

MUNICIPAL WATER CONTRACT
BETWEEN
CITY OF MORGANFIELD, KENTUCKY
AND
UNION COUNTY WATER DISTRICT

DATED: DECEMBER 19TH, 1986

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EXECUTIVE

JAN 05 2003

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

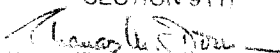

EXECUTIVE DIRECTOR

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PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

Charles H. Dyer
EXECUTIVE DIRECTOR

MUNICIPAL WATER CONTRACT

THIS CONTRACT made and entered into on this the 19th day of December, 1986, by and between the CITY OF MORGANFIELD, KENTUCKY, a Municipal Corporation of the Fourth Class, of Union County, Kentucky, party of the First Part, hereinafter referred to as "City"; and the UNION COUNTY WATER DISTRICT, a Municipal Corporation organized as a water district under Chapter 74 of the Kentucky Revised Statutes, party of the Second Part, hereinafter referred to as the "Water District",

W I T N E S S E T H :

WHEREAS, on April 7th, 1964, the City and the Water District entered into an Agreement whereby the City agreed to furnish water to the Water District for its customers; and

WHEREAS, such Agreement set out a general formula for determining the charges to be made by the City to the Water District for water; and

WHEREAS, the Agreement was in general terms, leaving various matters to be interpreted and negotiated further by the parties, making it difficult for the parties to ascertain the actual costs of water to the City and the precise charge to be made by the City to the Water District for water; and

WHEREAS, the governing bodies of the City and of the Water District have duly authorized the execution of this Contract; and

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WHEREAS, the City shall continue serving water to all customers being served by the City, including outside of the City limits, as of the date of this Contract, in addition to future customers who may be served by the City pursuant to the provisions herein where the Water District cannot serve them; and

WHEREAS, the City has issued, sold, and delivered (on August 26, 1986) a total of Two Million (\$2,000,000) Dollars of City of Morganfield Water and Sewer Revenue Bonds, the interest rates of which Bonds have been determined, ranging from 4.5% to 7.7% per annum,

NOW, THEREFORE, in addition to the Agreement between the parties dated April 7, 1964, and in consideration of the premises, of the mutual covenants and agreements herein contained, of the commitment of the City of make prompt delivery of the water supply herein agreed to, and of the commitment of the Water District to make prompt payment of the rates herein agreed to, the parties hereto hereby agree as follows:

[1] CITY TO SELL WATER TO DISTRICT.

The City agrees to sell and deliver to the Water District, and the Water District agrees to purchase and receive from the City, all water required by the Water District, during the period in which any of the City's 1986 Bonds are outstanding [upon the repayment of the 1986 Bond issue (dated August 1st, 1986) or any defeasance or substantially replacement bonds, the Water District shall not be required to purchase water exclusively from the City of Morganfield], as the sole source of supply of the Water District, provided that the City shall not be obligated to deliver water to the Water District at a greater pressure, in a greater amount, or at different periods from those herein specified, and (b) the Water District may purchase water from a different supplier

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during the period in which the City's 1986 Bonds are outstanding only: (i) in the event of an emergency; and (ii) promptly upon the termination of such emergency, the City shall resume supplying and the Water District shall resume purchasing its needed water from the City under this Contract, subject to the terms and conditions set out herein. Emergency is the inability to supply water for whatever reason to customers in the usual and customary manner. It is agreed and understood the Water District will do what it can to correct the emergency situation in a reasonable time.

[2] QUALITY OF WATER.

The quality of water delivered by the City to the Water District hereunder shall meet the standards of the United States Public Health Service Limitations for Drinking Water.

[3] WATER PRESSURE.

The City shall deliver water to the Water District at a pressure of not less than thirty (30) pounds per inch at the point(s) of mutual connection(s) between the parties during the period of withdrawal, which connecting point(s) will be located as follows:

East Meter - Old Coal Yard; and

West Meter - Existing City Water Plant.

[4] MAINTENANCE OF WATER PRESSURE.

The City shall maintain the aforesaid water pressure at said location(s) at all times, except in cases of unavoidable casualty, acts of God, strikes, or other instances beyond the control of the City.

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[5] MAXIMUM AMOUNT REQUIRED TO BE FURNISHED BY CITY.

