

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 15

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 15:            System Map

Response:           Ex. 1 – System Map

CASE NO: 2008-00250

CONTAINS  
LARGE OR OVERSIZED  
MAP(S)

RECEIVED ON: August 4, 2008

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 16

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2006-00444

ITEM 16: Gravity fed water mains

Response: There are no gravity fed water mains.

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 17

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 17: 36 Month Sales and Charges

Response: 17(a): Ex. 1 – 36 month spread sheets showing  
gallons

17(b): Ex. 2 – 36 month spreadsheet showing charges.

Sum of Water Consumption Customer Name	Billing Cycle									
	06/08	05/08	04/08	03/08	02/08	01/08	12/07	11/07	10/07	09/07
PEAKSMILL WATER DIST	8010500	6618000	7011100	6436100	6792300	8885900	6876300	6706700	8104800	9318500
	19100	7200	14500	4600	4000	4300	4500	4900	43800	6000
SOUTH ANDERSON WATER DIST	1758700	1510700	1340700	1524900	1395000	3087500	2659600	2489500	3226000	2901400
GEORGETOWN PUMP STATION	13302000	11761000	12059000	8419000	7927000	9757000	16607000	29156000	20611000	26558000
FARMDALE WATER DIST	3235900	3799500	4008100	4739000	4360200	3617700	5183900	4570200	5098800	5129100
	8497000	8070000	8440000	9721000	8077800	11169200	11150000	10092000	12147000	11782000
FARMDALE WATER DISTRICT	5098000	4979000	4031000	5197000	3301000	2959000	3241000	3278000	4392000	4364000
	82500	82700	93800	87400	91400	104600	94900	72000	116400	105800
NORTH SHELBY WATER C	13946000	12340000	13154000	14981000	12909000	16463000	13421000	11290000	15953000	20468000
ELKHORN WATER DIST	5910800	4521900	4440900	5960900	5695600	6608300	4636000	4837200	5422300	7024900
US 60 WATER DISTRICT	9088000	7885600	7996000	9276000	7693900	9286300	8401500	8809700	11291100	11619500
	3631000	3475000	3424000	4075000	3625000	3507000	3868000	3628000	4176000	4520000
<b>Grand Total</b>	<b>72579500</b>	<b>65050600</b>	<b>66013100</b>	<b>70421900</b>	<b>61872200</b>	<b>75449800</b>	<b>76143700</b>	<b>84934200</b>	<b>90582000</b>	<b>103797200</b>

**Total Water Consumption - Retail      129417079 110587449 112073303 113861813 107560307 116711072 112162528 118722051 153103826 181454344**



08/07	07/07	06/07	05/07	04/07	03/07	02/07	01/07	12/06	11/06	10/06	09/06	08/06	07/06
7443400	5805600	6131800	7053600	6859700	6132800	6779300	7608000	7208000	7099300	6517600	7432600	4256600	5548800
34600	124700	73800	7600	7000	38700	3800	2900	6300	200	11700	21700	655500	556500
3547700	3778900	3539200	2296300	2493400	2563100	2249600	2405700	2363400	2327000	2905400	2804800	2813500	2751300
15461000	13285000	43632000	62327000	8362000	9356000	12499000	8028000	8821000	9814000	10212000	13357000	16110000	14335000
4629200	5602200	4793200	3655600	4167400	4051100	4935500	3395500	3951900	4244400	4478600	5460500	4719300	4147300
12318000	11791000	12351000	9512000	12897200	8191800	5959500	11188500	9910000	9225000	10596000	10003000	11118000	14477200
4168000	4381000	4293000	3001000	2688000	3912000	2896000	3162000	4343000	2403700	3175300	3401000	3785000	3808000
100500	109400	98600	60200	64400	65500	64600	80300	119400	83300	93400	87100	90300	101700
17328000	17809000	15458000	14588000	16071000	17791500	13903500	16910000	13305000	15854000	13721000	13699000	15863000	15633000
6679600	6927800	7076500	5622100	6134200	4200500	1031100	2613700	3748400	5515200	5440400	5932100	5815200	6650200
11049400	9446200	8889800	16140800	12865300	10680800	11010200	11710200	11900600	11431000	9797100	10536000	10821600	9010700
3530000	4145000	1893000	1060000	1029000	971000	1002000	1010000	927000	3333000	4571000	5047000	5877000	5094000
<b>86289400</b>	<b>83205800</b>	<b>108229900</b>	<b>125324200</b>	<b>73638600</b>	<b>67954800</b>	<b>62334100</b>	<b>68114800</b>	<b>66604000</b>	<b>71330100</b>	<b>71519500</b>	<b>77781800</b>	<b>81925000</b>	<b>82113700</b>

153549485 167347369 157263485 122593974 120359143 112924980 108577655 117239244 122430934 122832800 125875727 140633141 152574391 143730931

06/06	05/06	04/06	03/06	02/06	01/06	12/05	11/05	10/05	09/05	08/05	07/05	Grand Total
5605900	6792800	6393900	7223600	4486000	8351400	6429600	6620900	6307300	6098900	3644100	3300600	237892300
178000	23800	24700	28600	23100	115300	20700	21800	432900	441900	777600	4249200	7995300
2424300	2090700	1990200	1911400	1701000	2121900	2053800	2486000	2994800	3435900	3580700	3722400	91246400
21672000	12823000	9566000	9601000	7980000	7970000	10941000	38777000	38054000	19381000	22132000	21002000	621655000
4312700	4469800	3645000	5467400	3410800	5415700	4071500	4780900	5225100	5390500	5837300	6240400	164241200
6288800	10145000	9642000	10424000	9548000	12467000	10528000	10767000	13174500	11627500	12109000	11655000	377060000
3457000	3297000	7890000	7419000	6916000	7085000	5930000	7851000	7959000	6975000	4745000	6116000	165897000
68700	86900	63300	68500	67000	71700	158900	81400	107000	118300	137000	179000	3357900
16447000	16144000	12821000	16572000	15525000	17049000	15206000	15661000	15294000	19000000	16519000	17759000	556856000
5693800	4978600	5196200	5218500	6369700	7668200	7302100	6707700	8886000	9102700	8716800	8875200	213161300
11579100	9907800	8690200	11261700	10369000	12454300	11194200	11470200	13295900	13025500	12280700	14934400	387100300
4731300	4626700	4111000	4091000	4298000	4760000	4199000	4872000	6759500	4027500	4472000	4252000	132618000
82458600	75386100	70033500	79286700	70693600	85529500	78034800	110096900	118490000	98624700	94951200	102285200	2959080700

135693616 118812387 115686827 223361321 109415676 126727627 118193249 135898236 190027110 175765709 183428834 175554727 4932152350

Sum of Water Charge \$	Billing Cycle											
	06/08	05/08	04/08	03/08	02/08	01/08	12/07	11/07	10/07	09/07	08/07	
Customer Name												
PEAKSMILL WATER DIST	\$ 12,728.68	\$ 10,516.00	\$ 11,140.64	\$ 10,226.96	\$ 10,792.97	\$ 14,119.70	\$ 10,926.45	\$ 10,656.95	\$ 12,878.53	\$ 14,807.09	\$ 11,827.56	
	\$ 30.35	\$ 11.44	\$ 23.05	\$ 7.31	\$ 6.36	\$ 6.84	\$ 7.15	\$ 7.79	\$ 69.28	\$ 9.53	\$ 54.98	
SOUTH ANDERSON WATER DIST	\$ 2,794.58	\$ 2,400.51	\$ 2,130.38	\$ 2,423.06	\$ 2,216.88	\$ 4,908.04	\$ 4,226.10	\$ 3,955.82	\$ 5,126.11	\$ 4,610.32	\$ 5,637.30	
GEORGETOWN PUMP STATION	\$ 21,935.00	\$ 19,393.89	\$ 19,885.29	\$ 13,882.93	\$ 13,071.62	\$ 16,089.29	\$ 27,074.79	\$ 45,346.14	\$ 32,904.62	\$ 41,563.45	\$ 25,406.22	
FARMDALE WATER DIST	\$ 5,141.85	\$ 6,037.41	\$ 6,368.87	\$ 7,530.27	\$ 6,928.36	\$ 5,748.53	\$ 8,237.22	\$ 7,262.05	\$ 8,101.99	\$ 8,150.14	\$ 7,355.80	
	\$ 13,501.73	\$ 12,823.23	\$ 13,411.16	\$ 15,446.67	\$ 12,835.62	\$ 17,747.86	\$ 17,717.35	\$ 16,036.19	\$ 19,301.58	\$ 18,721.60	\$ 19,573.30	
FARMDALE WATER DISTRICT	\$ 8,100.72	\$ 7,911.63	\$ 6,405.26	\$ 8,256.03	\$ 5,245.29	\$ 4,701.85	\$ 5,149.95	\$ 5,208.74	\$ 6,978.89	\$ 6,934.40	\$ 6,622.85	
	\$ 131.09	\$ 131.42	\$ 149.05	\$ 138.88	\$ 145.23	\$ 166.21	\$ 150.79	\$ 114.41	\$ 184.96	\$ 168.12	\$ 159.70	
NORTH SHELBY WATER C	\$ 22,160.19	\$ 19,608.28	\$ 20,901.71	\$ 23,804.81	\$ 20,512.40	\$ 26,159.71	\$ 21,325.97	\$ 17,939.81	\$ 25,349.32	\$ 32,523.65	\$ 27,534.19	
ELKHORN WATER DIST	\$ 9,392.26	\$ 7,185.30	\$ 7,056.59	\$ 9,471.87	\$ 9,050.31	\$ 10,500.59	\$ 7,366.60	\$ 7,686.31	\$ 8,616.04	\$ 11,162.56	\$ 10,613.88	
US 60 WATER DISTRICT	\$ 14,440.83	\$ 12,530.22	\$ 12,705.64	\$ 14,739.56	\$ 12,225.61	\$ 14,755.94	\$ 13,349.99	\$ 13,998.81	\$ 17,941.56	\$ 18,463.39	\$ 17,557.50	
	\$ 5,769.68	\$ 5,521.77	\$ 5,440.74	\$ 6,475.17	\$ 5,760.13	\$ 5,572.62	\$ 6,146.25	\$ 5,764.89	\$ 6,635.66	\$ 7,182.28	\$ 5,609.17	
<b>Grand Total</b>	<b>\$ 116,126.94</b>	<b>\$ 104,071.08</b>	<b>\$ 105,618.38</b>	<b>\$ 112,405.52</b>	<b>\$ 98,790.56</b>	<b>\$ 120,475.18</b>	<b>\$ 121,678.61</b>	<b>\$ 133,977.71</b>	<b>\$ 144,088.54</b>	<b>\$ 164,296.63</b>	<b>\$ 137,962.55</b>	
<b>Total Water Charge - Retail</b>	<b>\$ 526,193.34</b>	<b>\$ 529,530.79</b>	<b>\$ 498,603.11</b>	<b>\$ 464,463.39</b>	<b>\$ 464,486.93</b>	<b>\$ 497,420.37</b>	<b>\$ 491,475.33</b>	<b>\$ 513,001.81</b>	<b>\$ 472,894.75</b>	<b>\$ 835,693.57</b>	<b>\$ 609,092.99</b>	

07/07	06/07	05/07	04/07	03/07	02/07	01/07	12/06	11/06	10/06	09/06	08/06	07/06
\$ 8,225.10	\$ 9,743.43	\$ 11,208.17	\$ 10,900.06	\$ 9,745.02	\$ 10,772.30	\$ 12,089.11	\$ 11,453.51	\$ 11,280.78	\$ 10,356.47	\$ 11,810.40	\$ 6,763.74	\$ 8,817.04
\$ 198.15	\$ 117.27	\$ 12.08	\$ (729.75)	\$ 613.99	\$ 61.34	\$ 46.08	\$ 99.15	\$ 5.57	\$ 18.60	\$ 34.48	\$ 1,041.59	\$ 884.28
\$ 6,004.68	\$ 5,623.79	\$ 3,648.83	\$ 3,962.01	\$ 4,072.77	\$ 3,574.61	\$ 3,822.86	\$ 3,755.44	\$ 3,697.60	\$ 4,616.68	\$ 4,456.83	\$ 4,470.66	\$ 4,371.81
\$ 21,906.97	\$ 66,423.19	\$ 93,643.11	\$ 13,788.94	\$ 15,428.04	\$ 20,610.85	\$ 13,238.17	\$ 14,545.83	\$ 18,183.29	\$ 16,839.59	\$ 22,025.69	\$ 26,351.18	\$ 23,638.41
\$ 8,901.90	\$ 7,616.39	\$ 5,808.75	\$ 6,622.00	\$ 6,437.20	\$ 7,842.51	\$ 5,395.45	\$ 6,279.57	\$ 6,744.35	\$ 7,116.50	\$ 8,678.74	\$ 7,498.98	\$ 6,590.05
\$ 18,735.90	\$ 19,625.74	\$ 15,114.57	\$ 20,493.65	\$ 13,016.77	\$ 9,469.65	\$ 17,778.53	\$ 15,746.99	\$ 14,858.53	\$ 16,837.04	\$ 15,894.77	\$ 17,666.50	\$ 23,004.27
\$ 6,961.41	\$ 6,821.58	\$ 4,768.59	\$ 4,271.23	\$ 6,216.17	\$ 4,601.74	\$ 5,024.42	\$ 6,901.03	\$ 3,819.47	\$ 5,045.56	\$ 5,404.19	\$ 6,014.37	\$ 6,050.91
\$ 173.84	\$ 142.15	\$ 109.96	\$ 102.33	\$ 104.08	\$ 102.65	\$ 127.80	\$ 189.73	\$ 132.36	\$ 148.41	\$ 138.41	\$ 143.49	\$ 161.60
\$ 28,298.50	\$ 24,562.76	\$ 23,180.33	\$ 25,536.82	\$ 28,270.70	\$ 22,092.67	\$ 26,869.99	\$ 21,141.65	\$ 25,192.01	\$ 21,802.67	\$ 21,767.71	\$ 25,206.31	\$ 24,840.84
\$ 11,008.27	\$ 11,244.56	\$ 8,933.51	\$ 12,747.24	\$ 11,820.93	\$ 1,638.42	\$ 4,153.16	\$ 5,956.21	\$ 8,763.65	\$ 8,644.80	\$ 9,426.10	\$ 9,240.35	\$ 10,587.17
\$ 15,010.01	\$ 14,125.89	\$ 25,647.73	\$ 20,442.96	\$ 16,971.79	\$ 17,495.21	\$ 18,607.51	\$ 18,910.05	\$ 18,163.86	\$ 15,587.80	\$ 16,741.70	\$ 17,195.52	\$ 14,318.01
\$ 6,586.41	\$ 3,007.98	\$ 1,684.34	\$ 1,635.08	\$ 1,542.92	\$ 1,592.18	\$ 1,604.89	\$ 1,473.00	\$ 5,296.14	\$ 7,263.32	\$ 8,019.68	\$ 9,338.55	\$ 8,094.37
\$ 133,011.14	\$ 169,064.73	\$ 193,769.97	\$ 119,772.67	\$ 114,240.38	\$ 98,854.13	\$ 108,767.67	\$ 108,462.16	\$ 113,937.61	\$ 114,267.24	\$ 124,396.70	\$ 130,931.20	\$ 131,336.76
\$ 662,166.22	\$ 626,163.29	\$ 512,162.34	\$ 399,204.61	\$ 686,164.66	\$ 470,092.26	\$ 461,284.86	\$ 638,728.99	\$ 498,169.14	\$ 500,817.80	\$ 596,211.88	\$ 594,221.63	\$ 686,016.55

08/06	05/06	04/06	03/06	02/06	01/06	12/05	11/05	10/05	09/05	08/05	07/05	Grand Total
\$ 8,907.78	\$ 10,793.76	\$ 10,159.91	\$ 11,478.30	\$ 7,128.25	\$ 13,270.37	\$ 10,216.63	\$ 10,520.61	\$ 10,022.29	\$ 9,691.15	\$ 5,790.47	\$ 5,270.67	\$ 378,036.85
\$ 282.84	\$ 37.82	\$ 39.25	\$ 45.45	\$ 36.71	\$ 183.21	\$ 32.90	\$ 34.64	\$ 687.87	\$ 680.48	\$ 1,198.43	\$ 6,695.87	\$ 12,592.38
\$ 3,852.22	\$ 3,322.13	\$ 3,182.43	\$ 3,037.21	\$ 2,702.89	\$ 3,371.70	\$ 3,263.49	\$ 3,950.25	\$ 4,758.74	\$ 5,453.46	\$ 5,683.25	\$ 5,908.22	\$ 144,971.24
\$ 34,449.43	\$ 21,145.13	\$ 15,774.33	\$ 15,832.05	\$ 13,159.02	\$ 13,142.53	\$ 18,041.71	\$ 59,354.31	\$ 59,945.10	\$ 32,869.70	\$ 35,119.19	\$ 33,473.91	\$ 993,482.89
\$ 6,852.89	\$ 7,102.51	\$ 5,791.91	\$ 8,887.70	\$ 5,419.76	\$ 8,605.55	\$ 6,469.62	\$ 7,596.85	\$ 8,302.69	\$ 8,565.51	\$ 9,251.23	\$ 9,891.66	\$ 260,930.74
\$ 9,992.90	\$ 16,120.41	\$ 15,321.14	\$ 16,563.74	\$ 15,171.77	\$ 19,810.06	\$ 16,728.99	\$ 17,108.76	\$ 20,934.28	\$ 18,476.10	\$ 19,241.20	\$ 18,519.79	\$ 699,148.34
\$ 5,493.17	\$ 5,238.93	\$ 12,537.21	\$ 11,788.79	\$ 10,989.52	\$ 11,258.07	\$ 9,422.77	\$ 12,475.24	\$ 12,648.85	\$ 11,083.27	\$ 7,539.81	\$ 9,718.32	\$ 263,610.33
\$ 109.17	\$ 138.09	\$ 100.58	\$ 108.84	\$ 106.46	\$ 113.94	\$ 252.49	\$ 129.34	\$ 170.02	\$ 187.98	\$ 211.14	\$ 275.98	\$ 6,320.60
\$ 26,134.28	\$ 25,652.82	\$ 20,372.57	\$ 26,332.91	\$ 24,669.23	\$ 27,090.86	\$ 24,162.33	\$ 24,885.33	\$ 24,302.17	\$ 30,191.00	\$ 26,248.69	\$ 28,219.05	\$ 884,844.22
\$ 9,047.45	\$ 7,911.00	\$ 8,256.76	\$ 8,292.19	\$ 10,121.45	\$ 12,184.77	\$ 11,603.03	\$ 10,658.53	\$ 14,119.85	\$ 14,451.61	\$ 13,840.63	\$ 14,090.59	\$ 346,824.64
\$ 18,399.19	\$ 15,743.49	\$ 13,806.73	\$ 17,894.84	\$ 16,476.34	\$ 19,789.89	\$ 17,787.58	\$ 18,226.15	\$ 21,127.19	\$ 20,697.52	\$ 19,514.04	\$ 23,730.76	\$ 616,102.41
\$ 7,518.04	\$ 7,351.83	\$ 6,532.38	\$ 6,500.60	\$ 6,829.52	\$ 7,563.64	\$ 6,672.21	\$ 7,741.81	\$ 10,740.85	\$ 6,399.70	\$ 7,106.01	\$ 6,758.43	\$ 210,730.02
\$131,039.36	\$120,567.92	\$111,857.20	\$128,562.62	\$112,810.92	\$136,384.69	\$124,853.75	\$172,891.62	\$187,767.90	\$168,747.48	\$150,744.09	\$162,561.25	\$ 4,716,594.46
\$563,986.16	\$527,382.80	\$420,976.94	\$404,923.84	\$448,463.43	\$462,713.56	\$383,468.16	\$613,589.56	\$580,469.33	\$576,026.68	\$544,329.51	\$614,218.80	\$ 18,951,767.36

