

FOR Leitchfield, Kentucky  
Name of Municipality

P.S.C. KY. NO. 1

2nd Revised SHEET NO. 1

Leitchfield Water & Sewer Commission  
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. 1

1st Revised SHEET NO. 1

---

RATES AND CHARGES

---

MONTHLY WHOLESALE WATER RATE:

Grayson County Water District

All Usage

1.439 Per 1,000 Gallons

NOTE: This page revises the prior rate of \$1.274 per 1,000 gallons that became effective on July 24, 1997.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE 7 / 30 / 2004  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

**NOT AN AUTHORIZED  
TARIFF PAGE**

**INFORMATIONAL  
PURPOSES  
ONLY**

PREPARED

**MARCH 20, 2009**

PSC STAFF

July 30, 2004

\$1.439

(270) 259-3971

*David B. Vickery*  
*Attorney at Law*

*101 North Main Street*  
*Leitchfield, Kentucky 42754*

July 12, 2004

Beth O'Donnell, Exec. Director  
Public Service Commission  
State of Kentucky  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
JUL 13 2004  
PUBLIC SERVICE  
COMMISSION

Dear Ms. O'Donnell:

Please be advised that I represent the City of Leitchfield/City of Leitchfield Utilities Commission. Leitchfield provides a portion of the water used by the Grayson County Water District for its customers. The rate charged the Grayson County Water District by the City has been predetermined by a series of agreements and by a Court decision.

The Grayson County Water District has now constructed its own water treatment plant and is providing the majority of the water it needs from its own facility. This has resulted in the Grayson County Water District purchasing less water than originally anticipated from the City of Leitchfield. Pursuant to the aforementioned agreements and the Court decision which affects these bodies, the Grayson County Water District is required to bear its fair share of the debt service relating to the providing of additional capacity to provide water as requested by the Grayson County Water District. Our engineers have recently calculated the new amount to be charged the Grayson County Water District by the City of Leitchfield. The new rate computes to \$1.439 per thousand gallons of water purchased. The old rate was \$1.274 per thousand gallons of water purchased. As I previously explained this increase was made necessary in order for the Grayson County Water District to bear its fair share of the debt service needed for facility construction.

For your reference I enclose a copy of the engineering report from both the City of Leitchfield and the Grayson County Water District demonstrating exactly how this rate was computed.

Also for your reference I have enclosed a copy of the applicable agreements between the parties.

I called and spoke with Dale Wright of the Public Service Commission. Mr. Wright explained to me that since the City of Leitchfield was just adjusting its rate

to accurately reflect the agreement between the parties relating to debt service and less water purchased there was no need for the City of Leitchfield to file anything other than this letter of explanation.

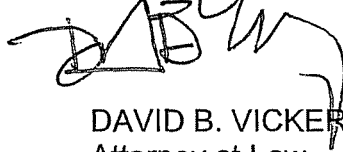
In accordance with Mr. Wright's instruction I am providing to you this explanation.

It is my understanding that the Grayson County Water District will be filing with your Commission the appropriate request necessitated by our increase in wholesale rate.

If there is any further information or additional filings that are needed from the City of Leitchfield please do not hesitate to call or write.

Thank you for your kind help and attention herein.

Sincerely,

A handwritten signature in black ink, appearing to read 'D.B. VICKERY', with a stylized flourish extending to the right.

DAVID B. VICKERY  
Attorney at Law

DBV/dm

Enclosures

cc: Kevin Shaw  
Bob Crawford  
Kerry White  
Eddie Miller

Cann-Tech, L.L.C.



GT

Engineers

Planners

Managers

March 11, 2004

Mr. Sam McIlwain  
Water Management Services, LLC  
111 Bush Road  
PO Box 17650  
Nashville, TN 37217

CITY CLERK

MAR 18 2004

RE: Grayson County Water District  
Wholesale Water Rate Joint  
Engineering Report

Dear Mr. McIlwain:

We have reviewed your draft report on wholesale rate calculations for water purchased by the Grayson County Water District. We are in agreement on the final calculated rate of \$1.439 per thousand gallons of water purchased. There seems to be some subtle inconsistencies in some of the numbers. But, we are still in agreement on the resultant rate and with the joint engineering report, so we see no need to pursue that further.

We expect that this new rate will remain unchanged for two years from the date the new rate goes into effect, per the March 1988 Joint Report.

