

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.  
ATTORNEYS AT LAW  
500 MAIN STREET, SUITE 5  
SHELBYVILLE, KENTUCKY 40065

C. LEWIS MATHIS, JR.  
T. SHERMAN RIGGS  
DONALD. T. PRATHER  
NATHAN T. RIGGS  
ERIN R. RATLIFF

TELEPHONE: (502) 633-5220  
FAX: (502) 633-0667

E-MAIL: dprather@iglou.com

April 13, 2015

RECEIVED

APR 14 2015

PUBLIC SERVICE  
COMMISSION

Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
P.O. Box 615  
Frankfort, KY 40602

Re: U.S. 60 Water District  
Alleged Failure to Comply with 807 KAR 5:006, Sections 26 and 27, and  
807 KAR 5:066, Section 7  
Case No. 2015-00037


Dear Mr. Derouen:

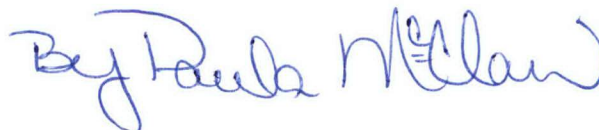
Enclosed are the original and ten copies of the Answer of U.S. 60 Water District to the Complaint filed by the Kentucky Public Service Commission.

Thank you very much for your attention to this matter. Please contact me if you have any questions regarding this matter.

Yours truly,

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.

By:   
Donald T. Prather



DTP/pm  
Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 14 2015

PUBLIC SERVICE  
COMMISSION

In the Matter of:

U.S. 60 WATER DISTRICT )  
)  
\_\_\_\_\_ )

CASE NO. 2015-00037

ALLEGED FAILURE TO COMPLY WITH )  
807 KAR 5:006, SECTIONS 26 AND 27, AND )  
807 KAR 5:066, SECTION 7 )

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

Comes U.S. 60 Water District of Shelby and Franklin Counties, Kentucky (“U.S. 60”), by counsel, and for its Answer to the Public Service Commission (“PSC”) Order dated April 2, 2015 states as follows:

1. U.S. 60 denies that it violated 807 KAR 5:006, Section 26(6)(b) with respect to the Waddy water storage standpipe. The PSC Staff Incident Investigation Report (“Investigation Report”) dated October 7, 2014 contains as Exhibit B water storage inspection reports dated January 15, 2012, May 17, 2012, November 20, 2012, March 13, 2013, November 20, 2013, and March 27, 2014. These water storage inspection reports were prepared by U.S. 60 employees who physically inspected the exterior of the tank. None of these water storage inspection reports showed any problem with the tank. If a problem had been discovered, further investigation would have occurred. The PSC Investigation Report further contains as Exhibit C a copy of the report dated June 21, 2011 detailing the results of an internal inspection of the tank. The written report from the internal report specifically notes the interior wall condition as “good” (not fair or

poor). These more-than-annual inspections satisfy the regulation requirement for annual inspections.

2. U.S. 60 denies it violated 807 KAR 5:066, Section 7 with respect to design and construction conforming to good standard engineering practice and the preparation of plans and specifications by a Kentucky registered engineer with the submitted plans bearing the engineer's seal. Attached to this Answer is a copy of the PSC Order in case no. 9149 showing that PSC reviewed U.S. 60's plans and specifications and found no problems.

3. U.S. 60 denies that it failed to operate the tank in question so as to provide adequate and safe service to its customers as required by 807 KAR 5:066 Section 7. The Liquid Engineering Corporation June 21, 2011 written report, a copy of which is attached to this Answer, specifically contains the following interior condition findings: wall condition – good, wall coating condition – comment – glass lining in good condition. Although the written report states as an additional comment that the interior wall seams show some metal loss along seam lines, the Liquid Engineering Corporation representative which conducted the inspection did not verbally express any sense whatsoever of immediate urgency in conducting additional investigation of the interior of the tank. Both the Manager and Assistant Manager were present during the inspection. The Liquid Engineering Corporation inspector did not register any objection when they stated they would have the tank drained and internally inspected four years in the future. That inspection would have occurred during 2015, the year after the tank unfortunately collapsed.

