

Beech Grove Water System, Inc.

PO Box 118

Beech Grove KY 42322-0118

270 273-5738

beechgrovewaters@bellsouth.net

2010-00309

July 2, 2010

Jeff Derouen, Executive Director
Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 46602

RECEIVED

JUL 28 2010

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

Please accept for filing the enclosed request for a general rate increase.
Enclosed you will find the original and ten copies.

Sincerely,
Keith Stratton
President
Beech Grove Water System
sgm

COMMONWELATH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED

JUL 28 2010

PUBLIC SERVICE
COMMISSION

In the Mater of:

AN ADJUSTMENT OF WATER RATES OF)
THE BEECH GROVE WATER SYSTEM, INC.)

CASE NO. 2010-00309

Comes the Applicant, Beech Grove Water System, Inc., pursuant to KRS 278.180 and 807 KAR 5:001, Sections 8 and 10, gives notice to the Kentucky Public Service Commission ("KPSC") of its intent to increase its water rates so as to raise in total additional annual revenues the principal sum of \$25,979, a 9.18 percent increase over pro forma present rate revenues in the amount of \$282,871. In support of this application, Applicant files the following information as required by the applicable KAR as so stated.

807 KAR 5:001:

Section 8(1)

Pursuant to KRS 278.180, Applicant with the mailing address of Beech Grove Water System, Inc. P.O. Box 118, Beech Grove, Kentucky 42322, is hereby requesting that the Commission allow it to increase its rates charged for water service.

Section 8(2)

As required, the original and ten (10) copies of the application are included herewith.

Section 10(1)(b)(1)

The rate adjustment is needed to provide financial resources to pay operating costs and provide a reasonable operating margin.

Section 10(1)(b)(2)

Applicant has filed its 2009 annual report with the KPSC as well as annual reports for all prior years of operation.

Section 10(1)(b)(3)

The articles of incorporation are attached hereto as Exhibit A.

Section 10(1)(b)(4) and (5)

Applicant is not a limited partnership.

Section 10(1)(b)(6)

A certified copy of a certificate of assumed name is not necessary in this instance.

Section 10(1)(b)(7)

The proposed tariffs are attached hereto as Attachment B.

Section 10(1)(b)(8)

A comparison of the present and proposed tariffs is attached hereto as Attachment C.

Section 10(1)(b)(9)

Applicant has provided notice to its customers as required by 807 KAR 5:001, Section 10 (3) and (4). A copy of the notice is attached hereto as Exhibit D. The publisher's affidavit will be forwarded to the KPSC within 45 days of the application date.

Section 10(2)

Beech Grove's annual revenues are less than \$1,000,000 and was therefore not required to provide 30 day prior notice of the filing of this Application.

Section 10(6)(a)

A complete description and quantified explanation for all proposed adjustments to test year operations is included as a part of this application at Exhibit E, Beech Grove's Adjusted Operating Statement.

Section 10(6)(b) and (c)

Applicant does not intend to submit pre-filed written testimony. The following individuals would be available to provide oral testimony, if necessary, at any hearing that may be held in this matter.

Sheila G. Murphy, Office Manager

Bobby Moseley, Field Manager

Keith Stratton, President

Section 10(6)(d)

The proposed rates will produce additional annual revenues of \$25,979.

Section 10(6)(e)

The impact of the requested rates on incremental usages is shown in the public notice as shown in Exhibit D.

Section 10(6)(f)

Applicant is not a local exchange company.

Section 10(6)(g)

A billing analysis at present and proposed rates is shown at Exhibit F of this Application.

Section 10(6)(h)

Applicant's revenue requirement was determined using an 88 percent operating ratio. The calculation is shown at Attachment G.

Section 10(6)(i)

Rate base and weighted cost of capital calculations were not performed as Applicant used the operating ratio method to determine its revenue requirements.

Section 10(6)(j)

Applicant's chart of accounts is not more detailed than those contained in the applicable Uniform Systems of Accounts.

Section 10(6)(k)

Applicant does not perform an annual audit.

Section 10(6)(l)

Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(m)

Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(n)

A formal depreciation study has never been performed by Beech Grove. Beech Grove requests recovery of depreciation expense in the amount of \$11,580; the calculation of which is detailed at reference item (H) on Exhibit E.

Section 10(6)(o)

Microsoft Word and Excel were used to develop this application.

Section 10(6)(p)

No prospectus has even been prepared.

Section 10(6)(q)

All annual reports have been filed with the KPSC.

Section 10(6)(r)

Applicant does not prepare monthly managerial reports.

Section 10(6)(s)

Applicant does not file with the Securities and Exchange Commission.

Section 10(6)(t)

Applicant had no transactions with affiliates during the test year or the two years previous.

