



North Shelby Water Company

PO Box 97
Bagdad, KY 40003
(502) 747-8942

May 22, 2012

Jeff R. Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RECEIVED

MAY 24 2012

**PUBLIC SERVICE
COMMISSION**

RE: Formal Application to Increase Rates Pursuant to
Purchased Water Adjustment Regulation 807 KAR 5:068

Dear Mr. Derouen

The North Shelby Water Company respectfully requests that the Commission allow for an adjustment to our rates in accordance with 807 KAR 5:068 Purchased Water Adjustment clause.

The Company was recently notified by its supplier, Louisville Water Company, that it will increase meter service charges by \$59.48 per month and wholesale rates by \$0.12 per 1000 gallons. These increases will take effect July 1, 2012. The result of these increases is \$34,599.36 in additional yearly supply cost for the Company. This translates into \$0.10 per 1000 gallons of water sold to our customers. Therefore, we propose to increase our rates by that amount.

The following supporting documentation is enclosed for your review:

- Exhibit A – Purchase Water Rate Adjustment
- Exhibit B – Copy of Wholesale Tariffs
- Exhibit C – Statement of Water Purchased
- Exhibit D – Statement of Water Sold
- Exhibit E – Notice to Customers
- Exhibit F – Revised Tariff Sheet

The Notice to Customers will be published in accordance with Commission regulations and verification of its publication will be provided to the Commission.

Should you have any questions please contact Lee Mudd at (502) 839-1310, as he is handling this matter.

Sincerely,

Jerry Ruble, President

JR/jlm

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

Name of Utility	North Shelby Water Company	
Date	5/7/2012	
Address	P.O. Box 97	
City, State, Zip	Bagdad, Kentucky	40003
Telephone Number	(502) 747-8942	

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
Louisville Water Company	Monthly Meter Service Charge: \$482.32 (Four (4) – 3” meters @ \$120.58 per meter) Rate per 1000 gallons: \$1.57 Elevated Area Surcharge per 1000 gallons: \$0.30 See Exhibit B-3 & B-4 for full rate schedule	Monthly Meter Service Charge: \$541.80 (Four (4) – 3” meters @ \$135.45 per meter) Rate per 1000 gallons: \$1.69 Elevated Area Surcharge per 1000 gallons: \$0.30 See Exhibit B-5 & B-6 for full rate schedule
Shelbyville Municipal Water & Sewer Commission	\$1.765	No Change
Frankfort Electric & Water Plant Board	\$1.91	No Change
West Shelby Water District	\$7.54	No Change

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

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	May 2011	through	April 2012
	(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
Louisville Water Company	282,380,000
Frankfort Electric & Water Plant Board	155,629,000
Shelbyville Municipal Water & Sewer Commission	1,651,592
West Shelby Water District	0
TOTAL PURCHASES	439,660,592

4. Total sales for the 12 month period | 364,989,100

5. Increased water cost | \$34,599.36

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

6. Purchased water adjustment factor | \$0.10

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, 2012

Signature of Utility Officer

President

Title

Increased Water Cost Calculation:

Louisville Water Company

$$(12 * \$541.80) + (282,380 * \$1.99) = \$568,437.80$$

$$(12 * \$482.32) + (282,380 * \$1.87) = \$533,838.44$$

$$\text{Increased Water Cost} = \$34,599.36$$

Purchased Water Adjustment Factor Calculation:

$$\text{Increased Cost of Water} = \$34,599.36$$

$$\text{Total Gallons Sold} = 364,989,100$$

$$\$34,599.36 / 364,989.1 = \$0.10 / 1000 \text{ Gallons}$$



April 2, 2012

Mr. Jeff R. Derouen
Executive Director
Ky Public Service Commission
P.O. Box 615
211 Sower Blvd
Frankfort, KY 40602-0615

Re: Louisville Water Company's amended tariff respecting wholesale utility service
provided to North Shelby Water Company

