

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WEST McCracken)
COUNTY WATER DISTRICT APPROVAL OF A) CASE NO.
PROPOSED INCREASE IN RATES FOR WATER) 2006-00542
SERVICE AND NON-RECURRING CHARGES)

ORDER

On March 9, 2007, West McCracken County Water District ("West McCracken") filed its application for Commission approval of proposed water rates for service, non-recurring charges, and revised language to its developer contract as included in its tariff. Commission Staff, having performed a limited financial review of West McCracken'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 25th day of May, 2007.

By the Commission

ATTEST:


Executive Director

STAFF REPORT
ON
WEST McCracken WATER DISTRICT
CASE NO. 2006-00542

On December 11, 2006, West McCracken Water District (“West McCracken”) submitted an application requesting to increase its rates for water service, an adjustment to certain existing non-recurring charges, creation of new non-recurring charges, approval of financing the installation of radio read meters, and approval to amend language in its developer contract that is a part of its tariff. West McCracken’s initial filing was found deficient. West McCracken supplemented its initial filing on March 6, 2007, with the deficient information and a request to withdraw the portions of the original application related to financing the installation of radio read meters. The case was then considered filed on March 6, 2007, when all filing deficiencies were cured.

To establish the basis for its adjustment to water service rates West McCracken selected the twelve months ended December 31, 2005 as its test-year. In its original application West McCracken determined its revenue requirement from volumetric rates excluding fire protection rates to be \$761,431, an increase of \$192,001 or 33.72 percent over normalized test-year revenues from volumetric rates excluding fire protection rates of \$569,430. Through its filing of March 6, 2007, West McCracken amended its revenue requirement by removing \$33,306 for annual debt payments on the radio read meters included in the original filing. This amendment restated the revenue required from volumetric rates excluding fire protection rates to \$728,125, an increase of

\$158,695 or 27.87 percent over normalized test-year revenues from volumetric rates excluding fire protection rates of \$569,430.

Based on the pro forma information present by West McCracken in its application the requested water service rates will not fully fund the revenue requirement from volumetric rates excluding fire protection as stated in West McCracken’s amended filing. West McCracken requests that the Commission approve a three-phase plan where rates will be adjusted annually over a two-year period to ultimately produce \$686,563 in annual revenues from rates for water service excluding fire protection revenue. The following summarizes the annual revenues to be generated through the proposed phase-in plan.

	Pro Forma Present Rate	Year 1	Year 2	Year 3
Revenue from Rates	\$ 569,430	\$ 646,563	\$ 663,563	\$ 686,563
Increase Over Previous Year		77,133	17,000	23,000
Increase Over Test Year		77,133	94,133	117,133

West McCracken allocated its revenue requirements to its different meter sizes through the cost of service study provided in Exhibits 10, 11, and 12 of its application. The resulting rates and their effect on a 5/8 inch metered customer using 5,000 gallons per month are shown below.

	Test Year	Year 1	Year 2	Year 3
Customer Charge				
5/8 Inch	\$ 8.39	\$ 8.95	\$ 8.95	\$ 8.95
1 Inch	19.63	20.59	20.59	20.59
2 Inch	28.06	29.89	29.89	29.89
3 Inch	47.73	50.93	50.93	50.93
4 Inch	75.83	80.91	80.91	80.91
Usage Charge per 1,000 Gallons				
Under 100,000 Gallons	\$ 3.27	\$ 3.55	\$ 3.77	\$ 4.05
Over 100,000 Gallons	2.46	3.08	3.09	3.11
Cost of 5,000 gallons to				
5/8 inch customer	\$ 24.74	\$ 26.70	\$ 27.80	\$ 29.20
Increase Over Previous Year		1.96	1.10	1.40
Percentage		7.92%	4.12%	5.04%
Increase Over Test Year		1.96	3.06	4.46
Percentage		7.92%	12.37%	18.03%

None of the information shown above includes surcharge revenue derived from a \$.42 per thousand gallon surcharge assessed by West McCracken to all customers pursuant to Commission Order date August 4, 2000, in Case No. 2000-00140.¹ That Order approved the surcharge for no longer than five years. The surcharge expired during the test-year and is no longer assessed and collected by West McCracken. West McCracken has appropriately excluded this surcharge from the proposed tariff filed in the case at bar.

To review West McCracken's rate phase-in plan Staff conducted a field review to gather information concerning West McCracken's test-year operating results and the pro forma information presented in its application. The scope of Staff's review was limited to obtaining information as to whether the test-year and pro forma financial

¹ West McCracken County Water District for an Application for a Certificate of Public Convenience and Necessity and Approval of Financing for a 500,000 Gallon Elevated Storage Tank.

information is representative of normal operations. All pro forma adjustments to test-year operations are required to be known and measurable pursuant to administrative regulation 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. Jack Scott Lawless is responsible for the revenue requirement determination while Jason Green determined pro forma revenues, developed the cost of service study, reviewed the non-recurring charge cost justification sheets, and developer contract revision.

Attachment A of this report is West McCracken's pro forma adjusted operating income statement as determined by West McCracken and included in its application. Staff compiled the adjusted income statement as shown at Attachment B. Attachment B also includes explanation of Staff's proposed adjustments as well as discussion of the adjustments made by West McCracken as shown in Attachment A.

Attachment C of this report compares West McCracken's revenue requirement as determined by West McCracken and Staff. Staff calculated West McCracken's revenue requirements from volumetric rates excluding fire protection to be \$709,468, an increase of \$118,423, or 20.04 percent, over normalized revenues from volumetric rates excluding fire protection of \$591,045.

To determine the actual amount of West McCracken's requested revenue requirement from rates excluding fire protection, Staff applied the rates requested by West McCracken in its phase-in plan to Staff's billing analysis adjusted for customer growth which is discussed in Attachment B, Item A. Through this calculation Staff

determined West McCracken's requested revenue requirements from rates excluding fire protection to be as shown below.

Phase One	\$	667,339
Phase Two		686,163
Phase Three		710,628

Staff recommends that the Commission approve rates through a three-phase plan as proposed by West McCracken to control customer "rate shock" with the third phase limited to the revenue requirement from volumetric rates found appropriate by Staff of \$709,468. Staff's recommended rates were developed using the cost of service study shown at Attachment D. The calculation of Staff's recommended rates are shown in Attachment D at pages 5 and 6 and are summarized below along with the impact on a residential customer using 5,000 gallons per month.

