

RECEIVED

JUN 07 2010

PUBLIC SERVICE
COMMISSION

COMMONWELATH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Mater of:

AN ADJUSTMENT OF WATER RATES OF)
THE BRACKEN COUNT WATER DISTRICT) CASE NO. 2010-00184

Comes the Applicant, Bracken County Water District, pursuant to KRS 278.180 and 807 KAR 5:001, Sections 8 and 10, gives notice to the Kentucky Public Service Commission ("KPSC") of its intent to increase its water rates so as to raise in total additional annual revenues the principal sum of \$327,572, a 28.3 percent increase over pro forma present rate revenues in the amount of \$1,157,629. In support of this application, 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 Bracken County Water District, P.O. Box 201, 1324 Brooksville-Germantown Road, Brooksville, Kentucky 41004, is hereby requesting that the Commission allow it to increase its rates charged for water service.

Section 8(2)

This regulation requires that the original and eleven (11) copies of the application be filed with the KPSC. 807 KAR 5:001, Section 14 allows that in special cases, for good cause shown, the KPSC may permit deviations from this rule. Bracken requests a deviation and has filed the original and four (4) copies of its application. The reduction in copies will reduce Bracken's copying costs and mailing cost and will provide the KPSC with sufficient copies for the main case file and all team members assigned to Bracken's case.

Section 10(1)(b)(1)

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

Section 10(1)(b)(2)

Applicant has filed its 2009 annual report with the KPSC as well as annual reports for all prior years of operation.

Section 10(1)(b)(3)

Applicant is a water district organized pursuant to KRS Chapter 74 and has no articles of incorporation.

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

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 F.

Section 10(1)(b)(9)

Applicant has provided notice to its customers as required by 807 KAR 5:001, Section 10 (3) and (4). A copy of the notice is attached hereto as Exhibit G. The publisher's affidavit will be forwarded to the KPSC within 45 days of the application date.

Section 10(2)

30 day prior notice of Bracken's intent to file this application was completed by letter dated April 22, 2010 to the KPSC. A copy of this letter is provided herewith at Attachment H.

Section 10(6)(a)

A complete description and quantified explanation for all proposed adjustments to test year operations is included as a part of this application at Attachment A, Bracken's Adjusted Operating Statement.

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

Applicant does not intend to submit pre-filed written testimony. The following individuals would be available to provide oral testimony, if necessary, at any hearing that may be held in this matter.

Diana Moran, Office Manager

Eddie Chin, Field Manager

Anthony Habermehl, Chairman of the Board of Commissioners

Section 10(6)(d)

The proposed rates will produce additional annual revenues of \$327,572.

Section 10(6)(e)

The impact of the requested rates on incremental usages is shown in the public notice as shown in Attachment G.

Section 10(6)(f)

Applicant is not a local exchange company.

Section 10(6)(g)

A billing analysis at present and proposed rates is shown at Attached D of this Application.

Section 10(6)(h)

Applicant's revenue requirement was determined using a 120 percent debt service coverage as required by Bracken's bondholder, Rural Development. The calculation is shown at Attachment B.

Section 10(6)(i)

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)

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

Section 10(6)(k)

An auditor's report with the required reports on internal controls was filed with the Commission along with Applicant's 2009 Annual Report.

Section 10(6)(l)

Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(m)

Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(n)

A formal depreciation study has never been performed by Bracken. Bracken requests recovery of depreciation expense in the amount of \$258,061 as discussed in Attachment A, Reference Item G. A full depreciation schedule is included in Bracken's 2009 annual report as filed with the KPSC.

Section 10(6)(o)

Microsoft Word and Excel were used to develop this application.

Section 10(6)(p)

No prospectus has even been prepared.

Section 10(6)(q)

All annual reports have been filed with the KPSC.

Section 10(6)(r)

Applicant does not prepare monthly managerial reports.

Section 10(6)(s)

Applicant does not file with the Securities and Exchange Commission.