Section 10(6)(u)

Beech Grove proposes to apply the requested revenue increase evenly to its current rate design and therefore did not prepare a cost of service study. The calculation of the new rates is shown on Exhibit G. Beech Grove further notes that its gross annual revenues are less than \$5,000,000 thus relieving it from having to file a cost of service study pursuant to this regulation.

Section 10(6)(v)

Applicant is not a local exchange carrier.

Section 10(7)(a)

A pro forma operating statement is attached hereto as Exhibit E.

Section 10(7)(b)

Applicant has not prepared a capital construction budget.

Section 10(7)(c)

There are no proposed pro forma adjustments reflecting plant additions.

Section 10(7)(d)

Applicant does not prepare monthly operating budgets.

Section 10(7)(e)

All revenue adjustments are detailed in Attachment E as attached hereto.

Section 10(3)(a)

The amount of revenue collected at present rates during the test year from each meter size and the amount of revenue to be collected at the proposed rates from each meter size is presented in the billing analysis as shown at Exhibit F.

Section 10(3)(b)

See Exhibit C of this Application for a comparison of present and proposed rates.

Section 10(3)(c)

The impact of the requested rates on incremental usages is shown in the public notice as shown in Attachment G.

Section 10(3)(d)

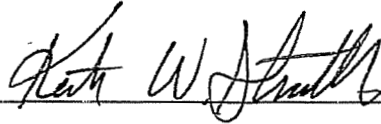
Applicant is not a local exchange company.

Section 10(4)

A copy of the customer notice is included at Attachment D.

Wherefore, Applicant asks that the KPSC of the Commonwealth of Kentucky issue an order authorizing Applicant to increase its water rates so as to raise \$25,979 in additional annual revenues.

Respectfully submitted,



Beech Grove Water System, Inc.
P.O. Box 118
Beech Grove, Kentucky 42322

BY-LAWS

OF

BEECH GROVE WATER SYSTEM, INC.
NONPROFIT CORPORATION

ARTICLE I.

GENERAL PURPOSES

The purpose for which this corporation is formed, and the powers which it may exercise are set forth in the Articles of Incorporation of the corporation.

ARTICLE II.

NAME AND LOCATION

Section 1. The name of this corporation is Beech Grove Water System, Inc.,

Section 2. The principal office of this corporation shall be located in Beech Grove, McLean County, Kentucky, but the corporation may maintain offices and places of business at such other places within the state as the Board of Directors may determine.

Section 3. The registered agent of the corporation is Johnnie E. Phillips, Beech Grove, Kentucky.

ARTICLE III

Section 1. The seal of the corporation shall have inscribed thereon the name of the corporation, State of Kentucky, and corporate seal.

Section 2. The secretary of the corporation shall have custody of the seal.

Section 3. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV.

FISCAL YEAR

The fiscal year of the corporation shall begin the first day of January in each year.

ARTICLE V.

MEMBERSHIP

Section 1. The holders of membership certificates of this corporation are its members. Any bona fide occupant of a dwelling, farm or other property, including schools, churches, community and eleemosynary organizations, and where otherwise necessary by contract with said organization, corporation, etc., having reasonable accessibility to the source of and who is in need of having water supplied for domestic, livestock, and other purposes from the water system operated by the corporation and who receives the approval of the board of directors may be admitted to membership upon subscribing for or otherwise acquiring a membership certificate and by signing such agreements for the purchase of water as may be provided and required by the corporation; provided that no person otherwise eligible shall be permitted to subscribe for or acquire a membership of the corporation if the capacity of the corporation's water is exhausted by the needs of its existing

Section 2. In case of the death of a member or if a member ceases to be eligible to hold membership as provided in Section 1., or willfully fails to comply with these by-laws and other requirements, or willfully obstructs the purposes and proper activities of the corporation, the corporation, through the board of directors, may elect to purchase his membership certificate and terminate his membership upon tender to him or his heirs or legal representatives the membership fee of \$ 10⁰⁰ less any indebtedness then due from him to the corporation. Any member whose membership is so terminated for cause other than that of ceasing to be eligible may appeal from the action of the board of directors to a vote of the members at the next regular meeting of the members or a special meeting of the members called for such purpose.

ARTICLE VI.

MEMBERSHIP CERTIFICATES

Section 1. This corporation shall not have capital stock, but its capital shall be represented by membership certificates.

Section 2. The membership certificates shall be issued to each holder of fully paid membership and shall be numbered consecutively, in accordance with the order of issue. Each membership certificate shall bear on its face the following statements:

A. This membership certificate, No. _____, is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the articles of incorporation and by-laws and amendments to the same of the Beech Grove Water System, Inc.

