

**Purchase Public Service Corporation**  
**P.O. Box 5100**  
**Mayfield, Kentucky 42066**  
**270/247-7171**

November 17, 2008

RECEIVED

NOV 20 2008

PUBLIC SERVICE  
COMMISSION

Ms. Stephanie Stumbo, Executive Director  
Kentucky Public Service Commission  
P.O. Box 165  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

Dear Ms. Stumbo:

2008-482

Enclosed please find the original and ten (10) copies of the proposed rate adjustment application for the Great Oaks Subdivision wastewater treatment plant in Graves County.

Please feel free to contact me at 270/251-6126 or [mark.davis@purchaseadd.org](mailto:mark.davis@purchaseadd.org) if you have questions.

Sincerely,

*Mark Davis*

Mark Davis

Cc: Jack Conway, Office of the Attorney General

APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities  
Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)

RECEIVED

NOV 20 2008

PUBLIC SERVICE  
COMMISSION

Purchase PSC dba Great Oaks Subdivision  
Name of Utility

1002 Medical Drive, P.O. Box 5100

Mayfield, Kentucky 42066  
Business Mailing Address

Telephone Number (270) 247-7171  
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Jennifer Beck Walker

Address: 1002 Medical Drive, P.O. Box 5100

Mayfield, KY 42066

Telephone Number: (270) 247-7171

- |    |   |     |    |
|----|---|-----|----|
| 1) | Do you have 500 customers or fewer?   | Yes | No |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less?  | Yes | No |
| 3) | Has the Utility filed an annual report with this Commission for the past year and the two previous years? | Yes | No |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise?                         | Yes | No |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

## II. Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2007.
- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

**See Attachment A.**

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

**Please see the notes to Attachment A for these descriptions.**

- i. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

**Current Rate - \$26.31 per month**

**Proposed Rate - \$28.84 per month (9.62% increase)**

## III. Other Information

- a. Please complete the following questions:
- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).
  - 2) Total number of Customers as of the date of filing: 164
  - 3) Total amount of increased revenue requested: \$5,007
  - 4) Please circle Yes or No:

- a) Does the utility have any outstanding indebtedness? Yes      No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

- b) Were all revenues and expenses listed in the Annual Report for 2007 incurred and collected from January 1 to December 31 of that year? Yes      No

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2006 and the amount shown on this schedule. – **Depreciation schedule attached.**

- 6) If utility is a sewer utility:

- a) Attach a copy of the latest State and Federal Income Tax Returns. **Not applicable**

- b) How much of the utility plant was recovered through the sale of lots or other contributions? (If unknown, state the reason).

**Not applicable**

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

**Great Oaks has not had a general rate increase since 1999, and its costs have increased since then.**

#### IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using

declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1:        1<sup>st</sup> 2,000 gallons minimum bill rate level  
                  432 Bills  
                  518,400 gallons used  
                  All bills use 2,000 gallons or less, therefore, all usage  
                  is recorded in Column 4.

Step2:        Next 3,000 gallons rate level  
                  1,735 Bills  
                  4,858,000 gallons used  
                  1<sup>st</sup> 2,000 minimum x 1,735 bills = 3,470,000 gallons –  
                  record in Column 4.  
                  Next 3,000 gallons – remainder of water over 2,000 =  
                  1,388,000 gallons – record in Column 5.

Step3:        Next 10,000 gallons rate level  
                  1,830 Bills  
                  16,268,700 gallons used  
                  1<sup>st</sup> 2,000 minimum x 1,830 bills = 3,660,000 gallons –  
                  record in Column 4.  
                  Next 3,000 gallons x 1,830 bills = 5,490,000 gallons –  
                  record in Column 5.

Next 10,000 gallons – remainder of water over 3,000  
= 7,118,700 gallons – record in Column 6.