Section 10(6)(t)

Applicant had no transactions with affiliates during the test year or the two years previous.

Section 10(6)(u)

The cost of service study upon which the proposed rate design is based is provided at Attachment C.

Section 10(6)(v)

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)

Applicant has not prepared a capital construction budget.

Section 10(7)(c)

There are no proposed pro forma adjustments reflecting plant additions.

Section 10(7)(d)

Applicant does not prepare monthly operating budgets.

Section 10(7)(e)

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

Section 10(3)(a)

The amount of revenue collected at present rates during the test year from each meter size and the amount of revenue to be collected at the proposed rates from each meter size is presented in the billing analysis as shown at Attachment D.

Section 10(3)(b)

See Attachment F of this Application for a comparison of present and proposed rates.

Section 10(3)(c)

The impact of the requested rates on incremental usages is shown in the public notice as shown in Attachment G.

Section 10(3)(d)

Applicant is not a local exchange company.

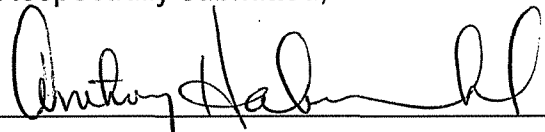
Section 10(4)

A copy of the customer notice is included at Attachment G.

Wherefore, Applicant asks that the KPSC of the Commonwealth of Kentucky issue an order authorizing Applicant to:

- 1) Increase its water rates so as to raise \$327,572 in additional annual revenues; and
- 2) Allow for deviation from the requirements of 807 KAR 5:001, Section 8(2).

Respectfully submitted,



Chairman

Bracken County Water District
P.O. Box 201
1324 Brooksville-Germantown Road
Brooksville, Kentucky 41004

Attachment A
 Bracken County Water District, Adjusted Operating Statement
 Test Year Ended December 31, 2009

	Test year	Adjustments	Ref.	Pro forma
Operating Revenue				
Sales of Water	\$ 1,120,764	\$ 14,742 (A)		
		10,707 (B)		
		11,416 (C)		\$ 1,157,629
Other Operating Revenue	42,447	(3,306) (D)		39,141
Total Operating Revenue	1,163,211	33,559		1,196,770
Operating Expenses				
Operation and Maintenance				
Salaries and Wages - Employees	177,499			177,499
Salaries and Wages - Officers	11,000			11,000
Purchased Water	379,595	10,895 (E)		390,490
Purchased Power	35,947			35,947
Materials and Supplies	6,967			6,967
Contractual Services - Acct.	9,140			9,140
Contractual Services - Water Testing	4,916			4,916
Contractual Services - Other	19,190	(10,000) (F)		9,190
Rental of Equipment	566			566
Transportation Expenses	9,763			9,763
Insurance - General Liability	16,530			16,530
Insurance - Workers Comp	6,495			6,495
Insurance - Other	42,966			42,966
Advertising	728			728
Miscellaneous	39,154			39,154
Total Operation and Maintenance	760,456	895		761,351
Depreciation	401,004	(142,943) (G)		258,061
Amortization	3,097			3,097
Taxes Other Than Income Taxes	16,735			16,735
Total Operating Expenses	1,181,292	(142,048)		1,039,244
Net Operating Income	(18,081)	175,607		157,526
Nonoperating Income	3,725			3,725
Income Available to Service Debt	\$ (14,356)	\$ 175,607		\$ 161,251

(A) Metered Water Sales – Billing Analysis. As required by administrative regulation, a billing analysis has been included as a part of this application. This adjustment is necessary to reconcile the revenues reported in Bracken's annual report to the revenues calculated in the billing analysis.

(B) Purchased Water Adjustment. Subsequent to the test year the city of Augusta increased the wholesale water rate charged to Bracken. As allowed by administrative regulation, Bracken passed the increased wholesale water costs onto its customers through a purchased water adjustment. This adjustment is necessary to account for the additional revenue that will be generated by the rates approved by the KPSC in the purchased water adjustment filing.