The City shall use reasonable diligence and care to provide a regular and uninterrupted supply of water to the Water District and to avoid any shortage or interruption of service thereof. The maximum amount which the City must furnish during any twenty-four (24) hour period shall be an amount not to exceed a total of one million (1,000,000) gallons of water for such twenty-four (24) hour period and also not to exceed a rate of seven hundred (700) gallons per minute during any twenty-four (24) hour period. The City shall not be liable for any failure, interruption, or shortage of water or any loss or damage resulting therefrom, occasioned in whole or in part by any cause beyond the reasonable control of the City.

[6] MASTER METER.

A master meter or meters have been furnished and installed and are located within the boundaries of the Water District at the point(s) of connection of the Water District's system with the City's water supply lines, which master meter(s) are equipped with a check valve or valves located at a reasonable place or places at or near the point(s) of connection of said two systems. Such master meter(s) and check valve(s) shall serve the function of measuring the quantity of water furnished by the City and used by the Water District, on a monthly basis, and will determine the monthly amounts to be paid by the Water District to the City for such water, subject to all applicable conditions and limitations specified herein.

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[7] CHECKING OF MASTER METER FOR ACCURACY.

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The master meter(s) shall be tested once during each ~~calendar~~ ^{calendar} month period, the cost of which would be paid by the City. The Water District shall

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have the right to have the master meter(s) tested at any time. The costs of said test(s) shall be paid by either the City or the Water District as determined by the test results. If the master meter(s) is/are found to be accurate within plus two percent or minus two percent, the Water District shall pay the cost of testing. If the master meter(s) is/are found to be inaccurate exceeding the aforementioned plus or minus amount, the City shall pay the cost of testing, and an adjustment shall be made in the Water District's billing to reflect the percent deviation inaccuracy for the period of time from the last test. If any meter fails to register for any period, the amount of water furnished in such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the City and the Water District agree upon a different amount.

[8] READING OF MASTER METER.

The master meter(s) shall measure the water furnished by the City and used by the Water District on a daily basis, and shall determine the monthly amounts to be paid by the Water District to the City for such water. Said master meter(s) shall be read each day by an officially designated employee of the City and such meter(s) shall be accessible at all reasonable times to an officially designated employee of the Water District for the purpose of reading and checking same. The official readings, which shall determine the basis of the charges rendered to the Water District, shall be the readings made by the City.

[9] DETERMINATION OF COST OF PRODUCTION OF WATER TO CITY,
WHICH IS PURCHASE PRICE TO WATER DISTRICT

The Water District agrees to pay for water so sold and delivered by the City to the Water District to the point(s) where the meter(s) is/are installed,

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at a price equivalent to the Cost to the City (the "Cost") for such water, determined as herein specified. Such Cost shall be determined by all of the provisions of this Paragraph 9 as follows:

[a] Cost shall include the actual cost of operating and maintaining the existing waterworks facilities of the City, including its water treatment plant, two storage tanks, and distribution lines, to the extent of the water lines and facilities needed plus the other expenses necessary to furnish water from the City's plant to the master meter(s) connecting the Water District to the City, the cost of maintaining and repairing the river intake system, the collector well system (pumps and motors), the transmission line from the Ohio River to the water plant of the City, including the reservoir and the underwater intake system, and the cost of operating and maintaining any necessary additional waterworks facilities to accomplish the foregoing;

[1] Such Cost shall include an allocation of the time of the Chief Plant Operator (together with the time of any other worker or workers) to the extent that such time is directly attributable to operating and/or maintaining the water plant, exclusive of any time specifically allocated to the furnishing of water to specific municipal customers of the City;

[2] It is mutually agreed that depreciation shall not be included as a cost factor in the establishing of a water rate since the Water District is participating in the retirement of the City's total debt on the Treatment Plant Facilities.

[b] Such Cost shall be based in each year upon the total annual water production of the Morganfield Water Plant in the preceding year. For example, in the 1985 fiscal year, the Plant produced 608,103,000 gallons minus 25,108,000 gallons used for filter washing, thus leaving a net annual production of 582,895,000 gallons. The Cost per gallon for the fiscal year ending in 1986 shall be determined by dividing that number of gallons (582,895,000) into the total 1985 SERVICE COMMISSION KENTUCKY COST figure for the purpose of determine the Cost per gallon or per thousand gallons. As shown on Exhibit "A" attached hereto, Items 1 through 14, the cost per thousand gallons produced for 1985 was 37.8¢ and would be the cost for the calendar year 1986. As the total number of gallons of water produced varies from year to year, a new calculation shall be made in each year, and an appropriate adjustment shall

