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USDA-FHA  
Form FHA 442-30  
(Rev. 4-19-72)

Position 5

AUG 08 1994

WATER PURCHASE CONTRACT

PUBLIC SERVICE  
COMMISSION

This contract for the sale and purchase of water is entered into as of the 20<sup>th</sup> day of September,  
19 93, between the Jackson County Water Association

P.O. Box 232 - Tyner, Kentucky 40486  
(Address)

hereinafter referred to as the "Seller" and the Rockcastle County Water Association

507 Three Links Rd McKee Ky 40447  
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of 807 KAR 5:001 of the  
Code of Commonwealth of Kentucky, for the purpose of constructing and operating a water supply distribution  
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish  
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the  
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown  
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by vote on the motion No. 1 enacted on the 25th day  
of August, 19 93, by the Seller, the sale of water to the Purchaser in accordance

with the provisions of the said water purchase contract was approved, and the execution of this contract

carrying out the said water purchase contract by the President of the Jackson Co. Water Assoc., Inc.,  
and attested by the Secretary, was duly authorized, and

Whereas, by vote on the motion of the Board of Directors  
of the Purchaser, enacted on the 4th day of October, 19 93,

the purchase of water from the Seller in accordance with the terms set forth in the said water purchase contract

was approved, and the execution of this contract by the President of the Rockcastle Co. Water Assoc., Inc.,  
attested by the Secretary was duly authorized;

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OF KENTUCKY  
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Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

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A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified during the term of  
this contract or any renewal or extension thereof, potable treated water meeting applicable quality standards of the  
Regulations of the Kentucky Division of Water

PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)  
BY [Signature]  
FOR THE PUBLIC SERVICE COMMISSION

in such quantity as may be required by the Purchaser not to exceed 500,000 gallons per month.

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2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated from an existing 4 inch main supply at a point located near the residence of Noah Pigg, Jr. on KY 1912. PURSUANT TO 807 KAR 5011, SECTION 111 BY THE PUBLIC SERVICE COMMISSION

If greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 6 months previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the 25th day of the month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1st day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

a. Flat Rate: \$1.48 per 1,000 gallons \*

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the actual cost of the lowest and best bid, with a minimum of three bids being submitted, which shall cover any and all costs of the Seller for installation of the metering equipment and appurtenances.

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C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 50 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$1.48 per 1,000 gallons, which will be paid by the contractor or, on his failure to pay, by the Purchaser.
4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
5. (Modification of Contract) That the provisions of this contract pertaining to the schedule rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system, except as provided in numerical paragraph nine (9) below, relating to costs for extensions. Other provisions of this contract may be modified or altered by mutual agreement.
6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.
8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
9. (Costs for Extensions) Extensions, improvements, and reinforcements of the Seller's system will not be included in the determination of the Purchaser's rate if the facilities are not jointly used to provide water to the Purchaser. If increased capitalization of the Seller's system is determined to be required to meet minimum standards for potable water delivery to all customers, the cost for such facilities shall be proportionately allocated according to joint use, and may be included in the Purchaser's rate.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 4 counterparts, each of which shall constitute an original.

Seller:

Jackson County Water Association

By Eddie D. Miller

Title President

Attest:

[Signature]  
Secretary

Purchaser:

Rockcastle County Water Association

By Harold Ballinger, Sr

Title President

Attest:

[Signature]  
Secretary

This contract is approved on behalf of the Farmers Home Administration this 2nd day of FEBRUARY, 19 94.

By [Signature]  
Title COMMUNITY AND BUSINESS PROGRAMS SPECIALIST

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: [Signature]  
FOR THE PUBLIC SERVICE COMMISSION

SPECIAL MEETING

August 25, 1993

Meeting was called to order by: Eddie Joe Madden

Board Members Present:

Emmitt Turner  
Ricky Joe Boggs  
Warren Lakes  
Dallas Cox  
Eddie Joe Madden

Others Present:

Darcy Stewart  
Harold Ballinger  
Jack Crawford  
Joe Martin  
John Powell

The purpose of this meeting was to discuss the proposed contracts with Rockcastle County Water Association.

The water purchase contract was discussed and agreed to by J.C.W.A. and R.C.W.A.