	Test Year	Year 1	Year 2	Year 3
Customer Charge				
5/8 Inch	\$ 8.39	\$ 5.79	\$ 5.79	\$ 5.79
1 Inch	19.63	14.47	14.47	14.47
2 Inch	28.06	57.88	57.88	57.88
3 Inch	47.73	86.82	86.82	86.82
4 Inch	75.83	144.70	144.70	144.70
Usage Charge per 1,000 Gallons				
Under 100,000 Gallons	\$ 3.27	\$ 4.29	\$ 4.44	\$ 4.63
Over 100,000 Gallons	2.46	2.98	3.06	3.15
Cost of 5,000 gallons to				
5/8 inch customer	\$ 24.74	\$ 27.24	\$ 27.99	\$ 28.94
Increase Over Previous Year		2.50	0.75	0.95
Percentage		10.11%	2.75%	3.39%
Increase Over Test Year		2.50	3.25	4.20
Percentage		10.11%	13.14%	16.98%

Phases one and two rates produce revenues of \$670,068 and \$687,673, respectively. Phase three rates produce Staff's recommended revenue requirement from volumetric rates excluding fire protection of \$709,468.

In the cost of service study depreciation was reduced from the pro forma amount as shown in Attachment B to the level necessary to equal the revenue requirement of phases one and two. Staff recommends that each of the first two phases be assessed for a one-year period after which time phase three rates should become effective and charged for services until further Order of the Commission.

Staff recommends that West McCracken be required to file with the Commission a revised tariff within thirty days prior to the effective date of phase two and phase three rates. West McCracken should also be required to provide its customers with a one-time notice with the implementation of phase two and phase three rates.

West McCracken requested the following changes to its non-recurring charges.

	Current	Proposed
Tap Fees		
5/8 Inch	\$ 480	\$ 700
1 Inch	583	Actual Cost
2 Inch and Above	Actual Cost	Actual Cost
Customer Request Meter Relocation	-	Actual Cost
Reconnect / Disconnect for Non-Payment	20	75
Returned Check Charge	15	20
Customer Request Meter Re-Read	15	40
Cusotmer Request Meter Re-Read After Hours	-	60
Customer Request Meter Test	25	100

West McCracken provided cost justification sheets for each of the non-recurring charges that are fixed amounts. Those that are stated at actual cost are for services that can vary greatly from one customer to another making actual cost recovery appropriate. Staff has reviewed the cost justification sheets, finds them to be appropriate, and recommends that the Commission approve all the non-recurring charges as proposed by West McCracken and shown above.

West McCracken states in its application that it is being required to pay construction costs that should instead be borne by developers. After water lines are installed by developers and ownership is transferred to West McCracken, normal ground settling over the water main often occurs within one year. At this time West McCracken has no recourse with the developer and is required to incur the expense of re-grading, re-seeding, and re-landscaping. West McCracken proposes to amend its developer contract included as a part of its tariff so that developers must pay a deposit to West McCracken to be held for one year to pay these costs if incurred by West McCracken. The deposit would be equal to 10 percent of the cost of the water line extension made by the developer.

Staff recommends that the Commission approve a provision for deposit in West McCracken's developer contract to require, in essence, the developer to warrant his work for one year. Staff is of the opinion that the requested 10 percent deposit is excessive. A deposit of 5 percent would be adequate to cover the cost of the rehabilitation work cited by West McCracken. Staff recommends the following language be used: An advance deposit equal to 5 percent of the estimated water line construction costs made by the Developer shall be paid to West McCracken and held for a period of up to one year from the date the water line construction is fully complete and all rights and interest of ownership have passed to West McCracken. The deposit shall be used by West McCracken to offset all expenses incurred by it for re-grading, re-seeding, or re-landscaping made necessary by normal settling or other normal causes of nature. An itemized list of all charges against the deposit, along with the unused

portion, shall be provided to the Developer one year from the time West McCracken has accepted ownership of the water main extension.

Signatures:

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

Prepared by: Jason Green
Rate Analyst, Communications, Water,
and Sewer Rate Design Branch
Division of Financial Analysis

ATTACHMENT A
STAFF REPORT CASE NO. 2006-00542
WEST McCracken'S REQUESTED ADJUSTED OPERATIONS

	Test Year	Adjustments	Pro Forma
Operating Revenue			
Sales of Water			
Metered Water Sales	\$ 559,151	\$ 5,898	\$ 569,430
		4,381	1,440
Sprinkler Charge	1,440		1,440
Fire Service Charge	300		300
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Total Sales of Water	560,891	10,279	571,170
Other Operating Revenue			
Forfeited Discounts	10,598		10,598
Miscellaneous	10,254		10,254
Surcharge	71,611	(71,611)	-
	<hr/>		<hr/>
Total Other Operating Revenue	92,463	(71,611)	20,852
	<hr/>		<hr/>
Total Operating Revenue	653,354	(61,332)	592,022
	<hr/>		<hr/>
Operating Expenses			
Operation and Maintenance			
Salaries and Wages - Employees	125,430		125,430
Salaries and Wages - Commissioners	1,800		1,800
Employee Pensions and Benefits	13,958		13,958
Purchased Water	211,898	29,593	241,491
Electricity for Pumping	6,289		6,289
Chemicals	572		572
Materials and Supplies	10,989		10,989
Contractual Services - Accounting	6,950		6,950
Contractual Services - Legal	41		41
Contractual Services - Water Testing	17,504		17,504
Transportation	6,880		6,880
Insurance - General Liability	10,650		10,650
Insurance - Workmans comp	2,368		2,368
Insurance - Health	19,984		19,984
Advertising	536		536
Bad Debt	4,865		4,865
Miscellaneous	22,003		22,003
Regulatory Assessment Fee	1,035		1,035
Amortization	3,681		3,681
	<hr/>		<hr/>
Total Operation and Maintenance	467,433	29,593	497,026
Depreciation	135,137		135,137
Taxes Other Than Income	9,862		9,862
	<hr/>		<hr/>
Total Operating Expenses	612,432	29,593	642,025
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Net Operating Income	\$ 40,922	\$ (90,925)	\$ (50,003)
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ATTACHMENT B
STAFF REPORT 2006-00542
STAFF'S ADJUSTED OPERATIONS

