



# Kentucky Rural Water Association

Helping water and wastewater utilities help themselves

July 23, 2015

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PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen, Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602-0615

Re: Case No. 2015-00209

Dear Mr. Derouen:

Kentucky Rural Water Association (KRWA) held a training session for Water District Commissioners at the Warren Co. Water District office in Bowling Green, Kentucky, on July 16, 2015. On behalf of Kentucky Rural Water Association, I hereby attest that this program, herein referenced as Case No. 2015-00209, approved for six (6) credit hours by the Commission, was performed as submitted.

As required, a list of commissioners who attendees this class and earned continuing education credit for the approved course is enclosed. Handouts provided by the speakers are also enclosed.

Kentucky Rural Water Association would like to thank the Kentucky Public Service Commission and staff for their leadership and support in approving the training offered at this training session. If additional information is required please do not hesitate to contact our office.

Sincerely,

Janet Cole  
Education Coordinator  
j.cole@krwa.org

Enclosures

**Hours Earned by Water District Commissioners  
attending the Training Session  
Sponsored by Kentucky Rural Water Association  
at the Warren Co. Water District Office in Bowling Green, Kentucky  
July 16, 2015  
PSC Case #2015-00209**

<b>First Name</b>	<b>Last Name</b>	<b>Organization</b>	<b>PSC Hours Earned</b>
<b>Wayne</b>	<b>Jackson</b>	<b>Allen Co. Water District</b>	<b>6</b>
<b>Darace</b>	<b>Tabor</b>	<b>Allen Co. Water District</b>	<b>6</b>
<b>Ash</b>	<b>Brunson</b>	<b>Christian Co. Water District</b>	<b>6</b>
<b>Steve</b>	<b>Hunt</b>	<b>Christian Co. Water District</b>	<b>6</b>
<b>Loyd</b>	<b>Houchens</b>	<b>East Logan Water District</b>	<b>6</b>
<b>Roy</b>	<b>McDougal</b>	<b>Edmonson Co. Water District</b>	<b>6</b>
<b>Barry</b>	<b>Rich</b>	<b>Edmonson Co. Water District</b>	<b>6</b>
<b>Tad</b>	<b>Donnelly</b>	<b>Warren Co. Water District</b>	<b>6</b>
<b>Henry</b>	<b>Honaker</b>	<b>Warren Co. Water District</b>	<b>6</b>
<b>Glen</b>	<b>Johnson</b>	<b>Warren Co. Water District</b>	<b>6</b>
<b>R. Harvey</b>	<b>Johnston</b>	<b>Warren Co. Water District</b>	<b>6</b>
<b>Joe</b>	<b>Taylor</b>	<b>Warren Co. Water District</b>	<b>6</b>

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# Rate Design Cost of Service Cost-based Rates



KENTUCKY RURAL WATER ASSOCIATION  
Andy Lange

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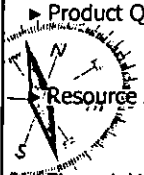
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## Federal Policy (EPA) *Sustainability Goals*

- ▶ Effectively Managed Utilities
- ▶ Product Quality & Customer Satisfaction
- ▶ Resource Adequacy thru Asset Management
- ▶ Financial Viability



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## Goals of Rate Design

- ▶ Meets Revenue Requirement (next slide)
- ▶ Easy to Understand (for the utility and the customer)
- ▶ Easy to Administer
- ▶ Equitable and Non-discriminating
- ▶ Stable (utility) and Affordable (customer)
- ▶ Continuity in Rate Philosophy



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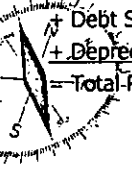
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**Revenue Requirement**

- ▶ Operating and Maintenance Revenue Requirement:
  - + Operation and Maintenance Expenses
  - + Debt Service and Coverage
  - + Depreciation
  - = Total Revenue Requirement



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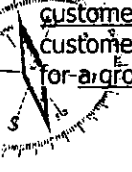
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**Cost of Service (COS)**

- ▶ Pricing for a service based on the costs incurred in providing it.

COS pricing can be applied to an individual customer based on the costs of serving that customer or as an average cost of service for a group of similar customers.



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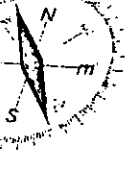
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**Cost-based Rates**

- ▶ A ratemaking concept used for the design and development of rates to ensure that the filed rates recover the costs of providing the service.



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### 5 Steps to Cost-based Rates

- ▶ Billing Analysis (customer usage patterns)
- ▶ Review O & M and Capital Budgets
- ▶ Determine Revenue Requirement
- ▶ Perform Cost of Service Study
- ▶ Develop Rates



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### Regulated Utilities in KY

- ▶ All PSC-regulated utilities are required to file tariffs that specify all rates and charges based on demonstrated Cost of Service considerations



PSC<sup>™</sup> requires<sup>™</sup> Cost-based Rates through its rate cases

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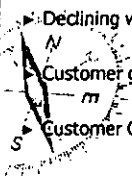
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### Utility Rate Issues

- ▶ Hesitancy of governing bodies to adjust rates
- ▶ Lack of adequate funding for expansion, repair and replacement
- ▶ Declining water consumption
- ▶ Customer growth has slowed
- ▶ Customer Considerations (Affordability & Education)



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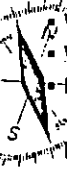
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### Utility Rate Issues

- ▶ Hesitancy of governing bodies to adjust rates
  - Municipal Utilities
  - Water Districts
  - Water Associations
  - Privately-owned Utilities

Eventually leads to higher rates!



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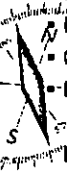
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### Utility Rate Issues

- ▶ Lack of adequate funding for expansion, repair and replacement
  - Rural Development
  - DWSRF and CWSRF
  - Other EPA (No earmarks)
  - No State Grants since 2008!