(C) Test year customer additions. Throughout the test year Bracken added an additional 42 retail customers to its distribution system. This adjustment is necessary to annualize test year revenues collected from these new customers.

(D) Surcharge Revenues. During the test year Bracken collected surcharge revenue in the amount of \$3,306.40. The surcharge that generated this revenue originated in 1995 when Bracken was created through the merger of West Bracken County Water District and Bracken County Water District No. 1. At the time of merger, each district had outstanding long-term debts. Pursuant to 74.361(4) revenue collected to retire these debts must be derived from within the same territory served by the former district that originally secured the long-term debt. To meet this requirement the Commission allowed Bracken to assess two separate surcharges to be charged within the service territories of the two former districts. The sole purpose of the surcharge revenues was to retire the respective debts. The surcharges were to ease once the sole purpose of the surcharge revenues was to retire the respective debts. The surcharges were to cease once the debts were retired. One of the surcharges expired prior to the test year. The remaining surcharge ended during the test year. As a result of the discontinuance of the surcharge, the test year surcharge revenue was removed in the pro forma.

(E) Purchased Water. As discussed at Reference Item A, subsequent to the test year Bracken's wholesale supplier, the city of Augusta, increased its water rates. The following adjustment details the impact of this rate increase on Bracken's test year purchased water costs.

Test year	Water	Plant			
	Purchased	Usage	Capital	Annual	Depreciation
	gallons (000)	gallons (000)	Cost	True-up	Reserve
12/1-31/08	14,912.30	423.68	\$ 6,090.00		\$ 1,375.83
1/1-31/09	17,010.00	447.75	6,090.00		1,375.83
2/1-28/09	15,793.30	365.48	6,090.00		1,375.83
3/1-31/09	15,088.90	413.85	6,090.00		1,375.83
4/1-30/09	13,469.40	428.93	6,090.00		1,375.83
5/1-31/09	14,959.50	390.45	6,090.00		1,375.83
6/1-30/09	15,103.30	356.40	6,090.00		1,375.83
7/1-31/09	14,446.30	413.70	6,090.00		1,375.83
8/1-31/09	14,938.10	416.63	6,090.00		1,375.83
9/1-30/09	13,471.10	370.65	6,090.00		1,375.83
10/1-31/09	13,845.10	508.28	6,090.00		1,375.83
11/1-30/09	13,645.00	369.08	6,090.00	10,941.73	1,375.83
	176,682	4,905			
	\$ 1.50	\$ 1.50			
Component Total	\$265,023.45	\$ 7,357.28	\$73,080.00	\$ 10,941.73	\$ 16,509.96
Grand Total					372,912.42
Adjustment to Accrue Payable as shown in G/L					6,684.25
Total Test Year Recalculated					\$ 379,596.67
Pro forma					
	Water	Plant			
	Purchased	Usage	Capital	Annual	Depreciation
	gallons (000)	gallons (000)	Cost	True-up	Reserve
12/1-31/08	14,912.30	423.68	\$ 6,090.00		\$ 1,375.83
1/1-31/09	17,010.00	447.75	6,090.00		1,375.83
2/1-28/09	15,793.30	365.48	6,090.00		1,375.83
3/1-31/09	15,088.90	413.85	6,090.00		1,375.83
4/1-30/09	13,469.40	428.93	6,090.00		1,375.83
5/1-31/09	14,959.50	390.45	6,090.00		1,375.83
6/1-30/09	15,103.30	356.40	6,090.00		1,375.83
7/1-31/09	14,446.30	413.70	6,090.00		1,375.83
8/1-31/09	14,938.10	416.63	6,090.00		1,375.83
9/1-30/09	13,471.10	370.65	6,090.00		1,375.83
10/1-31/09	13,845.10	508.28	6,090.00		1,375.83
11/1-30/09	13,645.00	369.08	6,090.00	10,941.73	1,375.83
	176,682	4,905			
	\$ 1.56	\$ 1.56			
Component Total	\$275,624.39	\$ 7,651.57	\$73,080.00	\$ 10,941.73	\$ 16,509.96
Grand Total					383,807.64
Adjustment to Accrue Payable as shown in G/L					6,684.25
Pro forma					390,491.89
Less: Test Year					(379,596.67)
Adjustment					\$ 10,895.23