Motion by: Ricky Joe Boggs Seconded by: Dallas Cox

To approve the water purchase contract pending approval of our Engineer and Lawyer. Vote Unanimous.

There was a long discussion about the maintenance and billing contract. Both water Association's finally agreed on what they could and could not do.

Motion by: Dallas Cox Seconded by: Emmitt Turner

To enter Contract No. II ( the billing and maintenance contract ) with R.C.W.A. pending approval of our Engineer and Lawyer. Vote Unanimous.

Motion by: Dallas Cox Seconded by: Emmitt Turner

To adjourn meeting. Vote Unanimous.

Eddie Joe Madden  
Eddie Joe Madden - President

9-16-93  
Date

Emmitt Turner  
Emmitt Turner - Secretary

9/16/93  
Date

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PURSUANT TO 807 KAR 5.011,  
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BY: Gordon C. Cook  
FOR THE PUBLIC SERVICE COMMISSION

SPECIAL MEETING

August 25, 1993

Emmitt Turner  
Ricky Joe Boggs  
Warren Lakes  
Dallas Cox  
Eddie Joe Madden  
John Powell

Darcy Stewart  
Harold Ballinger  
Jack Crawford  
Joe Martin

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BY: Jordan A. Neal  
FOR THE PUBLIC SERVICE COMMISSION

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P.S.C.  
RATES & RESEARCH DIV.

JACKSON COUNTY WATER ASSOCIATION

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COMMISSION

WHOLESALE RATE DETERMINATION

FOR

~~NORTHERN~~ <sup>Co</sup> ROCKCASTLE WATER ASSOCIATION

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PURSUANT TO 807 KAR 5.011,  
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JULY, 1993

BY: Jordan C. Noel  
FOR THE PUBLIC SERVICE COMMISSION

SCHEDULE 1

JACKSON COUNTY WATER ASSOCIATION  
BREAKDOWN OF EXPENSES  
INTO OPERATIONAL FUNCTION

Source: 1992 Annual Report

1. Employee Pensions & Benefits and Workman's Compensation  
Assume varies with salaries.

A. 1992 Salaries and Benefits

<u>Function</u>	<u>1992 Salaries</u>	<u>% of Total</u>	<u>Pensions &amp; Benefits</u>	<u>Workmans Compensation</u>	<u>Totals</u>
1. Source of Supply	\$ 11,107	8.35	\$ 1,311	\$ 406	12,824
2. Water Treatment	11,107	8.35	1,311	406	12,824
3. Trans. & Dist. (Oper.)	19,054	14.33	2,249	698	22,001
4. Trans. & Dist. (Maint.)	19,053	14.33	2,249	698	22,000
5. Customer Accounts	53,558	40.29	6,325	1,961	61,844
6. Admin. & General	<u>19,061</u>	<u>14.35</u>	<u>2,253</u>	<u>699</u>	<u>22,013</u>
Totals	\$132,940	100	\$15,698	\$4,868	153,506

B. Adjusted Salaries and Benefits<sup>(1)</sup>

<u>Function</u>	<u>Salaries</u>	<u>FICA and Health Ins.</u>	<u>Totals</u>
1. Source of Supply	\$ 1,466	\$ 370	\$ 1,836
2. Water Treatment	1,466	370	1,836
3. Transportation & Distribution (Operation)	2,515	634	3,149
4. Transportation & Distribution (Maintenance)	2,515	634	3,149
5. Customer Accounts	7,073	1,784	8,857
6. Administrative & General	<u>2,519</u>	<u>636</u>	<u>3,155</u>
	\$17,554	\$ 4,428	\$ 21,982

PUBLIC SERVICE COMMISSION  
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PURSUANT TO 807 KAR 5.011,  
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BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION



SCHEDULE 1

(Continued)

2. Purchased Power

<u>Function</u>	<u>Power cost</u>
1. Source of Supply	\$ 0 (gravity fed, no raw water pumping)
2. Water Treatment	27,811
3. Trans. & Dist.	<u>15,198</u>
	\$43,009

3. Transportation Expense

<u>Function</u>	
1. Water Treatment	\$1,000 (est.)
2. Trans. & Dist.	\$5,000 (est.)
3. Customer Accounts	
Meter Reading: (180 miles of line)(2)(12) = 4,320	
Misc. <u>480</u>	
	4,800 miles @ \$0.35/mi. = \$1,680
4. Admin. & General	<u>2,006</u> (est.)
	Total \$9,868