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be made. Such calculation shall be made within ninety (90) days following the end of each fiscal year, and upon such information being furnished to the Water District, an appropriate adjustment shall be made in the amount payable to the Water District for the twelve (12) months of the ensuing year. The City shall calculate that amount annually based on its audit and shall notify the Water District of the effective rate for the next year. Such rate shall be effective for the entire year, retroactive to January 1 of the year following the year for which the calculation is made, regardless of when the calculation and adjustment is completed and forwarded to the Water District. No adjustment shall be made of the preceding twelve (12) months;

[c] In connection with the issuance of the \$2,000,000 of Bonds of 1986 by the City, a monthly amount shall be allocated to the Water District as its share of the debt service burden for principal and interest, and it is hereby determined that the portion of such annual amount allocated to the Water District shall be the same percentage of the total interest and principal due as the percent of water used by the District of the total water used, produced, and sold by the City in the immediately preceding fiscal year as set out in subparagraph [b] of this paragraph 9, and there shall be determined a cost per 1,000 gallons of water used by the District as a result of the obligation of the City to pay such interest and principal with reference to such \$2,000,000 of Bonds of 1986. There is set forth as Item 15 on page 2 of such Exhibit "A" the amount of the obligation of the District with reference to such Bonds for interest and principal for the year beginning January 1, 1987, and the water rate per 1,000 gallons of water which is to be paid by the District as a result of the District paying part of the amortization with reference to such Bonds. As in the case of determining the Cost of water based on the items set out under Items 1 through 14 in Exhibit "A", a new calculation shall be made in each year and an appropriate adjustment shall be made with reference to such \$2,000,000 of Bonds of 1986, the percentage to be paid by the District is to be adjusted so that it will be in proportion to the water used by the District compared to the total water used as a result of the total production of and sale of water by the City and the amounts of interest and principal with reference to such Bonds to be adjusted to the actual amounts of interest and principal owing in each year. City should prepay their 1986 bonded indebtedness payments to the City by the Water District shall not be accelerated and the annual cost of water to the Water District shall include only the principal and interest payments as originally scheduled. Any payment of principal and interest

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made with funds from the debt service reserve (referred to in subsection [d] hereafter) shall not be included as a cost to the District; however, replenishment of the debt service reserve shall be considered as an element of cost;

[d] It is acknowledged that there has been deposited in the City of Morganfield Water and Sewer System Debt Service Reserve Fund the amount of \$215,400 from funds of the City which were not derived from the proceeds of such Bonds or from any grants or gifts and which will not be reimbursed to any extent out of the proceeds of such Bonds. There is set out in such Exhibit "A", Item 16, attached hereto, the water rate per 1,000 gallons (7.4¢ per 1,000 gallons) which shall be paid by the District to the City with reference to such Reserve Fund for the year beginning on the date of this Contract, taking into account whatever additional amounts (if any) may be required to be deposited into the Debt Service Reserve Fund in such year, and which shall be adjusted each year for a period of five (5) additional years, in accordance with the principles set out in subsections [b] and [c] of this Paragraph 9; and

[e] The final factor is allocation of cost of capital improvements, which shall be determined as follows:

- (1) Capital improvements made in any one year costing individually or collectively less than \$10,000 shall be treated as an expense of that year's operation and shall be included in the costs of production for that year.
- (2) Capital improvements costing \$10,000 or more shall be allocated as follows:

- (i) If financed through the issuance of Revenue Bonds of the City, the debt service (and any reserve) cost to the City shall be allocated and borne in the same manner as specified with respect to the Bonds of 1986.

- (ii) All capital improvements of \$10,000 or more shall be factored into the annual rate calculation as if the capital improvement had been financed. The factoring of the cost item shall be based upon the interest rate established by the Municipal Bond Buyer Revenue Bond Index Rate at the end of each fiscal year, divided equally over a period of eighteen (18) years.

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BY 
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An amortization schedule is to be prepared showing the amount needed to fully recapture the cost of the capital improvement and interest on the remaining unamortized cost at the end of each fiscal year. The interest rate will be adjusted annually at the end of each fiscal year to reflect the Municipal Bond Rate on that date.

Capital improvements shall not include expenditures made by the City for capital items with funds supplied by grants.