Step4: Next 25,000 gallons rate level  
650 Bills  
15,275,000 gallons used  
1<sup>st</sup> 2,000 minimum x 650 bills = 1,300,000 gallons –  
record in Column 4.  
Next 3,000 gallons x 650 bills = 1,950,000 gallons –  
record in Column 5.  
Next 10,000 gallons x 650 bills = 6,500,000 gallons –  
record in Column 6.  
Next 25,000 gallons – remainder of water over 10,000  
= 5,525,000 gallons – record in Column 7.

Step5: Over 40,000 gallons rate level  
153 Bills  
9,975,600 gallons used  
1<sup>st</sup> 2,000 minimum x 153 bills = 306,000 gallons –  
record in Column 4.  
Next 3,000 gallons x 153 bills = 459,000 gallons –  
record in Column 5.  
Next 10,000 gallons x 153 bills = 1,530,000 gallons –  
record in Column 6.  
Next 25,000 gallons x 153 bills = 3,825,000 gallons –  
record in Column 7.  
Over 40,000 gallons – remainder of water over 25,000  
= 3,855,600 gallons – record in Column 8.

Step6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

The Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains the revenue produced.

**SAMPLE**

Revenue from Present/Proposed Rates  
 Test Period from 01-01-XX to 12-31-XX

**USAGE TABLE**

Usage by Rate Increment

**Class:** Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,000	(9) Total
First 2,000 Minimum Bill	432	518,400	518,400					518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975,600
<b>Totals</b>	<b>4,800</b>	<b>46,895,700</b>	<b>9,254,400</b>	<b>9,287,000</b>	<b>15,148,700</b>	<b>9,350,000</b>	<b>3,855,600</b>	<b>46,895,700</b>

**REVENUE TABLE**

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	4,800	9,254,400	\$ 5.00 Minimum Bill	\$ 24,000.00
Next 3,000 Gallons		9,287,000	\$ 2.50 per 1,000 Gal.	23,217.50
Next 10,000 Gallons		15,148,700	\$ 2.00 per 1,000 Gal.	30,297.40
Next 25,000 Gallons		9,350,000	\$ 1.25 per 1,000 Gal.	11,687.50
Over 40,000 Gallons		3,855,600	\$ 0.75 per 1,000 Gal.	2,891.70
<b>Totals</b>	<b>4,800</b>	<b>46,895,700</b>		<b>\$ 92,094.10 Total Revenue</b>

Instructions for Completing Revenue Table:

- (1) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (2) Complete Column No. 4 using rates either present or proposed.
- (3) Column No. 5 is completed by first multiplying the bills times the minimum charge.
- (4) Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

c. One Copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch  
Office of the Attorney General  
Post Office Box 2000  
Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed

  
\_\_\_\_\_  
Officer of the Company

Title

Executive Director  
\_\_\_\_\_

Date

11-14-2008  
\_\_\_\_\_



## Purchase PSC - Great Oaks Sanitation Attachment A

<b>Account</b>	<b>2007</b>	<b>Adjustments</b>	<b>Ref.</b>	<b>Adjusted</b>
Flat Rate Sewer Revenues	\$49,143	\$947		\$50,090
Forfeited Discounts	\$1,644	0		\$1,644
Operating Revenues	\$50,787	\$947	<b>A</b>	\$51,734
Sludge Hauling	\$12,860	0		\$12,860
Water Cost	\$239	0		\$239
Fuel-Pumping	\$3,836	0		\$3,836
Misc. Supplies	\$7,385	0		\$7,385
Routine Mt. Fee	\$21,162	0		\$21,162
Uncollectibles	\$634	0		\$634
Office Supplies	\$536	0		\$536
Outside Serv.	\$690	0		\$690
Insurance Exp.	\$1,990	0		\$1,990
Regulatory Fee	\$86	0		\$86
<i>Total O&amp;M Exp</i>	<i>\$49,418</i>	<i>0</i>		<i>\$49,418</i>
Depreciation	\$514	0		\$514
Amortization	0	0		0
<b>Total Exp.</b>	<b>(\$49,932)</b>	<b>0</b>		<b>(\$49,932)</b>
Net Income	\$855	\$947		\$1,802