4. U.S. 60 denies that it failed to comply with 807 KAR 5:006, Section 27. The PSC Investigation Report contains as Exhibit A an image of the Assistant Manager's cell phone record showing an outgoing call to the PSC hotline at 7:23 p.m. on August 9, 2014, which was

within the two-hour required notification timeframe. Both the Manager and Assistant Manager made several attempts to contact the PSC through this hotline within the required two-hour timeframe and PSC did not answer any of the calls. A call was also timely made to the Division of Water which answered the call and had a representative on site that evening. In the event failure to leave a voice message on the hotline was a violation of this regulation, U.S. 60 denies that it was a willful violation. The situation in the field that evening was extremely chaotic. Each time a call to the PSC hotline was unanswered, the Manager or Assistant Manager, as appropriate, decided to make another call to the hotline rather than leave a message. At some point during the evening, they forgot to leave a message. When the Manager on Sunday morning realized a message had not been left, he decided he would wait until early Monday morning and call the PSC as soon as the office was opened. Before he could do this on Monday morning, however, the PSC was already calling U.S. 60's office.

5. U.S. 60 respectfully requests an informal conference with the PSC staff in this matter.

WHEREFORE, U.S. 60 respectfully requests that it not be found in violation of any of these regulations or, in the alternative, to the extent the Commission finds a violation, that the violation not be determined as being a willful violation and that therefore penalties should not be assessed under KRS 278.990.

Respectfully submitted,

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.

By: 

Donald T. Prather  
500 Main Street, Suite 5  
Shelbyville, Kentucky 40065  
Phone: (502) 633-5220  
Fax: (502) 633-0667

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF U.S. 60 WATER )  
DISTRICT OF SHELBY AND FRANKLIN )  
COUNTIES, KENTUCKY, FOR (1) A )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY; (2) APPROVAL OF )  
THE PROPOSED PLAN OF FINANCING ) CASE NO. 9149  
OF SAID PROJECT; AND (3) APPROVAL )  
OF THE INCREASED WATER RATES )  
PROPOSED TO BE CHARGED BY THE )  
DISTRICT TO CUSTOMERS OF THE )  
DISTRICT )

ORDER

The U.S. 60 Water District ("U.S. 60") filed an application on September 28, 1984, for approval of adjustments to its water service rates, authorization to construct a \$359,000 waterworks project, and approval of its financing for the proposed project. The project financing includes \$9,000 from applicants for service in the proposed project area and a loan of \$350,000 from the Farmers Home Administration ("FmHA") at 9 1/8 percent annual interest. U.S. 60 will issue waterworks revenue bonds as security for the loans. The repayment period for the loans will be 40 years.

The proposed construction will provide service to about 39 applicants for service. Plans and specifications for this construction as prepared by Warner A. Broughman, III and Associates of Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

A hearing was held in the offices of the Public Service Commission, Frankfort, Kentucky, on May 2, 1985. There were no intervenors, and no protests were entered.

U.S. 60 requested a rate which would produce an annual increase of \$42,678. In this Order, the Commission has allowed a rate which will produce an annual increase of \$34,177.

#### TEST PERIOD

U.S. 60 proposed and the Commission has accepted the 12-month period ending June 31, 1984, as the test period in this matter.

#### REVENUES AND EXPENSES

U.S. 60 incurred a net operating income of \$35,944 for the test period. U.S. 60 proposed numerous adjustments to revenues and expenses in order to reflect more current operating conditions. The Commission has accepted U.S. 60's pro forma revenues and expenses with the following exceptions:

##### Operating Revenue

U.S. 60 proposed pro forma operating revenue from metered water sales of \$123,725 including proposed new customers. U.S. 60 was permitted to increase the rates it could charge in Case No. 8044-1.<sup>1</sup> Therefore, the Commission has increased test period operating revenue from metered water sales by \$12,872, which results in an adjusted test period level of \$136,597.