	Test Year	Adjustments	Ref.	Pro Forma
Operating Revenue				
Sales of Water				
Metered Water Sales	\$ 559,151	\$ 31,894	(A)	\$ 591,045
Sprinkler Charge	1,440			1,440
Fire Service Charge	300			300
Total Sales of Water	<u>560,891</u>	<u>31,894</u>		<u>592,785</u>
Other Operating Revenue				
Forfeited Discounts	10,598			10,598
Miscellaneous	10,254	3,680	(B)	13,934
Surcharge			(C)	-
Total Other Operating Revenue	<u>20,852</u>	<u>3,680</u>		<u>24,532</u>
Total Operating Revenue	<u>581,743</u>	<u>35,574</u>		<u>617,317</u>
Operating Expenses				
Operation and Maintenance				
Salaries and Wages - Employees	125,430			125,430
Salaries and Wages - Commissioners	1,800			1,800
Employee Pensions and Benefits	13,958	6,841	(D)	20,799
Purchased Water	211,898	36,040	(E)	247,938
Electricity for Pumping	6,289	168	(F)	6,457
Chemicals	572			572
Materials and Supplies	10,989			10,989
Contractual Services - Accounting	6,950			6,950
Contractual Services - Legal	41			41
Contractual Services - Water Testing	17,504			17,504
Transportation	6,880			6,880
Insurance - General Liability	10,650			10,650
Insurance - Workmans comp	2,363			2,363
Insurance - Health	19,984	1,078	(G)	21,062
Advertising	536			536
Bad Debt	4,865			4,865
Miscellaneous	22,003			22,003
Total Operation and Maintenance	<u>462,712</u>	<u>44,127</u>		<u>506,839</u>
Depreciation	135,137	(4,552)	(H)	130,585
Taxes Other Than Income	10,481			10,481
Total Operating Expenses	<u>608,330</u>	<u>39,575</u>		<u>647,905</u>
Net Operating Income	(26,587)	(4,001)		(30,588)
Interest Income	10,057	(4,463)	(I)	5,594
Income Available to Service Debt	<u>\$ (16,530)</u>	<u>\$ (8,464)</u>		<u>\$ (24,994)</u>

(A) Sales of Water. In its 2005 annual report West McCracken reported test-year sales of water at \$560,891. West McCracken proposed to increase this amount by \$5,898 to restate revenues equal to its billing analysis results of \$566,789 (See West McCracken's Application, Exhibit 10, Page 1: Volumetric Sales, \$565,049 + Fire Protection, \$1,740 = \$566,789).

Staff gathered test-year billing information from West McCracken to perform a separate billing analysis and determined that the necessary adjustment is \$6,384. Staff recommends that test-year water sales be increased by \$6,384 to reflect its billing analysis.

West McCracken further increased test-year sales by \$4,381 to account for a change in its water rates for service pursuant to a purchased water adjustment made effective during the test-year. Staff agrees with West McCracken's adjustment and recommends it be accepted.

Staff has increased test-year sales by \$21,129 to account for the additional 4,198,320 gallons necessary to normalize sales for customers added to West McCracken's distribution system throughout and subsequent to the test-year. Through a recently completed main extension project West McCracken added 53 residential customers in 2005 and 47 in 2006. Staff has included as a part of pro forma revenue requirements the expenses and debt service to be incurred to serve these customers and therefore revenues from these customers should be included to properly match revenues to expenses. Staff determined the revenue adjustment by multiplying the average test-year usage from a residential customer by the number of customers

added during and subsequent to the test-year. For those customers added during the test-year Staff used a half-year provision assuming that all customers were added June 30, 2005, requiring an increase to account for only half a year. A full year was included for those added subsequent to the test-year.

Staff's recommended net adjustment to test-year water sales is then \$31,894 as shown below.

Billing Analysis Adjustment	\$ 6,384
Purchased Water Adjustment	4,381
Customer Growth Adjustment	21,129
Total Increase	<u>\$ 31,894</u>

(B) Other Operating Revenue. For the test-year West McCracken reported other operating revenue of \$20,852 consisting of \$10,598 from late payment penalties and \$10,254 from miscellaneous service revenues. In its application West McCracken did not propose adjustment to these revenues even though it is seeking to increase certain non-recurring charges from which the miscellaneous service revenues were derived. Having recommended that West McCracken's request to increase non-recurring charges be granted, Staff has increased test-year miscellaneous service revenues by \$3,630 as shown below to account for the recommended changes to non-recurring charges.

Increase in Revenue for Returned Check Charge	\$ 50
Increase in Revenue for Reconnect Fee	3,630
Increase	<u>\$ 3,680</u>
Returned Check Charge	
Number of Returned Check Charges Collected during Test Year	\$ 10
Times: New Rate	<u>20</u>
Pro Forma	200
Less: Test Year	(150)
Increase	<u>\$ 50</u>
Reconnect Fee	
Number of Reconnection Fees Collected during Test Year	\$ 66
Times: New Rate	<u>75</u>
Pro Forma	4,950
Less: Test Year	(1,320)
Increase	<u>\$ 3,630</u>

Other than the returned check charge and reconnection fee there were no occurrences during the test-year of services for which the non-recurring charges as proposed by West McCracken were assessed. For this reason Staff's adjustment was limited to these two charges.

(C) Surcharge Revenue. During the test-year West-McCracken reported revenue of \$42,827 derived from the surcharge approved by the Commission in Case No. 2000-00140 as previously discussed in the main body of this report. Since the surcharge has expired the test-year revenue should be eliminated. This adjustment, however, has no impact on the net operating income as it was appropriately shown "below the line" in West McCracken's financial statements as presented in its annual report filed with the

Commission. In its application West McCracken misstated the test-year amount “above the line” at \$71,611, the surcharge collections from the previous year.²

(D) Employee Pensions and Benefits. Test-year employee pensions and benefits were reported at \$13,958 and included training, dental insurance, and retirement expenses in the amounts of \$1,584, \$572, and \$11,802, respectively.

