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April 22, 2014

RECEIVED

APR 28 2014

PUBLIC SERVICE
COMMISSION

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

**RE: WESTERN FLEMING COUNTY WATER DISTRICT
CASE NO. 2014-00048**

Dear Ms. Faulkner:

Pursuant to our telephone conference on April 17, 2014, at 3:00 p.m., please accept the following as a part of the above-stated Application for Rate Adjustment::

Question No. 9 – An original application and Application Supplement dated March 19, 2014, is amended and should be as follows:

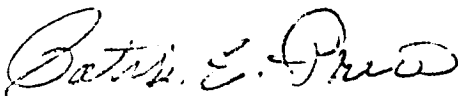
Question No. 9 on page 3 of Application should be marked "yes" and Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for twelve (12) months ending December 31, 2013.

Attached is our Income Statement using 2013 figures. *Marked Exhibit "A"*

Also, attached is a twelve (12) month breakdown by units for January 1, 2013, through December 31, 2013. *Marked Exhibit "B"*

Enclosed is the original and five (5) copies of this letter. If you need anything else, please let me know.

Sincerely,



Patrick E. Price

Enclosures

<T:/Letter/PSC-Western Fleming Water District [Deficiency] (4-18-14)>

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/2013

| | Test Year | Adjustment | Ref. | Pro Forma |
|---|--------------------------------|-------------|------|-------------|
| Operating Revenues | | | | |
| Sales of Water | | | | |
| Unmetered Water Sales | | | | 0.00 |
| Metered Water Sales | 587,318 | | | 0.00 |
| Bulk Loading Stations | | | | 0.00 |
| Fire Protection Revenue | | | | 0.00 |
| Sales for Resale <i>Bulk sales</i> | 324,667 | | | 0.00 |
| Total Sales of Water | <u>911,985</u> 0.00 | <u>0.00</u> | | <u>0.00</u> |
| Other Water Revenues | | | | |
| Forfeited Discounts | | | | 0.00 |
| Miscellaneous Service Revenues | 10,612 | | | 0.00 |
| Rents from Water Property | | | | 0.00 |
| Other Water Revenues | | | | 0.00 |
| Total Other Water Revenues | <u>10,612</u> 0.00 | <u>0.00</u> | | <u>0.00</u> |
| Total Operating Revenues | <u>922,597</u> 0.00 | <u>0.00</u> | | <u>0.00</u> |
| Operating Expenses | | | | |
| Operation and Maintenance Expenses | | | | |
| Salaries and Wages - Employees | 171,542 | | | 0.00 |
| Salaries and Wages - Officers | 12,334 | | | 0.00 |
| Employee Pensions and Benefits | 84,789 | | | 0.00 |
| Purchased Water | 62,124 | | | 0.00 |
| Purchased Power | 103,473 | | | 0.00 |
| Fuel for Power Production | | | | 0.00 |
| Chemicals | 103,034 | | | 0.00 |
| Materials and Supplies | 33,907 | | | 0.00 |
| Contractual Services | 39,539 | | | 0.00 |
| Water Testing | 10,392 | | | 0.00 |
| Rents | | | | 0.00 |
| Transportation Expenses | | | | 0.00 |
| Insurance | 20,480 | | | 0.00 |
| Regulatory Commission Expenses | 3662 | | | 0.00 |
| Bad Debt Expense | | | | 0.00 |

| | | | |
|--|-------------------------------|------|-------------|
| Miscellaneous Expenses | <u>12,519</u> | | <u>0.00</u> |
| Total Operation and Maintenance Expenses | <u>657,7950.00</u> | 0.00 | <u>0.00</u> |
| Depreciation Expense | 266,707 | | 0.00 |
| Amortization Expense | 933 | | 0.00 |
| Taxes Other Than Income | | | 0.00 |
| Income Tax Expense | | | 0.00 |
| Total Operating Expenses | <u>925,4350.00</u> | 0.00 | <u>0.00</u> |
| Utility Operating Income | <u>(28,38)</u> | 0.00 | <u>0.00</u> |

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD
 (This method is used commonly by non-profits that have long-term debts outstanding.)

| | |
|--|-----------------------|
| Pro forma Operating Expenses | 925,435 |
| Plus: Average Annual Debt Principal and Interest Payments* | 228,161 |
| Debt Coverage Requirement** | <u>0</u> |
| Total Revenue Requirement | 1,153,596 |
| Less: Other Operating Revenue | 0 |
| Non-operating Revenue | 0 |
| Interest Income | <u>2728</u> |
| Revenue Required from Rates | 1,150,868 |
| Less: Revenue from Sales at Present Rates | <u>911,985</u> |
| Required Revenue Increase | <u><u>238,883</u></u> |

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 26%

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility/lending agency.

