



U.S. 60 Water District

PO Box 97
Bagdad, KY 40003
(502) 747-8942

March 21, 2005

Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Case No. 2005-00140

RECEIVED

MAR 31 2005

PUBLIC SERVICE
COMMISSION

TO THE COMMISSION:

The U.S. 60 Water District of Shelby and Franklin Counties, Kentucky, respectfully requests that the COMMISSION allow us to make an adjustment in our rates in accordance with 802 KAR 5:067, Purchased Water Adjustment Clause.

The District has been told by its supplier, Frankfort Electric & Water Plant Board, that a \$0.121 per 1000 gallon increase will take effect May 1, 2005. The District purchased 175,445,205 gallons from January 2004 through December 2004. The District sold 128,011,600 gallons to its customers. The difference between the old cost and new cost is expected to be \$21,228.87, the incremental cost in terms of water sold is \$0.17 per 1000 gallons. We propose to raise each gallonage block that amount.

The following documents are enclosed:

- Exhibit A. Purchased Water Rate Adjustment
- Exhibit B. Copy of Wholesale Tariff
- Exhibit C. Balance Sheet
- Exhibit D. Notice to Customers
- Exhibit E. Tariff Sheet
- Exhibit F. Purchased Water Adjustment Calculations

By copy of this letter with enclosures, we have notified the Attorney General of this application. If you have any questions, please contact Warner Broughman at (859) 271-1778, as he is handling this matter.

Yours truly,

William Eggen
Chairman

cc: Attorney General

PURCHASED WATER RATE ADJUSTMENT

Pursuant to KRS 278.012 and 278.015

U.S. 60 Water District
(Name of Utility)

March 15, 2005
(Date)

P.O. Box 97, Bagdad, KY 40003
(Business Mailing Address)

(502) 747-8942
(Telephone Number)

1. (a) Names of all wholesale suppliers and the base rate and changed rate of each. In the event the water purchased is billed by the supplier on other than a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

<u>Suppliers</u>	<u>Base Rate</u>	<u>Changed Rate</u>
(1) <u>Frankfort Electric & Water and Plant Board</u>	<u>\$1.418 per 100 gal.</u>	<u>\$1.539 per 1000 gal.</u>
(2) _____	_____	_____
(3) _____	_____	_____

2. Twelve-month Period Upon Which Purchased Water Adjustment is Based

From January 2004 through December 2004
Month & Year Month & Year

3. Statement of Water Purchases (Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. Where water is purchased from a supplier through more than one meter and bills are computed individually for each meter, purchases should also be shown separately for each meter.)

<u>Suppliers</u>	<u>Gallons Purchased Meter No. 1</u>	<u>Gallons Purchased Meter No. 2</u>
(1) <u>Frankfort Electric & Water and Plant Board</u>	<u>175,445,205</u>	_____
(2) _____	_____	_____
(3) _____	_____	_____

4. Total Sales for the 12-Months 128,011,600 gallons.

5. Purchased Water Adjustment Factor 0.17 per gallon.

NOTE: Revised tariff sheets must be attached showing rates to be charged by the utility and the effective date of such increased rates.

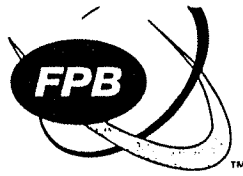
William Eggen

(Signature of Utility Officer)

Chairman

(Title)

warner Caines
General Manager



* Electric * Water * Cable
* Cable Advertising * Community TV

Frankfort Plant Board

December 30, 2004

Mr. Darrell Dees
U.S. 60 Water District
P.O. Box 97
Bagdad, Kentucky 40003

Subject: Proposed Water Rate Increase

Dear Mr. Dees:

At their regular board meeting on November 16, 2004, the Board of Directors of the Frankfort Plant Board authorized publishing notice of a public hearing on a proposed increase in water rates. A copy of the public notice is attached.

