



Steven L. Beshear
Governor

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Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
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Commonwealth of Kentucky
Public Service Commission

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Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

RECEIVED

JAN 17 2008

**PUBLIC SERVICE
COMMISSION**

January 14, 2008

Mr. Jimmy Mathis, Vice President
North Manchester Water Association
7362 North Hwy. 421
Manchester, KY 40962

2008-25

Dear Mr. Mathis:

Enclosed please find a copy of the proposed rate application which Commission Staff has completed for the North Manchester Water Association. This application reflects the utility's operations using financial information for the year 2006, adjusted to reflect Staff recommendations and any known and measurable changes occurring since then. It is prepared based upon a revenue increase of \$131,990, as shown on page 2 of the application.

If North Manchester decides to pursue the recommended rate increase, the Association needs to properly notify its customers of the proposed rate increase, have the President of the Association sign the application on pages 3 and 4, and return an original and 10 copies of the application to the Commission. **Also, the Association needs to attach a copy of its articles of incorporation as Exhibit 9.** A copy of the application should also be sent to the Office of the Attorney General at P.O. Box 2000, Frankfort, KY 40602-2000. If the application is properly filed, the Commission will process it as quickly as possible. However, the Association cannot begin charging new rates until the Commission has granted its approval of such rates by a written Order.

If you have any questions about the application, please contact me at (502) 564-3940, ext. 453. Thank you for your cooperation, and it has been a pleasure to work with you on this.

Sincerely

Jack Kaninberg
Division of Financial Analysis

RECEIVED

COMMONWEALTH OF KENTUCKY

JAN 17 2008

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE APPLICATION OF NORTH MANCHESTER)
WATER ASSOCIATION FOR APPROVAL OF) CASE NO. 2008- 25
INCREASED RATES FOR WATER SERVICE)

STATEMENT AND NOTICE

North Manchester Water Association ("North Manchester"), by counsel, pursuant to KRS 278.180 and KRS 278.190, hereby petitions the Commission for approval of a proposed increase in its water rates and charges. In support of its application, North Manchester respectfully states as follows:

1. North Manchester is a non-profit water association that has been engaged in the distribution and sale of water. It currently provides water service to approximately 1,913 customers in Clay County in Kentucky. Attached as Exhibit 9 are North Manchester's articles of incorporation and any amendments thereto. North Manchester's principal office, place of business, and mailing address is 7362 North Hwy. 421, Manchester, Kentucky 40962.
2. The proposed increase in the rates and charges is necessary for North Manchester to meet its operating expenses, to maintain financial viability, and to continue to provide adequate service.
3. As authorized by KRS 278.192 (1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, North Manchester has

utilized an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2006.

4. North Manchester's annual reports are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).

5. North Manchester hereby gives notice to the Public Service Commission of the adjustment of its rates to those rates set forth in Exhibit No. 1 in the filing requirements. The proposed rates will result in increased annual revenues of \$131,990, which is an increase of 19.256 percent over normalized revenues from water sales of \$685,433.

6. The proposed tariffs (Exhibit No. 1) are shown in comparative form on the same sheets, side by side, and those comparative sheets are identified as Exhibit No. 2 in the filing requirements.

7. North Manchester has complied with 807 KAR 5:011, Section 9, (2) and 807 KAR 5:001, Section 10, (3) and (4), by delivering to newspapers of general circulation in its service area a copy of the Notice identified as Exhibit No. 8 in the filing requirements, for publishing once a week for three consecutive weeks in a prominent manner, the first of said publications to be made no later than seven (7) days after

1-16-, 2008.

8. A copy of this filing has been mailed to the Utility Intervention and Rate Division of the Attorney General's office of the Commonwealth of Kentucky.

9. As required by 807 KAR 5:001, Section 10, (4), (f), North Manchester will post a copy of its Customer Notice (Exhibit No. 8) at its place of business on

1-16-, 2008 and it will remain posted until the Public Service Commission has determined North Manchester's rates.

10. The list of the documents filed in support of North Manchester's application for approval of the proposed adjustment of rates or the explanation for their absence is contained in the Filing Requirement Index.

WHEREFORE, the Applicant, North Manchester Water Association requests that the Public Service Commission of Kentucky grant to the Applicant its proposal to increase its rates and charges as set forth in this Petition.

Dated at Manchester, Kentucky this _____.

NORTH MANCHESTER WATER ASSOCIATION

By James C. Wertenfield
President

LAW FIRM OR ATTORNEY

By Clint Harris
(Attorney's Name)
(Attorney's Address) 21 Bankers Alley
(Post Office Box)
Manchester, Kentucky 4xxxx
(606) xxx-xxxx 40962
598-1481

COMMONWEALTH OF KENTUCKY)
)SS
COUNTY OF CLAY

The undersigned, James M. Westfield, being duly sworn, deposes and states he is the President of the North Manchester Water Association, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are there in stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this Sept 16 2008.

James M. Westfield
President
North Manchester Water Association

Subscribed and sworn to before me by James M. Westfield, President of the North Manchester Water Association, on this 1-16, 2008.

My Commission Expires 9-21, 2009

George L. Mott
Notary Public
In and for said County and State

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application – Page No. 1.
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications has been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application – Page No. 1.
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application – Page No. 2.
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Exhibit 9
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – Applicant is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – Applicant has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit No. 1.
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Exhibit No. 2.
807 KAR 5:001	Statement that notice given, see subsections (3) and (4) of	Application – Page No. 2.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
Section 10(1)(b)(9)	807 KAR 5:001, Section 10 with copy.	Exhibit No. 8.
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	NA
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit No. 4.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	N/A - less than \$1 million. Also, North Manchester does not intend to submit testimony as Commission Staff assisted with this application.
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Application – Page No. 2.
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit No. 7 (Cost-of-Service Study).
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit No 5.
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	Exhibit No. 4.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service Coverage.
807 KAR 5:001 807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	Not applicable
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	North Manchester requests a waiver from this filing requirement because annual audits are not routinely done.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit No. 6.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Word
807 KAR 5:001 Section 10 (6)(p)	Prospectuses of most recent stock or bond offerings.	N/A
807 KAR 5:001	Annual report to shareholders, or members, and statistical	N/A

**Filing Requirement Index
Historical Test Period Rate Case**

Location or Absence Reason	Filing Requirement Description	Filing Requirements
	supplements covering 2 years prior to application filing date.	Section 10 (6)(q)
North Manchester WA requests a waiver from this filing requirement as it does not produce monthly managerial reports on a routine basis, and their production at this time would result in additional expense.	Monthly managerial reports providing financial results for 12 months in test period.	807 KAR 5:001 Section 10 (6)(r)
N/A	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	807 KAR 5:001 Section 10 (6)(s)
N/A – There are no affiliate allocations.	If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable;	807 KAR 5:001 Section 10 (6)(t)

