

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE EAST LAUREL	)	
WATER DISTRICT FOR APPROVAL OF A	)	CASE NO.
PROPOSED INCREASE IN RATES FOR WATER	)	2005-00476
SERVICE	)	

ORDER

On December 19, 2005, East Laurel Water District ("East Laurel") filed its application for Commission approval of proposed water rates. Commission Staff, having performed a limited financial review of East Laurel's operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 22<sup>nd</sup> day of March, 2006.

By the Commission

ATTEST:

  
Executive Director

STAFF REPORT  
ON  
EAST LAUREL WATER DISTRICT  
CASE NO. 2005-00476

On December 19, 2005, East Laurel Water District ("East Laurel") filed an application to adjust its general rates for water service. In its application East Laurel states that its total revenue requirement is \$1,843,474 and that current rates produce a revenue requirement deficiency of \$598,723. East Laurel performed a cost of service study to determine the rates necessary and appropriate to meet its revenue requirement and requests that those rates be approved by the Commission. East Laurel's proposed rates will result in a \$32.69 monthly bill for a residential customer using 5,000 gallons of water. This represents a 45.42 percent increase over the current charge at present rates for the same usage of \$22.48.

To establish the basis for its application, East Laurel selected the calendar year ended December 31, 2003, as its test year. East Laurel proposed pro forma adjustments to its test year operations. East Laurel's adjusted operating statement detailing test year operations and its adjustments thereto are shown in this report at Attachment A.

To review East Laurel's application, Staff conducted a field review to gather information concerning East Laurel's test year operating results and pro forma adjustments. The scope of Staff's review was limited to obtaining information as to whether test period operating revenues and expenses were representative of normal operations. All pro forma adjustments to test year operations are required to be known

and measurable pursuant to 807 KAR 5:001 Section 10 (7). Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

This report summarizes Staff's review and recommendations. Scott Lawless is responsible for the revenue requirement determination while Eddie Beavers determined pro forma revenues and developed the rates recommended by Staff.

At the time of East Laurel's application filing date its operating results for the calendar year ended 2004 had been published and filed with the Commission. During its review Staff decided that this reporting period would provide a better representation of East Laurel's operations since it is more current than the test year used by East Laurel. Staff recommends that the Commission use the calendar year ended 2004 as the test year in this case and has used 2004 as the test year in this report

Attachment B of this report details East Laurel's test year adjusted operating statement as determined by Staff. Attachment B also includes explanations of Staff's pro forma adjustments to test year operations as well as comments concerning the adjustments proposed by East Laurel as shown in Attachment A.

Attachment C of this report details a comparison of East Laurel's annual revenue requirements as requested by East Laurel and recommended by Staff. As shown at Attachment C, Staff determined East Laurel's revenue requirement from rates to be \$1,854,873 using a 20 percent coverage for all annual long-term debt payments. Staff recommends that the Commission approve rates for East Laurel so as to increase test year revenues from rates by \$568,418.

Staff prepared a cost of service study to determine the appropriate rate structure for East Laurel to generate the revenue requirement recommended by Staff. The study

is shown in this report at Attachment D. Staff's recommended rates are shown in Attachment D at Page 16. Pursuant to these rates the monthly bill for a residential customer using 5,000 gallons will increase to \$32.44, a 44.3 percent increase over the current charge of \$22.48 for the same usage.

East Laurel has no employees. Its operations are performed entirely by Wood Creek Water District ("Wood Creek") through an operation and maintenance contract agreement. Wood Creek also operates and maintains the water system of West Laurel Water Association, Inc. ("West Laurel") through a separate contract agreement. Wood Creek, West Laurel, and East Laurel are all operated from the office of Wood Creek using Wood Creek's employees. There is no profit realized by Wood Creek through the execution of these operating agreements. All services are billed on a cost basis.

Wood Creek bills West Laurel and East Laurel monthly for services provided. Field operating costs including payroll, transportation, equipment, and materials and supplies are tracked and directly assigned to the appropriate entity through a work order system. Through this system Wood Creek processes approximately 1,200 work orders annually for each East Laurel and West Laurel. Office expenses are allocated based on the number of customers served by each entity.