Dear Mr. Derouen:

Louisville Water Company (LWC) has contacted Staff of the Public Service Commission regarding the proposed increase in wholesale rates for water sold by LWC to the North Shelby Water Company. In addition to discussions with individual wholesale customers, LWC had a general meeting with all the wholesale customers in February. As we discussed with our customers at that time, we are following the same wholesale rate increase process as in previous years. As a result, please find attached the following information and copies of the following documents:

Exhibit 1 - The current rates for wholesale sales of water by LWC to North Shelby are governed by the original Water Purchase Agreement dated July 9, 1984 (Paragraph 4), and the Water Purchase Agreement dated February 19, 1992 (Paragraph 4). There is also a First Amendment to Water Purchase Agreement dated December 15, 2000, providing for an additional meter and term extension. Copies of these contracts are enclosed as Exhibit 1.

Exhibit 2 - Pursuant to the Commission's Order in Adm. Case No. 351, LWC filed its original tariff governing the sale of water on a wholesale basis to North Shelby on September 23, 1994. The first rate increase since that time was filed on March 12, 2004. Attached are the following:

- The accepted revised tariff sheets reflecting the proposed increased rates which were effective May 1, 2004. LWC filing for North Shelby revised tariff was TFS2004-00390.

- The second revised tariff sheets reflecting the proposed increased rates which were effective May 1, 2005. LWC filing for North Shelby second revised tariff was TFS2005-00319.

Mr. Jeff R. Derouen
April 2, 2012
Page 2

-The third revised tariff sheets reflecting the proposed increased rates which were effective May 1, 2006. LWC filing for North Shelby third revised tariff was TFS2006-00349.

-The fourth revised tariff sheets reflecting the proposed increased rates which were effective May 1, 2007. LWC filing for North Shelby fourth revised tariff was TFS2007-00178.

-The fifth revised tariff sheets reflecting the proposed increased rates which were effective July 1, 2011. LWC filing for North Shelby fifth revised tariff was TFS2011-00243.

Exhibit 3 -- A copy of the sixth revised tariff sheets reflecting the proposed increased rates which are to be effective July 1, 2012.

Exhibit 4 - The proposed increased rates are supported by LWC's 2011 Cost of Service Study for FY 2012. A copy of the rate study with the new rate schedule is attached.

LWC respectfully requests that the Commission accept the amendments to its tariff governing sales to West Shelby so that the proposed rate changes can be effective July 1, 2012.

If you have any questions, please call me at 502.569.0808. I would also like to mention that your staff has been most helpful to us and our wholesale customers, as we worked toward filing this request. Thank you for your attention to our request.

Sincerely,



Barbara K. Dickens
Vice President, General Counsel and Secretary

Enclosures

CC: North Shelby Water Company
Patti Kaelin – LWC

FOR North Shelby Water Company

P.S.C. KY. NO. 1

Fifth Revised SHEET NO. 5

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

Fourth Revised SHEET NO. 5

Louisville Water Company

RATES AND CHARGES

Applicable: North Shelby Water Company

Availability: Utilities Purchasing Water for Resale

Rates: 6.02.01 The service charge for classes of customers taking metered service and situated within the Retail Service Area, Wholesale customers and for services one (1) inch and larger in the Shepherdsville area shall be charged in accordance with the following schedule:

<u>Meter Size</u>	<u>Service Charge Monthly Bill</u>
5/8" or 5/8 x 3/4"	\$ 6.89
3/4"	\$ 6.89
1"	\$ 17.23
1 1/2"	\$ 34.45
2"	\$ 55.12
3"	\$ 120.58
4"	\$ 206.70
6"	\$ 482.30
8"	\$ 861.25
10"	\$ 1,309.10
12"	\$ 1,998.10
16"	\$ 3,961.75

DATE OF ISSUE April 1, 2011
Month / Date / Year

DATE EFFECTIVE July 1, 2011
Month / Date / Year

ISSUED BY *Amber Haloran*
(Signature of Officer)