**Filing Requirement Index
Historical Test Period Rate Case**

**Location or
Absence Reason**

**Filing Requirement
Description**

**Filing
Requirements**

Exhibit No. 7.	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	807 KAR 5:001 Section 10 (6)(u)
N/A	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles.	807 KAR 5:001 Section 10 (6)(v)
Exhibit No. 3.	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	807 KAR 5:001 Section 10 (7)(a)
NA – There are no pro forma adjustments for plant additions.	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	807 KAR 5:001 Section 10 (7)(b)

**Filing Requirement Index
Historical Test Period Rate Case**

Location or Absence Reason	Filing Requirement Description	Filing Requirements
NA – There are no pro forma adjustments for plant additions.	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 8. Impact on depreciation expense of all proposed pro 	807 KAR 5:001 Section 10 (7)(c)

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	Exhibit No. 4.
	forma adjustments for plant additions and retirements;	

Exhibit Index

<u>Exhibit Title</u>	<u>Number</u>
Proposed Tariff	1
Comparison of Proposed & Current Tariff	2
Pro Forma Financial Statements	3
Pro Forma Adjustment Descriptions/Revenue Requirements Determination	4
Billing Analysis	5
Analysis of Depreciation	6
Cost of Service Study	7
Customer Notification	8
Articles of Incorporation	9

FOR _____ Community, Town or City
P.S.C. KY. NO. _____ SHEET NO. _____
CANCELLING P.S.C. KY. NO. _____ SHEET NO. _____

NORTH MANCHESTER WATER ASSOCIATION
(Name of Utility)

CONTENTS

Monthly Water Rates

<u>5/8" x 3/4" Meter</u>	
First 2,000 gallons	\$ 15.80 minimum bill
Over 2,000 gallons	4.93 per 1,000 gallons
<u>1" Meter</u>	
First 5,000 gallons	\$ 30.59 minimum bill
Over 5,000 gallons	4.93 per 1,000 gallons
<u>2" Meter</u>	
First 15,000 gallons	\$ 79.89 minimum bill
Over 15,000 gallons	4.93 per 1,000 gallons

DATE OF ISSUE _____ Month / Date / Year
DATE EFFECTIVE _____ Month / Date / Year
ISSUED BY _____ (Signature of Officer)
TITLE _____
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. _____

_____ SHEET NO. _____

NORTH MANCHESTER WATER ASSOCIATION
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

<u>5/8" X 3/4" Meter</u>	<u>5/8" X 3/4" Meter</u>	<u>5/8" X 3/4" Meter</u>
First 2,000 gallons <u>\$12.80 minimum bill</u>	First 2,000 gallons <u>\$15.80 minimum bill</u>	First 2,000 gallons <u>\$15.80 minimum bill</u>
Over 2,000 gallons <u>4.25 per 1,000 gallons</u>	Over 2,000 gallons <u>4.93 per 1,000 gallons</u>	Over 2,000 gallons <u>4.93 per 1,000 gallons</u>
<u>5/8" X 3/4" Meter</u>	<u>5/8" X 3/4" Meter</u>	<u>5/8" X 3/4" Meter</u>
First 2,000 gallons <u>\$25.55 minimum bill</u>	First 5,000 gallons <u>\$30.59 minimum bill</u>	First 5,000 gallons <u>\$30.59 minimum bill</u>
Over 2,000 gallons <u>4.25 per 1,000 gallons</u>	Over 5,000 gallons <u>4.93 per 1,000 gallons</u>	Over 5,000 gallons <u>4.93 per 1,000 gallons</u>
<u>5/8" X 3/4" Meter</u>	<u>5/8" X 3/4" Meter</u>	<u>5/8" X 3/4" Meter</u>
First 2,000 gallons <u>\$68.05 minimum bill</u>	First 15,000 gallons <u>\$79.89 minimum bill</u>	First 15,000 gallons <u>\$79.89 minimum bill</u>
Over 2,000 gallons <u>4.25 per 1,000 gallons</u>	Over 15,000 gallons <u>4.93 per 1,000 gallons</u>	Over 15,000 gallons <u>4.93 per 1,000 gallons</u>

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

N. Manchester WA Exh. 3	2006	Adjustments	Ref.	Adjusted
Adjusted Income Statement including proposed rate increase				
Water Sales Revenue	\$626,084	\$58,989 \$131,990		\$817,063
Other Operating Revenue	\$360	0		\$360
Total Operating Revenue	\$626,444	\$190,979	A	\$817,423
Employee Salaries	\$100,292	\$29,975	B	\$130,267
Officer Salaries	\$27,656	\$1,383	C	\$29,039
Pensions/Benefits	0	\$30,433	D	\$30,433
Purchased Water	\$261,357	(\$42,947)	E	\$218,410
Purchased Power	\$26,326	0		\$26,326
Chemicals	\$837	0		\$837
Materials/Supplies	\$42,736	(\$8,753)	F	\$33,983
Contract Serv.-Accounting	\$23,797	0		\$23,797
Contractual Services-Other	\$4,085	(\$1,342)	G	\$2,743
Rental-Equipment	\$3,527	0		\$3,527
Transportation Expense	\$12,346	0		\$12,346
Insurance Expense	\$25,750	(\$25,750)	H	0
Insurance-Workers' Comp	\$7,350	0		\$7,350
Insurance-Other	\$17,174	0		\$17,174
Regulatory Comm. Fee	\$1,110	0		\$1,110
Miscellaneous Expense	\$13,387	(\$727)	I	\$12,660
Operating Expense	\$567,730	(\$17,728)		\$550,002
Depreciation Expense	\$106,338	\$1,026	J	\$107,364
Amortization Expense	0	0		0
Taxes OT Income	\$9,996	\$2,191	K	\$12,187
Total Operating Expenses	\$684,064	(\$14,511)		\$669,553
Total Operating Income	(\$57,620)	\$205,490		\$147,870
Interest Income	\$1,610	0		\$1,610
Interest Expense	(\$73,954)	0		(\$73,954)
Net Income	(\$129,963)	\$205,490		\$75,527

Revenue Requirement

\$ 669,553 - Adjusted Operating Expenses
 \$ 149,480 -- Debt Service
 \$ 819,033 - Revenue Requirement
 (\$685,433) - Less Normalized Revenues
 (\$ 1,610) - Less Interest Income
\$ 131,990 - Justified Increase (19.256% increase)

Debt Service:

Pymt. Date	P&I	Servicing Fee	Total
12/1/07	\$66,129	\$1,913	\$68,042
6/1/08	\$66,129	\$1,875	\$68,004
12/1/08	\$66,129	\$1,837	\$67,966
6/1/09	\$66,129	\$1,798	\$67,927
12/1/09	\$66,129	\$1,758	\$67,887
6/1/10	\$66,129	\$1,718	\$67,847
		\$497,673	\$497,673
		3-yr. avg.	\$135,891
		Times 1.1 DSC	\$149,480

Reference Notes:

A. Normalized Revenues as determined by Commission Staff's billing analysis, plus proposed revenue increase of \$131,990.