Through passage of Kentucky Revised Statute 74.361 the General Assembly of the Commonwealth determined that reduction of the number of water districts through merger is in the public interest because it will tend to eliminate wasteful duplication of costs and efforts, resulting in a more sound and businesslike degree of management and ultimately result in greater economies, less cost, and a higher degree of service to

the general public. The General Assembly states that public policy favors the merger of water districts wherever feasible.

The fact that West Laurel is an association, and not a district, does not preclude it from merger with the other districts (See KRS 74.361 (9)). The same cost savings and principals of economics referred to by the General Assemble apply to both districts and associations.

The merger of these systems would result in eliminating three water entities of the same approximate size serving about 4,800 customers each and establishing a newly formed single entity with approximately 14,400 customers and thus create greater economies of scale and financial stability.

Savings to the customers of these entities would be realized immediately upon merger. Merger of the systems would eliminate the processing of approximately 2,400 work orders where Wood Creek bills East Laurel and West Laurel for services provided. This work order process places a tremendous administrative burden on the employees of Wood Creek. There would also be immediate savings realized from eliminating the accounting, record keeping, and reporting requirements of two entities as well as eliminating the cost of maintaining two managing boards. There would be many other areas of savings as the merged entity operated and efficiencies developed over time.

The merger transition for the employees and customers of these entities would be seamless. The employees of Wood Creek already operate East Laurel and West Laurel and have an intimate knowledge of their histories and operating systems. The customers would see no change in service. All three entities are already interconnected by transmission and distribution mains and water served to all customers originates

from Wood Creek's treatment plant. The office building and address where all customers currently pay their bill and go for customer account information and assistance would not change.

Staff recommends that the Commission order the Boards of these entities to engage in discussion regarding merger of these systems and prepare and submit to the Commission a comprehensive report stating separately whether they are in favor or opposed to merger and the reasons therefore. Staff would provide assistance or guidance to these parties on this matter if requested.

Signatures

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Prepared by: Jack Scott Lawless, CPA  
Public Utility Financial Analyst  
Water and Sewer Revenue  
Requirements Branch  
Division of Financial Analysis

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Prepared by: Eddie Beavers  
Public Utility Rate Analyst  
Communications, Water and Sewer  
Rate Design Branch  
Division of Financial Analysis

ATTACHMENT A  
 STAFF REPORT CASE NO. 2005-00476  
 EAST LAUREL'S PROPOSED ADJUSTED OPERATING STATEMENT

	Test Year	Adjustments	Ref.	Pro forma
Operating Revenue				
Sales of Water	\$ 1,169,503	\$ 12,004		\$ 1,181,507
Other Water Revenues	48,283			48,283
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Total Operating Revenue	1,217,786	12,004		1,229,790
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Operating Expenses				
Operation and Maintenance				
Purchased Water	458,219	403,339		861,558
Purchased Power	22,306			22,306
Materials and Supplies	185,118			185,118
Contractual Services, Engineering	2,510			2,510
Contractual Services, Acct. and Legal	11,587			11,587
Contractual Services, Other	326,622			326,622
Insurance General Liability	7,648			7,648
Commissioner's Fees	6,930			6,930
Bad Debt	6,331			6,331
Miscellaneous	1,475			1,475
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Total Operation and Maintenance	1,028,746	403,339		1,432,085
Depreciation	189,211			189,211
Amortization	11,281			11,281
Taxes Other Than Income	2,092			2,092
	<hr/>			
Total Operating Expenses	1,231,330	403,339		1,634,669
	<hr/>			
Net Operating Income	(13,544)	(391,335)		(404,879)
Plus: Interest Income	14,961			14,961
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Income Available to Service Debt	\$ 1,417	\$ (391,335)		\$ (389,918)
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ATTACHMENT B  
STAFF REPORT CASE NO. 2005-00476  
STAFF'S RECOMMENDED ADJUSTED OPERATING STATEMENT