(F) Contractual Services - Other (Tank Removal). During the test year Bracken paid Shelby Brown \$3,500 to disassemble the Foster Tank and \$6,500 to disassemble the Lennoxburg Tank. These asset removal costs were improperly charged to account 636, Contractual Services – Other. These amounts should have instead been debited to accumulated depreciation as required by the Uniform Systems of Accounts (See USoA, Page 31, Accounting Instruction 27, B, (2) and Page 42, Account 108.1, B.). Accordingly, these costs have been removed from account 636 in the pro forma.

(G) Depreciation. Upon reviewing Bracken’s depreciation schedule it was discovered that transmission and distribution mains were being depreciated using a useful life that is not within the life ranges generally found acceptable by the KPSC for small water utilities. Using as a guide the National Association of Utility Regulatory Commission’s study of depreciation practices of small water utilities, the KPSC will generally allow a small water district to depreciate mains using useful lives ranging from 50 to 75 years. Bracken currently has 40 years assigned to its mains. Bracken proposes to extend the life assigned to mains to the maximum life in the range presented in the NARUC study, 75 years, and has accordingly reduced test year depreciation expense by \$142,943 in the pro forma. This change in accounting estimate will be recognized in Bracken’s 2010 annual report to be filed with the KPSC in 2011 and each annual report filed thereafter with no retroactive restatement of the accumulated depreciation account. The adjustment was calculated as shown below.

Original Cost of Mains					\$ 12,252,272
Divided by: 75 years					75
Annual Recovery					163,364
Less: Test year (\$12,252,272 original cost / 40 years)					(306,307)
Adjustment					\$ (142,943)

BRACKEN COUNTY WATER DISTRICT

ATTACHMENT C

Cost of Service Study

TOTAL WATER SOLD		
	GALLONS	Percent
Line Loss ¹	23,699,000	13.43%
Sales to Retail Customers ²	119,249,552	
Sales to Wholesale Customers ²	24,203,500	
Sales at Bulk Loading Stations ²	412,800	
Plant Use ¹	8,606,000	4.88%
Total Water Produced and Purchased ¹	176,496,000	
Total Water Sold ²	143,865,852	

Source: 2009 PSC Annual Report¹
Staff Billing Analysis²

Jointly Used Mains					
Main Size	Feet	Total miles of line	Inch Miles	Jointly used	
				Miles of line	Inch Miles
12	10560	2	24		
10	19536	3.7	37		
8	195888	37.1	296.8	0.75	6
6	350592	66.4	398.4	1	6
4	517968	98.1	392.4		
3	61776	11.7	35.1		
2	17424	3.3	6.6		
	1173744	222.3	1190.3	1.75	12
Percentage of jointly used line - inch miles				0.0101	

WHOLESALE ALLOCATION FACTORS				
				FACTOR
Line Loss Percentage				0.1343
Plant Use Percentage				0.0488
Allowable Line Loss & Plant Use	$0.1343+0.0488$			0.1831
Production Multiplier	$1/1-0.1831$			1.2241
Inch Mile Ratio	$12/1190.3$			0.0101
Wholesale Share of Line Loss	$0.0101*0.1343$			0.0014
Joint Share Line Loss/Plant Use	$0.0014+0.0488$			0.0502
Wholesale Production Multiplier	$1/1-0.0502$			1.0529
Production Allocation Factor	24,203,500	*	1.0529	0.1447
	143,865,852		1.2241	
Pipeline Transmission Factor	24,203,500	*	0.0014	0.0002
	143,865,852			
Use Factor	24,203,500			0.1682
	143,865,852			