B. Employee Salaries and Wages Expense was adjusted by a total of \$29,975 to reflect two items - an increase of \$5,015 to include a 5% Cost of Living Increase granted to all employees in January 2007, and a salary of \$24,960 for a new employee hired in April 2007.

C. Officers' Salaries Expense was adjusted by \$1,383 to include a 5% COLA for the Vice-President of the Water Association.

D. Employee Pensions and Benefits Expense was adjusted to reclassify the health insurance benefits of \$25,750 that had been accounted for as Insurance Expense, and to increase this expense to reflect the current monthly health insurance charges totaling \$2,536.08.

E. Purchased Water Expense was adjusted to \$218,410 to reflect normalized purchases of 145,606,764 gallons times the contract rate of \$1.50 per thousand.

F. Materials and Supplies Expense was adjusted to remove two expenditures totaling \$8,753 for a telemetry system and a pump that are capital in nature, and to allow their recovery in Depreciation Expense.

G. Contractual Services – Other Expense was adjusted to remove \$1,342 of contractual payments incurred in 2006 that will not recur.

H. Insurance Expense was adjusted to reclassify employee health insurance from this account to Pensions and Benefits Expense.

I. Miscellaneous Expense was adjusted to remove Christmas bonuses totaling \$600 and to remove a charge of \$127 paid to Hoskins Florist.

J. Depreciation Expense was adjusted to allow recovery of the telemetry system and the pump removed from Materials and Supplies Expense over a multi-year period, as follows:

Date	Item	Cost	Life (yrs.)	Adjustment
8/17/06	Microcomm Telemetry System	\$7,680.16	10	\$768
11/15/06	Straeffer Pump	\$1,072.87	3	\$358
		\$8,753.03	Total	\$1,026

K. Taxes Other Than Income Expense was adjusted to include a pro forma FICA tax of \$12,187 based upon pro forma employee and officer salaries at a rate of 7.65%.

Exhibit #3

Detailed Balance Sheet

There are no adjustments proposed to the 2006 North Manchester Balance Sheet included in the 2006 PSC Annual Report (see attached).

35300 North Manchester Water Association, Inc.		
Balance Sheet - Assets and Other Debits (Ref Pg. 7)		
	Previous Year	Current Year
UTILITY PLANT		
Utility Plant (101-106)	\$4,793,751.71	\$4,793,751.71
Less: Accumulated Depreciation and Amortization (108-110)	\$1,169,689.00	\$1,276,027.00
Net Plant	\$3,624,062.71	\$3,517,724.71
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$3,624,062.71	\$3,517,724.71
OTHER PROPERTY AND INVESTMENTS		
Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)		
Sinking Funds (126)		
Other Special Funds (127)		
Total Other Property and Investments		
CURRENT AND ACCRUED ASSETS		
Cash (131)	\$257,133.69	\$169,243.01
Special Deposits (132)		
Other Special Deposits (133)		
Working Funds (134)		
Temporary Cash Investments (135)		
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$75,978.64	\$90,378.83
Accounts Receivable from Associated Companies (145)		
Notes Receivable from Associated Companies (146)		
Materials and Supplies (151-153)		
Stores Expense (161)		
Prepayments (162)	\$1,885.59	\$2,250.00

Accrued Interest and Dividends Receivable (171)		
Rents Receivable (172)		
Accrued Utility Revenues (173)		
Misc. Current and Accrued Assets (174)		
Total Current and Accrued Assets	\$334,997.92	\$261,871.84
DEFERRED DEBITS		
Unamortized Debt Discount and Expense (181)		
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)		
Research and Development Expenditure (187)		
Total Deferred Debits		
TOTAL ASSETS AND OTHER DEBITS	\$3,959,060.63	\$3,779,596.55

35300 North Manchester Water Association, Inc.		
Balance Sheet - Equity Capital and Liabilities (Ref Pg. 9)		
	Previous Year	Current Year
EQUITY CAPITAL		
Appropriated Retained Earnings (214)		
Retained Earnings From Income before contributions (215.1)	(\$187,297.57)	(\$317,260.41)
Donated Capital (215.2)	\$2,000,953.74	\$2,011,153.74
Total Equity Capital	\$1,813,656.17	\$1,693,893.33
LONG-TERM DEBT		
Bonds (221)		
Reaquired Bonds (222)		
Advances from Associated Companies (223)		
Other Long-Term Debt (224)	\$1,950,552.83	\$1,875,284.71
Total Long Term Debt	\$1,950,552.83	\$1,875,284.71
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable (231)	\$24,461.75	\$32,026.99
Notes Payable (232)	\$73,095.88	\$75,268.12
Accounts Payable to Associated Co. (233)		
Notes Payable to Associated Co (234)		
Customer Deposits (235)	\$89,200.00	\$93,050.00
Accrued Taxes (236)	\$3,374.00	\$3,483.40
Accrued Interest (237)	\$4,720.00	\$6,590.00
Matured Long-Term Debt (239)		
Matured Interest (240)		
Tax Collections Payable (241)		
Misc. Current and Accrued Liabilities (242)		
Total Current and Accrued Liabilities	\$194,851.63	\$210,418.51
DEFERRED CREDITS		
Unamortized Premium on Debt (251)		
Advances for Construction (252)		
Other Deferred Credits (253)		
Total Deferred Credits		
OPERATING RESERVES		
Accumulated Provision For:		
Property Insurance (261)		
Injuries and Damages (262)		

Pensions and Benefits (263)			
Miscellaneous Operating Reserves (265)			
Total Operating Reserves			
Total Equity Capital and Liabilities	\$3,959,060.63	\$3,779,596.55	

N. Manchester WA Exh. 4	2006	Adjustments	Ref.	Adjusted
Water Sales Revenue	\$626,084	\$58,989		\$685,073
Other Operating Revenue	\$360	0		\$360
Total Operating Revenue	\$626,444	\$58,989	A	\$685,433
Employee Salaries	\$100,292	\$29,975	B	\$130,267
Officer Salaries	\$27,656	\$1,383	C	\$29,039
Pensions/Benefits	0	\$30,433	D	\$30,433
Purchased Water	\$261,357	(\$42,947)	E	\$218,410
Purchased Power	\$26,326	0		\$26,326
Chemicals	\$837	0		\$837
Materials/Supplies	\$42,736	(\$8,753)	F	\$33,983
Contract Serv.-Accounting	\$23,797	0		\$23,797
Contractual Services-Other	\$4,085	(\$1,342)	G	\$2,743
Rental-Equipment	\$3,527	0		\$3,527
Transportation Expense	\$12,346	0		\$12,346
Insurance Expense	\$25,750	(\$25,750)	H	0
Insurance-Workers' Comp	\$7,350	0		\$7,350
Insurance-Other	\$17,174	0		\$17,174
Regulatory Comm. Fee	\$1,110	0		\$1,110
Miscellaneous Expense	\$13,387	(\$727)	I	\$12,660
<i>Operating Expense</i>	<i>\$567,730</i>	<i>(\$17,728)</i>		<i>\$550,002</i>
Depreciation Expense	\$106,338	\$1,026	J	\$107,364
Amortization Expense	0	0		0
Taxes OT Income	\$9,996	\$2,191	K	\$12,187
Total Operating Expenses	\$684,064	(\$14,511)		\$669,553
<i>Total Operating Income</i>	<i>(\$57,620)</i>	<i>\$73,500</i>		<i>\$15,880</i>
Interest Income	\$1,610	0		\$1,610
Interest Expense	(\$73,954)	0		(\$73,954)
Net Income	(\$129,963)	\$73,500		(\$56,464)

