

Secrest & Secrest

210 WEST MAIN STREET
P.O. BOX 35
SCOTTSVILLE, KENTUCKY 42164-0035

16 April 2009

James S. Secrest
James S. Secrest, Jr.

Phone 270-237-3616
Telefax 270-237-3593
email: jsecrest@nctc.com

Office Staff

Carrie B. Richards
Caroline Hartmann

Mr. Eddie Beavers
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT KY 40601

RECEIVED
APR 20 2009
PUBLIC SERVICE
COMMISSION

In re: PURCHASE WATER ADJUSTMENT FOR
ALLEN COUNTY WATER DISTRICT
KRS 278.012; KRS 278.015; 807 KAR 5:068

Dear Mr. Beavers:

Ms. Sue Carter, Office Manager of the Allen County Water District, called today to report that you had received the enclosures we mailed on April 8, 2009 (letter erroneously dated February 7, 2009), but had not received the cover letter. We enclose a copy of the cover letter. We are also enclosing copies of the following documents, to-wit:

1. Copy of Motion adopted by the Allen County Water District to increase the Wholesale Water Rate.
2. Copy of the Tariff (on tariff paper) pursuant to the above Resolution.

The Motion establishing the Tariff was enacted by the Commissioners of the Allen County Water District for the purpose of complying with Mr. Gatewood's letter of February 11, 2009, stating in particular what was needed to correct the deficiency. A copy of this letter is enclosed.

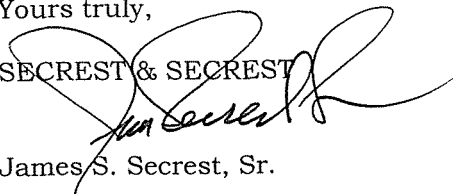
According to Ms. Carter you indicated that the ACWD would have to increase its water rates from \$1.40 per thousand gallons up to \$1.75 per thousand gallons and then from \$1.75 per thousand gallons to \$1.95 per thousand gallons. We do not understand why this is necessary. The Board of Commissioners voted to **absorb** the increase from \$1.40 per one thousand gallons to \$1.75 per one thousand gallons for the year beginning April 1, 2008 to July 1, 2009; but to **enact** the increase from \$1.40 per one thousand gallons to \$1.95 per one thousand gallons effective July 1, 2009.

Would it be possible for you to draft a Tariff for the Allen County Water District meeting the requirements of the PSC and reflecting the wishes of the Board of Commissioners of the Allen County Water District??

Please advise. Many thanks.

Yours truly,

SECRET & SECRET


James S. Secrest, Sr.

JSS;CBR
Enclosures
cc: Allen County Water District

Secrest & Secrest

210 WEST MAIN STREET
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8 April 2009

MR.DENNIS BRENT KIRTLEY, MANAGER
OF TARIFF REVIEW BRANCH
MR. RYAN GATEWOOD, DIRECTOR
DIVISION OF FILING
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT KY 40601

In re: PURCHASE WATER ADJUSTMENT FOR
ALLEN COUNTY WATER DISTRICT
KRS 278.012; KRS 278.015; 807 KAR 5:068

GENTLEMEN:

For the purpose of complying with your filing deficiency letter of February 11, 2009, the Allen County Water District has obtained from its engineer the information requested. We are enclosing ten (10) copies of the following documents, to-wit

1. The Resolution of the Board of Commissioners of the Allen County Water District, dated April 7, 2009, together with copy of the Tariff on Tariff Pages adopted by the Board of Commissioners of the Allen County Water District on April 7, 2009, pursuant to said Resolution, to which are attached the following documents:

- (a) A letter from Glasgow Water Company to the Allen County Water District, dated May 16, 2008, enclosing a copy of Ordinance no. 2633, City of Glasgow, Kentucky, dated July 1, 2008.
- (b) E-Mail from Kenvirons, dated April 6, 2009, together with the attachment calculating the Water Rate Adjustment prepared by Carlos E. Miller, P.E.