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 18

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 18:           Rate Schedule

Response:         Ex. 1 – Rate Schedule

**FRANKFORT ELECTRIC & WATER PLANT BOARD  
CURRENT ELECTRIC & WATER RATES**

REVISED: 07/1/08

<b>ELECTRIC RATES</b>	
<b>RESIDENTIAL</b>	
<b>STOMER CHARGE (RATE 10)</b>	\$2.59
<b>ERGY CHARGE:</b>	
00 KWH	0.05430
1-400 KWH	0.05450
ER 400 KWH	0.04610
<b>1-GENERAL SERVICE</b>	
<b>STOMER CHARGE (RATE 15)</b>	\$3.77
<b>ERGY CHARGE:</b>	
00 KWH	0.06810
-2000 KWH	0.05740
ER 2000 KWH	0.05290
<b>MUM BILL: EQUALS CUSTOMER CHARGE</b>	
<b>1-GENERAL SERVICE</b>	
<b>STOMER CHARGE (RATE 18)</b>	\$3.77
<b>ERGY CHARGE:</b>	
00 KWH	0.06810
-2000 KWH	0.05740
ER 2000 KWH	0.05290
<b>MUM BILL: EQUALS CUSTOMER CHARGE</b>	
<b>LARGE POWER (RATE 20)</b>	
<b>.KW</b>	\$4.17
<b>ERGY CHARGE:</b>	
0,000 KWH	0.03470
001-2,000,000 KWH	0.03220
ER 2,000,000 KWH	0.03100
<b>VER FACTOR CLAUSE APPLIES</b>	
<b>MUM BILL: \$4.17 X 25% OF THE HIGHEST IN THE PRECEDING 11 MONTHS BUT NOT S THAN 2 KW</b>	
<b>L ADJUSTMENT - ALL RATES WILL INCLUDE A DIVISION FOR FUEL ADJUSTMENT AT A MONTHLY E PER KWH AS DETERMINED FROM KU'S BILLING</b>	
<b>LUDES TEMPORARY SUPPLEMENTAL MERGER CREDIT</b>	
<b>HIGH LOAD FACTOR</b>	
<b>GE POWER (RATE 21)</b>	
KW	\$5.22
KWH	0.02860
<b>VER FACTOR CLAUSE APPLIES</b>	
<b>MUM BILL: \$5.22 X 25% OF THE HIGHEST IN THE PRECEDING 11 MONTHS BUT NOT S THAN 2 KW</b>	
<b>LUDES TEMPORARY SUPPLEMENTAL MERGER CREDIT</b>	
<b>OCAL GOVERNMENT/SCHOOL (RATE 2)/</b>	
<b>CITY GOVERNMENT (RATE 19)</b>	
	\$3.75
	ALL KWH .05000 PER KWH
<b>MUM BILL: EQUALS CUSTOMER CHARGE</b>	
<b>SECURITY LIGHTS (RATE 1)</b>	
NATT (MERCURY VAPOR)	\$6.90 PER MTH
NATT (MERCURY VAPOR)	\$8.90 PER MTH
NATT (MERCURY VAPOR)	\$8.00 PER MTH
NATT (MERCURY VAPOR)	\$5.75 PER MTH
NATT (METAL HALIDE)	\$6.90 PER MTH

<b>AREA LIGHTING</b>		
DIRECTIONAL FIXTURE ONLY, 250 WATT MH		\$ 7.66
250 WATT, MH WITH 35' WOOD POLE		\$ 9.35
250 WATT, MH WITH 35' METAL POLE		\$11.52
DIRECTIONAL FIXTURE ONLY, 400 WATT MH		\$10.80
400 WATT, MH WITH 35' WOOD POLE		\$12.49
400 WATT, MH WITH 35' METAL POLE		\$14.65
DIRECTIONAL FIXTURE ONLY, 400 WATT HPS		\$10.80
400 WATT, HPS WITH 35' WOOD POLE		\$12.49
400 WATT, HPS WITH 35' METAL POLE		\$14.65
DIRECTIONAL FIXTURE ONLY, 1000 WATT HPS		\$22.17
1,000 WATT, MH WITH 35' WOOD POLE		\$23.86
1,000 WATT, MH WITH 35' METAL POLE		\$26.02
1,000 WATT, MH WITH 45' METAL POLE		\$29.50
<b>M1-MUNICIPAL STREET LIGHTING (RATE 2)/</b>		
<b>SIGNAL LIGHTS (RATES 2)</b>		
CUSTOMER CHARGES:		\$3.75
ALL KWH		.05000 POWER KWH
<b>(SAME AS CITY GOVERNMENT RATE)</b>		
<b>G1-GRATIS (IN-HOUSE)</b>		
<b>(RATE 3) NO DEMAND</b>		
<b>(RATE 17) NO DEMAND</b>		
ALL KWH		.05000 PER KWH
ALL KW		0
<b>WATER RATES</b>		
	<b>CITY W1</b>	<b>COUNTY W2</b>
MIN. 2,000 GL.	\$8.94 PER MTH	\$12.60 PER MTH
NEXT 3,000 GL.	\$4.47 PER 1,000 GL.	\$6.29 PER 1,000 GL.
NEXT 20,000 GL.	\$3.66 PER 1,000 GL.	\$3.66 PER 1,000 GL.
NEXT 175,000 GL.	\$3.02 PER 1,000 GL.	\$3.02 PER 1,000 GL.
NEXT 800,000 GL.	\$2.27 PER 1,000 GL.	\$2.27 PER 1,000 GL.
OVER 1,000,000 GL.	\$1.79 PER 1,000 GL.	\$1.79 PER 1,000 GL.
<b>EFFECTIVE BILL DUE AND PAYABLE 7/15/08</b>		
<b>SEWER RATES</b>		
<b>EFFECTIVE 7/1/08 PAYABLE 8/15/08</b>		
CUSTOMER CHARGE		\$4.00 (EFFECTIVE 11/004)
RESIDENTIAL		\$7.97 PER 1,000 GL.
COMMERCIAL		\$7.97 PER 1,000 GL.
INDUSTRIAL		\$8.17 PER 1,000 GL.
<b>EFFECTIVE BILL DUE &amp; PAYABLE 6/15/06</b>		
RESALES - NON WATER PRODUCERS		\$1.539
WATER SALES & WATER LOADING STATIONS		\$ 4.47
GRATIS (WATER)	\$0.63	
RESALE - OTHER WATER PRODUCERS		
0-15,000,000		\$1.599
OVER 15,000,000		\$1.406

**RECONNECT FEES FOR ELECTRIC & WATER SERVICES:**

- \*\$25 for reconnect within normal working hours
- \*\$50 for reconnect after working hours \*includes past due bill amounts
- \*\*\*Cutoff of water and electric services are subject to weather temperatures.



RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 19

Frankfort Electric and Water Plant Board  
 Response to PSC Order Dated: 7-2-2008  
 Case No. 2008-00250

ITEM 19: Table showing water sales

Response: See completed table

FEWPB	Gallons for Test Period	Gallons for Fiscal Year Ending in 2008
Plant Use *Includes water for flushing	54,810,015	66,681,270
Line Loss (Unaccounted for)	360,787,600	332,610,400
Sales to Retail	1,547,036,405	1,576,550,626
Sales to Elkhorn Water District	59,779,600	68,666,200
Sales to Farmdale Water District	219,306,300	227,759,200
Sales to Peaks Mill Water District	80,013,800	88,281,200
Sales to South Anderson Water District	31,512,700	29,220,600
Sales to US 60 Water District	166,608,100	157,447,200
Sales to Other Wholesale Customers (Georgetown)	216,853,000	184,903,000
Total Produced and Purchased	2,944,171,000	2,921,560,000
Total Sold	2,503,906,905	2,512,890,026

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 20

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 20: Unmetered service

Response: 20(a): FEWPB maintains three (3) frost free unmetered hydrants in the downtown area for special events. Fire hydrants for use by the fire department are also unmetered.

20(b): The above referenced hydrants represent 100% of unmetered service.

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 21

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 21: Cost of Service Study

Response: Ex. 1 – Cost of Service Study

THE ELECTRIC AND WATER PLANT BOARD  
OF THE CITY OF FRANKFORT, KENTUCKY

WATER DIVISION

COST OF SERVICE ALLOCATION STUDY

AS OF JUNE 30, 2007

AND

PROPOSED CUSTOMER RATES







THE ELECTRIC AND WATER PLANT BOARD  
OF THE CITY OF FRANKFORT, KENTUCKY

WATER DIVISION

COST OF SERVICE ALLOCATION STUDY

AS OF JUNE 30, 2007

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania



GANNETT FLEMING, INC.  
P.O. Box 67100  
Harrisburg, PA 17106-7100

Location:  
207 Senate Avenue  
Camp Hill, PA 17011

Office: (717) 763-7211  
Fax: (717) 763-4590  
www.gannettfleming.com

February 14, 2008

Frankfort Plant Board  
317 West Second Street  
Frankfort, KY 40602

Attention Warner J. Caines  
General Manager

Ladies and Gentlemen:

Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements estimated for the test year ended June 30, 2007, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.  
Valuation and Rate Division

A handwritten signature in black ink, appearing to read "Paul R. Herbert".

PAUL R. HERBERT  
President

A handwritten signature in black ink, appearing to read "Constance E. Heppenstall".

CONSTANCE E. HEPPENSTALL  
Rate Analyst

PRH/krm



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PART I. INTRODUCTION

THE ELECTRIC AND WATER PLANT BOARD  
OF THE CITY OF FRANKFORT, KENTUCKY  
WATER DIVISION

COST OF SERVICE ALLOCATION STUDY  
AS OF JUNE 30, 2007  
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of June 30, 2007, prepared for The Electric and Water Plant Board of the City of Frankfort, Kentucky (The Frankfort Plant Board), Water Division. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth the proposed rate structure.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and customer accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

## ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The

customer costs were allocated on the bases of the relative cost of meters and services, the number of meter readings and the number of bills.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were assigned directly to Public Fire Protection. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

## RESULTS OF STUDY

The data summarized in Schedule A, "Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended June 30, 2007," constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Allocation of Cost of Service to Customer Classifications for the Twelve Months Ended June 30, 2007". The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 3 to the cost of service by account in column 4. The bases of the allocation factors are presented in Schedule C.

## DESIGN OF PROPOSED RATES

The results of the cost of service allocation study were discussed with Water Board management in order that it be afforded the opportunity of performing its role in the oversight of designing rates that are consistent with the cost of providing service to each customer class. Using class cost of service as the guideline, the proposed rate design

continues the move of each class to its relative cost of service, including the rates for city and county customers, which have comparable service costs.

The proposed rate structure, as presented in Part III, Proposed Customer Rates, Schedule D, consists of service charges and volumetric rates. The revenues resulting from the proposed rate structure are shown in columns 6 and 7 of Schedule A, and the increase and percentage increase in columns 8 and 9.



FRANKFORT PLANT BOARD

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
FOR THE TEST YEAR ENDED JUNE 30, 2007

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
	Residential	\$ 3,485,141	44.0%	\$ 3,317,074	44.3%	\$ 3,385,271	42.6%	\$ 68,197
Commercial	1,909,432	23.9%	2,441,987	32.6%	2,509,029	31.6%	67,042	2.7%
Public	24,446	0.3%	30,804	0.4%	31,689	0.4%	885	2.9%
Sales for Resale - Non Water Prod.	1,348,487	17.0%	1,138,887	15.2%	1,348,312	17.0%	209,425	18.4%
Sales for Resale - Water Prod.	534,297	6.7%	331,874	4.4%	416,141	5.2%	84,267	25.4%
Private Fire Service	161,556	2.0%	136,225	1.8%	149,847	1.9%	13,622	10.0%
Public Fire Service	483,957	6.1%	96,844	1.3%	106,528	1.3%	9,684	10.0%
Total Sales	7,947,318	<u>100.0%</u>	7,493,694	<u>100.0%</u>	7,946,817	<u>100.0%</u>	453,123	6.0%
Other Revenues	308,647		308,647		308,647		-	0.0%
Total	<u>\$ 8,255,965</u>		<u>\$ 7,802,341</u>		<u>\$ 8,255,464</u>		<u>\$ 453,123</u>	5.8%

**PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION**

FRANKFORT PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential			Commercial		Public		Sales for Resale	Sales for Resale	Fire Protection		
			Residential (4)	Commercial (5)	Public (6)	Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)					
<b>OPERATION AND MAINTENANCE EXPENSES</b>														
<b>POWER AND PUMPING EXPENSES</b>														
623000 PUMPING POWER	1	418,224	\$ 114,761	\$ 138,390	\$ 1,757	\$ 124,254	\$ 36,427	\$ 711	\$ 1,924					
633000 PUMPING MAINTENANCE	2	20,772	5,820	6,379	81	5,729	2,690	19	54					
<b>TOTAL POWER AND PUMPING EXPENSES</b>		<b>438,996</b>	<b>120,581</b>	<b>144,769</b>	<b>1,838</b>	<b>129,983</b>	<b>39,117</b>	<b>730</b>	<b>1,978</b>					
<b>WATER TREATMENT EXPENSE</b>														
641000 WATER TREATMENT CHEMICALS	1	371,206	101,859	122,832	1,559	110,285	32,332	631	1,708					
642000 WATER TREATMENT LABOR	2	317,454	88,951	97,490	1,238	87,554	41,110	286	825					
643000 MISCELLANEOUS TREATMENT EXPENSE	2	44,371	12,433	13,626	173	12,237	5,746	40	115					
644000 TREATMENT LABORATORY EXPENSE	2	39,310	11,015	12,072	153	10,842	5,091	35	102					
644100 TREATMENT LABORATORY PAYROLL	2	42,230	11,833	12,969	165	11,647	5,469	38	110					
652000 WATER TREATMENT MAINTENANCE	2	1,083	303	332	4	299	140	1	3					
652100 WATER TREATMENT MAINT PAYROLL	2	72,867	20,417	22,377	284	20,097	9,436	66	189					
<b>TOTAL WATER TREATMENT EXPENSE</b>		<b>888,521</b>	<b>246,810</b>	<b>281,699</b>	<b>3,577</b>	<b>252,961</b>	<b>99,324</b>	<b>1,097</b>	<b>3,053</b>					
<b>TRANSMISSION AND DISTRIBUTION</b>														
677000 FIRE HYDRANTS	7	8,927	0	0	0	0	0	0	8,927					
677100 FIRE HYDRANTS PAYROLL	7	38,199	0	0	0	0	0	0	38,199					
678000 WATER DISTRIBUTION EXPENSES - MAINS	6	135,839	31,080	33,267	421	30,645	13,136	7,498	19,792					
678000 WATER DISTRIBUTION EXPENSES - METERS	8	135,839	97,845	34,625	503	2,065	801	0	0					
678000 WATER DISTRIBUTION EXPENSES - SERVICES	9	135,839	111,565	19,235	231	190	54	4,564	0					
678100 WATER DIST PAYROLL - MAINS	6	269,218	61,597	65,931	835	60,736	26,033	14,861	39,225					
678100 WATER DIST PAYROLL - METERS	8	269,218	193,918	68,624	996	4,092	1,588	0	0					
678100 WATER DIST PAYROLL - SERVICES	9	269,218	221,109	38,121	458	377	108	9,046	0					
700000 ENGINEERING EXPENSE ACCOUNT	10	7,894	4,484	1,625	21	613	261	225	664					
700100 ENGINEERING PAYROLL	10	227,543	129,267	46,828	614	17,680	7,532	6,485	19,136					
<b>TOTAL TRANSMISSION AND DISTRIBUTION</b>		<b>1,497,733</b>	<b>850,864</b>	<b>308,256</b>	<b>4,079</b>	<b>116,398</b>	<b>49,514</b>	<b>42,679</b>	<b>125,943</b>					

FRANKFORT PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Sales for Resale			Sales for Resale		Fire Protection	
			Residential	Commercial	Public	Non Water Prod.	Water Prod.	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>CUSTOMER ACCOUNTING AND COLLECTING EXPENSE</b>									
902000 METER READING EXPENSES	13	8,873	7,651	1,201	13	6	1	0	0
902100 METER READING PAYROLL	13	160,344	138,265	21,711	241	112	16	0	0
903000 CUSTOMER RECORDS AND COLLECTION	12	6,291	5,352	840	9	4	1	84	1
903010 POSTAGE AND PRINTING	12	39,960	33,994	5,339	60	28	4	531	4
903100 CUSTOMER RECORDS AND COLLECTION PAYROLL	12	167,644	142,615	22,397	251	117	17	2,230	17
903200 CASH OVER AND SHORT	12	(95)	(81)	(13)	(0)	(0)	(0)	(1)	(0)
904000 BAD DEBTS EXPENSE	12	22,424	19,076	2,996	34	16	2	298	2
<b>TOTAL CUSTOMER ACCOUNTING AND COLLECTING EXPENSE</b>		<b>405,441</b>	<b>346,872</b>	<b>54,471</b>	<b>608</b>	<b>284</b>	<b>41</b>	<b>3,142</b>	<b>24</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>									
903921 OFFICE SUPPLIES EXPENSE	14	11,028	5,426	2,565	33	1,435	645	234	690
905100 INFORMATION TECHNOLOGIES PAYROLL	14	96,184	47,323	22,372	289	12,514	5,627	2,039	6,021
905200 GIS EXPENSES	14	7,628	3,753	1,774	23	992	446	162	478
905210 CIS EXPENSES	14	41,087	20,215	9,557	123	5,345	2,404	871	2,572
905300 COMPUTER EXPENSE	14	19,974	9,827	4,646	60	2,599	1,168	423	1,250
913000 PUBLISHING EXPENSE	14	6,884	3,387	1,601	21	896	403	146	431
920000 ADMINISTRATIVE EXPENSE	14	49,474	24,341	11,508	148	6,437	2,894	1,049	3,097
RATE CASE EXPENSE	11	68,000	0	0	0	68,000	0	0	0
920060 DUES AND SUBSCRIPTIONS	14	11,579	5,697	2,693	35	1,506	677	245	725
920100 ADMINISTRATIVE PAYROLL	14	163,954	80,665	38,136	492	21,330	9,591	3,476	10,264
920200 CLEARING ACCOUNT	14	649	319	151	2	84	38	14	41
920400 SAFETY EXPENSE	14	9,317	4,584	2,167	28	1,212	545	198	583
920700 TRAVEL AND TRAINING EXPENSE	14	40,862	20,104	9,504	123	5,316	2,390	866	2,558
920820 BOARD PAYROLL	14	1,151	566	268	3	150	67	24	72
920910 SOCIAL SECURITY EXPENSE	14	223,645	110,033	52,020	671	29,096	13,083	4,741	14,000
923300 LEGAL RETAINER FEES	14	8,605	4,234	2,002	26	1,120	503	182	539
923400 OTHER CONSULTING FEES	14	12,079	5,943	2,810	36	1,572	707	256	756
923500 OTHER LEGAL AND ACCOUNTING	14	22,609	11,123	5,259	68	2,941	1,323	479	1,415
924000 INSURANCE EXPENSE	14	269,441	132,565	62,672	808	35,054	15,762	5,712	16,867
926000 UNEMPLOYMENT INSURANCE	15	2,954	1,590	648	8	338	152	55	163
926060 VACATION BENEFITS EXPENSE	15	148,510	79,958	32,568	416	16,975	7,648	2,762	8,183
926070 SICK BENEFITS EXPENSE	15	95,732	51,542	20,994	268	10,942	4,930	1,781	5,275