Revenue Requirement

\$ 669,553 - Adjusted Operating Expenses
\$ 149,480 – Debt Service
\$ 819,033 - Revenue Requirement
(\$685,433) - Less Normalized Revenues
(\$ 1,610) - Less Interest Income
\$ 131,990 - Justified Increase (19.256% increase)

Debt Service:

Pymt. Date	P&I	Servicing Fee	Total
12/1/07	\$66,129	\$1,913	\$68,042
6/1/08	\$66,129	\$1,875	\$68,004
12/1/08	\$66,129	\$1,837	\$67,966
6/1/09	\$66,129	\$1,798	\$67,927
12/1/09	\$66,129	\$1,758	\$67,887
6/1/10	\$66,129	\$1,718	\$67,847
			\$497,673
		3-yr. avg.	\$135,891
		Times 1.1 DSC	\$149,480

Reference Notes:

- A. Normalized Revenues** as determined by Commission Staff's billing analysis.
- B. Employee Salaries and Wages Expense** was adjusted by a total of \$29,975 to reflect two items - an increase of \$5,015 to include a 5% Cost of Living Increase granted to all employees in January 2007, and a salary of \$24,960 for a new employee hired in April 2007.
- C. Officers' Salaries Expense** was adjusted by \$1,383 to include a 5% COLA for the Vice-President of the Water Association.
- D. Employee Pensions and Benefits Expense** was adjusted to reclassify the health insurance benefits of \$25,750 that had been accounted for as Insurance Expense, and to increase this expense to reflect the current monthly health insurance charges totaling \$2,536.08.
- E. Purchased Water Expense** was adjusted to \$218,410 to reflect normalized purchases of 145,606,764 gallons times the contract rate of \$1.50 per thousand.
- F. Materials and Supplies Expense** was adjusted to remove two expenditures totaling \$8,753 for a telemetry system and a pump that are capital in nature, and to allow their recovery in Depreciation Expense.
- G. Contractual Services – Other Expense** was adjusted to remove \$1,342 of contractual payments incurred in 2006 that will not recur.
- H. Insurance Expense** was adjusted to reclassify employee health insurance from this account to Pensions and Benefits Expense.
- I. Miscellaneous Expense** was adjusted to remove Christmas bonuses totaling \$600 and to remove a charge of \$127 paid to Hoskins Florist.
- J. Depreciation Expense** was adjusted to allow recovery of the telemetry system and the pump removed from Materials and Supplies Expense over a multi-year period, as follows:

Date	Item	Cost	Life (yrs.)	Adjustment
8/17/06	Microcomm Telemetry System	\$7,680.16	10	\$768
11/15/06	Straeffer Pump	\$1,072.87	3	\$358
		\$8,753.03	Total	\$1,026

- K. Taxes Other Than Income Expense** was adjusted to include a pro forma FICA tax of \$12,187 based upon pro forma employee and officer salaries at a rate of 7.65%.

Billing Analysis for: North Manchester Water Association			
Test Period From: December 2006			
Meter Size	Gallons Sold	Revenue	
5/8 inch	119,511,903	756,884.20	
1 inch	6,159,230	31,356.98	
2 inch	5,680,730	28,920.76	
Totals	131,351,863	\$817,161.95	

WATER WATER ASSOCIATION, NORTH MANCH.

Federal Asset Report

FYE: 12/31/2006

Business 1

310

2006

Asset	Description	Date In Service	Cost	Bus Sec %	Sec 179B	Bonus for Depr	Basis	Per	Conv	Meth	Prior	Current
Other Depreciation:												
1	ELECT PUMP EQ.	6/01/74	25,725		X		17,790	4	MO	S/L	25,725	0
2	ELECT. PUMPING	6/01/75	724		X		510	5	MO	S/L	724	0
	Total Other Depreciation		<u>26,449</u>				<u>18,300</u>				<u>26,449</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>26,449</u>				<u>18,300</u>				<u>26,449</u>	<u>0</u>
	Grand Totals		26,449				18,300				26,449	0
	Less: Dispositions		0				0				0	0
	Net Grand Totals		<u>26,449</u>				<u>18,300</u>				<u>26,449</u>	<u>0</u>

Federal Asset Report
Business 2

311

FYE: 12/31/2006

Asset	Description	Date In Service	Cost	Bus Sec % 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Other Depreciation:									
3	PUMPING EQUIP.	6/01/74	4,520	X		3,129	4 MO S/L	4,520	0
4	PUMPING EQUIP.	6/01/75	127	X		.86	5 MO S/L	127	0
	Total Other Depreciation		<u>4,647</u>			<u>3,215</u>		<u>4,647</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>4,647</u>			<u>3,215</u>		<u>4,647</u>	<u>0</u>
Amortization:									
5	PUMPING EQUIP.	8/01/84	1,624	X		1,432	14 MOAmort	1,624	0
6	PUMPING EQUIP.	11/01/85	1,718	X		1,576	15 MOAmort	1,718	0
7	PUMPING EQUIP.	11/01/91	4,150			4,150	20 MOAmort	2,946	207
			<u>7,492</u>			<u>7,158</u>		<u>6,288</u>	<u>207</u>
	Grand Totals		12,139			10,373		10,935	207
	Less: Dispositions		<u>0</u>			<u>0</u>		<u>0</u>	<u>0</u>
	Net Grand Totals		<u>12,139</u>			<u>10,373</u>		<u>10,935</u>	<u>207</u>

Federal Asset Report
Business 3

330

FYE: 12/31/2006

Asset	Description	Date In Service	Cost	Bus Sec % 179Bonus	Basis for Depr	PerConv Meth	Prior	Current
Other Depreciation:								
8	DISTR. RESER.	6/01/74	39,778		39,778	50 MO S/L	25,003	795
9	DISTR. RESER.	6/01/75	1,117		1,117	50 MO S/L	686	22
	Total Other Depreciation		<u>40,895</u>		<u>40,895</u>		<u>25,689</u>	<u>817</u>
	Total ACRS and Other Depreciation		<u>40,895</u>		<u>40,895</u>		<u>25,689</u>	<u>817</u>
Amortization:								
10	DISTR. RESER.	12/01/86	8,800		8,800	50 MO Amort	3,520	176
			<u>8,800</u>		<u>8,800</u>		<u>3,520</u>	<u>176</u>
	Grand Totals		49,695		49,695		29,209	993
	Less: Dispositions		0		0		0	0
	Net Grand Totals		<u>49,695</u>		<u>49,695</u>		<u>29,209</u>	<u>993</u>