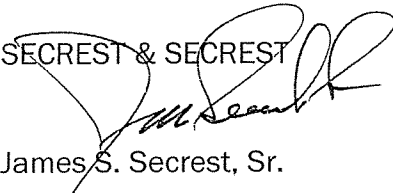
If these documents meet with the approval of the Public Service Commission, please let us know as soon as possible so the Allen County Water District can give notice to its customers.

Mr. Dennis Brent Kirtley
Mr. Ryan Gatewood
Page 2
8 April 2009

If you have any questions or need more information, please do not hesitate to let us know. Please advise Thank you.

Yours truly,

SECRET & SECRET



James S. Secret, Sr.

JSS:CBR
Enclosures

cc: ALLEN COUNTY WATER DISTRICT – Letter only
MR. CARLOS MILLER, P.E. with enclosures

COPY

MOTION AS TO INCREASE IN WHOLESALE WATER RATE:

KRS 278.015(2) AND 807 KAR 5:068 provides essentially the manner in which a Water District may implement a Purchase Water Adjustment designed to recover the actual cost of water purchased by a Water District from a wholesale supplier.

The Allen County Water District purchases substantially all of its water from the Glasgow Water and Sewer Commission of Glasgow, Kentucky. By its Ordinance No. 2633, the City of Glasgow, Kentucky, established new rates for the Glasgow Water and Sewer Commission to charge increased new wholesale rates to be charged to its customers, including the Allen County Water District, effective July 1, 2008. A copy of said Ordinance is attached hereto as a part hereof, effective July 1, 2008.

The Allen County Water District was notified of this increase by a letter from the Glasgow Water Company, dated May 16, 2008. A copy of said letter is filed herewith as a part hereof.

By Letter dated July 25, 2008, to the Allen County Water District from its engineer, KENVIRONS, INC., the Water District was informed

"The indication is that the district could absorb the increased purchased water cost relative to the \$1.75 per thousand gallons rated along with the adjustments to the 2007 expenses. Next year the rate will increase to \$1.95. Based on the same parameters, the purchased water cost will increase an additional \$69,092, which would cause a negative net income of approximately \$41,000. The above calculations do not consider any customer growth, which would generate a small amount of additional revenues. The conclusion is that the district would absorb the initial \$1.75 per thousand rate, but not the \$1.95 that is proposed to be effective next year. The \$1.75 rate results in an increase in customer rate of \$0.41 per thousand gallons. The \$1.95 rate result in an additional \$0.23 per thousand gallons for a total of \$0.64 per thousand gallons."

By an e-mail to the Allen County Water District from its engineer, Kenvirons, the Allen County Water District was advised as follows:

The current wholesale base rate of the City of Glasgow is \$1.40 per thousand gallons. The changed rate of the City of Glasgow is \$1.95 per thousand gallons.

The twelve month period upon which the purchased water adjustment is April, 2008 through March, 2009.

Gallons purchased by Allen County Water District from City of Glasgow during the 12 month period is 347,791,400; from the City of Scottsville is 8,943,800; a total of 356,735,200 gallons.

Total gallons sold by Allen County Water District for the 12 month period is 295,078,700.

The annual increased water cost is \$191,285.27 [347,791,400 gallons x \$0.55 per 1000 gallons = \$191,285.27] (\$1.95 less \$1.40 = \$0.55)

The purchased water adjustment factor is, therefore, \$0.65 per 1000 gallons (\$191,285.27 divided by 295,078.00 gallons = \$0.65 per 1000 gallons)

NOW, THEREFORE, be it RESOLVED by the Board of Commissioners of the Allen County Water District in regular session this 7th day of April, 2009, as follows:

1. That the Allen County Water District adopts as Tariff the provision of KRS 278.015(2) AND 807KAR 5:068, providing that when a wholesale supplier selling water (Glasgow Water and Sewer Commission) to water district (Allen County Water District) the district shall have the authority to increase its rate commensurate with the wholesale supplier without prior approval by the Public Service Commission.

