


HWU




Henderson Water Utility

WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

January 31, 2023

Public Service Commission
Commonwealth of Kentucky
Tariff Division
P.O. Box 615
211 Sower Blvd.
Frankfort, KY 40602-0615

Dear Sir or Madam:

Enclosed are copies of our notice and notification letters to Henderson County Water District and Beech Grove Water Systems Inc. concerning our rate adjustments based on our audit of fiscal year ending June 30, 2022 (as per our signed contracts) along with the signed tariff sheet.

If you have any questions concerning this filing, please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer





Henderson Water Utility
 WATER • WASTEWATER • STORMWATER

270.826.2421

www.hkywater.org

111 Fifth Street
 Henderson, KY 42420

February 1, 2023

Public Service Commission
 Commonwealth of Kentucky
 Tariff Division
 P.O. Box 615
 211 Sower Blvd.
 Frankfort, KY 40602-0615

Dear Sir or Madam:

Henderson Water Utility is requesting an exception to the 30 day notice period as prescribed in KRS 278.16(2). Filings and notice were filed with the PSC on February 1, 2023 with an effective date of March 1, 2023 (28 days) for rate changes for the Henderson County Water District (HCWD) and the Beech Grove Water Systems, Inc based on rates calculated per contracts between parties. Both HCWD and Beech Grove should have overall rate reductions based on the contractual rate calculated.

| | <u>Current Rate</u> | <u>Proposed Rate</u> | <u>\$Change</u> |
|---------------------------------|-------------------------|-------------------------|---------------------------|
| Henderson County Water District | | | |
| North System | \$3.2764 /1,000 gallons | \$3.3035 /1,000 gallons | \$0.0270 /1,000 gallons |
| South System | \$3.6160 /1,000 gallons | \$2.9548 /1,000 gallons | (\$0.6613) /1,000 gallons |
| Beech Grove Water System | \$3.8117 /1,000 gallons | \$3.3580 /1,000 gallons | (\$0.4537) /1,000 gallons |

Consumption data for the fiscal year data ending June 30, 2022 (term contracts are based on) is as follows:

| | <u>Consumption</u> |
|---------------------------------|---------------------|
| Henderson County Water District | |
| North System | 436,853,000 gallons |
| South System | 36,447,674 gallons |
| Beech Grove Water System | 71,939,787 gallons |

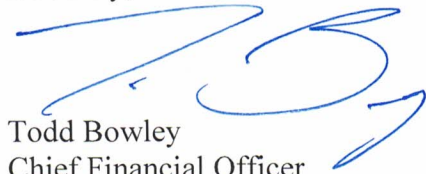
Purchased Water Adjustments (PWA) filed by HCWD and Beech Grove may cover calendar year periods, our fiscal year and contract terms are based on June 30 year end.



Both HCWD and Beech Grove were notified of contract rate calculations and changes on December 28, 2022 and no questions or concerns have been noted to date. Delay in filing with PSC were due to administrative error and weather-related issues in our area on January 30th-31st.

If you have any questions concerning this filing, please contact me.

Sincerely,


A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines, positioned above the printed name and title.

Todd Bowley
Chief Financial Officer




Henderson Water Utility

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 111 Fifth Street
Henderson, KY 42420

December 28, 2022

Chad McMahon, President
Beech Grove Water System, Inc.
445 Highway 56 North
Calhoun, Kentucky 42327

Dear Mr. McMahon:

In accordance with the contract between the Henderson Water Utility (HWU) and the Beech Grove Water System, the costs of providing water services based on our fiscal year June 30, 2022 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our South Water System. Enclosed is a copy of the individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rate:

| BEECH GROVE WATER RATE | |
|---|---------------------------------------|
| Current Rate Per 1,000 Gallons | New Rate Per 1,000 Gallons |
| \$3.8117 | \$3.3580 |

These revised rates are to go into effect on the billing for March 2023 consumption. We appreciate the opportunity to serve the Beech Grove Water System. If you have questions concerning this letter please contact me.