Federal Asset Report
Business 4

331

FYE: 12/31/2006

Asset	Description	Date In Service	Cost	Bus Sec % 179	Bonus	Basis for Depr	PerConv	Meth	Prior	Current
Other Depreciation:										
77	TRANS & DISTR.	7/17/02	6,600			6,600	50	MO S/L	457	132
78	TRANS & DISTR.	9/01/03	223,400			223,400	50	MO S/L	10,425	4,468
	Total Other Depreciation		<u>230,000</u>			<u>230,000</u>			<u>10,882</u>	<u>4,600</u>
	Total ACRS and Other Depreciation		<u>230,000</u>			<u>230,000</u>			<u>10,882</u>	<u>4,600</u>
Amortization:										
11	TRANS. & DISTR.	6/01/96	2,672,896			2,672,896	50	MOAmort	507,851	53,458
12	TRANS. & DISTR.	2/01/92	3,350			3,350	50	MOAmort	905	67
13	TRANS. & DISTR.	6/01/92	10,091			10,091	50	MOAmort	2,726	202
14	TRANS. & DISTR.	2/01/92	12,044			12,044	50	MOAmort	3,253	241
15	TRANS. & DISTR.	6/01/74	456,755			456,755	50	MOAmort	285,263	9,135
16	TRANS. & DISTR.	6/01/75	12,846			12,846	50	MOAmort	7,786	257
17	TRANS. & DISTR.	6/01/80	4,564			4,564	50	MOAmort	2,277	91
18	TRANS. & DISTR.	6/01/81	6,074			6,074	50	MOAmort	3,027	122
19	TRANS. & DISTR.	6/01/83	2,918			2,918	50	MOAmort	1,306	58
20	TRANS. & DISTR.	6/01/83	306			306	50	MOAmort	133	6
21	TRANS. & DISTR.	6/01/84	1,598			1,598	50	MOAmort	704	32
22	TRANS. & DISTR.	4/01/86	400			400	50	MOAmort	160	8
23	TRANS. & DISTR.	6/01/86	1,146			1,146	50	MOAmort	460	23
24	TRANS. & DISTR.	9/01/87	19,993			19,993	50	MOAmort	7,300	399
25	TRANS. & DISTR.	6/01/88	1,015			1,015	50	MOAmort	351	20
26	TRANS. & DISTR.	6/01/90	19,799			19,799	50	MOAmort	6,138	396
27	TRANS. & DISTR.	6/01/90	14,810			14,810	50	MOAmort	4,589	296
28	TRANS. & DISTR.	1/01/90	12,556			12,556	50	MOAmort	3,781	251
29	TRANS. & DISTR.	9/01/91	4,608			4,608	50	MOAmort	1,318	93
30	TRANS. & DISTR.	11/01/91	10,665			10,665	50	MOAmort	3,019	213
31	TRANS. & DISTR.	6/01/87	317			317	50	MOAmort	112	6
32	TRANS. & DISTR.	1/01/97	2,074			2,074	50	MOAmort	370	42
79	TRANS. & DISTR.	6/01/04	748,633			748,633	50	MOAmort	22,459	14,972
			<u>4,019,458</u>			<u>4,019,458</u>			<u>865,288</u>	<u>80,388</u>
	Grand Totals		4,249,458			4,249,458			876,170	84,988
	Less: Dispositions		0			0			0	0
	Net Grand Totals		<u>4,249,458</u>			<u>4,249,458</u>			<u>876,170</u>	<u>84,988</u>

Federal Asset Report
Business 5

333

FYE: 12/31/2006

Asset	Description	Date In Service	Cost	Bus Sec % 179	Bonus	for Depr	PerConv	Meth	Prior	Current
Other Depreciation:										
1	SERVICES	6/01/74	73,265		73,265		50	MO S/L	1,465	1,466
2	SERVICES	6/01/75	2,422		2,422		50	MO S/L	48	49
	Total Other Depreciation		<u>75,687</u>		<u>75,687</u>				<u>1,513</u>	<u>1,515</u>
	Total ACRS and Other Depreciation		<u>75,687</u>		<u>75,687</u>				<u>1,513</u>	<u>1,515</u>
	Grand Totals		75,687		75,687				1,513	1,515
	Less: Dispositions		0		0				0	0
	Net Grand Totals		<u>75,687</u>		<u>75,687</u>				<u>1,513</u>	<u>1,515</u>

**Federal Asset Report
Business 6**

FYE: 12/31/2006

335

Asset	Description	Date In Service	Cost	Bus Sec % 179	Bonus for Depr	PerConv Meth	Prior	Current
Other Depreciation:								
I	HYDRANTS	12/01/85	63,934		63,934	50 MO S/L	1,279	1,278
	Total Other Depreciation		<u>63,934</u>		<u>63,934</u>		<u>1,279</u>	<u>1,278</u>
	Total ACRS and Other Depreciation		<u>63,934</u>		<u>63,934</u>		<u>1,279</u>	<u>1,278</u>
	Grand Totals		63,934		63,934		1,279	1,278
	Less: Dispositions		<u>0</u>		<u>0</u>		<u>0</u>	<u>0</u>
	Net Grand Totals		<u>63,934</u>		<u>63,934</u>		<u>1,279</u>	<u>1,278</u>