B. Transfers of membership certificates shall be made only upon the books of the corporation, only to persons eligible to become members, only with the approval of the board of directors and only when the member transferring is free from indebtedness to the corporation.

C. No member of this corporation shall be entitled to more than one vote at meetings of the members or to hold more than one of the membership certificates of the corporation. Every member upon becoming a member of this corporation agrees to sign such agreement for the purchase of water from the corporation as may from time to time be provided and required by the corporation.

Section 3. All transfers of membership certificates shall be made upon the books of the corporation upon the surrender of the certificates covering the same by the holders thereof or by their legal representative but only with the approval of the board of directors and only to persons eligible to become members and only when the transferring member is free from indebtedness to the corporation.

Section 4. Each member agrees to sign such water user's agreements as the corporation shall from time to time provide and require.

ARTICLE VII

MEETINGS OF MEMBERS

Section 1. The annual meeting of the members of this corporation shall be held at the Buech Grove School at 7:30 o'clock P. M. on the 1st day of March of each year, if not a legal holiday, or if a legal holiday, on the next business day following.

Section 2. Notice of meetings of members of the corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, at least ten days prior to the meeting. Such a notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 3. The members present at any meeting of the members shall constitute a quorum at any meeting of the corporation for the transaction of business. The voting powers of the members of this corporation shall be equal, each member shall have one vote only, and voting by proxy shall be allowed.

Section 4. Directors of this corporation shall be elected at the annual meeting of the members.

Section 5. The order of business at the regular meetings and so far as possible at all other meetings shall be:

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

ARTICLE VIII

DIRECTORS AND OFFICERS

Section 1. The board of directors of this corporation shall consist of five (5) members, all of whom shall be members of the corporation. The directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, one director shall be elected for a term of one year; two directors for a term of two years; and two directors for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of directors whose terms of office have expired.

Section 2. The board of directors shall meet within ten days after the first election and within ten days after the annual election of directors and shall elect by ballot a president, and vice-president from among themselves, and a

secretary-treasurer, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor unless sooner removed by death, resignation, or for cause.

Section 3. Special meeting of the board of directors may be called at any time by the president, or any two directors, on not less than twenty-four hours notice previous to the meeting. Notice of special meeting of the board of directors shall be given as provided in Article VII, Section 2 of these by-laws. Any meeting at which all directors are present shall be legal without notice or waiver. Any director or officer may waive any notice required to be given under these by-laws. Presence of a director in person shall constitute waiver by him of notice of a director's meeting.

Section 4. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors though not less than a quorum shall, by a majority vote, choose a successor who shall hold office until the next annual meeting of the members of the corporation, at which time the members shall elect a director for the unexpired term, or terms.

Section 5. A majority of the board of directors shall constitute a quorum at any meeting of the board.

Section 6. Compensation of officers may be fixed at any regular or special meeting of the members of the corporation.

Section 7. Officers and directors may be removed from office in the following manner: Any member, officer, or director may present charges against a director or officer by filing them in writing with the secretary of the corporation. If presented by a member, the charges must be accompanied by a petition signed by ten per cent of the members of the corporation. Such removal shall be voted at the next regular meeting or special meeting of the members and shall be effective if approved by a vote of a majority of the members. The director or officer against whom such charges have been presented shall be informed, in writing, of such charges five days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the association. A vacancy in the board thus created shall immediately be filled by a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the directors from among their number so constituted after the vacancy in the board has been filled.

ARTICLE IX

✓ DUTIES OF DIRECTORS

Section 1. The board of directors, subject to the restriction of law, the articles of incorporation, or these by-laws shall exercise all of the powers of the corporation, and, without

prejudice to or limitation upon their general powers, it is hereby expressly provided that the board of directors shall have, and hereby are given, full power and authority in respect to the matters and as hereinafter set forth:

A. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.

B. To select and appoint all officers, agents, or employees of the corporation or remove such agents or employees of the corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these by-laws, fix their compensation and pay for faithful services.

C. To borrow from any source, money, goods, or services, and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements and to do every act and thing necessary to effectuate the same.

D. To prescribe, adopt, and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.

E. To order, at least once each year, an audit of the books and accounts of the corporation by a qualified auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the corporation at their annual meeting.

F. To fix charges to be paid by each member for services rendered by the corporation to him the time of payment and

manner of collection.

G. To require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the corporation to give adequate bonds, the cost thereof to be paid by the corporation, and it shall be mandatory upon the directors to so require.

H. To select one or more banks to act as depositories of the funds of the corporation and to determine the manner of receiving, depositing and disbursing of funds of the corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.

ARTICLE X

DUTIES OF OFFICERS

Section 1. Duties of the President: The President shall preside over all meetings of the corporation and the board of directors, call special meetings of the board of directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the corporation as he may be authorized or directed to sign by the board of directors, provided the board of directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the corporation. The President shall perform such other duties as may be prescribed by the board of directors.