Leads to higher rates!



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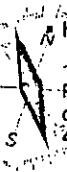
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### Utility Rate Issues

- ▶ Declining water consumption
  - Leads to revenue shortfalls

Higher rates!

Residential water use for water districts in KY has decreased from 5,538 gallons per month in 1993 to 4,110 in 2013, a 26% decrease



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### Utility Rate Issues

- ▶ Growth has slowed (total connections)
  - Leading to higher rates

	Districts	%	Associations	%
1975	103,436		10,435	
1985	203,354	+97	27,276	+161
1995	339,637	+67	46,383	+70
2005	477,448	+41	68,049	+47
2010	517,755		71,965	
2014	529,072	+11	71,822	+6

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### Utility Rate Issues

- ▶ Revenue has increased (total revenue)
  - Because of more customers and higher rates

	Districts	%	Associations	%
1995	\$105.4 M		\$13.2 M	
2000	\$135.0 M	+28	\$16.5 M	+25
2005	\$166.6 M	+23	\$22.0 M	+33
2010	\$230.6 M	+38	\$28.3 M	+29
2014	\$270.2 M	+17	\$32.3 M	+14

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### Cost of Service

- ▶ Cost of Service Study
  - Allocates cost
    - ▶ Commodity Costs
    - ▶ Demand Costs
    - ▶ Customer
    - ▶ Fire Protection
    - ▶ Wholesale
    - ▶ Other

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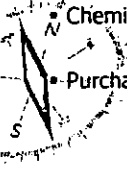
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### Cost of Service

- ▶ Commodity Costs
  - Power for Pumping
  - Chemicals for Treatment
  - Purchased water/wastewater



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### Cost of Service.

- ▶ Demand Costs
  - Costs associated with providing the facilities to meet the peak demands placed on the utility.
  - ▶ Treatment, pumping and storage facilities
  - ▶ Collection and distribution mains
  - ▶ Associated personnel costs



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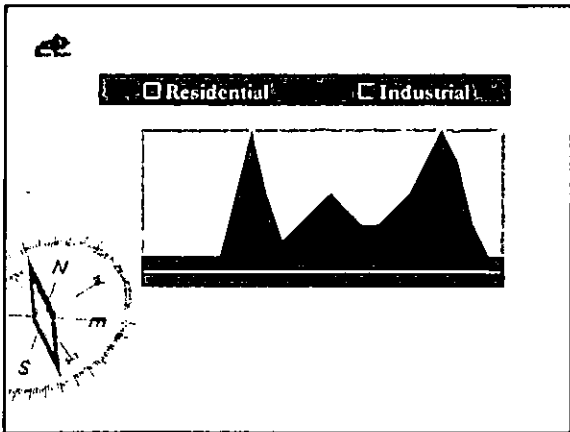
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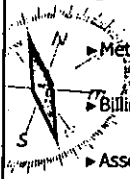
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### Cost of Service

▶ Customer Costs

- Costs incurred to serve customers without regard to usage.



▶ Metering, service lines and meter reading

▶ Billing and collections

▶ Associated personnel costs

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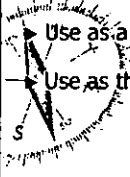
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### Role of Financial Planning

- ▶ Provides a Framework for Decision Making
- ▶ Assures Financial Sustainability
- ▶ Use as a Capital Planning Tool
- ▶ Use as a Strategic Planning Tool
- ▶ Use as the Basis to Develop and Minimize Rates



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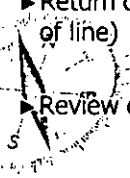
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### Capital Planning Issues

- ▶ Customer's ability and willingness to pay for new facilities
- ▶ Return on investment (customers per mile of line)
- ▶ Review of financing alternatives



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### Why is Water and Sewer Undervalued?

- ▶ Under-priced.
- ▶ Infrastructure is hidden.



Customers are ignorant to the processes of getting water from the source to the tap or wastewater from the toilet to the stream?

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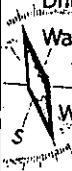
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### Utility service is a bargain!

Cable/Sat Television	\$70.00
Basic Cellular Phones	50.00
Basic Broadband	30.00
Drinking Water	33.70
Wastewater	30.70



Willingness to Pay vs. Willingness to Charge

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### Water/Sewer Service is Affordable

- ▶ Public water in KY costs an average of \$8 per 1,000 gallons.
- ▶ The markup cost for a private water company on tap water is 5 - 10 percent.
- ▶ The markup cost on a \$0.99 bottle of water is around 400 percent.



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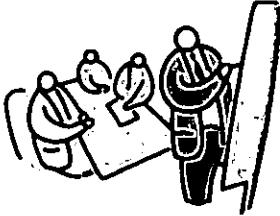
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## Boardsmanship



Roles and Responsibilities of Utility Board Members

### To Govern...

not

...Manage.

Boardsmanship



## Specific Duties of a Board


- > Hire, evaluate and compensate a Manager
- > Adopt Policies
- > Adopt and Amend Budgets
- > Adopt Long-range Plans
- > Adopt Rates, Rules & Regulations (Tariffs)

Boardsmanship



**Individual Board Members...**

**...act in the best interest of the utility.**

Boardmanship 

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**Specific Duties of Board Members**

- Stay informed
- Attend meetings regularly
- Perform tasks assigned by Board
- Support decisions of the Board
- Keep Board matters confidential
- Avoid Conflict of Interest

Boardmanship 

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**Board Officers**


**Offices of a Water District (KRS 74.020(5))**

Chairman

Vice Chairman

Secretary

Treasurer

Boardmanship 

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## Board Officers

Offices of a Water Association (KRS 273.227 & Bylaws)

President or Chairman

Vice President or Vice Chairman

Secretary

Treasurer

Others

Boardmanship



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## Board Officers

Utility Commission Officers (KRS Chapter 96)  
*Dependent on Class of City and establishing ordinance*