Under the proposed rates, residential and commercial customers in the City of Frankfort will see an average increase of 8.5%, customers outside the city will see an average increase of 8.5%, and resale customers (Water Districts & Georgetown Water Company) will see an increase of 8.5%. As a practical matter, an average FPB water customer using 6,000 gallons of water will see the following:

Plant Board	City	County
Current rates (month)	20.43	28.33
Proposed rates	<u>22.17</u>	<u>30.73</u>
Monthly Increase	1.74	2.40
Annual Increase	20.88	28.80

The water rates per 1,000 gallons to Resalers will also increase 8.5% from \$1.418 to \$1.539 or \$0.121 cents. Assuming that this increase would be passed directly to your customers, an average customer using 6,000 gallons of water would increase \$0.726 per month or \$8.71 per year. As you can see, even though the percentages seem formidable the actual dollar value of the proposed increases is not all that large on the basis of an average customer. It is also apparent that if the District passes the increase through to its customers the increase to the Districts customers will be less than half of the increase the Board is requiring of its customers. Obviously, customers using greater than 6,000 gallons would see greater dollar increases.

According to our records, your Water District purchased on average 15,607,000 gallons per month. At \$0.121 per thousand gallons this would be a monthly increase of \$1,888.44, \$22,661.28 per year.

Equal Opportunity/Affirmative Action Employer

317 West Second Street (P.O. Box 308) Frankfort, Kentucky 40601 Phone (502) 223-3401
Fax (502) 223-3887 www.fewpb2.com


Page Two
December 30, 2004

The advertised public hearing was held on December 21, 2004. However, since no comments were provided on behalf of your company, we are extending your opportunity to comment on the proposed increase by attending the January Board Meeting at the Frankfort Plant Board Clubhouse located at 98 Tanglewood Drive on January 18, 2005 at 11:00 a.m. Assuming that comments made during that January Meeting do not cause the Board to change the proposed rates, final approval of the water rates for resalers by the Board would occur at the regular Board meeting of February 15, 2005. Notice to the water districts and Public Service Commission would be sent on February 16, 2005 with an effective date of implementation being with the bill due and payable April 15, 2005.

If you desire, I will also meet with you or anyone else you wish to attend for the purpose of discussing the proposed increase. The meeting, however, would need to be held prior to the January 18, 2005 meeting. The Board hopes that these opportunities for input will help resolve questions you might have concerning the proposed rates, and avoid Public Service Commission involvement with its related costs in time and money for both our operations.

If you have any questions on this matter, please feel free to contact me at 502-352-4377.

Yours Truly,


Warner J. Cames
General Manager

NOTICE OF PUBLIC HEARING

The Frankfort Plant Board (FPB) will conduct a 2nd Public Hearing on Tuesday, January 18, 2005 at 11:00 a.m. at FPB's Clubhouse located at 98 Tanglewood Drive to hear only comments covering a proposed water rate increase for water services to FPB resale customers (Water Districts and Georgetown Water Company).

<u>SERVICE</u>	<u>EXISTING</u>	<u>PROPOSED</u>
1. Water Service		
A. Resale Customers -		
1. Non Water Producers	\$1.418 per 1,000 gal	\$1.539 per 1,000 gal
B. Resale Customers –		
2. Other Water Producers		
First 15 million gallons	\$1.474 per 1,000 gal	\$1.599 per 1,000 gal
Over 15 million gallons	\$1.296 per 1,000 gal	\$1.406 per 1,000 gal

AUDIT REPORT
U.S. 60 WATER DISTRICT OF SHELBY AND FRANKLIN COUNTIES
BAGDAD, KENTUCKY
AS OF
DECEMBER 31, 2004 AND 2003

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR YEARS ENDING DECEMBER 31, 2004 AND 2003