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FRANKFORT PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Sales for				Fire Protection		
			Residential (4)	Commercial (5)	Public (6)	Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)
926100 EMPLOYEES WELFARE EXPENSE	15	507,482	273,228	111,291	1,421	58,005	26,135	9,439	27,962
926400 CLUBHOUSE EXPENSE	15	2,630	1,416	577	7	301	135	49	145
926450 EMPLOYEE ACTIVITY EXPENSE	15	11,106	5,980	2,436	31	1,269	572	207	612
926470 EMPLOYEE ASSISTANCE EXP	15	717	386	157	2	82	37	13	39
926500 COMPANY CONTRIBUTION TO EMP PENSION	15	468,128	252,040	102,660	1,311	53,507	24,109	8,707	25,794
930100 GENERAL EXPENSES	14	4,205	2,069	978	13	547	246	89	263
930110 MAINTENANCE EXPENSES	14	10,282	5,059	2,392	31	1,338	602	218	644
930435 CASH CONTRIBUTIONS TO CITY	14	3,150	1,550	733	9	410	184	67	197
932110 SUPPORT SERVICES EXP	14	24,598	12,102	5,722	74	3,200	1,439	521	1,540
932120 SUPPORT SERVICES PAYROLL	14	117,811	57,963	27,403	353	15,327	6,892	2,498	7,375
932130 INVENTORY ADJUSTMENTS	14	(3,864)	(1,901)	(899)	(12)	(503)	(226)	(82)	(242)
932140 COST OF SALES CLEARING	14	1,026	505	239	3	133	60	22	64
932200 AUTO & TRUCK REPAIR EXPENSE	14	52,002	25,585	12,096	156	6,765	3,042	1,102	3,255
932210 AUTO & TRUCK REPAIR PAYROLL	14	57,013	28,050	13,261	171	7,417	3,335	1,209	3,569
932220 AUTO & TRUCK GAS & OIL	14	100,309	49,352	23,332	301	13,050	5,868	2,127	6,279
<b>TOTAL ADMINISTRATIVE AND GENERAL EXPENSES</b>		<b>2,667,939</b>	<b>1,336,579</b>	<b>588,290</b>	<b>7,552</b>	<b>386,703</b>	<b>143,436</b>	<b>51,902</b>	<b>153,477</b>
<b>TOTAL OPERATION AND MAINTENANCE</b>		<b>5,898,630</b>	<b>2,901,706</b>	<b>1,377,487</b>	<b>17,653</b>	<b>886,329</b>	<b>331,432</b>	<b>99,549</b>	<b>284,474</b>

FRANKFORT PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Sales for Resale				Fire Protection		
			Residential (4)	Commercial (5)	Public (6)	Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)
<b>TAXES AND PAYMENTS IN LIEU OF TAXES</b>									
930408 CITY PROP TAX / IN-LIEU-OF TAXES	17	34,457	10,361	8,890	114	7,581	3,294	1,003	3,215
930409 COUNTY PROP TAX / IN-LIEU-OF TAXES	17	14,541	4,372	3,751	48	3,199	1,390	423	1,357
<b>TOTAL TAXES AND PAYMENTS IN LIEU OF TAXES</b>		<b>48,998</b>	<b>14,734</b>	<b>12,641</b>	<b>162</b>	<b>10,780</b>	<b>4,684</b>	<b>1,426</b>	<b>4,571</b>
<b>DEBT SERVICE AND INTEREST PAYABLE</b>									
930426 INTEREST ON BAN	17	70,315	21,144	18,141	232	15,469	6,722	2,046	6,560
930427 DEBT SERVICE ON BONDS	17	1,077,473	323,996	277,988	3,556	237,044	103,006	31,354	100,528
930431 INTEREST ON CUSTOMER DEPOSITS	12	13,285	11,302	1,775	20	9	1	177	1
930432 OTHER INTEREST EXPENSE (RETIREMENT PLAN)	15	11,020	5,933	2,417	31	1,260	568	205	607
<b>TOTAL DEBT SERVICE AND INTEREST PAYABLE</b>		<b>1,172,093</b>	<b>362,375</b>	<b>300,321</b>	<b>3,838</b>	<b>253,782</b>	<b>110,297</b>	<b>33,782</b>	<b>107,697</b>
<b>CAPITAL PROJECTS</b>	17	<b>1,136,245</b>	<b>341,669</b>	<b>293,151</b>	<b>3,750</b>	<b>249,974</b>	<b>108,625</b>	<b>33,065</b>	<b>106,012</b>
<b>TOTAL COST OF SERVICE</b>		<b>8,255,965</b>	<b>3,620,483</b>	<b>1,983,600</b>	<b>25,403</b>	<b>1,400,865</b>	<b>555,038</b>	<b>167,822</b>	<b>502,754</b>
<b>LESS OTHER WATER REVENUES</b>	18	<b>308,647</b>	<b>135,342</b>	<b>74,168</b>	<b>957</b>	<b>52,377</b>	<b>20,741</b>	<b>6,266</b>	<b>18,797</b>
<b>TOTAL OTHER WATER REVENUES</b>		<b>308,647</b>	<b>135,342</b>	<b>74,168</b>	<b>957</b>	<b>52,377</b>	<b>20,741</b>	<b>6,266</b>	<b>18,797</b>
<b>TOTAL COST OF SERVICE RELATED TO SALES OF WATER</b>		<b>\$ 7,947,318</b>	<b>\$ 3,485,141</b>	<b>\$ 1,909,432</b>	<b>\$ 24,446</b>	<b>\$ 1,348,487</b>	<b>\$ 534,297</b>	<b>\$ 161,556</b>	<b>\$ 483,957</b>

FRANKFORT WATER BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	1,872	0.2744
Commercial	2,258	0.3309
Public	29	0.0042
Sales for Resale - Non Water Prod.	2,027	0.2971
Sales for Resale - Water Prod.	594	0.0871
Private Fire Protection	12	0.0017
Public Fire Protection	31	0.0046
<b>Total</b>	<b>6,823</b>	<b>1.0000</b>

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.5556	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.4444	
Residential	0.2744	0.1525	0.2875	0.1277	0.2802
Commercial	0.3309	0.1838	0.2774	0.1233	0.3071
Public	0.0042	0.0023	0.0035	0.0016	0.0039
Sales for Resale - Non Water Prod.	0.2971	0.1651	0.2491	0.1107	0.2758
Sales for Resale - Water Prod.	0.0871	0.0484	0.1825	0.0811	0.1295
Private Fire Protection	0.0017	0.0009			0.0009
Public Fire Protection	0.0046	0.0026			0.0026
<b>Total</b>	<b>1.0000</b>	<b>0.5556</b>	<b>1.0000</b>	<b>0.4444</b>	<b>1.0000</b>

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

FRANKFORT WATER BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND  
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification (1)	Average Daily Consumption, Thousand Gal. (2)	Factor* (3)	Maximum Day Extra Capacity	
			Rate of Flow, Thousand Gal. Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	1,872	1.0	1,872	0.2875
Commercial	2,258	0.8	1,806	0.2774
Public	29	0.8	23	0.0035
Sales for Resale - Non Water Prod.	2,027	0.8	1,622	0.2491
Sales for Resale - Water Prod.	594	2.0	1,188	0.1825
<b>Total</b>	<b>6,780</b>		<b>6,511</b>	<b>1.0000</b>

\* Ratio of Maximum Hour To Average Hour Minus 1.0.

The weighting of the factors is based on the maximum day ratio of 1.80, based on a review of maximum day ratios experienced during the period 1999 through 2007.

	Maximum Day Ratio	Weight
Average Day	1.00	0.5556
Maximum Day Extra Capacity	0.80	0.4444
<b>Total</b>	<b>1.80</b>	<b>1.0000</b>

\* Ratio of maximum day to average day minus 1.0.



FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor (8)=(3)+(5)+(7)
	Allocation Factor (2)	Weighted Factor (3)=(2) X 0.5156	Allocation Factor (4)	Weighted Factor (5)=(4) X 0.4125	Allocation Factor (6)	Weighted Factor (7)=(6) X 0.0719	
Residential	0.2744	0.1414	0.2875	0.1186			0.2600
Commercial	0.3309	0.1706	0.2774	0.1144			0.2850
Public	0.0042	0.0022	0.0035	0.0014			0.0036
Sales for Resale - Non Water Prod.	0.2971	0.1532	0.2491	0.1028			0.2560
Sales for Resale - Water Prod.	0.0871	0.0449	0.1825	0.0753			0.1202
Private Fire Protection	0.0017	0.0009			0.2748	0.0198	0.0207
Public Fire Protection	0.0046	0.0024			0.7252	0.0521	0.0545
Total	<u>1.0000</u>	<u>0.5156</u>	<u>1.0000</u>	<u>0.4125</u>	<u>1.0000</u>	<u>0.0719</u>	<u>1.0000</u>

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.8 and the average daily system sendout for 2006/2007 of 8.6 MGD. The system demand for fire protection is 5,000 Gallons per minute for 4 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	8,600,000	0.5156
Maximum Day Extra Capacity	<u>0.80</u>	<u>6,880,000</u>	<u>0.4125</u>
Subtotal	<u>1.80</u>	15,480,000	0.9281
Fire Protection		<u>1,200,000</u>	<u>0.0719</u>
Total		<u>16,680,000</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X	(5)	(6)=(5) X	(7)	(8)=(7) X	(9)=(4)+(6)+(8)
			0.2997		0.4495		0.2508	
Residential	78.0	0.2742	0.0822	0.2976	0.1337			0.2159
Commercial	94.1	0.3309	0.0992	0.2872	0.1291			0.2283
Public	1.2	0.0042	0.0013	0.0037	0.0017			0.0030
Sales for Resale - Non Water Prod.	84.5	0.2971	0.0890	0.2763	0.1242			0.2132
Sales for Resale - Water Prod.	24.8	0.0872	0.0261	0.1352	0.0608			0.0869
Private Fire Protection	0.5	0.0018	0.0005			0.2748	0.0689	0.0694
Public Fire Protection	1.3	0.0046	0.0014			0.7252	0.1819	0.1833
Total	284.4	1.0000	0.2997	1.0000	0.4495	1.0000	0.2508	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND  
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2006/2007 of 8.6 MGD. The system demand for fire protection is 5,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	5,972	0.2997
Maximum Hour Extra Capacity	<u>1.50</u>	<u>8,958</u>	<u>0.4495</u>
Subtotal	<u>2.50</u>	14,930	0.7492
Fire Protection		<u>5,000</u>	<u>0.2508</u>
Total		<u>19,930</u>	<u>1.0000</u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification (1)	Average Hourly Consumption Thousand Gal. (2)	Maximum Hour Extra Capacity		
		Factor* (3)	1,000 Gallons Per Hour (4)=(2)x(3)	Allocation Factor (5)
Residential	78.0	3.5	273.0	0.2976
Commercial	94.1	2.8	263.5	0.2872
Public	1.2	2.8	3.4	0.0037
Sales for Resale - Non Water Prod.	84.5	3.0	253.5	0.2763
Sales for Resale - Water Prod.	<u>24.8</u>	5.0	<u>124.0</u>	<u>0.1352</u>
Total	<u>282.6</u>		<u>917.4</u>	<u>1.0000</u>

\* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

## FRANKFORT PLANT BOARD

### FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

#### FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.3702	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.5552	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.0746	
Residential	78.0	0.2742	0.1014	0.2976	0.1651			0.2665
Commercial	94.1	0.3309	0.1225	0.2872	0.1595			0.2820
Public	1.2	0.0042	0.0016	0.0037	0.0021			0.0037
Sales for Resale - Non Water Prod.	84.5	0.2971	0.1100	0.2763	0.1534			0.2634
Sales for Resale - Water Prod.	24.8	0.0872	0.0323	0.1352	0.0751			0.1074
Private Fire Protection	0.5	0.0018	0.0007			0.2748	0.0205	0.0212
Public Fire Protection	1.3	0.0046	0.0017			0.7252	0.0541	0.0558
<b>Total</b>	<b>284.4</b>	<b>1.0000</b>	<b>0.3702</b>	<b>1.0000</b>	<b>0.5552</b>	<b>1.0000</b>	<b>0.0746</b>	<b>1.0000</b>

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{5,000 \text{ GPM} \times 60 \text{ Min.} \times 4 \text{ Hrs.}}{16,087,000 \text{ Gallons}} = 0.0746$$

$$\text{General Service Weight} = 1.0000 - 0.0746 = 0.9254$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	<u>Maximum Hour Ratio</u>	<u>Percent</u>	<u>Weight</u>
Average Hour	1.00	40.00	0.3702
Extra Capacity Maximum Hour	<u>1.50</u>	<u>60.00</u>	<u>0.5552</u>
Total	<u><u>2.50</u></u>	<u><u>100.00</u></u>	<u><u>0.9254</u></u>

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
	(2)	(3)=(2)X 0.2916	(4)	(5)=(4)X 0.7084	
Residential	0.2600	0.0759	0.2159	0.1529	0.2288
Commercial	0.2850	0.0831	0.2283	0.1618	0.2449
Public	0.0036	0.0010	0.0030	0.0021	0.0031
Sales for Resale - Non Water Prod.	0.2560	0.0746	0.2132	0.1510	0.2256
Sales for Resale - Water Prod.	0.1202	0.0351	0.0869	0.0616	0.0967
Private Fire Protection	0.0207	0.0060	0.0694	0.0492	0.0552
Public Fire Protection	0.0545	0.0159	0.1833	0.1298	0.1457
<b>Total</b>	<b>1.0000</b>	<b>0.2916</b>	<b>1.0000</b>	<b>0.7084</b>	<b>1.0000</b>

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains (greater than 10")	676,496	0.2916
Distribution Mains (10" and smaller)	1,643,120	0.7084
<b>Total</b>	<b>2,319,616</b>	<b>1.0000</b>

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (2)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>5/8" Equivalent</u> (2)	<u>Allocation Factor</u> (3)
Residential	13,964	0.7203
Commercial	4,941	0.2549
Public	72	0.0037
Sales for Resale - Non Water Prod.	295	0.0152
Sales for Resale - Water Prod.	115	0.0059
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>19,387</u></u>	<u><u>1.0000</u></u>



FRANKFORT PLANT BOARD

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Public		Sales for Resale Non Water Producing		Sales for Resale Water Producing		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	13,333	13,333	1,432	1,432	15	15	0	0	0	0	14,780	14,780
3/4	1.5	21	32	46	69	0	0	0	0	0	0	67	101
1	2.5	212	530	355	888	3	8	0	0	0	0	570	1,426
1-1/2	5.0	6	30	110	550	2	10	0	0	0	0	118	590
2	8.0	3	24	144	1,152	3	24	0	0	0	0	150	1,200
3	15.0	1	15	30	450	1	15	3	45	0	0	35	525
4	25.0	0	0	14	350	0	0	6	150	0	0	20	500
6	50.0	0	0	1	50	0	0	2	100	0	0	3	150
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0
10	115.0	0	0	0	0	0	0	0	0	1	115	1	115
Total		<u>13,576</u>	<u>13,964</u>	<u>2,132</u>	<u>4,941</u>	<u>24</u>	<u>72</u>	<u>11</u>	<u>295</u>	<u>1</u>	<u>115</u>	<u>15,744</u>	<u>19,387</u>

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>3/4" Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	13,623	0.8213
Commercial	2,348	0.1416
Public	29	0.0017
Sales for Resale - Non Water Prod.	23	0.0014
Sales for Resale - Water Prod.	6	0.0004
Private Fire Protection	<u>558</u>	<u>0.0336</u>
 Total	 <u><u>16,587</u></u>	 <u><u>1.0000</u></u>

FRANKFORT PLANT BOARD

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Public		Sales for Resale Non Water Producing		Sales for Resale Water Producing		Private Fire Protection		Total	
		Number of Services	Weighting (4)=(2)X(3)	Number of Services	Weighting (6)=(2)X(5)	Number of Services	Weighting (8)=(2)X(7)	Number of Services	Weighting (10)=(2)X(9)	Number of Services	Weighting (12)=(2)X(11)	Number of Services	Weighting (14)=(2)X(13)	Number of Services	Weighting (16)
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)
3/4	1.00	13,354	13,354	1,478	1,478	15	15	0	0	0	0	0	0	14,847	14,847
1	1.20	212	254	355	426	3	4	0	0	0	0	0	0	570	684
1-1/2	1.30	6	8	110	143	2	3	0	0	0	0	0	0	118	154
2	1.50	3	5	144	216	3	5	0	0	0	0	1	2	151	228
3	1.70	1	2	30	51	1	2	3	5	0	0	2	3	37	63
4	2.20	0	0	14	31	0	0	6	13	0	0	41	90	61	134
6	2.50	0	0	1	3	0	0	2	5	0	0	143	358	146	366
8	3.20	0	0	0	0	0	0	0	0	0	0	24	77	24	77
10	5.60	0	0	0	0	0	0	0	0	1	6	5	28	6	34
<b>Total</b>		<b>13,576</b>	<b>13,623</b>	<b>2,132</b>	<b>2,348</b>	<b>24</b>	<b>29</b>	<b>11</b>	<b>23</b>	<b>1</b>	<b>6</b>	<b>216</b>	<b>558</b>	<b>15,960</b>	<b>16,587</b>