Chairman

Vice Chairman

Secretary

Treasurer

Boardmanship



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## Board Officers

### Chairman or President

Preside over meetings

Sign warrants (KRS 74.050)

Prepare meeting agendas

Call special meetings

Execute documents approved by Board

Perform other duties assigned by Board

Perform other duties specified in Bylaws or Ordinance

Boardmanship



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**Board Officers**


**Vice Chairman or Vice President**

No statutory duties (Water District or Utility Commission)

Preside over meetings in absence of Chairman or President

Perform other duties assigned by Board

Perform other duties specified in Bylaws or Ordinance

Boardmanship 

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**Board Officers**

**Secretary**

Cause the Minutes of all meetings to be prepared


Act as custodian of official records

Countersign warrants (KRS 74.050)

Authenticate official records

Perform other duties assigned by Board

Perform other duties specified in Bylaws or Ordinance

Boardmanship 

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**Board Officers**

**Treasurer**

Cause all funds to be disbursed according to law and procedures adopted by Board

Perform other duties assigned by Board

Perform other duties specified in Bylaws or Ordinance

Boardmanship 

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## Legal Standard of Care

### The "PIG" Rule

If it seems "piggish" to you, it probably is!  
...so keep your snout in your own trough!



Boardmanship



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## Legal Standard of Care

### Water Districts and Utility Commissions

No statutory standard of care but the case law standard requires...

- Good faith
- Reasonable care and diligence
- Acting within the scope of authority

*The statutory standard of care for water association directors is instructive for water districts and utility commissions.*

Boardmanship



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## Legal Standard of Care

### Water Associations (KRS 273.215)

A Director shall discharge his duties:

- In good faith
- On an "informed basis"
- In the best interests of the Association

Boardmanship



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## Legal Standard of Care

### "Informed Basis" KRS 273.215(2)

A director shall be considered to discharge his duties on an informed basis if he makes, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the corporation or into a particular action to be taken or decision to be made.

Boardsmanship



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## Legal Standard of Care

### Reliance on Information KRS 273.215(3)

A director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

- ✓ Officers or employees of the corporation whom the director honestly believes to be reliable and competent;
- ✓ Legal counsel, public accountants or other experts as to matters the director honestly believes to be within that expert's area of expertise; or
- ✓ A committee of the board of directors of which he is not a member if the director honestly believes the committee merits confidence.

Boardsmanship



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## Legal Standard of Care

Exceptions may be made in instances where a director possesses special knowledge that indicates alternative action is prudent and necessary.

Boardsmanship



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## Board Meetings

- ✓ Regular Meetings
- ✓ Special Meetings
- ✓ Preparing for Meetings
- ✓ Conduct of Meetings
- ✓ Action by Individual Board Members Outside of Meetings

Boardmanship



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## Board Meetings

### Regular Meetings

- > Adopt a regular meeting schedule
  - Set time, date and location
- > Inform the Media (radio, print, television)
- > Inform the Public (bills, website, newsletter)

Boardmanship



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## Board Meetings

### Special Meetings

- > Who calls a special meeting?
- > Notice of meeting
  - Board Members, Media, General Public
- > Agenda – action limited to agenda items
- > How much advance notice is required?

Boardmanship



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# Board Meetings

## Preparing for Meetings

- > Develop an Agenda
- > Prepare an Information Packet for Board Members
  - Delivered in advance (between two days and one week)
- > Contents
  - Meeting Agenda
  - Minutes of prior meeting
  - Operational, Management & Financial Reports
  - Other information

Boardmanship



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# Board Meetings

## Conduct of Meetings

- > Follow the Agenda
- > Use Parliamentary Procedure
- > Voting by Chairman or President?
- > Public Comment
- > Closed (Executive) Session

Boardmanship



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# Board Meetings

## Action By Individual Board Members Outside of Meetings

- > Officers
- > Other Board Members

Boardmanship



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**Board Minutes**

A Board "speaks only through its minutes."

Boardmanship 

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**Board Minutes**

**Preparation of Minutes**

Who prepares minutes?  
• Board Secretary or Staff

Who edits minutes?  
• Staff or legal counsel

Are meetings recorded on audio and/or video?  
Signing and Approval of Minutes

Boardmanship 

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**Board Minutes**

A complete set of approved Minutes should be maintained at the utility office for inspection by the general public and the media.

When are the Minutes considered in "final form" and available for public inspection?

Boardmanship 

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## Parting Thought

Every utility's Board should develop and adopt a "Board Governance & Policy Manual."

Questions?

Boardmanship



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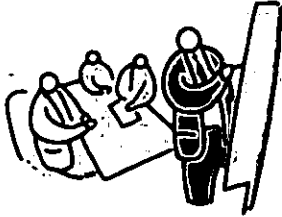
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## Board and Manager



Effective Communications for Utility Boards and Managers

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**“The problem with communication...is the illusion that it has been accomplished.”**

George Bernard Shaw

Board and Manager 

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**Effective Communication  
is a Two-way Street!**

Board > Management

Management > Board

Board and Manager 

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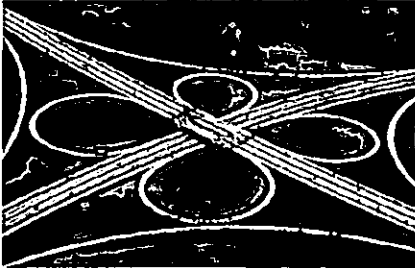
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**Is Effective Communication  
Just a Two-way Street?**



Board and Manager 

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**Is this how your Manager feels?**



Board and Manager 

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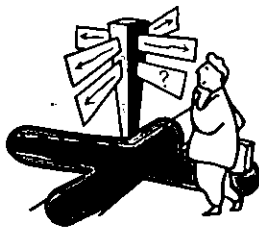
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**Board member!  
Is this how you feel?**



Board and Manager 

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## A Good Board...