TITLE Vice President, Finance and Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

FOR North Shelby Water Company

P.S.C. KY. NO. 1

Fifth Revised SHEET NO. 6

Louisville Water Company

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

Fourth Revised SHEET NO. 6

RULES AND REGULATIONS

6.02.03 ELEVATED SERVICE AREA SURCHARGE

All customers shall pay a surcharge of \$0.30 per thousand gallons if water must be delivered at a higher elevation than the general pressure plane served by the Crescent Hill/Cardinal Hill System, excluding customers in the Kentucky Turnpike #2, and Shepherdsville services under one (1) inch areas.

6.03 WHOLESALE CUSTOMERS

Wholesale customers which purchase water for resale wherever situated shall be charged: \$1.57 per thousand gallons for all water purchased, the elevated service area surcharge of \$0.30 per thousand gallons, if applicable, and the service charge shall be charged in accordance with specified in Rule 6.02.1. For 2011 these rates will go into effect for water service on and after July 1, 2011.

MINIMUM CHARGE N/A

DELAY CHARGE

In the event that payment for any charge is not made within twenty (20) days from the billing date, the net amount of the bill shall be increased by 5% and the gross amount thus determined must be paid.

TERM

The agreement shall have a term of 42 years from December 15, 2000, which term shall automatically extend for one additional year at each anniversary. Either party may give notice to the other party prior to the anniversary that the term shall not be automatically extended.

DATE OF ISSUE April 1, 2011
Month / Date / Year

DATE EFFECTIVE July 1, 2011

ISSUED BY *Amber Halbrau*
Month / Date / Year
(Signature of Officer)

TITLE Vice President, Finance and Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

FOR North Shelby Water Company

P.S.C. KY. NO. 1

Sixth Revised SHEET NO. 5

Louisville Water Company

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

Fifth Revised SHEET NO. 5

RATES AND CHARGES

Applicable: North Shelby Water Company

Availability: Utilities Purchasing Water for Resale

Rates: 6.02.01 The service charge for classes of customers taking metered service and situated within the Retail Service Area, shall be charged in accordance with the following schedule:

<u>Meter Size</u>	<u>Service Charge Monthly Bill</u>
5/8" or 5/8 x 3/4"	\$ 7.74
3/4"	\$ 7.74
1"	\$ 19.35
1 1/2"	\$ 38.70
2"	\$ 61.92
3"	\$ 135.45
4"	\$ 232.20
6"	\$ 541.80
8"	\$ 967.50
10"	\$ 1,470.60
12"	\$ 2,244.60
16"	\$ 4,450.50

DATE OF ISSUE April 2, 2012
Month / Date / Year

DATE EFFECTIVE July 1, 2012
Month / Date / Year

ISSUED BY *Amber Hallock*
(Signature of Officer)

TITLE Vice President, Finance and Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

FOR North Shelby Water Company

P.S.C. KY. NO. 1

Sixth Revised SHEET NO. 6

Louisville Water Company

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

Fifth Revised SHEET NO. 6

RULES AND REGULATIONS

6.02.03 ELEVATED SERVICE AREA SURCHARGE

All customers shall pay a surcharge of \$0.30 per thousand gallons if water must be delivered at a higher elevation than the general pressure plane served by the Crescent Hill/Cardinal Hill System, excluding customers in the Kentucky Turnpike #2.

6.03 WHOLESALE CUSTOMERS (Effective July 1, 2012)

Wholesale customers which purchase water for resale wherever situated shall be charged: \$1.69 per thousand gallons for all water purchased, the elevated service area surcharge of \$0.30 per thousand gallons, if applicable, and the service charge shall be charged in accordance with 6.02.01.

MINIMUM CHARGE N/A

DELAY CHARGE

In the event that payment for any charge is not made within twenty (20) days from the billing date, the net amount of the bill shall be increased by 5% and the gross amount thus determined must be paid.

