

CASE

NUMBER:

99-409

INDEX FOR CASE: 1999-409
HARRISON COUNTY WATER ASSOCIATION, INC.
Rates - General

IN THE MATTER OF AN ADJUSTMENT OF RATES OF THE HARRISON
COUNTY WATER ASSOCIATION, INC.

SEQ NBR	ENTRY DATE	REMARKS
0001	09/28/1999	Application.
0002	10/04/1999	Acknowledgement letter.
0003	11/02/1999	Def. letter, info due 11/17
M0002	11/17/1999	DOROTHY MASTIN HARRISON CO WATER ASS-RESPONSE TO LETTER OF NOV 2,99
M0001	11/22/1999	DOROTHY MASTIN HARRISON CO WATER ASS-RESPONSE TO FILING DEFICIENCIES
M0003	01/19/2000	DAVID SPENARD AG-MOTION TO INTERVENE
0004	01/24/2000	Order granting Attorney General intervention
0005	02/24/2000	Order granting deviation from requirement of Adm. Reg. 807 KAR 5:001, Sec.10(2)
0006	03/23/2000	Order issuing Staff Report; comments or request for hearing due 4/3
0007	03/29/2000	Order issuing amended staff report; comments or request for hearing due 4/10
0008	04/27/2000	FINAL ORDER; APPROVES RATES; FINDINS IN AMENDED STAFF REPORT ARE ADOPTED



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-409
HARRISON COUNTY WATER ASSOCIATION, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on April 27, 2000.

Parties of Record:

William R. Toadvine
President
Harrison County Water
Association, Inc.
P. O. Box 215
Cynthiana, KY. 41031

Honorable Dorothy Jo Mastin
Attorney for Harrison County Water
9 South Walnut Street
Cynthiana, KY. 41031

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

Stephanie D. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES FOR THE)
HARRISON COUNTY WATER) CASE NO. 99-409
ASSOCIATION, INC.)

ORDER

On November 22, 1999, Harrison County Water Association, Inc. ("Harrison") filed its application for Commission approval of a five-year rate phase-in plan. The proposed plan would generate additional annual revenues of \$60,000 in the first year and \$25,000 per year for each of the last four years.

By Order dated March 23, 2000, the Commission issued a Staff Report that was prepared upon review of Harrison's test-year operations. An error in the Staff Report was discovered and an amended report was issued by Commission Order on March 29, 2000. Staff's amended report recommended that Harrison's requested increase be granted. The Order granted 10 days to file written comments regarding the Staff Report or requests for a hearing or informal conference. No such comments or requests were made.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Amended Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of the Commission.

2. The rates in Appendix A will produce additional annual revenue from water sales of \$60,000 in the first year and \$25,000 per year for each of the remaining four years.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Amended Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

2. The rates in phase-one of Appendix A are approved for service rendered by Harrison on and after the date of this Order. Phase-two rates become effective 12 months from the date of this Order, phase-three in 24 months from the date of this Order, phase-four in 36 months from the date of this Order, and phase-five in 48 months from the date of this Order.

3. Within 30 days of the date of this Order, Harrison shall file with the Commission its revised tariff setting out the first phase of rates approved herein.

4. Thirty days prior to the effective date of each subsequent rate phase-in, Harrison shall file with the Commission its revised tariff setting out the appropriate phase of rates approved herein. Harrison shall provide its customers with a one-time notice with the implementation of each phase of rates.

Done at Frankfort, Kentucky, this 27th day of April, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-409 DATED APRIL 27, 2000

The following rates and charges are prescribed for the customers in the area served by Harrison County Water Association, Inc. 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 – Phase 1

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.00	Minimum bill
	Next	1,000 Gallons	4.58	Per 1,000 Gallons
	Next	2,000 Gallons	4.23	Per 1,000 Gallons
	Next	45,000 Gallons	3.69	Per 1,000 Gallons
	Over	50,000 Gallons	3.08	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$17.58	Minimum bill
	Next	2,000 Gallons	4.23	Per 1,000 Gallons
	Next	45,000 Gallons	3.69	Per 1,000 Gallons
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1" Meter	First	5,000 Gallons	\$26.04	Minimum bill
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1 1/2" Meter	First	10,000 Gallons	\$44.49	Minimum bill
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2" Meter	First	15,000 Gallons	\$62.94	Minimum bill
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Monthly Water Rates – Phase 2

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.21	Minimum bill
	Next	1,000 Gallons	4.58	Per 1,000 Gallons
	Next	2,000 Gallons	4.32	Per 1,000 Gallons
	Next	45,000 Gallons	3.85	Per 1,000 Gallons
	Over	50,000 Gallons	3.12	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$17.79	Minimum bill
	Next	2,000 Gallons	4.32	Per 1,000 Gallons
	Next	45,000 Gallons	3.85	Per 1,000 Gallons
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1" Meter	First	5,000 Gallons	\$26.43	Minimum bill
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1 1/2" Meter	First	10,000 Gallons	\$45.68	Minimum bill
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2" Meter	First	15,000 Gallons	\$64.93	Minimum bill
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Monthly Water Rates – Phase 3

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.43	Minimum bill
	Next	1,000 Gallons	4.60	Per 1,000 Gallons
	Next	2,000 Gallons	4.44	Per 1,000 Gallons
	Next	45,000 Gallons	3.97	Per 1,000 Gallons
	Over	50,000 Gallons	3.20	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$18.03	Minimum bill
	Next	2,000 Gallons	4.44	Per 1,000 Gallons
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2" Meter	First	15,000 Gallons	\$66.61	Minimum bill
	Next	35,000 Gallons	3.97	Per 1,000 Gallons
	Over	50,000 Gallons	3.20	Per 1,000 Gallons

Monthly Water Rates – Phase 4

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.65	Minimum bill
	Next	1,000 Gallons	4.71	Per 1,000 Gallons
	Next	2,000 Gallons	4.54	Per 1,000 Gallons
	Next	45,000 Gallons	4.06	Per 1,000 Gallons
	Over	50,000 Gallons	3.25	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$18.36	Minimum bill
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2" Meter	First	15,000 Gallons	\$68.04	Minimum bill
	Next	35,000 Gallons	4.06	Per 1,000 Gallons
	Over	50,000 Gallons	3.25	Per 1,000 Gallons

Monthly Water Rates – Phase 5

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.87	Minimum bill
	Next	1,000 Gallons	4.81	Per 1,000 Gallons
	Next	2,000 Gallons	4.65	Per 1,000 Gallons
	Next	45,000 Gallons	4.15	Per 1,000 Gallons
	Over	50,000 Gallons	3.31	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$18.68	Minimum bill
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	Next	45,000 Gallons	4.15	Per 1,000 Gallons
	Over	50,000 Gallons	3.31	Per 1,000 Gallons
1 1/2" Meter	First	10,000 Gallons	\$48.73	Minimum bill
	Next	40,000 Gallons	4.15	Per 1,000 Gallons
	Over	50,000 Gallons	3.31	Per 1,000 Gallons
2" Meter	First	15,000 Gallons	\$69.48	Minimum bill
	Next	35,000 Gallons	4.15	Per 1,000 Gallons
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COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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March 29, 2000

William R. Toadvine
President
Harrison County Water
Association, Inc.
P. O. Box 215
Cynthiana, KY. 41031

Honorable Dorothy Jo Mastin
Attorney for Harrison County Water
9 South Walnut Street
Cynthiana, KY. 41031

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-409

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE)
HARRISON COUNTY WATER) CASE NO. 99-409
ASSOCIATION, INC.)


ORDER

On November 22, 1999, Harrison County Water Association, Inc. ("Harrison") filed its application for Commission approval of proposed water rates. Commission Staff, having performed a limited financial review of Harrison's operations, issued a Staff Report containing Staff's findings and recommendations regarding the proposed rates. After issuance, it was discovered that Attachment A was incorrect. Therefore, Commission Staff prepared the attached Amended Staff Report. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Amended Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 29th day of March, 2000.

ATTEST:


Executive Director

By the Commission


AMENDED STAFF REPORT
ON
HARRISON COUNTY WATER ASSOCIATION, INC.
CASE NO. 99-409


Pursuant to a request by Harrison County Water Association, Inc. ("Harrison") for assistance with the preparation of a rate application, Commission Staff ("Staff") performed a limited financial review of Harrison's test year operations, the twelve months ending November 30, 1998. The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Upon completion of the review, Staff assisted Harrison in the development and preparation of a rate application. The application included an adjusted pro forma operating income statement wherein adjustments were made to test year operating revenues and expenses that were known and measurable and deemed to be reasonable. The rates proposed by Harrison were based on the pro forma income statement as shown in Attachment A of the application. Attachment A also includes the calculation of Harrison's revenue requirement using a 120 percent debt service coverage. The coverage requirement is \$317,500. To meet the coverage requirement Harrison needs additional revenues of \$160,000. To generate the additional revenue Harrison proposed a five-year rate phase-in plan. Under the proposed plan Harrison would generate additional revenues of \$60,000 in the first year and \$25,000 per year for each of the last four years.

On November 22, 1999, Harrison filed its rate application to the Commission for consideration. Staff is hereby adopting the contents of that application as its recommendation in this report as if fully set out herein. Brent Kirtley is responsible for all revenue adjustments and calculation of the proposed rates. Scott Lawless is responsible for the determination of the revenue requirement. Based on the information included in Harrison's application, Staff is of the opinion that the rates proposed by Harrison, as shown in Attachment A of this report, are reasonable and should be approved by this Commission.

Signatures


Prepared by: Jack Scott Lawless, CPA
Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis


Prepared by: Brent Kirtley
Rate Analyst, Communications, Water,
and Sewer Rate Design Branch
Division of Financial Analysis

ATTACHMENT A
 AMENDED STAFF REPORT CASE NO. 99-409
 STAFF'S RECOMMENDED RATES

Monthly Water Rates – Phase 1

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March 23, 2000

William R. Toadvine
President
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P. O. Box 215
Cynthiana, KY. 41031

Honorable Dorothy Jo Mastin
Attorney for Harrison County Water
9 South Walnut Street
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Done at Frankfort, Kentucky, this 23rd day of March, 2000.

ATTEST:

By the Commission


Executive Director

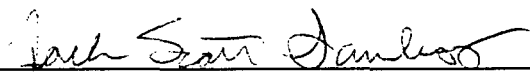
STAFF REPORT
ON
HARRISON COUNTY WATER ASSOCIATION, INC.
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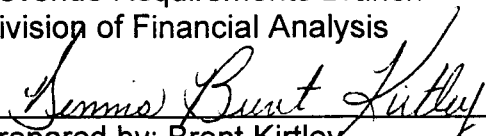
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Signatures


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Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis


Prepared by: Brent Kirtley
Rate Analyst, Communications, Water,
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2" Meter	First	15,000 Gallons	\$62.94	Minimum bill
	Next	85,000 Gallons	3.69	Per 1,000 Gallons
	Over	100,000 gallons	3.08	Per 1,000 Gallons

ATTACHMENT A
STAFF REPORT CASE NO. 99-409
STAFF'S RECOMMENDED RATES

Monthly Water Rates – Phase 2

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.21	Minimum bill
	Next	1,000 Gallons	4.58	Per 1,000 Gallons
	Next	2,000 Gallons	4.32	Per 1,000 Gallons
	Next	95,000 Gallons	3.85	Per 1,000 Gallons
	Over	100,000 gallons	3.12	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$17.79	Minimum bill
	Next	2,000 Gallons	4.32	Per 1,000 Gallons
	Next	95,000 Gallons	3.85	Per 1,000 Gallons
	Over	100,000 gallons	3.12	Per 1,000 Gallons
1" Meter	First	5,000 Gallons	\$26.43	Minimum bill
	Next	95,000 Gallons	3.85	Per 1,000 Gallons
	Over	100,000 gallons	3.12	Per 1,000 Gallons
1 1/2" Meter	First	10,000 Gallons	\$45.68	Minimum bill
	Next	90,000 Gallons	3.85	Per 1,000 Gallons
	Over	100,000 gallons	3.12	Per 1,000 Gallons
2" Meter	First	15,000 Gallons	\$64.93	Minimum bill
	Next	85,000 Gallons	3.85	Per 1,000 Gallons
	Over	100,000 gallons	3.12	Per 1,000 Gallons

ATTACHMENT A
STAFF REPORT CASE NO. 99-409
STAFF'S RECOMMENDED RATES

Monthly Water Rates – Phase 3

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.43	Minimum bill
	Next	1,000 Gallons	4.60	Per 1,000 Gallons
	Next	2,000 Gallons	4.44	Per 1,000 Gallons
	Next	95,000 Gallons	3.97	Per 1,000 Gallons
	Over	100,000 gallons	3.20	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$18.03	Minimum bill
	Next	2,000 Gallons	4.44	Per 1,000 Gallons
	Next	95,000 Gallons	3.97	Per 1,000 Gallons
	Over	100,000 gallons	3.20	Per 1,000 Gallons
1" Meter	First	5,000 Gallons	\$26.91	Minimum bill
	Next	95,000 Gallons	3.97	Per 1,000 Gallons
	Over	100,000 gallons	3.20	Per 1,000 Gallons
1 1/2" Meter	First	10,000 Gallons	\$46.76	Minimum bill
	Next	90,000 Gallons	3.97	Per 1,000 Gallons
	Over	100,000 gallons	3.20	Per 1,000 Gallons
2" Meter	First	15,000 Gallons	\$66.61	Minimum bill
	Next	85,000 Gallons	3.97	Per 1,000 Gallons
	Over	100,000 gallons	3.20	Per 1,000 Gallons

ATTACHMENT A
STAFF REPORT CASE NO. 99-409
STAFF'S RECOMMENDED RATES

Monthly Water Rates – Phase 4

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.65	Minimum bill
	Next	1,000 Gallons	4.71	Per 1,000 Gallons
	Next	2,000 Gallons	4.54	Per 1,000 Gallons
	Next	95,000 Gallons	4.06	Per 1,000 Gallons
	Over	100,000 gallons	3.25	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$18.36	Minimum bill
	Next	2,000 Gallons	4.54	Per 1,000 Gallons
	Next	95,000 Gallons	4.06	Per 1,000 Gallons
	Over	100,000 gallons	3.25	Per 1,000 Gallons
1" Meter	First	5,000 Gallons	\$27.44	Minimum bill
	Next	95,000 Gallons	4.06	Per 1,000 Gallons
	Over	100,000 gallons	3.25	Per 1,000 Gallons
1 1/2" Meter	First	10,000 Gallons	\$47.74	Minimum bill
	Next	90,000 Gallons	4.06	Per 1,000 Gallons
	Over	100,000 gallons	3.25	Per 1,000 Gallons
2" Meter	First	15,000 Gallons	\$68.04	Minimum bill
	Next	85,000 Gallons	4.06	Per 1,000 Gallons
	Over	100,000 gallons	3.25	Per 1,000 Gallons

ATTACHMENT A
STAFF REPORT CASE NO. 99-409
STAFF'S RECOMMENDED RATES

Monthly Water Rates – Phase 5

5/8" x 3/4" Meter	First	2,000 Gallons	\$13.87	Minimum bill
	Next	1,000 Gallons	4.81	Per 1,000 Gallons
	Next	2,000 Gallons	4.65	Per 1,000 Gallons
	Next	95,000 Gallons	4.15	Per 1,000 Gallons
	Over	100,000 gallons	3.31	Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	\$18.68	Minimum bill
	Next	2,000 Gallons	4.65	Per 1,000 Gallons
	Next	95,000 Gallons	4.15	Per 1,000 Gallons
	Over	100,000 gallons	3.31	Per 1,000 Gallons
1" Meter	First	5,000 Gallons	\$27.98	Minimum bill
	Next	95,000 Gallons	4.15	Per 1,000 Gallons
	Over	100,000 gallons	3.31	Per 1,000 Gallons
1 1/2" Meter	First	10,000 Gallons	\$48.73	Minimum bill
	Next	90,000 Gallons	4.15	Per 1,000 Gallons
	Over	100,000 gallons	3.31	Per 1,000 Gallons
2" Meter	First	15,000 Gallons	\$69.48	Minimum bill
	Next	85,000 Gallons	4.15	Per 1,000 Gallons
	Over	100,000 gallons	3.31	Per 1,000 Gallons



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 24, 2000

William R. Toadvine
President
Harrison County Water
Association, Inc.
P. O. Box 215
Cynthiana, KY. 41031

Honorable Dorothy Jo Mastin
Attorney for Harrison County Water
9 South Walnut Street
Cynthiana, KY. 41031

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-409

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF)
THE HARRISON COUNTY WATER) CASE NO. 99-409
ASSOCIATION, INC.)

O R D E R

On September 29, 1999, Harrison County Water Association, Inc. ("Harrison County") applied to the Commission for an adjustment in rates. The application was reviewed by Commission Staff and rejected pursuant to 807 KAR 5:001, Section 2, for failure to meet the minimum filing requirements. A letter from the Commission was sent to Harrison County on November 2, 1999, outlining the deficiencies. In an effort to cure the deficiencies noted, Harrison County filed additional documents on November 17, 1999 and November 22, 1999. Harrison County included in its November 17, 1999 filing a request for permission to deviate from the 4-week notice requirement of Administrative Regulation 807 KAR 5:001, Section 10(2).

Administrative Regulation 807 KAR 5:001, Section 10(2), requires a utility with gross annual revenues exceeding \$1,000,000 to file with the Commission a written notice of intent to file a rate application at least 4 weeks prior to filing its application. The filing must state whether the rate application will be supported by a historical or fully forecasted test period and is to be served upon the Attorney General, Utility and Rate Intervention Division ("Attorney General").

Harrison County states in support of its request that it caused a letter to be written to the Executive Director of the Commission on May 19, 1999 stating that its

Board of Directors had voted to apply for an increase in rates and requested staff assistance in preparing the application. Thereafter, Commission Staff and Harrison County worked to prepare the application to be filed by Harrison County. Upon completion of the application, Harrison County filed it with the Commission believing that no further notice was required. On November 16, 1999, Harrison County sent a letter to the Attorney General enclosing a copy of the rate application and explaining its failure to provide the 4-week notice required by 807 KAR 5:001, Section 10(2). A request for full intervention was filed by the Attorney General on January 19, 2000. Full intervention was granted on January 24, 2000. No comments or objections to the request for deviation have been filed by the Attorney General.

The Commission, having reviewed the record and being otherwise sufficiently advised, finds that good cause has been shown by Harrison County for its request to deviate from the 4-week notice requirement of 807 KAR 5:001, Section 10(2), and that the request should be granted. The Commission further finds that the application should be considered filed as of November 22, 1999, the date Harrison County filed the last remaining filing requirement.


IT IS THEREFORE ORDERED that:

1. Harrison County's request for permission to deviate from the 4-week notice requirement of Administrative Regulation 807 KAR 5:001, Section 10(2), is granted.
2. Harrison County's rate application shall be considered filed as of November 22, 1999.