4. Vehicle Insurance

Proportioned according to expense:

<u>Function</u>	<u>Transportation Expense</u>	<u>% of Total</u>	<u>Vehicle Insurance</u>
Water Treatment	\$ 1,000	10	\$ 290
Trans. & Dist.	5,000	52	1,506
Customer Accounts	1,680	17	492
Admin. & General	<u>2,006</u>	<u>21</u>	<u>608</u>
Totals	\$ 9,686	100	\$2,896

(1) See Schedule 1-A for test period adjustments. Adjustment allocated to function in proportion to 1992 salaries.

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PURSUANT TO 807 KAR 5.011.  
SECTION 9 (1)

BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

SCHEDULE 1-A  
TEST YEAR ADJUSTMENTS

1. Salary Increases and New Employees

<u>Employee</u> <u>No.</u>	<u>Hours</u>	<u>1992</u> <u>Wages</u>	<u>Annualized</u> <u>Wages</u>	<u>Total</u> <u>Adjustment</u>	<u>Net</u> <u>Adjustment</u> <u>to O &amp; M Expenses</u> (2)
1	2115	\$ 14,966	\$ 15,291		PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE  SEP 09 1994  PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <i>[Signature]</i> FOR THE BOARD OF GOVERNORS
2(1)	906 (2120)	3,851	9,010		
3(1)	1060 (2120)	4,622	9,540		
4	2125	17,370	17,744		
5	2081	12,253	12,486		
6	2137	10,060	10,578		
7	2120	20,592	23,320		
8	2141	10,181	10,598		
9	2120	23,883	25,440		
10	2120	12,274	12,720		
11	1212	<u>6,455</u>	<u>7,805</u>		
		\$136,507	\$154,532	\$18,025	\$17,554

2. FICA

\$18,025 x .0765 \$ 1,379 \$ 1,343

3. Health Insurance

Two new employees hired during 1992. No premiums paid during 1992 due to required waiting period. Annualized Cost = (\$176 + 88)12

\$ 3,168 \$ 3,085

TOTAL ADJUSTMENTS

\$22,572  
===== \$21,982  
=====

(1) New employees. Hours in parentheses represent annualized hours.

Employee 2 hired 7/27/92  
Employee 3 hired 6/29/92

(2) Salaries are capitalized to the extent of approximately 2.61% per water association's accountant.

SCHEDULE 2

BREAKDOWN OF EXPENSES

Cost Category	Total	Source of Supply	Water Treatment	Function		
				Trans. & Dist.	Customer Accounts	Admin. & General
Salaries (1)	150,494	12,573	12,573	43,137	60,631	21,580
Pensions & Benefits (1)	20,126	1,681	1,681	5,766	8,109	2,889
Purchased Power	43,009	-	27,811	15,198	-	-
Chemicals	39,595	-	39,595	-	-	-
Materials & Supplies	61,738	-	-	42,662	19,076	-
Cont. - Acct.	5,680	-	-	-	-	5,680
Cont. - Legal	2,325	-	-	-	-	2,325
Trans. Exp.	9,686	-	1,000	5,000	1,680	2,006
Ins. - Vehicle	2,896	-	290	1,506	492	608
Ins. - General Liability	5,282	-	-	-	-	5,282
Ins. Workmans Compensation	4,868	-	813	1,395	1,962	698
Ins. - Other	3,489	-	-	-	-	3,489
Bad Debt	4,694	-	-	-	4,694	-
Misc.	22,158	-	-	10,022	-	12,136
<b>Totals</b>	<b>376,040</b>	<b>14,254</b>	<b>83,763</b>	<b>124,686</b>	<b>96,644</b>	<b>56,693</b>

REDISTRIBUTION OF ADMINISTRATIVE AND GENERAL EXPENSES

	Expenses	%	Redistributed Admin. & Gen.	Total Expenses
Source of Supply	\$ 14,254	4.47	\$ 2,535	\$ 16,789
Water Treatment	83,763	26.23	14,870	98,633
Trans. & Dist.	124,686	39.04	22,133	146,819
Cust. Accts.	96,644	30.26	17,155	113,799
	\$319,347	100.00		
Admin. & Gen.	56,693		\$56,693	
<b>TOTAL EXPENSES</b>	<b>\$376,040</b>			<b>\$376,040</b>

(1) From Schedule 1, sum of Parts A and B.

