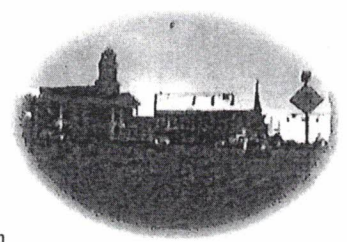


City of Lancaster
 Billy C. Moss Municipal Center
 308 West Maple Avenue, Suite 1
 Lancaster KY 40444
 (859) 792-2241



Mayor

Marshall Norton

City Clerk

Debbie Carrier

City Attorney

Chris Whitworth

City Council

Dan Waters

Bret Baierlein

Michelle Ballew

Ken Parsons

Michael Gaffney

Ronny Baker

February 3, 2022

Sean Smith, General Manager
 Garrard County Water Association, Inc.
 315 Lexington Road
 Lancaster, KY 40444

Hand Delivered

RE: Proposed Water Rate Increase

Dear Mr. Smith:

As you are aware, the Water Purchase Agreement between the City of Lancaster, Kentucky and Garrard County Water Association, Inc. dated October 3, 2017 ("Agreement") provides that the wholesale rate will be increased to \$2.49 per 1,000 gallons once the new Water Treatment Plant has been "Substantially Completed." According to the City's consulting engineer, Substantial Completion occurred on December 22, 2021.

Attached are the following documents, which contain the new rate, the proposed Effective Date, and other information, required by the PSC.

1. Customer Notice;
2. Tariff Sheet; and
3. Letter from Engineer.

Lancaster plans to file these documents with the PSC on or before February 7, 2022. Should you have any questions or need further information, please feel free to contact me.

Sincerely,

Marshall E. Norton, Mayor
 City of Lancaster

CUSTOMER NOTICE

The City of Lancaster, Kentucky (“Lancaster”) is providing notice that it plans to file with the Public Service Commission, on or before February 7, 2022, to increase its water rates to the Garrard County Water Association, Inc. effective for water service on and after March 10, 2022. The proposed rate is the rate set forth in the Water Purchase Agreement between the City of Lancaster, Kentucky and Garrard County Water Association, Inc. dated October 3, 2017 (“Agreement”), which was accepted for filing by the Public Service Commission (“PSC”) on November 16, 2017. The current rate and the proposed rate are set forth as follows:

	Current Rate	Proposed Rate	\$ Difference	% Difference
Volumetric Rate (per 1,000 gallons)	\$2.25	\$2.49	\$0.24	10.7%

Garrard County Water Association, Inc. (“GCWA”) purchased approximately 362,200,200 gallons of water from the City of Lancaster (“Lancaster”) in the 2021 calendar year. Its average monthly purchases were 30,183,350 gallons. Under the current rates, GCWA’s average monthly bill is \$67,913.

The rate increase will cause GCWA’s average monthly bill to increase from \$67,913 to \$75,157. This is an increase of \$7,244 or 10.7%.

This filing may be examined at the offices of Lancaster located at 308 West Maple Ave., Lancaster, KY 40444.

The 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 Commission 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, Kentucky 40602; or through its website at <http://psc.ky.gov>.

The new rate is the rate proposed by Lancaster in its filing, but the Public Service Commission may order a rate that differs from the proposed rate contained in this Customer Notice.

Intervention by GCWA or another person with a substantial interest may be requested by submitting a timely written request for intervention by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602 or by emailing it to PSCED@ky.gov. 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 prior to the effective date of the proposed rate, the Public Service Commission may take final action on the proposed rate.

Per the City of Lancaster in providing to the Garrard County Water Association a notice to increase its wholesale water rates. The Board of Directors of the Garrard County Water Association met on March 8, 2022 and approved proceeding with the Lancaster rate increase.

Bill C. Doolin
Executive Director

3-8-22
Date

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

Name of Utility	GARRARD COUNTY WATER ASSOCIATION	
Date	March 8, 2022	
Address	P.O. BOX 670	
City, State, Zip	LANCASTER	KY 40444
Telephone Number	859-792-4501	
Email Address	ssmith@garrardwater.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 LANCASTER	2.53	2.77
CITY OF LANCASTER	OVER 325,000,000 gal	1.68
CITY OF DANVILLE	2.41	2.41
CITY OF BEREA	2.78	2.78

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

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	March 2021	through	February 2022
	(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 LANCASTER	366,929,790
CITY OF DANVILLE	63,753,820
CITY OF BEREA	0
TOTAL PURCHASES	430,683,610
4. Total gallons sold for the 12 month period	299,590,400
5. Increased water cost	\$42,359.68
<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 B</p>	
6. Purchased water adjustment factor	.15
<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	April 10, 2022
	
Signature of Utility Officer	
	
Title	

Garrard County Water

2022

<u>SUPPLIER</u>	<u>NEW RATE (Per 1,000)</u>	<u>OLD RATE (Per 1,000)</u>
Lancaster	2.77	2.53

TWELVE MONTH TEST PERIOD: March 2021 – February 2022

<u>SUPPLIER</u>	<u>GALLONS PURCHASED DURING TEST PERIOD</u>
Lancaster	366,929,790
TOTAL	366,929,790

<u>SUPPLIER</u>	<u>COST AT NEW RATE</u>	<u>COST AT OLD RATE</u>
Lancaster @ 2.77	\$900,250.00	
Lancaster @ 1.68	\$70,442.05	\$928,332.37
Total	\$970,692.05	- \$928,332.37 = \$42,359.68

Total Gallons Sold for the Test Period : 299,590,400

Increased Water Cost / (total gallons sold / 1,000) = Purchase Water Adjustment Factor

42,360 / (299,590,400 / 1000) = .142 rounded to .15

PWA Factor + .15

Garrard Co. Water 2022 Comparison of Rates

5/8" x 3/4" Meter

		<u>Old Rate</u>	<u>New Rate</u>
First	1,000 Gallons	\$ 11.82	\$ 11.97 (Minimum Bill)
Next	1,000 Gallons	6.43	6.58 per 1,000 gallons
Next	1,000 Gallons	5.22	5.37 per 1,000 gallons
Next	2,000 Gallons	5.00	5.15 per 1,000 gallons
Over	5,000 Gallons	4.67	4.82 per 1,000 gallons

1" Meter

First	5,000 Gallons	\$ 33.47	\$ 34.22 (Minimum Bill)
All Over	5,000 Gallons	4.67	4.82 per 1,000 gallons

1 & 1/2" Meter

First	10,000 Gallons	\$ 56.82	\$ 58.32 (Minimum Bill)
All Over	10,000 Gallons	4.67	4.82 per 1,000 gallons

2" Meter

First	25,000 Gallons	\$ 126.87	\$ 130.62 (Minimum Bill)
All Over	25,000 Gallons	4.67	4.82 per 1,000 gallons

BULK SALES

\$5.85 per 1,000 Gallons