Allocation of Plant Value							
	Total	Allocation Factor ¹	Wholesale	Retail	Commodity	Demand	Customer
Organization	\$1,122	0.1447	\$162	\$960		\$960	
Land & Land Rights	9,126	0.1447	1,321	7,805		7,805	
Structures and Improvements	12,359	0.1447	1,788	10,571		10,571	
Collecting & Impounding Res.	36,900	0.1447	5,339	31,561		31,561	
Lakes, Rivers & Other Intakes	110,873	0.1447	16,043	94,830		94,830	
Generation Equipment	281,559	0.1447	40,742	240,817		240,817	
Pumping Equipment	39,060	0.1447	5,652	33,408		33,408	
Distribution Reservoirs & Standpipes	30,535	0.0002	6	30,529		30,529	
Transmission & Distribution Mains	2,934,638	0.0002	587	2,934,051		2,934,051	
Meters & Meter Installations	220,018						\$220,018
Other Plant & Misc Equipment	7,725	0.0002	2	7,723		7,723	
Subtotal	\$3,683,915		\$71,642	\$3,612,273		\$3,392,255	\$220,018
Wholesale Allocation Percentages	100%		1.9%	98.1%			
Retail Allocation Percentages						93.9%	6.1%
Office Furniture & Equipment	\$52,285	0.0002	\$10	\$52,275		\$49,096	\$3,189
Transportation Equipment	7,725	0.0002	2	7,723		7,254	471
Tools, Shop & Garage Equipment	417	0.0002	0	417		392	25
Communication Equipment	88,267	0.0002	18	88,249		82,883	5,384
Subtotal	\$148,694		\$30	\$148,664		\$139,625	\$9,069
Total	\$3,832,609		\$71,672	\$3,760,937		\$3,531,880	\$229,087
Wholesale Allocation Percentages	100%		1.9%	98.1%			
Retail Allocation Percentages	100%					93.9%	6.1%

Source: 2001 PSC Annual Report

¹Allocation Factor used to determine Wholesale Customer Share of Plant Value.

Allocation of Depreciation							
	Total	Allocation Factors ¹	WHOLESALE	RETAIL	Commodity	Demand	Customer
Organization	\$508	0.1447	\$74	\$434		\$434	
Land & Land Rights	4,921	0.1447	\$712	4,209		4,209	
Structures & Improvements	7901	0.1447	\$1,143	6,758		6,758	
Wells & Springs	66,845	0.1447	\$9,672	57,173		57,173	
Collecting & Impounding	33,225	0.1447	\$4,808	28,417		28,417	
Power Generating Equipment	171,468	0.1447	\$24,811	146,657		146,657	
Water Treatment Equipment	2,941	0.1447	\$426	2,515		2,515	
Dist. Reservoirs & Standpipes	8,940	0.0002	\$2	8,938		8,938	
Transmission & Distribution Mains	1,277,082	0.0002	\$255	1,276,827		1,276,827	
Other Plant	4,858	0.0002	\$1	4,857		4,857	
Meters	118,453			118,453			\$118,453
Subtotal	\$1,697,142		\$41,904	\$1,655,238		\$1,536,785	\$118,453
Wholesale Allocation Percentages	100%		2.5%	97.5%			
Retail Allocation Percentages	100%					92.8%	7.2%
Office Furniture & Equipment	\$19,973	0.0002	\$4	\$19,969		\$18,531	\$1,438
Transportation Equipment	2,839	0.0002	\$1	2,838		2,634	204
Tools, Shop & Garage Equip	417	0.0002	\$0	417		387	30
Power Operated Equip	5,803	0.0002	\$1	5,802		5,384	418
Subtotal	\$29,032		\$6	\$29,026		\$26,936	\$2,090
Total	\$1,726,174		\$41,910	\$1,684,264		\$1,563,721	\$120,543
Wholesale Allocation Percentages	100%		2.4%	97.6%			
Retail Allocation Percentages	100%					92.8%	7.2%

Source: 2001 PSC Annual Report

¹Allocation Factor used to determine Wholesale Customer Share of Depreciation (See Sheet 3).