Section 2. Duties of the Vice-President: In the

absence or disability of the President, the Vice-President shall perform the duties of the President; provided, however, that in case of death, resignation, or disability of the President, the Board of Directors may declare the office vacant, and elect his successor.

Section 3. Duties of the Secretary-Treasurer: The Secretary-Treasurer shall keep a complete record of all meetings of the corporation and of the board of directors and shall have general charge and supervision of the books and records of the corporation. He shall sign all membership certificates with the president and such other papers pertaining to the corporation as he may be authorized or directed to do so by the board of directors. He shall provide a fidelity bond in an amount to cover an amount equal to the largest sum of money in his possession as Secretary-Treasurer at any one time. He shall serve all notices required by law and these by-laws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and membership certificate records of the corporation, complete and countersign all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the corporation and date of issuance, surrender, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required by law and shall perform such other duties as may be required by the corporation or the board of directors

Upon the election of his successor, the Secretary-Treasurer shall turn over to him all books and other property belonging to the corporation that he may have in his possession. He shall also perform such duties with respect to the finances of the corporation as may be prescribed by the board of directors.

ARTICLE XI

BENEFITS AND DUTIES OF MEMBERS

Section 1. The corporation will install, maintain, and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each member of the corporation, at which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the corporation shall be placed. The cost of the service line or lines from the main distribution pipeline or lines of the corporation to the property line of each member shall be paid by the corporation. The corporation will also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off valve to be owned and maintained by the corporation and to be installed on some portion of the service line owned by the corporation. The corporation shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

Section 2. Each member shall be entitled to not to exceed one service line from the corporation's water system, provided that the member shall be required to pay a fee of \$200.00 for each service line in excess of one. No new service line

interfere with an existing service line or the delivery of water therein. Each service line shall connect with the corporation's water system at the nearest available place to the place of desired use by the member if the corporation's water system shall be of sufficient capacity to permit the delivery of water through a service line at that place without interfering with the delivery of water through a prior service line. If the corporation's water system shall be inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place as may be designated by the corporation. Each member will be required to dig or have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises and to maintain such portion of such service line or lines which shall be owned by the member, at his own expense, provided that the corporation may, if the board of directors so determine, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members.

Section 3. Each member shall be entitled to purchase from the corporation pursuant to such agreements as may from time to time be provided and required by the corporation, such water for domestic, livestock and other purposes as a member

may desire, subject, however, to the provisions of these by-laws and to such rules and regulations as may be prescribed by the board of directors, each member shall be entitled to have delivered to him through a single service line only such water as may be necessary to supply the needs of the persons residing in a single dwelling and of the livestock owned by such persons and for such other purposes as needed. The water delivered through each service line shall be metered and the charges for such water shall be determined separately, irrespective of the number of service lines owned by a member.

Section 4. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the corporation may pro-rate the water available among the various members on such a basis as is deemed equitable by the board of directors, and may also, prescribe a schedule of hours covering use of water by particular members and require adherence thereto or prohibit the use of water for other purposes; provided that if at any time the total water supply shall be insufficient to meet all of the needs of all of the members for domestic, livestock, and other purposes, the corporation must first satisfy all of the needs of all of the members for domestic purposes before supplying any water for other purposes.

Section 5. The board of directors shall have the right in any calendar year to determine the flat minimum monthly rate to be charged each member for a specified quantity of water, such flat minimum monthly rate to be payable irrespect-

and the amount of additional charges, if any, for additional water which may be supplied the members, shall fix the date for the payment of such charges, and shall notify each member of the amount of such charges and the dates for the payment thereof, a member to be entitled to the delivery of water shall pay such charges at the office of the corporation at or prior to the dates fixed by the board of directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

A. Non-payment within ten days from the due date will be subject to a penalty of ten per cent of the delinquent account.

B. Non-payment within thirty days from the due date will result in the water being shut off from the member's property.

C. Non-payment for sixty days after original due date will allow the corporation, in addition to all other rights and remedies to purchase the member's membership certificate and terminate his membership, and, in such event the member shall not be entitled to receive, nor the corporation obligated to supply, any water.

D. In the event it become necessary for the corporation to shut off the water from a member's property, a fee of \$ 10⁰⁰ will be charged for the reconnection of the service.

Section 6. The board of directors shall be authorized to require each member to enter into water user's agreements which shall embody the principles set forth in the foregoing sections of this article.

Section 7. Membership may be cancelled and/or water service discontinued by the corporation for any violation of any rule, regulation, or condition of service and especially for any of the following reasons:

A. Misrepresentation in application as to the property or fixtures to be supplied or use to be made of water.

B. Resale or giving away of water.

C. Waste or misuse of water due to improper or imperfect service pipes and/or fixtures or failure to keep the same in a suitable state of repair.