...hires an effective Manager.

Board and Manager



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## A Good Board...

- > Seeks to Understand the "Big Picture"
- > Sets and Approves Reasonable Policies
- > Reviews and Follows Policies!
  
- > Gives Manager Direction and Flexibility
- > Fairly Evaluates the Manager
- > Doesn't Micro-manage!

Board and Manager



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## A Good Manager...

...develops an effective  
Board.

How?

Board and Manager



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## A Good Manager...

- Provides Accurate Information the Board
- Helps Board Set Reasonable Policies
- Implements and Follows Policies!
  
- Employs and Directs the Staff
- Is Professional in all Relationships
- Doesn't Micro-manage!

Board and Manager



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## Board Policies

- Budgets (Operating & Capital)
- Personnel
- Compensation & Classification
- Purchasing
- Investment
- Rates and Charges
- Customer Service

Board and Manager



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## Budgets

- Budgets are the Board's ultimate policy tool – no activity can legally be accomplished without budget authorization from the Board.

Board and Manager



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## Budgets

➤ Budgets should be prepared by Management with Staff input and Board oversight and approval.

➤ Budget Committee?

Board and Manager



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## Budgets

➤ Budgets are not chiseled in stone – they should be flexibly-followed.

If conditions warrant change, amend the budget!

Board and Manager



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## Budgets

➤ A Capital Budget is a longer-term plan for improvements and additions to the utilities infrastructure.

➤ 3 years? 5 years? 10 years? 20 years?

Board and Manager



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## Personnel

- **Personnel Policies (including Classification & Compensation Plans) are a Manager's most important Policy tool!**

Board and Manager



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## Personnel

- **Personnel Policies should be developed with significant input from the Board, Management, and Staff.**
- **They should always be reviewed by an attorney with experience in personnel and labor laws.**

Board and Manager



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## Purchasing

- **Consider adopting the Kentucky Model Procurement Code (KRS Chapter 45A).**
- **Establish a Small Purchases Policy and set minimum threshold amounts.**

Board and Manager



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## Investments

- Adopt a written Investment Policy that establishes how, when and where surplus funds are invested.

Board and Manager



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## Rates and Charges

- Adopt cost-based rates and charges.
- Review rates and rate structures periodically.
- Keep your customers informed.

Board and Manager



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## Customer Service

- Keep your customers informed!
- Keep your customers informed!!
- Keep your customers informed!!!

Board and Manager



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## Customer Service

➤ **Develop a customer-first approach.**

- **New-Customer Package**
- **Public Relations and Promotion**
- **Stress Customer-Friendliness**

➤ **If you make doing business easy for your customer,  
you make doing business easier!**

Board and Manager



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## Board Reports

➤ **What does the Board want to see?**

➤ **What does the Board need to see?**

- **Technical Reports?**
- **Financial Reports?**
- **Management Reports?**

Board and Manager



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What's So Great About Kentucky...



...Water and Wastewater Utilities?

## 7 Contributing Factors

for

Kentucky's Water & Wastewater Utilities

to rank

Among the Best in America!

7 Contributing Factors

1

## Climate/Geography

- Kentucky averages nearly 50 inches of rain each year
- Kentucky has the second most stream miles in U.S.  
(Alaska - 1<sup>st</sup>)
- Kentucky relies more on surface water than groundwater  
The only state in the U.S.

CEMEX, S.A. 1991

2000

2000

7 Contributing Factors

## 2

### Federal Laws

- The Safe Drinking Water Act (1974)
- The Clean Water Act (1972)
- State Primacy (SDWA -1977, CWA - 1983)

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7 Contributing Factors

## 3

### State Laws & Regs

- DOW has been "out front" of most federal regulations
- KRS Chapter 74 established a framework for success!
- PSC jurisdiction has contributed to mostly-sovent utilities

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7 Contributing Factors

## 4

### Federal Funding

- USDA Rural Development in Kentucky is the "BOMB"
- Our U. S. Congressional delegation is very supportive
- Kentucky typically receives more from Washington than we pay in taxes

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7 Contributing Factors

5

## State Funding/Planning

- Kentucky's 20/20 Plan has led to \$850 million in funding
- SB 409 led to Planning and Project Profiles
- Kentucky Infrastructure Authority reorganized

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7 Contributing Factors

6

## KRWA

- Interim Loans - \$638 Million to 390 borrowers
- Flexible Term Loans - \$339 Million
- Trained - 69,000
- Assisted - 75,000
- 345 Utility Management Professionals

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7 Contributing Factors

- Climate/Geography**
- Federal Laws**
- State Laws & Regs**
- Federal Funding**
- State Funding/Planning**
- KRWA**
- Natural Consolidation**

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7 Contributing Factors

# Natural Conservation

- Surface water is becoming increasingly challenging
- Water distribution is becoming increasingly dramatically
- We're smart




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## Public Water Systems

A system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least fifteen service connections or regularly serves at least twenty-five individuals.