Federal Asset Report
Business 7

FYE: 12/31/2006

334

Asset	Description	Date In Service	Cost	Bus Sec % 179 Bonus	Basis for Depr.	PerConv Meth	Prior	Current
Other Depreciation:								
1	METER INSTALL	6/01/95	26,784		26,784	50 MO S/L	5,628	535
2	METERS	6/01/74	12,495		12,495	14 MO S/L	12,495	0
3	METERS	6/01/75	1,355		1,355	15 MO S/L	1,355	0
4	METERS	6/01/76	237		237	16 MO S/L	237	0
5	METERS	6/01/79	1,073		1,073	19 MO S/L	1,073	0
6	METERS	6/01/80	3,033		3,033	20 MO S/L	3,033	0
7	METER INSTALL.	6/01/74	25,835		25,835	50 MO S/L	16,190	516
8	METER INSTALL	6/01/75	4,725		4,725	50 MO S/L	2,893	94
9	METER INSTALL	6/01/76	1,320		1,320	50 MO S/L	756	27
10	METER INSTALL	6/01/77	2,850		2,850	50 MO S/L	1,596	57
11	METER INSTALL	6/01/79	5,704		5,704	50 MO S/L	2,964	114
12	METER INSTALL	6/01/80	3,550		3,550	50 MO S/L	1,775	71
13	METERS	6/01/81	1,778		1,778	21 MO S/L	1,328	82
14	METERS	6/01/82	6,358		6,358	22 MO S/L	4,520	282
15	METERS	6/01/83	1,029		1,029	23 MO S/L	704	44
16	METER INSTALL	6/01/81	2,792		2,792	50 MO S/L	1,400	56
17	METER INSTALL	6/01/82	3,410		3,410	50 MO S/L	1,632	68
18	METER INSTALL	6/01/83	3,410		3,410	50 MO S/L	1,530	68
19	METER INSTALL	6/01/83	110		110	50 MO S/L	45	2
20	METERS	6/01/84	6,709		6,709	24 MO S/L	4,384	274
21	METER INSTALL	6/01/84	2,920		2,920	50 MO S/L	1,276	59
22	METERS	6/01/85	3,126		3,126	25 MO S/L	1,968	122
23	METER INSTALL	6/01/85	1,650		1,650	50 MO S/L	677	33
24	METER INSTALL	4/01/85	51		51	50 MO S/L	20	1
25	METERS	6/01/86	1,947		1,947	26 MO S/L	1,168	74
26	METER INSTALL	6/01/86	2,190		2,190	50 MO S/L	869	44
27	METERS	6/01/87	2,523		2,523	27 MO S/L	1,472	92
28	METER INSTALL	6/01/87	3,520		3,520	50 MO S/L	1,295	71
29	METERS	6/01/88	2,025		2,025	28 MO S/L	1,136	71
30	METER INSTALL	6/01/88	2,420		2,420	50 MO S/L	840	49
31	METER INSTALL	6/01/89	1,410		1,410	50 MO S/L	462	28
32	METER INSTALL	6/01/90	440		440	50 MO S/L	139	9
33	METER INSTALL	6/01/93	20,026		20,026	50 MO S/L	5,044	400
34	METER INSTALL	6/01/94	14,805		14,805	50 MO S/L	3,428	296
Total Other Depreciation							85,332	3,639
Total ACRS and Other Depreciation							173,610	3,639
Grand Totals							173,610	3,639
Less: Dispositions							0	0
Net Grand Totals							173,610	3,639

**Federal Asset Report
Business 8**

340

FYE: 12/31/2006

Asset	Description	Date In Service	Cost	Bus Sec % 179Bonus	Basis for Depr	PerConv Meth	Prior	Current
Other Depreciation:								
1	SOFTWARE	5/15/95	510		510	5 MO S/L	510	0
2	EQUIPMENT	12/23/97	175		175	7 MO S/L	175	0
3	EQUIPMENT	3/18/97	300		300	7 MO S/L	300	0
5	EQUIPMENT	9/02/97	246		246	7 MO S/L	246	0
6	BACKHOE	1/12/04	50,916		50,916	7 MO S/L	19,647	7,273
	Total Other Depreciation		<u>52,147</u>		<u>52,147</u>		<u>20,878</u>	<u>7,273</u>
	Total ACRS and Other Depreciation		<u>52,147</u>		<u>52,147</u>		<u>20,878</u>	<u>7,273</u>
	Grand Totals		52,147		52,147		20,878	7,273
	Less: Dispositions		0		0		0	0
	Net Grand Totals		<u>52,147</u>		<u>52,147</u>		<u>20,878</u>	<u>7,273</u>

Federal Asset Report
Business 9

FYE: 12/31/2006

341

Asset	Description	Date In Service	Cost	Bus Sec % 179	Bonus	for Depr	PerConv Meth	Prior	Current
Other Depreciation:									
1	TRUCK	11/15/92	13,200			13,200	5 MO S/L	13,200	0
2	TRUCK	1/31/00	25,200			25,200	5 MO S/L	25,200	0
3	TRUCK	1/15/04	14,989			14,989	5 MO S/L	5,996	2,998
4	TRUCK	1/15/04	17,238			17,238	5 MO S/L	6,896	3,447
	Total Other Depreciation		<u>70,627</u>			<u>70,627</u>		<u>51,292</u>	<u>6,445</u>
	Total ACRS and Other Depreciation		<u>70,627</u>			<u>70,627</u>		<u>51,292</u>	<u>6,445</u>
	Grand Totals		70,627			70,627		51,292	6,445
	Less: Dispositions		<u>0</u>			<u>0</u>		<u>0</u>	<u>0</u>
	Net Grand Totals		<u>70,627</u>			<u>70,627</u>		<u>51,292</u>	<u>6,445</u>

**NORTH MANCHESTER
WATER ASSOCIATION**

**COST OF SERVICE
STUDY**

January 9, 2008

NORTH MANCHESTER WATER ASSOCIATION

ALLOCATION OF PLANT VALUE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Power Generation Equipment	\$26,450		\$26,450	
Land & Land Rights	5,032		5,032	
Pumping Equipment	12,138		12,138	
Distribution Reservoirs & Standpipes	49,695		49,695	
Transmission & Distribution Mains	4,249,459		4,249,459	
Hydrants	63,934			\$63,934
Meters & Meter Installations	188,583			188,583
Services	75,687			75,687
SUBTOTAL	\$4,670,978	\$0	\$4,342,774	\$328,204
PERCENT	100.00%	0	92.97%	7.03%
General Plant (1)				
Transportation Equipment	70,627		65,664	4,963
Office Furniture & Equipment	52,147		48,483	3,664
TOTAL VALUE	\$4,793,752	\$0	\$4,456,921	\$336,830
(1) General Plant allocated based on overall weighted allocation of all other plant.				
Note: Figures used were derived from 2006 annual report.				

NORTH MANCHESTER WATER ASSOCIATION

ALLOCATION OF PLANT VALUE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Power Generation Equipment	\$26,450		\$26,450	
Land & Land Rights	5,032		5,032	
Pumping Equipment	12,138		12,138	
Distribution Reservoirs & Standpipes	49,695		49,695	
Transmission & Distribution Mains	4,249,459		4,249,459	
Hydrants	63,934			\$63,934
Meters & Meter Installations	188,583			188,583
Services	75,687			75,687
SUBTOTAL	\$4,670,978	\$0	\$4,342,774	\$328,204
PERCENT	100.00%	0	92.97%	7.03%
General Plant (1)				
Transportation Equipment	70,627		65,664	4,963
Office Furniture & Equipment	52,147		48,483	3,664
TOTAL VALUE	\$4,793,752	\$0	\$4,456,921	\$336,830

(1) General Plant allocated based on overall weighted allocation of all other plant.

Note: Figures used were derived from 2006 annual report.