### Revenue Requirement Calculation:

\$ 49,932 – Operating Expenses  
     / 88% - Divided by 88% Operating Ratio  
 \$ 56,741 – Revenue Requirement  
(\$51,734) – Normalized Revenues  
 \$ 5,007 - Requested Increase (9.68% Increase over Normalized Revenues)

### Recommended Rate:

\$56,741 /12 months = \$4,728.42 per month / 164 customers = \$28.8318 or **\$28.84 rounded up**

### Explanatory Notes:

**A. Normalized Revenues** as determined by Commission Staff.

Asset	Property Description	Date In Service	Book Cost	Book Sec 179 Exp	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: ACQUISITION ADJUSTMENT</b>											
61	BLANDVILLE WEST-AAA	1/01/00	23,804.51	0.00	0.00	20,320.93	2,902.99	23,223.92	580.59	Amort	8.2
62	GOLDEN ACRES-AAA	1/01/00	7,057.44	0.00	0.00	6,024.62	860.66	6,885.28	172.16	Amort	8.2
64	HOLFIELD HEIGHTS	1/01/00	7,111.81	0.00	0.00	6,071.03	867.29	6,938.32	173.49	Amort	8.2
65	THOMAS COUNTRY ESTATES-7	1/01/00	115,308.51	0.00	0.00	46,373.39	6,626.93	53,000.32	62,308.19	Amort	17.4
66	HIGHLAND CLUB ESTATES-AA	1/01/00	26,859.72	0.00	0.00	14,678.44	2,098.42	16,776.86	10,082.86	Amort	12.8
	<b>ACQUISITION ADJUSTMENT</b>		<b>180,141.99</b>	<b>0.00</b>	<b>0.00</b>	<b>93,468.41</b>	<b>13,356.29</b>	<b>106,824.70</b>	<b>73,317.29</b>		
<b>Group: BLANDVILLE WEST</b>											
1	STRUCTURES & IMPROVEMEN	11/01/73	794.63	0.00	0.00	794.63	0.00	794.63	0.00	S/L	30.0
2	COLLECTION SEWERS-GRAVIT	11/01/73	60,045.14	0.00	0.00	49,787.48	1,501.13	51,288.61	8,756.53	S/L	40.0
3	SERVICES TO CUSTOMERS	11/01/73	3,395.00	0.00	0.00	3,395.00	0.00	3,395.00	0.00	S/L	30.0
4	TREATMENT & DISP. EQUIPME	11/01/73	34,775.74	0.00	0.00	34,775.74	0.00	34,775.74	0.00	S/L	30.0
5	OXIDATION LAGOON	11/01/73	3,076.80	0.00	0.00	3,076.80	0.00	3,076.80	0.00	S/L	30.0
59	COLLECTION PLANT-LIFT STA	7/01/99	6,597.26	0.00	0.00	1,649.32	219.91	1,869.23	4,728.03	S/L	30.0
60	COLLECTION PLANT-ROAD TO	7/01/99	1,560.00	0.00	0.00	390.00	52.00	442.00	1,118.00	S/L	30.0
	<b>BLANDVILLE WEST</b>		<b>110,244.57</b>	<b>0.00</b>	<b>0.00</b>	<b>93,868.97</b>	<b>1,773.04</b>	<b>95,642.01</b>	<b>14,602.56</b>		