Allocation of Operation & Maintenance Expense for Wholesale Customer				
	Total	Allocation Factor	Wholesale	Retail
Salaries:				
Supply & EXP OP	\$29,835	0.1447	\$4,317	\$25,518
Trans/Dist.	59,916	0.0002	12	59,904
Customer Accounts	56,305			56,305
Purchased Water	390,490	0.1447	56,504	333,986
Purchased Power	35,947	0.1447	5,202	30,745
Contract Services - Water Testing	4,916	0.0020	10	4,906
Materials and Supplies T&D	6,967	0.0002	1	6,966
Transportation	9,763	0.0002	2	9,761
Insurance - Other				
Supply & EXP OP	7,223	0.1447	1,045	6,178
Trans/Dist.	22,114	0.0002	4	22,110
Customer Accounts	13,629			13,629
Insurance - Workers Comp				
Supply & EXP OP	1,092	0.1447	158	934
Trans/Dist.	3,343	0.0002	1	3,342
Customer Accounts	2,060			2,060
Taxes other than Income				
Supply & EXP OP	2,813	0.1447	407	2,406
Trans/Dist.	8,612	0.0002	2	8,610
Customer Accounts	5,310			5,310
Rental Equipment	566			566
Salaries & Wages-Admin	31,443	0.0002	94	31,349
Salaries & Wages-Officers	11,000	0.0002	33	10,967
Insurance - General Liability	16,530	0.0002	3	16,527
Contract Services - Accounting	9,140	0.0002	2	9,138
Misc. Expense				
Trans/Dist.	6,730	0.0002	1	6,729
Admin & General	32,424			32,424
Contract OTHER	9,190	0.0002	2	9,188
Advertising Expenses	728	0.0002	0	728
Amortization	3,097			3,097
Total Operating Expenses	\$781,183		\$67,800	\$713,383
Depreciation ¹	258,061	0.0240	6,193	251,868
Debt Service ²	488,822	0.0190	9,288	479,534
Revenue Required from Rates	\$1,528,066		\$83,281	\$1,444,785
¹ Wholesale Depreciation based on the Wholesale Allocation Percentage shown on depreciation allocation sheet.				
² Wholesale Debt Service based on percentage shown on plant value allocation sheet.				
³ Allocation Factor used to determine Wholesale Customer Share of O&M Expenses.				
Whole Sale Rate = Wholesale Revenue Required/Sales to Wholesale Customers.				\$3.44

Allocation of Operation & Maintenance Expense for Retail Customers				
	Total	Commodity	Demand	Customer
Salaries:				
Supply & EXP OP	\$25,518		\$25,518	
Trans/Dist.	59,904		\$59,904	
Customer Accounts	56,305			\$56,305
Purchased Water	333,986	333,986		
Purchased Power	30,745	27,045	1,200	2,500
Contract Services - Water Testing	4,906			4,906
Insurance - Other				
Supply & EXP OP	6,178		6,178	
Trans/Dist.	14,501		14,501	
Customer Accounts	13,629			13,629
Workers Comp				
Supply & EXP OP	934		934	
Trans/Dist.	2,191		2,191	
Customer Accounts	2,060			2,060
Contract Services - Accounting	9,138			9,138
Taxes other than Income				
Supply & EXP OP	2,406		2,406	
Trans/Dist.	5,652		5,652	
Customer Accounts	5,310			5,310
SUBTOTAL	573,363	361,031	118,484	93,848
Less Commodity	361,031			
TOTAL	\$212,332		\$118,484	\$93,848
ALLOCATION PERCENTAGE	100%		55.8%	44.2%
Salaries & Wages-Admin	\$31,349		\$17,493	\$13,856
Salaries & Wages-Officers	10,967		6,120	4,847
Insurance - General Liability	16,527		9,222	7,305
Contract Services - Other	9,188		5,127	4,061
Transportation	9,761		5,447	4,314
Misc. Expense	39,153		21,847	17,306
Amortization	3,097		1,728	1,369
Insurance - General Admin				
Other	7,608		4,245	3,363
Workers Comp	1,150		642	508
Advertising Expenses	728		406	322
Materials and Supplies	6,966		3,887	3,079
Rental Equipment	566		316	250
Taxes other than Income - Gen. Admin	2,960		1,652	1,308
Subtotal	140,020		78,132	61,888
Total Operating Expenses	\$713,383	\$361,031	\$196,616	\$155,736