West McCracken participates in the County Employees Retirement System making contributions based upon full-time employee wages. During the first and second halves of the test-year the employer contribution rates were 8.48 percent and 10.98 percent, respectively. West McCracken has been notified by the retirement system that the rate to be contributed by the employer for the fiscal year ended June 30, 2008, will be 16.17 percent. This employer contribution is in addition to the 5 percent contribution made by the employee. Staff recommends that test-year expenses be increased by \$6,841 as calculated below to account for the contribution rate increase.

Test-Year Salaries and Wages Subject to Retirement	\$ 115,291
Times: Pro Forma Contribution Rate	<u>16.17%</u>
Pro forma	18,643
Less: Test Year	<u>(11,802)</u>
Increase	<u><u>\$ 6,841</u></u>

(E) Purchased Water. West McCracken reported test-year purchased water expense of \$211,898. West McCracken increased the test-year amount by \$29,593 to account for an increase in price of wholesale water from its supplier, Paducah Water. In

² West McCracken’s Audit Report at Page 4 as shown at Exhibit 8 of the Application.

July of the test-year Paducah Water increased its wholesale rate from \$1.45 per thousand gallons to \$1.50 per thousand gallons.

Staff determined that the test-year amount should be increased by \$36,040. Staff's adjustment is based on Paducah Water's current wholesale charge of \$1.50. Staff's adjustment also includes water necessary to serve the new customers added to West McCracken's distribution system during and subsequent to the test-year as discussed previously in this Attachment at Item (A) Sales of Water. To account for this increase Staff "grossed-up" the normalized sales to these customers of 4,198,320 by 2.323 percent, the test-year water loss which is calculated below.

Water Purchased	<u>196,260,000</u>	
Water Sold	150,219,900	
Flushing	6,165,000	
Fire	50,000	
Adjustment from Supplier for Over Billing Due to Faulty Meter, Includes Only 2005	<u>35,266,000</u>	See Application Exhibit 6, Page 6.
Total Sold and Used	<u>191,700,900</u>	
Water Loss	<u>4,559,100</u>	
Water Loss Percentage	<u>2.323%</u>	

Included in the water loss calculation is a 35,266,000 gallons test-year adjustment. From the middle of 2004 to the end of 2005 West McCracken was over billed by its wholesale water supplier Paducah Water by 53,020,000 gallons due to a fast reading master meter. It was determined that the total overpayment was \$77,760 and that 35,266,000 gallons were over billed during 2005. The gallons resulting from the over-reads were included in West McCracken's test-year gallons purchased as stated above and should be removed to determine water loss and pro forma purchased water expense. The entire over payment of \$77,760 was credited to purchased water

expense by West McCracken for 2005 resulting in an understatement of test-year expenses of \$25,743, the amount attributable to the over billings of 2004. Staff's adjustment corrects this understatement.

The following schedule details the calculation of Staff's purchased water adjustment.

Test-year purchases		196,260,000
Plus: Customer Growth		
Gallons to be Sold	4,198,320	
Gross-up for Water Loss	<u>97.68%</u>	
Gallons Needed to Purchase		4,298,166
Less: Test Year Gallons Refunded by Supplier for Fast Meter Readings		<u>(35,266,000)</u>
Pro Forma Gallons to be Purchased		165,292,166
Times: Current Rate Per Thousand		<u>\$ 1.50</u>
Pro Forma Purchased Water		247,938
Less: Test Year		<u>(211,898)</u>
Increase		<u><u>\$ 36,040</u></u>

(F) Electricity for Pumping. West McCracken reported test-year electricity for pumping in the amount of \$6,289. Staff has increased this amount by \$168 to account for the additional pumping to be incurred to meet the normalized purchases as discussed previously in the purchased water section of this report. The calculation is based on test-year pumping costs per gallon pumped and is detailed below.

Test Year Electricity for Pumping		\$	6,289
Divide by: Actual Gallons Pumped			
Test-Year Gallons Purchased	196,260,000		
Gallons Refunded due to Fast Meter	<u>(35,266,000)</u>		
Actual Gallons Pumped			<u>160,994,000</u>
Cost of Pumping per Gallon		\$	0.00003906
Times: Increased Gallons to Purchase for Customer Growth			<u>4,298,166</u>
Increase		\$	<u>168</u>

(G) Insurance – Health. West McCracken provides health insurance to its three full-time employees. The test-year health insurance expense was reported at \$19,984. Staff recommends that the test-year amount be increased by \$1,078, as calculated below, based on the most recent monthly premium available at the time of Staff’s field visit.

Premium Paid for March 2007	\$	1,755
Annualize		<u>12</u>
Pro Forma		21,062
Less: Test Year		<u>(19,984)</u>
Increase	\$	<u>1,078</u>

(H) Depreciation. West McCracken reported test-year depreciation expense at \$135,137. Staff has decreased the test-year amount by \$4,552 as detailed below.

Transmission and Distribution Main Change to Remaining Life	\$	(13,882)
Meters and Installations Change to Remaining Life		(2,612)
2006 Plant Additions		<u>11,942</u>
Decrease	\$	<u>(4,552)</u>

The depreciable lives assigned to West McCracken’s utility plant in service accounts are consistent with those recommended by the National Association of

Regulatory Utility Commissioners (“NARUC”) except for the lives assigned to transmission and distribution mains and meters and installations.

West McCracken assigned lives to transmission and distribution mains of 40 to 75 years with the majority being assigned 40. NARUC recommends a life range of 50 to 75 years for these mains. West McCracken assigned lives to meters and installations of 10 to 50 years with the majority being assigned 20. NARUC recommends a life range of 35 to 50 years for meters and installations. Staff has applied the straight-line, remaining life method of calculating depreciation to the mains and meter installations based on 65 and 45 year whole lives, respectively, roughly the average lives recommended by NARUC.

When calculating the remaining life Staff assumed that the asset’s in-service date was January 1 of the year placed into service even though the actual in-service date may have been different. The difference resulting from this method is not material. The following details the calculation for the adjustment to depreciation of mains and meter installations.