References

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DATE: 12/30/2013 4:14:58 PM

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

Exhibit "B"

PAGE NO: 1
BY: MR

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|-----------|-------------|-------------|
| WAT | RESIDENTIAL | 1,433 | 6,726,260 | 4,694 | \$31.19 | \$44,690.38 |
| WAT | COMMERCIAL | 18 | 54,860 | 3,048 | \$26.45 | \$476.11 |
| WAT | INDUSTRIAL | - | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | - | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 2 | 223,200 | 111,600 | \$410.79 | \$821.57 |
| WAT | BULKSALES | 2 | 19,509,000 | 9,754,500 | \$13,948.22 | \$27,896.44 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,455 | 26,513,320 | 18,222 | \$50.78 | \$73,884.50 |

<<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|------------|-------------|-------------|
| WAT | RESIDENTIAL | 1,445 | 7,066,260 | 4,890 | \$32.59 | \$47,091.66 |
| WAT | COMMERCIAL | 18 | 61,090 | 3,394 | \$28.26 | \$508.66 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 2 | 247,000 | 123,500 | \$451.61 | \$903.21 |
| WAT | BULKSALES | 2 | 20,033,000 | 10,016,500 | \$14,322.88 | \$28,645.76 |
| WAT | OTHER | - | | | \$0.00 | \$0.00 |
| | TOTALS | 1,467 | 27,407,350 | 18,683 | \$52.59 | \$77,149.29 |

<<< END OF USAGE SUMMARY REPORT >>>

DATE: 10/31/2013 9:30:50 AM

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

PAGE NO: 1
BY: MR

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|-----------|-------------|-------------|
| WAT | RESIDENTIAL | 1,444 | 6,577,153 | 4,555 | \$30.81 | \$44,486.83 |
| WAT | COMMERCIAL | 18 | 40,300 | 2,239 | \$21.91 | \$394.38 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 263,200 | 87,733 | \$323.26 | \$969.79 |
| WAT | BULKSALES | 2 | 18,289,000 | 9,144,500 | \$13,075.92 | \$26,151.84 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,467 | 25,169,653 | 17,157 | \$49.08 | \$72,002.84 |

<<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
 USAGE SUMMARY REPORT
 REPORT BY CUSTOMER TYPE
 REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|------------|-------------|-------------|
| VAT | RESIDENTIAL | 1,432 | 7,816,247 | 5,458 | \$35.01 | \$50,132.75 |
| WAT | COMMERCIAL | 18 | 48,410 | 2,689 | \$24.06 | \$433.16 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 414,800 | 138,267 | \$496.71 | \$1,490.12 |
| WAT | BULKSALES | 2 | 20,527,000 | 10,263,500 | \$14,676.09 | \$29,352.18 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,455 | 28,806,457 | 19,798 | \$55.95 | \$81,408.21 |

<<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|------------|-------------|-------------|
| WAT | RESIDENTIAL | 1,431 | 7,869,520 | 5,499 | \$35.50 | \$50,794.13 |
| WAT | COMMERCIAL | 18 | 53,500 | 2,972 | \$25.57 | \$460.20 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 94,700 | 31,567 | \$124.95 | \$374.86 |
| WAT | BULKSALES | 2 | 20,984,000 | 10,492,000 | \$15,002.85 | \$30,005.69 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,454 | 29,001,720 | 19,946 | \$56.15 | \$81,634.88 |

<<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|-----------|-------------|-------------|
| WAT | RESIDENTIAL | 1,433 | 6,988,460 | 4,877 | \$32.51 | \$46,593.55 |
| WAT | COMMERCIAL | 18 | 51,550 | 2,864 | \$24.56 | \$442.16 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 144,200 | 48,067 | \$187.21 | \$561.63 |
| WAT | BULKSALES | 2 | 17,697,000 | 8,848,500 | \$12,652.64 | \$25,305.28 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,456 | 24,881,210 | 17,089 | \$50.07 | \$72,902.62 |

<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
 USAGE SUMMARY REPORT
 REPORT BY CUSTOMER TYPE
 REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|------------|-------------|-------------|
| WAT | RESIDENTIAL | 1,432 | 9,332,888 | 6,517 | \$39.97 | \$57,238.69 |
| WAT | COMMERCIAL | 18 | 67,040 | 3,724 | \$29.80 | \$536.40 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 193,300 | 64,433 | \$248.06 | \$744.18 |
| WAT | BULKSALES | 2 | 21,778,000 | 10,889,000 | \$15,570.56 | \$31,141.11 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,455 | 31,371,228 | 21,561 | \$61.62 | \$89,660.38 |