	Test Year	Adjustments	Ref.	Pro forma
Operating Revenue				
Sales of Water	\$ 1,223,286	\$ 12,177	(A)	\$ 1,235,463
Other Water Revenues	50,992			50,992
	<hr/>			
Total Operating Revenue	1,274,278	12,177		1,286,455
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Operating Expenses				
Operation and Maintenance				
Purchased Water	484,364	421,866	(B)	906,230
Purchased Power	26,765			26,765
Materials and Supplies	187,508			187,508
Contractual Services, Engineering	1,160			1,160
Contractual Services, Accounting	10,866			10,866
Contractual Services, Legal	100			100
Contractual Services, Other	340,964			340,964
Insurance General Liability	8,663			8,663
Insurance Other	1,607			1,607
Bad Debt	7,802			7,802
Miscellaneous	8,703			8,703
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Total Operation and Maintenance	1,078,502	421,866		1,500,368
Depreciation	193,128			193,128
Amortization	11,242			11,242
Taxes Other Than Income	1,842			1,842
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Total Operating Expenses	1,284,714	421,866		1,706,580
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Net Operating Income	(10,436)	(409,689)		(420,125)
Plus: Interest Income	11,358			11,358
	<hr/>			
Income Available to Service Debt	\$ 922	\$ (409,689)		\$ (408,767)
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(A) Water Sales. East Laurel reported water sales for 2003 and 2004 in the amounts of \$1,169,503 and \$1,223,286, respectively. East Laurel proposed to increase the 2003 amount by \$12,004 to state pro forma water sales at the amount calculated using its billing analysis for 2003. Staff recommends East Laurel's proposed adjustment be denied and the Commission instead increase 2004 water sales by \$12,177 to state pro



forma water sales at the amount calculated in Staff's billing analysis for 2004 gallons sold.

(B) Purchased Water. East Laurel purchases all its water for resale from Wood Creek. During 2003 and 2004 Wood Creek's wholesale rate was \$1.24. On November 30, 2005, in Case Number 2005-00453 Wood Creek was granted authority by the Commission to increase this rate to \$2.32. As a result East Laurel has requested that 2003 expenses be increased by \$403,339 to calculate pro forma operating expenses. Staff recommends the Commission deny this adjustment and instead increase 2004 expenses by \$421,866 as calculated below.

Thousand gallons purchased in 2004	390,616.50
Times: New rate per thousand	<u>\$2.32</u>
Pro forma	906,230
Less: Test year	<u>(484,364)</u>
Increase	<u>\$421,866</u>

ATTACHMENT C  
 STAFF REPORT CASE NO. 2005-00476  
 COMPARISON OF EAST LAUREL'S REQUESTED AND STAFF'S  
 RECOMMENDED REVENUE REQUIREMENTS

	Requested By East Laurel	Calculated By Staff	Difference
Operating Expenses	\$ 1,634,669	\$ 1,706,580	\$ 71,911
Annual Debt Service	174,004	175,536	1,532
Debt Service Coverage	34,801	35,107	306
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Total Revenue Requirement	1,843,474	1,917,223	73,749
Less: Other Operating Revenue	(48,283)	(50,992)	(2,709)
Interest Income	(14,961)	(11,358)	3,603
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Revenue Required from Rates	1,780,230	1,854,873	74,643
Less: Pro forma Revenues at Present Rates	(1,181,507)	(1,286,455)	(104,948)
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Revenue Increase	\$ 598,723	\$ 568,418	\$ (30,305)

ATTACHMENT D  
STAFF REPORT 2005-00476  
STAFF'S COST OF SERVICE STUDY

Wholesale Allocation Factors: Staff has accepted the inch diameter mile method as filed by East Laurel. However, the Wholesale Allocation Factors contained errors in the Jointly Used Inch Miles calculation which affected the Allocation Factors. The proper Total Jointly Used Inch Miles are reflected on the Inch Mile Ratio page.

Cost of Service Study:

Rates: Staff's review established the total revenue required for East Laurel is \$1,917,223. \$50,992 is obtained through other operating revenue and \$11,358 is obtained through interest income. Staff developed rates that will collect the remaining \$1,854,873 from the company's retail and wholesale customers. The utility's expenses were analyzed and allocated according to three different classifications: Pumping and Treatment, Transmission and Distribution, and Customer.

Pumping and Treatment costs are those directly associated with the cost of water. Transmission and Distribution costs are those associated with providing the facilities to meet the peak demands placed on the system. Customer costs are those incurred to serve customers regardless of the varying usage.

The Allocation of Expenses sheet of the following cost of service study shows the allocation of Operation and Maintenance expenses to the functional cost components, Commission Staff utilized information obtained through the utility's application and field reviews to allocate these costs. Administrative and general expenses are allocated to the cost components based on the subtotal allocated percentages.