Transmission and Distribution Mains

Year In Service	Original Useful Whole Life	Reassigned Useful Whole Life	Age at 12/31/2005	Remaining Life Based on Reassigned Useful Whole Life	Undepreciated Balance at 12/31/2005	Annual Depreciation Based on Remaining Life
1992	40	65	14	51	\$ 3,264	\$ 64
1993	40	65	13	52	127,230	2,447
1986	50	65	20	45	41,028	912
1994	40	65	12	53	362,065	6,831
1995	40	65	11	54	44,317	821
1996	40	65	10	55	144,730	2,631
1997	40	65	9	56	534,990	9,553
1998	40	65	8	57	22,103	388
1968	75	65	38	27	300,773	11,140
1976	75	65	30	35	13,299	380
1983	50	65	23	42	25,319	603
1985	50	65	21	44	1,225	28
1986	50	65	20	45	2,062	46
1987	50	65	19	46	982	21
1988	50	65	18	47	3,697	79
1989	40	65	17	48	139,239	2,901
1990	40	65	16	49	1,846	38
1991	40	65	15	50	13,935	279
1999	40	65	7	58	168,720	2,909
2000	40	65	6	59	135,993	2,305
2001	40	65	5	60	115,526	1,925
2002	40	65	4	61	360	6
2003	40	65	3	62	76	1
2004	40	65	2	63	85,526	1,358
2005	40	65	1	64	847,246	13,238
Total					3,135,553	60,903
Less: Test Year						<u>(74,785)</u>
Decrease						<u>\$ (13,882)</u>

Meters and Installations

Year In Service	Original Useful Whole Life	Reassigned Useful Whole Life	Age at 12/31/2005	Remaining Life Based on Reassigned Useful Whole Life	Undepreciated Balance at 12/31/2005	Annual Depreciation Based on Remaining Life
1968	50	45	38	7	\$ 11,166	\$ 1,595
1976	50	45	30	15	1,849	123
1978	50	45	28	17	1,489	88
1979	50	45	27	18	1,067	59
1980	50	45	26	19	943	50
1981	50	45	25	20	1,608	80
1983	10	45	23	22		-
1984	50	45	22	23	1,462	64
1985	50	45	21	24	647	27
1986	50	45	20	25	1,663	67
1987	50	45	19	26	2,348	90
1988	50	45	18	27	2,689	100
1989	20	45	17	28	893	32
1990	20	45	16	29	693	24
1991	20	45	15	30	1,133	38
1992	20	45	14	31	1,713	55
1993	20	45	13	32	5,124	160
1994	20	45	12	33	2,191	66
1995	20	45	11	34	4,237	125
1996	20	45	10	35	3,937	112
1997	20	45	9	36	5,998	167
1998	20	45	8	37	1,653	45
1999	20	45	7	38	6,109	161
2000	20	45	6	39	6,690	172
2001	20	45	5	40	3,915	98
2002	20	45	4	41	1,915	47
2003	20	45	3	42	4,578	109
2004	20	45	2	43	3,994	93
2005	20	45	1	44	17,953	408
Total					99,658	4,253
Less: Test Year						<u>(6,865)</u>
Decrease						<u>\$ (2,612)</u>

During its review Staff identified post test-year plant additions for which an adjustment to test-year depreciation should be made. The adjustment appears below. All items included in this adjustment were placed into service during 2006.

	Cost	Life	Depreciation
Hydrants	\$ 1,194	50	\$ 24
Meters and Installations	12,773	45	284
Computer Software	740	3	247
Computer Hardware	5,863	5	1,173
Services	27,860	40	697
Tools and Shop Equipment	2,400	10	240
Transmission and Distribution Main	302,679	65	4,657
Transportation	23,107	5	<u>4,621</u>
Increase			<u><u>\$ 11,942</u></u>

(l) Interest Income. West McCracken reported test-year interest income of \$10,057 of which \$4,463 was accrued on funds deposited in a temporary cash construction account used to pay for West McCracken's latest improvement project. Staff recommends that this amount be removed to determine income available to service debt as it is non-recurring revenue accrued on funds that have been expended.

ATTACHMENT C
 STAFF REPORT CASE NO. 2006-00542
 COMPARISON OF REVENUE REQUIREMENT DETERMINATION

	Calculated By West McCracken	Calculated By Staff	Difference
Operating Expenses	\$ 642,025	\$ 647,905	\$ 5,880
Debt Service:			
Principal	56,233	46,609	(9,624)
Interest	34,344	31,249	(3,095)
Coverage at 20 Percent	18,115	15,572	(2,544)
	<hr/>		
Total Revenue Requirement	750,717	741,334	(9,383)
Less: Other Operating Income	(20,852)	(24,532)	(3,680)
Interest Income		(5,594)	(5,594)
	<hr/>		
Revenue Required from Rates	729,865	711,208	(18,657)
Less: Fire Protection Revenue	(1,740)	(1,740)	-
	<hr/>		
Revenue Required from Volumetric Rates	728,125	709,468	(18,657)
Less: Pro Forma Present Rate Revenue	(569,430)	(591,045)	(21,615)
	<hr/>		
Required Revenue Increase	<u>\$ 158,695</u>	<u>\$ 118,423</u>	<u>\$ (40,272)</u>

To determine West McCracken's revenue requirement Staff added the pro forma operating expenses as presented in Attachment B to West McCracken's debt service requirement. Staff then deducted other operating income and interest income to determine the revenue required from sales of water. Fire protection revenues were then deducted to determine the revenue requirement from volumetric rates.

To determine its debt service requirement West McCracken calculated a three-year average principal and interest payment plus a 20 percent coverage requirement. West McCracken's three-year average was based on 2006-2008. Staff used a five-year average for 2007-2011, as shown below, plus the 20 percent coverage required by West McCracken's bond resolution.

	Interest	Principal	Total
2007	35,931	72,856	108,787
2008	32,376	39,066	71,442
2009	30,895	39,383	70,278
2010	29,322	41,731	71,053
2011	27,722	40,008	67,730
<hr/>			
Five-Year Average	\$ 31,249	\$ 46,609	\$ 77,858

Staff's debt provision is based upon more recent data and helps "smooth" the effects of the annual reduction in principal payments that will occur after 2007, as demonstrated in the principal payments listed above, when West McCracken's Paducah Bank note with an outstanding balance of \$34,892 is fully retired.