Sincerely,  
CANN-TECH, LLC

Larry W. Cann

CC: Kevin Shaw, Grayson County Water District  
David R. Coe, Cann-Tech, LLC

MAR 17 2004

201 South Main Street  
Lawrenceburg, KY 40342  
Phone: (502) 859-0907 • Fax: (502) 859-0468  
Email: waterboy@kih.net

## I INTRODUCTION

The purpose of this Report is to determine the wholesale rate to be charged by the Leitchfield Utilities Commission (Commission) for water purchased by the Grayson County Water District (District). Computations made in preparation of this Report were in accordance with the procedures outlined in an engineering document entitled WHOLESALE WATER RATE STUDY FOR WATER PURCHASED BY GRAYSON COUNTY WATER DISTRICT FROM CITY OF LEITCHFIELD - MARCH, 1988 hereinafter referred to as the March 1988 Joint Report. The March 1988 Joint Report was prepared in a joint effort between Mr. Larry Cann, representing the Grayson County Water District, and Mr. Sam McIlwain, representing the City of Leitchfield.

The introduction section of the March 1988 Joint Report states that *"computations made during this study are in strict conformance with the governing document which is the Agreed Judgment in Civil Action No. 82-CI-123 dated August 15, 1983"*. The Agreed Judgment incorporates a Resolution adopted by the District on July 7, 1985, and the City on August 4, 1983. The Resolution states that the determination of the next rate will be based on the revised contract dated April 11, 1978, and shall be made by one engineer appointed by the District and one engineer appointed by the Commission and the rate computations shall use actual expense figures shown in the audit report."

The findings and recommendations of the March 1988 Joint Report were ratified by the District and the Commission in a Supplement Agreement. Among several provisions included in the Supplement Agreement, a provision that states, *"Future rate calculations shall be made in accordance with the Joint Resolution using the methods, assumption, and procedures described and used in the Joint Report"* was included.

For reference purposes, the following documents are included in the appendix of this Report:

- Copy of Leitchfield Utilities Commission's Audit for year ending June 30, 2002;
- Copy of the Agreed Judgment in Civil Action #82-CI-123 dated August 15, 1983 including adopting resolution by the District on July 7, 1985 and by the Commission date August 15, 1983;
- A copy of the March 1988 Joint Report;
- An unsigned copy of the Supplement Agreement that was agreed to by parties subsequent to the acceptance of the March 1988 Joint Report;
- A copy of the December 1993 Joint Report;
- A signed copy of the Second Supplement Agreement that was agreed to by the parties subsequent to the acceptance of the December 1993 Joint Report; and

- A copy of the June 4, 1997 Wholesale Water Rate Calculation based on the Joint Resolution as well as provisions of the Second Supplement Agreement.

The procedures used to calculate the wholesale water rate in this Engineering Report are in conformance with the procedures and methods contained in the March 1988 Joint Report and as modified by the Second Supplement Agreement. In accordance therewith, the District's rate is based on its proportional share of expenses incurred by the Commission related to treatment, pumping, storage, and transmission to the District including:

<b>COST COMPONENT</b>	<b>ALLOCATION AS PER</b>
1. OPERATION & MAINTENANCE	JOINT RESOLUTION / JOINT REPORT
2. GENERAL & ADMINISTRATIVE	JOINT RESOLUTION / JOINT REPORT
3. DEBT SERVICE FOR:	
A. Facilities existing prior to the execution of the Second Supplement Agreement	JOINT RESOLUTION / JOINT REPORT
B. Facilities constructed after the execution of the Second Supplement Agreement	PARAPGRAPH 4 OF THE SECOND SUPPLEMENT AGREEMENT
4. INTERN REPLACEMENT	JOINT RESOLUTION / JOINT REPORT

This Report presents details on the various computations for each of these broad expense categories. The test period for this Report is from July 1, 2002 to June 30, 2003. As indicated above, a copy of Leitchfield Utilities Commission's audit for this period is included in the Appendix of this Report. That audit was prepared by Drane & Company, PLLC CPA of Hardinsburg, Kentucky.

## II GALLONS OF WATER PUMPED

As stated in the March 1988 Joint Report, the determination of the total gallons of water to be used as the divisor in a rate structure is a key element in determining an equitable rate. During the course of preparing the March 1988 Joint Report, the respective engineers agreed to a specific definition of the term "total pumped at the City's WTP" as used in the 1978 contract. As set forth in that report, "Total pumped at the City's WTP" is taken to mean the total quantity pumped from the WTP and available for sale to the District. The March 1988 Joint Report contained certain recommendations relative to the installation of a finished water meter. Subsequent to that recommendation, a finished water meter was installed downstream of all in-plant water usages. Therefore, the flow measurements recorded by this finished water meter is the "Total Pumped at the City's WTP".

Listed below is the total water sold by the City, total water pumped by the City, total water purchased by the District for the year ending June 30, 2003.