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF TRANSMISSION AND DISTRIBUTION ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Transmission &amp; Distribution Operating Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 717,113	0.5681
Commercial	259,804	0.2058
Public	3,443	0.0027
Sales for Resale - Non Water Prod.	98,105	0.0777
Sales for Resale - Water Prod.	41,721	0.0331
Private Fire Protection	35,969	0.0285
Public Fire Protection	<u>106,143</u>	<u>0.0841</u>
<b>Total</b>	<u><u>1,262,297</u></u>	<u><u>1.0000</u></u>

FACTOR 11. ALLOCATION OF EXPENSES FOR SALES FOR RESALE CUSTOMERS NON WATER PRODUCING

Costs are assigned directly to Sales for Resale Non Water Producing Customers.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (2)
Sales for Resale - Non Water Prod.	1.0000

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	13,576	0.8507
Commercial	2,132	0.1336
Public	24	0.0015
Sales for Resale - Non Water Prod.	11	0.0007
Sales for Resale - Water Prod.	1	0.0001
Private Fire Protection	212	0.0133
Public Fire Protection	<u>1</u>	<u>0.0001</u>
 Total	 <u><u>15,957</u></u>	 <u><u>1.0000</u></u>

FACTOR 13. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

<u>Customer Classification</u> (1)	<u>Total Metered Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	13,576	0.8623
Commercial	2,132	0.1354
Public	24	0.0015
Sales for Resale - Non Water Prod.	11	0.0007
Sales for Resale - Water Prod.	<u>1</u>	<u>0.0001</u>
 Total	 <u><u>15,744</u></u>	 <u><u>1.0000</u></u>

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$1,001,636	0.4920
Commercial	473,503	0.2326
Public	6,177	0.0030
Sales for Resale - Non Water Prod.	264,803	0.1301
Sales for Resale - Water Prod.	119,196	0.0585
Private Fire Protection	43,163	0.0212
Public Fire Protection	<u>127,342</u>	<u>0.0626</u>
 Total	 <u><u>\$2,035,820</u></u>	 <u><u>1.0000</u></u>

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

<u>Customer Classification</u> (1)	<u>Direct Labor Expense</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$1,222,539	0.5384
Commercial	497,889	0.2193
Public	6,390	0.0028
Sales for Resale - Non Water Prod.	259,150	0.1143
Sales for Resale - Water Prod.	116,822	0.0515
Private Fire Protection	42,256	0.0186
Public Fire Protection	<u>125,003</u>	<u>0.0551</u>
Total	<u><u>\$2,270,049</u></u>	<u><u>1.0000</u></u>

FACTOR 16. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,  
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Original Cost Less Depreciation</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$7,785,706	0.3007
Commercial	6,681,952	0.2580
Public	85,823	0.0033
Sales for Resale - Non Water Prod.	5,697,527	0.2200
Sales for Resale - Water Prod.	2,476,717	0.0956
Private Fire Protection	753,604	0.0291
Public Fire Protection	<u>2,415,180</u>	<u>0.0933</u>
Total	<u><u>\$25,896,508</u></u>	<u><u>1.0000</u></u>

## FRANKFORT PLANT BOARD

### FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

#### FACTOR 17. ALLOCATION OF CAPITAL PROJECTS

Factors are based on the allocation of the original cost measure of value rate base as shown on the following page and summarized below.

Customer Classification (1)	Original Cost Measure of Value (2)	Allocation Factor (3)
Residential	\$7,822,955	0.3007
Commercial	6,713,911	0.2580
Public	86,232	0.0033
Sales for Resale - Non Water Prod.	5,724,780	0.2200
Sales for Resale - Water Prod.	2,488,560	0.0956
Private Fire Protection	757,209	0.0291
Public Fire Protection	2,426,737	0.0933
Total	\$26,020,383	1.0000

#### FACTOR 18. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification (1)	Total Cost of Service (2)	Allocation Factor (3)
Residential	\$3,620,483	0.4385
Commercial	1,983,600	0.2403
Public	25,403	0.0031
Sales for Resale - Non Water Prod.	1,400,865	0.1697
Sales for Resale - Water Prod.	555,038	0.0672
Private Fire Protection	167,822	0.0203
Public Fire Protection	502,754	0.0609
Total	\$8,255,965	1.0000



FRANKFORT PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential			Commercial		Public		Sales for Resale	Sales for Resale	Fire Protection		
			Residential (4)	Commercial (5)	Public (6)	Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)					
RATE BASE														
101310		\$ 21,925	\$ 6,593	\$ 5,657	\$ 72	\$ 4,823	\$ 2,096	\$ 638	\$ 2,046					
101311		101,950	30,656	26,303	336	22,429	9,746	2,967	9,512					
101313		512,887	143,711	157,507	2,000	141,454	66,419	462	1,334					
101315		45,133	12,646	13,860	176	12,448	5,845	41	117					
101316		25,243	7,073	7,752	98	6,962	3,269	23	66					
101320		2,436	683	748	10	672	315	2	6					
101321		56,400	15,803	17,321	220	15,555	7,304	51	147					
101325		491,019	137,583	150,792	1,915	135,423	63,587	442	1,277					
101330		14,077	3,944	4,323	55	3,882	1,823	13	37					
101331		1,119,788	313,765	343,887	4,367	308,838	145,013	1,008	2,911					
101332		3,649,346	1,022,547	1,120,714	14,232	1,006,490	472,590	3,284	9,488					
101340		168,082	38,457	41,163	521	37,919	16,254	9,278	24,490					
101341		195,397	44,707	47,853	606	44,082	18,895	10,786	28,469					
101342		6,286,605	1,675,380	1,772,823	23,260	1,655,892	675,181	133,276	350,793					
101343		9,618,897	2,200,804	2,355,668	29,819	2,170,023	930,147	530,963	1,401,473					
101344		12,107	0	0	0	0	0	0	12,107					
101345		1,224,830	1,005,953	173,436	2,082	1,715	490	41,154	0					
101346		811,385	584,441	206,822	3,002	12,333	4,787	0	0					
101347		23,927	17,235	6,099	89	364	141	0	0					
101348		514,563	0	0	0	0	0	0	514,563					
101349		(29,729)	(6,802)	(7,281)	(92)	(6,707)	(2,875)	(1,641)	(4,332)					
101389		17,850	8,782	4,152	54	2,322	1,044	378	1,117					
101390		240,947	118,546	56,044	723	31,347	14,095	5,108	15,083					
101391		404,924	199,223	94,185	1,215	52,681	23,688	8,584	25,348					
101392		263,897	129,837	61,383	792	34,333	15,438	5,595	16,520					
101393		824	405	192	2	107	48	17	52					
101394		6,883	3,386	1,601	21	895	403	146	431					
101395		227	64	70	1	63	29	0	1					
101396		78,466	38,605	18,251	235	10,208	4,590	1,663	4,912					
101397		27,750	13,653	6,455	83	3,610	1,623	588	1,737					
101398		14,225	6,999	3,309	43	1,851	832	302	891					
101399		98,123	48,277	22,823	294	12,766	5,740	2,080	6,143					
Total Utility Plant in Service		26,020,383	7,822,955	6,713,911	86,232	5,724,780	2,488,560	757,209	2,426,737					

FRANKFORT PLANT BOARD

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE  
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
Fire Lines				
2 -inch	4.00	1	4	
3 -inch	9.00	2	18	
4 -inch	16.00	41	656	
6 -inch	36.00	143	5,148	
8 -inch	64.00	24	1,536	
10 -inch	100.00	5	500	
12 -inch	144.00	0	0	
Private Hydrants	30.25	266	8,047	
Total Private Fire Protection		482	15,909	0.2748
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1- 5.5"	30.25	1,388	41,987
Total Public Fire Protection		1,388	41,987	0.7252
Total Fire Protection		1,870	57,896	1.0000

### PART III. PROPOSED CUSTOMER RATES

FRANKFORT PLANT BOARD  
 WATER DIVISION RATES  
 COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES  
 PER 1000 GALLONS

Rate	Present Rates	Proposed Rates	Percentage Increase
<b>City Customers</b>			
Minimum with 2,000 gallon allowance	8.69	8.94	2.88%
Up to 5	4.34	4.47	3.00%
Next 20	3.56	3.66	2.81%
Next 175	2.93	3.02	3.07%
Next 800	2.21	2.27	2.71%
Over 1,000	1.74	1.79	2.87%
<b>County Customers</b>			
Minimum with 2,000 gallon allowance	12.60	12.60	0.00%
Up to 5	6.29	6.29	0.00%
Next 20	3.56	3.66	2.81%
Next 175	2.93	3.02	3.07%
Next 800	2.21	2.27	2.71%
Over 1000	1.74	1.79	2.87%
<b>Resale - Non Water Producers</b>			
Minimum Charge	0.00	0.00	
Consumption Charge	1.539	1.822	18.39%
<b>Resale - Water Producers</b>			
Minimum Charge	0.00	0.00	
Up to 15,000	1.599	1.919	20.01%
Over 15,000	1.406	1.919	36.49%
<b>Gratis</b>			
Minimum Charge	0.00	0.00	
Consumption Charge	0.630	0.630	0.00%
<b>Water Loading</b>			
Minimum Charge	0.00	0.00	
Consumption Charge	3.5800	4.4700	24.86%
<b>Fire</b>			
Public Hydrants	11.01	12.11	10.00%
Private Hydrants	11.01	12.11	10.00%
Lines			
2" Line	5.51	6.06	10.00%
3" Line	11.01	12.11	10.00%
4" Line	20.60	22.66	10.00%
6" Line	41.19	45.31	10.00%
8" Line	54.91	60.40	10.00%
10" Line	68.65	75.52	10.00%
Fire Sales (per 1000 gallons)	4.12	4.53	10.00%

FRANKFORT PLANT BOARD  
APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS - WATER DIVISION  
YEAR ENDED JUNE 30, 2007

CITY CUSTOMERS

Rate Block 100 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Proposed Rate (6)	Proposed Revenue (7)
<u>Residential - Monthly</u>						
Minimums & Allowances						
Minimum with 2,000 gallon allowance	120,546	2,025,961	8.69	1,047,545	8.94	1,077,681
Subtotal	120,546	2,025,961		1,047,545		1,077,681
Up to 50	0	1,655,129	0.4340	718,326	0.4470	739,843
Next 200	0	812,108	0.3560	289,110	0.3660	297,232
Next 1750	0	81,471	0.2930	23,871	0.3020	24,604
Next 8,000	0	14,005	0.2210	3,095	0.2270	3,179
Over 10,000	0	0	0.1740	0	0.1790	0
Subtotal	0	2,562,713		1,034,403		1,064,858
Total	120,546	4,588,674		2,081,948		2,142,539

<u>Commercial - Monthly</u>						
Minimums & Allowances						
Minimum with 2,000 gallon allowance	19,253	286,661	8.69	167,309	8.94	172,122
Subtotal	19,253	286,661		167,309		172,122
Up to 50	0	305,579	0.4340	132,621	0.4470	136,594
Next 200	0	996,272	0.3560	354,673	0.3660	364,636
Next 1750	0	2,073,723	0.2930	607,601	0.3020	626,264
Next 8,000	0	1,408,520	0.2210	311,283	0.2270	319,734
Over 10,000	0	219,319	0.1740	38,162	0.1790	39,258
Subtotal	0	5,003,413		1,444,339		1,486,486
Total	19,253	5,290,074		1,611,648		1,658,608

<u>Municipal - Monthly</u>						
Minimums & Allowances						
Minimum with 2,000 gallon allowance	275	2,702	8.69	2,390	8.94	2,459
Subtotal	275	2,702		2,390		2,459
Up to 50	0	4,283	0.4340	1,859	0.4470	1,915
Next 200	0	17,261	0.3560	6,145	0.3660	6,318
Next 1750	0	34,907	0.2930	10,228	0.3020	10,542
Next 8,000	0	41,816	0.2210	9,241	0.2270	9,492
Over 10,000	0	4,540	0.1740	790	0.1790	813
Subtotal	0	102,807		28,263		29,079
Total	275	105,509		30,653		31,537

<u>Resale - Non Water Producers</u>						
Minimums & Allowances						
Minimum Charge	132	0	0.00	0	0.00	0
Subtotal	132	0		0		0
Consumption Charge	0	7,400,175	0.1539	1,138,887	0.1822	1,348,312
Subtotal	0	7,400,175		1,138,887		1,348,312
Total	132	7,400,175		1,138,887		1,348,312

FRANKFORT PLANT BOARD  
APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS - WATER DIVISION  
YEAR ENDED JUNE 30, 2007

CITY CUSTOMERS

Rate Block 100 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Proposed Rate (6)	Proposed Revenue (7)
<u>Resale - Water Producers</u>						
Minimums & Allowances Minimum Charge	12	0	0.00	0	0.00	0
Subtotal	12	0		0		0
Up to 150,000	0	1,397,840	0.1599	223,515	0.1919	268,245
Over 150,000	0	770,690	0.1406	108,359	0.1919	147,895
Subtotal	0	2,168,530		331,874		416,141
Total	12	2,168,530		331,874		416,141
<u>Gratis</u>						
Minimums & Allowances Minimum Charge	262	0	0.00	0	0.00	0
Subtotal	262	0		0		0
Consumption Charge Subtotal	0	68,658	0.0630	4,325	0.0630	4,325
	0	68,658		4,325		4,325
Total	262	68,658		4,325		4,325
<u>Water Loading</u>						
Minimums & Allowances Minimum Charge	200	0	0.00	0	0.00	0
Subtotal	200	0		0		0
Consumption Charge Subtotal	0	1,221	0.3580	437	0.4470	546
	0	1,221		437		546
Total	200	1,221		437		546
Total City Customers	140,680	19,622,841		5,199,772		5,602,008

FRANKFORT PLANT BOARD  
APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS - WATER DIVISION  
YEAR ENDED JUNE 30, 2007

COUNTY CUSTOMERS

Rate Block 100 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Proposed Rate (6)	Proposed Revenue (7)
<u>Residential - Monthly</u>						
Minimums & Allowances						
Minimum with 2,000 gallon allowance	42,361	740,928	12.60	533,749	12.60	533,749
Subtotal	42,361	740,928		533,749		533,749
Up to 50	0	693,396	0.6290	436,146	0.6290	436,146
Next 200	0	520,851	0.3560	185,423	0.3660	190,631
Next 1750	0	221,077	0.2930	64,776	0.3020	66,765
Next 8,000	0	68,021	0.2210	15,033	0.2270	15,441
Over 10,000	0	0	0.1740	0	0.1790	0
Subtotal	0	1,503,345		701,377		708,984
Total	42,361	2,244,273		1,235,126		1,242,732
<u>Commercial -Monthly</u>						
Minimums & Allowances						
Minimum with 2,000 gallon allowance	6,314	81,973	12.60	79,556	12.60	79,556
Subtotal	6,314	81,973		79,556		79,556
Up to 50	0	87,938	0.6290	55,313	0.6290	55,313
Next 200	0	314,263	0.3560	111,878	0.3660	115,020
Next 1750	0	900,252	0.2930	263,774	0.3020	271,876
Next 8,000	0	1,007,334	0.2210	222,621	0.2270	228,665
Over 10,000	0	558,607	0.1740	97,198	0.1790	99,991
Subtotal	0	2,868,394		750,783		770,865
Total	6,314	2,950,367		830,339		850,421
<u>Municipal -Monthly</u>						
Minimums & Allowances						
Minimum with 2,000 gallon allowance	12	4	12.60	151	12.60	151
Subtotal	12	4		151		151
Up to 50	0	0	0.6290	0	0.6290	0
Next 200	0	0	0.3560	0	0.3660	0
Next 1750	0	0	0.2930	0	0.3020	0
Next 8,000	0	0	0.2210	0	0.2270	0
Over 10,000	0	0	0.1740	0	0.1790	0
Subtotal	0	0		0		0
Total	12	4		151		151
Total County Customers	48,687	5,194,644		2,065,616		2,093,305

FRANKFORT PLANT BOARD  
APPLICATION OF PRESENT RATES AND PROPOSED RATES  
FIRE SERVICE

	<u>Number</u>	<u>Present Monthly Rates</u>	<u>Present Annual Revenue</u>	<u>Proposed Monthly Rates</u>	<u>Proposed Annual Revenue</u>
Private Fire					
Hydrants	266	11.01	35,144	12.11	38,658
2" Line	1	5.51	66	6.06	73
3" Line	2	11.01	264	12.11	291
4" Line	41	20.60	10,135	22.66	11,149
6" Line	143	41.19	70,682	45.31	77,750
8" Line	24	54.91	15,814	60.40	17,395
10" Line	5	68.65	4,119	75.52	4,531
Total Sprinkler			<u>101,081</u>		<u>111,189</u>
Total Private Fire			136,225		149,847
Public Fire					
Hydrants	733	11.01	96,844	12.11	106,528
Total Fire Revenue			233,069		256,375





RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 22

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 22: Who prepared cost study, preparer's CV, list of cases before the Commission and list of all utilities for which the preparer has prepared a study.

Response: 22(a): Paul Herbert of Gannet Fleming prepared the study.

22(b): CV attached – Ex. 1

22(c): Mr. Herbert has provided testimony for Kentucky American Water Company in Case Nos. 2000-120 and 2007-00143.

22(d): A complete list of cases for which Mr. Herbert has prepared a study is included in his direct testimony.

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**PAUL R. HERBERT****TECHNICAL SPECIALTIES**

- Public Utility Revenue Requirements
- Public Utility Cost of Service Allocation
- Public Utility Rate Design

**PERSONAL INFORMATION**

B.S., Finance, The Pennsylvania State University, 1975

Member: AWWA, PMAA, NAWC

**EXPERIENCE**

Mr. Herbert joined the firm in 1977 and is President of the Valuation and Rate Division. He is responsible for the direct supervision of rate study assignments including the development of revenue requirements, allocation of cost of service to customer classifications and the design of customer rate schedules. His assignments include analyzing operating and accounting data, preparing pro forma statements of income, developing allocation factors, allocating costs to various classes of service, designing customer rates using customer bill analyses and preparing written reports. Mr. Herbert also has presented expert testimony before the Pennsylvania, Ohio, West Virginia, Kentucky, Iowa, Virginia, Tennessee, Missouri, New Mexico, California and New Jersey state regulatory commissions.