Attachment D
Staff Report Case No. 2006-00542
Cost of Service Study

WEST MCCrackEN COUNTY WATER DISTRICT				
ALLOCATION OF PLANT VALUE				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Structures & Improvements	\$93,614		\$93,614	
Land & Land Rights	12,252		12,252	
Pumping Equipment	30,203		30,203	
Distribution Reservoirs & Standpipes	1,038,887		1,038,887	
Transmission & Distribution Mains	4,075,945		4,075,945	
Hydrants	56,520			\$56,520
Meters	190,108			190,108
Services	374,277		374,277	
SUBTOTAL	\$5,871,806	\$0.00	\$5,625,178	\$246,628
PERCENT	100.00%	0	95.80%	4.20%
General Plant (1)				
Tools, Shop & Garage Equipment	18,728		17,941	787
Transportation	38,043		36,445	1,598
Office Equipment	42,677		40,884	1,793
Communication Equipment	26,011		24,918	1,093
TOTAL VALUE	\$5,997,265	\$0.00	\$5,745,367	\$251,898
(1) General Plant allocated based on overall weighted allocation of all other plant.				
Note: Figures used were derived from 2005 annual report				

WEST MCCRACKEN COUNTY WATER DISTRICT				
ALLOCATION OF DEPRECIATION EXPENSE				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Structures & Improvements	\$3,240		\$3,240	
Hydrants	1,130			\$1,130
Meters	6,865			6,865
Pumping Equipment	1,338		1,338	
Services	8,327		8,327	
Distribution Reservoirs & Standpipes	27,774		27,774	
Tranmission & Distribution Mains	74,785		74,785	
SUBTOTAL	\$123,459	\$0.00	\$115,464	\$7,995
PERCENT	100.00%	0.00%	93.52%	6.48%
Tools, Shop & Garage Equipment	468		438	30
Other Plant	2,400		2,245	155
Transportation Equipment	4,494		4,203	291
Office Equipment	4,316		4,037	279
TOTAL DEPRECIATION	\$135,137	\$0.00	\$126,386	\$8,751
Note: Figures used were derived from 2005 annual report				

WEST MCCRACKEN COUNTY WATER DISTRICT

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Employee Salaries	\$84,968		\$44,062	\$40,906
Employee Benefits	20,799		10,786	10,013
Officer Salaries	1,800			1,800
Purchased Water	247,938	\$247,938		
Chemicals	572	572		
Materials & Supplies - Customer	5,182			5,182
Materials & Supplies - Maintenance	1,786		1,786	
Accounting	6,950			6,950
Legal	41			41
Bad Debt	4,865			4,865
Advertising	536			536
Insurance - General Liability	10,650		10,650	
Taxes other than Income	10,481			10,481
Electricity for Pumping	6,457	6,457		
Contractual Services - Water Testing	17,504		17,504	
SUBTOTAL	\$420,529	\$254,967	\$84,788	\$80,774
LESS COMMODITY	-\$254,967			
SUBTOTAL	\$165,562		\$84,788	\$80,774
PERCENT	100.00%		51.21%	48.79%
Salaries - Administration & General	40,462		20,721	19,741
Insurance - Workmans Comp	2,363		1,210	1,153
Insurance - Health	21,062		10,786	10,276
Materials & Supplies - Admin & General	4,021		2,059	1,962
Transportation Expense	6,880		3,523	3,357
Miscellaneous Expense	22,003		11,268	10,735
TOTAL	\$517,320	\$254,967	\$134,356	\$127,997

WEST MCCrackEN COUNTY WATER DISTRICT				
SUMMARY OF ALLOCATIONS				
PHASE IN - Year One				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		95.80%	4.20%
Available For Debt Service	\$93,430		\$89,506	\$3,924
Depreciation Percentages	100.00%		93.52%	6.48%
Total Depreciation	88,456		82,728	5,728
Total Operation & Maintenance	517,320	\$254,967	134,356.47	127,997
<i>Less: Other Operating Revenue</i>				-24,532
<i>Less: Interest Income</i>				-5,594
<i>Less: Fire Protection Revenue</i>				-1,740
COST TO PROVIDE WATER SERVICE	\$667,340	\$254,967	\$306,590	\$105,783
REVENUE REQUIRED FROM RATES	\$667,340			
SUMMARY OF ALLOCATIONS				
PHASE IN - Year Two				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		95.80%	4.20%
Available For Debt Service	\$93,430		\$89,506	\$3,924
Depreciation Percentages	100.00%		93.52%	6.48%
Total Depreciation	107,280		100,333	6,947
Total Operation & Maintenance	517,320	\$254,967	134,356	127,997
<i>Less: Other Operating Revenue</i>				-24,532
<i>Less: Interest Income</i>				-5,594
<i>Less: Fire Protection Revenue</i>				-1,740
COST TO PROVIDE WATER SERVICE	\$686,164	\$254,967	\$324,195	\$107,002
REVENUE REQUIRED FROM RATES	\$686,164			
SUMMARY OF ALLOCATIONS				
Full Cost of Service Study Allocation				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		95.80%	4.20%
Available For Debt Service	\$93,430		\$89,506	\$3,924
Depreciation Percentages	100.00%		93.52%	6.48%
Total Depreciation	130,585		122,129	8,456
Total Operation & Maintenance	517,320	\$254,967	134,356	127,997
<i>Less: Other Operating Revenue</i>				-24,532
<i>Less: Interest Income</i>				-5,594
<i>Less: Fire Protection Revenue</i>				-1,740
COST TO PROVIDE WATER SERVICE	\$709,469	\$254,967	\$345,991	\$108,511
REVENUE REQUIRED FROM RATES	\$709,469			

WEST MCCRACKEN COUNTY WATER DISTRICT				
CALCULATION OF CUSTOMER CHARGE				
Meter Size	Number of Bills	Equivalent Ratio	Equivalent 5/8" Meter	Monthly Charge
5/8"	17,338	1	17,338	\$5.79
1"	36	2.5	90	\$14.47
2"	36	10	360	\$57.88
3"	24	15	360	\$86.82
4"	24	25	600	\$144.70
Total	17,458		18,748	
Customer Expenses				\$108,511.25