---

<sup>1</sup> Purchased Water Adjustment of U.S. 60 Water District, dated September 7, 1984, and amended on October 25, 1984.

U.S. 60 proposed a pro forma adjustment of \$7,700 to test period operating revenue from metered water sales to recognize the new customers that were to be added on to the system due to the pending construction project. U.S. 60 calculated its proposed adjustment by using an estimated 30 new customers, an average per customer monthly usage of 4,000 gallons and the rates that U.S. 60 proposed in this present case. At the hearing Mr. Warner A. Broughman, consulting engineer on this construction project, stated that 39 new customers are now expected<sup>2</sup> and that the average per customer monthly usage would be 4,613 gallons.<sup>3</sup> Thus the Commission has recalculated this adjustment by using the information supplied by Mr. Broughman at the hearing and the increased rates that were granted in Case No. 8044-1. The Commission arrived at an adjustment of \$8,288, an increase of \$588 over U.S. 60's proposed adjustment. Therefore, adjusted test period operating revenue from metered water sales has been increased by \$588 for an adjusted level of \$137,185.

#### Purchased Water

U.S. 60 proposed a pro forma water expense of \$45,000 which reflected the increased rates from its supplier, the City of Frankfort, Kentucky. Further U.S. 60 proposed to reduce its test period operating revenue for non-recurring water sales to the North Shelby Water Company, but failed to include a similar adjustment to its test period purchased water expense. In

---

<sup>2</sup> Transcript of Evidence ("T.E."), May 2, 1985, page 10.

<sup>3</sup> T.E., page 13.

addition U.S. 60 did not include in its proposed adjustment the increased water purchases that would arise from the new customers that were expected to be added to the system due to the pending construction project. The Commission is of the opinion that the test period water purchases should be adjusted to reflect the elimination of non-recurring water sales and the increased water that will be required for new customers. Therefore, U.S. 60's proposed purchased water expense has been reduced by \$2,819 which results in an adjusted level of \$42,181.<sup>4</sup>

Electricity Expense

U.S. 60 proposed a pro forma electricity expense of \$9,000 based on historic data. In response to item number 5 of the initial Commission request dated October 29, 1984, U.S. 60 explained that this adjustment was calculated by using an escalation factor of 25 percent and that actual data showed that the electric expense had increased 35 percent per year since 1978. It has been the Commission's practice to allow only known and measurable pro forma adjustments for rate-making purposes. Many variables may have attributed to this trend, but none of these

---

<sup>4</sup> Test Period Actual Gallons Purchased	55,069,048	gallons
Non-recurring Water Sales	< 4,830,000 >	gallons
Additional Customers	2,487,767	gallons
Test Period Adjusted Gallons Purchased	<u>52,726,815</u>	gallons
Water Costs: \$0.80 per 1,000 gallons	\$ 0.0008	
Adjusted Test Period Cost	<u>\$ 42,181</u>	

Additional Customers= [39 (New Customers) x 4,613 (Average Monthly Customer Usage) x 12] ÷ [1 - 13.22% (Line Loss)]= 2,487,767 gallons.



variables are readily identifiable and certainly not known or measurable. Thus, the Commission has disallowed this adjustment for rate-making purposes.

At the hearing U.S. 60 was asked to calculate the additional electricity that would be necessary for the new customers that would be added on to the system.<sup>5</sup> U.S. 60 provided this in the information that was supplied to the Commission on May 13, 1985. U.S. 60 calculated that the average cost of electricity was \$0.17 per 1,000 gallons based on the approximate gallons of water pumped during the test period. In its calculation, U.S. 60 used the average cost of electricity on an estimated 32 customers and an average monthly usage of 4,000 gallons to arrive at an adjustment of \$261. The Commission recalculated this adjustment using the provided average cost of electricity, 39 new customers and an average monthly usage of 4,613 gallons to arrive at its adjustment of \$367. The Commission is of the opinion that test period electricity expense should be adjusted to reflect the additional amount of electricity that will be required due to the expected new customers from the pending construction project. Therefore, U.S. 60's proposed level of electricity expense has been reduced by \$1,397 which results in an adjusted level of \$7,603. U.S. 60 was unable to specifically identify any increases in the price of electricity during the test period.