Allocation of Cost of Service For Retail Customers				
	Total	Commodity	Demand	Customer
Operation & Maintenance	\$713,383	\$361,031	\$196,616	\$155,736
Debt Service ¹	479,534		450,282	29,252
Depreciation ²	251,868		233,734	18,134
General Water Service Cost	\$1,444,785	\$361,031	\$880,632	\$203,122
Less:				
Other Operating Revenue	(\$39,141)			(\$39,141)
Non Operating Revenue	(3,725)			(3,725)
Revenue Required from Rates for Retail Customers	\$1,405,644	\$361,031	\$880,632	\$160,256

NOTES:

¹Debt Service has been allocated on the Retail Allocation Percentage of Plant Value from plant value allocation sheet.

²Depreciation has been allocated on the Retail Allocation Percentage of Depreciation from depreciation allocation sheet.

Calculation of Water Rates				
	Total	First 2,000 gallons	Next 38,000 gallons	Over 40,000 gallons
Actual Water Sales:				
Thousand Gallons	119,249,552	48,005,600	68,502,052	2,741,900
Percent	100%	40.3%	57.4%	2.3%
Weighted Sales for Demand:		2	1.5	1
Thousand Gallons	201,506,178	96,011,200	102,753,078	2,741,900
Percent	100%	47.6%	51.0%	1.4%
Allocation of Volumetric Costs:				
Commodity	\$361,031	\$145,495	\$207,232	\$8,304
Demand ³	877,123	417,511	447,333	12,280
Customer	160,256	160,256		
Total	\$1,398,410	\$723,262	\$654,565	\$20,584
Less:				
Number of Bills	28,713			
Cost of Service Rates¹		\$25.19	\$9.56	\$7.51

BULK SALES CALCULATIONS			
Revenue Requirement-Customer ¹ =		\$1,405,644 - \$160,256 =	\$1,245,388
Bulk Sales Rate² =		\$1,245,388 / (143,865,852 / 1000 gallons) =	\$8.66
Bulk Sales Revenue ³ =		8.50 x (412,800 / 1000) ⁴ =	\$3,509

¹To develop Proposed Bulk Sales Rate the developed Revenue Requirement is reduced by the customer allocation.

² The Bulk Sales Rate is then established by dividing the revised Revenue Requirement of by the total water sales which has been divided by 1000 to develop the rate as a per thousand gallon rate.

³The Demand Allocation is reduced by the total Bulk Sales Revenue to adjust for this amount of revenue adjustment.

⁴At this times we are requesting the rate of \$8.50, as the bulk loading stations machines are calibrated in \$0.25 increments.