	2004		2003	
REVENUE FROM SALE OF WATER				
Residential	\$711,444	92.16 %	\$678,864	91.63 %
Commercial	28,110	3.64	31,657	4.27
Other	5,901	.76	5,286	.71
Total Operating Revenue	\$745,455	96.56 %	\$715,807	96.61 %
OTHER REVENUE				
Forfeited discounts	\$18,325	2.38 %	\$18,019	2.43 %
Miscellaneous revenue	8,205	1.06	7,102	.96
Total Other Revenue	26,530	3.44	25,121	3.39
TOTAL REVENUES	\$771,985	100.00 %	\$740,928	100.00 %
OPERATING EXPENSES				
Water Purchased	\$258,503	33.49 %	\$258,031	34.83 %
Power-pumping equipment	21,994	2.85	21,456	2.90
Maintenance-structures	919	.12		
Maintenance-pumping equipment	3,561	.46	5,027	.68
Maintenance-dist mains	10,080	1.31	10,303	1.39
Maintenance-services and meters	3,901	.51	4,016	.54
Maintenance-hydrants	57	.01	278	.04
Meter readings	21,324	2.76	20,340	2.74
Equipment rental	18,712	2.42	18,336	2.47
Operating expenses	1,680	.21	1,745	.24
Total Operating Expenses	\$340,731	44.14 %	\$339,532	45.83 %
ADMINISTRATIVE AND GENERAL EXPENSES				
Office and admin salary	\$21,307	2.76 %	\$21,056	2.84 %
Office supplies and expenses	6,029	.78	6,917	.93
Overhead reimbursement	60,035	7.78	60,035	8.10
Management salary	17,816	2.31	17,816	2.40
Accounting and legal	17,052	2.21	16,665	2.25
Commission member fees	10,400	1.35	11,566	1.56
Insurance	9,440	1.22	7,816	1.06
Interest-customer deposits	903	.12	2,079	.28
Maintenance-general properties	639	.08	4,562	.62
Miscellaneous	3,251	.42	4,814	.65
Payroll taxes	891	.11	919	.12
Total Administrative and General Expenses	147,763	19.14 %	154,245	20.81 %

See Accompanying Notes and Auditor's Report

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES
 IN NET ASSETS (CONTINUED)
 FOR YEARS ENDING DECEMBER 31, 2004 AND 2003

	2004		2003	
OTHER OPERATING DEDUCTIONS				
Depreciation-dist. plant	\$161,307	20.90 %	\$176,711	23.85 %
Amortization-debt expense	5,191	0.67	5,901	0.80
Total Other Deductions	<u>166,498</u>	<u>21.57</u>	<u>182,612</u>	<u>24.65</u>
TOTAL OPERATING EXPENSES	<u>654,992</u>	<u>84.85</u>	<u>676,389</u>	<u>91.29</u>
OPERATING INCOME	\$116,993	15.15 %	\$64,539	8.71 %
OTHER INCOME (DEDUCTIONS)				
Interest earned	\$9,236	1.20 %	\$12,736	1.72 %
Interest-long term debt	(88,601)	(11.48)	(99,846)	(13.48)
Debt-administration fee	(2,683)	(0.34)	(1,054)	(0.14)
Total Other Income (Deductions)	<u>(82,048)</u>	<u>(10.62) %</u>	<u>(88,164)</u>	<u>(11.90) %</u>
EXCESS REVENUES (EXPENDITURES)	\$34,945	4.53 %	(\$23,625)	(3.19) %
CHANGE IN EQUITY CONTRIBUTIONS				
Member tap on	\$29,855		\$35,090	
Member construction contributions	96,921		38,167	
Grants	22,000		4,500	
Total	<u>148,776</u>		<u>77,757</u>	
CHANGE IN NET ASSETS	\$183,721		\$54,132	
TOTAL NET ASSETS - JANUARY 1	<u>3,935,469</u>		<u>3,881,337</u>	
TOTAL NET ASSETS - DECEMBER 31	\$4,119,190		\$3,935,469	

See Accompanying Notes and Auditor's Report

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 6 - Fixed rate lease obligations (continued)

Future principal maturities are as follows:

	1993	1996
	<u>Lease</u>	<u>Lease</u>
2005	\$ 13,000	\$ 4,000
2006	13,000	4,000
2007	14,000	4,000
2008	14,000	4,000
2009	15,000	4,000
2010-2014	67,000	27,000
2015-2019	-0-	13,000
Total	<u>\$136,000</u>	<u>\$ 60,000</u>

NOTE 7 - Grants

The District receives various grants from local and Federal governments to help finance construction projects.