Done at Frankfort, Kentucky this 24th day of February, 2000.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 24, 2000

William R. Toadvine
President
Harrison County Water
Association, Inc.
P. O. Box 215
Cynthiana, KY. 41031

Honorable Dorothy Jo Mastin
Attorney for Harrison County Water
9 South Walnut Street
Cynthiana, KY. 41031

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-409

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF)
THE HARRISON COUNTY WATER) CASE NO. 99-409
ASSOCIATION, INC.)

O R D E R

This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed January 19, 2000, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted, and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 24th day of January, 2000.

By the Commission

ATTEST:


Executive Director

RECEIVED

Commonwealth of Kentucky
Before the Public Service Commission

JUN 19 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:)
AN ADJUSTMENT OF RATES OF THE HARRISON) Case No. 99-409
COUNTY WATER ASSOCIATION, INC.)

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, William R. Toadvine, P. O. Box 215, Cynthiana, Kentucky 41031, and Dorothy Jo Mastin, 9 South Walnut Street, Cynthiana, Kentucky 41031, all on this 19th day of January, 2000.

David Edward Speman
Assistant Attorney General

Dorothy Jo Mastin
Attorney at Law

9 S. Walnut Street
Cynthiana, Kentucky 41031

Office: 606-235-9000
Fax: 606-235-0186

November 18, 1999

RECEIVED
NOV 22 1999
PUBLIC SERVICE
COMMISSION

Ms. Stephanie Bell
Secretary of the Commission
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

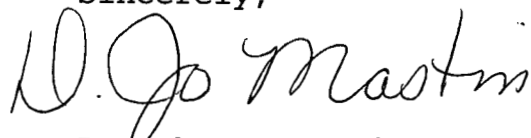
Re: Harrison County Water Association, Inc.
Case No. 99-409 (Filing Deficiencies)

Dear Ms. Bell:

Please find enclosed the Certificate of Existence which I have received on today's date from the Secretary of State. I would appreciate your filing this in the record. We should now be in compliance with Section 10(1)(b)(3) and (5).

If you have any questions about this or need further documentation, please advise.

Sincerely,



Dorothy Jo Mastin
Attorney at Law

DJM:sjw

Enclosure



**John Y. Brown III
Secretary of State**

Certificate of Existence

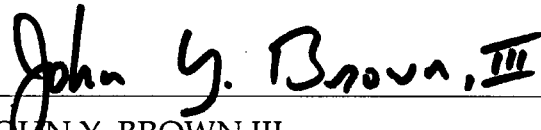
I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

HARRISON COUNTY WATER ASSOCIATION, INC.

is a nonprofit corporation duly organized and existing under KRS Chapter 273, whose date of incorporation is October 24, 1968 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 17th day of November, 1999.



JOHN Y. BROWN III

Secretary of State
Commonwealth of Kentucky

llawrence/0021969

Dorothy Jo Mastin
Attorney at Law

9 S. Walnut Street
Cynthiana, Kentucky 41031

Office: 606-235-9000
fax: 606-235-0186

November 15, 1999

Ms. Stephanie Bell
Secretary of the Commission
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

RECEIVED
NOV 17 1999
PUBLIC SERVICE
COMMISSION

Re: Harrison County Water Association, Inc.
Case No. 99-409 (Filing Deficiencies)

Dear Ms. Bell:

I apologize for any deficiency in our application filing. This letter is in response to your letter of November 2, 1999.

1. As I understood, the thirty (30) days notice to the Public Service Commission was already given because we had been working with Jack Scott Lawless and Brent Kirtley of the Commission to effectuate a rate increase and had written to Helen Helton on May 19, 1999, noticing the Public Service Commission of our intent to raise our rates. A copy of this letter is enclosed.
2. I have written a letter to the Attorney General asking for a waiver of the thirty (30) day requirement by that agency and enclosing a copy of our rate application. A copy of my letter to the Attorney General is enclosed for your information.
3. I am enclosing a certified copy of the Articles of Incorporation of the Harrison County Water Association, Inc. I have ordered a Certificate of Good Standing from the Secretary of State and hope to receive that in the next day or two. I will forward that to you immediately upon receipt for compliance with Section 10(3).

Ms. Stephanie Bell
November 15, 1999
Page 2

4. I am enclosing my Affidavit that notice of a rate increase was given to our customers in compliance with Section 10(c)(3).
5. Our gross annual revenues exceed \$1,000,000.00. We have given a written notice to the Attorney General regarding our intent to file a rate increase and are requesting a waiver of the thirty (30) day filing requirement. See copy of letter to Attorney General enclosed.
6. We have complied with Section 10(4) in that a "published notice in a trade publication or newspaper" was given to our customers beginning on September 9, 1999, and the application was filed on September 28, 1999. We are enclosing the Affidavits from the four publishers who answered our request that these notices were published.

If you have any questions about this matter or if there are any other deficiencies, please advise.

Thank you for your help.

Sincerely,



Dorothy Jo Mastin
Attorney at Law

DJM:sjw

cc: Anita Martin

Enclosures

9 S. Walnut Street
Cynthiana, Kentucky 41031

Dorothy Jo Mastin
Attorney at Law

Office: 606-235-9000
Fax: 606-235-0186

May 19, 1999

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenhele Lane
P. O. Box 615
Frankfort, Kentucky 40602

Re: Harrison County Water Association, Inc. - Rate Increase

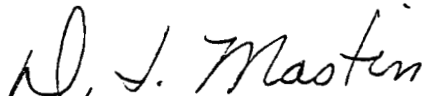
Dear Ms. Helton:

The Harrison County Water Association Board of Directors voted at a recent board meeting to apply to the Public Service Commission for permission to increase the water rates to association members. Ms. Carryn Lee of your office has suggested that we write to you and request help from your staff in putting together a case for a rate increase.

Therefore, please advise if and when your staff would be able to meet with our board to implement an application for an increase in rates.

Thanks for your help. If you have any other suggestions or questions about this matter, please contact me.

Sincerely,



Dorothy Jo Mastin
Attorney at Law

DJM:sjw

Dorothy Jo Mastin

Attorney at Law

9 S. Walnut Street
Cynthiana, Kentucky 41031

Office: 606-235-9000
Fax: 606-235-0186

November 16, 1999

Hon. A. B. Chandler, III
Attorney General
118 State Capitol
700 Capitol Avenue
Frankfort, Kentucky 40601

Re: Harrison County Water Association, Inc. - Rate Increase

Dear Attorney General:

I am enclosing a rate application for the Harrison County Water Association, Inc. I understand that under the State Regulations 807 KAR 5:001, Rules of Procedure, Section 10(2), utilities with gross annual revenue of \$1,000,000.00 shall file a written notice of intent with the Attorney General to increase rates four (4) weeks prior to filing the rate application.

However, because the Public Service Commission had recommended to us in March of 1999 that we increase our rates, we are asking that we be issued a waiver on this requirement of a four (4) week notice. We submitted our rate application to the Public Service Commission on September 28, 1999. The rate application is supported by a historical test period in that the Public Service Commission has been monitoring our utility for almost a year to ascertain whether or not we should seek a rate increase and it was on their recommendation that the Board voted to increase the rates.

Hon. A. B. Chandler, III

November 16, 1999

Page 2

I am enclosing a copy of the letter dated May 19, 1999, to Helen C. Helton notifying the Public Service Commission of our intent to increase our rates and asking for their help in formulating a rate application. Because we are working with the Public Service Commission so closely on this rate application, I am asking that you waive the thirty (30) day requirement and consider allowing us to only give two (2) weeks notice to your office. If that is possible, please advise.

Sincerely,



Dorothy Jo Mastin

Attorney at Law

DJM:sjw

Enclosures

cc: Ms. Stephanie Bell, Public Service Commission

STATE OF KENTUCKY

Sct

COUNTY OF HARRISON

I, Ralph E Coppage, Clerk of the County Court within and for the County and State aforesaid, the same being a Court of Record, having a Seal and having records of the Wills and Estates, Transactions of Real and Personal Property, Marriage Records and other County Court matters do hereby certify that the foregoing and hereto writing contains a full and complete copy of the

ARTICLES of INCORPORATION
AS CONTAINED IN
ARTICLES of INCORPORATION Book @
PAGES 441-446

as fully as the same appears from the records on file in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my hand and affixed the seal of said Court at my office in Cynthiana, Kentucky, this the 15 day of NOVEMBER A.D. 19 99


Clerk

D.C.

ARTICLES OF INCORPORATION

OF

HARRISON COUNTY WATER ASSOCIATION, INC.

We, whose names are hereto subscribed, acting as incorporators for the purpose of forming a nonprofit corporation under the provisions of Chapter 273 of the KRS, assuming and claiming all powers, rights, privileges and immunities granted or permitted bodies corporate under said laws, and do hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of this corporation shall be HARRISON COUNTY WATER ASSOCIATION, INC.

ARTICLE II

REGISTERED OFFICE AND AGENT

The registered office of the corporation shall be at Cynthiana County of Harrison State of Kentucky; the registered agent at such address is D. E. Labare, Route 6, Cynthiana, Kentucky

ARTICLE III

PURPOSE

The purpose of the said corporation shall be to establish, develop and operate a complete water supply and distribution system by purchase, development, or otherwise, to construct reservoirs or water towers, erect pumping machinery, lay water mains, pipes and hydrants; to furnish and sell water to members of the corporation, public bodies and local businesses, for fire protection, drinking and general farm and domestic use and collect

payment for rental or sale of same and doing all things necessary, convenient and incidental thereto, and a complete sanitary and/or storm sewer collection system and treatment facilities by purchase, development, or otherwise to construct mains, submains, and laterals, treatment plant, lagoons, to furnish sewer service to members of the corporation, public bodies and local businesses, for sanitary and health protection and collect service payment for rental of same and doing all things necessary, convenient and incidental thereto and a complete natural gas distribution system.

ARTICLE IV

SEAL

This corporation shall have a seal, which seal shall contain the corporate name, Kentucky, and the words "corporate seal."

ARTICLE V

POWERS

The corporation shall have all powers provided by law.

ARTICLE VI

MEMBERSHIP

Persons may become members of the corporation as provided in the By-Laws.

ARTICLE VII

DURATION

The corporation shall have perpetual duration.

ARTICLE VIII

BOARD OF DIRECTORS

1. The affairs of this corporation shall be managed by a Board of seven (7) Directors to be elected by and from the members thereof and shall

serve for three years and until their successors are elected. The size of the Board may not be changed except by amendment to these articles. At the first annual election, two Directors shall be elected for a term of one year; two Directors shall be elected for a term of two years; three Directors shall be elected for a term of three years. Thereafter Directors shall be elected for terms of three years.

2. The Board of Directors shall fill vacancies occurring in its own membership by appointment of qualified members to hold office until the next annual meeting of the membership at which meeting a member shall be elected to fill the unexpired term.

3. A majority of the Directors must be present at a meeting to conduct the business of the corporation.

4. Until the first annual election, the following persons shall be Directors:

Name	Address
D. E. Labore	Route 6, Cynthiana, Kentucky
Milton Criswell	Route 2, Cynthiana, Kentucky
Mrs. Thaxter Sims	Route 2, Cynthiana, Kentucky
President - D. E. Labore	
Vice President -	
Secretary - Mrs. Thaxter Sims	
Treasurer - Milton Criswell	

5. The Board of Directors shall have their annual meeting after the annual meeting of members hereinafter provided for, at a time and place to be designated by the President, and will elect from their own number a President, Vice President, Secretary and Treasurer. However, the offices

of Secretary and Treasurer may be combined into one office.

6. The Board of Directors shall have other meetings as provided in the By-Laws.

ARTICLE IX

MEETINGS

1. The annual meeting of the members of this corporation for the purpose of electing directors and transacting such other business as may properly come before it at such time, shall be held on the First Monday in August of each year at the time and place specified by the Board of Directors.

2. Special meetings of the members of this corporation may be called by the President at any time or place within the county upon giving to each of the members a notice in writing mailed to his postal address as it appears in the corporation records at least ten (10) days prior to such meeting; and such meetings shall be called by him at any time upon written demand of the majority of the directors, or of any fifty (50) members, and in case of his neglect or refusal to call such meetings, such directors or members shall unite in calling such meetings, which shall be the same as though called by the President. If the purpose of the meeting is to amend the articles, then the notice of meetings signed by the Secretary shall set forth the proposed amendment in substance. Articles may be amended by a two-thirds vote of the members present at such a meeting or voting by proxy.

ARTICLE X

INCORPORATORS

The names and address of the incorporators are:

NAME

ADDRESS

D. E. Labore

Route 6, Cynthiana, Ky

Milton Criswell

Route 2, Cynthiana, Ky

Mrs. Thaxter Sims

Route 2, Cynthiana, Ky

ARTICLE XI

BY-LAWS

The corporation may make and amend By-Laws at its pleasure through its Board of Directors.

IN WITNESS WHEREOF, we have hereunto subscribed our names

this 23 day of Oct, 1968

D. E. Labore

Mrs. Thaxter Sims

Milton Criswell

STATE OF KENTUCKY)
COUNTY OF HARRISON)

On this 13 day of October, 1968, before
me John Clayton Jones a Notary Public in and for said County,
personally appeared H. E. La Bore, Bessie W. Jones,
Milton Crumwell

to me known to be the person(s) named in and who executed the fore-
going instrument, and acknowledged that they executed the same as
their voluntary act and deed.

(SEAL)

John Clayton Jones
Notary Public in and for said County
or State

My Commission expires:
September 14, 1971

ORIGINAL COPY
FILED AND RECORDED

James Begley

OCT 24 1968

Tom C. Craywood, jr., Lexington, Ky.
prepared this.

SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY
BY James Begley
ASSISTANT SECRETARY OF STATE

STATE OF KENTUCKY
COUNTY OF HARRISON

I, Theodore R. Curtis, Clerk of the Harrison County Court do Certify
that the foregoing Articles of Inc. was on the 26th day of
October 1968 at 11:03 A.M. lodged in my office certified as above,
for record, whereupon, the same and this certificate are now duly recorded.

Given under my hand this the 30th day of October 1968,
Theodore R. Curtis Clerk
Bobby Johnson D. C.

STATE OF KENTUCKY

Sct

COUNTY OF HARRISON

I, Ralph E Coppage, Clerk of the County Court within and for the County and State aforesaid, the same being a Court of Record, having a Seal and having records of the Wills and Estates, Transactions of Real and Personal Property, Marriage Records and other County Court matters do hereby certify that the foregoing and hereto writing contains a full and complete copy of the

ARTICLES of INCORPORATION
AS CONTAINED IN
ARTICLES of INCORPORATION Book C
PAGES 465 - 469

as fully as the same appears from the records on file in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my hand and affixed the seal of said Court at my office in Cynthiana, Kentucky, this the 15 day of NOVEMBER A.D. 1999


Clerk

D.C.

Commonwealth of Kentucky

Department of State



Office of Secretary of State

ELMER BEGLEY, SECRETARY

ARTICLES OF AMENDMENT

I, **ELMER BEGLEY**, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Articles of Incorporation of

HARRISON COUNTY WATER ASSOCIATION, INC.

Cynthiana, Kentucky

have been amended pursuant to Articles of Amendment, duly signed and acknowledged according to law, this day filed in my office by said corporation, and that all taxes, fees and charges payable upon the filing of said Articles of Amendment have been paid.

Witness my official signature this 18th day

of December, 19 68.

Elmer Begley
Secretary of State



SECRETARY OF STATE

Assistant Secretary of State

The Board of Directors of Harrison County Water Association, Inc, a corporation organized under KRS 273, hereby adopts the following Articles of Amendment to Articles of Incorporation as follows:

1. Article III, The Purpose, is as follows and the following supercedes that stated in the original Articles:

The purpose of the said corporation shall be to establish, develop and operate a complete water supply and distribution system by purchase, development, or otherwise to construct reservoirs or water towers, erect pumping machinery, lay water mains, pipes and hydrants; to furnish and sell water to members of the corporation, public bodies and local businesses, for fire protection, drinking and general farm and domestic use and collect payment for rental or sale of same and doing all things necessary, convenient and incidental thereto, and a complete sanitary and/or storm sewer collection system and treatment facilities by purchase, development, or otherwise to construct mains, submains, and laterals, treatment plant, lagoons, to furnish sewer service to members of the corporation, public bodies and local businesses, for sanitary and health protection and collect service payment for rental of same.

2. Article VIII, Board of Directors, is as follows and the following supercedes that stated in the original Articles:

1. The affairs of this corporation shall be managed by a Board of five (5) directors to be elected by and from the members thereof and shall serve for three years and until their successors are elected. The size of the Board may not be changed except by amendement to these articles. At the first

annual election, one Director shall be elected for a term of one year; two directors shall be elected for a term of two years; two Directors shall be elected for a term of three years. Thereafter Directors shall be elected for terms of three years.

2. The Board of Directors shall fill vacancies occurring in its own membership by appointment of qualified members to hold office until the next annual meeting of the membership at which meeting a member shall be elected to fill the unexpired term.

3. A majority of the Directors must be present at a meeting to conduct the business of the corporation.

4. Until the first annual election, the following persons shall be Directors:

Name	Address
G. B. Midden, Jr.	Route 4, Cynthiana, Kentucky
D. E. Labore	Route 6, Cynthiana, Kentucky
E. H. Withers	Route 2, Cynthiana, Kentucky
Milton Criswell	Route 7, Cynthiana, Kentucky
Millard Reynolds	Route 5, Cynthiana, Kentucky
Mrs. Thaxter Sims	Route 2, Cynthiana, Kentucky

Until first election the following shall be the officers:

President - D. E. Labore
 Vice President - G. B. Midden, Jr.
 Secretary - Mrs. Thaxter Sims
 Treasurer - Milton Criswell

5. The Board of Directors shall have their annual meeting after the annual meeting of members hereinafter provided for, at a time and place to be designated by the President, and will elect from their own number a President, Vice President, Secretary and Treasurer. However, the offices of Secretary and Treasurer may be combined into one office.

6. The Board of Directors shall have other meetings as provided in the By-Laws.

3. Article IX, Meetings, is as follows and the following supercedes that stated in the original Articles:

1. The annual meeting of the members of this corporation for the purpose of electing directors and transacting such other business as may properly come before it at such time, shall be held on the First Monday in March of each year at the time and place specified by the Board of Directors.

2. Special meetings of the members of this corporation may be called by the President at any time or place within the county upon giving to each of the members a notice in writing mailed to his postal address as it appears in the corporation records at least ten (10) days prior to such meeting; and such meetings shall be called by him at any time upon written demand of the majority of the directors, or of any twenty (20) members, and in case of his neglect or refusal to call such meetings, such directors or members shall unite in calling such meetings, which shall be the same as though called by the President. If the purpose of the meeting is to amend the articles, then the notice of meetings signed by the Secretary shall set forth the proposed amendment in substance. Articles may be amended by a two-thirds vote of the members present at such a meeting or voting by proxy.

This is an amendmtn to Articles of Incorporation filed with Secretary of State October 24, 1968.

This amendment was adopted pursuant to unanimous vote of the directors of Harrison County Water Association, Inc. pursuant to actions of its members November 13, 1968.

The remainder of said Articles of Incorporation shall continue in full force and effect.

