

City of
DANVILLE
KENTUCKY

P.O. Box 670
Danville, KY 40423
(859) 258-1200

August 20, 2014

Garrard County Water Association

Paul Reynolds
315 Lexington Street
Lancaster, Kentucky 40444
(859)792-4501

RE: 2014 Wholesale Water Rate Adjustment

Dear Mr. Reynolds,

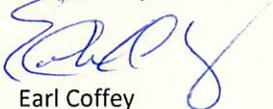
We are providing this letter as the official notice of the 2014 Wholesale Water Rate Adjustment as discussed previously. This letter is to confirm for you the basis for the rate adjustment and also the details of the change.

Recall the City previously indicated its intention to complete a utility rate study this year. The City contracted with a third party, Salt River Engineering, to complete the rate study with a cost of service component and to evaluate and recommend adjustments for all rates charged by the City's municipal utility. The study began this past winter and the wholesale portion of the evaluation has been completed. The rate study was completed consistent with the principles established in the American Water Works Association Manual M-1. The chosen study approach was the *Hybrid Method* (Cash Needs/Utility Basis) which was used to determine the revenue requirements for both owner and non-owner utility customers.

The City Commission accepted the recommendations from the consultant by implementing revised wholesale rates. The implementation of the revised rates will begin with the effective date of September 1st 2014. Consistent with the recommendations, the Garrard County Water Association shall pay a Flat Rate of \$2.41 per 1000 gallons consumed or \$1.80 per 100 cubic feet consumed. The minimum bill will not adjust as a result of this change.

As stated previously it is our goal to help you understand the details related to the rate identified. As such we will be more than willing to provide information to provide a better understanding. Please let us know how we may address your questions. We look forward to working with you as we transition into this revised rate.

Respectfully,



Earl Coffey
City Engineer

"This institution is an equal opportunity provider and employer."

"The City of Firsts"

First Courthouse in Kentucky - 1785
First U.S. Post Office in the West - 1792
First Successful Ovariectomy in the World - 1809

First Capitol of Kentucky District - 1785
First Political Club in the West - 1786
First Constitutional Convention in the West - 1792

First College in the West - 1785
First Law School in the West - 1799
First State Supported School for Deaf - 1823