---

<sup>5</sup> T.E., page 86.

### Remaining Pro Forma Adjustment

U.S. 60 proposed the following pro forma adjustments to test period expenses: an adjustment of \$184 to Transmission and Distribution Expense, an adjustment of \$5 to Customer Accounts Expense and an adjustment of \$477 to Administrative Expense. These three pro forma adjustments increased test period operating expenses by a combined amount of \$666. In response to item number 5 of the initial Commission request, U.S. 60 explained that these were nominal adjustments of less than 1 percent to the test period results. The Commission is of the opinion that this is not adequate justification for these proposed adjustments and further, they do not meet the criteria of being known or measurable. Therefore, the Commission has reduced U.S. 60's proposed operating expenses by \$666.

### Depreciation Expense

U.S. 60 proposed to increase its test period depreciation expense of \$12,510 by \$8,750 to allow for depreciation on the proposed construction. It has been the practice of the Commission in previous decisions to compute depreciation expense for rate-making purposes on the basis of original cost of the plant in service less contributions in aid of construction, as a utility should not be allowed recovery of that portion of the plant which has been provided at zero cost.

U.S. 60's test-period depreciation expense of \$12,510 reflects depreciation on the total existing plant using a

composite rate of approximately 2.7 percent.<sup>6</sup> The balance sheet filed by U.S. 60 shows contributions in aid of construction at the end of the test period to be \$94,937. This amount is approximately 20.6 percent of the total cost of the existing utility plant in service. In determining the pro forma depreciation expense, the Commission has utilized the depreciation rate applied by U.S. 60 and has excluded depreciation associated with contributed property. The adjusted depreciation expense for the existing plant is \$9,880,<sup>7</sup> a reduction of \$2,630 from test-period actual depreciation expense. Therefore, U.S. 60's proposed depreciation expense of \$21,260 has been reduced by \$2,630 to arrive at the adjusted level of \$18,630.

Maintenance of Structures

U.S. 60 incurred maintenance of structures expense of \$572 for the test period. The Commission has reviewed the analysis of this account that was supplied by U.S. 60 in its response to item number 2a of the initial Commission request and found that \$450 of this expense was for the scraping, cleaning, and painting of the building and pipes at the water tank. In response to item number 1 of the second Commission request dated November 29, 1984, U.S. 60 stated that it expected this was the first time such

<sup>6</sup>  $\$12,510 \div \$460,872 = 2.7\%$

<sup>7</sup>

Total Existing Plant	\$460,872
Less: Contributions in Aid of Construction	94,937
Non-Contributed Existing Plant	<u>\$365,935</u>
Times: Composite Rate for Existing Plant	<u>2.7%</u>
Depreciation on Existing Plant Allowed for Rate-Making Purposes	\$ 9,880

maintenance had been performed in over 20 years and that it estimated it should be performed in the future every 3 years. At the hearing Mr. Joe Sutherland, a C.P.A and accountant for U.S. 60, stated that the scraping, cleaning and painting of the building and pipes at the water tank should be a normal yearly operating expense and that it should not be amortized.<sup>8</sup> The Commission is of the opinion the 3-year cycle is reasonable and that the expense should be amortized over 3 years. Therefore, the maintenance of structures expense has been reduced by \$450 and amortization expense increased by \$150 for a net reduction in test period operating expense of \$300.

Maintenance of Pumping Equipment

U.S. 60 incurred maintenance of pumping equipment expense of \$1,293 during the test period. The Commission has determined, after reviewing the analysis of this expense provided in response to item number 1b of the initial request, that several of the items of expense should have more properly been capitalized since they were non-recurring in nature and/or would benefit not only the current period, but future periods. The following is a listing of these expenses:

<u>Item</u>	<u>Date</u>	<u>Amount</u>
Moved electric pole and installed new pump and switch at pumping station on Knob Road.	June 1984	\$374
Replaced sump pump at pumping station.	Nov. 1983	\$101
Installed new hydropneumatic tank on Knob Road.	Oct. 1983	\$194

<sup>8</sup> T.E., page 64.