IN WITNESS WHEREOF, we have hereunto subscribed our hands this 29 day of November, 1968.

E. B. Miller
Esth Wilbers
Millard Reynolds

A. E. LaBrie
DIRECTOR
Belle W. Dams
DIRECTOR
Milton Griswell
DIRECTOR

STATE OF KENTUCKY)
COUNTY OF HARRISON)

On this 29 day of November, 1968, before me
John Chester Bine, a Notary Public in and for
said County, personally appeared D. E. Le Borg
Milton Cisswell and Debbie W. Bine
H. B. Miller Jr., E. H. Withers, Milford Reynolds

being all the Directors of Harrison County Water Association,
Inc, to me known to be the person(s) named in and who executed
the foregoing instrument, and acknowledged that they executed
the same as their voluntary act and deed.

(SEAL)

[Signature]
Notary Public in and for said
County or State

My Commission expires:
Sept 14 1971

Prepared by Tom Underwood
Lexington, Kentucky

Tom Underwood

ORIGINAL COPY
FILED AND RECORDED

Shirley Beasley

DEC 18 1968

SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY
BY Shirley Beasley
ASSISTANT SECRETARY OF STATE

STATE OF KENTUCKY
COUNTY OF HARRISON

I, Theodore R. Curtis, Clerk of the Harrison County Court do Certify
that the foregoing Articles of Inc. was on the 19th day of
December 1968 at 12:45 P.M. lodged in my office certified as above
for record, wheroupon, the same and this certificate are now duly recorded.
Given under my hand this the 19th day of December 1968.

Theodore R. Curtis Clerk
Betty Moore D. C.

AFFIDAVIT

Comes now the affiant, Dorothy Jo Mastin, and after first being duly sworn, states on oath as follows:

1. That she is the attorney of record for the Harrison County Water Association, Inc.

2. That affiant has given public notice in the four newspapers in the four counties where we operate of the intent of the Harrison County Water Association, Inc. to file a rate increase with the Public Service Commission. Affiant encloses Affidavits from the publishers certifying that fact.

Further affiant sayeth naught.

Dorothy Jo Mastin
Dorothy Jo Mastin, Affiant

STATE OF KENTUCKY

SCT.

COUNTY OF HARRISON

Subscribed and sworn to before me by Dorothy Jo Mastin, this the 16th day of November, 1999.

My commission expires:

8-16-2000

Sheila J. Wiley
Notary Public

(SEAL)

AFFIDAVIT

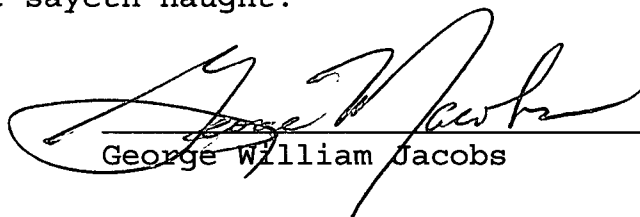
Comes now the affiant, George William Jacobs, and after first being duly sworn and states as follows:

1. That he is the publisher of The Cynthiana Democrat located in Cynthiana, Harrison County, Kentucky.

2. A Public Notice was published in this newspaper on September 9, 1999, September 16, 1999, and September 23, 1999, with regard to the rate adjustment application filed with the Public Service Commission by the Harrison County Water Association, Inc.

3. A copy of this Notice is attached.


Further affiant sayeth naught.


George William Jacobs

Subscribed and sworn to before me by George William Jacobs, this the 23 day of September, 1999.

My commission expires:

9-25-01


Notary Public

(SEAL)

PUBLIC NOTICE

Customers of the Harrison County Water Association, Inc. are hereby notified of the Water Association's intent to file an application with the Public Service Commission for a general rate adjustment. A recent review indicated that the Association needs an increase of approximately \$160,000.00. In order to lessen the burden of this increase on its customers, the Association proposes to phase-in the adjustment with five-steps over a five-year period.

The rates contained in this Notice are the rates proposed by Harrison County Water Association, Inc.; however, the Public Service Commission may order rates to be charged that may differ from the proposed rates contained in this Notice.

Further, any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication of this Notice of proposed rate changes, file a request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown.

If intervention is granted by the Commission, copies of the rate application and any other filings made by the utility can be obtained at the main office of the Harrison County Water Association, Inc., located at U.S. 27 South, a.k.a. Paris-Cynthiana Road, Cynthiana, Kentucky 41031; telephone (606) 234-4284.

Any interested party may examine the rate application and any other filings made by the utility at the main office of the Harrison County Water Association, Inc., as outlined above or at the office of the Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602; telephone (502) 564-3940.

The present rates are:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>
5/8"	meter	2,000 gallons	\$12.26
3/4"	meter	3,000 gallons	\$16.84
1"	meter	5,000 gallons	\$25.00
1-1/2"	meter	10,000 gallons	\$42.15
2"	meter	15,000 gallons	\$59.03

All usage above the minimums are billed according to the following rate schedule:

First	2,000 gallons	\$12.26
Next	1,000 gallons	\$4.58*
Next	2,000 gallons	\$4.08*
Next	45,000 gallons	\$3.43*
Over	50,000 gallons	\$2.93*

*per 1,000 gallons

Proposed rates for the step-one increment in year one:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>Increase</u>
5/8"	meter	2,000 gallons	\$13.00	6.04%
3/4"	meter	3,000 gallons	\$17.58	4.39%
1"	meter	5,000 gallons	\$26.04	4.16%
1-1/2"	meter	10,000 gallons	\$44.49	5.55%
2"	meter	15,000 gallons	\$62.94	6.14%

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Next	1,000 gallons	\$4.58*	0.00%
Next	2,000 gallons	\$4.23*	3.68%
Next	45,000 gallons	\$3.69*	7.58%
Over	50,000 gallons	\$3.08*	5.12%

*per 1,000 gallons

Proposed rates for the step-five increment in the fifth and final year:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>Increase¹</u>
5/8"	meter	2,000 gallons	\$13.87	1.61%
3/4"	meter	3,000 gallons	\$18.68	1.74%
1"	meter	5,000 gallons	\$27.98	1.97%
1-1/2"	meter	10,000 gallons	\$48.73	2.07%
2"	meter	15,000 gallons	\$69.48	2.12%

All usage above the minimums are billed according to the following rate schedule:

First	2,000 gallons	\$13.87	1.61%
Next	1,000 gallons	\$4.81*	2.12%
Next	2,000 gallons	\$4.65*	2.42%
Next	45,000 gallons	\$4.15*	2.22%
Over	50,000 gallons	\$3.31*	1.85%

*per 1,000 gallons

¹The amount of increase is the percentage difference between rates in step-four and step-five in years four and five, respectively.

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Proposed rates for the step-five increment in the fifth and final year:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>Increase¹</u>
5/8"	meter	2,000 gallons	\$13.87	1.61%
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Proposed rates for the step-five increment in the fifth and final year:

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*per 1,000 gallons

¹The amount of increase is the percentage difference between rates in step-four and step-five in years four and five, respectively.

AFFIDAVIT

Comes now the affiant, Genevieve Brannon, and after first being duly sworn and states as follows:

1. That she is the publisher of the Bourbon County Citizen located in Paris, Bourbon County, Kentucky.

2. A Public Notice was published in this newspaper on September 8, 1999, September 15, 1999, and September 22, 1999, with regard to the rate adjustment application filed with the Public Service Commission by the Harrison County Water Association, Inc.

3. A copy of this Notice is attached.


Further affiant sayeth naught.


Genevieve Brannon

Subscribed and sworn to before me by Genevieve Brannon, this the 22 day of September, 1999.

My commission expires:

Sept. 28, 2000


Notary Public

(SEAL)

PUBLIC NOTICE

Customers of the Harrison County Water Association, Inc. are hereby notified of the Water Association's intent to file an application with the Public Service Commission for a general rate adjustment. A recent review indicated that the Association needs an increase of approximately \$160,000.00. In order to lessen the burden of this increase on its customers, the Association proposes to phase-in the adjustment with five-steps over a five-year period.

The rates contained in this Notice are the rates proposed by Harrison County Water Association, Inc.; however, the Public Service Commission may order rates to be charged that may differ from the proposed rates contained in this Notice.

Further, any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication of this Notice of proposed rate changes, file a request to intervene; intervention may be granted beyond the thirty (30) day period of good cause shown.

If intervention is granted by the Commission, copies of the rate application and any other filings made by the utility can be obtained at the main office of the Harrison County Water Association, Inc., located at U.S. 27 South, A.k.a. Paris-Cynthiana Road, Cynthiana, Kentucky 41031; telephone (606) 234-4284.

Any interested party may examine the rate application and any other filings made by the utility at the main office of the Harrison County Water Association, Inc., as outlined above or at the office of the Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602; telephone (502) 564-3940.

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Proposed rates for the step-one increment in year one:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>INCREASE</u>
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Over	50,000 gallons	\$3.08*	5.12%

*per 1,000 gallons

Proposed rates for the step-five increment in the fifth and final year:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>Increase¹</u>
5/8"	meter	2,000 gallons	\$13.87	1.61%
3/4"	meter	3,000 gallons	\$18.68	1.74%
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Over	50,000 gallons	\$3.31*	1.85%

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¹The amount of increase is the percentage difference between rates in step-four and step-five in years four and five, respectively.

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If intervention is granted by the Commission, copies of the rate application and any other filings made by the utility can be obtained at the main office of the Harrison County Water Association, Inc., located at U.S. 27 South, A.k.a. Paris-Cynthiana Road, Cynthiana, Kentucky 41031; telephone (606) 234-4284.

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The present rates are:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>
5/8"	meter	2,000 gallons	\$12.26
3/4"	meter	3,000 gallons	\$16.84
1"	meter	5,000 gallons	\$25.00
1-1/2"	meter	10,000 gallons	\$42.15
2"	meter	15,000 gallons	\$59.03

All usage above the minimums are billed according to the following rate schedule:

First	2,000 gallons	\$12.26
Next	1,000 gallons	\$4.58*
Next	2,000 gallons	\$4.08*
Next	45,000 gallons	\$3.43*
Over	50,000 gallons	\$2.93*
	*per	1,000 gallons

Proposed rates for the step-one increment in year one:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>INCREASE</u>
5/8"	meter	2,000 gallons	\$13.00	6.04%
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2"	meter	15,000 gallons	\$62.94	6.14%

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Next	1,000 gallons	\$4.58*	0.00%
Next	2,000 gallons	\$4.23*	3.68%
Next	45,000 gallons	\$3.69*	7.58%
Over	50,000 gallons	\$3.08*	5.12%
	*per	1,000 gallons	

Proposed rates for the step-five increment in the fifth and final year:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>Increase¹</u>
5/8"	meter	2,000 gallons	\$13.87	1.61%
3/4"	meter	3,000 gallons	\$18.68	1.74%
1"	meter	5,000 gallons	\$27.98	1.97%
1-1/2"	meter	10,000 gallons	\$48.73	2.07%
2"	meter	15,000 gallons	\$69.48	2.12%

All usage above the minimums are billed according the following rate schedule:

First	2,000 gallons	\$13.87	1.61%
Next	1,000 gallons	\$4.81*	2.12%
Next	2,000 gallons	\$4.65	2.42%
Next	45,000 gallons	\$4.15	
*		2.22%	
Over	50,000 gallons	\$3.31*	1.85%
	*per	1,000 gallons	

¹The amount of increase is the percentage difference between rates in step-four and step-five in years four and five, respectively.

AFFIDAVIT

Comes now the affiant, Curtis M. Scogin, and after first being duly sworn and states as follows:

1. That he/she is the publisher of the Georgetown News-Graphic located in Georgetown, Scott County, Kentucky.

2. A Public Notice was published in this newspaper on September 8, 1999, September 15, 1999, and September 22, 1999, with regard to the rate adjustment application filed with the Public Service Commission by the Harrison County Water Association, Inc.

3. A copy of this Notice is attached.

Further affiant sayeth naught.

Curtis M. Scogin
Affiant

Subscribed and sworn to before me by Curtis M. Scogin, this the 20 day of September, 1999.

My commission expires:

November 2, 2002

Janston
Notary Public

(SEAL)

PUBLIC NOTICE

Customers of the Harrison County Water Association, Inc. are hereby notified of the Water Association's intent to file an application with the Public Service Commission for a general rate adjustment. A recent review indicated that the Association needs an increase of approximately \$160,000.00. In order to lessen the burden of this increase on its customers, the Association proposes to phase-in the adjustment with five-steps over a five-year period.

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The present rates are:

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5/8" meter 2,000 gallons	\$12.26
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2" meter 15,000 gallons	\$59.03

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Proposed rates for the step-one increment in year one:

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Proposed rates for the step-five increment in the fifth and final year:

<u>MONTHLY MINIMUM BILLS</u>	<u>RATE</u>	<u>INCREASE</u>
5/8" meter 2,000 gallons	\$13.87	1.61%
3/4" meter 3,000 gallons	\$18.68	1.74%
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Next	45,000 gallons	\$4.15*	2.22%
Over	50,000 gallons	\$3.31*	1.85%

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Proposed rates for the step-five increment in the fifth and final year:

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Proposed rates for the step-five increment in the fifth and final year:

MONTHLY MINIMUM BILLS		RATE	INCREASE
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*per 1,000 gallons			

The amount of increase is the percentage difference between rates in step-four and step-five in years four and five, respectively.

Georgetown News-Graphic

Wednesday September 22, 1999

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AFFIDAVIT

Comes now the affiant, Jack McNeely and after first being duly sworn and stated as follows:

1. That he she is the publisher of The Carlisle Mercury located in Carlisle, Nicholas County, Kentucky.

2. A Public Notice was published in this newspaper on September 9, 1999, September 16, 1999, and September 23, 1999, with regard to the rate adjustment application filed with the Public Service Commission by the Harrison County Water Association, Inc.

3. A copy of this Notice is attached.

Further affiant sayeth naught.

Jack McNeely
Affiant

Subscribed and sworn to before me by Jack McNeely,
this the 10 day of November, 1999.

My commission expires:
2/3/2002

Chimila McNeely
Notary Public

(SEAL)

PUBLIC NOTICE

Customers of the Harrison County Water Association, Inc. are hereby notified of the Water Association's intent to file an application with the Public Service Commission for a general rate adjustment. A recent review indicated that the Association needs an increase of approximately \$160,000.00. In order to lessen the burden of this increase on its customers, the Association proposes to phase-in the adjustment with five-steps over a five-year period.

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Next 2,000 gallons	\$4.65*	2.42%
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Over 50,000 gallons	\$3.11*	1.85%
*per 1,000 gallons		

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COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

November 2, 1999

William R. Toadvine
President
Harrison County Water Association, Inc.
P.O. Box 215
Cynthiana, KY 41031

Dorothy Jo Mastin
Attorney at Law
9 South Walnut Street
Cynthiana, KY 41031

Re: Case No. 99-409
Filing Deficiencies

Dear Ms. Mastin and Mr. Toadvine:

The Commission staff has conducted an initial review of your filing in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, as it is deficient in certain filing requirements. The items listed below are either required to be filed with the application or must be referenced if they are already on file in another case or will be filed at a later date.

Filing deficiencies pursuant to 807 KAR 5:001:

- 1) KRS 278.180: 30 days' notice of rates to PSC.
- 2) Section 10(1)(b)(3) and (5): If utility is incorporated, certified copy of articles of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.



- 3) Section 10(1)(b)(9): Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.
- 4) Section 10(2): If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.
- 5) Section 10(4): If copy of public notice included, did it meet requirements?

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file 10 copies of this information within 15 days of the date of this letter. If you need further information, please contact Anita Mitchell of my staff at (502) 564-3940, ext. 258.

Sincerely,



Stephanie Bell
Secretary of the Commission

sa





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 4, 1999

William R. Toadvine
President
Harrison County Water
Association, Inc.
P. O. Box 215
Cynthiana, KY. 41031

Honorable Dorothy Jo Mastin
Attorney at Law
9 South Walnut Street
Cynthiana, KY. 41031

RE: Case No. 99-409
HARRISON COUNTY WATER ASSOCIATION, INC.
(Rates - General)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received September 28, 1999 and has been assigned Case No. 99-409. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc

Dorothy Jo Mastin
Attorney at Law

9 S. Walnut Street
Cynthiana, Kentucky 41031

Office: 606-235-9000
Fax: 606-235-0186

September 27, 1999

RECEIVED
SEP 28 1999
PUBLIC SERVICE
COMMISSION

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Avenue
P. O. Box 615
Frankfort, Kentucky 40502

Re: Harrison County Water Association, Inc. - Rate Increase *CASE 99-409*

Dear Ms. Helton:

In accordance with your letter to us of August 11, 1999, regarding a rate increase for our Water Association, we enclose the following:

1. One original and nine copies of the Application for a rate increase with the signatures of the Association's Board of Directors; and
2. Copies of Public Notices which were published in the four newspapers as required by the regulations.

If you need anything further, please advise.

Sincerely,

Dorothy Jo Mastin
Dorothy Jo Mastin
Attorney at Law

DJM:sjw

Enclosures

cc: Mr. Scott Lawless, CPA

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
SEP 28 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE)
HARRISON COUNTY WATER)
ASSOCIATION, INC.)

Case No. 99-409

Comes the Applicant, Harrison County Water Association, Inc, pursuant to 807 KAR 5:001, Section 10, gives notice to the Kentucky Public Service Commission of its intent to increase its water rates effective 9/27, 1999, so as to raise in total additional annual revenues the principal sum of \$160,000 through a five year phase-in plan. The phased-in rates will produce additional annual revenues in the amount of \$60,000 for the first year and \$25,000 for each year thereafter for four additional years. In support of this application and notice, Applicant files the following information as required by the applicable KAR as so stated.

807 KAR 5:001:

Section 8(1)

Pursuant to KRS 278.180, Applicant with the mailing address of Harrison County Water Association P.O. Box 215 Cynthiana, Kentucky 41031, is hereby requesting that the Commission allow it to increase its rates charged for water service.

Section 8(2)

Included herein is the original and eleven (11) copies of same.

Section 10(1)(b)(1)

The rate adjustment is needed to provide financial resources to pay operating costs and service long-term debt.

Section 10(1) (b)(2)

Applicant has filed its 1997 annual report with the Commission as well as annual reports for all prior years of operation.

Section 10(1)(b)(3)

The Association's Articles of Incorporation have been previously filed with the Commission in case number 9253 and should be incorporated into this record by reference herein.

Section 10(1)(b)(4) and (5)

N/A. Applicant is not a limited partnership.

Section 10(1)(b)(6)

A certified copy of a certificate of assumed name is not necessary in this instance.

Section 10(1)(b)(7)

The proposed tariffs are attached hereto as Attachment E.

Section 10(1)(b)(8)

A comparison of the present and proposed tariffs is attached hereto as Attachment D.

Section 10(1)(b)(9)

Applicant has provided notice to its customers as required by 807 KAR 5:001, Sections (3) and (4).

Section 10(2)

The Commission was notified of the Association's intent to file a rate application on September 23, 1998 when a verbal request for Commission assistance with the preparation of the application was made.