Recent rate assignments include:

- Kentucky-American Water Company – Cost of Service Allocation and Rate Design Study. The cost of service study was prepared using spreadsheet software in order to facilitate other parties to make modifications to the study results during the rate case proceeding. The study provided a users manual to guide others in the use of the model. The study allocated costs to the several cost functions and customer classifications. The results of the study were used to design customer charges and volumetric charges for each class of customers. Direct testimony was prepared in support of the study and the proposed rate design.
- New Jersey-American Water Company – Cost of Service Allocation and Rate Design Study. The study allocated cost of service to cost functions and customer classifications using the base-extra capacity method. A single cost of service analysis was performed for the Company's three service areas combined. Cost allocation factors were developed based on each classification's use of the water system. The development of a common rate structure included the design of a computer rate model which was used to test alternative rate structures.
- City of Bethlehem - Bureau of Water - Revenue Requirement, Cost of Service Allocation, Rate Design and Cash Working Capital Studies. Mr. Herbert was responsible for the revenue requirement and rate structure sections of the City's 1994, 1995, 1997, 1998, 2005 and 2007 rate filings with the Pennsylvania Public Utility Commission. The assignments included the preparation of direct testimony and numerous exhibits in response to the Commission's rate filing requirements. Revenue requirements were projected for the future test year using pro forma adjustments to revenues, expenses and rate base. Pro forma statements of income were prepared under present and proposed rates. The cost of service allocation study included the allocation of pro forma costs of service to the customer classifications located inside and outside the City. A computer rate model was used to design a uniform rate structure to recover the total cost of service incorporating the results of the cost allocation study.

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**PAUL R. HERBERT, cont.**

- **The York Water Company - Cost of Service Allocation and Rate Design.** The study included the allocation of cost of service to customer classifications within the gravity and repumped service areas. Allocation factors were prepared, as well as the customer bill analysis. Several proposed rate design alternatives using a computer rate model were developed for Company management which involved restructuring the minimum charges and rate blocks.
- **Pennsylvania-American Water Company - Cost of Service Allocation and Rate Design.** The study included the development of system maximum day and hour demands, factors for allocating cost of service to customer classifications, bill analysis, rate application and rate design. The rate design computer model involved consolidating several rate zones into a single rate structure. Mr. Herbert filed direct testimony with regard to the bill analysis and rate application portions of the study. Responses to extensive discovery requests were prepared. Compliance rates were designed and submitted with a proof of revenue statement.
- **Agua Pennsylvania, Inc. (formerly Philadelphia Suburban Water Company) - Cost of Water Service Study: Allocation of Costs to Customer Classifications and Rate Design.** Mr. Herbert was responsible for the original study which included cost allocation to the several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing, and accounting; and modifying the existing rate structure to provide revenues from the several customer classifications more reasonably commensurate with the costs associated with service those classifications. The base-extra capacity method was used to allocate the costs. The primary customer classifications were residential, commercial, industrial, other utilities, public fire protection, and private fire protection. The rate design study included preparing proof of revenue statements by applying the present and proposed rates to the detailed bill analysis, using a computer rate model.
- **City of Lebanon Authority Water and Wastewater Systems - Revenue Requirement, Cost of Service Allocation and Rate Design.** The studies included projecting the revenues required for a three-year period for the water and wastewater systems. The projected revenue requirement included debt service for proposed bond issues which funded the construction of new facilities. The rate structures included the results of the cost of service allocation and the projected revenue requirements. Comprehensive reports were prepared summarizing the results of the studies.

Mr. Herbert's continuing education has included several instructional programs related to cost analysis including the National Association of Regulatory Utility Commissioner's Seminar on Water Regulation hosted by the University of South Florida, "Financial Planning for Wastewater Treatment Systems" sponsored by the University of Wisconsin, "Concepts of Service Cost Studies" sponsored by the United States Telephone Association, and AGA Advanced Regulatory Seminar sponsored by the American Gas Association and the University of Maryland.

From 1975 to 1977, Mr. Herbert worked for Herbert Associates, Inc., Consulting Engineers, as a Field Office Manager for a large sewer collection system construction project; and from 1972 to 1974, he worked part time for the United Telephone System, Eastern Group, in the plant accounting department.

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 23

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 23: If the proposed rate is not based upon a cost-of service study, describe how the Plant Board determined the proposed wholesale rate and state who participated in the determination.

Response: N/A

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 24



Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 24: State whether KRS 96.171-96.188 governs the operation of the Plant Board.

Response: The Plant Board is organized pursuant to KRS 96.171 *et seq.*

RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 25

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 25: Provide the ordinance or resolution of the Plant Board in which the proposed rate adjustment was approved.

Response: Ex. 1 – May 2008 minutes

May 27, 2008

The Regular Monthly Board Meeting of the Frankfort Electric and Water Plant Board of the City of Frankfort, Kentucky was held at the Plant Board Clubhouse, located at 98 Tanglewood Drive on May 27, 2008 at 5 p.m.

**INDIVIDUALS ATTENDING**

Joseph Smith, Chairman  
Sheila Burton, Vice Chairman  
Michael Dudgeon, Secretary-Treasurer  
Ann Wingrove, Board Member  
Bennie Maffet, Board Member  
James Liebman, Board Attorney  
Warner J. Caines, General Manager  
Hance Price, Staff Attorney  
Herbbie Bannister, Assistant General Manager/Opr.  
Ann Bohannon, Executive Assistant  
Michele Walker, Executive Assistant  
Rodney Simpson, Electric Superintendent  
David Billings, Chief Water Engineer  
Russ Colwell, Customer Service Director  
Mark Redmon, Support Services Superintendent  
Scott Hudson, Assistant Electric Superintendent  
Chris Riddle, Water Treatment Superintendent  
Vent Foster, Chief Electric Engineer  
Karl Pitzer, IT Director  
Shannon Taylor, Finance Director  
Dianne Schneider, HR Director  
John Higginbotham, Cable Superintendent  
Kim Watson, Safety Director  
Jim Allen, Water Superintendent  
Gary Grider, Media Service Director  
Leigh Ann Darnaby, Purchasing Agent  
Carl Mitchell, Cable Construction Manager  
Kim Watson, Safety Director  
Pat Lynch, Customer  
Paul Glasser, State Journal  
Bill May, Mayor  
Tony Massey, City Manager  
Eddie Riddle, Customer  
Andy McDonald, Customer  
Jim McWilliams, Customer  
Dean Sorg, Customer  
Tom Marshall, Attorney

**AGENDA**

The Agenda for the Regular Board Meeting of May 27, 2008 was received and entered into the Minute Book as follows:

1. Approve Minutes of Regular Board Meeting of April 15, 2008.
2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of April, 2008.
3. Informational Item – Departmental Reports.
4. Informational Item – Cable Advisory Committee Vacancies.
5. Approve Proposed Water Rate Increase for all Customer Classes.
6. Conduct a Public Hearing covering (1) Increasing Rates for Bulk Cable 1 and 2 Services, (2) Increasing Premium Cable Services, (3) Increasing Price for Cable Card Device and (4) Increasing, Establishing and Eliminating Rates for Residential and Business Cable Modem.
7. Approve Changes in the Job Classification/Pay Compensation Plan- Approve Cost-of-Living Increase and Merit Pool Increase for Eligible Employees.

**5. Approve Proposed Water Rate Increase as Recommended in the Cost-of Service Study for all Customer Classes**

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

“The Board approved Notice of a Public Hearing at the March Board Meeting and a Public Hearing was held April 15, 2008. No oral comments or written statements were received. Therefore, Staff recommends that the Board approve the proposed water rate increase as recommended in the Cost-of-Service performed by Gannett Fleming. The existing and recommended rates for adoption are outlined in the detail section.”

Mr. Smith asked for comments. Ms. Taylor reiterated the Executive Digest.

There being no discussion, a motion was made by Mr. Dudgeon to approve the proposed water rate increase for all customer classes in accordance with the Cost-of-Service Study. The motion was seconded by Ms. Wingrove and unanimously approved.

**6. Conduct a Public Hearing to Covering (1) Increasing Rates for Bulk Cable 1 and 2 Services, (2) Increasing Premium Cable Services, (3) Increasing Price for Cable Card Device and (4) Increasing and Establish Rates for Residential and Business Cable Modem**

This Hearing will come to order. My name is Sheila Burton, I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding a Proposed Water Rate Increase for all Customer Classes. This Public Hearing was advertised in accordance with the Regulations for Public Notification and printed on May 25, 2008 by the State Journal, May 22, 2008 by the Woodford Sun, and May 21, 2008 by the Sentinel News.

We have ask that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

A brief further statement about the conduct of this Public Hearing is in order. This Hearing will be conducted informally. This Hearing is being conducted voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above item. Formal rules of evidence will not apply. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to me prior to your presentation. If you have a lengthy statement, I ask that you summarize your comments. Oral presentations should be limited to no more than 3 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

The reasons for conducting the Hearing by these rules are so that we can collect information, especially information that the Board has not previously considered, and take it under review.

The Board may not answer questions because we do not want to make hasty judgments on specific issues that are brought out if technical in nature. This is especially true since different points of view may come up during the course of the day from different speakers. It is the job of the Board to fairly consider these points of view and information as part of the setting. We do want public input and involvement and I hope you do not find our standard procedures restrictive.

The oral comment period for this Hearing will end at the close of business on May 27, 2008. Written comments received on or before May 27, 2008 will be accepted and considered.

Before we open the floor for comments, Mr. John Higginbotham will highlight the proposed items listed above.

Mr. Higginbotham briefly highlighted the reasons for the above proposed increases as provided in the April Board Meeting. Ms. Bohannon stated that no one had registered to speak.

There being no further discussion, Ms. Burton closed the Public Hearing.

According to Mr. Joe Henry of GRW Engineers, we are "on tract with our project schedule with the KIA".

Mr. Smith asked for comments. Mr. Billings reiterated the Executive Digest.

No further discussions ensued.

**23. Informational Item – Blacktop Access Road to the Pea Ridge Road Water Tank**

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"Mr. Caines received a request from Mr. Jim Cline for the Plant Board to participate in paving the access road to the Pea Ridge Road Water Tank. Mr. Cline and his daughter have built houses on the access road and were concerned about the dust.

Mr. Cline requested the Plant Board pay half the cost of the paving from Pea Ridge Road to the security gate at the water tank fence."

Mr. Smith asked for comments. Mr. Caines reiterated the Executive Digest.

A brief discussion ensued on who would be responsible for the maintenance of the road. Mr. Caines stated that Mr. Cline was advised that the Plant Board would not be responsible.

**24. Other New and Old Business:**

**A. Appoint Committee to discuss Green Policies and Procedures**

Mr. Smith stated that he would like to appoint a Committee to provide a directional statement on greening the company. He appointed Mr. Dudgeon to chair the Committee, along with Sheila Burton and Ann Wingrove. The Committee will report back with this information at the June Board Meeting.

**25. Request Permission to have Chairman Call a Closed Door Session in Accordance with KRS 61.810(1)(F) In the Event it's Necessary to Discuss Pending Litigation**

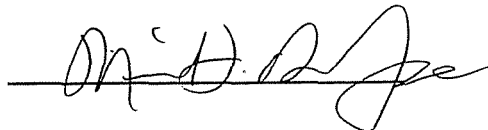
Mr. Smith called for a motion to have the Chairman call a Closed Door Session in accordance with KRS 61.810(1)(F) in the event it's necessary to discuss pending litigation. A motion was made by Ms. Wingrove, seconded by Mr. Dudgeon and unanimously approved.

**26. Closed Door Session**

No Closed Door Session was necessary.



ATTEST:









RESPONSE TO PSC

*PSC CASE NO. 2008-00250*

ITEM 26

Frankfort Electric and Water Plant Board  
Response to PSC Order Dated: 7-2-2008  
Case No. 2008-00250

ITEM 26: Board meeting minutes since 1-1-06 in which  
a rate adjustment to wholesale customers  
was discussed.

Response: Attached – Ex. 1

The Regular Monthly Board Meeting of the Frankfort Electric and Water Plant Board of the City of Frankfort, Kentucky was held at the Plant Board's Clubhouse located at 98 Tanglewood Drive on Tuesday, July 18, 2006 at 5 p.m.

INDIVIDUALS ATTENDING

Joseph Smith, Chairman  
Sheila Burton, Vice Chairman  
Michael Dudgeon, Secretary/Treasurer  
Ann Wingrove, Board Member  
Bennie Maffet, Board Member  
James Liebman, Board Attorney  
Hance Price, Staff Attorney  
Warner J. Caines, General Manager  
Herbbie Bannister, Assistant General Manager/Oprs.  
Ann Bohannon, Executive Assistant  
Russ Colwell, Customer Service Director  
Dianne Schneider, Human Resource Director  
Rodney Simpson, Electric Superintendent  
Leigh Ann Disponett, Purchasing Agent  
Mark Redmon, Support Service Superintendent  
Adam Hellard, Manager of Security  
Dana Goodlett, Manager of Cable Installation  
John Higginbotham, Cable Superintendent  
Kim Watson, Safety Director  
Jimmy Allen, Water Superintendent  
David Billings, Chief Water Engineer  
Chris Riddle, Water Plant Superintendent  
Karl Pitzer, IT Director  
Shannon Taylor, Finance Director  
Mike Lane, R. W. Beck  
Tom Marshall  
Paul Glasser, State Journal

AGENDA

The Agenda for the Regular Board Meeting of July 18, 2006 was received and entered into the Minute Book as follows:

1. Approve Minutes of Regular Board Meeting of June 20, 2006.
2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of June, 2006.
3. Informational Item – Departmental Reports.
4. Presentation of Revised Cost-of-Service Study by R. W. Beck & Associates.
5. Approve Notice of a Public Hearing Covering a Proposed Water Rate Increase for All Wholesale Water Customers.
6. Informational Item - Study on Net Metering, Smart Metering and Interconnection Standards.
7. Approve Routine Cable/Telecommunications Line Extension Agreement for The Maples-Phase 3 Associated with Work Order 9954C (\$25,723.38).
8. Other New and Old Business:
  1. Approve Award of Bid Invitation #1390 (Annual Wood Poles - \$91,225)
  2. Approve Award of Bid Invitation #1391 (Annual Transformers - \$77,516)
  3. Approve Award of Bid Invitation #1392 (Annual Pipe & Fittings)
  4. Approve Award of Bid Invitation #1386 (Tree Trimming)
9. Request Permission to have Chairman Call an Emergency Closed Door Session in Accordance With KRS 61.810(1)(F) Prior to the Next Regularly Scheduled Board Meeting in the Event it's Necessary to Discuss Pending Litigation.
10. Closed Door Session.

Mr. Bannister asked Mr. Billings to brief the Board on the Bluegrass Water Consortium project. Mr. Billings stated that the Bluegrass Water Supply Commission met today and plans are still underway to get a water treatment plant on pool 3. The options include Versailles, FPB and the Louisville Water Company. The Commission also purchased an option for a piece of property on pool 3 and have obtained a financial advisor to help develop business and financial plans for this project. One of the downsides to this project has been Kentucky American's inability to commit to the Bluegrass Water Supply Commission. Kentucky American recently came out with a statement stating they are going to build a water plant on their own. However, this has not slowed down the efforts of the Water Supply Commission. The Commission has requested an estimate from the Plant Board on a 5 and 10 delivery system which we are currently working on. GRW is finalizing their study on the Water Treatment Plant and will be making a presentation to the Board hopefully next month. Mr. Billings stated he will keep the Board advised on this endeavor.

Mr. Smith asked if the aerial crossing project had been completed? Mr. Billings stated yes.

Mr. Smith asked about the insurance collection on the pumps. Mr. Liebman stated that he and Mr. Price were working on this and it appears legal action will have to be taken. The Board will be kept advised.

4. Presentation of Revised Cost-of-Service Study by R. W. Beck & Associates (Shannon Taylor and R. W. Beck Representatives will discuss)

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"Mr. Mike Lane with R. W. Beck & Associates, will be at the Board Meeting to present a revised Cost-of-Service Study to the Board. Copies of the revised Cost-of-Service Study were handed out to the Board at the July 11<sup>th</sup> Budget Meeting."

Mr. Smith asked for comments. Mr. Mike Lane explained to the Board that the reason for the revised Cost-of-Service Study was due to the expenses that were used in this year's budget to arrive at the revenue requirements were not the same expenses used in the first Cost-of-Service Study. We felt the numbers were different enough to warrant a revision in the Cost-of-Service Study.

Mr. Lane proceeded to highlight the Goals, the Study Overview, Customer Usage, Comparison of Average Rates for City, County and Wholesale Customers and the Rate Option Scenarios. Mr. Lane stated that instead of the three rate option scenarios that were presented last month, there are now four scenarios. Mr. Lane briefly highlighted each scenario and the rate amount needed for each scenario to meet the necessary revenue requirement.

One area that the Plant Board needs to look at is how the developers are reimbursed. Ms. Wingrove asked Mr. Lane to explain what an impact fee was. Mr. Billings briefly explained that the Plant Board's policy has been to reimburse the developers the same as if we were a private company ruled by the Public Service Commission. There is only one other utility that reimburses the developers Louisville Water Company. They average about \$200 per lot whereas we average about \$1500 per lot. Mr. Caines stated that if an impact fee was adopted, you would collect from the new customer for new growth. As is it now, all customers are subsidizing the developers. After a brief discussion ensued on the timeline to implement a impact fee, Mr. Smith suggested that this matter be discussed further at next month's Board Meeting. Mr. Billings advised that Staff will prepare information on this matter for the Board's consideration for next month.

5. Approve Notice of a Public Hearing Covering a Proposed Water Rate Increase for All Wholesale Water Customers: (See C-5/1): (Shannon Taylor will discuss)

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

Staff is recommending that the Board approve a Notice of a Public Hearing covering a proposed water rate increase for all Wholesale Water Customers. Based on the results of

the Cost-of-Service Study, Staff is recommending an 11.4% water rate increase effective with the bill due and payable October 15, 2006.

The proposed water rate increases are as follows:

<u>SERVICE</u>	<u>EXISTING</u>	<u>PROPOSED</u>
Resale-Non Water Producers (Water Districts)	\$ 1.539	\$ 1.714
Resale-Other Water Producers (Georgetown Water Company)		
0 – 15,000,000	\$ 1.599	\$ 1.781
Over 15,000,000	\$ 1.406	\$ 1.566

Mr. Smith asked for comments. Ms. Taylor reiterated the Executive Digest.

At the request of Ms. Burton, the August Board Meeting will be changed to August 22<sup>nd</sup> at 5 p.m. at the clubhouse. The notice of the public hearing will be changed to reflect this revised schedule.

A brief discussion ensued on which option covered under the Cost-of-Service Study the Plant Board will choose. Further discussion will occur at the August Board Meeting.

There being no further discussion, a motion was made by Mr. Dudgeon to approve the Notice of a Public Hearing covering a proposed water rate increase for all wholesale water customers. The motion was seconded by Ms. Burton, and unanimously approved.