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PURSUANT TO 807 KAR 5.011,  
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BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

SCHEDULE 3

JOINTLY USED PIPELINES

<u>Line Size</u>	<u>Jackson County Water Association</u>		<u><del>Rockcastle</del> <sup>CO</sup> W.A. Jointly Used Pipelines</u>	
	<u>Length (miles)</u>	<u>Inch (miles)</u>	<u>Length (miles)</u>	<u>Inch (miles)</u>
10"	.07	0.7		
8"	3.0	24.0	2.75	22.0
6"	57.2	343.2	15.0	90.0
4"	50.0	200.0	-	-
3"	<u>42.4</u>	<u>127.2</u>	<u>-</u>	<u>-</u>
	152.67	695.10	17.75	112.0

Inch-Mile Ratio =  $112.0/695.10 = 0.1611$

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BY: Jordan [Signature]  
FOR THE PUBLIC SERVICE

SCHEDULE 4

DEPRECIATION BREAKDOWN

(Period: 1992)

1. Depreciation by Plant Accounts

<u>Plant Accounts</u>	<u>Deprec.</u> <u>Base</u>	<u>%</u>	<u>Redistributed</u> <u>General Plant</u>	<u>Total</u> <u>Plant</u>	<u>%</u>
Land and Rights	\$ 87,510	1.80	\$ 3,893	\$ 91,403	1.88
Water Supply & Treatment	1,162,481	23.96	51,718	1,214,199	25.02
Transmission & Dist. Meter	3,020,855	62.26	134,397	3,155,252	65.03
Installations	374,734	7.72	16,672	391,406	8.07
General Plant	<u>206,680</u>	<u>4.26</u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	\$4,852,260	100	\$206,680	\$4,852,260	100

2. Breakdown of Annual Depreciation Expense

Total Annual Depreciation Expense for 1992 = \$117,961

Water Supply and Treatment - \$117,961 x .2502 = \$29,514

Transmission & Distribution - \$117,961 x .6503 = \$76,710

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BY: Jordan A. Neal  
FOR THE PUBLIC SERVICE COMMISSION

SCHEDULE 5

EXISTING DEBT SERVICE

1. Existing Debt Service

1.1	FmHA Bond Issues (1970-84)	\$69,618
	Coverage @ 10%	<u>6,962</u>
	Total	\$76,580

1.2	1991 FmHA Bond Issue	
	Annual Debt Service	\$72,014
	Coverage @ 10%	<u>7,201</u>
	Total	\$79,215

2. Breakdown of Debt Service

Source of Supply and Treatment		
	1970-84 Bond Issues (\$76,580 x .2502) (1)	\$19,160
	1991 Issue (\$79,215 x .4805) (2)	<u>38,063</u>
		\$57,223

Transmission and Distribution		
	1970-84 Bond Issues (\$76,580 x .6503)	\$49,800

(1) Percentage of plant attributable to supply and treatment, see Schedule 4.

(2) Percentage of total project attributable to water plant expansion.

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PURSUANT TO 807 KAR 5.011,  
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BY: Jordan B. Neal  
FOR THE PUBLIC SERVICE COMMISSION

SCHEDULE 6

WATER PURCHASED AND SOLD

<u>1992</u>	<u>Produced</u>	<u>Provided From McKee</u>	<u>General Customers</u>	<u>Sold Truck Sales</u>	<u>Provided to McKee</u>
Jan.	16,159,000	914,468	11,058,100	237,500	0
Feb.	13,535,000	518,536	10,299,700	0	0
Mar.	14,047,000	822,976	10,206,000	0	0
Apr.	13,907,000	751,204	11,083,700	245,000	0
May	15,866,000	323,102	11,164,200	0	0
June	15,535,000	0	12,265,200	0	107,290
July	17,126,000	0	12,258,200	0	972,820
Aug.	17,814,000	0	13,059,000	0	794,560
Sept.	18,135,000	0	12,921,700	331,500	578,380
Oct.	18,969,000	0	11,583,700	122,500	1,245,230
Nov.	18,215,000	0	11,539,000	0	1,148,130
Dec.	18,530,000	0	11,884,300	0	1,487,300
	197,838,000	3,330,286	139,322,800	936,500	6,423,710