Within twenty (20) days after any such increase in rates, the district shall file its revised tariffs with the Commission, together with a copy of the Notice from its wholesale supplier showing the increase in the rate charged to the utility, and a statement of the volume of purchased water used to calculate the increase in rates. The Commission shall approve the filing or establish revised rates by order no later than thirty (30) days after the above document are filed with it. Prior to or at the time of the first billing of the new rates, the district shall give notice to its customers of the increase.

2. The last increase in Allen County Water District's rates was May 25, 1993, when the rates were increased from \$13.45 to \$16.17.

3. That, based on the report of Kenvirons, dated 07/25/2008, the Allen County Water District elects to absorb the increase in the purchased water costs (from Glasgow Water Company) effective July 1, 2008 from \$1.40 per one thousand gallon to \$1.75 per one thousand gallon along with the adjustment to the 2007 expenses. This increase will not be passed on to customers of the Allen County Water District.

4. That the Allen County Water District will be unable to absorb the \$1.95 per one thousand gallons rate increase, which the Glasgow Water Company will charge effective July 1, 2009. Therefore, the Allen County Water District will calculate its rates on a \$0.55 increase (\$1.40 to \$1.95) from the Glasgow Water Company

5. Therefore, based on the conclusions of Carlos Miller, P.E., Kenvirons, as shown in his e-mail of April 6, 2009, the increase in customer rates effective July 1, 2009 is \$0.65 per one thousand gallons. See e-mail attached.

6. The adjusted rates are as follows:

	<u>EXISTING RATE</u>	<u>ADJUSTED RATE</u>
First 2,000 gallons	\$16.17 (Min)	\$17.47 (Min)
Next 3,000 gallons	6.21 Per 1,000 Gals.	6.86 Per 1,000 Gals.
Next 5,000 gallons	5.16 Per 1,000 Gals.	5.81 Per 1,000 Gals.
Next 60,000 gallons	4.66 Per 1,000 Gals.	5.31 Per 1,000 Gals.
Over 70,000 gallons	4.21 Per 1,000 Gals	4.86 Per 1,000 Gals.

7. This tariff/resolution is subject to the approval of the Public Service Commission. Once the Commission approves, the Allen County Water District will notify all customers of the new rates prior to the first billing of the new rates

The Resolution was put to a vote. There 4 ayes and No nays, and the Chairman declared the Resolution Adopted.

ALLEN COUNTY WATER DISTRICT

BY: John H. Jones
JOHN H. JONES, CHAIRMAN

ATTEST: George T. Oliver
SECRETARY

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

Allen County Water District
 (Name of Utility)

April 6, 2009
 (Date)

P.O. Box 58
 (Address)

Scottsville, KY 42164
 (City, State)

270-622-3040
 (Telephone Number)

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 shedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>City of Glasgow</u>	<u>1.40</u>	<u>1.95</u>
<u>City of Scottsville</u>	<u>2.04</u>	<u>---</u>
<u> </u>	<u> </u>	<u> </u>

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit 2.
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 April, 2008 through March, 2009
 (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
<u>City of Glasgow</u>	<u>347,791,400</u>
<u>City of Scottsville</u>	<u>8,943,800</u>
<u>TOTAL PURCHASES</u>	<u>356,735,200</u>

4. Total sales for the 12 month period 295,078,700.

5. Increased water cost \$191,285.27.

EXHIBIT 1

**ALLEN COUNTY WATER DISTRICT
CALCULATION OF WHOLESALE WATER RATE INCREASE**

I. ANNUAL COST DIFFERENCE

	<u>Gallons Purchased</u> (1,000 Gallons)	<u>Exist Rate</u>	<u>Proposed Rate</u>	<u>Rate Difference</u>	<u>Wholesale Cost Difference</u>
City of Glasgow	347,791.400	\$1.40	\$1.95	\$0.55	\$191,285.27
City of Scottsville	8,943.800	2.04	2.04	0.00	<u>0.00</u>
TOTAL ANNUAL COST DIFFERENCE					\$191,285.27

