

WESTERN ROCKCASTLE WATER ASSOCIATION
P.O. BOX 627
435 HWY 150
MT. VERNON, KY 40456
Telephone (606) 256-8283
Fax (606) 256-8535

August 14, 2012

Mr. Jeff Derouen
Executive Director
KY Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

AUG 17 2012

PUBLIC SERVICE
COMMISSION

Re: Western Rockcastle Water Association (WRWA)
Formal Application to Increase Rates Pursuant to
Purchased Water Adjustment Regulation 807 KAR 5:068

Dear Mr. Derouen:

This is an application to increase rates in accordance with the Purchased Water Adjustment regulation. The Association has received an increase from its supplier, City of Mt. Vernon. This rate was approved by the Association for services rendered on and after August 17, 2012.

The following supporting documentation is enclosed for your review:

- Exhibit A – Purchase Water Rate Adjustment Form & Calculation of the PWA Factor
- Exhibit B – Copy of the City of Mt. Vernon Wholesale Tariff
- Exhibit C – Statement of Water Purchase Adjustment Worksheet
- Exhibit D – Notice to WRWA Customers
- Exhibit E – Revised WRWA Tariff Sheet
- Exhibit F – Resolution Adopting Purchase Water Adjustment Rate Increase

A copy of the notice to be published is enclosed. The Association will publish the notice in accordance with Commission regulations and will provide verification that such notice has been given. Should you have any questions or need additional information, please advise.

Sincerely,



Darrell Whitaker, President
Western Rockcastle Water Association

Enclosures

RECEIVED

AUG 17 2012
PUBLIC SERVICE
COMMISSION

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

Name of Utility	WESTERN ROCKCASTLE WATER ASSOCIATION	
Date		
Address	371 BROADHEAD ROAD / PO BOX 627	
City, State, Zip	MT. VERNON, KENTUCKY	40456
Telephone Number	606-256-8283	

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 MT. VERNON	\$2.16	\$2.93
CITY OF BROADHEAD	\$2.16	NO CHANGE
SO. MADISON WATER DISTRICT	\$3.09	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	JULY 2011	through	JUNE 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
CITY OF MT. VERNON	272,448,600
CITY OF BROADHEAD	7,454,196
SO. MADISON WATER DISTRICT	6,397,100
TOTAL PURCHASES	286,299,896
4. Total sales for the 12 month period	215,320,700
5. Increased water cost	\$209,785.42
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	\$0.97
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	August 17, 2012
	
Signature of Utility Officer	
President	
Title	

**WESTERN ROCKCASTLE WATER ASSOCIATION
CALCULATION OF PWA FACTOR**

Increased Water Cost Calculation:

$$\begin{aligned} 272,448.600 * \$2.93 &= \$ 798,274.40 \text{ (MT. VERNON)} \\ 7,454.196 * \$2.16 &= \$ 16,101.06 \text{ (BRODHEAD)} \\ 6,397.100 * \$3.09 &= \$ 19,767.04 \text{ (SO. MADISON)} \\ &\hline & \$ 834,142.50 \end{aligned}$$

$$\begin{aligned} 272,448.600 * \$2.16 &= \$ 588,488.98 \text{ (MT. VERNON)} \\ 7,454.196 * \$2.16 &= \$ 16,101.06 \text{ (BRODHEAD)} \\ 6,397.100 * \$3.09 &= \$ 19,767.04 \text{ (SO. MADISON)} \\ &\hline & \$ 624,357.08 \end{aligned}$$

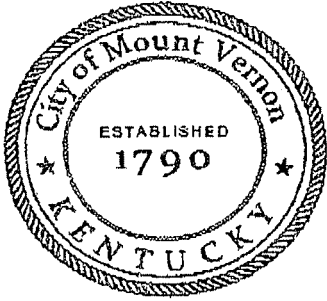
Increased Water Cost = \$ 209,785.42

Purchased Water Adjustment Factor Calculation:

Increased Cost of Water = \$209,785.42

Total Gallons Sold (x 1,000 Gallons) = 215,320.70

PWA FACTOR: $\$209,785.42 / 215,320.70 = \$0.97 / 1,000 \text{ Gallons}$



The City of Mount Vernon

Mayor Mike Bryant

Jeanette Robinson, City Clerk/Treasurer

April 4, 2012

Administration

Jill Medley
Mayor's Assistant
Projects Administrator

Josh Bray
Tax Administrator
H.R. Director

Torsha Lear
Utility Clerk

Pam Bullock
Receptionist

Operations

Dennis McClure
Superintendent
Operations Manager

Frank Baker
Water Plant Manager

Calvin Meece
Sewer Plant Manager

Police Department

Barry Adams
Assistant Chief

Fire Department

David Bales, Chief

City Council

Clark Mullins
Jamie Bryant
Adam Bales
Shelley Lewis
Sharon Saylor
Wayne Bullock

Darrell Whitaker, President
Western Rockcastle Water Association, Inc.
P.O. Box 627
Mt. Vernon, KY 40456

RE: Wholesale Water Rates

Dear Mr. Whitaker;

The City of Mt. Vernon is currently undertaking a \$2,600,000 project to improve its water storage system. The project is being funded through a loan from the Drinking Water State Revolving Fund (DWSRF). The conditions of the loan stipulated that the City would be required to raise its rates to generate the revenue needed for the proper operation, maintenance, and financing of the project. A rate increase of 36.00% was uniformly applied to all of the City's retail and wholesale water rates.