Section 10(6)(a)

A complete description and quantified explanation for all proposed adjustments to test year operations is included as Attachment A as attached hereto.

Section 10(6)(b) and (c)

Prefiled written testimony will not be filed by the Association; however, Danny Northcutt, Diana Lukins, and Charles Brunner, CPA are knowledgeable of the Association's operations and should be able to answer any questions if necessary.

Section 10(6)(d)

The proposed rates will ultimately produce additional annual revenues of \$160,000 over normalized revenues.

Section 10(6)(e)

The impact of the rate increase on a residential customer using 5,000 gallons is calculated in Attachment D.

Section 10(6)(f)

N/A. Applicant is not a local exchange company.

Section 10(6)(g)

A summary of Applicant's billing analysis is attached hereto as Attachment B. Also attached as Attachment C is the cost of service study used to determine the proposed rate structure.

Section 10(6)(h)

Applicant's revenue requirement was determined using a 120 percent debt service coverage as detailed in Attachment A.

Section 10(6)(i)

N/A. Rate base and weighted cost of capital calculations were not performed as Applicant used a debt service coverage ratio to determine its revenue requirements.

Section 10(6)(j)

N/A. Applicant's chart of accounts is not more detailed than those contained in the applicable Uniform Systems of Accounts.

Section 10(6)(k)

N/A. Independent CPA did not audit the test year used in application.

Section 10(6)(l)

N/A. Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(m)

N/A. Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(n)

Depreciation study not performed. However, a copy of Applicant's depreciation schedule is contained in the 1997 Annual Report on file with the Commission.

Section 10(6)(o)

There were no commercial or in-house computer applications used in the development of Applicant's filing.

Section 10(6)(p)

N/A. No stocks or bonds offered.

Section 10(6)(q)

All annual reports have been filed with the Commission.

Section 10(6)(r)

N/A. Monthly managerial reports are not prepared.

Section 10(6)(s)

N/A. Applicant does not file with the Securities and Exchange Commission

Section 10(6)(t)

N/A. Applicant has no affiliated companies.

Section 10(6)(u)

N/A. Applicant's revenues are less than \$5,000,000.

Section 10(6)(v)

N/A. Applicant is not a local exchange carrier.

Section 10(7)(a)

A pro forma operating statement is attached hereto as Attachment A.

Section 10(7)(b)

N/A. Applicant does not prepare capital construction budgets.

Section 10(7)(c)

All plant and related depreciation adjustments are detailed in Attachment A as attached hereto.

Section 10(7)(d)

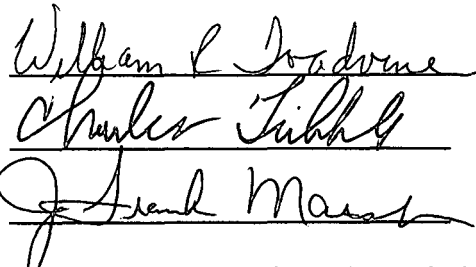
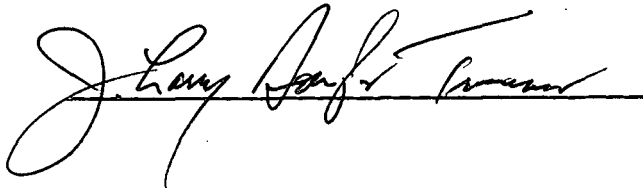
N/A. Applicant does not prepare monthly operating budgets.

Section 10(7)(e)

All revenue adjustments are detailed in Attachment A as attached hereto.

Wherefore, Applicant asks that the Public Service Commission of the Commonwealth of Kentucky make its order authorizing Applicant to increase its water rates effective September 27, 1999 so as to ultimately raise \$160,000 in additional revenues.

Respectfully submitted,



Harrison County Water Association, Inc.
P.O. Box 215
Cynthiana, Kentucky 41031

ATTACHMENT A
Harrison County Water Association, Inc.
Pro forma Operating Income Statement and Explanation of Adjustments

	Test Year 12 Mths. End. 11/30/98	Adjustment	Ref.	Pro forma Present Rates	Adjustments	Pro forma Proposed Rates
Operating Revenues						
Sales of Water	1,201,486			1,201,486	159,833	1,361,319
Other Operating Revenues	3,293			3,293		3,293
Total Operating Revenues	1,204,779	-		1,204,779	159,833	1,364,612
Operating Expenses						
Oper. and Maint. Expenses						
Salaries and Wages-Emp.	159,551	3,790 A				
		(42,019) B		121,322		121,322
Employee Pensions and Benefits	25,519	10,817 C				
		(8,462) D		27,874		27,874
Purchased Water	366,523			366,523		366,523
Fuel for Power Production	29,963			29,963		29,963
Materials and Supplies	76,922	(45,533) E				
		(5,166) E		26,223		26,223
Contractual Services:						
Engineering	13,629	(13,290) F				
		(271) G		68		68
Accounting	11,040	(405) H				
		(780) I		9,855		9,855
Legal	1,960	(600) J		1,360		1,360
Other	36,058	(8,515) K		27,543		27,543
Transportation Expenses	12,859			12,859		12,859
Insurance:						
Other	2,202			2,202		2,202
General Liability	9,794			9,794		9,794
Worker's Compensation	3,322			3,322		3,322
Advertising Expense	199			199		199
Bad Debt Expense	3,791			3,791		3,791
Miscellaneous Expenses	5,719			5,719		5,719
Total Oper. and Maint. Expenses	759,051	(110,434)		648,617	-	648,617
Depreciation	465,332	(69,725) L				
		60,376 M				
		4,508 N		460,491		460,491
Taxes Other Than Income	16,359	88 O				
		(3,214) P		13,233		13,233
Total Operating Expenses	1,240,742	(118,402)		1,122,340	-	1,122,340
Net Operating Income/(Loss)	(35,963)	118,402		82,439	159,833	242,272
Interest Income	67,580	7,649 Q		75,229		75,229
Income Available to Service Debt	31,617	126,051		157,668	159,833	317,501
Calculation of Debt Service Requirement						
Total Annual Principal and Interest Requirements		264,584				
Times: Required Coverage		120%				
Debt Service Requirement		317,501				

ATTACHMENT A
Harrison County Water Association, Inc.
Pro forma Operating Income Statement and Explanation of Adjustments

A
Test year payroll was adjusted to reflect current level employee salaries and wages.

Pro forma Payroll	163,341
Less: Test year	(159,551)
Adjustment	3,790

B
To capitalize 90% of the backhoe operator's and his assistant's salary which is the estimated amount of time they spent installing new services (meter installations) during the test year.

Total pro forma salary subject to capitalization	46,688
Times: 90%	90%
Adjustment	(42,019)

C
Test year expenses were increased to reflect the current levels of health and disability insurance premiums and the Association's portion of the employee's IRA contribution.

Pro forma Benefits:	
Health Insurance (\$2,431.88x12)	29,183
Disability (\$96.10x12)	1,153
IRA Match (\$1,000x6 employees)	6,000
Total	36,336
Less: Test year	(25,519)
Adjustment	10,817

D
90% of the backhoe operator's and assistant's benefits were capitalized to reflect the payroll capitalization adjustment.

Annual health insurance for operator and assistant	6,943
Annual disability insurance for both	459
Annual IRA contribution for both	2,000
Total	9,402
Times: 90%	90%
Adjustment	(8,462)

ATTACHMENT A
Harrison County Water Association, Inc.
Pro forma Operating Income Statement and Explanation of Adjustments

E

Most all supplies purchased from Water Works Supply and some purchased from other vendors were for new services (meter installations). Therefore, they have been eliminated from test year expenses and capitalized.

To capitalize supplies purchased from Water Works Supply for new services	(45,533)
To capitalize supplies purchased from various vendors for new services	(5,166)

F

To capitalize payments to PEH Engineers for work on Contract 21, Environmental Survey, and Pump Station Study.

Adjustment	(13,290)
------------	----------

G

To amortize payments made to PEH Engineers for work on Commission Administrative Case 366 over five years.

Test year expense	339
Divide by: Five years	5
Annual Recovery	68
Less: Test Year	(339)
Adjustment	(271)

H

The Association pays a monthly accounting fee of \$405 for the compilation of monthly financial statements. There were 13 monthly payments included in test year expenses. Therefore, one has been eliminated.

Adjustment	(405)
------------	-------

I

The Association incurred accounting expenses of \$975 for work performed on Commission Administrative Case 366. Since this expense is non-recurring, it has been amortized over 5 years.

5 years.	
Test year expense	975
Divide by: 5 years	5
Annual Recovery	195
Less: Test year	(975)
Adjustment	(780)

ATTACHMENT A
Harrison County Water Association, Inc.
Pro forma Operating Income Statement and Explanation of Adjustments

J

The Association is charged monthly legal retainer fees of \$100. The Association makes semi-annual payments of \$600. Three \$600 semi-annual payments were included in the test year so one has been eliminated.

Adjustment	(600)
------------	-------

K

The Association currently has an outside contractor that prints customer bills for mailing. The Association paid \$.40 per bill during the test year for a total expense of \$20,515. In an effort to cut operating cost, the Association has been considering performing these services in-house. Test year operations have been adjusted to reflect this change in operation. To calculate the adjustment the Association annualized its current part-time employees wage rate and increased employee benefits, taxes, and computer costs accordingly. The adjustment was calculated as follows:

Customer billing adjustment	
Payroll (1,820 hours x \$7 = \$12,740 - Test Year of \$5,670 = \$7,070)	7,070
Increase in FICA (\$7,070 x 12)	541
Health Insurance (\$186.67 x 12)	2,240
Disability (\$12.40 x 12)	149
IRA Contribution (Association Maximum Contribution)	1,000
Computer Costs (\$5,000 over 5 years)	1,000
Total	12,000
Less: Test year	(20,515)
Adjustment	(8,515)

L

Test year depreciation expense included a charge during December that was unusually large. It most likely was the result of a one time accounting or auditing adjustment. Test year depreciation was reduced to normalize the December expense to the normal monthly test year amount of \$32,967.

Test year normal monthly charge to depreciation expense	32,967
Less: Abnormal entry for December 1997	(102,692)
Adjustment	(69,725)

ATTACHMENT A
Harrison County Water Association, Inc.
Pro forma Operating Income Statement and Explanation of Adjustments

M

During the test year the Association brought a major system improvement project on line. The construction costs were moved from the CWIP account to the proper UPIS accounts in August 1998. No depreciation was charged for these items during the test year. Therefore, depreciation expense has been adjusted to include the recovery of these items. The depreciable lives used to calculate the annual expense are consistent with those approved by the National Association of Regulatory Utility Commissioners. The following summarizes the adjustment:

Account Recorded In	Amount	Dep. Life	Annual Exp.
Structures and Improve. - Pump	91,513	20	4,576
Other Pumping Equip.	778	20	39
Reserve and Standpipe - Dist.	169,298	45	3,762
Trans. and Dist.	2,703,107	60	45,052
Hydrants	68,763	50	1,375
Other Trans. and Dist. Plant	47,370	50	947
Furniture and Equip.	23,125	5	4,625
Adjustment			<u>60,376</u>

N

Depreciation has been adjusted to include the recovery of items that had been included in test year expenses but capitalized for the calculation of pro forma operations.

Meter Installations or New Services		
Payroll		42,019
Benefits		8,462
FICA		3,214
Supplies purchased from Water Works Supplies		45,533
Supplies purchased from other vendors		<u>5,166</u>
Total		104,394
Divide by depreciable life of 25 years		25
Adjustment		<u>4,176</u>
Engineering fees for contract 21, environmental survey, and pump station study.		
Engineering fees capitalized		13,290
Divide by depreciable life of 40 years		40
Adjustment		<u>332</u>
Total Adjustment		<u>4,508</u>

ATTACHMENT A
Harrison County Water Association, Inc.
Pro forma Operating Income Statement and Explanation of Adjustments

O
Increase in FICA taxes due to payroll adjustment.

Pro forma payroll	163,341
Times: Tax rate	<u>7.65%</u>
Pro forma FICA	12,496
Less: Test year	<u>(12,408)</u>
Adjustment	<u><u>88</u></u>

P
To capitalize FICA taxes applicable to capitalized payroll.

Capitalized payroll	(42,019)
Times: Tax rate	7.65%
Adjustment	<u><u>(3,214)</u></u>

Q
Interest income has been adjusted to reflect the investments and rates of return held by the Association at the end of the test year.

Pro forma Interest Income	75,229
Less: Test Year	<u>(67,580)</u>
Adjustment	<u><u>7,649</u></u>

ATTACHMENT B

BILLING ANALYSIS

A Billing Analysis is a summarization or tabulation of customer bills that provides a useful basis for identifying and analyzing customer usage patterns, selecting water-usage rate blocks, and determining utility billing revenue under any rate schedule. It is to be completed before the cost of service study can be initiated.

The analysis shows the number of customer bills rendered at various levels of water usage during a specified period of time for each customer class served by the utility. The tabulation of bills for a historical period provides the basis for identifying typical customer-class usage patterns and aids in the development of rates recognizing such usage patterns. Rate schedules that are intended to be applicable throughout an entire year require an analysis for an historical 12-month period in order that annual usage patterns are properly identified. Using a full year of billing data allows for proper accounting of seasonal variations in customer water usage patterns. Sometimes the period selected for analysis may represent a year in which water usage was abnormally high or low due to climatic or other conditions. Such instances should be taken into consideration when utilizing the billing analysis for rate design purposes. Whenever possible, the selection of the 12-month period (test year) should reflect a year in which average consumptive conditions prevail.

The first step in tabulating customer bills is to separate billing records into customer classes, and then into meter sizes. The next step in the process involves entering individual customer usage for each billing period for the test year and tabulating the results. A 100% sample was used in order to provide a proper representative distribution of water-usage patterns. Bills issued to inactive accounts are excluded. Bills issued to active customer accounts with zero usage during any billing period are included in the minimum bill totals.

Once individual customer usages have all been entered, totals are tabulated by customer class and meter size. This represents the final step in the billing analysis.

Attached is the Billing Analysis for Harrison County Water Association. The test year for the analysis was the twelve months ending November 30, 1998. Both commercial and residential billings for each different sized meter were examined along with bulk water sales. The revenue reported by the association for that time period was verified, as was the amount of water sold. Harrison County's records reported revenues of \$1,200,238 on sales of 242,673,549 gallons. Commission Staff's billing analysis produced revenue from rates in the amount of \$1,201,486 on sales of 242,611,579 gallons. The difference in revenues is \$1,248 or 0.10% and the difference in gallons sold is 61,970 or 0.03%. Differences of less than one percent are considered insignificant in that such small discrepancies do not fundamentally alter the results of the calculations.

BILLING ANALYSISHarrison County Water Association
Attachment B

RESIDENTIAL 5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	44,745	78,942,471	12.26	548,573.70
Next	1,000		31,313,497	4.58	143,415.82
Next	2,000		42,347,558	4.08	172,778.04
Next	45,000		56,725,916	3.43	194,569.89
Over	50,000		3,937,370	2.93	11,536.49
			213,266,812		1,070,873.94

RESIDENTIAL 3/4 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	3,000	60	104,800	16.84	1,010.40
Next	2,000		81,890	4.08	334.11
Next	45,000		632,440	3.43	2169.27
Over	50,000		649,480	2.93	1902.98
			1,468,610		5,416.76

RESIDENTIAL 1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	355	1,512,620	25.00	8,875.00
Next	45,000		1,767,200	3.43	6,061.50
Over	50,000		181,310	2.93	531.24
			3,461,130		15,467.73

RESIDENTIAL 1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	10,000	36	287,210	42.15	1,517.40
Next	40,000		298,230	3.43	1,022.93
Over	50,000		16,700	2.93	48.93
			602,140		2,589.26

RESIDENTIAL 2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	15,000	22	322,140	59.30	1,304.60
Next	35,000		647,300	3.43	2,220.24
Over	50,000		1,580,200	2.93	4,629.99
			2,549,640		8,154.83

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Residential		45,218	221,348,332	\$1,102,502.51

BILLING ANALYSISHarrison County Water Association
Attachment B

COMMERCIAL 5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	1,472	1,974,050	12.26	18,046.72
Next	1,000		649,450	4.58	2,974.48
Next	2,000		1,060,870	4.08	4,328.35
Next	45,000		5,406,380	3.43	18,543.88
Over	50,000		192,400	2.93	563.73
			9,283,150		44,457.17

COMMERCIAL 1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	84	405,510	25.00	2,100.00
Next	45,000		1,038,900	3.43	3,563.43
Over	50,000		17,500	2.93	51.28
			1,461,910		5,714.70

COMMERCIAL 1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	10,000	24	240,000	42.15	1,011.60
Next	40,000		858,200	3.43	2,943.63
Over	50,000		308,500	2.93	903.91
			1,406,700		4,859.13

COMMERCIAL 2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	15,000	12	180,000	59.30	711.60
Next	35,000		420,000	3.43	1,440.60
Over	50,000		1,287,000	2.93	3,770.91
			1,887,000		5,923.11

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Commercial		1,592	14,038,760	60,954

BILLING ANALYSIS

Harrison County Water Association
Attachment B

**MANUALLY
READ METERS**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	5	75,000	59.30	296.50
Over	35,000		133,180	3.43	456.81
Over	50,000		511,300	2.93	1,498.11
			<u>719,480</u>		<u>2,251.42</u>

**BULK
SALES**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	59	885,000	5.50	4,867.50
Over	35,000		1,878,066	5.50	10,329.36
Over	50,000		3,741,941	5.50	20,580.68
			<u>6,505,007</u>		<u>35,777.54</u>

**RESIDENTIAL
COMMERCIAL
MANUAL READ
Total Retail Customers**

	BILLS	GALLONS	REVENUE
RESIDENTIAL	45,218	221,348,332	1,102,502.51
COMMERCIAL	1,592	14,038,760	60,954.11
MANUAL READ	5	719,480	2,251.42
Total Retail Customers	<u>46,815</u>	<u>236,106,572</u>	<u>\$1,165,708.04</u>

**BULK SALES
Grand Total**

BULK SALES	59	6,505,007	35,777.54
Grand Total	<u>46,874</u>	<u>242,611,579</u>	<u>\$1,201,485.58</u>

ATTACHMENT C

COST OF SERVICE STUDY

The principal theory in seeking to establish fair, just, and reasonable rates for a water utility is to develop rates that reflect the actual cost of providing water service to each of the different customer classifications. A sound analysis of the adequacy of charges requires allocation of costs among the customers commensurate with their service requirements in order to recognize differences in costs of furnishing service to different types of customers. For example, a customer with a high peak rate of use as compared with average rate of use requires larger capacity pumps, pipes, and certain other system facilities than a customer who has an equal total volume of use but takes water at a uniform rate. Accordingly, cost allocation procedures should recognize the particular service requirements of the customers for total volume of water, peak rates of use, and other factors.

Next, the utility's expenses (costs) are analyzed and allocated according to three different classifications: Commodity, Demand, and Customer.