D. Tampering with meter, meter seal, service, or valves or permitting such tampering by others.

E. Connections, cross-connections, or permitting the same, of any separate water supply to the premises which receives water from the corporation.

ARTICLE XII

DISTRIBUTION OF SURPLUS FUNDS

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of any fiscal year, after paying the expenses of the corporation for operation and otherwise, and after setting aside reserve, for depreciation of all buildings, equipment, and office fixtures, and such other reserves as the board of directors

may deem proper and after providing for payments on interest and principal of obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the corporation and for such other purposes as the board of directors may determine to be for the best interests of the corporation. The said surplus fund or any portion thereof may from time to time at the discretion of the board of directors be applied to said debt of said corporation.

Section 2. Any part or the whole of such net income may be credited at the discretion of the board of directors to the indebtedness of the corporation, should any exist, and upon payment of all debts of the corporation, any surplus so remaining to be placed in a reserve account until such time as the board of directors shall deem sufficient for the needs of said corporation. Thereafter the board of directors may reduce said water rates to meet the cost of operation only.

ARTICLE XIII

AMENDMENTS

These by-laws may be repealed or amended by a vote of a majority of the directors present at any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose, except that the directors shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the

for the safety and security of the property and funds of the corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the by-laws as to effect a fundamental change in the policies of the corporation. Notice of any amendments to be made at a special meeting of the directors must be given at least ten days before such meeting and must set forth the amendments to be considered.

Amendments to these by-laws must, and will have, prior approval of the lending institution, if an indebtedness is owed or outstanding, before they become effective.

qq IN WITNESS WHEREOF, we, the Board of Directors, have at the organization meeting on this 12th day of August, 1970, adopted the foregoing by-laws.

BOARD OF DIRECTORS

Johannie E. Phillips
Johannie E. Phillips

W. L. Ambrose
W. L. Ambrose

Stanley Wheaton
Stanley Wheaton

O. T. Evans
O. T. Evans

Alonza Ball

C E R T I F I C A T I O N

I, Shirley Cheatham Secretary of the Beech Grove Water System, Inc., a corporation existing under the laws of the State of Kentucky; hereby certify that the attached is a true copy of the by-laws, together with all amendments thereto, as of the 12 day of August, 1970, which have been duly adopted.

Shirley Cheatham
Secretary

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

BEECH GROVE WATER SYSTEM
(Name of Utility)

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

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

Monthly Water Rates

5/8" x 3/4" Meter:

First 2,000 gallons
Next 98,000 gallons
All over 100,000 gallons

\$17.62 minimum bill
5.62 per 1,000 gallons
4.72 per 1,000 gallons

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. _____ DATED _____

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. _____

_____ SHEET NO. _____

BEECH GROVE WATER SYSTEM
(Name of Utility)

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

_____ SHEET NO. _____

RULES AND REGULATIONS

Monthly Water Rates

First 2,000 gallons — \$16.14 minimum bill
Next 98,000 gallons — 5.15 per 1,000 gallons
All over 100,000 gallons — 4.32 per 1,000 gallons

Monthly Water Rates

First 2,000 gallons \$17.62 minimum bill
Next 98,000 gallons 5.62 per 1,000 gallons
All over 100,000 gallons 4.72 per 1,000 gallons

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. _____ DATED _____

NOTICE

Beech Grove Water System has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is _____, 2010.

Monthly Rate:

<u>Current</u>		<u>Proposed</u>	<u>Rate</u>
First 2,000 Gallons	\$16.14	First 2,000	\$17.62 Minimum Bill
Next 98,000 Gallons	5.15	Next 98,000	5.62 per 1,000 gallons
Over 100,000 Gallons	4.32	Over 100,000	4.72 per 1,000 gallons

MONTHLY BILL AT MONTHLY <u>USAGE</u>	MONTHLY BILL AT CURRENT <u>RATE</u>	MONTHLY BILL AT PROPOSED <u>RATE</u>	PERCENT INCREASE OVER <u>CURRENT</u>
2,000	\$16.14	\$17.62	9.18%
5,000	31.59	34.48	9.18%
10,000	57.34	62.58	9.18%
20,000	108.84	118.78	9.18%
30,000	160.34	174.98	9.18%
50,000	263.34	287.38	9.18%
75,000	392.09	427.88	9.18%
100,000	520.84	568.38	9.18%
150,000	736.84	804.38	9.18%
200,000	952.84	1040.38	9.18%
300,000	1384.84	1512.38	9.18%

The rates contained in this notice are the rates proposed by the Beech Grove Water System. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice

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Beech Grove Water System

	Test year from 2009 Annual Report	Adjustments	Ref.	Pro forma
Operating Revenue				
Sales of Water	\$ 298,321	\$ (15,450) (A)		\$ 282,871
Other Operating Revenue	7,523	15,450 (A)		
		(3,650) (B)		19,323
Total Operating Revenue	<u>305,844</u>			<u>302,194</u>
Operating Expenses				
Operation and Maintenance				
Salaries and Wages - Employees	59,394	1,734 (C)		
		(1,750) (D)		59,378
Employee Pensions and Benefits	2,163	237 (E)		2,400
Purchased Water	149,205	1,691 (F)		150,896
Purchased Power	2,558			2,558
Materials and Supplies	14,043	(1,750) (D)		12,293
Contractual Services - Eng.	850			850
Contractual Services - Water Testing	1,596			1,596
Contractual Services - Other	7,459			7,459
Rental of Bld./Real Prop	4,800	(2,400) (G)		2,400
Rental of Equipment	1,282			1,282
Transportation Expenses	5,478			5,478
Insurance - Vehicle	1,338			1,338
Insurance - General Liability	1,729			1,729
Insurance - Workers Comp	1,870			1,870
Insurance - Other	993			993
Advertising	608			608
Miscellaneous	25,247			25,247
Total Operation and Maintenance	280,614	(2,239)		278,375
Depreciation	17,877	(6,297) (H)		11,580
Total Operating Expenses	<u>298,491</u>	<u>(8,536)</u>		<u>289,955</u>
Net Operating Income	7,353	8,536		12,239
Interest Income	1,322			1,322
Income Available to Service Debt	<u>\$ 8,675</u>	<u>\$ 8,536</u>		<u>\$ 13,561</u>

(A)

Test year water sales revenues were based on the amount of customer cash payments received during the test year for water service. Also, included in these receipts were cash collections for various miscellaneous services. Test year revenues should have been reported on a billed basis. To determine the amount of billed revenue, Beech Grove prepared a billing analysis which is included in this application. As shown on the billing analysis Beech Grove's test year customer billings total \$282,870. Accordingly, test year water sales were decreased by \$15,450 to properly restate them to the billed amount. The adjustment amount represents cash received in return for miscellaneous services. Therefore, test year Other Operating Revenues were increased by this amount.

(B)

During the test year Beech Grove reported as an Other Operating Revenue customer tap fees in the amount of \$3,650. These fees should have been initially recorded in account 432, Proceeds from Capital Contributions, and closed to account 215.2, Donated Capital, at the end of the year. Accordingly, these contributions have been removed from other operating revenue in the pro forma to correct this accounting error on the income statement.

(C)

To effectively and efficiently operate Beech Grove's system two employees must be retained, one to manage the office and another to manage field operations. During the test year Beech Grove's two long-time employees resigned and two replacement employees were hired. During the test year Beech Grove reported employee wages and all payroll taxes (both the employee and employer portions) in the Salaries and Wages - Employee expense account. The following adjustment was made to restate this account to a pro forma level of wages and taxes based on the new employee's current pay rates and estimated annual labor hours.

	Office	Field	Total
Anticipated Hours	2,080	2,080	
Times: Current Pay Rate	\$ 13.00	\$ 14.30	
Pro forma Payroll	<u>\$ 27,040</u>	<u>\$ 29,744</u>	\$ 56,784
Times: FICA Tax Rate			7.65%
Beech Groves portion of Payroll Taxes			<u>4,344</u>
Total Pro forma Wages and Taxes			61,128
Less: Test year			<u>(59,394)</u>
Adjustment			<u>\$ 1,734</u>

(D)

Salaries and wages were reduced by \$1,750 to account for half of the cost capitalization for 7 new 5/8" meters installed by Beech Grove employees during the test year. The total amount capitalad for new connections is \$3,500. The total amount was determined by multiplying the number of new connections by the amount of Beech Grove's tap fee charge, \$500. Since Beech Grove's tap fee charge is cost based (designed to recover all the costs to install a meter) it is appropriate to determine the total cost of the meter installations using this method. Ideally, the total capitalization adjustment would be spread over all the different expense accounts that included costs related to the new meter connectiosn such as wages, payroll taxes, employe benefits, materials nd supplies, transportation costs, etc.; however, for simplicity, the adjustment was split evenly between salaries and wages expense and materials and supplies expense. This simple method fairly represents the detailed method in all material respects and is appropriate in this instance.

(E)

Beech Grove provided health insurance benefits to its two former employees throughout their employment, a portion of which occurred during the test year. Currently, Beech Grove provides health insurance benefits to only the new field employee. The following adjustment is necessary to restate the reported test year health benefit expense to the annual cost of the health benefit provided to the new field employee, \$200 per month.