### CWS - Community Water System (serves year-round)

Examples: Municipalities, Water Districts, Water Associations, Privately-owned

### TNCWS - Transient Non-Community Water System

Examples: Resorts, Restaurants, Motels, Campgrounds, State Parks

### NTNCWS - Non-Transient Non-Community Water System

Examples: Schools, RV Parks, Industries, Senior Citizen Centers

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## Natural Consolidation *Kentucky*

YEAR	INCWS	NTNCWS	CWS	PWS	CHANGE
1974	1058	252	868	2178	
1979	805	252	755	1812	-17 %
1989	400	215	639	1254	-31 %
1999	199	85	497	781	-38 %
2009	49	28	409	484	-38 %
2015	27	16	361	404	-17 %

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**Pike County Public Water Systems - 2015**

Non-Transient NCWS	Transient NCWS	Community Water Systems
<b>CLOSED</b>		
48 Restaurants/Motels		Elkhorn City
35 Mobile Home Parks		Mosley Property LLC
35 Coal Mines		Mountain Water District
28 Schools		Pikeville Water & Sewer Department
5 State/Federal Properties		
4 Churches		

**4 Active Public Water Systems**

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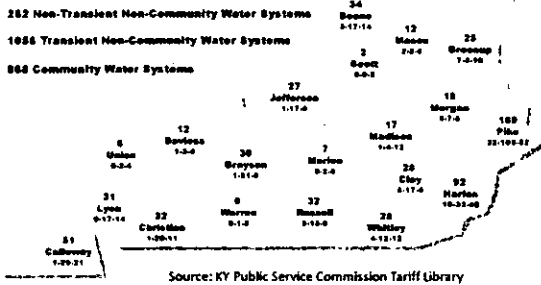
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**Public Water Systems By Selected Counties - 1974**

**Kentucky's Total = 2178**




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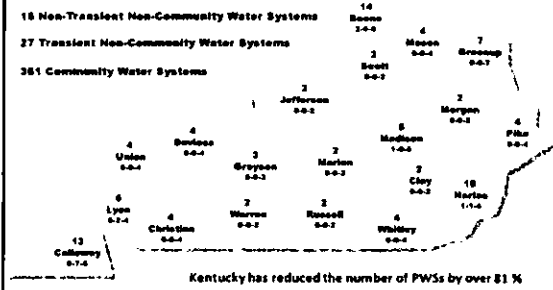
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**Public Water Systems By Selected Counties - 2015**

**Kentucky's Total = 404**




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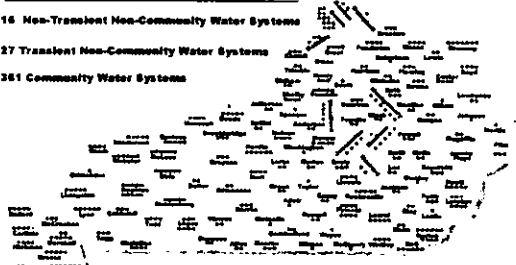
## Public Water Systems in Kentucky - 2015

404 Public Water Systems in Kentucky

16 Non-Transient Non-Community Water Systems

27 Transient Non-Community Water Systems

361 Community Water Systems



77 counties have three or fewer Community Water Systems

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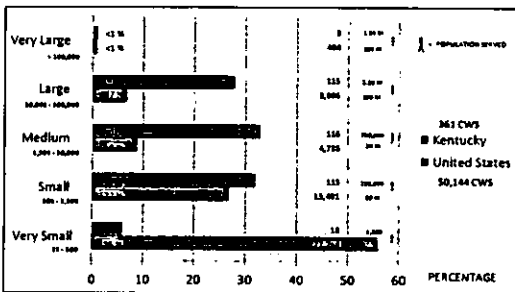
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## Community Water Systems - 2015




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## Rates Across Kentucky



July 16, 2015  
Warren County Water District

Utility rates are calculated based on cost of service considerations relative to



the type of customer and the overall revenue needs of the utility.

## Types of Customers

- Residential (Inside City/Outside City)
- Commercial
- Industrial
- Public
- Raw Water
- Bulk Sales
- Wholesale
- Others?



## Rate Structures

### • Flat

Ex. \$30 per month (regardless of use)

### • Uniform

Ex. \$5 per 1000 gallons (regardless of use)

### • Block (Ascending or Descending)

Ex. \$5 per 1000 (First 5000 gallons)

\$4 per 1000 (Next 5000 gallons)

## Rate Structures

### Minimum + uniform or block

\$20.00 First 2000 gallons  
\$5.00/1000 Over 2000 gallons

\$20.00 First 2000 gallons  
\$5.00/1000 Next 3000 gallons  
\$4.00/1000 Over 5000 gallons

### Customer Charge + uniform or block

\$20.00 No minimum usage  
\$5.00/1000

\$20.00 No minimum usage  
\$5.00/1000 First 5000 gallons  
\$4.00/1000 Over 5000 gallons

## Rate Structures

Structure	Very Small	Small	Medium	Large	Very Large	ALL
Uniform	28%	53%	39%	39%	30%	36%
Declining	4%	19%	13%	15%	23%	10%
Increasing	11%	14%	14%	25%	27%	13%
Seasonal	0%	0%	0%	0%	5%	<1%
Flat (separate)	18%	17%	17%	18%	20%	17%
Flat (combined)	28%	1%	2%	4%	2%	16%
Other	8%	8%	2%	3%	9%	7%

Source: USEPA 2006 Community Water System Survey Report

### Billing Minimums of Choice (262 Utilities Surveyed)

Gallons	Count	Percentage
None	32	12%
750	3	1%
1000	48	18%
1500	13	5%
2000	158	60%
2500	3	1%
3000	6	2%

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### Wholesale Water Rates (Water Producers)

	Lowest	Average	Highest
Municipal/Private (80)	\$1.08	\$2.43	\$4.27
WDs, WAAs, WCs (24)	\$1.63	\$2.76	\$3.91
Western Kentucky (19)	\$1.49	\$2.53	\$3.75
Central Kentucky (24)	\$1.08	\$2.08	\$3.34
Bluegrass (19)	\$1.59	\$2.61	\$4.27
Southeastern Kentucky (23)	\$1.70	\$2.74	\$3.48
Northeastern Kentucky (19)	\$1.43	\$2.64	\$3.82
All Utilities (104)	\$1.08	\$2.52	\$4.27