Commodity costs are those directly associated with the cost of water. The major expense in this classification is the amount paid to purchase water from the city of Cynthiana. The only other commodity cost that the association experienced was purchased power expense and contracted services for bacteria analysis.

Demand costs are those associated with providing the facilities to meet the peak demands placed on the system. Costs consist of pumping and storage facilities, transmission and distribution mains, and the salaries and expenses associated with the employees that monitor and maintain these facilities.

Customer costs are those incurred to serve customers without regard to varying usage. These costs include meter reading, billing, collections, accounting expenses, and the capital related costs associated with service lines and meters.

The first three pages show the allocation breakdowns that were prepared using the association's financial information for the test year. Page C-1 allocates plant value, C-2 allocates depreciation, and C-3 allocates operating and maintenance expenses. The fourth page, C-4, calculates the phase-in increase in revenue as requested by the association.

ALLOCATION OF PLANT VALUE

Harrison County Water Association
Attachment C-1

	Total	Commodity	Demand	Customer
Source of Supply & Pumping Plant:				
Land and Land Rights	250		250	
Structures and Improvement	178,625		178,625	
Pumping Equipment	20,783		20,783	
Transmission and Distribution Plant:				
Land and Land Rights	8,160		8,160	
Distribution Reservoirs & Standpipes	819,840		819,840	
Water Mains	7,116,247		7,116,247	
Meters	196,943			196,943
Hydrants	93,849			93,849
Subtotal	8,434,697		8,143,905	290,792
Allocation Percentages	100.00%		96.55%	3.45%
General Plant:				
Office Furniture and Equipment	93,419		90,198	3,221
Transportation Equipment	79,286		76,553	2,733
Power Operated Equipment	515		497	18
Power Operated Equipment	471,487		455,232	16,255
Total	9,079,404		8,766,385	313,019
			96.55%	3.45%

SOURCE: 1997 Annual Report and pro-forma adjustments

ALLOCATION OF DEPRECIATIONHarrison County Water Association
Attachment C-2

	Total	Commodity	Demand	Customer
Structures and Improvements	9,899		9,899	
Pumping Equipment	2,722		2,722	
Reservoirs and Standpipes	42,740		42,740	
Water Mains	346,864		346,864	
Meters	12,038			12,038
Hydrants	4,365			4,365
Subtotal	418,628		402,225	16,404
Allocation Percentages	100.00%		96.08%	3.92%
Office Furniture & Equipment	11,833		11,369	464
Transportation Equipment	15,651		15,038	613
Power Operated Equipment	102		98	4
Other Plant and Misc. Equipment	14,273		13,713	559
Total	460,488		442,444	18,044
			96.08%	3.92%

SOURCE: 1997 Annual Report and pro-forma adjustments

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES

Harrison County Water Association
Attachment C-3

	Total	Commodity	Demand	Customer
Transmission & Distribution:				
Salaries	7,942		7,942	
Insurance - Workmen's Comp	217		217	
Payroll Taxes	670		670	
Pension & Benefits	1,825		1,825	
Customer Accounts:				
Salaries	75,337			75,337
Insurance - Workmen's Comp	2,063			2,063
Payroll Taxes	6,354			6,354
Pension & Benefits	17,309			17,309
Purchased Water	366,523	366,523		
Purchased Power	29,963	29,963		
Materials & Supplies	26,222		5,979	20,244
Bad Debt Expense	3,791			3,791
Contract Services-Other	23,112	1,606	9,506	12,000
Contract Services-Engineer	68		68	
Subtotal	561,397	398,092	26,207	137,098
Less Commodity	398,092			
Total	\$163,305		\$26,207	\$137,098
Allocation Percentages	100.00%		16.05%	83.95%
Transportation Expenses	12,859		2,064	10,795
Administrative Expenses:				
Salaries	38,044		6,105	31,938
Insurance-Workmen's Comp	1,042		167	875
Payroll Taxes	3,209		515	2,694
Pension & Benefits	8,741		1,403	7,338
Materials & Supplies	0		0	0
Contract Services-Accounting	9,855		1,582	8,273
Contract Services-Legal	1,360		218	1,142
Insurance-General Liability	9,794		1,572	8,222
Insurance-Other	2,202		353	1,849
Advertising	199		32	167
Miscellaneous Expenses	5,720		918	4,802
Taxes Other than Income	3,000		481	2,518
Other Expenses	4,431		711	3,720
Sub-Total	\$661,851	\$398,092	\$42,328	\$221,431
Depreciation (1)	460,488		442,444	18,044
Total Operating Expenses	\$1,122,339	\$398,092	\$484,772	\$239,475
Debt Service Coverage	317,501		306,555	10,946
Less: Interest Income	-75,229		-72,635	-2,594
Less: Other Operating Income	-3,293		-3,179	-114
Sub-Total	\$1,361,318	\$398,092	\$715,512	\$247,714
Truck Loading Station	-35,778	-10,674	-18,648	-6,456
Required from Retail Customers	\$1,325,540	\$387,418	\$696,864	\$241,258
Truck Loading Station	35,778	10,674	18,648	6,456
Revenue Required from Rates	\$1,361,318	\$398,092	\$715,512	\$247,714

(1) Based on allocation percentages shown on Attachment C-2

PHASE IN CALCULATION

Harrison County Water Association
Attachment C-4

	Total Revenue	Commodity Costs	Demand Costs			Customer Costs		
			Expenses	Depreciation	Total	Expenses	Depreciation	Total
Retail Revenue Needed	1,325,540							
Depreciation Allocation (1)	100.00%			96.08%			3.92%	
Retail Revenue Current	1,165,708							
Retail Revenue Year 1999	1,225,540	387,418	254,420	346,362	600,782	223,214	14,125	237,340
Retail Revenue Year 2000	1,250,540	387,418	254,420	370,383	624,803	223,214	15,105	238,319
Retail Revenue Year 2001	1,275,540	387,418	254,420	394,403	648,824	223,214	16,085	239,299
Retail Revenue Year 2002	1,300,540	387,418	254,420	418,424	672,844	223,214	17,064	240,279
Retail Revenue Year 2003	1,325,540	387,418	254,420	442,444	696,864	223,214	18,044	241,258
Projected Retail Bills		46,815						

Currently, retail customer revenue for Harrison County is \$1,165,708. The revenue requirement calculation established that the association needs rates that generate \$1,325,540, providing for an increase in revenue of \$159,832. However, Harrison County requests that the rate increase be phased-in over time to lessen customer rate shock. Therefore, the association proposes an initial rate increase of \$59,832 to be followed by four annual revenue increases of \$25,000 each.

	Revenue Increase		Current Revenue		New Rev. Required
Revenue for 1999	59,832	+	1,165,708	=	1,225,540
Revenue for 2000	25,000	+	1,225,540	=	1,250,540
Revenue for 2001	25,000	+	1,250,540	=	1,275,540
Revenue for 2002	25,000	+	1,275,540	=	1,300,540
Revenue for 2003	25,000	+	1,300,540	=	1,325,540

Commodity Costs remain constant over the phase-in because they do not have a depreciation factor. Demand and Customer Costs include depreciation. Therefore, those amounts change each year in accordance with the amount of annual depreciation taken by the association. The amount of depreciation for each of the categories have been included in the appropriate columns above. The total revenue amount is calculated by adding the total costs for commodity, demand, and customer. Using Year 1999 as an example:

387,418	Total Commodity Cost
600,782	Total Demand Cost
237,340	Total Customer Cost
<u>1,225,540</u>	<u>Total Revenue</u>

(1) Based on allocation percentages shown on Attachment C-2

ATTACHMENT D

PHASED-IN RATE CALCULATION

This section presents the final expense allocation along with the rate calculation step for each of the five phase-in steps. D-1 shows the proposed rates to be implemented at this time. D-2 shows proposed rates to be implemented 1 year from the implementation of the rates in D-1. D-3, D-4, and D-5 continue the presentation of each of the phase-in steps accordingly.

Each of the five phase-in steps in Attachmend D include the following:

- a. Final Expense Allocation
- b. Rate Calculation
- c. Verification of Revenue to be generated by the newly proposed rates
- d. Schedule of Proposed Rates
- e. Comparison of the current and proposed rates showing the difference in dollars and percent.
- f. Sample Bills for current and proposed rates showing the difference in dollars and percent.

ALLOCATION OF EXPENSES--YEAR 1999

Harrison County Water Association
Attachment D-1a

	Total	Commodity	Demand	Customer
Sub-Total	\$661,851	\$398,092	\$42,328	\$221,431
Depreciation (1)	460,488		442,444	18,044
Total Operating Expenses	\$1,122,339	\$398,092	\$484,772	\$239,475
Debt Service Coverage (2)	317,501		306,555	10,946
Less: Depreciation	-460,488		-442,444	-18,044
Less: Interest Income	-75,229		-72,635	-2,594
Less: Other Operating Income	-3,293		-3,179	-114
Less: Truck Loading Station	-35,778	-10,674	-18,648	-6,456
Sub-Total	\$865,052	\$387,418	\$254,420	\$223,214
Revenue Required from Retail	\$1,225,540			
Depreciation Percentages (1)			96.08%	3.92%
Available for Depreciation	\$360,488		\$346,362	\$14,125
Retail Revenue Year 1999 (3)	\$1,225,540	\$387,418	\$600,782	\$237,340
Truck Loading Station	35,778	10,674	18,648	6,456
Revenue Required from Rates	\$1,261,318	\$398,092	\$619,430	\$243,796

- (1) Based on allocation percentages shown on Attachment C-2
- (2) Based on allocation percentages shown on Attachment C-1
- (3) Based on calculations shown on Attachment C-3

RATE CALCULATION--YEAR 1999

Harrison County Water Association
Attachment D-1b

	Total	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Projected Gallons Sold	242,611,579	82,155,951	32,561,997	44,484,868	70,995,062	12,413,701
Less: Bulk Sales	6,505,007	118,000	59,000	118,000	2,468,066	3,741,941
Retail Projected Gallons Sold	236,106,572	82,037,951	32,502,997	44,366,868	68,526,996	8,671,760
Percentage	100.00%	34.75%	13.77%	18.79%	29.02%	3.67%
Retail Weighted Demand Factor		2.000	1.900	1.800	1.500	1.000
Retail Weighted Demand Gallons	417,154,213	164,075,902	61,755,694	79,860,362	102,790,494	8,671,760
Percentage	100.00%	39.33%	14.80%	19.14%	24.64%	2.08%
Allocation of Volumetric Costs						
Retail Commodity Costs	387,418	134,613	53,333	72,800	112,443	14,229
Retail Demand Costs	600,782	236,301	88,940	115,014	148,038	12,489
Retail Customer Costs	237,340	237,340				
Revenue from Retail Customers	1,225,540	608,253	142,273	187,814	260,481	26,718

Projected Number of Retail Bills 46,815

Current Rates	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
	\$12.26	\$4.58	\$4.08	\$3.43	\$2.93

Calculated Rates	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
	\$12.99	\$4.38	\$4.23	\$3.80	\$3.08
% Increase on Current Rates	5.95%	-4.37%	3.68%	10.79%	5.12%

Year 1999 Proposed Rates	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
	\$13.00	\$4.58	\$4.23	\$3.69	\$3.08
% Increase on Current Rates	6.04%	0.00%	3.68%	7.58%	5.12%

Revenue from Retail Customers	1,225,540
Bulk Sales	35,775
Revenue from Rates	1,261,315

VERIFICATION OF RATES--YEAR 1999

Harrison County Water Association
Attachment D-1c

RESIDENTIAL 5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	44,745	78,942,471	13.00	581,685.00
Next	1,000		31,313,497	4.58	143,415.82
Next	2,000		42,347,558	4.23	179,130.17
Next	45,000		56,725,916	3.69	209,318.63
Over	50,000		3,937,370	3.08	12,127.10
			<u>213,266,812</u>		<u>1,125,676.72</u>

RESIDENTIAL 3/4 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	3,000	60	104,800	17.58	1,054.80
Next	2,000		81,890	4.23	346.39
Next	45,000		632,440	3.69	2333.70
Over	50,000		649,480	3.08	2000.40
			<u>1,468,610</u>		<u>5,735.30</u>

RESIDENTIAL 1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	355	1,512,620	26.04	9,244.20
Next	45,000		1,767,200	3.69	6,520.97
Over	50,000		181,310	3.08	558.43
			<u>3,461,130</u>		<u>16,323.60</u>

RESIDENTIAL 1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	10,000	36	287,210	44.49	1,601.64
Next	40,000		298,230	3.69	1,100.47
Over	50,000		16,700	3.08	51.44
			<u>602,140</u>		<u>2,753.54</u>

RESIDENTIAL 2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	15,000	22	322,140	62.94	1,384.68
Next	35,000		647,300	3.69	2,388.54
Over	50,000		1,580,200	3.08	4,867.02
			<u>2,549,640</u>		<u>8,640.23</u>

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Residential		45,218	221,348,332	\$1,159,129.39

VERIFICATION OF RATES--YEAR 1999

Harrison County Water Association
Attachment D-1c

**COMMERCIAL
5/8 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	2,000	1,472	1,974,050	13.00	19,136.00
Next	1,000		649,450	4.58	2,974.48
Next	2,000		1,060,870	4.23	4,487.48
Next	45,000		5,406,380	3.69	19,949.54
Over	50,000		192,400	3.08	592.59
			<u>9,283,150</u>		<u>47,140.10</u>

**COMMERCIAL
1 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	5,000	84	405,510	26.04	2,187.36
Next	45,000		1,038,900	3.69	3,833.54
Over	50,000		17,500	3.08	53.90
			<u>1,461,910</u>		<u>5,714.70</u>

**COMMERCIAL
1 1/2 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	10,000	24	240,000	44.49	1,067.76
Next	40,000		858,200	3.69	3,166.76
Over	50,000		308,500	3.08	950.18
			<u>1,406,700</u>		<u>5,184.70</u>

**COMMERCIAL
2 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	12	180,000	62.94	755.28
Next	35,000		420,000	3.69	1,549.80
Over	50,000		1,287,000	3.08	3,963.96
			<u>1,887,000</u>		<u>6,269.04</u>

**SUB-
TOTALS**

		BILLS	GALLONS	REVENUE
Total Commercial		1,592	14,038,760	64,309

VERIFICATION OF RATES--YEAR 1999

Harrison County Water Association
Attachment D-1c

**MANUALLY
READ METERS**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	5	75,000	62.94	314.70
Over	35,000		133,180	3.69	491.43
Over	50,000		511,300	3.08	1,574.80
			<u>719,480</u>		<u>2,380.94</u>

**BULK
SALES**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	59	885,000	5.50	4,867.50
Over	35,000		1,878,066	5.50	10,329.36
Over	50,000		3,741,941	5.50	20,580.68
			<u>6,505,007</u>		<u>35,777.54</u>

	BILLS	GALLONS	REVENUE
RESIDENTIAL	45,218	221,348,332	1,159,129.39
COMMERCIAL	1,592	14,038,760	64,308.53
MANUAL READ	5	719,480	2,380.94
Total Retail Customers	<u>46,815</u>	<u>236,106,572</u>	<u>\$1,225,818.86</u>
BULK SALES	59	6,505,007	35,777.54
Grand Total	<u>46,874</u>	<u>242,611,579</u>	<u>\$1,261,596.40</u>

Revenue Required from Rates

\$1,261,314.58

Dollar Difference

\$281.83

Percentage Difference

0.02%

PROPOSED RATES--YEAR 1999

Harrison County Water Association
Attachment D-1d

5/8" X 3/4" Meter	First	2,000 Gallons	13.00 Minimum Bill
	Next	1,000 Gallons	4.58 Per 1,000 Gallons
	Next	2,000 Gallons	4.23 Per 1,000 Gallons
	Next	95,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	17.58 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	2,000 Gallons	4.23 Per 1,000 Gallons
	Next	95,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
1" Meter	First	5,000 Gallons	26.04 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	95,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
1 1/2" Meter	First	10,000 Gallons	44.49 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	90,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
2" Meter	First	15,000 Gallons	62.94 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	85,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons

RATE COMPARISON--YEAR 1999

Harrison County Water Association

Attachment D-1e

Meter Size	Usage Block	Current Rates	New 1999 Rates	Dollar Difference	Percent Difference
5/8" X 3/4"	First 2,000 Gallons	12.26	13.00	0.74	6.04%
	Next 1,000 Gallons	4.58	4.58	0.00	0.00%
	Next 2,000 Gallons	4.08	4.23	0.15	3.68%
	Next 45,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
3/4"	First 3,000 Gallons	16.84	17.58	0.74	4.39%
	Next 2,000 Gallons	4.08	4.23	0.15	3.68%
	Next 45,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
1"	First 5,000 Gallons	25.00	26.04	1.04	4.16%
	Next 45,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
1 1/2"	First 10,000 Gallons	42.15	44.49	2.34	5.55%
	Next 40,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
2"	First 15,000 Gallons	59.30	62.94	3.64	6.14%
	Next 35,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%

SAMPLE BILL COMPARISON--YEAR 1999

Harrison County Water Association
Attachment D-1f

Sample Bills	Gallons Used	Current Rates	New 1999 Rates	Dollar Difference	Percent Difference
Monthly	2,000	12.26	13.00	\$0.74	6.04%
Monthly	3,000	16.84	17.58	\$0.74	4.39%
Monthly	5,000	25.00	26.04	\$1.04	4.16%
Monthly	10,000	42.15	44.49	\$2.34	5.55%
Monthly	15,000	59.30	62.94	\$3.64	6.14%
Monthly	50,000	179.35	192.09	\$12.74	7.10%
Monthly	75,000	252.60	269.09	\$16.49	6.53%
Monthly	100,000	325.85	346.09	\$20.24	6.21%

ALLOCATION OF EXPENSES--YEAR 2000

Harrison County Water Association
Attachment D-2a

	Total	Commodity	Demand	Customer
Sub-Total	\$661,851	\$398,092	\$42,328	\$221,431
Depreciation (1)	460,488		442,444	18,044
Total Operating Expenses	\$1,122,339	\$398,092	\$484,772	\$239,475
Debt Service Coverage (2)	317,501		306,555	10,946
Less: Depreciation	-460,488		-442,444	-18,044
Less: Interest Income	-75,229		-72,635	-2,594
Less: Other Operating Income	-3,293		-3,179	-114
Less: Truck Loading Station	-35,778	-10,674	-18,648	-6,456
Sub-Total	\$865,052	\$387,418	\$254,420	\$223,214
Revenue Required from Retail	\$1,250,540			
Depreciation Percentages (1)			96.08%	3.92%
Available for Depreciation	\$385,488		\$370,383	\$15,105
Retail Revenue Year 2000 (3)	\$1,250,540	\$387,418	\$624,803	\$238,319
Truck Loading Station	35,778	10,674	18,648	6,456
Revenue Required from Rates	\$1,286,318	\$398,092	\$643,451	\$244,775

- (1) Based on allocation percentages shown on Attachment C-2
(2) Based on allocation percentages shown on Attachment C-1
(3) Based on calculations shown on Attachment C-3