### Water System Sales and Pumped Flow Amounts (Year Ending June 30, 2003)

Month	Total Sales	Water Pumped	District Purchases
Jul '02	59,305,960	61,914,564	29,918,000
Aug '02	54,825,070	57,133,419	29,414,200
Sep '02	45,163,060	55,886,864	20,412,700
Oct '02	43,769,670	52,088,936	18,698,700
Nov '02	36,935,150	50,874,987	15,429,600
Dec '02	37,631,370	52,073,122	17,150,600
Jan '03	35,846,700	56,863,802	16,471,800
Feb '03	38,806,420	52,994,111	18,130,200
Mar '03	37,695,910	58,938,617	18,706,700
Apr '03	31,966,750	49,751,111	13,456,300
May '03	32,116,020	51,436,518	11,457,200
Jun '03	<u>33,746,900</u>	<u>51,037,040</u>	<u>14,038,400</u>
Total	487,808,980	650,993,091	223,283,800
Unaccounted Water =			163,184,111
Unaccounted Water Percentage			25.1%
Water sold plus 16 % for "Unaccounted for Water"			92,915,996
Adjusted Water Pumped (16 percent Unaccounted Amount)			580,724,976

It was further agreed in the March 1988 Joint Report that if the Commission's "Unaccounted for Water" exceeds 16 percent of "Water Produced for Sale", the "Total Pumped" shall be calculated as if "Unaccounted for Water" equals 16 percent of "Water Produced for Sale". Therefore, since the Commission's "unaccounted for water" amount is greater than 16 percent, the divisor for calculating the wholesale rate shall equal 580,724,976 gallons for the year ending

June 30, 2003. This amount equates to an "unaccounted for water" amount of 16 percent.  
Implement

### III OPERATIONS AND MAINTENANCE

**Table No. 1** below presents the general ledger's operation and maintenance accounts for the years ending June 30, 2002. The costs are grouped in the categories listed in the audit reports prepared by Drane & Company, PLLC and are arranged in columns according to whether they apply to facilities and operations which benefit both the City and the District (Joint Use) or those primarily benefiting only the City's retail customers (City Only). As set forth in the March 1988 Joint Report, the determination of "Joint Use" was based on whether the expenses were related to treatment, pumping, storage, and transmission to the District.

<b>Account Name</b>	<b>Joint Use</b>	<b>City Only</b>	<b>Total</b>	<b>Audit Total</b>
<b>Labor</b>				
Labor - Water		\$146,612		
Water Plant Labor	<u>\$178,279</u>			
SUBTOTALS	\$178,279	\$146,612	\$324,891	\$353,080
<b>Power &amp; Pumping</b>				
Electric at Water Plant	\$103,175			
Electric for Booster		<u>\$1,076</u>		
SUBTOTALS	\$103,175	\$1,076	\$104,251	\$131,562
<b>Purification Supplies</b>				
Chemicals for Water Plant	<u>\$100,057</u>	<u>\$0</u>		
SUBTOTALS	\$100,057	\$0	\$100,057	\$122,522
<b>Supplies &amp; Repairs</b>				
Supplies & Exp. Booster Sta.	\$0			
Water Tower Expense & Maintenance	\$3,908			
Repairs to Water Plant	\$12,122			
Supplies for Water Plant	\$21,210			
Materials for Repairs & Maintaining Lines	\$3,733	\$25,657		
Materials & Supplies for Water Installation		\$21,607		
Lagoon Expense	\$0			
Surveying & Engineering	\$3,942			
Landfarming				
Water Plant House Expense		<u>\$115</u>		
SUBTOTALS	<u>\$44,915</u>	<u>\$47,379</u>	<u>\$92,294</u>	<u>\$101,692</u>
TOTALS	\$426,426	\$195,067	\$621,493	\$708,856



#### IV ADMINISTRATIVE COSTS

In contrast to the accounts listed in **Table 1**, which apply only to the Water System of Leitchfield Utilities Commission, **Table 2 - General and Administration Expenses** apply to all operations of the Commission. Therefore, the March 1988 Joint Report allocated a portion of General and Administrative Costs to the Water System and then allocated the Water System's portion between "Joint Use" and "City Only".

As stated in the March 1988 Joint Report, 35 percent was used in several instances to allocate General and Administrative Expenses to the Water System. This percentage was from a subjective estimate by personnel of the Leitchfield Utilities Commission whereby various general expense items should be prorated 35 percent to the Water System, 35 percent to the Sewer System, and 30 percent to the Gas System.