6. Informational Item - Study on Net Metering, Smart Metering and Interconnection Standards: (Hance Price and David Carpenter will discuss)

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

“Pursuant to the Energy Policy Act of 2005, FPB has an obligation as a self-regulated utility selling in excess of 500 million kwh annually to consider and decide on several national energy policy issues. These include net metering, smart metering and interconnection standards. While the Board must consider the standards, it is not required to implement them.

The Board must consider these standards, hold a public hearing and issue a written decision determining whether to implement these standards. Consideration of smart metering and interconnection standards must be commenced by August 8, 2006 and a determination made by August 8, 2007. Consideration of net metering standards must be commenced by August 8, 2007 and a determination made by August 8, 2008.

The Electric Department will complete a study discussing the three standards. The study is expected to be completed by April, 2007 and contain a review of all three standards. The Board must hold a public hearing and then decide whether to adopt the standards in a written decision on or before the July 2007 Board Meeting.”

Mr. Smith asked for comments. Mr. Price reiterated the Executive Digest.

There being no further discussion, Mr. Smith asked Staff to submit a timeline associated with this study. Staff will provide the Board with this information.

7. Approve Routine Cable/Telecommunications Line Extension Agreement for The Maples Phase 3 – Associated with W.O. 9954C (\$25,723.38): (See C-7/1-9): (Carl Mitchell will discuss)

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

“Staff recommends that the Board approve the Routine Cable/Telecommunications Line Extension Agreement for The Maples associated with W.O. 9954C in the amount of

The Regular Monthly Board Meeting of the Frankfort Electric and Water Plant Board of the City of Frankfort, Kentucky was held at the Plant Board's Clubhouse located at 98 Tanglewood Drive on Tuesday, August 22, 2006 at 5 p.m.

INDIVIDUALS ATTENDING

Joseph Smith, Chairman  
 Sheila Burton, Vice Chairman  
 Michael Dudgeon, Secretary/Treasurer  
 Ann Wingrove, Board Member  
 Bennie Maffet, Board Member  
 Warner J. Caines, General Manager  
 David Sandidge, Consultant  
 Hance Price, Staff Attorney  
 Herbbie Bannister, Assistant General Manager  
 Ann Bohannon, Executive Assistant  
 Karl Pitzer, IT Director  
 Jimmy Allen, Water Superintendent  
 David Billings, Water Engineer  
 Dianne Schneider, HR Director  
 Leigh Ann Disponett, Purchasing Agent  
 Mark Redmon, Support Service Superintendent  
 David Carpenter, Electric Engineer  
 Chris Riddle, Water Plant Superintendent  
 Rodney Simpson, Electric Superintendent  
 Carl Mitchell, Manager of Cable Engineering/Construction  
 Dana Goodlett, Manager of Cable Installation  
 Ed Hancock, Manager of Telecommunications  
 John Higginbotham, Cable Superintendent  
 Russ Colwell, Customer Service Director  
 Shannon Taylor, Finance Director  
 Paul Glasser, State Journal  
 Bob Riddle, Manager –Georgetown Water Co.  
 Paul & Diane Looney, Customers

AGENDA

The Agenda for the Regular Board Meeting of August 22, 2006 was received and entered into the Minutes Book as follows:

1. Approve Minutes of Regular Board Meeting of July 18, 2006.
2. Approve Minutes of Special Board Meeting of July 11, 2006 covering the FY 2006-07 Budget and Five Year Plan.
3. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of July, 2006.
4. Informational Item – Departmental Reports.
5. Conduct a Public Hearing Covering a Proposed 11.4% Water Rate Increase for All Wholesale Water Customers Effective with the Bill Due and Payable December 15, 2006.
6. Informational Item – Presentation of the Water Treatment & Distribution System Upgrade Feasibility Expansion Study by GRW.
7. Informational Item – Review of Existing FPB Refund Policies and Proposed Implementation of Impact Fees to Recover Refunds.
8. Informational Item – Discuss Employee Suggestion Program.
9. Approve Routine Water Line Extension Agreement for Whiskey Ridge Estates Associated with Work Order 10005C (\$56,650.35).
10. Approve Routine Electric Line Extension Agreement for Whiskey Ridge Estates Associated with Work Order 10021C (\$34,002.85).
11. Approve Routine Water Line Extension Agreement for The Vineyards Associated with Work Order 9942C (\$58,104.09).
12. Approve Routine Water Line Extension Agreement for Sycamore Crossings Associated with Work Order 9559C (\$84,038).

13. Other New and Old Business:
  - A. Approve Award of Bid Invitation #1395 (Fort Hill Booster Station-\$80,400).
  - B. Informational Item – Discuss FSN Notes (a) Extending Principal Retirement Periods and (b) Restricting Variable Interest Rate Ranges.
14. Request Permission to have Chairman Call an Emergency Closed Door Session in Accordance With KRS 61.810(1)(F) Prior to the Next Regularly Scheduled Board Meeting in the Event it's Necessary to Discuss Pending Litigation.
15. Closed Door Session.

**BOARD ACTION**

**1 Approve Minutes of Regular Board Meeting of July 18, 2006**

Mr. Smith called for a motion to approve the Minutes of the Regular Board Meeting of July 18, 2006. There being no discussion, a motion was made by Mr. Dudgeon, seconded by Ms. Wingrove and unanimously approved.

**2. Approve Minutes of Special Board Meeting of July 11, 2006 covering the FY 2006-07 Budget and Five Year Plan**

Mr. Smith called for a motion to approve the Minutes of the Special Board Meeting of July 11, 2006 covering the FY 2006-07 Budget and Five Year Plan. There being no discussion, a motion was made by Ms. Wingrove, seconded by Mr. Dudgeon and unanimously approved.

**3. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of July, 2006**

Mr. Smith asked for comments. Ms. Taylor highlighted the financial and statistical data as well as the financial notes for all lines-of-business.

There being no further discussion, a motion was made by Mr. Dudgeon, seconded by Ms. Wingrove and unanimously approved.

**IMPREST FUND DISBURSEMENTS**

DATE	CK #	PAYEE	AMOUNT	DESCRIPTION
7/21/2006	2	FARMERS	\$1,822.42	RET DRAFTS
7/11/2006	3	FARMERS	\$247.55	ACH FEE MAY 06
7/26/2006	4	FARMERS	\$43.35	RET BANK DRAFTS
7/5/2006	76590	POSTMASTER	\$1,000.00	POSTAGE - SECOND NOTICES
7/5/2006	76591	ESRI	\$2,250.00	REGISTRATION
7/5/2006	76592	HANCOCK, ED	\$557.91	TRAVEL
7/5/2006	76593	WHITAKER BANK	\$2,527.09	RET CKS
7/5/2006	76594	BROWN, DAVID	\$139.98	REIMBURSE INTERNET
7/5/2006	76595	R & R ELECTRIC	\$375.00	ELECTRICAL SERV -WC SERV BLDG
7/5/2006	76596	CARPENTER, DAVID	\$24.52	REIMBURSE
7/5/2006	76597	HARROD, MARK	\$31.00	CDL REIMBURSE
7/5/2006	76598	HANCOCK, ED	\$69.36	REIMBURSE
7/5/2006	76599	FPB	\$1,006.34	IMPREST REFUND
7/7/2006	76600	WHITAKER BANK	\$1,689.20	RET CKS
7/7/2006	76601	UPS	\$60.96	SHIPPING
7/7/2006	76602	BELLSOUTH	\$1,495.76	TELEPHONE
7/7/2006	76603	COLUMBIA GAS	\$20.48	UTILITIES - ELE
7/2006	76604	VERIZON	\$227.15	PAGERS
7/2006	76605	KU	\$426.94	UTILITIES - CABLE
7/2006	76606	MWWAK	\$3,000.00	DUES - ONE YEAR
7/11/2006	76607	AICPA	\$245.00	DUES
7/7/2006	76608	AICPA	\$169.00	CONTINUING EDUCATION
7/7/2006	76609	EVILSIZOR'S FRAMING	\$26.00	CUSTOM FRAMING
7/7/2006	76610	FARMERS BANK	\$479.80	PAYMENTS - TELLERS - TWO MOS
7/7/2006	76611	PROACTIVE THERAPY	\$45.00	NEW EMP PHYSICALS
7/7/2006	76612	CAPITAL FAMILY PHYSICIANS	\$190.00	NEW EMP PHYSICALS
7/7/2006	76613	CAPITAL EXPO INC	\$1,250.00	SPONSORSHIP FEE - CAP EXPO
7/7/2006	76614	COLONIAL LIFE	\$49.10	EMP SUPPLEMENTAL INS
7/7/2006	76615	WHITAKER BANK	\$21.60	216 PAYMENTS - TELLERS
7/7/2006	76616	GEORGE LAFRANA	\$19.95	LEX HERALD-LEADER
7/7/2006	76617	AFLAC	\$134.44	EMP SUPP INS
7/7/2006	76618	CREDIT CLEARING HOUSE	\$940.65	Collections
7/7/2006	76619	TINGLE'S RIVERVIEW	\$365.00	Emp Flowers

Cable/Telecommunications – There were 13 Cable/Telecommunications Outages during the Month of July. (*John Higginbotham will discuss*)

Water Treatment Plant - During the Month of July, the Water Treatment Plant withdrew approximately 287 million gallons of raw water with an average daily withdrawal rate of 9.30 million gallons. During this same time frame last year, this system averaged 11.0 million gallons. The maximum daily demand occurred on July 3<sup>rd</sup> with 11.2 mgd being produced on this date. Compliance with all Federal and State Water Quality Standards were maintained. (*Chris Riddle will discuss*)

Safety – There were 2 OSHA recordable accidents during the Month of July. (*Kim Watson will discuss*)

- A Meter Reader had an allergic reaction to poison ivy that required medical treatment.
- A Support Services employee jumped from the bed of a dump truck and strained his lower back which resulted in restricted duty.

There was 1 vehicle accident during the Month of July:

- A cable van was struck in the rear while stopped at a stoplight. The other driver left the scene of the accident. The FPB van sustained minor damage.

Customer Service – During the Month of July, approximately 16,258 incoming calls were received on our main number 352-4372. This was 687 fewer calls received than last month which had 22 days of call reporting compared to 20 days this month. The daily average of calls were 813, with 4 billing representatives and 8 CSRs available for calls. The average calls per representative, per day would be 68. These statistics do not include walk-in customers, direct dialed calls to the representatives two phone lines or any internal calls or after hours and weekend calls. These call numbers do include any calls received at our main number that were transferred to the Cable, Electric and Water Departments. (*Russ Colwell will discuss*)”

Mr. Smith asked for comments. Each Department highlighted their department's outages.

Mr. Allen advised that we are currently dealing with some problems on Holmes Street due to corrosion of the pipes and that we will eventually have to replace the pipes.

Mr. Colwell reported that the Farmer's Bank project is still going well.

Mr. Billings advised that due to Ky-American's decision not to participate in the Bluegrass Water Supply efforts, other Board's will be presenting Resolutions to Ky-American encouraging them to join in the Consortium's effort. Mr. Billings stated he will be presenting a similar Resolution to the Board next month for their approval.

Mr. Smith asked why Ky-American was not made a part of the Consortium? Mr. Billings stated he didn't know why. Mr. Bannister stated that the original requirements forming the consortium did not allow for a private company to become a member. Also, a brief discussion ensued on the possibility of using a mediator in dealing with Ky-American. Staff will keep the Board advised.

Conduct a Public Hearing Covering a Proposed 11.4% Water Rate Increase for All Wholesale Water Customers Effective with the Bill Due and Payable December 15, 2006:

This Hearing will come to order. My name is Sheila Burton, Vice Chairman. I have been requested by the Chairman to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding a Proposed 11.4% Water Rate Increase for all Wholesale Water Customers effective with the bill due and payable December 15, 2006. This Public Hearing was advertised in accordance with the Regulations for Public Notification and printed on August 13, 2006 by the State Journal, August 10, 2006 by the Woodford Sun, August 11, 2006 by the Sentinel News, August 13, 2006 by the Georgetown News, and August 9, 2006 by the Anderson News. The Radio Media was advised of the Public Hearing on August 3, 2006.



We have asked that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

A brief further statement about the conduct of this Public Hearing is in order. This Hearing will be conducted informally. This Hearing is being conducted voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above items. Formal rules of evidence will not apply. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to me prior to your presentation. If you have a lengthy statement, I ask that you summarize your comments. Oral presentations should be limited to no more than 10 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

The reasons for conducting the Hearing by these rules are so that we can collect information, especially information that the Board has not previously considered, and take it under review.

The Board may not answer questions because we do not want to make hasty judgments on specific issues that are brought out if technical in nature. This is especially true since different points of view may come up during the course of the day from different speakers. It is the job of the Board to fairly consider these points of view and information as part of the setting. We do want public input and involvement and I hope you do not find our standard procedures restrictive.

The oral comment period for this Hearing will end at the close of business on August 22, 2006. Written comments received on or before August 22, 2006 will be accepted and considered.

Before we open the floor to those wishing to comment for the record, Shannon Taylor will comment on the proposed item listed below.

The proposed water rate increases are as follows:

<u>SERVICE</u>	<u>EXISTING</u>	<u>PROPOSED</u>
Resale-Non Water Producers (Water Districts)	\$ 1.539	\$ 1.714
Resale-Other Water Producers (Georgetown Water Company)		
0 - 15,000,000	\$ 1.599	\$ 1.781
Over 15,000,000	\$ 1.406	\$ 1.566

Mrs. Burton asked Ms. Taylor to comment on the proposed water rate increase for wholesale water customers. Ms. Taylor highlighted the existing rates and the proposed rates. Ms. Taylor further commented that there are several cost drivers that have forced the Plant Board to implement a water rate increase. These are costs that FPB has no control over and that will continue in the future. These costs are: (1) FPB's increase in retirement of approximately \$400,000 (over the next five year budget), (2) system improvements such as the chemical feed building (budgeted \$8.4 million over the next five year budget), (3) increase in water treatment chemicals (approximately \$600,000 over the next five year budget), (4) a new minimum reserve level (\$2.2 million in year five), and (5) the emergency pump issue in 2005 that required over \$400,000 in expenditures from our reserves.

Mrs. Burton asked if anyone was present that had registered to speak? Ms. Bohannon stated that Mr. Bob Riddle, Manager of the Georgetown Water Company, would like to address the Board on the proposed item.

Mr. Riddle stated that the Georgetown Water Company has purchased water from the Plant Board for about 16 years and our agreement with FPB expires in about four years. Georgetown is very appreciative of this agreement and the relationship with FPB. Mr. Riddle further stated that Georgetown continues to have problems with the spring on a daily basis. The most recent problem that we have had is with some waste water plants (package plants) in Scott County. We didn't realize until the couple of months ago that there has been a discharge in our water which has resulted in new testing measuring for human viruses. Georgetown has had to deal with not only the drying up of the spring, but the problem with spills. Mr. Riddle wanted to compliment FPB's Staff for helping out. We don't have a reservoir yet and not really sure if we ever will. Georgetown also needs money this year as well to keep up with the same costs that FPB mentioned. The City Council did not want to raise

rates so they raised our connection fees instead. The connection fee went from \$700 per residential unit to \$1500 per residential unit. This took the rate hike off the consumers and put it more on new development. Mr. Riddle stated he didn't have anything positive or negative on the proposed rate increase. He understood that FPB needs money to run its business. We expect this. Again, Georgetown is very appreciative of the relationship it has with FPB.

There being no further comments, Mrs. Burton closed the Public Hearing.

i. Informational Item – Presentation of the Water Treatment & Distribution System Upgrade Feasibility Expansion Study by GRW: (David Billings and GRW will discuss)

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

GRW will present the results of the Water Treatment & Distribution System Upgrade Feasibility Expansion Study conducted for the Bluegrass Water Supply Commission. (Detail will be handed out at the Board Meeting)"

Mr. Smith advised that this item will be deferred until next month. (Death of a family member with GRW)

i. Informational Item – Review of Existing FPB Refund Policies and Proposed Implementation of Impact Fees to Recover Refunds : (Herbbie Bannister will discuss)

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"The Board directed Staff at the July Board Meeting to review the existing refund policies and make recommendations. Each Department will present a brief summary of their department's refund policies. Staff will also discuss sister utility refund policies and advise the Board of recommendations regarding future refund procedures. (Detail will be provided prior to or at the Board Meeting)"

Mr. Smith asked for comments. Mr. Bannister stated that his presentation will cover a view of FPB's policy for extension of utilities to service Subdivision Developments and associated refund that we provide to developers when they develop a subdivision.

Mr. Bannister highlighted the following:

WHY REVIEW EXTENSION/REFUND POLICY?

1. Discussions with sister utilities have revealed FPB refunds are more generous (specifically in water).
2. 2006 Water Cost of Service Study noted "the current reimbursement policy is harmful to the financial stability of FEWPB and should be reviewed and revised..." This policy is not in accord with general practice throughout the water utility industry..."
3. FPB Board Chairman requested review of refund procedure in all three utility services.

WATER

*Water extensions to subdivisions and industrial/commercial developments*

1. Developer required to advance the total estimated cost of construction.
2. Total cost of construction includes both offsite and onsite line extensions.
3. FPB will refund to the Developer the cost of 50' of installed pipe for every lot that develops (certificate of occupancy).
4. Costs – for fire protection (fire hydrants) is a non-refundable cost of an extension.
5. In recent water contracts to subdivisions, the average non-refundable fire protection costs were approximately 13.5% of the actual construction costs.

The Regular Monthly Board Meeting of the Frankfort Electric and Water Plant Board of the City of Frankfort, Kentucky was held at the Plant Board's Clubhouse located at 98 Tanglewood Drive on Tuesday, September 19, 2006 at 5 p.m.

INDIVIDUALS ATTENDING

Joseph Smith, Chairman  
Sheila Burton, Vice Chairman  
Michael Dudgeon, Secretary/Treasurer  
Ann Wingrove, Board Member  
Bennie Maffet, Board Member  
James Liebman, Board Attorney  
Warner J. Caines, General Manager  
Hance Price, Staff Attorney  
Ann Bohannon, Executive Assistant  
Karl Pitzer, IT Director  
Mike Perry, Assistant Water Superintendent  
David Billings, Water Engineer  
Dianne Schneider, HR Director  
Leigh Ann Disponett, Purchasing Agent  
Mark Redmon, Support Service Superintendent  
David Carpenter, Electric Engineer  
Chris Riddle, Water Plant Superintendent  
Rodney Simpson, Electric Superintendent  
Carl Mitchell, Manager of Cable Engineering/Construction  
Kim Watson, Safety Director  
Dana Goodlett, Manager of Cable Installation  
Ed Hancock, Manager of Telecommunications  
John Higginbotham, Cable Superintendent  
Russ Colwell, Customer Service Director  
Shannon Taylor, Finance Director  
Bob Smallwood, GRW  
Joe Henry, GRW  
Michael Davenport, Developer  
Paul Glasser, State Journal  
Paul Looney, Customer

AGENDA

The Agenda for the Regular Board Meeting of September 19, 2006 was received and entered into the Minutes Book as follows:

1. Approve Minutes of Regular Board Meeting of August 22, 2006.
2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of August, 2006.
3. Informational Item – Departmental Reports.
4. Approve Proposed 11.4% Water Rate Increase for All Wholesale Water Customers Effective with the Bill Due and Payable December 15, 2006.
5. Informational Item – Presentation of the Water Treatment & Distribution System Upgrade Feasibility Expansion Study by GRW.
6. Approve Resolution Encouraging Kentucky American Water (KAW) to Return to the Regional Public/Private Partnership Concept Endorsed by the Bluegrass Water Supply Commission (BWSC).
7. Informational Item – Budgetary Impact of Implementing Impact Fees for Electric and Water.
8. Informational Item – Consider New Terms for the Five FSN Notes.
9. Approve Revision to the Frankfort Electric and Water Plant Board Employee Guidelines Governing Employment – Section XXVII – Harassment and the Addition of an EEO Complaint Process.
10. Approve Addition of Universal HD to HD Tier Line Up.
11. Approve Routine Cable/Telecommunications Line Extension Agreement for Whiskey Ridge Estates Associated with Work Order 10070C (\$9,459.75).