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

5/8" X 3/4" Meter

First	2,000 gallons	\$13.00	Minimum Bill
Next	1,000 gallons	4.58	Per 1,000 gallons
Next	2,000 gallons	4.23	Per 1,000 gallons
Next	45,000 gallons	3.69	Per 1,000 gallons
Over	50,000 gallons	3.08	Per 1,000 gallons

3/4" Meter

First	3,000 gallons	\$17.58	Minimum Bill
Next	2,000 gallons	4.23	Per 1,000 gallons
Next	45,000 gallons	3.69	Per 1,000 gallons
Over	50,000 gallons	3.08	Per 1,000 gallons

1" Meter

First	5,000 gallons	\$26.04	Minimum Bill
Next	45,000 gallons	3.69	Per 1,000 gallons
Over	50,000 gallons	3.08	Per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$44.49	Minimum Bill
Next	40,000 gallons	3.69	Per 1,000 gallons
Over	50,000 gallons	3.08	Per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

FOR Harrison, Bourbon, Nicholas & Scott Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

2" Meter

First 2,000 gallons	\$62.94	Minimum Bill
Next 35,000 gallons	3.69	Per 1,000 gallons
Over 50,000 gallons	3.08	Per 1,000 gallons

Fire Hydrant – Connection Fee \$350.00

Bulk Loading Station Water Rates: \$5.50 Per 1,000 gallons

*Available only in locations approved by
Consulting Engineers for the Association

Connection Fees:

5/8 X 3/4 Inch	\$600.00
1 Inch	800.00
1 1/2 Inch	1,100.00
2 Inch	1,210.00

Connections greater than 2 inch will be made at the actual cost of installation.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

RATE CALCULATION--YEAR 2000

Harrison County Water Association
Attachment D-2b

	Total	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Projected Gallons Sold	242,611,579	82,155,951	32,561,997	44,484,868	70,995,062	12,413,701
Less: Bulk Sales	6,505,007	118,000	59,000	118,000	2,468,066	3,741,941
Retail Projected Gallons Sold	236,106,572	82,037,951	32,502,997	44,366,868	68,526,996	8,671,760
Percentage	100.00%	34.75%	13.77%	18.79%	29.02%	3.67%
Retail Weighted Demand Factor		2.000	1.900	1.800	1.500	1.000
Retail Weighted Demand Gallons	417,154,213	164,075,902	61,755,694	79,860,362	102,790,494	8,671,760
Percentage	100.00%	39.33%	14.80%	19.14%	24.64%	2.08%
Allocation of Volumetric Costs						
Retail Commodity Costs	387,418	134,613	53,333	72,800	112,443	14,229
Retail Demand Costs	624,803	245,749	92,496	119,613	153,957	12,988
Retail Customer Costs	238,319	238,319				
Revenue from Retail Customers	1,250,540	618,681	145,829	192,413	266,400	27,217

Projected Number of Retail Bills 46,815

YEAR 1999	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Proposed Rates	\$13.00	\$4.58	\$4.23	\$3.69	\$3.08

Calculated Rates	\$13.22	\$4.49	\$4.34	\$3.89	\$3.14
% Increase on Current Rates	1.69%	-1.97%	2.60%	5.42%	1.95%

Year 2000 Proposed Rates	\$13.21	\$4.58	\$4.32	\$3.85	\$3.12
% Increase on Current Rates	1.62%	0.00%	2.13%	4.34%	1.30%

Revenue from Retail Customers	1,250,540
Bulk Sales	35,775
Revenue from Rates	<u>1,286,315</u>

VERIFICATION OF RATES--YEAR 2000

Harrison County Water Association
Attachment D-2c

**RESIDENTIAL
5/8 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	2,000	44,745	78,942,471	13.21	591,081.45
Next	1,000		31,313,497	4.58	143,415.82
Next	2,000		42,347,558	4.32	182,941.45
Next	45,000		56,725,916	3.85	218,394.78
Over	50,000		3,937,370	3.12	12,284.59
			213,266,812		1,148,118.09

**RESIDENTIAL
3/4 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	3,000	60	104,800	17.79	1,067.40
Next	2,000		81,890	4.32	353.76
Next	45,000		632,440	3.85	2434.89
Over	50,000		649,480	3.12	2026.38
			1,468,610		5,882.44

**RESIDENTIAL
1 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	5,000	355	1,512,620	26.43	9,382.65
Next	45,000		1,767,200	3.85	6,803.72
Over	50,000		181,310	3.12	565.69
			3,461,130		16,752.06

**RESIDENTIAL
1 1/2 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	10,000	36	287,210	45.68	1,644.48
Next	40,000		298,230	3.85	1,148.19
Over	50,000		16,700	3.12	52.10
			602,140		2,844.77

**RESIDENTIAL
2 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	22	322,140	64.93	1,428.46
Next	35,000		647,300	3.85	2,492.11
Over	50,000		1,580,200	3.12	4,930.22
			2,549,640		8,850.79

**SUB-
TOTALS**

		BILLS	GALLONS	REVENUE
Total Residential		45,218	221,348,332	\$1,182,448.14

VERIFICATION OF RATES--YEAR 2000

Harrison County Water Association
Attachment D-2c

**COMMERCIAL
5/8 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	2,000	1,472	1,974,050	13.21	19,445.12
Next	1,000		649,450	4.58	2,974.48
Next	2,000		1,060,870	4.32	4,582.96
Next	45,000		5,406,380	3.85	20,814.56
Over	50,000		192,400	3.12	600.29
			<u>9,283,150</u>		<u>48,417.41</u>

**COMMERCIAL
1 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	5,000	84	405,510	26.43	2,220.12
Next	45,000		1,038,900	3.85	3,999.77
Over	50,000		17,500	3.12	54.60
			<u>1,461,910</u>		<u>5,714.70</u>

**COMMERCIAL
1 1/2 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	10,000	24	240,000	45.68	1,096.32
Next	40,000		858,200	3.85	3,304.07
Over	50,000		308,500	3.12	962.52
			<u>1,406,700</u>		<u>5,362.91</u>

**COMMERCIAL
2 INCH METER**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	12	180,000	64.93	779.16
Next	35,000		420,000	3.85	1,617.00
Over	50,000		1,287,000	3.12	4,015.44
			<u>1,887,000</u>		<u>6,411.60</u>

**SUB-
TOTALS**

		BILLS	GALLONS	REVENUE
Total Commercial		1,592	14,038,760	65,907

VERIFICATION OF RATES--YEAR 2000

Harrison County Water Association
Attachment D-2c

**MANUALLY
READ METERS**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	5	75,000	64.93	324.65
Over	35,000		133,180	3.85	512.74
Over	50,000		511,300	3.12	1,595.26
			<u>719,480</u>		<u>2,432.65</u>

**BULK
SALES**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	59	885,000	5.50	4,867.50
Over	35,000		1,878,066	5.50	10,329.36
Over	50,000		3,741,941	5.50	20,580.68
			<u>6,505,007</u>		<u>35,777.54</u>

	BILLS	GALLONS	REVENUE
RESIDENTIAL	45,218	221,348,332	1,182,448.14
COMMERCIAL	1,592	14,038,760	65,906.62
MANUAL READ	5	719,480	2,432.65
Total Retail Customers	<u>46,815</u>	<u>236,106,572</u>	<u>\$1,250,787.41</u>
BULK SALES	59	6,505,007	35,777.54
Grand Total	<u>46,874</u>	<u>242,611,579</u>	<u>\$1,286,564.95</u>

Revenue Required from Rates **\$1,286,314.58**

Dollar Difference \$250.37
 Percentage Difference 0.02%

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

5/8" X 3/4" Meter

First	2,000 gallons	\$13.21	Minimum Bill
Next	1,000 gallons	4.58	Per 1,000 gallons
Next	2,000 gallons	4.32	Per 1,000 gallons
Next	45,000 gallons	3.85	Per 1,000 gallons
Over	50,000 gallons	3.12	Per 1,000 gallons

3/4" Meter

First	3,000 gallons	\$17.79	Minimum Bill
Next	2,000 gallons	4.32	Per 1,000 gallons
Next	45,000 gallons	3.85	Per 1,000 gallons
Over	50,000 gallons	3.12	Per 1,000 gallons

1" Meter

First	5,000 gallons	\$26.43	Minimum Bill
Next	45,000 gallons	3.85	Per 1,000 gallons
Over	50,000 gallons	3.12	Per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$45.68	Minimum Bill
Next	40,000 gallons	3.69	Per 1,000 gallons
Over	50,000 gallons	3.08	Per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

FOR Harrison, Bourbon, Nicholas & Scott Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

2" Meter

First 2,000 gallons

\$64.93

Minimum Bill

Next 35,000 gallons

3.69

Per 1,000 gallons

Over 50,000 gallons

3.08

Per 1,000 gallons

Fire Hydrant – Connection Fee \$350.00

Bulk Loading Station Water Rates:

\$5.50

Per 1,000 gallons

*Available only in locations approved by
Consulting Engineers for the Association

Connection Fees:

5/8 X 3/4 Inch

\$600.00

1 Inch

800.00

1 1/2 Inch

1,100.00

2 Inch

1,210.00

Connections greater than 2 inch will be made at the actual cost of installation.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

RATE COMPARISON--YEAR 2000Harrison County Water Association
Attachment D-2e

Meter Size	Usage Block	1999 Rates	2000 Rates	Dollar Difference	Percent Difference
5/8" X 3/4"	First 2,000 Gallons	13.00	13.21	0.21	1.62%
	Next 1,000 Gallons	4.58	4.58	0.00	0.00%
	Next 2,000 Gallons	4.23	4.32	0.09	2.13%
	Next 45,000 Gallons	3.69	3.85	0.16	4.34%
	Over 50,000 Gallons	3.08	3.12	0.04	1.30%
3/4"	First 3,000 Gallons	17.58	17.79	0.21	1.19%
	Next 2,000 Gallons	4.23	4.32	0.09	2.13%
	Next 45,000 Gallons	3.69	3.85	0.16	4.34%
	Over 50,000 Gallons	3.08	3.12	0.04	1.30%
1"	First 5,000 Gallons	26.04	26.43	0.39	1.50%
	Next 45,000 Gallons	3.69	3.85	0.16	4.34%
	Over 50,000 Gallons	3.08	3.12	0.04	1.30%
1 1/2"	First 10,000 Gallons	44.49	45.68	1.19	2.67%
	Next 40,000 Gallons	3.69	3.85	0.16	4.34%
	Over 50,000 Gallons	3.08	3.12	0.04	1.30%
2"	First 15,000 Gallons	62.94	64.93	1.99	3.16%
	Next 35,000 Gallons	3.69	3.85	0.16	4.34%
	Over 50,000 Gallons	3.08	3.12	0.04	1.30%

SAMPLE BILL COMPARISON--YEAR 2000

Harrison County Water Association
Attachment D-2f

Sample Bills	Gallons Used	1999 Rates	2000 Rates	Dollar Difference	Percent Difference
Monthly	2,000	13.00	13.21	\$0.21	1.62%
Monthly	3,000	17.58	17.79	\$0.21	1.19%
Monthly	5,000	25.00	26.43	\$1.43	5.72%
Monthly	10,000	43.45	45.68	\$2.23	5.13%
Monthly	15,000	61.90	64.93	\$3.03	4.89%
Monthly	50,000	192.09	199.68	\$7.59	3.95%
Monthly	75,000	269.09	277.68	\$8.59	3.19%
Monthly	100,000	346.09	355.68	\$9.59	2.77%

DEPRECIATION DETERMINATION--YEAR 2001

Harrison County Water Association
Attachment D-3a

	Total	Commodity	Demand	Customer
Sub-Total	\$661,851	\$398,092	\$42,328	\$221,431
Depreciation (1)	460,488		442,444	18,044
Total Operating Expenses	\$1,122,339	\$398,092	\$484,772	\$239,475
Debt Service Coverage (2)	317,501		306,555	10,946
Less: Depreciation	-460,488		-442,444	-18,044
Less: Interest Income	-75,229		-72,635	-2,594
Less: Other Operating Income	-3,293		-3,179	-114
Less: Truck Loading Station	-35,778	-10,674	-18,648	-6,456
Sub-Total	\$865,052	\$387,418	\$254,420	\$223,214
Revenue Required from Retail	\$1,275,540			
Depreciation Percentages (1)			96.08%	3.92%
Available for Depreciation	\$410,488		\$394,403	\$16,085
Retail Revenue Year 2001 (3)	\$1,275,540	\$387,418	\$648,823	\$239,299
Truck Loading Station	35,778	10,674	18,648	6,456
Revenue Required from Rates	\$1,311,318	\$398,092	\$667,471	\$245,755

- (1) Based on allocation percentages shown on Attachment C-2
- (2) Based on allocation percentages shown on Attachment C-1
- (3) Based on calculations shown on Attachment C-3

RATE CALCULATION--YEAR 2001

Harrison County Water Association
Attachment D-3b

	Total	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Projected Gallons Sold	242,611,579	82,155,951	32,561,997	44,484,868	70,995,062	12,413,701
Less: Bulk Sales	6,505,007	118,000	59,000	118,000	2,468,066	3,741,941
Retail Projected Gallons Sold	236,106,572	82,037,951	32,502,997	44,366,868	68,526,996	8,671,760
Percentage	100.00%	34.75%	13.77%	18.79%	29.02%	3.67%
Retail Weighted Demand Factor		2.000	1.900	1.800	1.500	1.000
Retail Weighted Demand Gallons	417,154,213	164,075,902	61,755,694	79,860,362	102,790,494	8,671,760
Percentage	100.00%	39.33%	14.80%	19.14%	24.64%	2.08%
Allocation of Volumetric Costs						
Retail Commodity Costs	387,418	134,613	53,333	72,800	112,443	14,229
Retail Demand Costs	648,823	255,196	96,052	124,211	159,876	13,488
Retail Customer Costs	239,299	239,299				
Revenue from Retail Customers	1,275,540	629,108	149,385	197,011	272,319	27,717
Projected Number of Retail Bills		46,815				

YEAR 2000	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Proposed Rates	\$13.21	\$4.58	\$4.32	\$3.85	\$3.12

Calculated Rates	\$13.44	\$4.60	\$4.44	\$3.97	\$3.20
% Increase on Current Rates	1.74%	0.44%	2.78%	3.12%	2.56%

Year 2001 Proposed Rates	\$13.43	\$4.60	\$4.44	\$3.97	\$3.20
% Increase on Current Rates	1.67%	0.44%	2.78%	3.12%	2.56%

Revenue from Retail Customers	1,275,540
Bulk Sales	35,775
Revenue from Rates	<u>1,311,315</u>

VERIFICATION OF RATES--YEAR 2001

Harrison County Water Association

Attachment D-3c

RESIDENTIAL 5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	44,745	78,942,471	13.43	600,925.35
Next	1,000		31,313,497	4.60	144,042.09
Next	2,000		42,347,558	4.44	188,023.16
Next	45,000		56,725,916	3.97	225,201.89
Over	50,000		3,937,370	3.20	12,599.58
			213,266,812		1,170,792.06

RESIDENTIAL 3/4 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	3,000	60	104,800	18.03	1,081.80
Next	2,000		81,890	4.44	363.59
Next	45,000		632,440	3.97	2510.79
Over	50,000		649,480	3.20	2078.34
			1,468,610		6,034.51

RESIDENTIAL 1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	355	1,512,620	26.91	9,553.05
Next	45,000		1,767,200	3.97	7,015.78
Over	50,000		181,310	3.20	580.19
			3,461,130		17,149.03

RESIDENTIAL 1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	10,000	36	287,210	46.76	1,683.36
Next	40,000		298,230	3.97	1,183.97
Over	50,000		16,700	3.20	53.44
			602,140		2,920.77

RESIDENTIAL 2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	15,000	22	322,140	66.61	1,465.42
Next	35,000		647,300	3.97	2,569.78
Over	50,000		1,580,200	3.20	5,056.64
			2,549,640		9,091.84

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Residential		45,218	221,348,332	\$1,205,988.22

VERIFICATION OF RATES--YEAR 2001

Harrison County Water Association
Attachment D-3c

COMMERCIAL 5/8 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	2,000	1,472		1,974,050	13.43	19,768.96
Next	1,000			649,450	4.60	2,987.47
Next	2,000			1,060,870	4.44	4,710.26
Next	45,000			5,406,380	3.97	21,463.33
Over	50,000			192,400	3.20	615.68
				<u>9,283,150</u>		<u>49,545.70</u>

COMMERCIAL 1 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	5,000	84		405,510	26.91	2,260.44
Next	45,000			1,038,900	3.97	4,124.43
Over	50,000			17,500	3.20	56.00
				<u>1,461,910</u>		<u>5,714.70</u>

COMMERCIAL 1 1/2 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	10,000	24		240,000	46.76	1,122.24
Next	40,000			858,200	3.97	3,407.05
Over	50,000			308,500	3.20	987.20
				<u>1,406,700</u>		<u>5,516.49</u>

COMMERCIAL 2 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	15,000	12		180,000	66.61	799.32
Next	35,000			420,000	3.97	1,667.40
Over	50,000			1,287,000	3.20	4,118.40
				<u>1,887,000</u>		<u>6,585.12</u>

SUB-TOTALS			BILLS	GALLONS		REVENUE
Total Commercial			1,592	14,038,760		67,362

VERIFICATION OF RATES--YEAR 2001

Harrison County Water Association
Attachment D-3c

**MANUALLY
READ METERS**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	5	75,000	66.61	333.05
Over	35,000		133,180	3.97	528.72
Over	50,000		511,300	3.20	1,636.16
			<u>719,480</u>		<u>2,497.93</u>

**BULK
SALES**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	59	885,000	5.50	4,867.50
Over	35,000		1,878,066	5.50	10,329.36
Over	50,000		3,741,941	5.50	20,580.68
			<u>6,505,007</u>		<u>35,777.54</u>

**RESIDENTIAL
COMMERCIAL
MANUAL READ
Total Retail Customers**

	BILLS	GALLONS	REVENUE
RESIDENTIAL	45,218	221,348,332	1,205,988.22
COMMERCIAL	1,592	14,038,760	67,362.02
MANUAL READ	5	719,480	2,497.93
Total Retail Customers	<u>46,815</u>	<u>236,106,572</u>	<u>\$1,275,848.17</u>

**BULK SALES
Grand Total**

BULK SALES	59	6,505,007	35,777.54
Grand Total	<u>46,874</u>	<u>242,611,579</u>	<u>\$1,311,625.71</u>

Revenue Required from Rates

\$1,311,314.58

Dollar Difference
Percentage Difference

\$311.13
0.02%

P.S.C. KY. NO. _____

SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

5/8" X 3/4" Meter

First	2,000 gallons	\$13.43	Minimum Bill
Next	1,000 gallons	4.60	Per 1,000 gallons
Next	2,000 gallons	4.44	Per 1,000 gallons
Next	45,000 gallons	3.97	Per 1,000 gallons
Over	50,000 gallons	3.20	Per 1,000 gallons

3/4" Meter

First	3,000 gallons	\$18.03	Minimum Bill
Next	2,000 gallons	4.44	Per 1,000 gallons
Next	45,000 gallons	3.97	Per 1,000 gallons
Over	50,000 gallons	3.20	Per 1,000 gallons