The Commission is of the opinion that these items totaling \$669 should have been capitalized and depreciated.<sup>9</sup> Mr. Sutherland concurred at the hearing that it would be proper to capitalize the aforementioned expenses.<sup>10</sup> Therefore, maintenance of pumping equipment expense has been reduced by \$669 and depreciation increased by \$53 for a net reduction in operating expense of \$616.

#### Maintenance of Services and Meters

U.S. 60 incurred maintenance of services and meters of \$9,594 during the test period. Upon reviewing the analysis of this expense provided to item number 2d of the initial request it was noted that during January and February of 1984 U.S. 60 had to repair 49 frozen meters at a total cost of \$3,461. At the hearing Mr. Billy H. Allen, Manager of U.S. 60, stated that this was not a normal yearly occurrence and that it was mainly due to the extremely cold weather, poorly installed meters and customers removing the meter covers.<sup>11</sup> It is the Commission's opinion that, since this is not a normal yearly level for this expense, it would be more appropriate to amortize the expenses over 3 years.

In addition, the Commission has determined that several of the expenses should have more properly been capitalized as they would benefit not only the current period, but future periods.

---

<sup>9</sup> Electric pole, pump and switch, sump pump 10 years  
New small storage tank 30 years

<sup>10</sup> T.E., pages 66,67.

<sup>11</sup> T.E., pages 54-56.

The following is a listing of those expenses:

<u>Item</u>	<u>Date</u>	<u>Amount</u>
Six new Rockwell meters	Nov. 1983	\$370
One Master meter	July 1983	\$1,480

At the hearing Mr. Sutherland stated that the installation of a master meter would not be a normal yearly occurrence.<sup>12</sup> The Commission is of the opinion that these items totaling \$1,850 should have been capitalized and depreciated over 10 years. Therefore maintenance expense has been reduced by \$5,311, amortization increased by \$1,154 and depreciation increased by \$185 for a net reduction in test period operating expenses of \$3,972.

#### Legal and Accounting

U.S. 60 incurred legal and accounting expense of \$5,107 during the test period. In response to item number 3 of the initial request U.S. 60 provided a breakdown of the legal and accounting expense which revealed that the \$324 cost of filing U.S. 60's prior purchased water adjustment, Case No. 8044-1, was included in the \$5,107. At the hearing Mr. Sutherland stated that the cost of Case No. 8044-1 should be amortized over a 3-year period.<sup>13</sup> Therefore, legal and accounting expense has been reduced by \$324 and amortization increased by \$108 for a net reduction in test period expenses of \$216.

---

<sup>12</sup> T.E., page 67.

<sup>13</sup> T.E., page 71.

## Insurance

U.S. 60 incurred a test period level of insurance expense of \$677. After reviewing the monthly breakdown of test period operating revenues and expenses provided by U.S. 60, it was noted that a payment of \$443 was made during January 1984 and in its response to item number 7 of the initial request, it was learned that this payment was for a policy that was for the period December 1983 through December 1984. At the hearing Ms. Judy Van Meter, Secretary and Bookkeeper for U.S. 60, stated that the expense is prepaid insurance, that half of the payment was for the 6 months that are outside of the test period and should be removed from test period operating expenses.<sup>14</sup> It was also noted that a similar prepayment of the insurance expense was made earlier and amortized over the first 6 months of the test period. The Commission agrees with Ms. Van Meter and has therefore reduced the insurance expense by \$221 to arrive at an adjusted test period level of \$456.