The Wholesale Rate sheet of the following Cost of Service Study allocates the Operation and Maintenance expenses to the wholesale customer. Staff accepted East Laurel's method of allocating costs to transmission and distribution and to purchased power and purchased water proportionate to the wholesale customer. [See note on Wholesale Rate sheet]

Additionally, applying the inch diameter mile allocation factors to the various cost components; Staff has calculated the Wholesale Rate for East Laurel as \$3.22.

The Allocation of Retail Costs sheet of the attached Cost of Service Study allocates the remaining portion of the Revenue Requirement from Rates to the retail customer in the functional cost components of Commodity, Demand and Customer. The allocation process results in \$857,236 in commodity costs, \$629,410 in demand costs and \$290,334 in customer costs. Commodity costs are allocated across the rate steps in accordance with usage percentages. Total demand costs are allocated across the rate steps in accordance with usage that has been adjusted to reflect the higher peak demands that are caused in the lower rate steps. Total customer costs are all collected in the first rate step, or minimum bill, since those costs do not differ with varying usage.

The total for the first rate step is \$867,878 which is divided by the number of bills issued on an annual basis which calculates to a minimum bill of \$15.37 for the first 2,000 gallons. The totals for the remaining rate steps are each divided by the actual water usage for each rate step to calculate the remainder of the rates. The rates being recommended by Staff have been adjusted from the Cost of Service Study rates to reduce the impact of the increase to the larger users.

ALLOCATION OF PLANT				
	Total	Commodity	Demand	Customer
Structures and Improvements	\$ 21,125		\$ 21,125	
Pumping Equipment	179,037		179,037	
Dist. Reservoirs and Standpipes	855,566		855,566	
Transmission and Distribution Mains	5,823,582		5,823,582	
Land and Land Rights	26,161		26,161	
Meters	602,043			602,043
Services	692,017		692,017	
Hydrants	24,211			24,211
<b>Subtotal</b>	<b>8,223,742</b>		<b>7,597,488</b>	<b>626,254</b>
Percentage			0.9238	0.0762
Other Plant	7,604		7,025	579
Organization	6,608		6,105	503
<b>Total</b>	<b>\$ 8,237,954</b>		<b>\$7,610,618</b>	<b>\$ 627,336</b>
Percentage			0.9238	0.0762

ALLOCATION OF DEPRECIATION				
	Total	Commodity	Demand	Customer
Structures and Improvements	\$11,777		\$11,777	
Pumping Equipment	70,610		70,610	
Dist. Reservoirs and Standpipes	108,064		108,064	
Transmission and Distribution Mains	1,393,941		1,393,941	
Meters	328,799			328,799
Services	357,426		357,426	
Hydrants	13,591			13,591
<b>Subtotal</b>	<b>\$2,284,208</b>		<b>\$1,941,818</b>	<b>\$342,390</b>
Percentage			0.8501	0.1499
Organization	5,547		4,716	831
Other Plant	2,215		1,883	332
<b>Total</b>	<b>\$2,291,970</b>		<b>\$1,948,417</b>	<b>\$343,553</b>
Percentage			0.8501	0.1499

ALLOCATION OF EXPENSES				
		Commodity	Demand	Customer
Purchased Water	\$906,230	\$906,230		
Purchased Power	26,765	26,765		
Materials and Supplies	181,327		8,450	172,877
Contractual Services	231,930		169,306	62,624
Bad Debt Expense	7,802			7,802
Engineering	1,160		1,160	
Insurance	10,270		10,270	
Commissioner's Fees				
Depreciation	193,128		164,179	28,949
Subtotal	\$1,558,612	\$932,995	\$353,365	\$272,252
Percentage Less Commodity			0.5648	0.4352
Administrative and General				
Materials and Supplies	6,181		3,491	2,690
Accounting and Legal	10,966		6,194	4,772
Contractual Services	109,034		61,585	47,449
Taxes other than Income	1,842		1,040	802
Amortization	11,242		6,350	4,892
Miscellaneous	8,703		4,916	3,787
Total Operating and Maintenance	\$1,706,580	\$932,995	\$436,941	\$336,644
Principal and Interest	175,536		162,169	13,367
Coverage	35,107		32,434	2,673
Total Expenses	\$1,917,223	\$932,995	\$31,544	\$352,684

WATER PURCHASED AND SOLD			
Purchased		390,617,000	
Retail Sales		268,740,000	0.6880
Wholesale		23,748,000	0.0608
Flushing and Other		42,355,000	0.1084
Loss		55,774,000	0.1428