II. PURCHASED WATER ADJUSTMENT FACTOR

$$\frac{\text{Increased Water Cost}}{\text{Total Gallons Sold}} = \frac{\$191,285.27}{295,078.700} = \$0.65 \text{ per 1,000 Gallons}$$

III. ADJUSTED RATES

	<u>EXISTING RATE</u>	<u>ADJUSTED RATE</u>
First 2,000 gallons	\$16.17 (Mln.)	\$17.47 (Mln.)
Next 3,000 gallons	6.21 Per 1,000 Gals.	6.86 Per 1,000 Gals.
Next 5,000 gallons	5.16 Per 1,000 Gals.	5.81 Per 1,000 Gals.
Next 60,000 gallons	4.66 Per 1,000 Gals.	5.31 Per 1,000 Gals.
Over 70,000 gallons	4.21 Per 1,000 Gals.	4.86 Per 1,000 Gals.

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$0.65/1,000 gallons .

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date July 1, 2009 .

(Signature of Utility Officer)

(Title)

COPY

FOR ALLEN COUNTY, KENTUCKY
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

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

_____ SHEET NO. _____

ALLEN COUNTY WATER DISTRICT
(Name of Utility)

RATES AND CHARGES

TARIFF/RESOLUTION AS TO INCREASE IN WHOLESALE WATER RATE

KRS 278.015(2) AND 807 KAR 5:068 provides essentially the manner in which a Water District may implement a Purchase Water Adjustment designed to recover the actual cost of water purchased by a Water District from a wholesale supplier.

The Allen County Water District purchases substantially all of its water from the Glasgow Water and Sewer Commission of Glasgow, Kentucky. By its Ordinance No. 2633, the City of Glasgow, Kentucky, established new rates for the Glasgow Water and Sewer Commission to charge increased new wholesale rates to be charged to its customers, including the Allen County Water District, effective July 1, 2008. A copy of said Ordinance is attached hereto as a part hereof, effective July 1, 2008.

The Allen County Water District was notified of this increase by a letter from the Glasgow Water Company, dated May 16, 2008. A copy of said letter is filed herewith as a part hereof.

By Letter dated July 25, 2008, to the Allen County Water District from its engineer, KENVIRONS, INC., the Water District was informed

"The indication is that the district could absorb the increased purchased water cost relative to the \$1.75 per thousand gallons rated along with the adjustments to the 2007 expenses. Next year the rate will increase to \$1.95. Based on the same parameters, the purchased water cost will increase an additional \$69,092, which would cause a negative net income of approximately \$41,000. The above calculations do not consider any customer growth, which would generate a small amount of additional revenues. The conclusion is that the district would absorb the initial \$1.75 per thousand rate, but not the \$1.95 that is proposed to be effective next year. The \$1.75 rate results in an increase in customer rate of \$0.41 per thousand gallons. The \$1.95 rate result in an additional \$0.23 per thousand gallons for a total of \$0.64 per thousand gallons."

By an e-mail to the Allen County Water District from its engineer, Kenvirons, the Allen County Water District was advised as follows:

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2009-00054 DATED _____

FOR ALLEN COUNTY, KENTUCKY
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

ALLEN COUNTY WATER DISTRICT
(Name of Utility)

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

_____ SHEET NO. _____

RATES AND CHARGES

The current wholesale base rate of the City of Glasgow is \$1.40 per thousand gallons. The changed rate of the City of Glasgow is \$1.95 per thousand gallons as shown in the attached e-mail from Kenvirons.

The twelve month period upon which the purchased water adjustment is April, 2008 through March, 2009.

Gallons purchased by Allen County Water District from City of Glasgow during the 12 month period is 347,791,400; from the City of Scottsville is 8,943,800; a total of 356,735,200 gallons.