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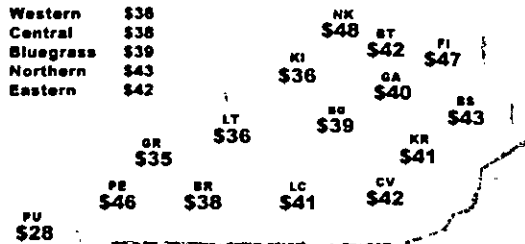
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### Average Residential Water Rates - 2013 Water Districts & Associations by Area Development District (Based on 8000 gallons usage)

<b>Kentucky</b>	<b>\$39</b>
Western	\$38
Central	\$38
Bluegrass	\$39
Northern	\$43
Eastern	\$42



Source: KY Public Service Commission Tariff Library

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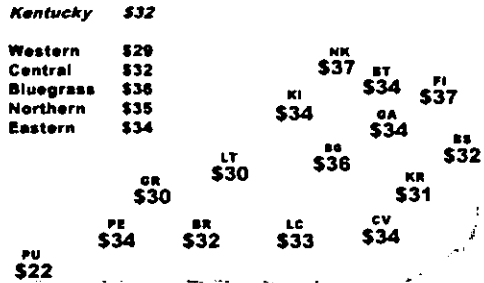
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### Average Residential Water Rates - 2013

Water Districts & Associations by Area Development District  
(Based on actual average usage of 4153 gallons)



Source: KY Public Service Commission Tariff Library

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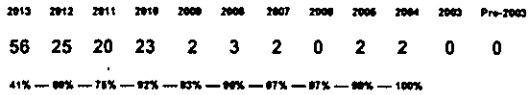
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### Last Rate Change?

Out of 135 Water Districts and Water Associations...

- 60% have altered "rates" during the past 2 years
- 92% have altered "rates" since 2010
- No utilities have "rates" more than 10 years old!




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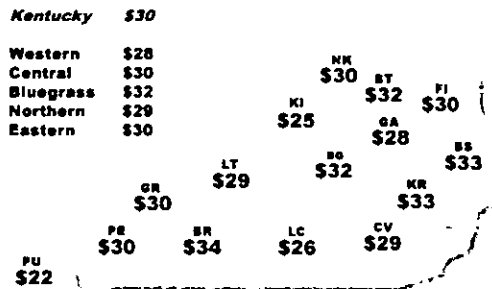
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### Average Residential Water Rates - 2012

Municipalities by Area Development District  
(Based on 8000 gallons usage)



Source: Cannon & Cannon and KRWA Surveys

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## Water Rate Comparisons - 2012

	5000 gallons		
	Average	Median	Outside
All Cities (186)	\$30	\$27	\$37
Small Cities (90) <small>(under 2,000)</small>	\$34	\$33	\$41
Medium Cities (53) <small>(2,200 - 10,000)</small>	\$28	\$26	\$34
Large Cities (43) <small>(over 10,000)</small>	\$23	\$22	\$32
Water Districts/Associations (136)	\$39	\$38	-
All Utilities (322)	\$34	\$32	-

Source: Cannon & Cannon Survey

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## Municipal Water Rates - 2012

Top Ten (Highest)		Bottom Ten (Lowest)	
Burgin	\$65.58	Corbin	\$11.15
North Middletown	\$59.23	Murray	\$12.72
Russellville	\$59.05	Manchester	\$13.10
Millersburg	\$58.25	Henderson	\$13.20
Midway	\$56.84	Kevil	\$13.41
Auburn	\$54.44	Glasgow	\$13.80
Lynch	\$53.06	Owensboro	\$13.82
Livingston	\$52.50	Central City	\$14.30
Irvington	\$50.76	Mayfield	\$14.39
Jackson	\$50.51	Calvert City	\$15.20

Based on cost for 5000 gallons

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## Rural Water Rates - 2013

Top Ten (Highest)		Bottom Ten (Lowest)	
Corinth	\$69.80	Murray #2	\$17.30
Rattlesnake Ridge	\$66.68	North Marshall	\$19.67
Caldwell County	\$63.00	SE Daviess	\$19.73
South Eastern	\$57.85	Murray #3	\$19.88
East Clark	\$56.95	Warren County	\$21.39
Breathitt County	\$55.85	West Daviess	\$23.65
East Pendleton	\$55.74	Dexter-Almo	\$24.15
East Logan	\$55.68	NE Woodford	\$24.73
Todd County	\$55.50	Boone County	\$26.05
North Hopkins	\$55.25	Laurel County #2	\$26.67

Based on cost for 5000 gallons

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### Average Residential Sewer Rates - 2012

All Utilities by Area Development District  
(Based on 5000 gallons usage)

<b>Kentucky</b>	<b>\$33</b>
<b>Western</b>	<b>\$33</b>
<b>Central</b>	<b>\$29</b>
<b>Bluegrass</b>	<b>\$38</b>
<b>Northern</b>	<b>\$35</b>
<b>Eastern</b>	<b>\$31</b>

GR	LT	KK	BT	FI
\$32	\$29	\$37	\$41	\$36
PE	BR	KI	GA	BB
\$38	\$29	\$29	\$32	\$33
PU	LC	CV	KR	
\$28	\$29	\$26	\$31	

Source: Cannon & Cannon Survey

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### Sewer Rate Comparisons - 2012

	5000 gallons		
	Average	Median	Outside
All Cities (181)	\$32	\$30	\$41
Small Cities (92) <small>(under 2,000)</small>	\$35	\$33	\$43
Medium Cities (47) <small>(2,500 - 10,000)</small>	\$31	\$29	\$41
Large Cities (42) <small>(over 10,000)</small>	\$27	\$26	\$39
Other Utilities (39)	\$36	\$33	
All Utilities (220)	\$33	\$31	