Water Treatment Plant - During the Month of August, the Water Treatment Plant withdrew approximately 296 million gallons of raw water with an average daily withdrawal rate of 9.50 million gallons. During this same time frame last year, this system averaged 11.6 million gallons. The maximum daily demand occurred on August 7<sup>th</sup> with 11.8 mgd being produced on this date. Compliance with all Federal and State Water Quality Standards were maintained. *(Chris Riddle will discuss)*

Safety – There were 0 OSHA recordable accidents and 0 vehicle accidents during the Month of August. *(Kim Watson will discuss)*

Customer Service – During the Month of August, approximately 15,586 incoming calls were received on our main number 352-4372. This was 672 fewer calls received than last month which had 22 days of call reporting and this month has 23 days of call reporting. The daily average of calls were 678, with 4 billing representatives and 8 CSRs available for calls. The average calls per representative, per day would be 57. These statistics do not include walk-in customers, direct dialed calls to the representatives two phone lines or any internal calls or after hours and weekend calls. *(Russ Colwell will discuss)*

Mr. Smith asked for comments. Each Department Head reiterated their department's outages.

4. Approve Proposed 11.4% Water Rate Increase for All Wholesale Water Customers Effective with the Bill Due and Payable December 15, 2006: *(Shannon Taylor will discuss)*

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"A Public Hearing was conducted on August 22<sup>nd</sup> for the purpose of receiving oral or written comments on a proposed 11.4% water rate increase for all wholesale water customers. Mr. Bob Riddle, Manager of the Georgetown Water Company spoke but had no negative comments on the proposed rate increase. There were no written comments received. Therefore, Staff recommends that the Board approve the proposed 11.4% water rate increase for all wholesale water customers effective with the bill due and payable December 15, 2006."

Mr. Smith asked for comments. Ms. Taylor reiterated the Executive Digest.

There being no discussion, a motion was made by Mr. Dudgeon to approve the proposed 11.4% water rate increase for all wholesale water customers effective with the bill due and payable December 15, 2006. The motion was seconded by Ms. Wingrove and unanimously approved.

5. Presentation of the Water Treatment & Distribution System Upgrade Feasibility Expansion Study by GRW: *(David Billings and GRW will discuss)*

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"GRW will present the results of the Water Treatment & Distribution System Upgrade Feasibility Expansion Study conducted for the Bluegrass Water Supply Commission. *(Detail will be handed out at the Board Meeting)*"

Mr. Smith asked for comments. Mr. Billings introduced Mr. Bob Smallwood and Mr. Joe Henry of GRW who will be making the presentation.

Mr. Billings stated that the Frankfort Plant Board has been requested by the Bluegrass Water Supply Commission (BWSC) to evaluate the availability of existing water supply and the cost of required water supply improvements to provide treated water supply for their demands. As a result of this request, GRW was selected to perform a feasibility study on the Water Treatment & Distribution System. The Commission also agreed to pay a majority of the cost associated with this study. GRW's presentation will provide an evaluation of FPB water treatment and distribution system and also summarizes proposed improvements and costs to provide 5 MGD to 18 MGD of reliable-treated water supply to the BWSC.

The Regular Monthly Board Meeting of the Frankfort Electric and Water Plant Board of the City of Frankfort, Kentucky was held at the Plant Board's Clubhouse located at 98 Tanglewood Drive on Tuesday, February 19, 2008.

**INDIVIDUALS ATTENDING**

Joseph Smith, Chairman  
Michael Dudgeon, Secretary/Treasurer  
Ann Wingrove, Board Member  
Bennie Maffet, Board Member  
James Liebman, Board Attorney  
Warner J. Caines, General Manager  
Hance Price, Staff Attorney  
Herbbie Bannister, Assistant General Manager/Opr.  
Ann Bohannon, Executive Assistant  
Mark Redmon, Support Service Superintendent  
Kim Watson, Safety Director  
David Billings, Chief Water Engineer  
Vent Foster, Chief Electric Engineer  
Chris Riddle, Water Treatment Superintendent  
Russ Colwell, Customer Service Director  
Shannon Taylor, Finance Director  
Carl Mitchell, Manager-Cable Construction  
Ed Hancock, Manager-Telecommunications  
Leigh Ann Darnaby, Purchasing Agent  
Connie Heppenstall, Gannett Fleming  
Paul Herbert, Gannett Fleming  
Patricia Lynch, Customer  
Paul Glasser, State Journal

**AGENDA**

The Agenda for the Regular Board Meeting of February 19, 2008 was received and entered into the Minute Book as follows:

1. Approve Minutes of Regular Board Meeting of January 15, 2008.
2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of January, 2008.
3. Informational Item – Departmental Reports.
4. Consider Non-Renewal of RFD-TV on Digital Cable.
5. Discuss and Approve Water Cost-of-Service Study by Consultant Gannett Fleming, Inc. (*Cost-of-Service Study will be provided under separate cover*).
6. Approve Notice of Public Hearing for a Proposed Water Rate Increase for Water Customers as recommended in the Cost-of-Service Study by Consultant Gannett Fleming, Inc.
7. Informational Item – Update of Louisville Water Co. Pipeline Project.
8. Approve Acceptance of the Kentucky Infrastructure Authority (KIA) Letter of Commitment for a Loan for the Chemical Feed Facility/On-site Generation Project at the Water Treatment Plant.
9. Other New and Old Business:
  - A. Approve Award of Bid Invitation #1432 (Ten Ton Electric Hoist) to Herrick Company, Inc. for \$59,660).
  - B. Reschedule Time for March Board Meeting.
10. Request Permission to have Chairman Call a Closed Door Session in Accordance With KRS 61.810(1)(F) in the Event it's Necessary to Discuss Pending Litigation.
11. Closed Door Session.

**BOARD ACTION**

1. Approve Minutes of Regular Board Meeting of January 15, 2008

Mr. Smith called for a motion to approve the Minutes for the Regular Board Meeting of January 15, 2008. A motion to approve the January 15, 2008 Minutes was made by Mr. Dudgeon, seconded by Ms. Wingrove and unanimously approved.

2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of January, 2008

Mr. Smith asked for comments. Ms. Taylor highlighted the Variance Report, Income & Expense Schedule and the Reserve Levels for all-lines-of business.

There being no discussion, a motion to approve the Financial & Statistical Reports was made by Ms. Wingrove, seconded by Mr. Maffet and unanimously approved.

IMPREST FUND DISBURSEMENTS

DATE	CK #	PAYEE	AMOUNT	DESCRIPTION
12/26/2007	1	FARMERS BANK	\$183.56	CHECK ORDER
12/17/2007	2	FARMERS BANK	\$263.75	DEC ACH FEE
1/8/2008	3	FARMERS BANK	\$20.00	STOP PAYMENT FEE
1/14/2008	4	FARMERS BANK	\$20.00	STOP PAYMENT FEE
1/15/2008	5	FARMERS BANK	\$263.75	ACH FEE
1/22/2008	6	FARMERS BANK	\$3,162.52	RETURNED DRAFTS
1/18/2008	7	FARMERS BANK	\$872.89	RETURNED DRAFTS
1/23/2008	8	FARMERS BANK	\$200.72	RETURNED DRAFT
1/23/2008	9	CARDMEMBER SERVICE	\$1,352.32	COMPANY VISA
1/25/2008	10	CARDMEMBER SERVICE	\$1,421.90	COMPANY VISA
1/25/2008	11	FARMERS BANK	\$55.63	RETURNED DRAFT
1/25/2008	79428	CRAWFORD-KEECH, AMY	\$66.21	REISSUE REFUND
12/28/2007	80630	WHITAKER BANK	\$120.00	RETURNED CHECKS
12/28/2007	80631	TEMPLETON, ASHLEY	\$17.22	REISSUE REFUND
12/28/2007	80632	SULLIVAN, ANDREW	\$36.03	TRAVEL - SECURITY LEVEL 1
12/28/2007	80633	THE SENTINEL NEWS	\$13.77	SPECIAL BD MEETING NOTICE
12/28/2007	80634	CURRIN ENERGY PAGE	\$185.00	SUBSCRIPTION - LEGAL
12/28/2007	80635	THE COURIER JOURNAL	\$22.00	SUBSCRIPTION
12/28/2007	80636	CCHA	\$1,665.47	BAD DEBT COLLECTIONS
12/28/2007	80637	AWWA	\$141.50	CHEMISTRY OF WTR TREATMENT
12/28/2007	80638	AWWA	\$233.00	DUES - 1 WD EMP
12/28/2007	80639	STOUT, JOSEPH	\$97.07	REISSUE REFUNDS
1/2/2008	80640	EVILSIZOR'S FRAMING	\$13.00	FRAMING
1/2/2008	80641	SHRED-IT	\$65.00	OFFICE PAPER SHREDDING
1/2/2008	80642	THE STATE JOURNAL	\$66.00	6 MO SUBSCRIPTION
1/2/2008	80643	BLUE GRASS ENERGY	\$394.38	UTILITIES
1/2/2008	80644	STRONG, KEVIN	\$14.17	REISSUE REFUND
1/3/2008	80645	WHITAKER BANK	\$1,730.00	RETURNED CHECKS
1/3/2008	80646	FPB	\$3,995.52	IMPREST REFUND
1/3/2008	80647	O'NAN, JERRY	\$31.50	SAFETY SHOES
1/3/2008	80648	WILSON, ROXANNE	\$12.50	SAFETY SHOES
1/3/2008	80649	MERCURIO, GARY	\$101.80	REIMBURSE INTERNET
1/3/2008	80650	RIDDLE, CHRIS	\$361.68	TRAVEL - CHEMICAL FEED PROJECT
1/3/2008	80651	DUTTA, SHARMISTA	\$413.37	TRAVEL - CHEMICAL FEED PROJECT
1/3/2008	80652	BILLINGS, DAVID	\$391.18	TRAVEL - CHEMICAL FEED PROJECT
1/3/2008	80653	CHAPTER 13 TRUSTEE	\$230.77	GARNISHMENT
1/3/2008	80654	CHAPTER 13 TRUSTEE	\$369.23	GARNISHMENT
1/3/2008	80655	AT&T ADVERTISING	\$72.07	ADVERTISING
1/3/2008	80656	FRANKLIN CO HEALTH DEPT	\$255.00	VACCINATIONS
1/3/2008	80657	WILLIAMS, JOHN	\$119.24	MILEAGE
1/3/2008	80658	PIKE, DAVE	\$12.32	MILEAGE
1/3/2008	80659	GOLDSTEIN, GLENN	\$67.76	MILEAGE
1/3/2008	80660	COUCH, HARVEY	\$4.05	MILEAGE
1/3/2008	80661	CARMACK, DWIGHT	\$81.84	MILEAGE
1/3/2008	80662	SWAIM, JILL	\$30.36	MILEAGE
1/4/2008	80663	FPB	\$198.80	TO FUND ON DEMAND CKS FOR P/R
1/4/2008	80664	AT&T MOBILITY	\$2,377.79	COMPANY CELL PHONES
1/4/2008	80665	GIVIDEN, CHARLES	\$180.00	REFUND CABLE DEPOSIT

The correspondence from RFD-TV in introducing their direct agreement, requests the same 50% license fee increase in 2008. RFD-TV reasons the newly expanded programming added in the past year, Don Imus, Ralph Emery and Crook & Chase, warrants the significant increase.

From Staff's perspective, the new programming doesn't warrant the significant license fee increase. Further, direct agreements require extra administrative time in reviewing agreements and the reoccurring documentation and remittance of payments to RFD-TV will require additional work from the Accounting Department. The Advisory Committee agreed with Staff that the renewal wasn't advisable.

If approved, Staff will notify RFD-TV of the Board's decision and remove the channel by March 1, 2008."

Mr. Smith asked for comments. Mr. Price reiterated the Executive Digest.

Ms. Wingrove asked what kind of channel this was? Mr. Price stated this channel covers rural lifestyles (tractor, horse shows, etc.).

There being no further discussion, a motion was made by Mr. Dudgeon for non-renewal of the RFD-TV agreement. The motion was seconded by Mr. Maffet and unanimously approved.

**5. Discuss and Approve Water Cost-of-Service Study by Consultant Gannett Fleming, Inc. (Shannon Taylor will discuss)**

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"Ms. Connie Heppenstall and Paul Herbert with Gannett Fleming, Inc. will present the FY07 Cost-of-Service Study for the Water Department. *(Cost-of-Service Study will be provided under separate cover)*"

Mr. Smith asked for comments. Ms. Connie Heppenstall and Mr. Paul Herbert of Gannett Fleming presented the Cost-of-Service Study (a summary was handed out to the Board). The Study basically recommends a water rate increase for residential, commercial, public, non-water producers (water districts), water producers, public and private fire services. Rates for the increase in water was discussed for each service. The County customers pay a higher rate for the minimum 2000 gallons than the City customers. It was decided to leave the county rate the same for the minimum rate until the City catches up. For resale water producers (Georgetown), we eliminated the second block because we felt it was not necessary. Gratis rate stayed the same and the water loading rate was changed to what a residential customer would pay at their home. Fire services for both public and private went up for each block.

Ms. Wingrove asked how many people do we actually sell water to? Mr. Colwell stated that once someone pays us for the water, we have no way of tracking what they do with the water. Do we sell a lot of water that way? Ms. Taylor stated that its probably just a couple of hundred dollars a month.

There being no further discussion or questions, Mr. Smith thanked Ms. Heppenstall for the presentation.

**6. Approve Notice of Public Hearing for a Proposed Water Rate Increase for Water Customers as Recommended in the FY 07 Cost-of-Service by Consultant Gannett Fleming, Inc. (Shannon Taylor will discuss)**

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"Staff recommends that the Board approve a Notice of Public Hearing for a proposed water rate increase for water customers as recommended in the FY07 Cost-of-Service Study by Gannett Fleming, Inc."

Mr. Smith advised that this item will be deferred until next month to give the Board more time to evaluate the Cost-of-Service Study.

9. Other New and Old Business:

A. Approve Award of Bid Invitation #1432 (Ten Ton Electric Hoist) to Herrick Company, Inc for \$59,660: (Leigh Ann Darnaby will discuss)

The Board Package provided the following Management Recommendation and Comments:

“On February 1, 2008, Invitations to Bid were sent out to 7 different area contractors. The only bid received on February 15, 2008 was from the Herrick Company, Inc. in the amount of \$59,660.

The scope of this project involves replacement of the existing hoist and trolley, and the lifting portion of the overhead crane in the low service pump station at the Water Treatment Plant.

The Water Treatment Department budgeted \$50,000 (Section 5, Page 6, line #4) this year for the work. There will be monies available from another project that will be put on hold until next year that will cover the additional cost.

The Herrick Company has successfully performed work for us in the past, and all references checked resulted in favorable recommendations. Upon receipt of the required bonds and proof of insurance, contract documents will be forwarded to the Staff Attorney for his review and approval prior to execution by the Board. Therefore, Staff recommends that the Board award Bid Invitation #1432 to Herrick Company in the amount of \$59,660 contingent upon the above documents being acceptable to the Staff Attorney.”

Mr. Smith asked for comments. Ms. Darnaby reiterated the Board Package.

There being no discussion, the motion as recommended by Staff was made by Mr. Dudgeon, seconded by Mr. Maffet and unanimously approved.

B. Reschedule Time for March Board Meeting

The Board rescheduled the time of the March Board Meeting to 10 a.m.

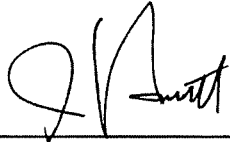
Mr. Dudgeon stated that he had received nothing but good comments about FPB employees' performance during the recent storms and complimented Staff.

10. Request Permission to have Chairman Call a Closed Door Session in Accordance with KRS 61.810(1)(F) In the Event it's Necessary to Discuss Pending Litigation

Mr. Smith called for a motion for a closed door session pursuant to KRS 61.810(1)(M) in the event it's necessary to discuss pending litigation. A motion was made by Mr. Dudgeon, seconded by Ms. Wingrove and unanimously approved.

11. Closed Door Session

No closed door session was needed.



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ATTEST:



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The Regular Monthly Board Meeting of the Frankfort Electric and Water Plant Board of the City of Frankfort, Kentucky was held at the Plant Board Clubhouse, located at 98 Tanglewood Drive on April 15, 2008 at 5 p.m.

**INDIVIDUALS ATTENDING**

Joseph Smith, Chairman  
Michael Dudgeon, Secretary/Treasurer  
Ann Wingrove, Board Member  
Bennie Maffet, Board Member  
James Liebman, Board Attorney  
Warner J. Caines, General Manager  
Hance Price, Staff Attorney  
Herbbie Bannister, Assistant General Manager/Oprs.  
Ann Bohannon, Executive Assistant  
Shannon Taylor, Finance Director  
Mark Redmon, Support Service Superintendent  
Kim Watson, Safety Director  
David Billings, Chief Water Engineer  
John Higginbotham, Cable Superintendent  
Leigh Ann Darnaby, Purchasing Agent  
Jimmy Allen, Water Superintendent  
Karl Pitzer, IT Director  
Carl Mitchell, Cable Construction Manager  
Gary Grider, Media Services  
Sharmista Dutta, Water Engineering  
Dana Goodlett, Cable Installation Manager  
Russ Colwell, Customer Service Director

**AGENDA**

The Agenda for the Regular Board Meeting of April 15, 2008 was received and entered into the Minute Book as follows:

1. Approve Minutes of Regular Board Meeting of March 27, 2008.
2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of March, 2008.
3. Informational Item – Departmental Reports.
4. Conduct a Public Hearing to Consider a Proposed Water Rate Increase for all Customer Classes.
5. Approve Notice of Public Hearing covering (1) Increasing Rates for Bulk Cable 1 and 2 Services, (2) Increasing Premium Cable Services, (3) Increasing Price for Cable Card Device and (4) Increasing, Establishing and Eliminating Rates for Residential and Business Cable Modem.
6. Approve Release of Water Utility Easement.
7. Approve Routine Electric Line Extension Agreement for Kendallwood Subdivision, W.O. 10482 (\$36,11.12).
8. Approve Routine Cable/Telecommunications Line Extension Agreement for Kendallwood Subdivision, W.O. 10482 (\$36,11.12).
9. Approve Increasing Insurance Property Deductible for Building and Contents.
10. Consider Request from Buffalo Trace Distillery to Waive Late Fees (\$2,702.26).
11. Informational Item – Shelby-Franklin Water Management Group Update.
12. Other New and Old Business:
  - A. Approve Award of Bid Invitation #1435 (Bill Printing Service).
  - B. Approve Renewal of Contract for Fire Hydrants, Valves & Tapping Sleeves.
  - C. Schedule Work Session Prior to May Board Meeting.
13. Request Permission to have Chairman Call a Closed Door Session in Accordance With KRS 61.810(1)(F) in the Event it's Necessary to Discuss Pending Litigation.
14. Closed Door Session.

