

THE HORWITZ LAW FIRM, P.S.C.

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• ADMITTED IN OHIO
† LL.M. TAXATION

February 13, 2006

Public Service Commission
Attn: Ms. Beth O'Donnell
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

FEB 16 2006

**PUBLIC SERVICE
COMMISSION**

Re: Case No. 2005-00314
Grant County Sanitary Sewer District
Third Supplemental Response Filing

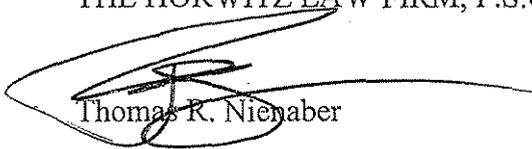
Dear Ms. O'Donnell:

Enclosed please find an original and nine copies of Grant County Sanitary Sewer District's Third Supplemental Response. Please return a file-stamped copy to my office.

If you have any questions, don't hesitate to call.

Very truly yours,

THE HORWITZ LAW FIRM, P.S.C.


Thomas R. Nienaber

TRN/csb

Enclosure

cc: Bullock Pen Water District, Attn: Mr. Bobby Burgess, Chairman
CMW, Inc., Attn: Mr. Kerry Odle, Engineer
Morris & Bressler, P.S.C., Attn: Ms. Peggy Lamb

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 16 2006

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

SUPPLEMENTAL APPLICATION OF THE GRANT)
COUNTY SANITARY SEWER DISTRICT FOR) CASE NO. 2005-00314
AUTHORITY TO ADJUST RATES - SEWAGE UTILITY)

GRANT COUNTY SANITARY SEWER DISTRICT'S
THIRD SUPPLEMENTAL RESPONSE

Comes now the Grant County Sanitary Sewer District, by and through its Chairman Bobby Burgess ("GRANT COUNTY"), and pursuant to the Commission Staff's Second Information Request submits the following supplemental information.

1. Refer to the application and supplemental application filed by Grant County. In these applications you show rates proposed by Grant County, however, you have not provided information on how these rates were developed. Provide all workpapers, calculations, assumptions and methodology on how the rates were developed by Grant County.

a. If a cost-of-service study was performed, provide this in digital format in the form of Microsoft® Office Excel 97.

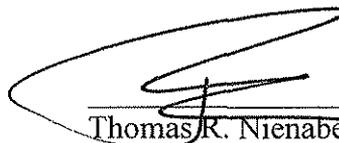
b. If no cost-of-service study was performed, provide all information relative to the development of these rates. Provide all workpapers, calculations, assumptions and methodology on how the rates were developed by Grant County.

RESPONSE

See attached Exhibit "15".

Respectfully submitted,

THE HORWITZ LAW FIRM, P.S.C.



Thomas R. Nienaber - KBA#51820
541 Buttermilk Pike, Suite 305
Crescent Springs, KY 41017
(859) 578-1000

VERIFICATION

Comes Grant County Sanitary Sewer District, by and through Bobby Burgess, its Chairman, and states that he has read the foregoing Third Supplemental Response of Grant County Sanitary Sewer District and the statements contained therein are true and correct to the best of his knowledge and belief.

GRANT COUNTY SANITARY SEWER
DISTRICT

BY: *Bobby Burgess*
BOBBY BURGESS, CHAIRMAN

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said BOBBY BURGESS, Chairman of the Grant County Sanitary Sewer District, this 13th day of February, 2006.

J. Gail Bowling
Notary Public
My Commission Expires: 11/21/07

CERTIFICATE OF SERVICE

I, Thomas R. Nienaber, do hereby certify that a copy of the foregoing was mailed by regular U.S. Mail, postage prepaid, this 13 day of February, 2006 to:

Kentucky Attorney General's office
Mr. Gregory Stumbo, Attorney General
State Capitol, Suite 118
Frankfort, Kentucky 40601

[Signature]
Thomas R. Nienaber

EXHIBIT

“15”

A cost of service study was NOT performed in order to arrive at the proposed rates. The rates were determined based on a trial and error method. When the City of Crittenden first started the operation of the Sanitary Sewer system, the rates were higher than they were at the time the system was transferred to the District. This was because the City had to issue bonds to build the sewer system, and had established rates high enough to pay off those bonds in the beginning. After the City paid off those bonds, the residential rates were lowered to the current rates now being charged by the District. The City had, however, issued new bonds immediately before transferring the sewer assets to the District and had not increased their rates in order to cover the new debt service. The first attempt was to go back to the original rates being charged by the City. They were as follows:

City of Crittenden 1987-2001

	<u>Residential</u>	<u>Commercial</u>
First 2000 Minimum Bill	18.75 Minimum	30.00 Minimum
Next 3000 Gallons	7.85 per 1,000	5.00 per 1,000
Next 5000 Gallons	6.50 per 1,000	3.00 per 1,000
Next 10000 Gallons	5.50 per 1,000	2.50 per 1,000
Over 20000 Gallons	5.50 per 1,000	2.50 per 1,000

The problem with using those rates was that although the residential rates increased substantially, the commercial rates remained unchanged. The following analysis was performed on the residential rates to determine the approximate increase at each level of usage:

Residential Rates

	<u>Current Rates¹</u>	<u>Proposed Rates</u>	<u>% Increase</u>
First 2000 Minimum Bill	13.00	18.75	44%
5,000 Gallons	29.50	42.30	43%
10,000 Gallons	50.25	74.80	49%
20,000 Gallons	102.75	129.80	26%

Since it appeared that the increase was approximately 40%, we increased the commercial rates such that they also increased 40% at each level of usage as follows:

Commercial Rates

First 2000 Minimum Bill	30.00 Minimum ²	42.00 Minimum
Next 3000 Gallons	5.00 per 1,000	7.00 per 1,000
Next 5000 Gallons	3.00 per 1,000	4.25 per 1,000
Next 10000 Gallons	2.50 per 1,000	3.50 per 1,000
Over 20000 Gallons	2.50 per 1,000	3.50 per 1,000

¹ These rates reflect the City of Crittenden rate reduction effective January 1, 2002 and the current rates charged by Grant County Sanitary Sewer District.

² Current commercial rates charged by Grant County Sanitary Sewer District.

	<u>Current Rates</u>		<u>% Increase</u>
First 2000 Minimum Bill	30.00	42.00	40%
5,000 Gallons	45.00	63.00	40%
10,000 Gallons	60.00	84.25	40%
20,000 Gallons	85.00	119.25	20%

Using these rates and information on gallons billed for the period 1/1/04 through 9/30/04 (annualized) revenue and expenses were projected to determine if the proposed rates would be sufficient to meet the District's financial needs. This study showed that these rates were not sufficient to allow the District to meet its financial obligations. The commissioners suggested that additional calculations should be made using minimum bills for residential customers of \$21.00 and \$23.25 for usage of 2,000 gallons. In like fashion, the % increase in the minimum bill was calculated and then the rates for each class of usage was increased such that each increased by approximately the same amount. The different rate tables and calculations of projected income based on each rate table are attached as Exhibit A.

Based on these revenue projections and the projected expenses listed in the performance income statement included in the information submitted to the PSC, it was determined that the rate schedule that increased the minimum bill for residential customers to \$21.00 per month was required for the District to meet its financial obligations. The percentage increase in each category is as follows:

Residential Customers

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>% Increase</u>
First 2000 Minimum Bill	13.00	21.00	62%
5,000 Gallons	29.50	44.55	51%
10,000 Gallons	50.25	77.05	53%
20,000 Gallons	102.75	132.05	29%

Commercial Customers

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>% Increase</u>
First 2000 Minimum Bill	30.00	46.50	55%
5,000 Gallons	45.00	67.50	50%
10,000 Gallons	60.00	90.00	50%
20,000 Gallons	85.00	130.00	53%

MORRIS & BRESSLER, P.S.C.

BY: Peggy Gambale, CPA

**Bullock Pan Water District
The Revenue Per Usage Tables To Proforma Statements**

Class	Revenue	Revenue	Total Revenue	Revenue	Total Revenue	Total Revenue	Total Revenue	Total Revenue
	Present Rates 1/1/03 - 12/31/03	Present Rates 1/1/03 - 11/30/03	Present Rates 1/1/03-12/31/03 Annualized	Present Rates 1/1/04-9/30/04	Present Rates 1/1/04-12/31/04 Annualized	Proposed Rates 18.75/1000	Proposed Rates 21.00/1000	Proposed Rates 23.25/1000
5/8 X 3/4 Inch Meters	293,751.25	219,860.50	293,147.33	237,816.00	317,090.87	447,428.07	477,023.07	506,618.07
5/8 X 3/4 Inch Mtrs-Comm	32,215.50	23,858.50	31,811.33	23,038.50	30,718.00	43,087.07	47,038.00	51,215.67
1 inch Meters	8,881.00	8,544.50	8,728.00	8,877.00	9,189.33	12,880.80	14,173.33	15,072.67
1 1/2 Inch Meters	4,997.50	3,712.50	5,550.00	3,300.00	4,400.00	6,197.33	6,816.00	7,218.67
2 Inch Meters	18,802.50	12,735.00	18,993.33	12,742.50	17,573.33	24,730.87	26,709.33	28,018.67
Totals	356,427.75	288,711.00	356,197.99	283,776.00	378,051.33	534,323.94	571,757.73	608,143.75
Figures Appearing In Billing Registers	<u>356,427.75</u>		<u>356,427.75</u>	<u>283,776.00</u>	Increase in Rev % Increase	156,372.61 41.00%	192,608.40 50.88%	229,192.42 60.48%
Difference	<u>-10.00</u>		<u>-230.78</u>	<u>0.00</u>				