Therefore, U.S. 60's test period operations have been adjusted as follows:

	U.S. 60's Proposed Adjusted	Commission Adjustments	Commission Adjusted
Operating Revenue:			
Metered Water Sales	\$123,725	\$13,460	\$137,185
Forfeited Discounts	5,640	-0-	5,640
Total Operating Revenue	<u>\$129,365</u>	<u>\$13,460</u>	<u>\$142,825</u>
Operating Expenses	<u>\$126,860</u>	<u>&lt;12,837&gt;</u>	<u>114,023</u>
Operating Income	<u>\$ 2,505</u>	<u>\$26,297</u>	<u>\$ 28,802</u>

<sup>14</sup> T.E., page 75.

REVENUE REQUIREMENTS

U.S. 60'S annual debt service based on debt outstanding during the test period and debt proposed in this proceeding is \$55,197.<sup>15</sup> U.S. 60's adjusted net operating income of \$28,802 plus interest income from operations of \$3,257 provides a debt service coverage ("DSC") of 0.58X. The Commission is of the opinion that this coverage is unfair, unjust and unreasonable. To achieve a DSC of 1.2X, which the Commission is of the opinion is the fair, just and reasonable coverage necessary for U.S. 60 to pay its operating expenses and to meet the requirements of its lenders, U.S. 60 would require a net operating income of \$66,236. Accordingly, the Commission has determined that additional revenue of \$34,177 is necessary to provide the 1.2X DSC which will ensure the financial stability of U.S. 60.

TAP FEES

U.S. 60's present tap fee for a 5/8 inch x 3/4 inch connection is \$300, and the tap fee for a 1 inch connection is \$375. U.S. 60 proposed to increase its tap fees to \$400 and \$450, respectively, and filed cost data justifying the increased costs. The Commission is of the opinion that the proposed tap fees are reasonable and should be approved.

15

	<u>Amount</u>	<u>Amortization Factor</u>	<u>Debt Service</u>
Existing Bond	\$360,000	0.06127	\$22,057
Proposed Bond	\$350,000	0.094685	33,140
Total Debt Service			<u>\$55,197</u>



### FINDINGS AND ORDERS

The Commission, after consideration of the application and evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

2. The proposed project for the U.S. 60 water system includes a 150,000-gallon water storage tank, 39 service connections, about 4.6 miles of 8-, 6-, and 4-inch water main and miscellaneous appurtenances.

3. The low bids received for the proposed construction totaled \$195,254, which will require about \$359,000 in project funding after allowances are made for fees, contingencies, and other indirect costs, and additional construction being considered as a result of receiving bids under the final estimates.

4. Any deviations from the construction herein approved which could adversely affect service to any customer should be subject to the prior approval of this Commission.

5. U.S. 60 should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

6. U.S. 60 should file with the Commission duly verified documentation which shows the total costs of construction including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is sub-

stantially completed. The construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

7. U.S. 60's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. The supervision and inspection should insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

8. U.S. 60 should require the Engineer to furnish a copy of the record plans and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

9. A 5/8-inch x 3/4-inch meter should be the standard customer service meter for all new customers and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

10. U.S. 60 should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

11. The risks to be borne by U.S. 60 during the initial operating years of its water utility improvements require the

IT IS FURTHER ORDERED that U.S. 60 shall comply with Findings 4 through 11 and 13 herein as if each of these findings were also ordered.

IT IS FURTHER ORDERED that the rates proposed by U.S. 60 be and they hereby are denied.

IT IS FURTHER ORDERED that the rates and charges in Appendix A be and they hereby are approved as the fair, just and reasonable rates and charges to be charged by U.S. 60 for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that the tap fees proposed by U.S. 60 and in Appendix A be and they hereby are approved.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 23rd day of July, 1985.

By the Commission

ATTEST:

Forest M. Slagoff  
Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 9149 DATED 7/23/85

The following rates and charges are prescribed for the customers in the area served by U.S. 60 Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First 1,000 gallons	\$ 8.75 Minimum Bill
Next 2,000 gallons	4.15 per 1,000 gallons
Next 2,000 gallons	3.20 per 1,000 gallons
Over 5,000 gallons	2.75 per 1,000 gallons

TAP FEES

5/8 Inch x 3/4 Inch	\$ 400
1 Inch	450

*Part 1 and B*      *1/4 inch*

9.20	9.50
13.35	13.65
16.55	16.85
19.30	19.60

**Liquid Engineering Corporation**  
**Steel Potable Water Reservoir Inspection Report (ROV)**

Job Number: 40478

Inspector: J.Fowler

Utility: U.S. 60 Water Dist.

