

2009-00189

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Carrie B. Richards
Caroline Hartmann

19 May 2009

RECEIVED

MAY 20 2009

PUBLIC SERVICE
COMMISSION

MR.DENNIS BRENT KIRTLEY, MANAGER
OF TARIFF REVIEW BRANCH
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

Dear Mr. Kirtley:

For the purpose of complying with the Commission's Order of May 5, 2009, and our phone calls yesterday, we enclose herewith the following documents, to-wit:


1. Ten (10) copies of the Tariff adopted by the Allen County Water District on May 19, 2009, providing for the "FIRST PURCHASE WATER ADJUSTMENT" (based on Glasgow's increase from \$1.40 per one thousand gallons to \$1.75 per one thousand gallons) effective June 30, 2009. The Tariff is signed by John H. Jones, Chairman.
- ✓ 2. Ten (10) copies of the Tariff adopted by the Allen County Water District on May 19, 2009, providing for the "SECOND PURCHASE WATER ADJUSTMENT" (based on Glasgow's increase from \$1.75 per one thousand gallons to \$1.95 per one thousand gallons) effective July 1, 2009. The Tariff is signed by John H. Jones, Chairman.
3. Ten (10) copies of the Resolution of the Board of Commissioners of the Allen County Water District, dated May 19, 2009, adopting the above Purchase Water Adjustment Tariffs.

If we have overlooked anything, please let us know and we will send it to you immediately. Hopefully, the PSC will approve these adjustments as soon as possible in order that the Allen County Water District can give adequate notice of the increase to its customers.

Thanks so much for your help.

Yours truly,

SECRET & SECRET


James S. Secrest, Sr.

JSS:CBR
Enclosures

cc: ALLEN COUNTY WATER DISTRICT - Letter only
MR. CARLOS MILLER, P.E. with enclosures
MR. BOBBY YOUNG, COUNTY JUDGE EXECUTIVE
MR. WILLIAM P. HAGENBUCH, ALLEN COUNTY ATTORNEY

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

TARIFF 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 (\$1.40 per 1,000 gallons to \$1.75 per 1,000 gallons) AND effective July 1, 2009 (\$1.75 per 1000 gallons to \$1.95 per 1,000 gallons). A copy of said Ordinance is attached hereto as a part hereof.

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 to the Allen County Water District from its Engineer, Kenvirons, Inc., dated July 25, 2008, the Water District t was informed as follows:

"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."

DATE OF ISSUE MAY 19, 2009
Month / Date / Year

DATE EFFECTIVE JULY 1, 2009
Month / Date / Year

ISSUED BY JOHN H. JONES
(Signature of Officer)

TITLE CHAIRMAN

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 \$1.75 per thousand gallons. The changed rate of the City of Glasgow is \$1.95 per thousand gallons, effective July 1, 2009, as shown on the City of Glasgow's Ordinance No. 2633.

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 \$69,558.28 [347,791,400 gallons x \$0.20 per 1000 gallons = \$69,558.28]. (\$1.95 less \$1.75 = \$0.20)

The purchased water adjustment factor is, therefore, \$0.24 per 1000 gallons (\$69,558.28 divided by 295,078.700 gallons = \$0.24 per 1000 gallons)

The adjusted rates effective July 1, 2009, are as follows:

	<u>EXISTING RATE</u>	<u>ADJUSTED RATE</u>
First 2,000 gallons	\$16.99 (Min)	\$17.47 (Min.)
Next 3,000 gallons	\$ 6.62 Per 1,000 Gals.	\$ 6.86 Per 1,000 Gals.
Next 5,000 gallons	\$ 5.57 Per 1,000 Gals.	\$ 5.81 Per 1,000 Gals.
Next 60,000 gallons	\$ 5.07 Per 1,000 Gals.	\$ 5.31 per 1,000 Gals.
Over 70,000 gallons	\$ 4.62 Per 1,000 Gals.	\$ 4.86 per 1,000 Gals.

The calculation of the Wholesale Water Rate increase is attached hereto as a part hereof, marked Exhibit No. 1.

A copy of the Glasgow Water Company's Notice of the changed rate showing the effective date of the increase is attached, marked Exhibit No. 2.

DATE OF ISSUE MAY 19, 2009
Month / Date / Year

DATE EFFECTIVE JULY 1, 2009
Month / Date / Year

ISSUED BY John H. Jones
(Signature of Officer)

TITLE CHAIRMAN

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

PURCHASED WATER ADJUSTMENT FOR WATER DISTRICTS AND ASSOCIATIONS (807 KAR 5:068)		
Name of Utility	Allen County Water District	
Date	May 11, 2009	
Address	P.O. Box 58	
City, State, Zip	Scottsville, Kentucky	42164
Telephone Number	270-622-3040	
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 Glasgow	\$1.75	\$1.95
City of Scottsville	\$2.04	---
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.		