NORTH MANCHESTER WATER ASSOCIATION

ALLOCATION OF DEPRECIATION EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Power Generating Equipment	\$26,404		\$26,404	
Pumping Equipment	10,477		10,477	
Distribution Reservoirs & Standpipes	30,202		30,202	
Meters & Meter Installations	93,105			\$93,105
Hydrants	26,965			26,965
Services	49,010			49,010
Transmission & Distribution Mains	958,172		958,172	
SUBTOTAL	\$1,194,335	\$0.00	\$1,025,255	\$169,080
PERCENT	100.00%	0.00%	85.84%	14.16%
Transportation Equipment	57,737		49,563	8,174
Office Furniture & Equipment	23,955		20,564	3,391
TOTAL DEPRECIATION	\$1,276,027	\$0.00	\$1,095,382	\$180,645

Note: Figures used were derived from 2006 annual report

NORTH MANCHESTER WATER ASSOCIATION

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Employee Salaries - Operation & Maint.	\$97,700		\$97,700	
Employee Salaries - Customer	32,567			\$32,567
Employee Pension & Benefits	30,433		22,825	7,608
Purchased Water	218,410	\$218,410		
Chemicals	837	837		
Contractual Services - Meters	2,743			2,743
Purchased Power	26,326	26,326		
SUBTOTAL	\$409,016	\$245,573	\$120,525	\$42,918
LESS COMMODITY	-\$245,573			
SUBTOTAL	\$163,443		\$120,525	\$42,918
PERCENT	100.00%		73.74%	26.26%
Rental of Equipment	3,527		2,601	926
Materials & Supplies	33,983		25,060	8,923
Taxes Other Than Income	12,187		8,987	3,200
Contractual Services - Accounting	23,797		17,548	6,249
Officer Salaries	29,039		21,414	7,625
Transportation Expense	12,346		9,104	3,242
Regulatory Comm. Fee	1,110		819	291
Insurance	24,524		18,084	6,440
Miscellaneous Expense	12,660		9,336	3,324
TOTAL	\$562,189	\$245,573	\$233,477	\$83,139

NORTH MANCHESTER WATER ASSOCIATION

SUMMARY OF ALLOCATIONS

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		92.97%	7.03%
Available For Debt Service	\$149,480		\$138,977	\$10,503
Depreciation Percentages	100.00%		85.84%	14.16%
Total Depreciation	107,364		92,165	15,199
Total Operation & Maintenance	562,189	\$245,573.00	233,477	83,139
Less: Other Operating Revenue				-360.00
Less: Interest Income				-1,610.00
Less: Bulk Loading Station				
COST TO PROVIDE WATER SERVICE	\$817,063.00	\$245,573.00	\$464,618.29	\$106,871.71
REV. REQ. FROM WATER SALES	\$817,063.00			

NORTH MANCHESTER WATER ASSOCIATION

CALCULATION OF WATER RATES

	TOTAL	FIRST 2,000	OVER 2,000
FROM BILLING ANALYSIS:			
COMMODITY PERCENTS	100.00%	31.42%	68.58%
ACTUAL COMMODITY SALES	131,351,863	41,265,870	90,085,993
PEAK DEMAND WEIGHTED FACTOR			
PEAK DEMAND WEIGHTED SALES	172,617,733	82,531,740	90,085,993
DEMAND PERCENTS	100.00%	47.81%	52.19%
COMMODITY COSTS			
	\$245,573.00	\$77,149.90	\$168,423.10
DEMAND COSTS			
	\$464,618.29	\$222,142.62	\$242,475.67
CUSTOMER COSTS			
	\$106,871.71	\$106,871.71	
TOTAL COSTS	\$817,063.00	\$406,164.23	\$410,898.77
DIVIDE BY BILLS/GALLONS			
		23,610	90,085,993
CALCULATED RATES		\$17.20	\$4.56
RECOMMENDED RATES			
		\$15.80	\$4.93
		FIRST 2,000	OVER 2,000

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Commonwealth of Kentucky

Department of State



Office of Secretary of State

LEILA F. BEGLEY, SECRETARY
DOMESTIC CORPORATION DEPARTMENT
NON-STOCK CORPORATION

I, LEILA F. BEGLEY, Secretary of the State of Kentucky,
hereby certify that Articles of Incorporation of the

NORTH MANCHESTER WATER ASSOCIATION, INC. (Manchester, Kentucky)
has this day been filed in my office.

It appearing from said Articles of Incorporation that the said Corporation has no capital stock, and no private pecuniary profit is to be derived therefrom, the said Corporation is not required by law to pay a tax on organization; and it further appearing that the aforesaid Corporation has complied with all the requirements of the law, this certificate is issued as evidence of the fact that the said Corporation is now authorized and empowered to do business in this State under its charter, subject to the restrictions imposed by the statutes of Kentucky.

Given under my hand as Secretary of State,

this 13th day of January 1971

Leila F. Begley
Secretary of State



SECRETARY OF STATE

Assistant Secretary of State

ARTICLES OF INCORPORATION

OF

North Manchester Water Association, Inc.

(Name)

Manchester, Kentucky

We, whose names are hereto subscribed, acting as incorporators for the purpose of forming a nonprofit corporation under the provisions of Chapter 273 of the KRS, assuming and claiming all powers, rights, privileges and immunities granted or permitted bodies corporate under said laws, and do hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of this corporation shall be North Manchester Water Association, Inc.

ARTICLE II

REGISTERED OFFICE AND AGENT

the office of
Burns, and Maricle,

Manchester, Kentucky

The registered office of the corporation shall be at

County of Clay, State of Kentucky; the registered agent

at such address is R. Cletus Maricle.

ARTICLE III

PURPOSE

The purpose of the said corporation shall be to establish, develop and operate a complete water supply and distribution system by purchase,

development, or otherwise to construct reservoirs or water towers, erect pumping machinery, lay water mains, pipes and hydrants; to furnish and sell water to members of the corporation, public bodies and local businesses, for fire protection, drinking and general farm and domestic use and collect payment for rental or sale of same and doing all things necessary, convenient and incidental thereto, and a complete sanitary and/or storm sewer collection system and treatment facilities by purchase, development, or otherwise to construct mains, submains, and laterals, treatment plant, lagoons, to furnish sewer service to members of the corporation, public bodies and local businesses, for sanitary and health protection and collect service payment for rental of same and doing all things necessary, convenient and incidental thereto.

ARTICLE IV

SEAL

This corporation shall have a seal, which seal shall contain the corporate name, Kentucky, and the words "corporate seal."

ARTICLE V

POWERS

The corporation shall have all powers provided by law.

ARTICLE VI

MEMBERSHIP

Persons may become members of the corporation as provided in the

By-Laws.

ARTICLE VII

DURATION

The corporation shall have perpetual duration.

ARTICLE VIII

BOARD OF DIRECTORS

1. The affairs of this corporation shall be managed by a Board of seven (7) Directors to be elected by and from the members

thereof and shall serve for three years and until their successors are elected. The size of the Board may not be changed except by amendment to

these articles. At the first annual election, 2 Directors shall be elected for a term of one year; 2 Directors shall be elected for

a term of two years; 3 Directors shall be elected for a term of three years. Thereafter Directors shall be elected for terms of three years.

2. The Board of Directors shall fill vacancies occurring in its own membership by appointment of qualified members to hold office until the next annual meeting of the membership at which meeting a member shall be elected to fill the unexpired term.