Source: Cannon & Cannon Survey

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### Sewer Rates - 2012

<u>Top Ten</u> (Highest)		<u>Bottom Ten</u> (Lowest)	
Dry Ridge	\$76.83	Corydon	\$12.57
Hanson	\$63.72	Elizabethtown	\$13.20
Ledbetter WD	\$63.62	Murray	\$14.19
Powell's Valley WD	\$62.80	Whitley County WD	\$14.25
Millersburg	\$58.00	Corbin	\$16.09
Clay City	\$57.35	Glasgow	\$16.80
Southern WD	\$56.94	Ashland	\$17.15
White Plains	\$56.66	Morehead	\$17.25
Garrison-Quincy WD	\$55.00	Hyden	\$17.50
Mercer County SD	\$54.50	Edmonton	\$18.02
South Shore	\$54.00	Somerset	\$18.02

Based on cost for 5000 gallons

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# Residential Water Rates

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Allen County Water District      10-5-2011      73 pages

First	2,000 gallons	<b>\$19.29</b>	minimum bill
Next	3,000 gallons	\$7.58	per 1,000 gallons
Next	5,000 gallons	\$6.42	per 1,000 gallons
Next	60,000 gallons	\$5.86	per 1,000 gallons
Over	70,000 gallons	\$5.37	per 1,000 gallons

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Christian County Water District      3-5-2010      27 pages

	0 gallons	<b>\$16.00</b>	minimum bill
		\$6.49	per 1,000 gallons

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East Logan Water District      3-1-2013      52 pages

First	2,000 gallons	<b>\$23.31</b>	minimum bill
Next	2,000 gallons	\$11.10	per 1,000 gallons
Next	2,000 gallons	\$10.67	per 1,000 gallons
Next	4,000 gallons	\$9.45	per 1,000 gallons
Over	10,000 gallons	\$7.05	per 1,000 gallons

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Edmonson County Water District      7-15-2011      38 pages

First	1,500 gallons	<b>\$12.00</b>	minimum bill
Over	1,500 gallons	\$4.50	per 1,000 gallons

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Warren County Water District      10-17-2013      36 pages

First	2,000 gallons	<b>\$11.16</b>	minimum bill
Next	8,000 gallons	\$3.41	per 1,000 gallons
Next	90,000 gallons	\$2.74	per 1,000 gallons
Next	900,000 gallons	\$2.29	per 1,000 gallons
Over	1,000,000 gallons	\$1.95	per 1,000 gallons

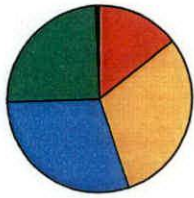
# Water Districts with Sewer Customers - 2014 PSC Annual Reports

ADD Water District	Residential				Total			Expenses	
	Cust.	Revenue	Avg. Bill	5k gal.	Cust.	Revenue	Avg. Bill	Operating	Total
LC Adair Co.	1273	\$567,791	37.17	31.00	1684	\$567,791	28.10	\$567,791	\$921,100
CV Black Mountain	8	\$1,104	11.50	29.10	8	\$1,104	11.50	\$597	\$6,384
NK East Pendleton	52	\$20,542	32.92	48.78	52	\$20,542	32.92	\$15,232	\$16,093
BR Edmonson Co.	56	\$19,472	28.98	24.73	56	\$19,472	28.98	\$10,458	\$47,191
BG Estill Co.	366	\$105,207	23.95	32.50	457	\$161,281	29.41	\$217,267	\$342,701
BR Fountain Run	91	\$6,140	5.62	18.80	104	\$11,264	9.03	\$17,796	\$56,289
BT Garrison-Quincy	291	\$141,263	40.45	55.00	316	\$155,884	41.11	\$108,948	\$204,143
NK Grant Co.	1310	\$554,209	35.26	45.81	1435	\$662,007	37.29	\$442,474	\$649,522
PU Graves Co.	172	\$86,620	41.97	35.34	189	\$103,119	45.47	\$66,192	\$90,305
LT Hardin Co. #1	8002	\$3,024,111	31.49	34.87	8866	\$6,640,389	62.41	\$4,823,945	\$6,565,562
BG Jessamine-S. Elk.	542	\$288,840	44.41	50.35	641	\$505,910	65.77	\$594,819	\$805,551
KR Knott Co.	131	\$63,639	40.48	26.94	131	\$63,639	40.48	\$46,929	\$50,484
CV Knox Co.	12	\$5,228	36.31	31.25	15	\$19,167	106.48	\$19,553	\$45,383
PE Ledbetter	779	\$450,972	48.24	63.82	815	\$451,194	46.13	\$284,722	\$450,044
KR Letcher Co.	16	\$5,540	28.85	20.00	16	\$5,727	29.83	\$9,043	\$25,332
PE Lyon Co.	40	\$11,497	23.95	30.90	45	\$22,876	42.36	\$25,075	\$46,768
BS Martin Co.	5	\$1,260	21.00	26.25	5	\$1,282	21.37	\$0	\$2,601
LC McCreary Co.	796	\$245,260	25.68	33.25	1073	\$793,683	61.64	\$887,303	\$1,542,651
BS Mountain	2178	\$690,162	26.41	32.00	2372	\$919,404	32.30	\$1,241,268	\$2,236,243
BG Powell's Valley	67	\$33,668	41.88	62.80	108	\$79,820	61.59	\$65,866	\$86,411
PU South 641	161	\$28,545	14.77	19.69	220	\$40,322	15.27	\$93,795	\$140,459
BS Southern	330	\$155,085	39.83	56.94	342	\$162,868	39.31	\$128,835	\$217,242
PU Symsonia	249	\$95,588	31.99	28.21	264	\$95,588	30.17	\$96,266	\$127,611
BR Warren Co.	5067	\$1,368,567	22.51	27.25	5522	\$3,615,259	54.56	\$2,625,270	\$3,484,426
CV Wood Creek	1049	\$400,142	31.79	42.37	1235	\$646,730	43.64	\$427,157	\$815,351
<b>Total 2014</b>	<b>23043</b>	<b>\$8,370,452</b>			<b>25971</b>	<b>\$15,766,322</b>		<b>\$12,816,601</b>	<b>\$18,975,847</b>
<b>Average</b>	<b>922</b>	<b>\$ 334,818</b>	<b>\$ 30.70</b>	<b>\$ 36.32</b>	<b>1039</b>	<b>\$ 630,653</b>	<b>\$ 40.68</b>	<b>\$512,664</b>	<b>\$759,034</b>
<b>Median</b>	<b>249</b>	<b>\$ 95,588</b>	<b>\$ 31.79</b>	<b>\$ 32.00</b>	<b>264</b>	<b>\$ 103,119</b>	<b>\$ 39.31</b>	<b>\$96,266</b>	<b>\$140,459</b>