Total Water Produced and Purchased	201,168,286	gallons
Total Water Sold	140,259,300	gallons
Total Accounted for Water	22,848,210	gallons
Unaccounted for Water	30,577,276	gallons
Water Plant Use	7,483,500	gallons

Unaccounted for Water Loss =  $(30,577,276 + 201,168,286) \times 100 = 15.2\%$

Water Plant Use =  $7,483,500 + 197,838,000 \times 100 = 3.8\%$

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PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

BY: *Jordan C. Steel*  
FOR THE PUBLIC SERVICE COMMISSION

SCHEDULE 7

CALCULATION OF  
COST ALLOCATION FACTORS

Water Sold:		<u>%</u>
Jackson County, W. A.	140,259,300	.9708
<del>W.A.</del> Rockcastle W.A. (3)	<u>4,215,750</u>	<u>.0292</u>
	144,475,050	1.00

Line Loss and Other System Uses = \$27%  
Water Plant Use = 4%  
Line Loss = 15%

NRWA Joint Share of Line Loss = .15 x .1611 = .0242  
NRWA Joint Share of Line Loss and WTP Use = .0242 +  
.04 = .0642

NRWA Water Production Multiplier = 1/1-.0642 = 1.0686

JCWA Joint Share of Line Loss = 1.0 x .27 = .27  
JCWA Joint Share of Line Loss and WTP Use = .27 + .04 = .3100

JCWA Water Production Multiplier = 1/1-.3100 = 1.4493

NRWA Water Production Factor =

$$\frac{1.0686 \times 4,215,750}{1.4493 \times 144,475,050} = 0.0215$$

Transmission Factor = .0611<sup>(1)</sup> x .0292<sup>(2)</sup> = .0047

(1) Inch-Mile ratio, Schedule 3

(2) Ratio of NRWA water sales to total sales

(3) Assume 70 cust. x 150 gpd x 365 x 1.10 = 4,215,750  
gallons per year

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SECTION 9(1)

BY: *Jordan C. Neal*  
FOR THE PUBLIC SERVICE



SCHEDULE 8

COST ALLOCATION TO N. Rockcastle W.A. SEP 09 1994  
AND  
RATE CALCULATION

PURSUANT TO 807 KAR 5.011,  
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BY: Jordan P. Neal  
FOR THE PUBLIC SERVICE COMMISSION

1.	O & M Costs			
1.1	Water Production - .0215 x \$115,422 <sup>(1)</sup>	=	\$2,482	
1.2	Transmission - .0047 x \$131,621 <sup>(4)</sup>	=	619	
1.3	Sand Gap Pump Sta. Electrical Cost <sup>(5)</sup>	=	662	
				\$3,763
2.	Debt Service			
2.1	Water Production - .0215 x \$57,223 <sup>(2)</sup>	=	\$1,230	
2.2	Transmission - .0047 x \$49,800 <sup>(2)</sup>	=	234	
				\$1,464
3.	Depreciation			
3.1	Water Production - .0215 x \$29,514 <sup>(3)</sup>	=	\$ 634	
3.2	Transmission - .0047 x \$76,710 <sup>(3)</sup>	=	360	
				\$ 994
	TOTAL ALLOCATION TO N. Rockcastle W.A.			\$6,221

WHOLESALE RATE =  $\frac{\$6,221}{4,215.8 \text{ gals.}}$  = \$1.48 per 1000 gallons

(1) See Schedule 2

(2) See Schedule 5

(3) See Schedule 4

(4) See Schedule 2, electrical power for pumping deducted in the amount of \$15,198.

(5) NRWA's water is repumped through the Sand Gap pump station. Electrical cost for pump station during 1992 was \$7,841. Meter readings indicate 50,000,000 gallons passed the pump station during 1992. Unit power cost =  $\frac{\$7,841}{50,000} = \$0.157$  PER 1,000 GALLONS. Additional cost to pump NRWA water =  $\$0.157 \times 4,215.8 \text{ Mgals.} = \$662$ .