<b>Group: GOLDEN ACRES</b>											
6	OUTFALL SEWER LINES	5/01/72	100.00	0.00	0.00	100.00	0.00	100.00	0.00	S/L	30.0
7	SERVICES TO CUSTOMERS	7/01/93	628.88	0.00	0.00	282.96	20.96	303.92	324.96	S/L	30.0
17	ORGANIZATION	5/01/72	376.40	0.00	0.00	326.21	9.41	335.62	40.78	S/L	40.0
18	STRUCTURES & IMPROVEMEN	5/01/72	966.08	0.00	0.00	966.08	0.00	966.08	0.00	S/L	30.0
19	COLLECTION SEWERS-GRAVIT	5/01/72	9,005.43	0.00	0.00	7,804.85	225.14	8,029.99	975.44	S/L	40.0
20	SERVICES TO CUSTOMERS	5/01/72	500.00	0.00	0.00	500.00	0.00	500.00	0.00	S/L	30.0
21	TREATMENT & DISP. EQUIPME	5/01/72	17,495.61	0.00	0.00	17,495.61	0.00	17,495.61	0.00	S/L	30.0
	<b>GOLDEN ACRES</b>		<b>29,072.40</b>	<b>0.00</b>	<b>0.00</b>	<b>27,475.71</b>	<b>255.51</b>	<b>27,731.22</b>	<b>1,341.18</b>		
<b>Group: GREAT OAKS SUBDIVISION</b>											
55	TREATMENT & DISPOSAL PLAI	11/01/79	137,315.42	0.00	0.00	137,315.42	0.00	137,315.42	0.00	S/L	20.0
56	SERVICES TO CUSTOMERS	7/01/94	2,214.27	0.00	0.00	922.62	73.81	996.43	1,217.84	S/L	30.0
57	PUMP	9/06/94	9,500.00	0.00	0.00	4,686.67	380.00	5,066.67	4,433.33	S/L	25.0
58	WALKWAY-TREATMENT PLAN	2/09/96	1,498.50	0.00	0.00	654.35	59.94	714.29	784.21	S/L	25.0
	<b>GREAT OAKS SUBDIVISION</b>		<b>150,528.19</b>	<b>0.00</b>	<b>0.00</b>	<b>143,579.06</b>	<b>513.75</b>	<b>144,092.81</b>	<b>6,435.38</b>		
<b>Group: HIGHLAND CLUB ESTATES</b>											
46	COLLECTION SEWERS-FORCE	7/01/78	1,750.00	0.00	0.00	1,246.88	43.75	1,290.63	459.37	S/L	40.0
47	COLLECTION SEWERS-GRAVIT	7/01/78	39,600.00	0.00	0.00	28,215.00	990.00	29,205.00	10,395.00	S/L	40.0
48	RECEIVING WELLS & PUMP PI	7/01/78	3,600.00	0.00	0.00	3,420.00	120.00	3,540.00	60.00	S/L	30.0
49	PUMPING EQUIP.-ELEC.	7/01/78	4,875.00	0.00	0.00	4,875.00	0.00	4,875.00	0.00	S/L	25.0
50	PUMPING EQUIP.-OTHER	7/01/78	1,250.00	0.00	0.00	1,250.00	0.00	1,250.00	0.00	S/L	25.0
51	TREATMENT & DISPOSAL EQU	7/01/78	18,575.00	0.00	0.00	17,646.34	619.17	18,265.51	309.49	S/L	30.0
52	OUTFALL SEWER LINES	7/01/78	800.00	0.00	0.00	760.09	26.67	786.76	13.24	S/L	30.0