Difference is immaterial. Tables can be relied upon to project income at proposed rates.

Class	January 1, 2004 thru September 30, 2004			Current Rates Bill for Average Usage	Proposed Rates		
	Number of Bills	Average Bill 1/1/04-9/30/04	Average Usage		18.75 Bill for Average Usage	21.00 Bill for Average Usage	23.25 Bill for Average Usage
5/8 X 3/4 Inch Meters	9,885	24.11	3,874	23.31	33.46	35.71	37.88
5/8 X 3/4 Inch Mtrs-Comm	807	37.95	3,580	37.80	53.08	57.56	62.56
1 inch Meters	72	95.51	23,583	93.96	132.54	144.33	152.73
1 1/2 Inch Meters	28	117.88	28,984	109.91	184.87	189.88	179.85
2 Inch Meters	98	132.73	35,960	124.92	175.89	188.88	197.87
Totals	10,688						

Residential Rate Table	Present Rates	Proposed Rates	Proposed Rates	Proposed Rates
First 2,000 Minimum Bill	13.00 Minimum	18.75 Minimum	21.00 Minimum	23.25 Minimum
Next 3,000 Gallons	5.50 per 1,000	7.85 per 1,000	7.85 per 1,000	7.85 per 1,000
Next 5,000 Gallons	5.25 per 1,000	6.50 per 1,000	6.50 per 1,000	6.50 per 1,000
Next 10,000 Gallons	5.25 per 1,000	5.50 per 1,000	5.50 per 1,000	5.50 per 1,000
Over 20,000 Gallons	5.25 per 1,000	5.50 per 1,000	5.50 per 1,000	5.50 per 1,000
Average Usage = 3,874 Bill for Average Usage	23.31	33.46	35.71	37.88
% Increase		41.57%	53.22%	62.87%

Commercial Rate Table	Present Rates	Proposed Rates	Proposed Rates	Proposed Rates
5/8 X 3/4 Meter				
First 2,000 Minimum Bill	30.00 Minimum	42.00 Minimum	48.50 Minimum	51.50 Minimum
Next 3,000 Gallons	5.00 per 1,000	7.00 per 1,000	7.00 per 1,000	7.00 per 1,000
Next 5,000 Gallons	3.00 per 1,000	4.40 per 1,000	4.80 per 1,000	4.50 per 1,000
Next 10,000 Gallons	2.50 per 1,000	3.50 per 1,000	4.00 per 1,000	4.25 per 1,000
Over 20,000 Gallons	2.50 per 1,000	3.50 per 1,000	4.00 per 1,000	4.25 per 1,000
Average Usage = 3,580 Bill for Average Usage	37.80	53.08	57.50	62.56
% Increase		41.00%	51.87%	65.07%
1" Meter				
First 5,000 Gallons	45.00 Minimum	63.00 Minimum	67.50 Minimum	72.50 Minimum
Next 5,000 Gallons	3.00 per 1,000	4.40 per 1,000	4.50 per 1,000	4.50 per 1,000
Next 10,000 Gallons	2.50 per 1,000	3.50 per 1,000	4.00 per 1,000	4.25 per 1,000
Over 20,000 Gallons	2.50 per 1,000	3.50 per 1,000	4.00 per 1,000	4.25 per 1,000
Average Usage = 23,583 Bill for Average Usage	93.96	132.54	144.33	152.73
% Increase		41.08%	53.81%	62.55%
1 & 1/2" Meter				
First 10,000 Gallons	80.00 Minimum	85.00 Minimum	90.00 Minimum	95.00 Minimum
Next 10,000 Gallons	2.50 per 1,000	3.50 per 1,000	4.00 per 1,000	4.25 per 1,000
Over 20,000 Gallons	2.50 per 1,000	3.50 per 1,000	4.00 per 1,000	4.25 per 1,000
Average Usage = 29,984 Bill for Average Usage	109.91	154.87	169.88	179.85
% Increase		40.81%	54.54%	63.83%
2" Meter				
First 20,000 Gallons	95.00 Minimum	120.00 Minimum	125.00 Minimum	130.00 Minimum
Over 20,000 Gallons	2.50 per 1,000	3.50 per 1,000	4.00 per 1,000	4.25 per 1,000
Average Usage = 35,960 Bill for Average Usage	124.92	175.89	188.88	197.87
% Increase		40.80%	51.18%	58.39%