NOTE 8 - Revenue from sale of water

The following is a statistical analysis of water purchased, sold, and unbilled:

	<u>Water Purchased</u>		<u>Water Sold</u>		<u>Flushing, Leaks and</u>	
	Gallons	Cost/1000	Gallons	Sale/1000	Line Loss	
2004	175,445,205	\$1.473	128,011,600	\$5.823	47,433,605	27.03%
2003	173,006,400	\$1.491	121,679,200	\$5.883	51,327,200	29.67%
2002	156,190,400	\$1.453	124,830,600	\$5.784	31,359,800	20.08%
2001	142,466,200	\$1.363	115,032,100	\$5.653	27,434,100	19.26%
2000	134,287,500	\$1.340	105,419,600	\$5.820	28,867,900	21.50%

NOTE 9 - Related party transactions

The District receives managerial, accounts receivable processing and general office services from North Shelby Water Company. The District paid North Shelby Water Company \$172,492 and \$174,860 respectively for the years 2004 and 2003. At December 31, 2004 and 2003, there were \$7,496 and \$12,223 respectively in payables to North Shelby Water Company.

NOTICE TO THE PUBLIC OF UTILITY RATE CHANGE

U.S. 60 Water District

The rates contained in this notice are the rates proposed by U.S. 60 Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Monthly Rates

- 5/8 x 3/4-Inch Meter

First	1,000 Gallons	\$ 11.19 Minimum Bill
Next	2,000 Gallons	\$ 5.79 Per 1,000 Gallons
Next	2,000 Gallons	\$ 4.69 Per 1,000 Gallons
All Over	5,000 Gallons	\$ 4.15 Per 1,000 Gallons

- 1-Inch Meter

First	5,000 Gallons	\$ 32.15 Minimum Bill
All over	5,000 Gallons	\$ 4.15 Per 1,000 Gallons

- 2-Inch Meter

First	25,000 Gallons	\$115.18 Minimum Bill
All Over	25,000 Gallons	\$ 4.15 Per 1,000 Gallons

- Bulk Sales

		\$ 2.54 per 1,000 Gallons
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Any corporation, association, body politic or person may make a motion within thirty (30) days of this publication to request leave to intervene. Any application for such a motion shall set forth within it the grounds for the request and the status and interest of the motioning party.

Any such application for motion shall be submitted to the Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602. A copy of the application and testimony shall be made available for public inspection at the office of U.S. 60 Water District, 5913 Elmberg Road, Bagdad, Kentucky.

EXHIBIT D

Form for filing Rate Schedules

For Entire Service Area
Community, Town or City

P.S.C. KY. No. _____

13th REVISED SHEET NO. 14

CANCELLING P.S.C. KY NO. _____

12TH SHEET NO. 14

U.S. 60 WATER DISTRICT OF
SHELBY AND FRANKLIN COUNTIES, KENTUCKY

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

RATE

Applicable: **Entire Area Served**
Available: **To All Customers Service by the Water District**

Rates:

5/8 x 3/4-Inch Meter

First	1,000 Gallons	\$ 11.19 Minimum Bill
Next	2,000 Gallons	\$ 5.79 Per 1,000 Gallons
Next	2,000 Gallons	\$ 4.69 Per 1,000 Gallons
All Over	5,000 Gallons	\$ 4.15 Per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$ 32.15 Minimum Bill
All over	5,000 Gallons	\$ 4.15 Per 1,000 Gallons

2-Inch Meter

First	25,000 Gallons	\$115.18 Minimum Bill
All Over	25,000 Gallons	\$ 4.15 Per 1,000 Gallons

Bulk Sales

\$2.54 per 1,000 Gallons

Date of Issue March 15, 2005 Date Effective May 1, 2005

Issued by William Eggen Title Chairman
William Eggen

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. _____ dated _____.