Therefore, using the procedures established in previous "Joint Report", allocations of general and administrative expenses are as follows:

**Table 2**  
**General and Administrative Expense Allocations**  
**Leitchfield Utilities Commission**  
 (Year Ending June 30, 2003)

<b>Account Name</b>	<b>Audited Amount</b>	<b>Percent Water System</b>	<b>Water System Amount</b>	<b>Percent Joint Use</b>	<b>Joint Use Amount</b>
Rents	\$15,750	35.0%	\$5,513	0.9%	\$50
Salaries - Commissioners	\$24,000	35.0%	\$8,400	20.0%	\$1,680
Salaries - Others	\$201,209	35.0%	\$70,423	20.0%	\$14,085
Insurance	\$105,659	51.3%	\$54,203	59.9%	\$32,468
Payroll Taxes *	\$73,495	40.2%	\$29,574	54.1%	\$16,012
Office Supplies	\$35,402	35.0%	\$12,391	0.9%	\$112
Group Insurance *	\$156,096	40.2%	\$62,813	54.1%	\$34,007
Legal & Accounting	\$9,311	35.0%	\$3,259	0.9%	\$29
Telephone	\$19,656	35.0%	\$6,880	20.0%	\$1,376
Water Bill Adjustment	\$17,211	100.0%	\$17,211	0.0%	\$0
Retirement *	\$63,841	40.2%	\$25,690	54.1%	\$13,908
Office Equipment	\$34,091	35.0%	\$11,932	20.0%	\$2,386
Medical	\$1,631	35.0%	\$571	20.0%	\$114
Miscellaneous *	<u>\$41,162</u>	40.2%	<u>\$16,564</u>	54.1%	<u>\$8,968</u>
Totals	\$798,514		\$325,422		\$125,194

\* See Table No. A-2 for calculation of labor related percentages

#### V DEBT SERVICE

**A. Debt Service for Facilities existing before the Second Supplement Agreement**

The Supplement Agreement dated August 4, 1988 included provisions for sharing of debt service costs. As stated in the March 1988 Joint Report, a summary of outstanding bond issues related to the water system is as follows:

<p><b>1965 Bond Issue</b> Original Issue \$860,000 Water System Portion – 14.2 percent</p> <p><b>1976 Bond Issue</b> Original Issue \$240,000 Water System Portion – 100 percent</p> <p><b>1984 Bond Issue</b> Original Issue \$614,000 Water System Portion – 69.9 percent</p>	<p><b>1967 Bond Issue</b> Original Issue \$520,000 Water System Portion – 82.7 percent</p> <p><b>1979 Bond Issue</b> Original Issue \$2,510,000 Water System Portion – 4.4 percent</p>
---	--

In March of 1989, the City of Leitchfield authorized the issuance of Utilities Revenue Refunding Bonds to refund the FmHA bonds of 1979 and 1984. In consideration of this refund, the FmHA reduced the unpaid principal (existing at that time) for the 1979 and 1984 issues from \$2,954,570 to \$2,080,000. It was the determination of the December 1993 Joint Report that 19.8 percent of the 1989 Combined Utilities Refunding Revenue Bond was applicable to the Water System and the remaining portion of the Bond Issue is applicable to the Sewer System.

In addition to the above, the City of Leitchfield, in 1993, issued the 1993 Combined Utilities Refunding Revenues Bonds, which consolidated the 1989 Combined Utilities Refunding Revenue Bonds as well as the 1965, 1967, 1968, 1972, and 1976 bond issues. As part of the June 1997 Joint Report, a determination of the 1993 Combined Utilities Refunding Bonds was made. Listed below is a summary of that determination.

**Table 3**

**Allocation of 1993 Combined Utilities Refunding Bonds**

Original Bond Issue Date	Percent Joint Use Water	Principal, Interest & Call Premium Included in Refunding	Joint Use Water Amount Refunded
1965	14.2%	\$185,490	\$26,340
1967	82.7%	\$544,772	\$450,526
1968	0.0%	\$535,044	\$0
1975	0.0%	\$346,131	\$0
1976	100.0%	\$88,563	\$88,563
1978	0.0%	\$368,288	\$0
1989	19.8%	\$2,904,938	\$575,178
<b>TOTAL</b>		<b>\$4,973,226</b>	<b>\$1,140,607</b>
Percent of 1993 Refunding Bonds Related to Joint Use Water System Facilities			<b>22.9%</b>

As indicated above, it was determined that 22.9 percent of the allocated 1993 Combined Utilities Bonds was applicable to joint use water facilities.