The City will be petitioning the Public Service Commission (PSC) to increase the wholesale rate to the Western Rockcastle Water Association, Inc. from \$2.16 per 1,000 gallons to \$2.93 per 1,000 gallons. The increased rate is based on a cost of service study prepared by Carlos F. Miller, P.E. with Kenvirons, Inc.

To expedite the PSC's approval of the new wholesale rate, we are requesting that you execute the attached amendment to the Water Purchase Agreement and return it to our office in a timely manner.

If you should have any questions or need additional information, please contact our office at your earliest convenience.

Sincerely,


Hon. Mike Bryant
Mayor

EXHIBIT B

**WESTERN ROCKCASTLE WATER ASSOCIATION
PURCHASE WATER ADJUSTMENT WORKSHEET**

MONTH/YEAR	PURCHASED WATER (GALLONS)			WATER SOLD (GALLONS)
	MT. VERNON	BRODHEAD	SO. MADISON	
July 2011	22,167,300	959,400	597,900	16,630,000
August	23,864,800	606,700	627,100	18,577,300
September	25,213,300	816,966	553,000	17,763,000
October	23,996,500	619,500	523,000	16,432,000
November	20,565,600	520,130	485,000	15,320,600
December	21,853,700	534,400	514,400	15,487,700
January 2012	25,037,200	517,500	593,300	15,460,900
February	21,230,300	736,000	468,100	17,508,100
March	21,623,600	631,300	488,800	16,243,300
April	23,554,800	475,500	510,300	15,274,400
May	20,297,100	524,600	454,800	24,353,200
June	23,044,400	512,200	581,400	26,270,200
TOTALS	272,448,600	7,454,196	6,397,100	215,320,700

TWELVE MONTH PURCHASED WATER COST				
GALLONS PURCHASED	CURRENT RATE	COST	NEW RATE	COST
272,448,600	\$2.16	\$588,488.98	\$2.93	\$798,274.40
7,454,196	\$2.16	16,101.06	\$2.16	16,101.06
6,397,100	\$3.09	19,767.04	\$3.09	19,767.04
286,299,896		\$624,357.08		\$834,142.50

INCREASE **\$209,785.42** = \$834,142.50 - \$624,357.08
 FACTOR **\$0.97** = \$209,785.42 / 215,320.70

WATER RATE ADJUSTMENT				
5/8 x 3/4 METER RATE SCHEDULE		CURRENT RATE	INCREASE	NEW RATE
FIRST	2,000 GALLONS	\$26.00	\$1.94	\$27.94
NEXT (PER 1,000 GALS)	3,000 GALLONS	*7.15	0.97	\$8.12
NEXT (PER 1,000 GALS)	5,000 GALLONS	*6.51	0.97	\$7.48
NEXT (PER 1,000 GALS)	15,000 GALLONS	*5.86	0.97	\$6.83
OVER (PER 1,000 GALS)	25,000 GALLONS	*5.25	0.97	\$6.22
1-INCH METER RATE SCHEDULE		CURRENT RATE	INCREASE	NEW RATE
FIRST	5,000 GALLONS	\$41.40	\$4.85	\$46.25
NEXT	5,000 GALLONS	*6.51	0.97	\$7.48
NEXT	15,000 GALLONS	*5.86	0.97	\$6.83
OVER	25,000 GALLONS	*5.25	0.97	\$6.22
1 1/2-INCH METER RATE SCHEDULE		CURRENT RATE	INCREASE	NEW RATE
FIRST	10,000 GALLONS	\$73.95	\$9.70	\$83.65
NEXT	15,000 GALLONS	*5.86	0.97	\$6.83
OVER	25,000 GALLONS	*5.25	0.97	\$6.22
2-INCH METER RATE SCHEDULE		CURRENT RATE	INCREASE	NEW RATE
FIRST	25,000 GALLONS	\$161.85	\$24.25	\$186.10
OVER	25,000 GALLONS	*5.25	0.97	\$6.22

*COST PER 1,000 GALLONS

**LEGAL NOTICE REGARDING THE
WESTERN ROCKCASTLE WATER ASSOCIATION**

Notice is hereby given that because of an increase in the cost of water purchased from the City of Mt. Vernon the Western Rockcastle Water Association will increase its rates for services rendered on and after August 17, 2012. An application has been filed with the Kentucky Public Service Commission to increase rates as follows:

<u>MONTHLY WATER RATES</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
<u>5/8 x 3/4-Inch Meter</u>		
First 2,000 Gallons	\$26.00 Minimum Bill	\$27.94 Minimum Bill
Next 3,000 Gallons	7.15 per 1,000 Gallons	8.12 per 1,000 Gallons
Next 5,000 Gallons	6.51 per 1,000 Gallons	7.48 per 1,000 Gallons
Next 15,000 Gallons	5.86 per 1,000 Gallons	6.83 per 1,000 Gallons
Over 25,000 Gallons	5.25 per 1,000 Gallons	6.22 per 1,000 Gallons
 <u>1-Inch Meter</u>		
First 5,000 Gallons	\$41.40 Minimum Bill	\$46.25 Minimum Bill
Next 5,000 Gallons	6.51 per 1,000 Gallons	7.48 per 1,000 Gallons
Next 15,000 Gallons	5.86 per 1,000 Gallons	6.83 per 1,000 Gallons
Over 25,000 Gallons	5.25 per 1,000 Gallons	6.22 per 1,000 Gallons
 <u>1 1/2-Inch Meter</u>		
First 10,000 Gallons	\$73.95 Minimum Bill	\$83.65 Minimum Bill
Next 15,000 Gallons	5.86 per 1,000 Gallons	6.83 per 1,000 Gallons
Over 25,000 Gallons	5.25 per 1,000 Gallons	6.22 per 1,000 Gallons
 <u>2-Inch Meter</u>		
First 25,000 Gallons	\$161.85 Minimum Bill	\$186.10 Minimum Bill
Over 25,000 Gallons	5.25 per 1,000 Gallons	6.22 per 1,000 Gallons

As noted above, based on the increased cost of water from the City of Mt. Vernon all rates will increase \$0.97 per 1,000 gallons.

The charges/rates contained in this notice are the charges/rates proposed by the Western Rockcastle Water Association. 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 Association office located at 371 New Brodhead Road, Mt. Vernon, Kentucky 40456.

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

WESTERN ROCKCASTLE WATER ASSOCIATION
s/ **Darrell Whitaker, President**

FOR Rockcastle County
Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____

Western Rockcastle Water Association
(Name of Utility)

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

SHEET NO. _____

RATES AND CHARGES

Rates: Monthly

5/8 x 3/4 inch Meter

First	2,000 Gallons	\$27.94 Minimum Bill
Next	3,000 Gallons	\$8.12 Per 1,000 Gallons
Next	5,000 Gallons	\$7.48 Per 1,000 Gallons
Next	15,000 Gallons	\$6.83 Per 1,000 Gallons
Over	25,000 Gallons	\$6.22 Per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$46.25 Minimum Bill
Next	5,000 Gallons	\$7.48 Per 1,000 Gallons
Next	15,000 Gallons	\$6.83 Per 1,000 Gallons
Over	25,000 Gallons	\$6.22 Per 1,000 Gallons

1 1/2-Inch Meter

First	10,000 Gallons	\$83.65 Minimum Bill
Next	15,000 Gallons	\$6.83 Per 1,000 Gallons
Over	25,000 Gallons	\$6.22 Per 1,000 Gallons

2-Inch Meter

First	25,000 Gallons	\$186.10 Minimum Bill
Over	25,000 Gallons	\$6.22 Per 1,000 Gallons

DATE OF ISSUE 08 / 14 / 2012
Month / Date / Year

DATE EFFECTIVE 08 / 17 / 2012
Month / Date / Year

ISSUED BY *Darrell Whitaker*
Darrell Whitaker

TITLE President

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

EXHIBIT E

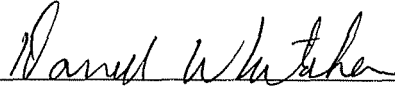
WESTERN ROCKCASTLE WATER ASSOCIATION

RESOLUTION

Be it hereby resolved, by a unanimous vote of the Board of Directors of the Western Rockcastle Water Association (herein referred to as "WRWA") at a regular called meeting on August 14, 2012, as follows:

Pursuant to 807 KAR 5068, the Western Rockcastle Water Association hereby approves a Purchased Water Adjustment rate increase of \$0.97 per 1000 gallons, effective August 17, 2012 and will be reflected in the September 2012 billing cycle, to compensate for the increase in the base rate of water sold to the WRWA by the City of Mt. Vernon from \$2.16 per 1000 gallons (base rate) to \$2.93 per 1000 gallons (changed rate) which will become effective on August 17, 2012 per the Kentucky Public Service Commission's notification on July 30, 2012. This increase is adopted in order for the WRWA to recover the actual cost of water purchased from City of Mt. Vernon.

Given under my hand this the 14th day of August, 2012.



President

EXHIBIT F