WEST MCCRACKEN COUNTY WATER DISTRICT			
CALCULATION OF WATER RATES			
Phased in Rates for Year One			
	TOTAL	FIRST 100,000	OVER 100,000
FROM BILLING ANALYSIS:			
COMMODITY PERCENTS	100.00%	54.17%	45.83%
ACTUAL COMMODITY SALES	152,096,637	82,394,205	69,702,432
PEAK DEMAND WEIGHTED FACTOR		2	1
PEAK DEMAND WEIGHTED SALES	234,490,842	164,788,410	69,702,432
DEMAND PERCENTS	100.00%	70.27%	29.73%
COMMODITY COSTS	\$254,967.00	\$138,121.42	\$116,845.58
DEMAND COSTS	\$306,589.96	\$215,456.05	\$91,133.90
CUSTOMER COSTS			
TOTAL COSTS	\$561,556.96	\$353,577.47	\$207,979.48
DIVIDE BY BILLS/GALLONS		82,394,205	69,702,432
CALCULATED RATES		\$4.29	\$2.98
		FIRST 100,000	OVER 100,000
CALCULATION OF WATER RATES			
Phased in Rates for Year Two			
	TOTAL	FIRST 100,000	OVER 100,000
FROM BILLING ANALYSIS:			
COMMODITY PERCENTS	100.00%	54.17%	45.83%
ACTUAL COMMODITY SALES	152,096,637	82,394,205	69,702,432
PEAK DEMAND WEIGHTED FACTOR		2	1
PEAK DEMAND WEIGHTED SALES	234,490,842	164,788,410	69,702,432
DEMAND PERCENTS	100.00%	70.27%	29.73%
COMMODITY COSTS	\$254,967.00	\$138,121.42	\$116,845.58
DEMAND COSTS	\$324,194.95	\$227,827.96	\$96,366.99
CUSTOMER COSTS			
TOTAL COSTS	\$579,161.95	\$365,949.38	\$213,212.57
DIVIDE BY BILLS/GALLONS		82,394,205	69,702,432
CALCULATED RATES		\$4.44	\$3.06
		FIRST 100,000	OVER 100,000
CALCULATION OF WATER RATES			
Phased in Rates for Year Three			
	TOTAL	FIRST 100,000	OVER 100,000
FROM BILLING ANALYSIS:			
COMMODITY PERCENTS	100.00%	54.17%	45.83%
ACTUAL COMMODITY SALES	152,096,637	82,394,205	69,702,432
PEAK DEMAND WEIGHTED FACTOR		2	1
PEAK DEMAND WEIGHTED SALES	234,490,842	164,788,410	69,702,432
DEMAND PERCENTS	100.00%	70.27%	29.73%
COMMODITY COSTS	\$254,967.00	\$138,121.42	\$116,845.58
DEMAND COSTS	\$345,990.75	\$243,144.96	\$102,845.79
CUSTOMER COSTS			
TOTAL COSTS	\$600,957.75	\$381,266.38	\$219,691.38
DIVIDE BY BILLS/GALLONS		82,394,205	69,702,432
CALCULATED RATES		\$4.63	\$3.15
		FIRST 100,000	OVER 100,000

WEST MCCRACKEN COUNTY WATER DISTRICT

VERIFICATION OF RATES - YEAR ONE

Meter Size	Bills	Useage	Revenue
5/8 Inch	17,338	84,399,319	\$451,965.72
1 Inch	36	476,090	\$2,558.59
2 Inch	36	497,997	\$4,215.11
3 Inch	24	31,102,900	\$96,698.11
4 Inch	24	35,620,331	\$112,076.98
Totals	17,458	152,096,637	\$667,514.50

**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 5/8 X 3/4**

CLASS:	USAGE	BILLS	GALLONS	FIRST	OVER
FIRST	100,000	17,320	75,288,418	100,000	100,000
OVER	100,000	18	9,110,901	1,800,000	7,310,901

TOTAL		17,338	84,399,319	77,088,418	7,310,901
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REVENUE TABLE

REVENUE BY RATE INCREMENT

	Monthly Meter Charge	BILLS	GALLONS	RATE	REVENUE
		17,338		\$5.79	\$100,387.02
FIRST	100,000		77,088,418	\$4.28	329,938.43
OVER	100,000		7,310,901	2.96	21,640.27

TOTAL		17,338	84,399,319		\$451,965.72
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 1"**

CLASS:	USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	36	476,090	476,090	
OVER	100,000	0	0	0	0

TOTAL		36	476,090	476,090	0
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REVENUE TABLE

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
Monthly Meter Charge	36		\$14.47	\$520.92
FIRST		476,090	4.28	2,037.67
OVER		0	2.96	0.00

TOTAL	36	476,090		\$2,558.59
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 2"**

	CLASS: USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	36	497,997	497,997	
OVER	100,000	0	0	0	0

TOTAL		36	497,997	497,997	0
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
	Monthly Meter Charge	36		\$57.88	\$2,083.68
FIRST	100,000		497,997	4.28	2,131.43
OVER	100,000		0	2.96	0.00

TOTAL		36	497,997		\$4,215.11
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 3"**

	CLASS: USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	9	431,700	431,700	
OVER	100,000	15	30,671,200	1,500,000	29,171,200

TOTAL		24	31,102,900	1,931,700	29,171,200
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
	Monthly Meter Charge	24		\$86.82	\$2,083.68
FIRST	100,000		1,931,700	4.28	8,267.68
OVER	100,000		29,171,200	2.96	86,346.75

TOTAL		24	31,102,900		\$96,698.11
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 4"**

CLASS:	USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	0	0	0	
OVER	100,000	24	35,620,331	2,400,000	33,220,331

TOTAL		24	35,620,331	2,400,000	33,220,331
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REVENUE TABLE

REVENUE BY RATE INCREMENT

	Monthly Meter Charge	BILLS	GALLONS	RATE	REVENUE
		24		\$144.70	\$3,472.80
FIRST	100,000		2,400,000	4.28	10,272.00
OVER	100,000		33,220,331	2.96	98,332.18

TOTAL		24	35,620,331		\$112,076.98
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WEST MCCrackEN COUNTY WATER DISTRICT