Before the 1993 Combined Utilities Bonds, the Commission undertook in 1989 the expansion of the Water System with the addition of a 500,000 gallons elevated storage tank and associated water transmission mains. This work was funded by a CDBG grant, a loan from the Kentucky Infrastructure Authority (KIA) and a \$50,000 payment from the City of Leitchfield. Portions of the transmission lines were determined to be "joint use" facilities. In preparation of the December 1993 Joint Report, it was determined that 57.17 percent of the annual principal and interest expensed on the KIA loan is applicable to joint use facilities.

Listed below is a summary of the 1989 KIA loan and the 1993 Combined Utilities Bonds. As noted therein, the total shared water system debt service for year ending June 30, 2002 is \$116,491.93. With a reduction in District's water purchases, the Commission will have a larger percentage payment and the District will have a reduced percentage.

**Table 3(a)**  
**Shared Debt Service Cost Requirement**  
**Leitchfield Utilities Commission**

Year	1989 KIA Loan		1993 Refunding Issue		Total Shared Water System Debt Service
	Total	Joint Use	Total	Water	
2002	\$48,320.31	\$27,624.72	\$387,475.00	\$88,867.21	\$116,491.93
2003	\$48,246.41	\$27,582.47	\$379,595.00	\$87,059.93	\$114,642.40
2004	\$48,170.12	\$27,538.86	\$375,876.25	\$86,207.04	\$113,745.89
2005	\$48,091.36	\$27,493.83	\$376,157.50	\$86,271.54	\$113,765.37
2006	\$48,010.07	\$27,447.36	\$370,480.00	\$84,969.41	\$112,416.77
2007	\$47,926.16	\$27,399.38	\$368,816.25	\$84,587.83	\$111,987.21
2008	\$47,839.54	\$27,349.86	\$351,431.25	\$80,600.59	\$107,950.45
2009	\$47,750.13	\$27,298.75	\$348,462.50	\$79,919.71	\$107,218.45
2010	\$23,840.64	\$13,629.69	\$179,518.75	\$41,172.54	\$54,802.23
2011			\$174,887.50	\$40,110.36	\$40,110.36
Total	\$456,586.64	\$261,030.57	\$3,702,305.00	\$849,121.88	\$1,110,152.44
Allocated Percent		57.17%		22.9%	

**B. Debt Service for Facilities after the Second Supplement Agreement**

In the Second Supplement Agreement, the method for payment of the 1995 Bond Issue was changed to the procedures outlined in paragraph 4 of that agreement. As opposed to the variable debt service percentage for debt on facilities existing before the Second Supplement Agreement, the debt percentage for the 1995 Revenue Bonds are fixed.

Listed below in **Table 4** is a determination of the debt percentage applicable to the District as set forth in paragraph 4 of the Second Supplement Agreement and as contained in the Joint

Report dated June 4, 1997. **Table A-2** contains an allocation of water treatment costs and is included in the Appendix of this Report.

**Table 4**  
**Allocation of 1995 Combined Utilities Revenues Bonds**  
**Leitchfield Utilities Commission**

	<b>Final Cost</b>	<b>Allocation to District</b>	<b>District Amount</b>
Contract A - Transmission Main	\$947,899	26.00%	\$246,454
Contract B - Transmission Main	\$587,315	26.00%	\$152,702
Contract C - Water Treatment Plant (See Table A-2)	\$685,892	31.46%	\$215,782
Raw Water Intake Facility	\$351,500	26.00%	\$91,390
Easement Costs for Water Transmission Mains	<u>\$4,925</u>	26.00%	<u>\$1,281</u>
SUBTOTAL - Construction Related Items	\$2,577,531		\$707,608
District's Average Percentage of Construction Other Project Costs		27.45%	
Engineering Fees	\$248,592		
Net Interim Financing (KLC)	\$109,650		
Raw Water Intake Interim Financing	\$9,257		
Legal Fees	<u>\$20,155</u>		
SUBTOTAL - Other Project Costs	\$387,654		
Percent of Other Project Costs Allocated to District		27.45%	
Amount of Other Project Costs Allocated to District			<u>\$106,422.38</u>
Total Project Costs	<u>\$2,965,185</u>		<u>\$814,030</u>
Original Loan Amount	\$2,880,000		
Percentage of Loan Allocated to District		<b>28.26%</b>	

Listed below is a partial listing of the annual debt service costs for the 1995 Revenue Bonds and the 28.26 percent allocation to the District. The allocation of these debt service costs are fixed and do not change with changes in flows.

