of North Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2019, is presented in accordance with the Contract, in all material respects.

Owensboro, Kentucky
December 16, 2019

Riney Hancock CPAs PSC

**Henderson County Water District
Calculation of North Water Cost per Contract
6/30/2019**

Operating expenses	\$ 5,479,289
Interest expense	<u>106,519</u>
Total cost	5,585,808
Less: City of Henderson overhead allocation	<u>(217,000)</u>
Net expenses applicable to Henderson County Water District	<u><u>\$ 5,368,808</u></u>

Calculation of North Water Cost per Contract:

Expenses per above	\$ 5,368,808
Volume in gallons	<u>2,234,826,585</u>
Rate per 1000 gallons	\$ 2.4023
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 3.0029</u></u>



Riney Hancock CPAs
PSC

INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2019. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Henderson County Water District Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2019, is presented in accordance with the Contract, in all material respects.

Owensboro, Kentucky
December 16, 2019

Riney Hancock CPAs PSC

**Henderson County Water District
Calculation of South Water Cost per Contract
6/30/2019**

Operating expenses	\$ 2,005,557
Interest expense	<u>49,207</u>
Total cost	2,054,764
Less: City of Henderson overhead allocation	<u>(62,000)</u>
Net expenses applicable to HCWD	<u><u>\$ 1,992,764</u></u>

Calculation of South Water Cost per Contract:


Expenses per above	\$ 1,992,764
Volume in gallons	<u>928,834,708</u>
Rate per 1000 gallons	\$ 2.1454
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 2.6818</u></u>

HWU




Henderson Water Utility

WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

January 8, 2020

Tommy Conrad
Beech Grove Water System, Inc.
445 Highway 56 North
Calhoun, Kentucky 42327

Dear Mr. Conrad:

In accordance with the contract between the Henderson Water Utility (HWU) and the Beech Grove Water System, the costs of providing water services based on our fiscal year June 30, 2019 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our South Water System. Enclosed is a copy of the individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rate:

BEECH GROVE WATER RATE	
Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
\$2.5031	\$2.7470

These revised rates are to go into effect on the billing for March 2020 consumption. We appreciate the opportunity to serve the Beech Grove Water System. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





Riney Hancock CPAs
PSC

INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Beech Grove Water System, Inc. Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2019. Henderson Water Utility's management is responsible for the Calculation in accordance with the Agreement dated October 14, 2014. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Agreement, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Beech Grove Water System, Inc. Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2018, is presented in accordance with the Agreement, in all material respects.

Owensboro, Kentucky
December 16, 2019

Beech Grove Water System, Inc.
Calculation of South Water Cost per Contract
6/30/2019

Operating expenses	\$ 2,005,557
Interest expense	<u>49,207</u>
Total cost	<u><u>\$ 2,054,764</u></u>

Net expenses applicable to Beech Grove Water System, Inc. \$ 2,054,764

Calculation of South Water Cost per Contract:

Expenses per above \$ 2,054,764
Billable volume in gallons 860,217,074


Rate per 1000 gallons \$ 2.3887
Times contract factor 1.15

Calculated rate per 1,000 gallons \$ 2.7470




Henderson Water Utility

WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

January 8, 2020

Mayor Ozzie O’Nan
City of Sebree
36 S. Spring St.
Sebree, KY 42455

Dear Mr. O’Nan:

In accordance with the contract between the Henderson Water Utility (HWU) and the City of Sebree, the costs of providing water and wastewater services based on our fiscal year June 30, 2019 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our South Water System. Enclosed is a copy of the individual calculation and the accountant’s report provided by our auditors. The following table summarizes the current versus the new rates:

City of Sebree Rate		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
Water	\$2.4348	\$2.61.53
Wastewater	\$3.9846	\$4.1713

These revised rates are to go into effect on the billing for March 2020 consumption. We appreciate the opportunity to serve the City of Sebree. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





Riney Hancock CPAs
PSC

INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Sebree City Calculation of Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2019. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water and Sewer Service Agreement (Agreement) dated September 26, 1995. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Agreement, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Sebree City Calculation of Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2019, is presented in accordance with the Agreement, in all material respects.

Owensboro, Kentucky
December 16, 2019

Sebree City
Calculation of Water Cost per Contract
6/30/2019

Operating expenses	\$ 2,005,557
Interest expense	<u>49,207</u>
Total cost	2,054,764
Less: City of Henderson overhead allocation	(62,000)
Depreciation on grant	<u>(49,446)</u>
Net expenses applicable to Sebree City	<u><u>\$ 1,943,318</u></u>
 <u>Calculation of Water Cost per Contract:</u>	
Expenses per above	\$ 1,943,318
Volume in gallons	928,834,708
Rate per 1000 gallons	\$ 2.0922
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 2.6153</u></u>



Riney Hancock CPAs
PSC

INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Sebree City Calculation of Wastewater Treatment Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2019. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water and Sewer Service Agreement (Agreement) dated September 26, 1995. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Agreement, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Sebree City Calculation of Wastewater Treatment Cost per Contract of the Henderson Water Utility for the year ended June 30, 2019, is presented in accordance with the Agreement, in all material respects.

Owensboro, Kentucky
December 16, 2019

Riney Hancock CPAs PSC

www.rineyhancock.com - info@rineyhancock.com

2900 Veach Road, Suite 2 - Owensboro, Kentucky 42303 - 270-926-4540 - Fax: 270-926-1494

313 Southeast First Street - Evansville, Indiana 47713 - 812-423-0300 - Fax: 812-423-6282

A member of Allinial Global - An association of legally independent firms

Sebree City
Calculation of Wastewater Treatment Cost per Contract
6/30/2019

Operating expenses	\$ 2,603,389
Interest expense	<u>19,358</u>
Total cost	2,622,747
Less: City of Henderson overhead allocation	(62,000)
Depreciation on expansion	(89,565)
Depreciation on grant	<u>(32,996)</u>
Net expenses applicable to Sebree City	<u><u>\$ 2,438,186</u></u>

Calculation of Wastewater Treatment Cost per Contract:

Expenses per above	\$ 2,438,186
Volume in gallons	<u>730,639,815</u>
Rate per 1000 gallons	\$ 3.3371
Times contract factor	<u>1.25</u>
Calculated rate per 1,000 gallons	<u><u>\$ 4.1713</u></u>