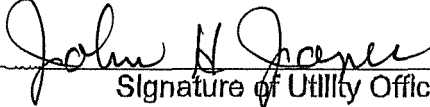
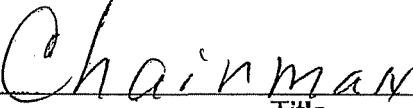
Supplier(s)	Gallons Purchased during 12 month period
City of Glasgow	347,791,400
City of Scottsville	8,943,800
TOTAL PURCHASES	356,735,200
4. Total sales for the 12 month period	295,078,700
5. Increased water cost	\$69,558.28
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	\$0.24 per 1,000 gallons
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<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. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.</p>	
7. Proposed effective date	July 1st, 2009
	
Signature of Utility Officer	
	
Title	

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	\$1.75	\$1.95	\$0.20	\$69,558.28
City of Scottsville	8,943.800	2.04	2.04	0.00	0.00
TOTAL ANNUAL COST DIFFERENCE					\$69,558.28

II. PURCHASED WATER ADJUSTMENT FACTOR

$$\frac{\text{Increased Water Cost}}{\text{Total Gallons Sold}} = \frac{\$69,558.28}{295,078.700} = \$0.24 \text{ per 1,000 Gallons}$$

III. ADJUSTED RATES

	<u>EXISTING RATE</u>	<u>ADJUSTED RATE</u>
First 2,000 gallons	\$16.99 (Mln.)	\$17.47 (Mln.)
Next 3,000 gallons	6.62 Per 1,000 Gals.	6.86 Per 1,000 Gals.
Next 5,000 gallons	5.57 Per 1,000 Gals.	5.81 Per 1,000 Gals.
Next 60,000 gallons	5.07 Per 1,000 Gals.	5.31 Per 1,000 Gals.
Over 70,000 gallons	4.62 Per 1,000 Gals.	4.86 Per 1,000 Gals.

GLASGOW WATER COMPANY

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

GLASGOW, KENTUCKY 42142-0019

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.

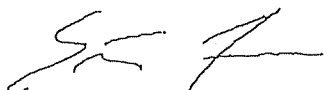
The rate change will be effective July 1, 2008, however it will not appear on your bill until August, because it will apply only to water used after July 1, 2008.

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 John D. Jones
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. n/a DATED n/a

REVISED RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE ALLEN COUNTY
WATER DISTRICT AS TO INCREASE IN WHOLESALE WATER RATE:
(Revises Board's Resolutions of 02/03/,2009 and 04/07/2009)

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 (\$1.40 per 1,000 gallons to \$1.75 per 1,000 gallons) AND effective July 1, 2009 (\$1.75 per 1000 gallons to \$1.95 per 1,000 gallons). A copy of said Ordinance is attached hereto as a part hereof.

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."

On February 3, 2009, the Board of Commissioners of the Allen County Water District passed a Resolution to absorb the increase in the Purchase Water Cost from Glasgow Water Company, effective July 1, 2008, from \$1.40 per thousand gallons to \$1.75 per thousand gallons. This increase will not be passed on the customers of the Allen County Water District.

The last increase in Allen County Water District's rates to its customers was May 25, 1993, when the rates were increased from \$13.45 minimum for the first two thousand gallons to \$16.17 minimum for the first two thousand gallons.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS of the Allen County Water District, this 19th day of May, 2009, as follows:

1. That for the purpose of complying with the Order of the Public Service Commission, dated May 5, 2009, the Board of Commissioners adopts the following Purchased Water Adjustment based on the Glasgow Water Company's Wholesale Increase from \$1.40 per one thousand gallons to \$1.75 per one thousand gallons, effective June 30, 2009.

In support of this increase from \$1.40 per one thousand gallons to \$1.75 per one thousand gallons, the Board of Commissioners of the Allen County Water District attaches the required calculations prepared by the Allen County Water District's Engineer, Kenvirons.

2. That for the further purpose of complying with the Order of the Public Service Commission, dated May 5, 2009, the Board of Commissioners adopts the following Purchased Water Adjustment based on the Glasgow Water Company's Wholesale Increase from \$1.75 per one thousand gallons to \$1.95 per one thousand gallons, effective July 1, 2009.

In support of this increase from \$1.75 per one thousand gallons to \$1.95 per one thousand gallons, the Board of Commissioners of the Allen County Water District attaches the required calculations prepared by the Allen County Water District's Engineer, Kenvirons.

The adjusted rates effective July 1, 2009 are as follows:

	<u>EXISTING RATE</u>	<u>ADJUSTED RATE</u>
First 2,000 gallons	\$16.99 (Min)	\$17.47 (Min.)
Next 3,000 gallons	\$ 6.62 Per 1,000 Gals.	\$ 6.86 Per 1,000 Gals.
Next 5,000 gallons	\$ 5.57 Per 1,000 Gals.	\$ 5.81 Per 1,000 Gals.
Next 60,000 gallons	\$ 5.07 Per 1,000 Gals.	\$ 5.31 per 1,000 Gals.
Over 70,000 gallons	\$ 4.62 Per 1,000 Gals.	\$ 4.86 per 1,000 Gals.

3. To the extent that the Resolutions of February 3, 2009 and April 7, 2009, conflict with this Resolution, the Resolutions of February 3, 2009 and April 7, 2009 are hereby vacated and rescinded.

4. The Chairman of the Board, Mr. John H. Jones, is hereby authorized, directed and empowered to sign the Purchase Water Adjustment application for and on behalf of the Allen County Water District.

5. This 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 5 ayes and 0 nays, and the Chairman declared the Resolution Adopted.

ALLEN COUNTY WATER DISTRICT

BY: John H. Jones

JOHN H. JONES, CHAIRMAN

ATTEST:

Wesley St. Olin
SECRETARY

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

GLASGOW WATER COMPANY

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

GLASGOW, KENTUCKY 42142-0019

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