2013 PSC Report

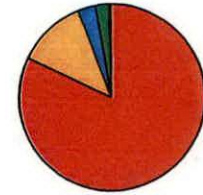
6/22/2015

## 404 Public Water Systems in Kentucky



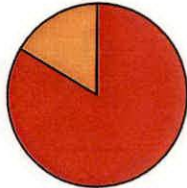
54	Very Small	(<500)
122	Small	(501-3,300)
116	Medium	(3,301-10,000)
109	Large	(10,001-100,000)
3	Very Large	(>100,000)

## 151,087 United States



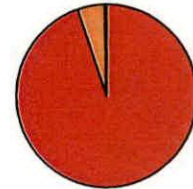
123,348
18,626
4,987
3,721
406

## 43 Distinct Non-community Systems



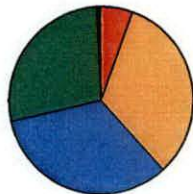
36	Very Small	(<500)
7	Small	(501-3,300)
-	Medium	(3,301-10,000)
-	Large	(10,001-100,000)
-	Very Large	(>100,000)

## 100,943 United States



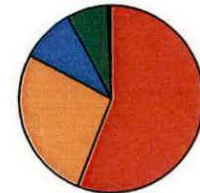
95,580
5,135
202
25
2

## 361 Distinct Community Water Systems

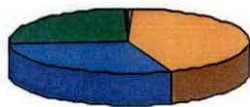


18	Very Small	(<500)
115	Small	(501-3,300)
116	Medium	(3,301-10,000)
109	Large	(10,001-100,000)
3	Very Large	(>100,000)

## 50,144 United States



27,768
13,491
4,785
3,696
404



### 201 Municipal Utilities

1	Very Small	(<500)
89	Small	(501-3,300)
60	Medium	(3,301-10,000)
50	Large	(10,001-100,000)
1	Very Large	(>100,000)

Examples:

Columbus

Louisville Water Company

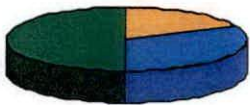


### 112 Water Districts

2	Very Small	(<500)
15	Small	(501-3,300)
48	Medium	(3,301-10,000)
46	Large	(10,001-100,000)
1	Very Large	(>100,000)

Cunningham, Milburn

Northern Kentucky Water District



### 21 Water Associations

-	Very Small	(<500)
3	Small	(501-3,300)
7	Medium	(3,301-10,000)
11	Large	(10,001-100,000)
-	Very Large	(>100,000)



### 27 Private/Govt/Other

15	Very Small	(<500)
8	Small	(501-3,300)
1	Medium	(3,301-10,000)
2	Large	(10,001-100,000)
1	Very Large	(>100,000)

Birkle Water Company

Doe Valley Utilities

Morehead State University

Fort Campbell

Kentucky-American Water Company

**65A.080 Annual budget -- Publication of information.**

- (1) The governing body of each special purpose governmental entity shall annually adopt a budget conforming with the requirements established under KRS 65A.020 prior to the start of the fiscal year to which the budget applies. The adopted budget may be amended by the governing body of the special purpose governmental entity throughout the fiscal year using the same process that was used for adoption of the original budget. No moneys shall be expended from any source except as provided in the originally adopted or subsequently amended budget.
- (2) In lieu of the publication requirements of KRS 424.220, but in compliance with other applicable provisions of KRS Chapter 424, each special purpose governmental entity shall, within sixty (60) days after the close of each fiscal year, publish the location where the adopted budget, financial statements, and most recent audit or attestation engagement reports may be examined by the public.

**Effective:** March 19, 2014

**History:** Amended 2014 Ky. Acts ch. 7, sec. 4, effective March 19, 2014. --  
Created 2013 Ky. Acts ch. 40, sec. 8, effective March 21, 2013.

**Legislative Research Commission Note (3/19/2014).** 2014 Ky. Acts ch. 7, sec. 11 provides that the amendments to this statute made in 2014 Ky. Acts ch. 7, sec. 4, shall apply retroactively beginning January 1, 2014.

Section 4. KRS 65.003 is amended to read as follows:

(3) Each code of ethics adopted as provided by subsection (1) or (2) of this section, or amended as provided by subsection (4) of this section, shall include but not be limited to provisions which set forth:

(a) Standards of conduct for elected and appointed officials and employees;

(b) Requirements for creation of financial disclosure statements, which shall be filed annually by all candidates for the city, county, or consolidated local government elective offices specified in subsection (1) of this section, elected, officials of each city, county, or consolidated local government, and other officials or employees of the city, county, or consolidated local government, as specified in the code of ethics, and which shall be filed with the person or group responsible for enforcement of the code of ethics; provided that:

1. Nonpaid members of jointly created agencies may be exempted from filing financial disclosure statements; and

2. Board members, officers, and employees of special purpose governmental entities shall not be required to file financial disclosure statements for their service or employment with the special purpose governmental entity, unless the special purpose governmental entity adopts more stringent requirements under KRS 65A.070 that require the filing of financial disclosure statements;

**EXCERPT**

KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM  
2015 REGULAR SESSION

Unofficial Document

Amend printed copy of HB 348/GA SFA 2