**Table 5**  
**Debt Service Allocation for 1995 Revenue Bonds**  
**Leitchfield Utilities Commission**

<b>Year</b>	<b>Total</b>	<b>District's Allocation</b>
2003	\$158,605.00	\$44,821.77
2004	\$159,030.00	\$44,941.88
2005	\$158,387.50	\$44,760.31
2006	\$158,677.50	\$44,842.26
2007	\$158,877.50	\$44,898.78
2008	\$158,010.00	\$44,653.63

## VI INTERIM REPLACEMENT COSTS

Included in the March 1988 Joint Report was a tabulation of items taken from the depreciation schedule of the Commission. These types of items were selected in the March 1988 Joint Report to be included for joint participation based on "a review of individual transactions to verify benefits both to the District and City". Previous Joint Reports have updated these items to reflect additional items and remove those items completely depreciated."

A summary of the depreciation schedule for joint use facilities not covered by bonded debt is contained in Table A-3, which is included in the Appendix of this Report. As presented therein, the joint participation costs is \$52,936.18 for the year ending June 30, 2003.

## VII SUMMARY AND RATE COMPUTATIONS

Table 6 presents a summary of the expenses considered in this study and the actual computation of the wholesale water rate applicable to the District for the year ending June 30, 2002. The divisor (546,834,196 gallons) in the rate computation is the total quantity of water as discussed in the previous section entitled Gallons of Water Pumped and 223,293,800 gallons as the annual amount purchased by the District during year ending June 30, 2003.

**Table 6**  
**Summary of Expense Allocations and Rate Computation**  
Year Ending June 30, 2003

<u>Expense Category</u>	<u>Joint Use Allocation</u>	<u>Divisor</u>	<u>Rate Per 1,000 Gals</u>
Operation & Maintenance	\$426,426	580,724.976	\$0.734
General & Administrative	\$125,194	580,724.976	\$0.216
Replacement Cost	\$52,936	580,724.976	\$0.091
Debt Service prior to 6/9/94	\$114,642	580,724.976	\$0.197
Debt Service after 6/9/94	<u>\$44,822</u>	223,283.800	<u>\$0.201</u>
Totals	\$764,020		\$1.439

## **APPENDIX**

# **APPENDIX 1**

**TABLES A-1, A-2, & A-3**

**Table No. A-1**  
**Summary of Direct labor Expenses**  
**Leitchfield Utilities Commission**  
Year Ending June 30, 2003

<b>Utility</b>	<b>Amount</b>	<b>Percent</b>
Water	\$353,080	40.24%
Sewer	\$314,607	35.85%
Gas	<u>\$209,784</u>	<u>23.91%</u>
	\$877,471	100.00%

<b>Water System</b>	<b>Amount</b>	<b>Percent</b>
Water System	\$161,919	45.86%
Water Plant	<u>\$191,161</u>	<u>54.14%</u>
	\$353,080	100.00%



**Table No. A-2**  
**Contract C - Water Treatment Plant Additions and Modifications**

Items and Amounts of Contractor's Breakdown			Distribution of Contractor's Breakdown to Contract's Capacity Allocations					
			Common Const. Items	Raw Water Main	Settling Basin	Filter	Bashwash Retention	High Service Facilities
Bonds and Insurance	\$38,000	\$38,000						
Supervision	\$36,000	\$36,000						
Mobilization	\$4,000	\$4,000						
Lagoon Expansion	\$22,000					\$22,000		
Structure Cut Filter Bldg.	\$8,000				\$8,000			
Final Grade	\$2,000	\$2,000						
Bituminous Paving	\$4,000	\$4,000						
Seeding	\$3,000	\$3,000						
Concrete: Filter Bldg.	\$65,000				\$65,000			
Precast Roof Filter Bldg	\$2,800				\$2,800			
Masonry: Filter Bldg.	\$15,000				\$15,000			
Misc. Metals	\$6,000	\$6,000						
Membrane Roofing Filter Bldg.	\$5,000				\$5,000			
Hollow Metal Doors\Frames	\$1,200				\$1,200			
Windows	\$1,200				\$1,200			
Painting	\$10,000	\$10,000						
Elevator	\$25,445	\$25,445						
Electric	\$59,655	\$59,655						
Exterior Ductile Iron Piping	\$52,622				\$52,622			
Interior Ductile Iron Piping	\$12,000						\$12,000	
Raw Water Line	\$63,000		\$63,000					
Valves	\$10,000						\$10,000	
Filter Equipment	\$53,000				\$53,000			
Instrumentation & Filter Valves	\$160,000				\$160,000			
Tube Settlers	\$23,550			\$23,550				
Sub-total	\$682,472							
Amount of Unit Price Items 2 thru 5	\$58,050							
Amount of Unit Price Items 6 thru 9	\$10,450							
Amount of Original Bid	\$750,972							
Items and amount added by Change Order 2								
Emergency Overflow Pipe for Lagoon	\$1,413					\$1,413		
Reroute Chlorine thru Building (Safety Prob.)	\$507	\$507						
Insulation of Filter Influent Pipe	\$1,500				\$1,500			
Subtotal	\$3,420							
Amount deleted by change orders 1 & 2	\$68,500							
Final Contract Amount	\$685,892	\$188,607						
Total of Allocated Cost	\$497,285	\$63,000	\$23,550	\$365,322	\$23,413	\$22,000		
Percent of Allocated Cost to \$497,285		12.67%	4.74%	73.46%	4.71%	4.42%		
Cost to be Prorated	\$188,607							
Summary of Prorated Cost		\$23,897	\$8,940	\$138,551	\$8,883	\$8,336		
Totals of Allocated Costs	\$685,892	\$86,897	\$32,490	\$503,873	\$32,296	\$30,336		
Percent to be Allocated to District		26.00%	35.20%	31.70%	35.20%	35.20%		
Construction Cost Allocated to District	\$215,804	\$22,593	\$11,436	\$159,728	\$11,368	\$10,678		