It is agreed that if at any time in the future there is a factor or are factors not anticipated by the parties hereto at the present time which increase or decrease the Cost of the water produced by the City and purchased by the District, such factor or factors shall be considered in determining such Cost, subject to the resolution of any disagreements as provided in Paragraph [10] below.

[10] ARBITRATION PROCEDURE AS TO COST OF PRODUCTION.

In the event that there shall be a disagreement between the parties as to the cost of production, it is agreed that such disagreement shall be resolved as follows:

- [a] After the City furnishes to the District the City's calculation and proposed determination of the rate to be charged by the City to the District for the ensuing year, which information must be furnished by the City to the District on or before October 1 of each year, the District must notify the City either on or before the 15th day thereafter, or by October 15, whichever occurs first, whether the District accepts such calculation and determination. If the District does not send written notice of objection to the City within that time, the District will be deemed to have accepted such calculation and rate for the following year. If the District sends such written notice of objection, the dispute shall be mediated and negotiated initially by the City Engineer and Accountant with the District Engineer and Accountants in an attempt to reach a negotiated agreement by October 15, 2003.

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Charles D. ...
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[b] If such parties are unable to reach a negotiated agreement on or before the 15th day after the last date specified in [a] above of that year, then the matter shall be submitted to a panel of arbitrators, consisting of three (3) competent disinterested persons, one to be chosen by the City, one by the District, and the third by the two so chosen, provided that if the two so chosen cannot agree on the third within five (5) business days after their respective selection, such third appointee may, on the application of either the City or the District, be designated by the Judge of the Union District Court. The arbitrators shall be instructed to complete their determination no later than the 30th day after the date determined in the earlier part of this subsection (b). The decision of the arbitrators (by majority vote) shall be final, unappealable, and not subject to challenge in any court.

The City and the District shall each bear one-half (½) of the fees and expenses of the three (3) arbitrators.

[11] DUTY OF WATER DISTRICT TO MAINTAIN ITS SYSTEM.

The Water District agrees to maintain and repair, and keep all of its mains, pipes, services, and facilities in as good condition as possible and feasible to enable it to continue purchasing water from the City.

[12] DUTY OF WATER DISTRICT AS TO ITS DISTRIBUTION.

The Water District assumes all responsibility for its own billing and for maintenance of its own system, the responsibility of the City being solely to deliver water to the Water District at the agreed point(s). The Water District shall assume the burden and cost of distribution to its own customers from the point(s) of the master meter(s), including the cost of all electric power, insurance, pumping, storage, and related expense. If and to the extent that any booster pumping station is required by the Water District in order to effect the distribution of water purchased from the City from the point(s) of the master

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EXECUTIVE DIRECTOR

meter(s) to the customers of the Water District, the entire cost of such booster pumping station shall be borne by the Water District; provided, however, that if and to the extent that any such booster pumping station shall be required in order to enable the City to deliver water to said agreed point(s), the cost thereof shall be borne by the City.

[13] REDUCTION BY CITY OF QUANTITY SOLD TO WATER DISTRICT.

In the event that the population of the City shall increase to such an extent that the existing facilities of the City cannot adequately serve said population, and if same should occur before existing facilities can be expanded by the City to meet such contingency, the quantity of water supplied to the Water District may then be reduced by the same percentage as such quantity is reduced to all other customers of the City, for a period of time sufficient to enable the City to expand.

[14] NO EFFECT ON JURISDICTION OF PUBLIC SERVICE COMMISSION.

Nothing contained in this Contract is to be construed or intended by the parties as divesting the Public Service Commission of Kentucky of any of its authority, jurisdiction, control, or prerogatives in connection with the Water District. It is noted that under existing Kentucky law, the Public Service Commission has no jurisdiction over the City, *except* for matters required by this contract to be submitted to arbitration, *interpretation* of the provisions of this contract shall be subject to the jurisdiction of the Kentucky Courts.

Frank
1-12-03

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EXECUTIVE

[15] TERRITORY.

In consideration of the agreements of the City contained herein, the City may extend its water system into, and furnish and sell water to any person

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Charles E. ...
EXECUTIVE DIRECTOR

within, any territory contiguous to the City, and may install within that territory the necessary apparatus to do so; provided, however, that the extension of a water supply system shall not enter into any territory served by the Water District unless the District requests the extension of water from the City.