1" Meter

First	5,000 gallons	\$26.91	Minimum Bill
Next	45,000 gallons	3.97	Per 1,000 gallons
Over	50,000 gallons	3.20	Per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$46.76	Minimum Bill
Next	40,000 gallons	3.97	Per 1,000 gallons
Over	50,000 gallons	3.20	Per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

FOR Harrison, Bourbon, Nicholas & Scott Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

2" Meter

First 2,000 gallons	\$66.61	Minimum Bill
Next 35,000 gallons	3.97	Per 1,000 gallons
Over 50,000 gallons	3.20	Per 1,000 gallons

Fire Hydrant – Connection Fee \$350.00

Bulk Loading Station Water Rates: \$5.50 Per 1,000 gallons

*Available only in locations approved by
Consulting Engineers for the Association

Connection Fees:

5/8 X 3/4 Inch	\$600.00
1 Inch	800.00
1 1/2 Inch	1,100.00
2 Inch	1,210.00

Connections greater than 2 inch will be made at the actual cost of installation.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

RATE COMPARISON—YEAR 2001Harrison County Water Association
Attachment D-3e

Meter Size	Usage Block	2000 Rates	2001 Rates	Dollar Difference	Percent Difference
5/8" X 3/4"	First 2,000 Gallons	13.21	13.43	0.22	1.67%
	Next 1,000 Gallons	4.58	4.60	0.02	0.44%
	Next 2,000 Gallons	4.32	4.44	0.12	2.78%
	Next 45,000 Gallons	3.85	3.97	0.12	3.12%
	Over 50,000 Gallons	3.12	3.20	0.08	2.56%
3/4"	First 3,000 Gallons	17.79	18.03	0.24	1.35%
	Next 2,000 Gallons	4.32	4.44	0.12	2.78%
	Next 45,000 Gallons	3.85	3.97	0.12	3.12%
	Over 50,000 Gallons	3.12	3.20	0.08	2.56%
1"	First 5,000 Gallons	26.43	26.91	0.48	1.82%
	Next 45,000 Gallons	3.85	3.97	0.12	3.12%
	Over 50,000 Gallons	3.12	3.20	0.08	2.56%
1 1/2"	First 10,000 Gallons	45.68	46.76	1.08	2.36%
	Next 40,000 Gallons	3.85	3.97	0.12	3.12%
	Over 50,000 Gallons	3.12	3.20	0.08	2.56%
2"	First 15,000 Gallons	64.93	66.61	1.68	2.59%
	Next 35,000 Gallons	3.85	3.97	0.12	3.12%
	Over 50,000 Gallons	3.12	3.20	0.08	2.56%

SAMPLE BILL COMPARISON--YEAR 2001

Harrison County Water Association

Attachment D-3f

Sample Bills	Gallons Used	2000 Rates	2001 Rates	Dollar Difference	Percent Difference
Monthly	2,000	13.21	13.43	\$0.22	1.67%
Monthly	3,000	17.79	18.03	\$0.24	1.35%
Monthly	5,000	26.43	26.91	\$0.48	1.82%
Monthly	10,000	45.68	46.76	\$1.08	2.36%
Monthly	15,000	64.93	66.61	\$1.68	2.59%
Monthly	50,000	199.68	205.56	\$5.88	2.94%
Monthly	75,000	277.68	285.56	\$7.88	2.84%
Monthly	100,000	355.68	365.56	\$9.88	2.78%

DEPRECIATION DETERMINATION--YEAR 2002

Harrison County Water Association
Attachment D-4a

	Total	Commodity	Demand	Customer
Sub-Total	\$661,851	\$398,092	\$42,328	\$221,431
Depreciation (1)	460,488		442,444	18,044
Total Operating Expenses	\$1,122,339	\$398,092	\$484,772	\$239,475
Debt Service Coverage (2)	317,501		306,555	10,946
Less: Depreciation	-460,488		-442,444	-18,044
Less: Interest Income	-75,229		-72,635	-2,594
Less: Other Operating Income	-3,293		-3,179	-114
Less: Truck Loading Station	-35,778	-10,674	-18,648	-6,456
Sub-Total	\$865,052	\$387,418	\$254,420	\$223,214
Revenue Required from Retail	\$1,300,540			
Depreciation Percentages (1)			96.08%	3.92%
Available for Depreciation	\$435,488		\$418,423	\$17,064
Retail Revenue Year 2002 (3)	\$1,300,540	\$387,418	\$672,844	\$240,278
Truck Loading Station	35,778	10,674	18,648	6,456
Revenue Required from Rates	\$1,336,318	\$398,092	\$691,492	\$246,735

- (1) Based on allocation percentages shown on Attachment C-2
- (2) Based on allocation percentages shown on Attachment C-1
- (3) Based on calculations shown on Attachment C-3

RATE CALCULATION--YEAR 2002

Harrison County Water Association
Attachment D-4b

	Total	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Projected Gallons Sold	242,611,579	82,155,951	32,561,997	44,484,868	70,995,062	12,413,701
Less: Bulk Sales	6,505,007	118,000	59,000	118,000	2,468,066	3,741,941
Retail Projected Gallons Sold	236,106,572	82,037,951	32,502,997	44,366,868	68,526,996	8,671,760
Percentage	100.00%	34.75%	13.77%	18.79%	29.02%	3.67%
Retail Weighted Demand Factor		2.000	1.900	1.800	1.500	1.000
Retail Weighted Demand Gallons	417,154,213	164,075,902	61,755,694	79,860,362	102,790,494	8,671,760
Percentage	100.00%	39.33%	14.80%	19.14%	24.64%	2.08%
Allocation of Volumetric Costs						
Retail Commodity Costs	387,418	134,613	53,333	72,800	112,443	14,229
Retail Demand Costs	672,844	264,644	99,608	128,810	165,795	13,987
Retail Customer Costs	240,278	240,278				
Revenue from Retail Customers	1,300,540	639,535	152,941	201,610	278,238	28,216
Projected Number of Retail Bills		46,815				

YEAR 2001	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Proposed Rates	\$13.43	\$4.60	\$4.44	\$3.97	\$3.20

Calculated Rates	\$13.66	\$4.71	\$4.54	\$4.06	\$3.25
% Increase on Current Rates	1.71%	2.39%	2.25%	2.27%	1.56%

Year 2002 Proposed Rates	\$13.65	\$4.71	\$4.54	\$4.06	\$3.25
% Increase on Current Rates	1.64%	2.39%	2.25%	2.27%	1.56%

Revenue from Retail Customers	1,300,540
Bulk Sales	35,775
Revenue from Rates	<u>1,336,315</u>

VERIFICATION OF RATES--YEAR 2002

Harrison County Water Association
Attachment D-4c

RESIDENTIAL 5/8 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	2,000	44,745		78,942,471	13.65	610,769.25
Next	1,000			31,313,497	4.71	147,486.57
Next	2,000			42,347,558	4.54	192,257.91
Next	45,000			56,725,916	4.06	230,307.22
Over	50,000			3,937,370	3.25	12,796.45
				<u>213,266,812</u>		<u>1,193,617.41</u>

RESIDENTIAL 3/4 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	3,000	60		104,800	18.36	1,101.60
Next	2,000			81,890	4.54	371.78
Next	45,000			632,440	4.06	2567.71
Over	50,000			649,480	3.25	2110.81
				<u>1,468,610</u>		<u>6,151.90</u>

RESIDENTIAL 1 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	5,000	355		1,512,620	27.44	9,741.20
Next	45,000			1,767,200	4.06	7,174.83
Over	50,000			181,310	3.25	589.26
				<u>3,461,130</u>		<u>17,505.29</u>

RESIDENTIAL 1 1/2 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	10,000	36		287,210	47.74	1,718.64
Next	40,000			298,230	4.06	1,210.81
Over	50,000			16,700	3.25	54.28
				<u>602,140</u>		<u>2,983.73</u>

RESIDENTIAL 2 INCH METER			BILLS	GALLONS	RATE	REVENUE
First	15,000	22		322,140	68.04	1,496.88
Next	35,000			647,300	4.06	2,628.04
Over	50,000			1,580,200	3.25	5,135.65
				<u>2,549,640</u>		<u>9,260.57</u>

SUB-TOTALS			BILLS	GALLONS		REVENUE
Total Residential			45,218	221,348,332		\$1,229,518.89

VERIFICATION OF RATES--YEAR 2002

Harrison County Water Association
Attachment D-4c

COMMERCIAL 5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	1,472	1,974,050	13.65	20,092.80
Next	1,000		649,450	4.71	3,058.91
Next	2,000		1,060,870	4.54	4,816.35
Next	45,000		5,406,380	4.06	21,949.90
Over	50,000		192,400	3.25	625.30
			<u>9,283,150</u>		<u>50,543.26</u>

COMMERCIAL 1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	84	405,510	27.44	2,304.96
Next	45,000		1,038,900	4.06	4,217.93
Over	50,000		17,500	3.25	56.88
			<u>1,461,910</u>		<u>5,714.70</u>

COMMERCIAL 1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	10,000	24	240,000	47.74	1,145.76
Next	40,000		858,200	4.06	3,484.29
Over	50,000		308,500	3.25	1,002.63
			<u>1,406,700</u>		<u>5,632.68</u>

COMMERCIAL 2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	15,000	12	180,000	68.04	816.48
Next	35,000		420,000	4.06	1,705.20
Over	50,000		1,287,000	3.25	4,182.75
			<u>1,887,000</u>		<u>6,704.43</u>

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Commercial		1,592	14,038,760	68,595

VERIFICATION OF RATES--YEAR 2002

Harrison County Water Association
Attachment D-4c

MANUALLY
READ METERS

		BILLS	GALLONS	RATE	REVENUE
First	15,000	5	75,000	68.04	340.20
Over	35,000		133,180	4.06	540.71
Over	50,000		511,300	3.25	1,661.73
			719,480		2,542.64

BULK
SALES

		BILLS	GALLONS	RATE	REVENUE
First	15,000	59	885,000	5.50	4,867.50
Over	35,000		1,878,066	5.50	10,329.36
Over	50,000		3,741,941	5.50	20,580.68
			6,505,007		35,777.54

RESIDENTIAL
COMMERCIAL
MANUAL READ
Total Retail Customers

	BILLS	GALLONS	REVENUE
RESIDENTIAL	45,218	221,348,332	1,229,518.89
COMMERCIAL	1,592	14,038,760	68,595.07
MANUAL READ	5	719,480	2,542.64
Total Retail Customers	46,815	236,106,572	\$1,300,656.59

BULK SALES
Grand Total

BULK SALES	59	6,505,007	35,777.54
Grand Total	46,874	242,611,579	\$1,336,434.13

Revenue Required from Rates

\$1,336,314.58

Dollar Difference
Percentage Difference

\$119.55
0.01%

FOR Harrison, Bourbon, Nicholas & Scott Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE		RATE
<u>5/8" X 3/4" Meter</u>		
First 2,000 gallons	\$13.65	Minimum Bill
Next 1,000 gallons	4.71	Per 1,000 gallons
Next 2,000 gallons	4.54	Per 1,000 gallons
Next 45,000 gallons	4.06	Per 1,000 gallons
Over 50,000 gallons	3.25	Per 1,000 gallons
<u>3/4" Meter</u>		
First 3,000 gallons	\$18.36	Minimum Bill
Next 2,000 gallons	4.54	Per 1,000 gallons
Next 45,000 gallons	4.06	Per 1,000 gallons
Over 50,000 gallons	3.25	Per 1,000 gallons
<u>1" Meter</u>		
First 5,000 gallons	\$27.44	Minimum Bill
Next 45,000 gallons	4.06	Per 1,000 gallons
Over 50,000 gallons	3.25	Per 1,000 gallons
<u>1 1/2" Meter</u>		
First 10,000 gallons	\$47.74	Minimum Bill
Next 40,000 gallons	4.06	Per 1,000 gallons
Over 50,000 gallons	3.25	Per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

FOR Harrison, Bourbon, Nicholas & Scott Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

2" Meter

First 2,000 gallons	\$68.04	Minimum Bill
Next 35,000 gallons	4.06	Per 1,000 gallons
Over 50,000 gallons	3.25	Per 1,000 gallons

Fire Hydrant – Connection Fee \$350.00

Bulk Loading Station Water Rates: \$5.50 Per 1,000 gallons

*Available only in locations approved by
Consulting Engineers for the Association

Connection Fees:

5/8 X 3/4 Inch	\$600.00
1 Inch	800.00
1 1/2 Inch	1,100.00
2 Inch	1,210.00

Connections greater than 2 inch will be made at the actual cost of installation.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

RATE COMPARISON--YEAR 2002

Harrison County Water Association

Attachment D-4e

Meter Size	Usage Block	2001 Rates	2002 Rates	Dollar Difference	Percent Difference
5/8" X 3/4"	First 2,000 Gallons	13.43	13.65	0.22	1.64%
	Next 1,000 Gallons	4.60	4.71	0.11	2.39%
	Next 2,000 Gallons	4.44	4.54	0.10	2.25%
	Next 45,000 Gallons	3.97	4.06	0.09	2.27%
	Over 50,000 Gallons	3.20	3.25	0.05	1.56%
3/4"	First 3,000 Gallons	18.03	18.36	0.33	1.83%
	Next 2,000 Gallons	4.44	4.54	0.10	2.25%
	Next 45,000 Gallons	3.97	4.06	0.09	2.27%
	Over 50,000 Gallons	3.2	3.25	0.05	1.56%
1"	First 5,000 Gallons	26.91	27.44	0.53	1.97%
	Next 45,000 Gallons	3.97	4.06	0.09	2.27%
	Over 50,000 Gallons	3.2	3.25	0.05	1.56%
1 1/2"	First 10,000 Gallons	46.76	47.74	0.98	2.10%
	Next 40,000 Gallons	3.97	4.06	0.09	2.27%
	Over 50,000 Gallons	3.2	3.25	0.05	1.56%
2"	First 15,000 Gallons	66.61	68.04	1.43	2.15%
	Next 35,000 Gallons	3.97	4.06	0.09	2.27%
	Over 50,000 Gallons	3.2	3.25	0.05	1.56%

SAMPLE BILL COMPARISON--YEAR 2002

Harrison County Water Association
Attachment D-4f

Sample Bills	Gallons Used	2001 Rates	2002 Rates	Dollar Difference	Percent Difference
Monthly	2,000	13.43	13.65	\$0.22	1.64%
Monthly	3,000	18.03	18.36	\$0.33	1.83%
Monthly	5,000	26.91	27.44	\$0.53	1.97%
Monthly	10,000	46.76	47.74	\$0.98	2.10%
Monthly	15,000	66.61	68.04	\$1.43	2.15%
Monthly	50,000	205.56	210.14	\$4.58	2.23%
Monthly	75,000	285.56	291.39	\$5.83	2.04%
Monthly	100,000	365.56	372.64	\$7.08	1.94%

DEPRECIATION DETERMINATION--YEAR 2003

Harrison County Water Association
Attachment D-5a

	Total	Commodity	Demand	Customer
Sub-Total	\$661,851	\$398,092	\$42,328	\$221,431
Depreciation (1)	460,488		442,444	18,044
Total Operating Expenses	\$1,122,339	\$398,092	\$484,772	\$239,475
Debt Service Coverage (2)	317,501		306,555	10,946
Less: Depreciation	-460,488		-442,444	-18,044
Less: Interest Income	-75,229		-72,635	-2,594
Less: Other Operating Income	-3,293		-3,179	-114
Less: Truck Loading Station	-35,778	-10,674	-18,648	-6,456
Sub-Total	\$865,052	\$387,418	\$254,420	\$223,214
Revenue Required from Retail	\$1,325,540			
Depreciation Percentages (1)			96.08%	3.92%
Available for Depreciation	\$460,488		\$442,444	\$18,044
Retail Revenue Year 2003 (3)	\$1,325,540	\$387,418	\$696,864	\$241,258
Truck Loading Station	35,778	10,674	18,648	6,456
Revenue Required from Rates	\$1,361,318	\$398,092	\$715,512	\$247,714

- (1) Based on allocation percentages shown on Attachment C-2
- (2) Based on allocation percentages shown on Attachment C-1
- (3) Based on calculations shown on Attachment C-3

RATE CALCULATION—YEAR 2003

Harrison County Water Association
Attachment D-5b

	Total	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Projected Gallons Sold	242,611,579	82,155,951	32,561,997	44,484,868	70,995,062	12,413,701
Less: Bulk Sales	6,505,007	118,000	59,000	118,000	2,468,066	3,741,941
Retail Projected Gallons Sold	236,106,572	82,037,951	32,502,997	44,366,868	68,526,996	8,671,760
Percentage	100.00%	34.75%	13.77%	18.79%	29.02%	3.67%
Retail Weighted Demand Factor		2.000	1.900	1.800	1.500	1.000
Retail Weighted Demand Gallons	417,154,213	164,075,902	61,755,694	79,860,362	102,790,494	8,671,760
Percentage	100.00%	39.33%	14.80%	19.14%	24.64%	2.08%
Allocation of Volumetric Costs						
Retail Commodity Costs	387,418	134,613	53,333	72,800	112,443	14,229
Retail Demand Costs	696,864	274,092	103,164	133,408	171,713	14,486
Retail Customer Costs	241,258	241,258				
Revenue from Retail Customers	1,325,540	649,963	156,497	206,208	284,157	28,715
Projected Number of Retail Bills		46,815				

YEAR 2002	First 2,000	Next 1,000	Next 2,000	Next 45,000	Over 50,000
Proposed Rates	\$13.65	\$4.71	\$4.54	\$4.06	\$3.25

Calculated Rates	\$13.88	\$4.81	\$4.65	\$4.15	\$3.31
% Increase on Current Rates	1.68%	2.12%	2.42%	2.22%	1.85%

Year 2003 Propose Rates	\$13.87	\$4.81	\$4.65	\$4.15	\$3.31
% Increase on Current Rates	1.61%	2.12%	2.42%	2.22%	1.85%

Revenue from Retail Customers	1,325,540
Bulk Sales	35,775
Revenue from Rates	<u>1,361,315</u>

VERIFICATION OF RATES--YEAR 2003

Harrison County Water Association

Attachment D-5c

RESIDENTIAL 5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	44,745	78,942,471	13.87	620,613.15
Next	1,000		31,313,497	4.81	150,617.92
Next	2,000		42,347,558	4.65	196,916.14
Next	45,000		56,725,916	4.15	235,412.55
Over	50,000		3,937,370	3.31	13,032.69
			<u>213,266,812</u>		<u>1,216,592.46</u>

RESIDENTIAL 3/4 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	3,000	60	104,800	18.68	1,120.80
Next	2,000		81,890	4.65	380.79
Next	45,000		632,440	4.15	2624.63
Over	50,000		649,480	3.31	2149.78
			<u>1,468,610</u>		<u>6,275.99</u>

RESIDENTIAL 1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	355	1,512,620	27.98	9,932.90
Next	45,000		1,767,200	4.15	7,333.88
Over	50,000		181,310	3.31	600.14
			<u>3,461,130</u>		<u>17,866.92</u>