Total gallons sold by Allen County Water District for the 12 month period is 295,078,700.

The annual increased water cost is \$191,285.27 [347,791,400 gallons x \$0.55 per 1000 gallons = \$191,285.27]. (\$1.95 less \$1.40 = \$0.55)

The purchased water adjustment factor is, therefore, \$0.65 per 1000 gallons (\$191,285.27 divided by 295,078.00 gallons = \$0.65 per 1000 gallons)

NOW, THEREFORE, be it RESOLVED by the Board of Commissioners of the Allen County Water District in regular session this 7th day of April, 2009, as follows:

1. That the Allen County Water District adopts as Tariff the provision of KRS 278.015(2) AND 807KAR 5:068, providing that when a wholesale supplier selling water (Glasgow Water and Sewer Commission) to water district (Allen County Water District) the district shall have the authority to increase its rate commensurate with the wholesale supplier without prior approval by the Public Service Commission.

Within twenty (20) days after any such increase in rates, the district shall file its revised tariffs with the Commission, together with a copy of the Notice from its wholesale supplier showing the increase in the rate charged to the utility, and a statement of the volume of purchased water used to calculate the increase in rates. The Commission shall approve the filing or establish revised rates by order no later than thirty (30) days after the above document are filed with it. Prior to or at the time of the first billing of the new rates, the district shall give notice to its customers of the increase.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2009-00054 DATED _____

FOR ALLEN COUNTY, KENTUCKY
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

ALLEN COUNTY WATER DISTRICT
(Name of Utility)

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

_____ SHEET NO. _____

CONTENTS

2. The last increase in Allen County Water District's rates was May 25, 1993, when the rates were increased from \$13.45 to \$16.17.

3. That, based on the report of Kenvirons, dated July 25, 2008, the Allen County Water District elects to absorb the increase in the purchased water costs (from Glasgow Water Company) effective July 1, 2008 from \$1.40 per one thousand gallon to \$1.75 per one thousand gallon along with the adjustment to the 2007 expenses. This increase will not be passed on to customers of the Allen County Water District.

4. That the Allen County Water District will be unable to absorb the \$1.95 per one thousand gallons rate increase, which the Glasgow Water Company will charge effective July 1, 2009. Therefore, the Allen County Water District will calculate its rates on a \$0.55 increase (\$1.40 to \$1.95) from the Glasgow Water Company

5. Therefore, based on the conclusions of Carlos Miller, P.E. as shown in his e-mail of April 6, 2009, the increase in customer rates effective July 1, 2009 is \$0.65 per one thousand gallons.

6. The adjusted rates are as follows:

	<u>EXISTING RATE</u>	<u>ADJUSTED RATE</u>
First 2,000 gallons	\$16.17 (Min)	\$17.47 (Min)
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Over 70,000 gallons	4.21 Per 1,000 Gals	4.86 Per 1,000 Gals.

7. This tariff/resolution is subject to the approval of the Public Service Commission. Once the Commission approves, the Allen County Water District will notify all customers of the new rates prior to the first billing of the new rates.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2009-00054 DATED _____

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

Allen County Water District (Name of Utility)

April 6, 2009 (Date)

P.O. Box 58 (Address)

Scottsville, KY 42164 (City, State)

270-622-3040 (Telephone Number)

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 shedule must be shown. Attach additional sheets if necessary.

Table with 3 columns: Supplier(s), Base Rate, Changed Rate. Rows include City of Glasgow and City of Scottsville.