Sincerely,

Todd Bowley
Chief Financial Officer



INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

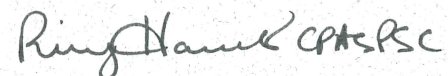
We have examined the accompanying Beech Grove Water System, Inc. Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2022. Henderson Water Utility's management is responsible for the Calculation in accordance with the Agreement dated October 14, 2014. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Agreement, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Beech Grove Water System, Inc. Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2022, is presented in accordance with the Agreement, in all material respects.

Owensboro, Kentucky
December 20, 2022



Beech Grove Water System, Inc.
Calculation of South Water Cost per Contract
6/30/2022

| | |
|--------------------|----------------------------|
| Operating expenses | \$ 2,313,404 |
| Interest expense | <u>44,328</u> |
| Total cost | <u><u>\$ 2,357,732</u></u> |

Net expenses applicable to Beech Grove Water System, Inc. \$ 2,357,732


Calculation of South Water Cost per Contract:

| | |
|--|-------------------------|
| Expenses per above | \$ 2,357,732 |
| Billable volume in gallons | 807,434,427 |
| Rate per 1000 gallons | \$ 2.9200 |
| Times contract factor | <u>1.15</u> |
| Calculated rate per 1,000 gallons | <u><u>\$ 3.3580</u></u> |




Henderson Water Utility

WATER • WASTEWATER • STORMWATER

 270.826.2421

 www.hkywater.org

 111 Fifth Street
Henderson, KY 42420

December 28, 2022

Mr. Pete Conrad
Henderson County Water District
P.O. Box 655
Henderson, Kentucky 42419

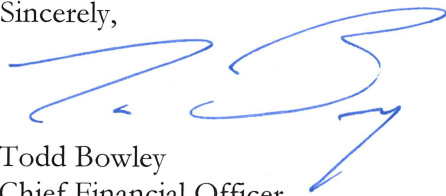
Dear Mr. Conrad:

In accordance with the contract between the Henderson Water Utility (HWU) and the Henderson County Water District, the costs of providing water services based on our fiscal year June 30, 2022 audit have been calculated by HWU and examined by our auditors, Riney Hancock CPAs PSC for our North and South Water Systems. Enclosed is a copy of each individual calculation and the accountant's report provided by our auditors. The following table summarizes the current versus the new rates:

| Henderson County Water District | | |
|---------------------------------|-----------------------------------|-------------------------------|
| | Current Rate Per 1,000 Gallons | New Rate Per 1,000 Gallons |
| North | \$3.2764 | \$3.3035 |
| South | \$3.6160 | \$2.9548 |

These revised rates are to go into effect on the first billing after March 31, 2023 (March 2023 consumption). We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,



Todd Bowley
Chief Financial Officer





INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of North Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2022. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Henderson County Water District Calculation of North Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2022, is presented in accordance with the Contract, in all material respects.

Owensboro, Kentucky
December 20, 2022

Riney Hancock CPAs PSC

Henderson County Water District
Calculation of North Water Cost per Contract
6/30/2022

| | |
|--|----------------------------|
| Operating expenses | \$ 5,927,743 |
| Interest expense | <u>143,988</u> |
| Total cost | 6,071,731 |
| Less: City of Henderson overhead allocation | <u>(255,500)</u> |
| Net expenses applicable to Henderson County Water District | <u><u>\$ 5,816,231</u></u> |

Calculation of North Water Cost per Contract:

| | |
|--|-------------------------|
| Expenses per above | \$ 5,816,231 |
| Volume in gallons | <u>2,200,787,489</u> |
| Rate per 1000 gallons | \$ 2.6428 |
| Times contract factor | <u>1.25</u> |
| Calculated rate per 1,000 gallons | <u><u>\$ 3.3035</u></u> |



INDEPENDENT ACCOUNTANT'S REPORT

Water and Sewer Commission of the City of Henderson
Henderson Water Utility

We have examined the accompanying Henderson County Water District Calculation of South Water Cost per Contract (Calculation) of the Henderson Water Utility for the year ended June 30, 2022. Henderson Water Utility's management is responsible for the Calculation in accordance with the Water Contract (Contract) dated June 1, 1989, as amended February 11, 1997. Our responsibility is to express an opinion on the Calculation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Calculation is in accordance with the Contract, in all material respects. An examination involves performing procedures to obtain evidence about the Calculation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Calculation, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Henderson County Water District Calculation of South Water Cost per Contract of the Henderson Water Utility for the year ended June 30, 2022, is presented in accordance with the Contract, in all material respects.