RESIDENTIAL 1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	10,000	36	287,210	48.73	1,754.28
Next	40,000		298,230	4.15	1,237.65
Over	50,000		16,700	3.31	55.28
			<u>602,140</u>		<u>3,047.21</u>

RESIDENTIAL 2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	15,000	22	322,140	69.48	1,528.56
Next	35,000		647,300	4.15	2,686.30
Over	50,000		1,580,200	3.31	5,230.46
			<u>2,549,640</u>		<u>9,445.32</u>

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Residential		45,218	221,348,332	\$1,253,227.90

VERIFICATION OF RATES--YEAR 2003

Harrison County Water Association
Attachment D-5c

COMMERCIAL 5/8 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	2,000	1,472	1,974,050	13.87	20,416.64
Next	1,000		649,450	4.81	3,123.85
Next	2,000		1,060,870	4.65	4,933.05
Next	45,000		5,406,380	4.15	22,436.48
Over	50,000		192,400	3.31	636.84
			<u>9,283,150</u>		<u>51,546.86</u>

COMMERCIAL 1 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	5,000	84	405,510	27.98	2,350.32
Next	45,000		1,038,900	4.15	4,311.44
Over	50,000		17,500	3.31	57.93
			<u>1,461,910</u>		<u>5,714.70</u>

COMMERCIAL 1 1/2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	10,000	24	240,000	48.73	1,169.52
Next	40,000		858,200	4.15	3,561.53
Over	50,000		308,500	3.31	1,021.14
			<u>1,406,700</u>		<u>5,752.19</u>

COMMERCIAL 2 INCH METER		BILLS	GALLONS	RATE	REVENUE
First	15,000	12	180,000	69.48	833.76
Next	35,000		420,000	4.15	1,743.00
Over	50,000		1,287,000	3.31	4,259.97
			<u>1,887,000</u>		<u>6,836.73</u>

SUB-TOTALS		BILLS	GALLONS	REVENUE
Total Commercial		1,592	14,038,760	69,850

VERIFICATION OF RATES--YEAR 2003

Harrison County Water Association
Attachment D-5c

**MANUALLY
READ METERS**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	5	75,000	69.48	347.40
Over	35,000		133,180	4.15	552.70
Over	50,000		511,300	3.31	1,692.40
			<u>719,480</u>		<u>2,592.50</u>

**BULK
SALES**

		BILLS	GALLONS	RATE	REVENUE
First	15,000	59	885,000	5.50	4,867.50
Over	35,000		1,878,066	5.50	10,329.36
Over	50,000		3,741,941	5.50	20,580.68
			<u>6,505,007</u>		<u>35,777.54</u>

	BILLS	GALLONS	REVENUE
RESIDENTIAL	45,218	221,348,332	1,253,227.90
COMMERCIAL	1,592	14,038,760	69,850.48
MANUAL READ	5	719,480	2,592.50
Total Retail Customers	<u>46,815</u>	<u>236,106,572</u>	<u>\$1,325,670.88</u>
BULK SALES	<u>59</u>	<u>6,505,007</u>	<u>35,777.54</u>
Grand Total	46,874	242,611,579	\$1,361,448.41

Revenue Required from Rates

\$1,361,314.58

Dollar Difference

\$133.84

Percentage Difference

0.01%

PROPOSED RATES--YEAR 2003

Harrison County Water Association

Attachment D-5d

5/8" X 3/4" Meter	First	2,000 Gallons	13.87 Minimum Bill
	Next	1,000 Gallons	4.81 Per 1,000 Gallons
	Next	2,000 Gallons	4.65 Per 1,000 Gallons
	Next	95,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

3/4" Meter	First	3,000 Gallons	18.68 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	2,000 Gallons	4.65 Per 1,000 Gallons
	Next	95,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

1" Meter	First	5,000 Gallons	27.98 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	95,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

1 1/2" Meter	First	10,000 Gallons	48.73 Per 1,000 Gallons <i>minimum Bill</i>
	Next	90,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

2" Meter	First	15,000 Gallons	69.48 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	85,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

RATE COMPARISON--YEAR 2003

Harrison County Water Association

Attachment D-5e

Meter Size	Usage Block	2002 Rates	2003 Rates	Dollar Difference	Percent Difference
5/8" X 3/4"	First 2,000 Gallons	13.65	13.87	0.22	1.61%
	Next 1,000 Gallons	4.71	4.81	0.10	2.12%
	Next 2,000 Gallons	4.54	4.65	0.11	2.42%
	Next 45,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
3/4"	First 3,000 Gallons	18.36	18.68	0.32	1.74%
	Next 2,000 Gallons	4.54	4.65	0.11	2.42%
	Next 45,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
1"	First 5,000 Gallons	27.44	27.98	0.54	1.97%
	Next 45,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
1 1/2"	First 10,000 Gallons	47.74	48.73	0.99	2.07%
	Next 40,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
2"	First 15,000 Gallons	68.04	69.48	1.44	2.12%
	Next 35,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%

SAMPLE BILL COMPARISON--YEAR 2003

Harrison County Water Association

Attachment D-5f

Sample Bills	Gallons Used	2002 Rates	2003 Rates	Dollar Difference	Percent Difference
Monthly	2,000	13.65	13.87	\$0.22	1.61%
Monthly	3,000	18.36	18.68	\$0.32	1.74%
Monthly	5,000	27.44	27.98	\$0.54	1.97%
Monthly	10,000	47.74	48.73	\$0.99	2.07%
Monthly	15,000	68.04	69.48	\$1.44	2.12%
Monthly	50,000	210.14	214.73	\$4.59	2.18%
Monthly	75,000	291.39	297.48	\$6.09	2.09%
Monthly	100,000	372.64	380.23	\$7.59	2.04%

FOR Harrison, Bourbon, Nicholas & Scott Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

5/8" X 3/4" Meter

First	2,000 gallons	\$13.87	Minimum Bill
Next	1,000 gallons	4.81	Per 1,000 gallons
Next	2,000 gallons	4.65	Per 1,000 gallons
Next	45,000 gallons	4.15	Per 1,000 gallons
Over	50,000 gallons	3.31	Per 1,000 gallons

3/4" Meter

First	3,000 gallons	\$18.68	Minimum Bill
Next	2,000 gallons	4.65	Per 1,000 gallons
Next	45,000 gallons	4.15	Per 1,000 gallons
Over	50,000 gallons	3.31	Per 1,000 gallons

1" Meter

First	5,000 gallons	\$27.98	Minimum Bill
Next	45,000 gallons	4.15	Per 1,000 gallons
Over	50,000 gallons	3.31	Per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$48.73	Minimum Bill
Next	40,000 gallons	4.15	Per 1,000 gallons
Over	50,000 gallons	3.31	Per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

FOR Harrison, Bourbon, Nicholas & Scott Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Harrison County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

MONTHLY USAGE

RATE

2" Meter

First 2,000 gallons	\$69.48	Minimum Bill
Next 35,000 gallons	4.15	Per 1,000 gallons
Over 50,000 gallons	3.31	Per 1,000 gallons

Fire Hydrant – Connection Fee \$350.00

Bulk Loading Station Water Rates: \$5.50 Per 1,000 gallons

*Available only in locations approved by
Consulting Engineers for the Association

Connection Fees:

5/8 X 3/4 Inch	\$600.00
1 Inch	800.00
1 1/2 Inch	1,100.00
2 Inch	1,210.00

Connections greater than 2 inch will be made at the actual cost of installation.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

ATTACHMENT E

**PROPOSED TARIFFS
FOR PHASE-IN STEPS 1 THROUGH 5**

YEAR 1999

**PROPOSED TARIFF
FOR PHASE-IN STEP 1**

PROPOSED RATES--YEAR 1999

Harrison County Water Association

Attachment D-1d

5/8" X 3/4" Meter	First	2,000 Gallons	13.00 Minimum Bill
	Next	1,000 Gallons	4.58 Per 1,000 Gallons
	Next	2,000 Gallons	4.23 Per 1,000 Gallons
	Next	95,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
3/4" Meter	First	3,000 Gallons	17.58 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	2,000 Gallons	4.23 Per 1,000 Gallons
	Next	95,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
1" Meter	First	5,000 Gallons	26.04 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	95,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
1 1/2" Meter	First	10,000 Gallons	44.49 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	90,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons
2" Meter	First	15,000 Gallons	62.94 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	85,000 Gallons	3.69 Per 1,000 Gallons
	Over	100,000 Gallons	3.08 Per 1,000 Gallons

RATE COMPARISON--YEAR 1999Harrison County Water Association
Attachment D-1e

Meter Size	Usage Block	Current Rates	New 1999 Rates	Dollar Difference	Percent Difference
5/8" X 3/4"	First 2,000 Gallons	12.26	13.00	0.74	6.04%
	Next 1,000 Gallons	4.58	4.58	0.00	0.00%
	Next 2,000 Gallons	4.08	4.23	0.15	3.68%
	Next 45,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
3/4"	First 3,000 Gallons	16.84	17.58	0.74	4.39%
	Next 2,000 Gallons	4.08	4.23	0.15	3.68%
	Next 45,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
1"	First 5,000 Gallons	25.00	26.04	1.04	4.16%
	Next 45,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
1 1/2"	First 10,000 Gallons	42.15	44.49	2.34	5.55%
	Next 40,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%
2"	First 15,000 Gallons	59.30	62.94	3.64	6.14%
	Next 35,000 Gallons	3.43	3.69	0.26	7.58%
	Over 50,000 Gallons	2.93	3.08	0.15	5.12%

YEAR 2000

**PROPOSED TARIFF
FOR PHASE-IN STEP 2**

PROPOSED RATES--YEAR 2000

Harrison County Water Association
Attachment D-2d

5/8" X 3/4" Meter	First	2,000 Gallons	13.21 Minimum Bill
	Next	1,000 Gallons	4.58 Per 1,000 Gallons
	Next	2,000 Gallons	4.32 Per 1,000 Gallons
	Next	95,000 Gallons	3.85 Per 1,000 Gallons
	Over	100,000 Gallons	3.12 Per 1,000 Gallons

3/4" Meter	First	3,000 Gallons	17.79 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	2,000 Gallons	4.32 Per 1,000 Gallons
	Next	95,000 Gallons	3.85 Per 1,000 Gallons
	Over	100,000 Gallons	3.12 Per 1,000 Gallons

1" Meter	First	5,000 Gallons	26.43 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	95,000 Gallons	3.85 Per 1,000 Gallons
	Over	100,000 Gallons	3.12 Per 1,000 Gallons

1 1/2" Meter	First	10,000 Gallons	45.68 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	90,000 Gallons	3.85 Per 1,000 Gallons
	Over	100,000 Gallons	3.12 Per 1,000 Gallons

2" Meter	First	15,000 Gallons	64.93 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	85,000 Gallons	3.85 Per 1,000 Gallons
	Over	100,000 Gallons	3.12 Per 1,000 Gallons

YEAR 2001

**PROPOSED TARIFF
FOR PHASE-IN STEP 3**

PROPOSED RATES--YEAR 2001

Harrison County Water Association
Attachment D-3d

5/8" X 3/4" Meter	First	2,000 Gallons	13.43 Minimum Bill
	Next	1,000 Gallons	4.60 Per 1,000 Gallons
	Next	2,000 Gallons	4.44 Per 1,000 Gallons
	Next	95,000 Gallons	3.97 Per 1,000 Gallons
	Over	100,000 Gallons	3.20 Per 1,000 Gallons

3/4" Meter	First	3,000 Gallons	18.03 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	2,000 Gallons	4.44 Per 1,000 Gallons
	Next	95,000 Gallons	3.97 Per 1,000 Gallons
	Over	100,000 Gallons	3.20 Per 1,000 Gallons

1" Meter	First	5,000 Gallons	26.91 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	95,000 Gallons	3.97 Per 1,000 Gallons
	Over	100,000 Gallons	3.20 Per 1,000 Gallons

1 1/2" Meter	First	10,000 Gallons	46.76 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	90,000 Gallons	3.97 Per 1,000 Gallons
	Over	100,000 Gallons	3.20 Per 1,000 Gallons

2" Meter	First	15,000 Gallons	66.61 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	85,000 Gallons	3.97 Per 1,000 Gallons
	Over	100,000 Gallons	3.20 Per 1,000 Gallons

YEAR 2002

**PROPOSED TARIFF
FOR PHASE-IN STEP 4**

PROPOSED RATES--YEAR 2002

Harrison County Water Association
Attachment D-4d

5/8" X 3/4" Meter	First	2,000 Gallons	13.65 Minimum Bill
	Next	1,000 Gallons	4.71 Per 1,000 Gallons
	Next	2,000 Gallons	4.54 Per 1,000 Gallons
	Next	95,000 Gallons	4.06 Per 1,000 Gallons
	Over	100,000 Gallons	3.25 Per 1,000 Gallons

3/4" Meter	First	3,000 Gallons	18.36 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	2,000 Gallons	4.54 Per 1,000 Gallons
	Next	95,000 Gallons	4.06 Per 1,000 Gallons
	Over	100,000 Gallons	3.25 Per 1,000 Gallons

1" Meter	First	5,000 Gallons	27.44 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	95,000 Gallons	4.06 Per 1,000 Gallons
	Over	100,000 Gallons	3.25 Per 1,000 Gallons

1 1/2" Meter	First	10,000 Gallons	47.74 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	90,000 Gallons	4.06 Per 1,000 Gallons
	Over	100,000 Gallons	3.25 Per 1,000 Gallons

2" Meter	First	15,000 Gallons	68.04 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	85,000 Gallons	4.06 Per 1,000 Gallons
	Over	100,000 Gallons	3.25 Per 1,000 Gallons

YEAR 2003

**PROPOSED TARIFF
FOR PHASE-IN STEP 5**

PROPOSED RATES—YEAR 2003

Harrison County Water Association
Attachment D-5d

5/8" X 3/4" Meter	First	2,000 Gallons	13.87 Minimum Bill
	Next	1,000 Gallons	4.81 Per 1,000 Gallons
	Next	2,000 Gallons	4.65 Per 1,000 Gallons
	Next	95,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

3/4" Meter	First	3,000 Gallons	18.68 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	2,000 Gallons	4.65 Per 1,000 Gallons
	Next	95,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

1" Meter	First	5,000 Gallons	27.98 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	95,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

1 1/2" Meter	First	10,000 Gallons	48.73 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	90,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

2" Meter	First	15,000 Gallons	69.48 Per 1,000 Gallons <i>Minimum Bill</i>
	Next	85,000 Gallons	4.15 Per 1,000 Gallons
	Over	100,000 Gallons	3.31 Per 1,000 Gallons

RATE COMPARISON--YEAR 2003

Harrison County Water Association
Attachment D-5e

Meter Size	Usage Block	2002 Rates	2003 Rates	Dollar Difference	Percent Difference
5/8" X 3/4"	First 2,000 Gallons	13.65	13.87	0.22	1.61%
	Next 1,000 Gallons	4.71	4.81	0.10	2.12%
	Next 2,000 Gallons	4.54	4.65	0.11	2.42%
	Next 45,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
3/4"	First 3,000 Gallons	18.36	18.68	0.32	1.74%
	Next 2,000 Gallons	4.54	4.65	0.11	2.42%
	Next 45,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
1"	First 5,000 Gallons	27.44	27.98	0.54	1.97%
	Next 45,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
1 1/2"	First 10,000 Gallons	47.74	48.73	0.99	2.07%
	Next 40,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%
2"	First 15,000 Gallons	68.04	69.48	1.44	2.12%
	Next 35,000 Gallons	4.06	4.15	0.09	2.22%
	Over 50,000 Gallons	3.25	3.31	0.06	1.85%

PUBLIC NOTICE

Customers of the Harrison County Water Association, Inc. are hereby notified of the Water Association's intent to file an application with the Public Service commission for a general rate adjustment. A recent review indicated that the Association needs an increase of approximately \$160,000.00. In order to lessen the burden of this increase on its customers, the Association proposes to phase-in the adjustment with five-steps over a five-year period.

The rates contained in this Notice are the rates proposed by Harrison County Water Association, Inc.; however, the Public Service Commission may order rates to be charged that may differ from the proposed rates contained in this Notice.

Further, any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication of this Notice of proposed rate changes, file a request to intervene; intervention may be granted beyond the thirty (30) day period of good cause shown.

If intervention is granted by the Commission, copies of the rate application and any other filings made by the utility can be obtained at the main office of the Harrison County Water Association, Inc., located at U.S. 27 South, A.k.a. Paris-Cynthiana Road, Cynthiana, Kentucky 41031; telephone (606) 234-4284.

Any interested party may examine the rate application and any other filings made by the utility at the main office of the Harrison County Water Association, Inc., as outlined above or at the office of the Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602; telephone (502) 564-3940.

The present rates are:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>
5/8"	meter	2,000 gallons	\$12.26
3/4"	meter	3,000 gallons	\$16.84
1"	meter	5,000 gallons	\$25.00
1-1/2"	meter	10,000 gallons	\$42.15
2"	meter	15,000 gallons	\$59.03

All usage above the minimums are billed according to the following rate schedule:

First	2,000 gallons	\$12.26
Next	1,000 gallons	\$4.58*
Next	2,000 gallons	\$4.08*
Next	45,000 gallons	\$3.43*
Over	50,000 gallons	\$2.93*

*per 1,000 gallons

Proposed rates for the step-one increment in year one:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>INCREASE</u>
5/8"	meter	2,000 gallons	\$13.00	6.04%
3/4"	meter	3,000 gallons	\$17.58	4.39%
1"	meter	5,000 gallons	\$26.04	4.16%
1-1/2"	meter	10,000 gallons	\$44.49	5.55%
2"	meter	15,000 gallons	\$62.94	6.14%

All usage above the minimums are billed according to the following rate schedule:

First	2,000 gallons	\$13.00	6.04%
Next	1,000 gallons	\$4.58*	0.00%
Next	2,000 gallons	\$4.23*	3.68%
Next	45,000 gallons	\$3.69*	7.58%
Over	50,000 gallons	\$3.08*	5.12%

*per 1,000 gallons

Proposed rates for the step-five increment in the fifth and final year:

<u>MONTHLY MINIMUM BILLS</u>			<u>RATE</u>	<u>Increase¹</u>
5/8"	meter	2,000 gallons	\$13.87	1.61%
3/4"	meter	3,000 gallons	\$18.68	1.74%
1"	meter	5,000 gallons	\$27.98	1.97%
1-1/2"	meter	10,000 gallons	\$48.73	2.07%
2"	meter	15,000 gallons	\$69.48	2.12%

All usage above the minimums are billed according to the following rate schedule:

First	2,000 gallons	\$13.87	1.61%
Next	1,000 gallons	\$4.81*	2.12%
Next	2,000 gallons	\$4.65	2.42%
Next	45,000 gallons	\$4.15	
*		2.22%	
Over	50,000 gallons	\$3.31*	1.85%

*per 1,000 gallons

¹The amount of increase is the percentage difference between rates in step-four and step-five in years four and five, respectively.