INCH MILE RATIO						
	Total System			Jointly Used		
Size	Feet	Miles	Inch Miles	Feet	Miles	Inch Miles
16	42,273	8.01	128.10	35,640	6.75	108
8	1,292	0.24	1.96	-	0.00	-
6	75,945	14.38	86.30	30,096	5.70	34.20
4	148,037	28.04	112.15	5,808	1.10	4
3	41,945	7.94	23.83	-	-	-
2	29,969	5.68	11.35	-	-	-
	339,461	64.29	363.69	71,544	13.55	146.60
Inch Mile Ratio		0.4031				

ALLOCATION FACTORS				
Plant Use and Line Loss and Other	0.2512			
Water Production Factor	1			1.3355
	1 - .2512			
Jointly Used Pipe / Total Pipe	146.60	/	363.69	0.4031
<b>Wholesale Water Production Factor</b>				
Plant and System Use + Line Loss x Jointly Used Lines	0.2512	x	0.4031	0.1013
Wholesale Water Production Factor	1			1.1127
	1 - .1013			
Wholesale Production Allocation Factor	1.1127 x 23,748,000			0.0676
	1.3355 x 292,488,000			
Transmission Factor	23,748,000	x	0.1013	0.0082
	292,488,000			
Commodity Factor	23,748,000			0.0812
	292,488,000			

ALLOCATION OF COSTS TO RETAIL CUSTOMERS						
	Total	2,000	2,000	2,000	4,000	10,000
Actual Usage	268,679.5	95,352.5	67,433.2	36,761.4	28,776.5	40,355.9
Percentage		0.3549	0.2510	0.1368	0.1071	0.1502
		2.00	1.75	1.50	1.25	1.00
Weighted Sales	440,181.7	190,705.0	118,008.1	55,142.1	35,970.6	40,355.9
Percentage		0.4332	0.2681	0.1253	0.0817	0.0917
Commodity	\$857,236	\$304,227	\$215,149	\$117,289	\$91,813	\$128,758
Demand	629,410	272,687	168,738	78,847	51,434	57,704
Subtotal	\$1,486,646	\$576,914	\$383,887	\$196,136	\$143,247	\$186,462
Customer Chg. (56,480 bills)	290,334	290,334				
Total	\$1,776,980	\$867,248	\$383,887	\$196,136	\$143,247	\$186,462
Rate per 1,000		\$15.35	\$5.69	\$5.34	\$4.98	\$4.62
Current Rates		10.82	4.09	3.48	2.81	2.47
% Increase		42%	39%	53%	77%	87%
Requested Rates in Application		15.40	5.86	5.57	4.95	4.34
% Increase		42%	43%	60%	76%	76%

**BILLING ANALYSIS FOR YEAR ENDING DEC. 2004**

**5/8 INCH CONNECTIONS**

**STAFF RECOMMENDED RATES**

**USAGE TABLE**

	Bills	Gallons	2,000	2,000	2,000	4,000	10,000
First 2,000	14,525	11,859.0	11,859.0				
Next 2,000	17,000	51,921.9	34,000.0	17,921.9			
Next 2,000	12,240	60,659.1	24,480.0	24,480.0	11,699.1		
Next 4,000	8,746	66,075.0	17,492.0	17,492.0	17,492.0	13,599.0	
Over 10,000	3,749	67,420.0	7,498.0	7,498.0	7,498.0	14,996.0	29,930.0
<b>Total</b>	<b>56,260</b>	<b>257,935.0</b>	<b>95,329.0</b>	<b>67,391.9</b>	<b>36,689.1</b>	<b>28,595.0</b>	<b>29,930.0</b>

**REVENUE TABLE**

	Bills	Gallons	Rate	Revenue	Current	% Inc.	
First 2,000	56,260	95,329.0	\$15.40	\$866,404	\$10.82	42%	
Next 2,000		67,391.9	5.75	387,503	4.09	41%	
Next 2,000		36,689.1	5.54	203,258	3.48	59%	
Next 4,000*		28,595.0	4.86	138,972	2.81	73%	
Over 10,000**		29,930.0	4.29	128,400	2.47	74%	
<b>Total</b>	<b>56,260</b>	<b>257,935.0</b>		<b>\$1,724,536</b>			
1 Inch				14,640			
2 Inch				23,688			
3 Inch				14,185			
Other Income				62,350			
Wholesale Revenue				77,893			
Revenue Required				\$1,917,292			

NOTE: The District has requested that Cost of Service Rates not be fully implemented so as to minimize the impact on the larger users. Staff concurs with this request.