Monthly Benefit	\$	200
Times: 12 Months		<u>12</u>
Pro forma		2,400
Less: Test year		<u>(2,163)</u>
Adjustment	<u>\$</u>	<u>237</u>

(F)

Beech Grove purchases wholesale water from West Daviess County Water District (WDCWD) and Henderson Water Utility (HWU). Both provides increased their wholesale rates subsequent to the test year. Effective for services rendered on and after March 1, 2010 HWU increased its wholesale rate structure by an across the board 1 percent increase. Effective for services rendered on and after June 1, 2010 WDCWD increased its wholesale rates from \$2.36 per thousand to \$2.42 per thousand, a 2.542 percent increase. The calculation below shows the increase purchased water costs Beech Grove will experience as a result of the increase in wholesale water rates. Test year purchased water costs have been increased by this amount.

	WDCWD	HWU	Total
Test Year Expense	\$ 12,878	\$ 136,328	\$ 149,205
Times: Percentage Increase	2.54%	1.00%	
Adjustment	<u>\$ 327</u>	<u>\$ 1,363</u>	<u>\$ 1,691</u>

(G)

Beech Grove pays annual rent for a storage facility in the amount of \$2,400. The amount reported in the test year accounts for rent payments for the years 2009 and 2010. The rent paid for 2010 has been eliminate so that the pro forma amount reflects only one annual payment.

(H)

During the test year Beech Grove reported depreciation expense in the amount of \$17,877; the calculation of which is attached hereto as Beech Grove's depreciation schedule. The original cost and depreciable lives assigned to Beech Groves assets are shown in the depreciation schedule. Many of the lives included on this schedule do not fall within the ranges found appropriate in the National Association of Regulatory Utility Commissioner's 1979 depreciation study for small utilities. The following adjustment is proposed to change the lives for these assets to lives that are within NARUC's acceptable ranges. Futhermore, the lives shown in this adjustment will be used to calculate depreciation expense in all future reporting periods.

	Original Cost	Estimated Service Life	Pro forma	Less: Test Year	Adjustment
Reservoirs and Standpipes	\$ 82,500	45	\$ 1,833	\$ 4,125	\$ (2,292)
Mains	5,667	65	87	347	(260)
Meters and Installations	41,337	40	1,033	4,651	(3,618)
Hydrants	1,594	50	32	159	(127)
Transportation Equipment			1,956	1,956	
Power Operated Equipment			6,638	6,638	
Adjustment			<u>\$ 11,580</u>	<u>\$ 17,876</u>	<u>\$ (6,297)</u>

Meter Size:	5/8 inch								
	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 98,000	NEXT 100,000	NEXT 0	ALL OVER 0	TOTAL
FIRST	2,000	1927	1,569,574	1,569,574					1,569,574
NEXT	98,000	4119	28,595,880	8,238,000	20,357,880				28,595,880
OVER	100,000	74	17,099,718	148,000	7,252,000	9,699,718			17,099,718
		6120	47,265,172	9,955,574	27,609,880	9,699,718	0	0	0 47,265,172
REVENUE BY RATE INCREMENT									
		BILLS	GALLONS	RATE	REVENUE				
FIRST	2,000	6120	9,955,574	\$16.14	\$98,776.80				
NEXT	98,000		27,609,880	5.15	142,190.88				
OVER	100,000		9,699,718	4.32	41,902.78				
	TOTAL	6120	47,265,172		\$282,870.46				

Beech Grove Water System, Inc.
 Calculation of Required Revenue Increase / 88 percent operating ratio
 TYE 12/31/09

Exhibit G

Operating Expenses	\$ 289,955
Divided by: Operating Ratio	<u>88%</u>
Total Revenue Requirement	329,494
Less: Other Operating Revenue	(19,323)
Interest Income	<u>(1,322)</u>
Revenue Required from Water Service Rates	308,850
Less: Annual Revenues from Current Water Rates	<u>(282,871)</u>
Required Revenue Increase in Water Service Rates \$	<u>\$ 25,979</u>
Required Revenue Increase in Water Service Rates %	<u>9.18%</u>

Beech Grove Water System, Inc.
 Calculation of New Rates
 TYE 12/31/09

	Present	Increase 9.18%	Proposed
First 2,000 Gallons	16.14	1.48	17.62
Next 98,000 Gallons	5.15	0.47	5.62
All Over 100,000 Gallons	4.32	0.40	4.72

0880 Off-Road Vehicles

Polaris '00 4- Wheeler with helmet. Runs Great! \$1,600 Call 270-316-3057

POLARIS 500 SPORTSMAN 2006
Fuel injected, 850 mi., olive green in color, exc. cond. \$3,800. 270-295-3200