<<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
 USAGE SUMMARY REPORT
 REPORT BY CUSTOMER TYPE
 REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|--------|-------------|-------|------------|-----------|-------------|-------------|
| WAT | RESIDENTIAL | 1,427 | 6,068,882 | 4,253 | \$29.45 | \$42,029.44 |
| WAT | COMMERCIAL | 18 | 58,630 | 3,257 | \$27.37 | \$492.72 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 227,400 | 75,800 | \$288.00 | \$863.99 |
| WAT | BULKSALES | 2 | 16,906,000 | 8,453,000 | \$12,087.08 | \$24,174.15 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| TOTALS | | 1,450 | 23,260,912 | 16,042 | \$46.59 | \$67,560.30 |

<<< END OF USAGE SUMMARY REPORT >>>

DATE: 4/30/2013 11:37:08 AM

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

PAGE NO: 1
BY: MR

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|-----------|-------------|-------------|
| VAT | RESIDENTIAL | 1,425 | 6,991,109 | 4,906 | \$32.37 | \$46,126.61 |
| WAT | COMMERCIAL | 18 | 53,690 | 2,983 | \$25.79 | \$464.29 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 164,100 | 54,700 | \$215.62 | \$646.86 |
| WAT | BULKSALES | 2 | 19,566,000 | 9,783,000 | \$13,988.98 | \$27,977.95 |
| WAT | OTHER | - | | | \$0.00 | \$0.00 |
| | TOTALS | 1,448 | 26,774,899 | 18,491 | \$51.94 | \$75,215.71 |

< < END OF USAGE SUMMARY REPORT > > >

WESTERN FLEMING WATER DISTRICT
 USAGE SUMMARY REPORT
 REPORT BY CUSTOMER TYPE
 REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|-----------|-------------|-------------|
| VAT | RESIDENTIAL | 1,420 | 6,400,691 | 4,508 | \$30.45 | \$43,238.86 |
| WAT | COMMERCIAL | 18 | 46,230 | 2,568 | \$23.73 | \$427.06 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 119,400 | 39,800 | \$164.51 | \$493.54 |
| WAT | BULKSALES | 2 | 16,938,000 | 8,469,000 | \$12,109.96 | \$24,219.91 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,443 | 23,504,321 | 16,289 | \$47.39 | \$68,379.37 |

<<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|-----------|-------------|-------------|
| VAT | RESIDENTIAL | 1,418 | 6,542,740 | 4,614 | \$31.53 | \$44,702.84 |
| WAT | COMMERCIAL | 18 | 44,360 | 2,464 | \$23.07 | \$415.18 |
| WAT | INDUSTRIAL | - | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 160,100 | 53,367 | \$211.05 | \$633.14 |
| WAT | BULKSALES | 2 | 18,924,000 | 9,462,000 | \$13,529.95 | \$27,059.89 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,441 | 25,671,200 | 17,815 | \$50.53 | \$72,811.05 |

<<< END OF USAGE SUMMARY REPORT >>>

WESTERN FLEMING WATER DISTRICT
USAGE SUMMARY REPORT
REPORT BY CUSTOMER TYPE
REPORTING CURRENT BILLING FOR WATER

| SVC | TYPE | COUNT | USAGE | AVG USE | AVG CHRG | AMOUNT |
|-----|-------------|-------|------------|-----------|-------------|-------------|
| VAT | RESIDENTIAL | 1,420 | 6,437,150 | 4,533 | \$30.56 | \$43,398.23 |
| WAT | COMMERCIAL | 18 | 41,160 | 2,287 | \$21.97 | \$395.46 |
| WAT | INDUSTRIAL | | | | \$0.00 | \$0.00 |
| WAT | MULTIFAMILY | | | | \$0.00 | \$0.00 |
| WAT | PUBLICGOVT | 3 | 158,300 | 52,767 | \$208.99 | \$626.98 |
| WAT | BULKSALES | 2 | 15,901,000 | 7,950,500 | \$11,368.50 | \$22,737.00 |
| WAT | OTHER | | | | \$0.00 | \$0.00 |
| | TOTALS | 1,443 | 22,537,610 | 15,619 | \$46.54 | \$67,157.67 |

<<< END OF USAGE SUMMARY REPORT >>>