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit 2.
- 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 April, 2008 through March, 2009
 (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
<u>City of Glasgow</u>	<u>347,791,400</u>
<u>City of Scottsville</u>	<u>8,943,800</u>
<u>TOTAL PURCHASES</u>	<u>356,735,200</u>

4. Total sales for the 12 month period 295,078,700.

5. Increased water cost \$191,285.27.

EXHIBIT 1

**ALLEN COUNTY WATER DISTRICT
CALCULATION OF WHOLESALE WATER RATE INCREASE**

I. ANNUAL COST DIFFERENCE

	<u>Gallons Purchased</u> (1,000 Gallons)	<u>Exist Rate</u>	<u>Proposed Rate</u>	<u>Rate Difference</u>	<u>Wholesale Cost Difference</u>
City of Glasgow	347,791.400	\$1.40	\$1.95	\$0.55	\$191,285.27
Clty of Scottsville	8,943.800	2.04	2.04	0.00	<u>0.00</u>
TOTAL ANNUAL COST DIFFERENCE					\$191,285.27

II. PURCHASED WATER ADJUSTMENT FACTOR

$$\frac{\text{Increased Water Cost}}{\text{Total Gallons Sold}} = \frac{\$191,285.27}{295,078.700} = \$0.65 \text{ per 1,000 Gallons}$$

III. ADJUSTED RATES

	<u>EXISTING RATE</u>	<u>ADJUSTED RATE</u>
First 2,000 gallons	\$16.17 (Mln.)	\$17.47 (Mln.)
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6. Purchased water adjustment factor \$0.65/1,000 gallons.

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date July 1, 2009.

(Signature of Utility Officer)

(Title)



BOARD OF COMMISSIONERS:
JERRY A. BOTTS, CHAIRMAN
BUDDY UNDERWOOD, VICE CHAIRMAN
WOODFORD L. GARDNER, JR., SECRETARY-TREASURER
JIM MARION, COUNCIL REPRESENTATIVE
DARRELL G. PICKETT, MEMBER-MAYOR

Glasgow Water and Sewer Commission

May 16, 2008

Allen County Water District
P.O. Box 58
Scottsville, KY 42164

RE: Wholesale Rate Increase

Dear Wholesale Customer:

Due to increased operating expenses the Glasgow Water and Sewer Commission has determined that our wholesale water rate must be increased. The current wholesale rate of \$1.40 per one thousand gallons has been in effect for over five years. The new rate will be an increase of 55 cents per one thousand gallons. However, the new rate will be phased over a two year period as follows: On July 1, 2008, the wholesale rate to be charged for water purchased on and after that date shall be \$1.75 per one thousand gallons. On July 1, 2009, the wholesale rate to be charged for water purchased on and after that date shall be \$1.95 per one thousand gallons.

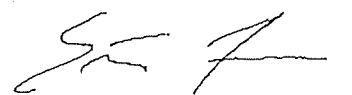
The rate change will be effective July 1, 2008, however it will not appear on your bill until August, because it will apply only to water used after July 1, 2008.

A detailed rate analysis was performed to determine the necessary rate increase. The analysis addresses both wholesale and retail rates independently and examines expenses attributed to the wholesale rate. Approximately 34% of all water sold by the Glasgow Water Company provides service to our wholesale customers. The rate analysis indicates that the current rate is among the lowest in the state of Kentucky while the proposed rate is below the \$1.97 average of wholesale rates available on the Public Service Commission's website.

Enclosed you will find a Public Service Commission tariff sheet, a copy of the wholesale water rate ordinance, and a copy of the cost study analysis used to determine the new wholesale rate.

The Glasgow Water Company appreciates the great working relationship with your utility and will always work diligently with you in the supply of water to your customers. If you have any questions regarding the matter please contact me anytime.

Respectfully,


Scott Young, Manager
Glasgow Water Company

Received
MAY 20 2008
Allen Co. Water District

CITY OF GLASGOW

ORDINANCE NO. 2633

AN ORDINANCE ESTABLISHING NEW RATES FOR THE GLASGOW WATER AND SEWER COMMISSION FOR WHOLESALE WATER RATE

THAT, WHEREAS, increasing operating expenses and capital demands have rendered the existing schedule of rates inadequate to properly provide for the operation, maintenance and expansion of the Glasgow Water and Sewer Commission; and

WHEREAS, the Glasgow Water and Sewer Commission has unanimously recommended that the wholesale water rate be increased, over a two (2) year period, to properly provide for the operation, maintenance and expansion of the Glasgow Water and Sewer Commission, a copy of the Commission's Resolution relating to same is attached hereto as Exhibit A;

NOW, THEREFORE, BE IT HEREBY ORDAINED by the City of Glasgow, Kentucky, as follows:

SECTION 1. The wholesale water rate set forth in Section 2 of this Ordinance shall become effective, and applied to, all bills rendered by the Glasgow Water and Sewer Commission for wholesale water purchases described in this Ordinance on and after July 1, 2008.