Tank Name: Waddy

Date: 6-21-11

ROV Team: 10

**Interior Condition Findings**

Roof Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Roof Coating Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Roof Weld Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Bolted glass lined seams in good condition
Wall Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Wall Coating Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Glass lining in good condition
Wall Weld Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Floor Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Cannot evaluate due to sediment. Recommend cleaning.
Floor Coating Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Concrete
Floor Weld Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: None
Support Column Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: None
Column Coating Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: None
Plumbing Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Corrosion noted on inlet outlet structure
Ladder Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: None
Cathodic Protection Installed	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		Comments: Recommended
Visible Leaking	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		Comments:

**Exterior Condition Findings**

Vent Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Roof Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Roof Coating Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Glass lined
Roof Weld Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Bolted seams in good condition
Hatch Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Wall Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Wall Coating Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Wall Weld Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments: Bolted
Foundation Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Ladder Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Plumbing Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor	Comments:
Visible Leaking	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		Comments:

**Additional Comments**

Interior wall seams show some metal loss along seam lines. Recommend cathodic protection  
 Recommend cleaning.  
 Inspect every 3-5 years.

**Disclaimer**

Liquid Engineering does not provide consulting engineering services. Unless otherwise noted, the findings contained in this report were neither prepared nor reviewed by a licensed Professional Engineer, but are based on experience, training and visual examination of the Dive Maintenance Technician.

**Liquid Engineering Corporation**  
**Potable Water Reservoir Sanitary, Safety, Security (ROV)**

Job Number: 40478  
 Inspector: J.Fowler

Utility: U.S. 60 Water Dist.  
 Tank Name: Waddy

Date: 6-21-11  
 ROV Team: 10

**Sanitary Condition Findings**

- |                             |   |  |                              |
|-----------------------------|---|--|------------------------------|
| Vent Properly Screened?     | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            | Comments:                    |
| Hatch Sealed?               | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            | Comments:                    |
| Hatch Properly Secured?     | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | Comments: Recommend padlock. |
| Overflow Properly Screened? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            | Comments:                    |
| Holes in the Roof?          | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | Comments:                    |
| Holes in the Walls?         | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | Comments:                    |
| Manway Leaking?             | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | Comments:                    |

**Safety Condition Findings**

- |                 |  |                               |                               |           |
|-----------------|--|-------------------------------|-------------------------------|-----------|
| Hatch Safety    | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor | Comments: |
| Ladder Safety   | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor | Comments: |
| Manway Safety   | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor | Comments: |
| Balcony Safety  | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor | Comments: |
| Handrail Safety | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor | Comments: |

**Security Condition Findings**

- |                    |  |  |                               |           |
|--------------------|--|--|-------------------------------|-----------|
| Vent Security      | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair          | <input type="checkbox"/> Poor | Comments: |
| Hatch Security     | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair          | <input type="checkbox"/> Poor | Comments: |
| Ladder Security    | <input checked="" type="checkbox"/> Good | <input type="checkbox"/> Fair          | <input type="checkbox"/> Poor | Comments: |
| Fence Present?     | <input type="checkbox"/> Yes             | <input checked="" type="checkbox"/> No | Comments:                     |           |
| Adequate Lighting? | <input type="checkbox"/> Yes             | <input checked="" type="checkbox"/> No | Comments:                     |           |

**Summary Recommendations**

Recommend cleaning. Approximately 1 inch of sediment.  
 Recommend cathodic protection system.  
 Inspect every 3-5 years.  
 Recommend padlock.

**Disclaimer**

Liquid Engineering does not provide consulting engineering services. Unless otherwise noted, the finding contained in this report were neither prepared nor reviewed by a licensed Professional Engineer, but are based on experience, training and visual examination of the Dive Maintenance Technician.