3. A majority of the Directors must be present at a meeting to conduct the business of the corporation.

4. Until the first annual election, the following persons shall be

Directors:

Name	Address
<u>Robert Whittis</u>	<u>R. #1 Box 283 Manchester, Ky</u>
<u>Henry H. Rice</u>	<u>R#2 Box 130 Manchester, Ky</u>
<u>Oakley Hacker</u>	<u>R#2 Box 154 Manchester, Ky</u>

Leslie Combs Box 47 Manchester, KY

Lester Cottongim R#1 Box 93 Manchester, KY

Oval Smith R#1 Box 327A Manchester, KY

Lee Standafer Burning Springs, KY

and the following persons shall be Officers:

President Henry Rice R#2 Box 130 Manchester, KY

Vice President Leslie Combs Box 47 Manchester, KY

Secretary Robert Whitis R#1 Box 283 Manchester, KY

Treasurer Oval Smith R#1 Box 327A, Manchester, KY

5. The Board of Directors shall have their annual meeting after the annual meeting of members hereinafter provided for, at a time and place to be designated by the President, and will elect from their own number a President, Vice President, Secretary and Treasurer. However, the offices of Secretary and Treasurer may be combined into one office.

6. The Board of Directors shall have other meetings as provided in the By-Laws.

ARTICLE IX

MEETINGS

1. The annual meeting of the members of this corporation for the purpose of electing directors and transacting such other business as may

properly come before it at such time, shall be held on the 1st Monday
(day)
March of each year at the time and place specified by the Board
(month)
of Directors.

2. Special meetings of the members of this corporation may be called
by the President at any time or place within the county upon giving to each
of the members a notice in writing mailed to his postal address as it appears
in the corporation records at least ten (10) days prior to such meeting; and
such meetings shall be called by him at any time upon written demand of the
majority of the directors, or of any twenty (20) members, and
in case of his neglect or refusal to call such meetings, such directors or
members shall unite in calling such meetings, which shall be the same as
though called by the President. If the purpose of the meeting is to amend
the articles, then the notice of meetings signed by the Secretary shall set
forth the proposed amendment in substance. Articles may be amended by a
two-thirds vote of the members present at such a meeting or voting by proxy.

ARTICLE X
INCORPORATORS

The names and addresses of the incorporators are:

<u>Name</u>	<u>Address</u>
Henry Rice	R#2 Box 130 Manchester, KY
Leslie Combs	Box 47, Manchester, KY
Robert Whitie	R#1 Box 283, Manchester, KY
Oval Smith	R#1 Box 327A, Manchester, KY

ARTICLE XI

BY-LAWS

The corporation may make and amend By-Laws at its pleasure through its Board of Directors.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 21 day of December, 1970.

Robert Smith
George Green
Robert White
Paul Smith

STATE OF KENTUCKY
COUNTY OF Clay

On this 1 day of December, 1970, before me
R. Cletus Mardel, a Notary Public in and for said County,
personally appeared Henry Rich & Leahy Cousins
Robert White, and Carl Smith

to me known to be the person(s) named in and who executed the foregoing
instrument, and acknowledged that they executed the same as their voluntary
act and deed.

(SEAL)

R. Cletus Mardel
Notary Public in and for Said County or State

My commission expires:
1-20-74

Prepared by:
R. Cletus Mardel
Attorney at Law
Manchester, Kentucky

ORIGINAL COPY
FILED AND RECORDED

Lois J. Byles

JAN 13 1971

SECRETARY OF STATE OF KENTUCKY
OFFICE OF THE
Lois J. Byles
ASSISTANT SECRETARY OF STATE

STATE OF KENTUCKY
COUNTY OF CLAY

Sct.

I, Squire Baker, Clerk of the Court for
the County and State aforesaid, do hereby
certify that the foregoing instrument was
received and lodged in my office for record
and that I have truly recorded it, together
with this and the foregoing certificate
thereon endorsed in my said office in Book
Book No. 2, Page 57 etc

Witness my hand this 23 day of
March, 1971.

Squire Baker CLERK

By: Florence Baker D.C.

NOTICE

North Manchester Water Association has filed an application with the Public Service Commission to increase its rates for water service.

Monthly Rate – 5/8” Meter:

<u>Current</u>	<u>ProposedRate</u>
First 2,000 Gallons	First 2,000
Over 2,000 Gallons	Over 2,000
	\$30.59 Minimum Bill 4.93 per 1,000 gallons

<u>MONTHLY</u>	<u>MONTHLY</u>	<u>MONTHLY</u>	<u>PERCENT</u>
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
MONTHLY	MONTHLY	MONTHLY	INCREASE
CURRENT	CURRENT	PROPOSED	OVER
BILL AT	BILL AT	BILL AT	INCREASE
2,000	12.80	15.80	23.4%
5,000	25.55	27.59	8.0%
10,000	46.80	52.24	11.6%
20,000	89.30	101.54	13.7%
30,000	131.80	150.84	14.4%
50,000	216.80	249.44	15.1%
75,000	323.05	372.69	15.4%
100,000	429.30	495.94	15.5%
150,000	641.80	742.44	15.7%
200,000	854.30	999.94	15.8%
300,000	1279.30	1481.94	15.8%

The rates contained in this notice are the rates proposed by the North Manchester Water Association. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 7362 N. Hwy. 421 in Manchester, KY 40962. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

North Manchester Water Association

NOTICE

North Manchester Water Association has filed an application with the Public Service Commission to increase its rates for water service.

Monthly Rate – 1” Meter:

<u>Current</u>	<u>ProposedRate</u>
First 5,000 Gallons	First 5,000
Over 5,000 Gallons	Over 5,000
	\$30.59 Minimum Bill 4.93 per 1,000 gallons

<u>MONTHLY</u>	<u>MONTHLY</u>	<u>MONTHLY</u>	<u>PERCENT</u>
<u>USAGE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
5,000	25.55	30.59	19.7%
10,000	46.80	52.24	18.0%
20,000	89.30	104.54	17.1%
30,000	131.80	153.84	16.7%
50,000	216.80	252.44	16.4%
75,000	323.05	375.69	16.3%
100,000	429.30	498.94	16.2%
150,000	641.80	745.44	16.1%
200,000	854.30	991.94	16.1%
300,000	1279.30	1484.94	16.1%

MONTHLY BILL AT MONTHLY INCREASE

CURRENT PROPOSED OVER

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North Manchester Water Association

NOTICE

North Manchester Water Association has filed an application with the Public Service Commission to increase its rates for water service.

Monthly Rate – 2” Meter:

Current		Proposed	Rate
First 15,000 Gallons	\$68.05	First 15,000	\$79.89 Minimum Bill
Over 15,000 Gallons	4.25	Over 15,000	4.93 per 1,000 gallons

MONTHLY	MONTHLY	MONTHLY	PERCENT
<u>USAGE</u>	BILL AT	BILL AT	INCREASE
CURRENT	CURRENT	PROPOSED	OVER
<u>RATE</u>	<u>RATE</u>	<u>RATE</u>	<u>CURRENT</u>
20,000	89.30	104.54	17.1%
30,000	131.80	153.84	16.7%
50,000	216.80	252.44	16.4%
75,000	323.05	375.69	16.3%
100,000	429.30	498.94	16.2%
150,000	641.80	745.44	16.1%
200,000	854.30	991.94	16.1%
300,000	1279.30	1484.94	16.1%

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North Manchester Water Association

