

BOWLING GREEN MUNICIPAL UTILITIES
P O BOX 10300
BOWLING GREEN KY 42102-0300

WARREN COUNTY WATER DISTRICT
P O BOX 10180
BOWLING GREEN KY 42102-4780

September 17, 2001

BOWLING GREEN MUNICIPAL UTILITIES/WARREN COUNTY WATER DISTRICT
JOINT ENGINEERING, PLANNING AND FINANCE COMMITTEE

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BOWLING GREEN KY 42101

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RE: Base Rate Adjustment for Water and Sewer Service

Gentlemen:

In accordance with the "Resolution of the Bowling Green Municipal Utilities Board and the Commissioners of the Warren County Water District" dated January 8, 1996, and the "Agreed Order" dated February 27, 1996 in Kentucky Public Service Commission Case No. 95-044, the representatives of BGMU and WCWD have met and have calculated the bi-annual rate adjustment. It is our joint recommendation that the following charges (FY 2000 Rates) be implemented:

	Rate Per 1,000 Gallons
<u>Water Service</u>	
Westside & Morgantown Rd Areas	\$ 0.7804
Northside Area	\$ 0.6129
Cemetery Road	\$ 0.9319
BGMU purchases on Cemetery Road	\$ 1.1633
 <u>Sewer Service</u>	
All Connection Points	\$ 0.9764

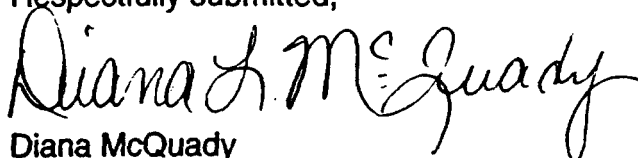
The comments below are pertinent to these rate calculations and have been agreed upon by the respective staffs:

- a. Expenses and operations data for BGMU's fiscal year ending June 30, 2000 are the basis for these rates.

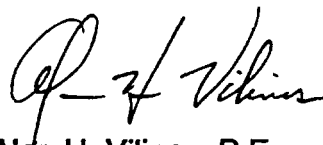


- b. To provide stability in retail rates, WCWD suggested that it continue to pay existing water rates as approved in August, 1998 through the completion of the proposed Water Treatment Plant (WTP) construction project. The difference between the amount paid (based on existing rates) and the actual amount due (based on FY 2000 rates) would be credited against WTP construction costs allocated to WCWD in the future. The FY 2000 sewer rate would be implemented in accordance with the "Agreed Order".
- c. Throughout CY 2000 and early 2001 there were changes in operations related to completion of various construction projects on both the BGMU and WCWD water systems. Each of these changes had an impact on what the appropriate water rates were. Considering the timeline of events, the staffs will compute the appropriate charges (by adjusting the FY 2000 rates) so the proper credit or additional charge can be accrued. The recommended FY 2000 rates are appropriate as of the date the new WTP clearwell was placed in service. FY 2000 water rates will be adjusted again at the time WCWD completes construction of its Westside Transmission Line (Spring 2002) when the quantity purchased at Cemetery Road will increase significantly.
- d. BGMU is in the process of assessing the calibration of water plant meters and unaccounted for water within the plant. Initial investigations are anticipated to be complete within 60 days. At the conclusion of the assessment, data will be gathered and water rates will be reviewed and adjusted as appropriate at the time of the Spring 2002 adjustment mentioned above.
- e. The methods used in this study for the BGMU rate on Cemetery Road should be reviewed when actual usage trends are established for both the total quantity purchased by BGMU and the portion utilizing WCWD joint use facilities.

Respectfully submitted,



Diana McQuady
Chief Financial Officer
Bowling Green Municipal Utilities



Alan H. Vilines, P.E.
Manager of Engineering
Warren County Water District

c: Larry Miller
Mike Gardner
Joe Liles