SECTION 2. On and after July 1, 2008, the wholesale water rate to be charged for wholesale water purchases are as follows:

All used: \$1.75 ~ [~~\$1.40~~] per one thousand (1000) gallons.

SECTION 3. The wholesale water rate set forth in Section 4 of this Ordinance shall become effective, and applied to, all bills rendered by the Glasgow Water and Sewer Commission for wholesale water purchases described in this Ordinance on and after July

FOR Glasgow, Kentucky
Name of Municipality

P.S.C. KY. NO. 1

1st Revised SHEET NO. 1

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

Original SHEET NO. 1

Glasgow Water Company
(Name of Municipal Utility)

RATES AND CHARGES

WHOLESALE WATER RATE:

Effective July 1, 2008

Allen County Water District	\$1.75 per 1000 gallons
Fountain Run Water District	\$1.75 per 1000 gallons
Green River Valley Water District	\$1.75 per 1000 gallons
Warren County Water District	\$1.75 per 1000 gallons

Effective July 1, 2009

Allen County Water District	\$1.95 per 1000 gallons
Fountain Run Water District	\$1.95 per 1000 gallons
Green River Valley Water District	\$1.95 per 1000 gallons
Warren County Water District	\$1.95 per 1000 gallons

NOTE: This tariff page revises the rate of \$1.40 per 1000 gallons listed on the tariff page stamped effective by the PSC on May 1, 2003.

DATE OF ISSUE June 1, 2008
Month / Date / Year

DATE EFFECTIVE July 1, 2008
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. n/a DATED n/a

~~Steven L. Beshear~~
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

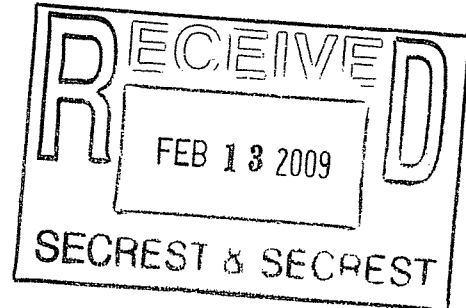
David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

February 11, 2009

Honorable James S. Secrest
Secrest & Secrest
P. O. Box 35
Scottsville, KY 42164



RE: Case No 2009-00054
Filing Deficiencies

The Commission staff has reviewed your application in the above case. This filing is rejected for the reasons set forth below.

1. Filing deficiencies pursuant to 807 KAR 5:001:

807 KAR 5:001: Section 3 4. Twelve-month period upon which purchased water adjustment is based.

807 KAR 5:001: Section 3 5. Total gallons of water purchased from each supplier during a twelve-month period ending within 90 days of the effective date of rate adjustment.

807 KAR 5:001: Section 3 6. Total gallons sold for the same twelve months.

807 KAR 5:001: Section 3 7. Revised tariff sheets showing revised rates to be charged and the effective date of the new rates.

807 KAR 5:001: Section 3(1). Application must contain information analysis sufficient to determine the accurateness of the calculations of the PWA.

RG/ke

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. If your filing contains a proposed effective date, the rejection of your filing for reasons of deficiencies voids that proposed effective date. When you file the required information to correct the deficiencies, you may refile your proposed tariff with a new proposed effective date that is at least 30 days from the date you file the required information. You are requested to file 10 copies of this information within 15 days of date of this letter. If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,



Ryan Gatewood, Director
Division of Filings

RG/ke