Eldridge, Jackson & Leedy, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2013

Robert M Nickell
Morehead Utility Plant Board
135 South Wilson Avenue
Morehead, KY 40351

Dear Mr. Nickell:

Pursuant to the Interlocal Agreement between The City of Morehead, Morehead Utility Plant Board, Rowan Water Incorporated and Bath County Water District, it has been determined that the wholesale rate for water sold by you to Rowan Water, Inc. and the Bath County Water District in calendar year 2014 shall be as follows:

	Rowan Water Incorporated	Bath County Water District
Monthly Capital Costs	$ 23,390.79	$ 17,082.63
Meter and Billing Charges $ 10.00 per meter	70.00	10.00
Per Thousand Gallons of Water Sold	$1.113	$1.113

If I can be of further assistance, please feel free to contact me at any time.

Sincerely,

Timothy S Eldridge
Certified Public Accountant

CPA℠
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MEMBER: Kentucky Society of Certified Public Accountants & American Institute of Certified Public Accountants

MUPB
WATER CONTRACT VARIABLE RATE SCHEDULE PER INTERLOCAL AGREEMENT
CALENDAR YEAR 2014 RATE CALCULATION

1. Cash Operation and Maintenance Expense

	(a) Amount x	Percent /	(b) Total Billed Gals (1,000's)	equals	Rate per 1,000 gals.
Water Utility Operating Expense	1,745,315	74%	1,378,606	equals	0.937
General & Admin Expense	811,691	30%	1,378,606	equals	0.177
Total rate per 1,000 gallons to Rowan and Bath Water					**1.113**

2. Capital Cost including Part C meter and billing charges

	Rowan		Bath
Part A			
Fixed Capital Charge per Month to Dec 2021 From Original 1979 Water Contract	3,378.75		1,822.25
Raw Water Intake Capital Charge to Dec 2023	1,370.60		584.13
Sludge Dewatering Project:			
Debt Service to Dec 2013-completed	0.00	***	0.00
Debt Reserve to June 2001 - completed	0.00		0.00
[c] Additional Unfunded Capital Expenditures adjusted annually 33,219.97 divided by 12 35.3671% Rowan	979.08		
27.0323% Bath			748.34
Part B			
Fixed Capital Charge per Month-adjusted Jan 2024	17,662.36		13,927.91
Debt Reserve to Dec 2013-completed	0.00	***	0.00
Total Monthly Capital Cost	**23,390.79**		**17,082.63**
Part C			
Monthly Charge ($10.00 per meter)	**70.00**		**10.00**

(a) Expense amounts taken from the annual audited financial statements
(b) Water Consumption (billed gallons) furnished by the Morehead Utility Plant Board
(c) Represents annual depreciation expense amounts for unfunded capital expenditures
*** These fixed charges were satisfied as of December 2013