[16] ANNEXATION OF TERRITORY IN THE WATER DISTRICT BY THE CITY.

In case any territory served by the Water District is annexed by the City, and the City desires to purchase the Water District facilities, the purchase price to be paid by the City to the Water District shall be determined as follows:

[a] The City must first notify the District of the proposed annexation. The District will place a value on the District's properties located in the annexed area within 60 days from date the District is notified by the City of its proposed annexation and the District will immediately notify the City of its valuation. The City must either accept such valuation or reject it on or before the 30th day after receipt of the District's proposed valuation. If the City rejects the District's proposed valuation, the parties hereto agree to a 30 day period during which they shall negotiate the value of the District's properties located in the area to be annexed. In the event the parties are unable to reach an agreement following this 30 day negotiation period, then this matter will be submitted to arbitration as hereinafter set out. Failure of the City to respond after the District has notified it of its valuation shall be treated as a rejection.

[b] If the District's proposed valuation is rejected by the City, then the matter shall be submitted to a panel of arbitrators, consisting of three (3) competent disinterested persons, one to be chosen by the City, one by the District, and the third by the two so chosen, provided that if the two so chosen cannot agree on the third within five (5) business days after their respective selection, such third appointee may, on the application of either the City or the District be designated by the Judge of the Union District Court. The arbitrators shall be instructed to complete their determination no later than the 30th day after the date determined in the latter part of this subsection [b]. The decision of the arbitrators (by majority vote) shall be final, unappealable, and not subject to challenge in any court.

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The City and the District shall each bear one-half ($\frac{1}{2}$) of the fees and expenses of the three (3) arbitrators.

[17] DURATION OF CONTRACT.

This Contract shall become effective on the date of this Contract, and shall continue for a period of forty-two (42) years certain; provided that: (a) if any court of competent jurisdiction shall ever hold that the duration of the Contract is illegal by reason of being in excess of twenty (20) years, then it is agreed that this Contract shall be effective for twenty (20) years or for such shorter period as shall be determined to be valid by a final decision of such court; but (b) such clause (a) shall not be construed as indicating any doubt as to the validity of effectiveness of said forty-two (42) year term or of any other provision of this Contract. December 15 of each year shall be the date for water rate changes, which shall be made subject to the procedure set out in Paragraph 10[a] of this Contract.

[18] NO ASSIGNMENT OF CONTRACT WITHOUT CONSENT.

This Contract shall in no event be transferred or assigned by either party, except as security for revenue bonds, without the written consent of the other, unless required by law, and in such event, this Contract shall inure to and be binding on both parties, their successors and assigns.

[19] SEVERABILITY CLAUSE.

If any section, paragraph, or clause of this Contract shall be held invalid, the invalidity of such section, paragraph, or clause shall not affect any of the remaining provisions of this Contract.

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OF KENTUCKY
EFFECTIVE


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Charles L. Dineen
EXECUTIVE DIRECTOR

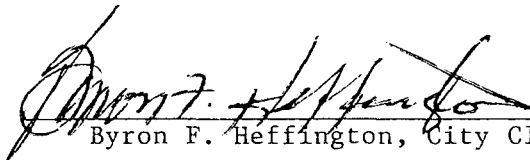
IN WITNESS WHEREOF, this Contract has been executed on the date hereinabove written, by the Mayor and City Clerk of the City of Morganfield, Kentucky, and the Chairman and Secretary of the Union County Water District, together with the seals of said respective parties, each of such respective individuals by executing such Contract thereby certifying that he or she was an individual authorized to execute this Contract on behalf of the party for whom he or she executed such Contract.

CITY OF MORGANFIELD, KENTUCKY


By: 
Jerry Ruark, Mayor

(SEAL OF CITY)

ATTEST:

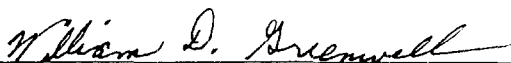

Byron F. Heffington, City Clerk

UNION COUNTY WATER DISTRICT

By: 
Charles C. Davis, Chairman

(SEAL OF DISTRICT)

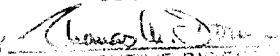
ATTEST:


William Donald Greenwell, Secretary

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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JAN 05 2003

PURSUANT TO 807 KAR 0011
SECTION 9 (1)

BY: 
EXECUTIVE DIRECTOR

STATE OF KENTUCKY)
) SCT:
COUNTY OF UNION)

The foregoing instrument was acknowledged before me this the 19th day of December, 1986, by JERRY RUARK and BYRON F. HEFFINGTON, as Mayor and City Clerk, respectively, of the City of Morganfield, Kentucky, for and on behalf of said City.