VERIFICATION OF RATES - YEAR TWO

Meter Size	Bills	Useage	Revenue
5/8 Inch	17,338	84,399,319	\$464,884.73
1 Inch	36	476,090	\$2,634.76
2 Inch	36	497,997	\$4,294.79
3 Inch	24	31,102,900	\$99,340.88
4 Inch	24	35,620,331	\$115,118.61
Totals	17,458	152,096,637	\$686,273.76

**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 5/8 X 3/4**

CLASS:	USAGE	BILLS	GALLONS	FIRST	OVER
FIRST	100,000	17,320	75,288,418	100,000	100,000
OVER	100,000	18	9,110,901	1,800,000	7,310,901

TOTAL		17,338	84,399,319	77,088,418	7,310,901
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REVENUE TABLE

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
Monthly Meter Charge	17,338		\$5.79	\$100,387.02
FIRST	100,000	77,088,418	\$4.44	342,272.58
OVER	100,000	7,310,901	3.04	22,225.14

TOTAL	17,338	84,399,319		\$464,884.73
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 1"**

	CLASS:		GALLONS	FIRST	OVER
	USAGE	BILLS		100,000	100,000
FIRST	100,000	36	476,090	476,090	
OVER	100,000	0	0	0	0

TOTAL		36	476,090	476,090	0
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REVENUE TABLE

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
Monthly Meter Charge	36		\$14.47	\$520.92
FIRST	100,000	476,090	4.44	2,113.84
OVER	100,000	0	3.04	0.00

TOTAL	36	476,090		\$2,634.76
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 2"**

	CLASS: USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	36	497,997	497,997	
OVER	100,000	0	0	0	0

TOTAL		36	497,997	497,997	0
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
	Monthly Meter Charge	36		\$57.88	\$2,083.68
FIRST	100,000		497,997	4.44	2,211.11
OVER	100,000		0	3.04	0.00

TOTAL		36	497,997		\$4,294.79
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 3"**

	CLASS:			FIRST	OVER
	USAGE	BILLS	GALLONS	100,000	100,000
FIRST	100,000	9	431,700	431,700	
OVER	100,000	15	30,671,200	1,500,000	29,171,200

TOTAL		24	31,102,900	1,931,700	29,171,200
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Monthly Meter Charge		24		\$86.82	\$2,083.68
FIRST	100,000		1,931,700	4.44	8,576.75
OVER	100,000		29,171,200	3.04	88,680.45

TOTAL		24	31,102,900		\$99,340.88
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 4"**

	CLASS:		GALLONS	FIRST	OVER
	USAGE	BILLS		100,000	100,000
FIRST	100,000	0	0	0	
OVER	100,000	24	35,620,331	2,400,000	33,220,331

TOTAL		24	35,620,331	2,400,000	33,220,331
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REVENUE TABLE

REVENUE BY RATE INCREMENT

	Monthly Meter Charge	BILLS	GALLONS	RATE	REVENUE
		24		\$144.70	\$3,472.80
FIRST	100,000		2,400,000	4.44	10,656.00
OVER	100,000		33,220,331	3.04	100,989.81

TOTAL		24	35,620,331		\$115,118.61
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WEST MCCrackEN COUNTY WATER DISTRICT
VERIFICATION OF RATES - YEAR THREE

Meter Size	Bills	Useage	Revenue
5/8 Inch	17,338	84,399,319	\$480,335.73
1 Inch	36	476,090	\$2,725.22
2 Inch	36	497,997	\$4,389.41
3 Inch	24	31,102,900	\$102,916.73
4 Inch	24	35,620,331	\$119,228.84
Totals	17,458	152,096,637	\$709,595.93

**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 5/8 X 3/4**

	CLASS: USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	17,320	75,288,418	75,288,418	
OVER	100,000	18	9,110,901	1,800,000	7,310,901

TOTAL		17,338	84,399,319	77,088,418	7,310,901
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REVENUE TABLE

REVENUE BY RATE INCREMENT

	Monthly Meter Charge	BILLS	GALLONS	RATE	REVENUE
FIRST	100,000	17,338	77,088,418	\$5.79	\$100,387.02
OVER	100,000		7,310,901	\$4.63	356,919.38
				3.15	23,029.34

TOTAL		17,338	84,399,319		\$480,335.73
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 1"**

	CLASS: USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	36	476,090	476,090	
OVER	100,000	0	0	0	0

TOTAL		36	476,090	476,090	0
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
	Monthly Meter Charge	36		\$14.47	\$520.92
FIRST	100,000		476,090	4.63	2,204.30
OVER	100,000		0	3.15	0.00

TOTAL		36	476,090		\$2,725.22
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 2"**

	CLASS: USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	36	497,997	497,997	
OVER	100,000	0	0	0	0

TOTAL		36	497,997	497,997	0
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Monthly Meter Charge		36		\$57.88	\$2,083.68
FIRST	100,000		497,997	4.63	2,305.73
OVER	100,000		0	3.15	0.00

TOTAL		36	497,997		\$4,389.41
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 3"**

	CLASS: USAGE	BILLS	GALLONS	FIRST	OVER
FIRST	100,000	9	431,700	431,700	
OVER	100,000	15	30,671,200	1,500,000	29,171,200

TOTAL		24	31,102,900	1,931,700	29,171,200
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Monthly Meter Charge		24		\$86.82	\$2,083.68
FIRST	100,000		1,931,700	4.63	8,943.77
OVER	100,000		29,171,200	3.15	91,889.28

TOTAL		24	31,102,900		\$102,916.73
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**BILLING ANALYSIS FOR: WEST MCCRACKEN WATER
 VERIFICATION OF RATES
 USAGE TABLE
 METER SIZE: 4"**

	CLASS: USAGE	BILLS	GALLONS	FIRST 100,000	OVER 100,000
FIRST	100,000	0	0	0	
OVER	100,000	24	35,620,331	2,400,000	33,220,331

TOTAL		24	35,620,331	2,400,000	33,220,331
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REVENUE TABLE

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
Monthly Meter Charge		24		\$144.70	\$3,472.80
FIRST	100,000		2,400,000	4.63	11,112.00
OVER	100,000		33,220,331	3.15	104,644.04

TOTAL		24	35,620,331		\$119,228.84
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