BILLING ANALYSIS FOR YEAR ENDING DEC. 2004					
1 INCH CONNECTIONS					
STAFF RECOMMENDED RATES					
USAGE TABLE					
	Bills	Gallons	6,000	4,000	10,000
First 6,000	34	91.9	91.9		
Next 4,000	21	167.8	126.0	41.8	
Over 10,000	50	2,709.1	300.0	200.0	2,209.1
Total	105	2,968.8	517.9	241.8	2,209.1
REVENUE TABLE					
	Bills	Gallons	Rate	Revenue	
First 6,000	105	517.9	\$37.98	\$3,988	
Next 4,000		241.8	4.86	\$1,175	
Over 10,000		2,209.1	4.29	\$9,477	
Total	105	2,968.8		\$14,640	

BILLING ANALYSIS FOR YEAR ENDING DEC. 2004				
2 INCH CONNECTIONS				
STAFF RECOMMENDED RATES				
USAGE TABLE				
	Bills	Gallons	20,000	20,000
First 20,000	36	56.9	56.9	
Over 20,000	55	4,493.6	1,100.0	3,393.6
Total	91	4,550.5	1,156.9	3,393.6
REVENUE TABLE				
	Bills	Gallons	Rate	Revenue
First 20,000	91	1,156.9	\$100.32	\$9,129
Over 20,000		3,393.6	4.29	14,559
Total	91	4,550.5		\$23,688

BILLING ANALYSIS FOR YEAR ENDING DEC. 2004				
3 INCH CONNECTIONS				
STAFF RECOMMENDED RATES				
USAGE TABLE				
	Bills	Gallons	30,000	30,000
First 30,000	-	-	-	
Over 30,000	24	3,225.2	720.0	2,505.2
Total	24	3,225.2	720.0	2,505.2
REVENUE TABLE				
	Bills	Gallons	Rate	Revenue
First 30,000	24	720.0	\$143.22	\$3,437
Over 30,000		2,505.2	4.29	10,748
Total	24	3,225.2		\$14,185

<b>Comparison of Rates</b>				
Gallon Usage	Current Rates	Staff Rec Rates	Increase	Percentage
1,000	\$10.82	\$15.40	\$4.58	42.3%
2,000	10.82	15.40	4.58	42.3%
3,000	14.91	21.15	6.24	41.9%
4,000	19.00	26.90	7.90	41.6%
5,000	22.48	32.44	9.96	44.3%
6,000	25.96	37.98	12.02	46.3%
7,000	28.77	42.84	14.07	48.9%
8,000	31.58	47.70	16.12	51.0%
9,000	34.39	52.56	18.17	52.8%
10,000	37.20	57.42	20.22	54.4%
20,000	61.90	100.32	38.42	62.1%
25,000	74.25	121.77	47.52	64.0%
50,000	136.00	229.02	93.02	68.4%
75,000	197.75	336.27	138.52	70.0%
100,000	259.50	443.52	184.02	70.9%
200,000	518.85	893.97	375.12	72.3%
300,000	753.50	1,301.52	548.02	72.7%
400,000	1,000.50	1,730.52	730.02	73.0%
500,000	1,247.50	2,159.52	912.02	73.1%
1,000,000	2,482.50	4,304.52	1,822.02	73.4%
2,500,000	6,187.50	10,739.52	4,552.02	73.6%
5,000,000	12,362.50	21,464.52	9,102.02	73.6%
10,000,000	24,712.50	42,914.52	18,202.02	73.7%

<b>Comparison of Rates</b>		
Block Usage	Current Rates	Staff Rec Rates
First 2,000 gallons	\$10.82	\$15.40
Next 2,000 gallons	4.09	5.75
Next 2,000 gallons	3.48	5.54
Next 4,000 gallons	2.81	4.86
Over 10,000 gallons	2.47	4.29

<b>Effect on Customer Average Bill - 5,000 Gallons Usage</b>				
Current Rates	Staff Rec Rates	Amount Increase	% Increase	
<b>\$22.48</b>	<b>\$32.44</b>	<b>\$9.96</b>	<b>44.30%</b>	