**Table A-3**  
**Depreciation Schedule**  
**Leitchfield Utilities Commission**  
**Capitalized Items not Covered by Bonded Debt**  
**Fiscal Year Ending June 30, 2003**

Description	Total Cost	Method	Rate/Yrs	Joint Use		Prior	Current	Joint Use		Remaining
				Percent				Cost	Accumulated	
Grayson Co. Water District - 1975	36,321.65	SL	0.020	100.00%		19,674.17	726.43	726.43	20,400.60	15,921.05
Extended Filter - 1977	3,725.00	SL	0.030	100.00%		2,858.94	111.75	111.75	2,970.69	754.31
Booster Station & Add. - 1980	139,906.02	SL	0.030	100.00%		90,592.14	4,197.18	4,197.18	94,789.32	45,116.70
1981-82	137,863.31	SL	0.030	37.68%		86,827.65	4,135.90	1,558.41	90,963.55	46,899.76
Emergency Pump - 1982	13,642.00	SL	0.030	100.00%		8,185.20	409.26	409.26	8,594.46	5,047.54
Pump Install - 1982	5,746.00	SL	0.030	100.00%		3,433.24	172.38	172.38	3,605.62	2,140.38
Power Monitors & Relays - 1982	582.36	SL	0.030	100.00%		347.94	17.47	1,747.00	365.41	216.95
Blast & Paint Tower	3,450.00	SL	0.030	100.00%		2,052.75	103.50	103.50	2,156.25	1,293.75
Electric Check Valves, 7-82	3,593.01	SL	0.030	100.00%		2,146.82	107.79	107.79	2,254.61	1,338.40
Pumps Installed, 5-82	8,911.80	SL	0.030	100.00%		5,124.22	267.35	267.35	5,391.57	3,520.23
Lightning Damage	7,570.61	SL	0.030	100.00%		4,334.21	227.12	227.12	4,561.33	3,009.28
Motor Repair, 5-84	1,836.30	SL	0.025	100.00%		832.11	45.91	45.91	878.02	958.28
Plumbing at Station, 6-84	970.00	SL	0.030	100.00%		525.01	29.10	29.10	554.11	415.89
1985-86 Expenditures Capitalized	148,816.41	SL	0.030	12.60%		61,474.29	19,126.45	2,409.93	80,600.74	68,215.67
1986-87 Capitalization	58,854.83	SL	0.020	18.95%		18,833.60	1,177.10	223.06	20,010.70	38,844.13
1987-88 Capitalized Expenses	17,233.52	SL	0.020	20.00%		5,170.05	344.67	68.93	5,514.72	11,718.80
1988-89 Additions	109,370.34	SL	0.020	20.00%		30,623.74	2,187.41	437.48	32,811.15	76,559.19
Sludge truck (Contrib Capital)	56,899.00	SL	0.020	100.00%		2,275.96	1,137.98	1,137.98	3,413.94	53,485.06
1990-91 Additions	104,664.20	SL	0.040	20.00%		50,238.84	4,186.57	837.31	54,425.41	50,238.79
1990-91 Water Tower	455,299.84	SL	0.020	100.00%		109,275.68	9,106.00	9,106.00	118,381.68	336,918.16
1995-96 Tube settler	15,748.00	SL	0.040	100.00%		4,094.48	629.92	629.92	4,724.40	11,023.60
96-97 Water intake completion	63,000.00	SL	0.040	100.00%		13,860.00	2,520.00	2,520.00	16,380.00	46,620.00
96-97 bronze gear	3,169.92	SL	0.100	100.00%		1,743.45	316.99	316.99	2,060.44	1,109.48
96-97 clarifier rebuilt	8,676.17	SL	0.100	100.00%		4,771.91	867.62	867.62	5,639.53	3,036.64
96-97 repaint water plant	5,200.00	SL	0.100	100.00%		2,860.00	520.00	520.00	3,380.00	1,820.00
97-98 raw water pump repairs	3,500.89	SL	0.100	100.00%		1,750.45	350.09	350.09	2,100.54	1,400.35
97-98 high svc vertical motor repairs	6,413.72	SL	0.100	100.00%		3,206.85	641.37	641.37	3,848.22	2,565.50
98-99 ROF valve repair at plant	4,435.28	SL	0.100	100.00%		1,330.58	443.53	443.53	1,774.11	2,661.17
98-99 repair to to high service pump	5,512.21	SL	0.100	100.00%		1,653.66	551.22	551.22	2,204.88	3,307.33
99-00 raw water pump repair	18,757.00	SL	0.100	100.00%		4,689.25	1,875.70	1,875.70	6,564.95	12,192.05
99-00 pump repairs	4,261.44	SL	0.100	100.00%		1,065.35	426.14	426.14	1,491.49	2,769.95
00-01 Rebuild pump	10,696.00	SL	0.100	100.00%		1,604.40	1,069.60	1,069.60	2,674.00	8,022.00
01-02 Roof-water plant	15,740.00	SL	0.040	100.00%		314.80	629.60	629.60	944.40	14,795.60
02-03 Flocculator shafts/seals	9,447.00	SL	0.100	100.00%			472.35	472.35	472.35	8,974.65
02-03 Pump - seal packing	3,228.00	SL	0.100	100.00%			161.40	161.40	161.40	3,066.60
02-03 Painting water towers	<u>526,103.17</u>	SL	0.067	100.00%			<u>17,536.77</u>	<u>17,536.77</u>	<u>17,536.77</u>	<u>508,566.40</u>
TOTAL	2,019,145.00					547,771.74	76,829.62	52,936.18	624,601.36	1,394,543.64