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2004 to 9/30/2004

Class: 5/8 X 3/4 Inch Meters

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Bills	Gallons/Mcf	First 2000	Next 3000	Next 5,000	Over 10,000	Total
First 2,000 Minimum Bill	2,993	4,319,000	4,319,000				4,319,000
Next 3,000 Gallons	4,911	18,997,000	9,822,000	9,175,000			18,997,000
Next 5,000 Gallons	1,780	12,364,000	3,560,000	5,340,000	3,484,000		12,364,000
Over 10,000 Gallons	181	2,537,000	362,000	543,000	905,000	727,000	2,537,000
Totals	9,865	38,217,000	18,063,000	15,058,000	4,369,000	727,000	38,217,000

REVENUE TABLE
Revenue by Rate Increment
Old Rates - 9 Months & Annualized

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Bills	Gallons/Mcf	Rates	Revenue	Bills	Gallons/Mcf	Projected 2004 Revenue
First 2,000 Minimum Bill	9,865	18,063,000	13.00 Minimum	128,245.00	13,153	24,084,000	170,993.33
Next 3,000 Gallons		15,058,000	5.50 per 1,000	82,819.00		20,077,333	110,425.33
Next 5,000 Gallons		4,369,000	5.25 per 1,000	22,837.25		5,825,333	30,583.00
Over 10,000 Gallons		727,000	5.25 per 1,000	3,816.75		969,333	5,089.00
Totals	9,865	38,217,000		237,818.00	13,153	50,956,000	317,090.67

USAGE TABLE
Usage by Rate Increment
To Annualize 2004 Usage

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Bills	Gallons/Mcf	First 2000	Next 3000	Next 5,000	Over 10,000	Total
First 2,000 Minimum Bill	3,991	5,758,667	5,758,667				5,758,667
Next 3,000 Gallons	6,548	25,329,333	13,098,000	12,233,333			25,329,333
Next 5,000 Gallons	2,373	16,485,333	4,746,667	7,120,000	4,618,667		16,485,333
Over 10,000 Gallons	241	3,382,667	482,667	724,000	1,206,667	969,333	3,382,667
Totals	13,153	50,956,000	24,084,000	20,077,333	5,825,333	969,333	50,956,000

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

(1)	(2)	(3)	(4)	(5)	(4)	(5)	(4)	(5)
	Bills	Gallons/Mcf	Rates	Revenue	Rates	Revenue	Rates	Revenue
				Proposed Rates		Proposed Rates		Proposed Rates
First 2,000 Minimum Bill	13,153	24,084,000	18.75 Minimum	248,625.00	21.00 Minimum	278,220.00	23.25 Minimum	305,815.00
Next 3,000 Gallons		20,077,333	7.65 per 1,000	157,607.07	7.85 per 1,000	157,607.07	7.85 per 1,000	157,607.07
Next 5,000 Gallons		5,825,333	6.50 per 1,000	37,864.67	6.50 per 1,000	37,864.67	6.50 per 1,000	37,864.67
Over 10,000 Gallons		969,333	5.50 per 1,000	5,331.33	5.50 per 1,000	5,331.33	5.50 per 1,000	5,331.33
Totals	13,153	50,956,000		447,428.07		477,023.07		506,618.07

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2004 to 9/30/2004

Class: 5/8 X 3/4 Inch Meters - Commercial

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2000	(5) Next 3000	(6) Next 5,000	(7) Over 10,000	(8) Over 20,000	(9) Total
First 2,000 Minimum Bill	348	387,000	367,000					367,000
Next 3,000 Gallons	184	625,000	328,000	297,000				625,000
Next 5,000 Gallons	58	412,000	116,000	174,000	122,000			412,000
Over 10,000 Gallons	37	769,000	74,000	111,000	185,000	399,000		769,000
Totals	607	2,173,000	885,000	582,000	307,000	399,000	0	2,173,000