Riney Hancock CPAs PSC

Owensboro, Kentucky
December 20, 2022

**Henderson County Water District
Calculation of South Water Cost per Contract
6/30/2022**

| | |
|---|----------------------------|
| Operating expenses | \$ 2,313,404 |
| Interest expense | <u>44,328</u> |
| Total cost | 2,357,732 |
| Less: City of Henderson overhead allocation | <u>(73,000)</u> |
| Net expenses applicable to HCWD | <u><u>\$ 2,284,732</u></u> |

Calculation of South Water Cost per Contract:

| | |
|--|-------------------------|
| Expenses per above | \$ 2,284,732 |
| Volume in gallons | <u>966,543,235</u> |
| Rate per 1000 gallons | \$ 2.3638 |
| Times contract factor | <u>1.25</u> |
| Calculated rate per 1,000 gallons | <u><u>\$ 2.9548</u></u> |

NOTICE

Henderson Water Utility (“Henderson Water”) is providing notice that on February 1, 2023, it filed with the Public Service Commission to increase(decrease) the wholesale rates it charges Henderson County Water District and Beech Grove Water System effective for water service rendered on and after March 1, 2023. The proposed rates are as follows:

| | <u>Current Rate</u> | <u>Proposed Rate</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------------|----------------------------|----------------------------|------------------------------|-----------------|
| Henderson County Water District | | | | |
| North System | \$3.2764 per 1,000 gallons | \$3.3035 per 1,000 gallons | \$0.0271 per 1,000 gallons | 0.83% Increase |
| South System | \$3.6160 per 1,000 gallons | \$2.9548 per 1,000 gallons | (\$0.6612) per 1,000 gallons | 18.29% Decrease |
| Beech Grove Water System | \$3.8117 per 1,000 gallons | \$3.3580 per 1,000 gallons | (\$0.4537) per 1,000 gallons | 11.90% Decrease |

Water flowing through the meter(s) before the effective date will be charged at the current rates while water flowing through the meter(s) on and after the effective date will be charged at the proposed rates.

This filing may be examined at the offices of Henderson Water Utility located at 111 Fifth Street in Henderson, Kentucky.

This filing may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday – Friday from 8:00 am – 4:30 pm or on the PSC website at <http://psc.ky.gov>.

Comments regarding this filing may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Henderson Water but the Public Service Commission may order rates that differ from the proposed rates.

Intervention may be requested by submitting a timely written request for intervention by mail to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602. The request for intervention must establish the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the filing.

FOR Henderson, Kentucky
Name of Municipality

P.S.C. KY. NO. 1

Sixth Revised SHEET NO. 1

Henderson Municipal Water & Sewer Commission
(Name of Municipal Utility)

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

Fifth Revised SHEET NO. 1

RATES AND CHARGES

Henderson County Water District

North System \$3.3035 per 1000 gallons (I)
South System \$2.9548 per 1000 gallons (R)

Beech Grove Water System, Inc.

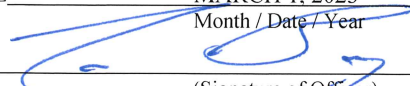
South System \$3.3580 per 1000 gallons (R)

Rates will become effective for water consumed beginning in March 2023 and for bills issued after April 1, 2023.

Water Purchase Contracts between the City of Henderson and the Henderson County Water District entered into on the 1st day of June 1989 and amended the 11th day of February 1997, and between the City of Henderson and the Beech Grove Water System, Inc. entered into on the 14th day of October 2014, are on file at the Kentucky Public Service Commission.

DATE OF ISSUE January 31, 2023
Month / Date / Year

DATE EFFECTIVE MARCH 1, 2023
Month / Date / Year

ISSUED BY 
(Signature of Officer)

TITLE Chief Financial Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. N/A DATED N/A