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT            )  
OF GRAYSON COUNTY WATER                ) CASE NO. 2004-00291  
DISTRICT                                        )

O R D E R

On July 22, 2004, Grayson County Water District ("Grayson County") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Grayson County purchases water from the city of Leitchfield ("Leitchfield"). Leitchfield, a municipal water system, notified Grayson County that its wholesale water rate would increase pursuant to previous agreements with Grayson County. On July 30, 2004, Leitchfield increased its rate from \$1.274 per 1,000 gallons to \$1.439 per 1,000 gallons.

2. During the 12 months ending June 30, 2004, Grayson County purchased 144,478,500 gallons of water from Leitchfield, produced 206,482,178 gallons, and sold 311,424,103 gallons. The increase in the cost of purchased water is \$23,839, resulting in a purchased water adjustment of \$0.08 per 1,000 gallons. Based on an average monthly usage of 5,000 gallons, a customer's monthly bill will increase \$0.40 from \$32.49 to \$32.89 or 1.23%.

3. The purchased water adjustment of \$0.08 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.08 per 1,000 gallons is approved.

2. The retail rates for Grayson County in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services rendered on and after August 11, 2004.

3. The proposed tariff sheets filed by Grayson County are accepted as filed.

Done at Frankfort, Kentucky, this 23<sup>rd</sup> day of August, 2004.

By the Commission

ATTEST:



Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00291 DATED AUGUST 23, 2004

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

#### Monthly Water Rates

##### 5/8 Inch x 3/4 Inch Meter

First	1,500 gallons	\$12.87 Minimum Bill
Next	8,500 gallons	5.72 per 1,000 gallons
Next	40,000 gallons	4.73 per 1,000 gallons
Next	100,000 gallons	3.96 per 1,000 gallons
Over	150,000 gallons	3.19 per 1,000 gallons

Minimum Bills for other sized meters:

3/4 Inch Meter	3,000 gallons	\$21.90 Minimum Bill
1 Inch Meter	5,000 gallons	33.81 Minimum Bill
1 1/2 Inch Meter	10,000 gallons	67.98 Minimum Bill
2 Inch Meter	16,000 gallons	97.74 Minimum Bill
3 Inch Meter	30,000 gallons	189.09 Minimum Bill
4 Inch Meter	50,000 gallons	289.20 Minimum Bill
6 Inch Meter	100,000 gallons	537.41 Minimum Bill
8 Inch Meter	160,000 gallons	813.75 Minimum Bill
10 Inch Meter	550,000 gallons	2,084.79 Minimum Bill