REVENUE TABLE
Revenue by Rate Increment
Old Rates - 9 Months & Annualized

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue	(6) Bills	(7) Gallons/Mcf	(8) Projected 2004 Revenue
First 2,000 Minimum Bill	607	885,000	31.00 Minimum	18,210.00	809	1,180,000	24,280.00
Next 3,000 Gallons		582,000	5.00 per 1,000	2,910.00		776,000	3,880.00
Next 5,000 Gallons		307,000	3.00 per 1,000	921.00		409,333	1,228.00
Over 10,000 Gallons		399,000	2.50 per 1,000	997.50		532,000	1,330.00
Totals	607	2,173,000		23,038.50	809	2,897,333	30,718.00

USAGE TABLE
Usage by Rate Increment
To Annualize 2004 Usage

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2000	(5) Next 3000	(6) Next 5,000	(7) Over 10,000	(8) Total
First 2,000 Minimum Bill	464	489,333	489,333				489,333
Next 3,000 Gallons	219	833,333	437,333	396,000			833,333
Next 5,000 Gallons	77	549,333	154,667	232,000	162,667		549,333
Over 10,000 Gallons	49	1,025,333	98,667	148,000	248,667	532,000	1,025,333
Totals	809	2,897,333	1,180,000	776,000	409,333	532,000	2,897,333

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue No Growth	(4) Rates	(5) Revenue Proposed Rates	(4) Rates	(5) Revenue Proposed Rates
First 2,000 Minimum Bill	809	1,180,000	42.00 Minimum	33,992.00	46.50 Minimum	37,634.00	51.50 Minimum	41,680.67
Next 3,000 Gallons		776,000	7.00 per 1,000	5,432.00	7.00 per 1,000	5,432.00	7.00 per 1,000	5,432.00
Next 5,000 Gallons		409,333	4.40 per 1,000	1,801.07	4.50 per 1,000	1,842.00	4.50 per 1,000	1,842.00
Over 10,000 Gallons		532,000	3.50 per 1,000	1,862.00	4.00 per 1,000	2,128.00	4.25 per 1,000	2,261.00
Totals	809	2,897,333		43,087.07		47,036.00		51,215.67

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2004 to 9/30/2004

Class: One Inch Meters

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 5000	(5) Next 5,000	(6) Over 10,000	(8) Total
First 5,000 Minimum Bill	38	96,000	96,000			96,000
Next 5,000 Gallons	8	64,000	40,000	24,000		64,000
Over 10,000 Gallons	28	1,538,000	140,000	140,000	1,258,000	1,538,000
Totals	72	1,698,000	276,000	164,000	1,258,000	1,698,000

REVENUE TABLE
Revenue by Rate Increment
Old Rates - 9 Months & Annualized

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue	(6) Bills	(7) Gallons/Mcf	(8) Projected 2004 Revenue
First 5,000 Minimum Bill	72	276,000	45.00 Minimum	3,240.00	98	368,000	4,320.00
Next 5,000 Gallons		184,000	3.00 per 1,000	492.00		218,667	656.00
Over 10,000 Gallons		1,258,000	2.50 per 1,000	3,145.00		1,677,333	4,193.33
Totals	72	1,698,000		6,877.00	98	2,264,000	9,169.33

USAGE TABLE
Usage by Rate Increment
To Annualize 2004 Usage

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 5000	(5) Next 5,000	(6) Over 10,000	(7) Over 20,000	(8) Total
First 5,000 Minimum Bill	48	128,000	128,000				128,000
Next 5,000 Gallons	11	85,333	53,333	32,000			85,333
Over 10,000 Gallons	37	2,050,667	186,667	186,667	1,677,333		2,050,667
Totals	96	2,264,000	368,000	218,667	1,677,333	0	2,264,000

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue No Growth	(4) Rates	(5) Revenue Proposed Rates	(4) Rates	(5) Revenue Proposed Rates
First 5,000 Minimum Bill	96	368,000	63.00 Minimum	8,048.00	67.50 Minimum	6,480.00	72.50 Minimum	6,960.00
Next 5,000 Gallons		218,667	4.40 per 1,000	962.13	4.50 per 1,000	984.00	4.50 per 1,000	984.00
Over 10,000 Gallons		1,677,333	3.50 per 1,000	5,870.67	4.00 per 1,000	6,709.33	4.25 per 1,000	7,128.67
Totals	96	2,264,000		12,880.80		14,173.33		15,072.67