B. S. Morgan
NOTARY PUBLIC

My Commission Expires:

(SEAL) June 1990

STATE OF KENTUCKY)
) SCT:
COUNTY OF UNION)

The foregoing instrument was acknowledged before me this the 19th day of December, 1986, by CHARLES C. DAVIS and WILLIAM DONALD GREENWELL, as Chairman and Secretary, respectively, of the Union County Water District, for and on behalf of said District.

B. S. Morgan
NOTARY PUBLIC

My Commission Expires:

(SEAL) June 1990

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 05 2013

PURSUANT TO 807 KAR 0011
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BY Charles C. Davis
EXECUTIVE DIRECTOR

EXHIBIT "A"

CITY OF MORGANFIELD, KENTUCKY
 WATER PLANT COST OF PRODUCTION FOR FISCAL YEAR 1985
 (BASED ON FISCAL YEAR 1985 CITY AUDIT)

ITEM	PLANT	WATER RATE PER 1,000 GAL.
1. SALARIES & LABOR		
(1) Chief Water Plant Operator (50%)	\$ 9,245.60	
(1) Water Plant Operation & Maint. (30%)	4,068.48	
(1) Water Plant Operator	11,835.20	
(1) Water Plant Operator	9,942.40	
(1) Laborer	8,881.60	
(1) Water Plant Operator N/S	8,881.60	
(1) Water Plant Operator N/S P/T	4,526.08	
(1) Laborer P/T	<u>5,283.32</u>	
	TOTAL:	\$ 62,664.28
2. Telephone		
		1,079.00
3. Office Supplies & Expenses		
		278.00
4. Insurance & Bonds		
		2,540.00
5. Repairs & Maintenance		
Equipment Repair & Maintenance	\$ 4,805.00	
Building Repair & Maintenance	2,232.00	
Equipment Purchased	-0-	
Tools	38.00	
Maintenance Supplies	1,717.00	
Fire Plugs	-0-	
Meters Purchased	687.00	
Meters Repaired	-0-	
Meter Deposits	-0-	
Main Purchased	-0-	
Cathodic Protection	129.00	
Line Installation	-0-	
Leak Repair	<u>-0-</u>	
	TOTAL:	9,608.00
6. Sales Tax paid		
		-0-
7. Utilities Tax Paid		
		-0-
8. Employee Benefits & Payroll Tax		
		17,197.00
9. Gas & Oil		
		864.00
10. Electricity		
		80,600.00
11. Consultant Fees		
		913.00
12. Uniform Expenses		
		773.00
13. Chemicals Expenses		
		40,068.00
14. Miscellaneous		
		4,000.00
	SUBTOTAL:	\$220,584.00

PUBLIC SERVICE COMMISSION
 40,068.00 KENTUCKY
 FEE FIVE

01/11/85 7:03 \$0.378

PURSUANT TO KRS 207.5011
 SECTION 9(1)

BY Charles E. Damm
 EXECUTIVE DIRECTOR

EXHIBIT "A" [Continued]

CITY OF MORGANFIELD, KENTUCKY
WATER PLANT COST OF PRODUCTION FOR FISCAL YEAR 1985
(BASED ON FISCAL YEAR 1985 CITY AUDIT)
- PAGE 2 -

<u>ITEM</u>	<u>PLANT</u>	<u>WATER RATE</u> <u>PER 1,000 GAL.</u>
15. Amortization of Capital Improvements Represented by \$2,000,000 of 1986 Bonds 20 years at rates of interest on Bonds. Liability of District based on percentage of water use by District to total use of water produced by City		\$181,365.00 \$0.311
16. Amortization over a period of 5 years of Debt Service Reserve Fund required by the Bond Ordinance		43,080.00 \$0.074
17. Annual Water Production		
Total Gallons	582,895.000	
Gallons for District	186,587,300	
18. Total Production Cost per 1,000 Gallons		\$0.763

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EXECUTIVE

JAN 6 5 2003

PURSUANT TO 207 KAR 5.011
SECTION 9 (1)

BY Charles L. Dore
EXECUTIVE DIRECTOR