**Safety** – There were 2 OSHA recordable accidents and 1 vehicle accident during the Month of March. *(Kim Watson will discuss)*

- *A security electric employee caught his thumb while working in a security box resulting in a thumb fracture and restricted duty.*
- *An electric employee was sent to the emergency room with a mild concussion following a motor vehicle accident (see below). He had one day lost time.*
- *Three FPB vehicles were involved in an accident when a water department dump truck rear-ended an electric pick-up that was stopped on Myrtle Avenue for a stoplight. The pick-up truck was pushed forward into the vehicle ahead of it which was a water department service truck with a trailer. The electric truck was totaled. The other vehicles sustained moderate to heavy damage.*

**Customer Service** – The following statistics for the Month of March do not include walk-in customers, direct dialed calls to the representatives' two phone lines or any internal calls or after hours and weekend calls. These call numbers do include any calls received at our main number that were transferred to the Cable, Electric and Water Departments. *(Russ Colwell will discuss)*

<u>Total Calls</u>	<u>Days Reporting</u>	<u>Average Per Day</u>	<u>Average Per CSR</u>
10,000 <i>(March 08)</i>	21	476	40
12,160 <i>(March 07)</i>	22	614	51"

Mr. Smith asked for comments. Each Department Head reiterated their department's outages.

Mr. Higginbotham advised that he has been receiving positive comments regarding the new TV Guide Schedule on Channel 75.

Mr. Bannister advised that a pump from our high service pump station is in Cleveland, Ohio awaiting a scope-of-study for routine maintenance and the Chlorine Disinfection Project is on schedule.

Mr. Colwell presented a plaque to the Plant Board for the United Way Community Impact Award. The employees were also involved in the "Bowl for Kids" and the March for Babies. The Board thanked the employees for their involvement in these projects.

4. Conduct a Public Hearing to Consider a Proposed Water Rate Increase for all Customer Classes

This Hearing will come to order. My name is Michael Dudgeon, I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding a Proposed Water Rate Increase for all Customer Classes. This Public Hearing was advertised in accordance with the Regulations for Public Notification and printed on April 13, 2008 by the State Journal, April 10, 2008 by the Woodford Sun, April 9, 2008 by the Sentinel News and April 9, 2008 by The Anderson News.

We have ask that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

A brief further statement about the conduct of this Public Hearing is in order. This Hearing will be conducted informally. This Hearing is being conducted voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above item. Formal rules of evidence will not apply. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to me prior

to your presentation. If you have a lengthy statement, I ask that you summarize your comments. Oral presentations should be limited to no more than 3 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

The reasons for conducting the Hearing by these rules are so that we can collect information, especially information that the Board has not previously considered, and take it under review.

The Board may not answer questions because we do not want to make hasty judgments on specific issues that are brought out if technical in nature. This is especially true since different points of view may come up during the course of the day from different speakers. It is the job of the Board to fairly consider these points of view and information as part of the setting. We do want public input and involvement and I hope you do not find our standard procedures restrictive.

The oral comment period for this Hearing will end at the close of business on April 15, 2008. Written comments received on or before April 15, 2008 will be accepted and considered.

Before we open the floor for comments, Ms. Shannon Taylor will highlight the proposed water rates as submitted below:

<u>SERVICE</u>	<u>EXISTING</u>	<u>PROPOSED</u>
<b>SECTION IV. – WATER SERVICE</b>		
<b>L. RATES AND CHARGES</b>		
<b>1. Water Service to Residential, Commercial, or Industrial Customers</b>		
<b>(a) Rates within City Limits -</b>		
Minimum 2,000 Gallons	\$ 8.69 per month	\$ 8.94 per month
Up to 5,000 Gallons	\$ 4.34 per month	\$ 4.47 per month
Next 20,000 Gallons	\$ 3.56 per month	\$ 3.66 per month
Next 175,000 Gallons	\$ 2.93 per month	\$ 3.02 per month
Next 800,000 Gallons	\$ 2.21 per month	\$ 2.27 per month
Over 1,000,000 Gallons	\$ 1.74 per month	\$ 1.79 per month
<b>(b) Rates outside City Limits -</b>		
Minimum 2,000 Gallons	\$ 12.60 per month	\$ 12.60 per month <i>(No change)</i>
Up to 5,000 Gallons	\$ 6.29 per month	\$ 6.29 per month <i>(No change)</i>
Next 20,000 Gallons	\$ 3.56 per month	\$ 3.66 per month
Next 175,000 Gallons	\$ 2.93 per month	\$ 3.02 per month
Next 800,000 Gallons	\$ 2.21 per month	\$ 2.27 per month
Over 1,000,000 Gallons	\$ 1.74 per month	\$ 1.79 per month
<b>3. Fire -</b>		
Public Hydrants	\$ 11.01 per month	\$ 12.11 per month
Private Hydrants	\$ 11.01 per month	\$ 12.11 per month
<b>4. Lines –</b>		
2" Line	\$ 5.51 per month	\$ 6.06 per month
3" Line	\$ 11.01 per month	\$ 12.11 per month
4" Line	\$ 20.60 per month	\$ 22.66 per month
6" Line	\$ 41.19 per month	\$ 45.31 per month
8" Line	\$ 54.91 per month	\$ 60.40 per month
10" Line	\$ 68.65 per month	\$ 75.52 per month
Fire Sales per 1,000 Gallons	\$ 4.12 per 1,000 Gallons	\$ 4.53 per 1,000 Gallons
<b>5. Resale – Non-Water Producers (Water Districts)</b>		
	\$ 1.539 per 1,000 gallons	\$ 1.822 per 1,000 gallons
<b>6. Resale – Other Water Producers (Georgetown Water Co.)</b>		
First 15 Million Gallons	\$ 1.599 per 1,000 gallons	\$ 1.919 per 1,000 gallons
Over 15 Million Gallons	\$ 1.406 per 1,000 gallons	\$ 1.919 per 1,000 gallons
Gratis	\$ .63	\$ .63 <i>(No change)</i>

Mr. Smith asked for comments. Ms. Darnaby reiterated the Board Package.

Following a brief discussion on last year's cost which Staff will provide at the next Board Meeting, a motion was made by Mr. Dudgeon, seconded Mr. Maffet and unanimously approved.

**C. Schedule Work Session Prior to Board Meeting**

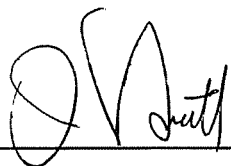
Mr. Smith stated that he would like to have a work session prior to the May Board Meeting to discuss "green issues" for the company. After checking schedules, a work session was scheduled prior to the regular board meeting at 3:30 p.m. to discuss this issue.

**13. Request Permission to have Chairman Call a Closed Door Session in Accordance with KRS 61.810(1)(F) In the Event it's Necessary to Discuss Pending Litigation**

Mr. Smith called for a motion to have the Chairman call a Closed Door Session in accordance with KRS 61.810(1)(F) in the event it's necessary to discuss pending litigation. A motion was made by Ms. Wingrove, seconded by Mr. Dudgeon and unanimously approved.

**14. Closed Door Session**

No Closed Door Session was necessary.



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ATTEST:



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May 27, 2008

The Regular Monthly Board Meeting of the Frankfort Electric and Water Plant Board of the City of Frankfort, Kentucky was held at the Plant Board Clubhouse, located at 98 Tanglewood Drive on May 27, 2008 at 5 p.m.

**INDIVIDUALS ATTENDING**

Joseph Smith, Chairman  
Sheila Burton, Vice Chairman  
Michael Dudgeon, Secretary-Treasurer  
Ann Wingrove, Board Member  
Bennie Maffet, Board Member  
James Liebman, Board Attorney  
Warner J. Caines, General Manager  
Hance Price, Staff Attorney  
Herbbie Bannister, Assistant General Manager/Opr.  
Ann Bohannon, Executive Assistant  
Michele Walker, Executive Assistant  
Rodney Simpson, Electric Superintendent  
David Billings, Chief Water Engineer  
Russ Colwell, Customer Service Director  
Mark Redmon, Support Services Superintendent  
Scott Hudson, Assistant Electric Superintendent  
Chris Riddle, Water Treatment Superintendent  
Vent Foster, Chief Electric Engineer  
Karl Pitzer, IT Director  
Shannon Taylor, Finance Director  
Dianne Schneider, HR Director  
John Higginbotham, Cable Superintendent  
Kim Watson, Safety Director  
Jim Allen, Water Superintendent  
Gary Grider, Media Service Director  
Leigh Ann Darnaby, Purchasing Agent  
Carl Mitchell, Cable Construction Manager  
Kim Watson, Safety Director  
Pat Lynch, Customer  
Paul Glasser, State Journal  
Bill May, Mayor  
Tony Massey, City Manager  
Eddie Riddle, Customer  
Andy McDonald, Customer  
Jim McWilliams, Customer  
Dean Sorg, Customer  
Tom Marshall, Attorney

**AGENDA**

The Agenda for the Regular Board Meeting of May 27, 2008 was received and entered into the Minute Book as follows:

1. Approve Minutes of Regular Board Meeting of April 15, 2008.
2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of April, 2008.
3. Informational Item – Departmental Reports.
4. Informational Item – Cable Advisory Committee Vacancies.
5. Approve Proposed Water Rate Increase for all Customer Classes.
6. Conduct a Public Hearing covering (1) Increasing Rates for Bulk Cable 1 and 2 Services, (2) Increasing Premium Cable Services, (3) Increasing Price for Cable Card Device and (4) Increasing, Establishing and Eliminating Rates for Residential and Business Cable Modem.
7. Approve Changes in the Job Classification/Pay Compensation Plan- Approve Cost-of-Living Increase and Merit Pool Increase for Eligible Employees.

8. Approve Amendments to Job Classification/Pay Compensation Plan – (1) Eliminate Water Quality Specialist Job Series and (2) Add an Administrative Assistant.
9. Approve Changes to FPB Group Medical, Prescription Drug, Vision, Dental and Short Term Disability Protection Plans.
10. Approve Records Management Plan.
11. Approve Settlement Agreement with Kentucky Utilities.
12. Approve Request to Reallocate Water Capital Funds.
13. Approve Service Contract with Central Forms Solution.
14. Approve Service Agreement with PSI Data Systems.
15. Approve Renewal of Bid Invitation #1417 (Company Uniforms)
16. Approve Amendment of Bid Invitation #1426 (Pad Mount Transformers).
17. Approve Award of Bid Invitation #1440 (Storage Area Network –SAN).
18. Informational Item – Update of BWSC and Shelby-Franklin Water Management Group.
19. Approve Funding Request for Shelby-Franklin Water Management Group.
20. Approve Change Order No. 1 on the Ten Ton Electric Hoist Project at the Water Treatment Plant (\$897).
21. Informational Item – State Budget Update.
22. Informational Item – Water Treatment Plant Chemical Feed/OSG Project Update.
23. Informational Item – Blacktop Access Road to the Pea Ridge Road Water Tank.
24. Other New and Old Business.
25. Request Permission to have Chairman Call a Closed Door Session in Accordance With KRS 61.810(1)(F) in the Event it's Necessary to Discuss Pending Litigation.
26. Closed Door Session.

**BOARD ACTION**

**1. Approve Minutes of Regular Board Meeting of April 15, 2008**

Mr. Smith called for a motion to approve the Minutes for the Regular Board Meeting of April 15, 2008. A motion was made by Mr. Dudgeon, seconded by Ms. Wingrove and unanimously approved.

**2. Approve Electric, Water & Cable Financial & Statistical Reports Including Due and Just Bills and Transfers for the Month of April, 2008**

Mr. Smith asked for comments. Ms. Taylor highlighted the Variance Report, Income and Expense Schedule and the Reserve Levels for each line of business.

A brief discussion ensued on the “unaccounted for” category in the Water Department. The Plant Board is within the Industry Standard in this area.

There being no further discussion, a motion was made by Mr. Dudgeon to approve the Electric, Water and Cable Financial and Statistical Reports Including Due and Just Bills and Transfers for the Month of April, 2008. The motion was seconded by Mr. Maffet and unanimously approved.

**IMPREST FUND DISBURSEMENTS**

DATE	CK #	PAYEE	AMOUNT	DESCRIPTION
4/15/2008	1	FARMERS BANK	\$269.08	APRIL 08 ACH FEES
4/18/2008	2	FARMERS BANK	\$2,755.19	RETURNED BANK DRAFTS
4/21/2008	3	FARMERS BANK	\$2,769.91	RETURNED BANK DRAFTS
4/29/2008	4	CARDMEMBER SERVICE	\$4,101.73	COMPANY VISA
4/29/2008	5	CARDMEMBER SERVICE	\$2,382.09	COMPANY VISA
3/31/2008	81246	FARMERS BANK	\$508.98	RETURNED CHECKS
3/31/2008	81247	SLAYDEN, SCOTT	\$180.00	REF CABLE DEPOSIT
3/31/2008	81248	ALTEC INDUSTRIES	\$1,115.00	TRAINING - GARAGE EMP
3/31/2008	81249	LIBERTY BELL	\$897.00	REPAIR PHONE LINE
3/31/2008	81250	FRANKLIN, CHUCK	\$51.00	REIMBURSE FOR CDL EYE EXAM

**5. Approve Proposed Water Rate Increase as Recommended in the Cost-of Service Study for all Customer Classes**

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

“The Board approved Notice of a Public Hearing at the March Board Meeting and a Public Hearing was held April 15, 2008. No oral comments or written statements were received. Therefore, Staff recommends that the Board approve the proposed water rate increase as recommended in the Cost-of-Service performed by Gannett Fleming. The existing and recommended rates for adoption are outlined in the detail section.”

Mr. Smith asked for comments. Ms. Taylor reiterated the Executive Digest.

There being no discussion, a motion was made by Mr. Dudgeon to approve the proposed water rate increase for all customer classes in accordance with the Cost-of-Service Study. The motion was seconded by Ms. Wingrove and unanimously approved.

**6. Conduct a Public Hearing to Covering (1) Increasing Rates for Bulk Cable 1 and 2 Services, (2) Increasing Premium Cable Services, (3) Increasing Price for Cable Card Device and (4) Increasing and Establish Rates for Residential and Business Cable Modem**

This Hearing will come to order. My name is Sheila Burton, I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding a Proposed Water Rate Increase for all Customer Classes. This Public Hearing was advertised in accordance with the Regulations for Public Notification and printed on May 25, 2008 by the State Journal, May 22, 2008 by the Woodford Sun, and May 21, 2008 by the Sentinel News.

We have ask that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

A brief further statement about the conduct of this Public Hearing is in order. This Hearing will be conducted informally. This Hearing is being conducted voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above item. Formal rules of evidence will not apply. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to me prior to your presentation. If you have a lengthy statement, I ask that you summarize your comments. Oral presentations should be limited to no more than 3 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

The reasons for conducting the Hearing by these rules are so that we can collect information, especially information that the Board has not previously considered, and take it under review.

The Board may not answer questions because we do not want to make hasty judgments on specific issues that are brought out if technical in nature. This is especially true since different points of view may come up during the course of the day from different speakers. It is the job of the Board to fairly consider these points of view and information as part of the setting. We do want public input and involvement and I hope you do not find our standard procedures restrictive.

The oral comment period for this Hearing will end at the close of business on May 27, 2008. Written comments received on or before May 27, 2008 will be accepted and considered.

Before we open the floor for comments, Mr. John Higginbotham will highlight the proposed items listed above.

Mr. Higginbotham briefly highlighted the reasons for the above proposed increases as provided in the April Board Meeting. Ms. Bohannon stated that no one had registered to speak.

There being no further discussion, Ms. Burton closed the Public Hearing.

According to Mr. Joe Henry of GRW Engineers, we are "on tract with our project schedule with the KIA".

Mr. Smith asked for comments. Mr. Billings reiterated the Executive Digest.

No further discussions ensued.

**23. Informational Item – Blacktop Access Road to the Pea Ridge Road Water Tank**

The Executive Digest of the Board Package provided the following Management Recommendation and Comments:

"Mr. Caines received a request from Mr. Jim Cline for the Plant Board to participate in paving the access road to the Pea Ridge Road Water Tank. Mr. Cline and his daughter have built houses on the access road and were concerned about the dust.

Mr. Cline requested the Plant Board pay half the cost of the paving from Pea Ridge Road to the security gate at the water tank fence."

Mr. Smith asked for comments. Mr. Caines reiterated the Executive Digest.

A brief discussion ensued on who would be responsible for the maintenance of the road. Mr. Caines stated that Mr. Cline was advised that the Plant Board would not be responsible.

**24. Other New and Old Business:**

**A. Appoint Committee to discuss Green Policies and Procedures**

Mr. Smith stated that he would like to appoint a Committee to provide a directional statement on greening the company. He appointed Mr. Dudgeon to chair the Committee, along with Sheila Burton and Ann Wingrove. The Committee will report back with this information at the June Board Meeting.

**25. Request Permission to have Chairman Call a Closed Door Session in Accordance with KRS 61.810(1)(F) In the Event it's Necessary to Discuss Pending Litigation**

Mr. Smith called for a motion to have the Chairman call a Closed Door Session in accordance with KRS 61.810(1)(F) in the event it's necessary to discuss pending litigation. A motion was made by Ms. Wingrove, seconded by Mr. Dudgeon and unanimously approved.

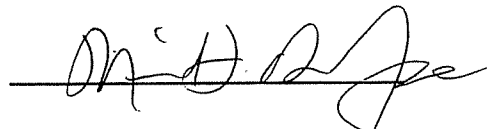
**26. Closed Door Session**

No Closed Door Session was necessary.



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ATTEST:



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