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2004 to 9/30/2004

Class: 1 1/2 Inch Meters

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 10,000	(5) Over 10,000	(6) Total
First 10,000 Minimum Bill	10	11,000	11,000		11,000
Over 10,000 Gallons	18	828,000	180,000	648,000	828,000
Totals	28	839,000	191,000	648,000	839,000

REVENUE TABLE
Revenue by Rate Increment
Old Rates - 9 Months & Annualized

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue	(6) Bills	(7) Gallons/Mcf	(8) Projected 2004 Revenue
First 10,000 Minimum Bill	28	191,000	10.00 Minimum	1,680.00	37	254,667	2,240.00
Over 10,000 Gallons		648,000	2.50 per 1,000	1,620.00		864,000	2,160.00
Totals	28	839,000		3,300.00	37	1,118,667	4,400.00

USAGE TABLE
Usage by Rate Increment
To Annualize 2004 Usage

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 10,000	(5) Over 10,000	(6) Over 20,000	(7) Total
First 10,000 Minimum Bill	13	14,867	14,867			14,867
Over 10,000 Gallons	24	1,104,000	240,000	864,000		1,104,000
Totals	37	1,118,667	254,867	864,000	0	1,118,667

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue No Growth	(4) Rates	(5) Revenue Proposed Rates	(4) Rates	(5) Revenue Proposed Rates
First 10,000 Minimum Bill	37	254,667	85.00 Minimum	3,173.33	90.00 Minimum	3,360.00	85.00 Minimum	3,546.67
Over 10,000 Gallons		864,000	3.50 per 1,000	3,024.00	4.00 per 1,000	3,456.00	4.25 per 1,000	3,672.00
Totals	37	1,118,667		6,197.33		6,816.00		7,218.67

USAGE TABLE
Usage by Rate Increment
Test Period from 1/1/2004 to 9/30/2004

Class: 2 Inch Meters

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 20,000	(5) Over 10,000	(6) Total
First 20,000 Minimum Bill	31	320,000	320,000		320,000
Over 20,000 Gallons	65	3,133,000	1,300,000	1,833,000	3,133,000
Totals	96	3,453,000	1,620,000	1,833,000	3,453,000

REVENUE TABLE
Revenue by Rate Increment
Old Rates - 9 Months & Annualized

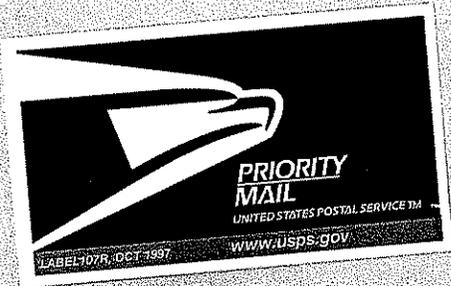
(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue	(6) Bills	(7) Gallons/Mcf	(8) Projected 2004 Revenue
First 20,000 Minimum Bill	96	1,620,000	8.50 Minimum	8,160.00	128	1,928,667	10,880.00
Over 20,000 Gallons		1,833,000	2.50 per 1,000	4,582.50		2,677,333	6,693.33
Totals	96	3,453,000		12,742.50	128	4,604,000	17,573.33

USAGE TABLE
Usage by Rate Increment
To Annualize 2004 Usage

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 20,000	(5) Over 20,000	(7) Total
First 10,000 Minimum Bill	41	428,887	426,667		426,667
Over 10,000 Gallons	87	4,177,333	1,500,000	2,677,333	4,177,333
Totals	128	4,604,000	1,926,667	2,677,333	4,604,000

REVENUE TABLE
Revenue by Rate Increment
Proposed Rates

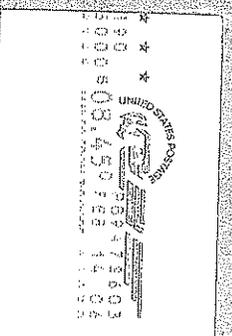
(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue No Growth	(4) Rates	(5) Revenue Proposed Rates	(4) Rates	(5) Revenue Proposed Rates
First 20,000 Minimum Bill	128	1,928,667	121.00 Minimum	15,360.00	125.00 Minimum	16,000.00	130.00 Minimum	15,640.00
Over 20,000 Gallons		2,677,333	3.50 per 1,000	9,370.67	4.00 per 1,000	10,709.33	4.25 per 1,000	11,378.67
Totals	128	4,604,000		24,730.67		26,709.33		28,018.67



TO:

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