TERM

The agreement shall have a term of 42 years from December 15, 2000, which term shall automatically extend for one additional year at each anniversary. Either party may give notice to the other party prior to the anniversary that the term shall not be automatically extended.

DATE OF ISSUE April 2, 2012
Month / Date / Year

DATE EFFECTIVE July 1, 2012
Month / Date / Year

ISSUED BY Amber Halboran
(Signature of Officer)

TITLE Vice President, Finance and Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

**STATEMENT OF WATER PURCHASED
NORTH SHELBY WATER COMPANY**

LOUISVILLE WATER COMPANY

Month	Usage/Gallons	Total Cost
May 2011	19,674,000	34,038.06
June	29,447,000	50,776.25
July	28,347,000	51,989.17
August	32,887,000	61,981.01
September	31,542,000	59,498.02
October	22,133,000	41,871.03
November	20,361,000	38,541.31
December	22,437,000	42,471.67
January	17,843,000	33,848.73
February	17,726,000	33,613.86
March	21,192,000	40,143.52
April 2012	18,791,000	35,621.49
TOTAL	282,380,000	\$524,394.12

FRANKFORT ELECTRIC & WATER PLANT BOARD

Month	Usage/Gallons	Total Cost
May 2011	11,285,000	21,399.58
June	14,930,000	28,464.05
July	16,470,000	31,400.06
August	14,454,000	27,730.04
September	15,865,000	30,246.62
October	11,375,000	21,686.44
November	10,805,000	20,599.73
December	13,315,000	25,385.05
January	12,500,000	23,831.25
February	11,305,000	21,552.98
March	12,705,000	26,128.58
April 2012	10,620,000	20,360.82
TOTAL	155,629,000	\$298,785.20

SHELBYVILLE MUNICIPAL WATER & SEWER COMMISSION

Month	Usage/Gallons	Total Cost
May 2011	57,690	1,018.23
June	131,540	2,321.68
July	883,900	1,560.08
August	134,040	2,365.81
September	97,860	1,727.23
October	59,100	1,009.05
November	48,870	862.55
December	41,900	739.54
January	45,640	805.54
February	42,980	758.60
March	44,200	780.13
April 2012	63,872	1,159.43
TOTAL	1,651,592	\$15,107.87

WEST SHELBY WATER DISTRICT

Month	Usage/Gallons	Total Cost
May 2011	0	\$0.00
June	0	0.00
July	0	0.00
August	0	0.00
September	0	0.00
October	0	0.00
November	0	0.00
December	0	0.00
January	0	0.00
February	0	0.00
March	0	0.00
April 2012	0	0.00
TOTAL	0	\$0.00

**STATEMENT OF WATER SOLD
NORTH SHELBY WATER COMPANY**

NORTH SHELBY WATER COMPANY

Month	Residential	Commercial	Other	Total Gallons Sold
May 2011	22,690,900	3,421,200	150,300	26,262,400
June	26,328,600	3,551,300	186,000	30,065,900
July	33,326,100	4,951,900	94,300	38,372,300
August	37,152,700	4,144,800	391,000	41,688,500
September	36,000,500	3,610,800	132,900	39,744,200
October	30,379,000	3,708,200	207,400	34,294,600
November	25,266,400	3,175,300	174,900	28,616,600
December	23,701,400	3,594,300	160,100	27,455,800
January	20,724,200	2,818,800	106,100	23,649,100
February	20,674,700	2,751,100	148,100	23,573,900
March	21,529,700	3,683,100	161,400	25,374,200
April 2012	22,914,200	2,797,700	179,700	25,891,600
TOTAL	320,688,400	42,208,500	2,092,200	364,989,100

LEGAL NOTICE REGARDING THE NORTH SHELBY WATER COMPANY

Notice is hereby given that because of an increase in the cost of water purchased from the Louisville Water Company, the North Shelby Water Company will increase its rates for services rendered on and after July 1, 2012. An application has been filed with the Kentucky Public Service Commission to increase rates as follows:

	<u>Existing Rates</u>	<u>Proposed Rates</u>
<u>5/8" x 3/4" Meters:</u>		
First 2,000 gallons	\$15.29 Minimum Bill	\$15.49 Minimum Bill
Next 3,000 gallons	\$6.26 per 1,000 gallons	\$6.36 per 1,000 gallons
Next 5,000 gallons	\$4.88 per 1,000 gallons	\$4.98 per 1,000 gallons
Next 40,000 gallons	\$4.19 per 1,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons	\$3.61 per 1,000 gallons
<u>1" Meters:</u>		
First 5,000 gallons	\$34.07 Minimum Bill	\$34.57 Minimum Bill
Next 5,000 gallons	\$4.88 per 1,000 gallons	\$4.98 per 1,000 gallons
Next 40,000 gallons	\$4.19 per 1,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons	\$3.61 per 1,000 gallons
<u>1 1/2" Meters:</u>		
First 10,000 gallons	\$58.47 Minimum Bill	\$59.47 Minimum Bill
Next 40,000 gallons	\$4.19 per 1,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons	\$3.61 per 1,000 gallons
<u>2" Meters:</u>		
First 15,000 gallons	\$79.42 Minimum Bill	\$80.92 Minimum Bill
Next 35,000 gallons	\$4.19 per 1,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons	\$3.61 per 1,000 gallons
<u>3" Meters:</u>		
First 35,000 gallons	\$163.22 Minimum Bill	\$166.72 Minimum Bill
Next 15,000 gallons	\$4.19 per 1,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.51 per 1,000 gallons	\$3.61 per 1,000 gallons

As noted above, based on the increased cost of water from the Louisville Water Company all rates will increase \$0.10 per 1,000 gallons.

The charges/rates contained in this notice are the charges/rates proposed by the North Shelby Water Company. However, the Public Service Commission may order charges/rates to be charged that differ from these proposed charges/rates. Such action may result in charges/rates for consumers other than the charges/rates in this notice.

Any corporation, association, body politic, or person may, by motion within thirty (30) days after publication of this fee change, request leave to intervene; and the motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the application and related filings by contacting the Water Company office located at 4596 Bagdad Road, KY 40003.

This notice is published pursuant to 807 KAR 5:011-Tariffs.

NORTH SHELBY WATER COMPANY
s/ Jerry Ruble, President

EXHIBIT E

FOR ALL AREAS SERVED

P.S.C. KY. NO. _____

_____ SHEET NO. _____

North Shelby Water Company
(Name of Utility)

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

_____ SHEET NO. _____

RATES AND CHARGES

MONTHLY RATES:

5/8 x 3/4 Inch Meters:

First 2,000 gallons	\$15.49 Minimum Bill
Next 3,000 gallons	\$6.36 per 1,000 gallons
Next 5,000 gallons	\$4.98 per 1,000 gallons
Next 40,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.61 per 1,000 gallons

1 Inch Meters:

First 5,000 gallons	\$34.57 Minimum Bill
Next 5,000 gallons	\$4.98 per 1,000 gallons
Next 40,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.61 per 1,000 gallons

1 1/2 Inch Meters:

First 10,000 gallons	\$59.47 Minimum Bill
Next 40,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.61 per 1,000 gallons

2 Inch Meters:

First 15,000 gallons	\$80.92 Minimum Bill
Next 35,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.61 per 1,000 gallons

3 Inch Meters:

First 35,000 gallons	\$166.72 Minimum Bill
Next 15,000 gallons	\$4.29 per 1,000 gallons
Over 50,000 gallons	\$3.61 per 1,000 gallons

DATE OF ISSUE June 1, 2012
Month / Date / Year

DATE EFFECTIVE July 1, 2012
Month / Date / Year

ISSUED BY Jerry Ruble 
(Signature of Officer)

TITLE President

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