**Book Future Depreciation FYE: 12/31/07**

Asset	Property Description	Date In Service	Book Cost	Book Sec 179 Exp	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Value	Book Method	Book Period
<b>Group: HIGHLAND CLUB ESTATES (continued)</b>											
53	OTHER TREAT. & DISP. EQUIP.	7/01/78	1,300.00	0.00	0.00	1,234.91	43.33	1,278.24	21.76	S/L	30.0
54	SERVICES TO CUSTOMERS	7/01/94	81.97	0.00	0.00	34.13	2.73	36.86	45.11	S/L	30.0
	<b>HIGHLAND CLUB ESTATES</b>		<b>71,831.97</b>	<b>0.00</b>	<b>0.00</b>	<b>58,682.35</b>	<b>1,845.65</b>	<b>60,528.00</b>	<b>11,303.97</b>		
<b>Group: HOLIFIELD ESTATES</b>											
29	STRUCTURES & IMPROVEMEN	4/01/74	1,589.75	0.00	0.00	1,589.75	0.00	1,589.75	0.00	S/L	30.0
30	COLLECTION SEWERS-GRAVIT	4/01/74	9,300.00	0.00	0.00	7,614.38	232.50	7,846.88	1,453.12	S/L	40.0
31	SERVICES TO CUSTOMERS	4/01/74	300.00	0.00	0.00	300.00	0.00	300.00	0.00	S/L	30.0
32	TREATMENT & DISP. EQUIPME	4/01/74	17,000.00	0.00	0.00	17,000.00	0.00	17,000.00	0.00	S/L	30.0
33	PLANT SEWERS	4/01/74	100.00	0.00	0.00	100.00	0.00	100.00	0.00	S/L	30.0
34	OUTFALL SEWER LINES	4/01/74	50.00	0.00	0.00	50.00	0.00	50.00	0.00	S/L	30.0
35	SERVICES TO CUSTOMERS	7/01/94	82.09	0.00	0.00	34.25	2.74	36.99	45.10	S/L	30.0
	<b>HOLIFIELD ESTATES</b>		<b>28,421.84</b>	<b>0.00</b>	<b>0.00</b>	<b>26,688.38</b>	<b>235.24</b>	<b>26,923.62</b>	<b>1,498.22</b>		
<b>Group: THOMAS COUNTRY ESTATES</b>											
36	COLLECTION SEWERS-FORCE	1/01/83	34,785.10	0.00	0.00	20,871.12	869.63	21,740.75	13,044.35	S/L	40.0
37	OTHER COLLECTION FACILITII	1/01/83	98,509.08	0.00	0.00	59,573.72	2,462.73	62,036.45	36,472.63	S/L	40.0
38	SERVICES TO CUSTOMERS	1/01/83	3,500.00	0.00	0.00	2,800.08	116.67	2,916.75	583.25	S/L	30.0
39	RECEIVING WELLS & PUMP PI	1/01/83	18,028.85	0.00	0.00	14,423.04	600.96	15,024.00	3,004.85	S/L	30.0
40	PUMPING EQUIP-ELECTRIC	1/01/83	23,020.45	0.00	0.00	18,416.40	767.35	19,183.75	3,836.70	S/L	30.0
41	OXIDATION LAGOON	1/01/83	53,834.00	0.00	0.00	43,067.28	1,794.47	44,861.75	8,972.25	S/L	30.0
42	SERVICES TO CUSTOMERS	7/01/94	282.28	0.00	0.00	117.62	9.41	127.03	155.25	S/L	30.0
43	SERVICES TO CUSTOMERS	7/01/95	991.95	0.00	0.00	380.30	33.07	413.37	578.58	S/L	30.0
44	LIFT STATION IMP.	7/01/95	770.00	0.00	0.00	282.37	25.67	308.04	461.96	S/L	30.0
45	PUMPING EQUIPMENT-5HP	3/31/96	4,039.74	0.00	0.00	1,447.59	134.66	1,582.25	2,457.49	S/L	30.0
	<b>THOMAS COUNTRY ESTATES</b>		<b>237,761.45</b>	<b>0.00</b>	<b>0.00</b>	<b>161,379.52</b>	<b>6,814.62</b>	<b>168,194.14</b>	<b>69,567.31</b>		
	<b>Grand Total</b>		<b>808,002.41</b>	<b>0.00</b>	<b>0.00</b>	<b>605,142.40</b>	<b>24,794.10</b>	<b>629,936.50</b>	<b>178,065.91</b>		