SUZUKI KING QUAD 300 '97 4X4 \$1300;
Honda 300 '96 4X4 \$1800. 270-316-4258

YAMAHA PW80 2005 \$800; Honda XR250R 1997 \$1,200; Two Suzuki's 125 \$1,500 each. 270-736-9667, 499-0379

0910 Business Opportunities

Established 9 Station Hair Salon-
With living quarters above salon, 2 bdrm.
1204 Carter Rd. \$120,000. 315-7188

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LEGALS

0955 Legals

-PUBLIC NOTICE-

Notice is hereby given that Chuck Pedley of 5191 Pleasant Pt. Rd., Philpot, KY 42366, has filed an application with the Natural Resources and Environmental Protection Cabinet to construct a 24'x50' Pole Barn. The property is located by taking HWY 54 east to Jack Hinton Rd., make a left, Pleasant Pt. Rd. is the first road on the left, the house is the fourth on left. Any comments or objections concerning this application shall be directed to: Kentucky Division of Water, Water Resources Branch, 200 Fair Oaks Ln., 4th Floor, Frankfort, Kentucky 40601. Phone: 502-564-3410.

**PUBLIC NOTICE
DAVIESS COUNTY FISCAL COURT**

SECOND READING NOTICE:

The Daviess County Fiscal Court at their meeting to be held on Thursday, August 5, 2010, at 4:00 p.m. at the Daviess County Courthouse, Room 201, 212 St. Ann Street, Owensboro, Kentucky, will have summary second reading of an ordinance amending text to Articles 8, 13, and 14 of the Owensboro Metropolitan Zoning Ordinance regarding an update of the zones and uses table and corresponding parking requirements and update of definitions for proposed uses and uses not previously defined, and then consider same for passage.

Copies of the full text of the ordinance are available for public inspection in the County Judge/Executive's Office, Courthouse, Room 202, 212 St. Ann Street, Owensboro, Kentucky, Monday through Friday, from 8:00 a.m. to 4:00 p.m.

The Daviess Fiscal Court hereby certifies that the summary above it true and correct and written in a way calculated to inform the public of its content.

DAVIESS COUNTY FISCAL COURT
BY: Jennifer Warren, Fiscal Court Clerk

0955 Legals



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NOTICE

Beech Grove Water System has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is August 21, 2010.

Monthly Rate:

	Current	Rate	Proposed	Rate
First	2,000 Gallons	\$16.14	First 2,000	\$17.62 Minimum Bill
Next	98,000 Gallons	5.15	Next 98,000	5.62 per 1,000 gallons
Over	100,000 Gallons	4.32	Over 100,000	4.72 per 1,000 gallons
MONTHLY USAGE	MONTHLY BILL AT CURRENT RATE	MONTHLY BILL AT PROPOSED RATE	PERCENT INCREASE OVER CURRENT	
2,000	\$16.14	\$17.62	9.18%	
5,000	31.59	34.48	9.18%	
10,000	57.34	62.58	9.18%	
20,000	108.84	118.78	9.18%	
30,000	160.34	174.98	9.18%	
50,000	263.34	287.38	9.18%	
75,000	392.09	427.88	9.18%	
100,000	520.84	568.38	9.18%	
150,000	736.84	804.38	9.18%	
200,000	952.84	1040.38	9.18%	
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Beech Grove Water System

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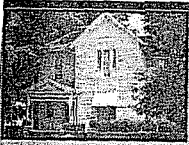
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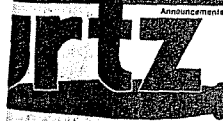
gator chest; burl inlay grandfather clock; walnut corner
mirrored and burl back marble top buffet; four drawer
st; walnut bed; marble top dresser; burl wardrobe;
Bookcase; two marble top washstands; Shaker chairs;
ble top lamp tables; walnut settee; Victorian chairs;
y china cabinet; round oak claw foot table; oak spiral
mahogany bedroom suite; mahogany tilt top tables;
table; rocking chairs; corner what-not shelf; hall tree;
kitchen cabinet.

GLASSWARE - LAMPS - COLLECTIBLES

s pieces; hand painted vases; bowls and statues;
y portrait plates; pitcher and bowl set; tea set; stemware;
oro whiskey jug; crocks; Shenango china; ruby decanter
ware; Regency bone china; milk glass; hobnail;
an and Bavarian pieces; Czech glass; Imperial glass;
lasses; umbrella stand; paintings, water colors and prints;
converted ceiling light fixtures; costume jewelry; kitchen
and other quality pieces.

website for details and pictures.

**REALTOR: Farley Wilhite Estate
Attorney, Executor and Attorney for the Estate**



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