



**Eldridge, Jackson & Leedy, PLLC**  
 CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2014

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

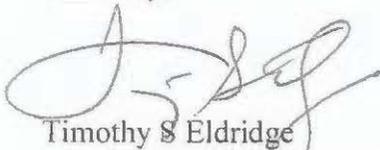
Dear Mr. Nickell:

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 2015 shall be as follows:

	Rowan Water Incorporated	Bath County Water District
Monthly Capital Costs	\$ 23,621.12	\$ 17,258.68
Meter and Billing Charges \$ 10.00 per meter	70.00	10.00
Per Thousand Gallons of Water Sold	\$1.196	\$1.196

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

Sincerely,



Timothy S Eldridge  
 Certified Public Accountant



MUPB  
WATER CONTRACT VARIABLE RATE SCHEDULE PER INTERLOCAL AGREEMENT  
CALENDAR YEAR 2015 RATE CALCULATION

1. Cash Operation and Maintenance Expense	(a)		(b)	equals	Rate per 1,000 gals.
	Amount x	Percent /	Total Billed Gals (1,000's)		
Water Utility Operating Expense	1,787,268	74%	1,313,422	equals	1.007
General & Admin Expense	828,806	30%	1,313,422	equals	0.189
<b>Total rate per 1,000 gallons to Rowan and Bath Water</b>					<b>1.196</b>

2. Capital Cost including Part C meter and billing charges

<u>Part A</u>	<u>Rowan</u>	<u>Bath</u>
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		
41,035.08 divided by 12		
35.3671% Rowan	1,209.41	
27.0323% Bath		924.39
<u>Part B</u>		
Fixed Capital Charge per Month-adjusted Jan 2024	17,662.36	13,927.91
Debt Reserve to Dec 2013-completed	0.00	0.00
<b>Total Monthly Capital Cost</b>	<b>23,621.12</b>	<b>17,258.68</b>
<u>Part C</u>		
Monthly Charge (\$10.00 per meter)	<b>70.00</b>	<b>10.00</b>

- (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