Verification of Cost of Service Rates				
Bracken County Water District				
	Bills	Gallons	Rate	Revenue
First 2,000 gallons	28,713	48,005,600	\$25.19	\$723,280
Next 38,000 gallons		68,502,052	9.56	654,880
Over 40,000 gallons		2,741,900	7.51	20,592
Bulk Sales Rate		412,800	8.50	\$3,509
Wholesale Rate		24,203,500	3.44	83,260
Total Revenue from Rates				\$1,485,521
Other Income:				
Other Operating Revenue				39,141
Non Operating Revenue				3725
Total Operating Revenue	28,713	143,865,852		\$1,528,387

COMPARISON OF CURRENT AND PROPOSED RATES				
Gallon Usage	Current Rates	Proposed Rates	Increase	Percentage
2,000	\$20.09	\$25.19	\$5.10	25.4%
3,000	27.25	34.75	7.50	27.5%
4,000	34.41	44.31	9.90	28.8%
5,000	41.57	53.87	12.30	29.6%
6,000	48.73	63.43	14.70	30.2%
7,000	55.89	72.99	17.10	30.6%
8,000	63.05	82.55	19.50	30.9%
9,000	70.21	92.11	21.90	31.2%
10,000	77.37	101.67	24.30	31.4%
15,000	113.17	149.47	36.30	32.1%
20,000	148.97	197.27	48.30	32.4%
25,000	184.77	245.07	60.30	32.6%
30,000	220.57	292.87	72.30	32.8%
35,000	256.37	340.67	84.30	32.9%
40,000	292.17	388.47	96.30	33.0%
50,000	349.57	463.57	114.00	32.6%
75,000	493.07	651.32	158.25	32.1%
100,000	636.57	839.07	202.50	31.8%
150,000	923.57	1,214.57	291.00	31.5%
200,000	1,210.57	1,590.07	379.50	31.3%
250,000	1,497.57	1,965.57	468.00	31.3%
300,000	1,784.57	2,341.07	556.50	31.2%
350,000	2,071.57	2,716.57	645.00	31.1%

Comparison of Rates		
Block Usage	Current Rates	Proposed Rates
First 2,000 gallons	\$ 20.09	\$25.19
Next 38,000 gallons	7.16	9.56
Over 40,000 gallons	5.74	\$7.51

Effect on Customer Average Bill - 5,000 Gallons Usage			
Current Rates	Propose Rates	Amount Increase	% Increase
\$41.57	\$53.87	\$12.30	29.60%

BRACKEN COUNTY WATER DISTRICT

ATTACHMENT D

Billing Analysis

Test Year

Billing Analysis for: BRACKEN COUNTY WATER DISTRICT
Test Period From: January through December 2009

Meter Size	Bills	Gallons Sold	Revenue
5/8" Single Users	28019	113,087,600	\$1,035,449
5/8" Multiple Users 2 Units	300	3,188,200	26,491
5/8" Multiple Users 3 Units	36	1,102,100	8,101
5/8" Multiple Users 4 Units	14	101,200	1,288
5/8" Multiple Users 16 Units	12	430,500	4,199
New Construction Customers added during the test year	332	1,339,952	11,510
Wholesale Customers		24,203,500	68,012
Bulk Loading		412,800	2,580
Totals	28,713	143,865,852	\$1,157,629

Meter Size: 5/8" Single Users

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 38,000	OVER 40,000
FIRST	2,000	9022	8,636,200	8,636,200		
NEXT	38,000	18921	99,095,900	37,842,000	61,253,900	
OVER	40,000	76	5,355,500	152,000	2,888,000	2,315,500
		28019	113,087,600	46,630,200	64,141,900	2,315,500

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST 2,000	28019	46,630,200	\$20.09	\$562,901.71
NEXT 38,000		64,141,900	7.16	459,256.00
OVER 40,000		2,315,500	5.74	13,290.97
TOTAL	28019	113,087,600		\$1,035,448.68

Meter Size: 5/8" Multiple Users 2 Units

	USAGE	BILLS	GALLONS	FIRST 4,000	NEXT 36,000	OVER 40,000
FIRST	4,000	39	112,400	112,400		
NEXT	36,000	254	2,717,500	1,016,000	1,701,500	
OVER	40,000	7	358,300	28,000	252,000	78,300
		300	3,188,200	1,156,400	1,953,500	78,300

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	4,000	300	1,156,400	\$40.18	\$12,054.00
NEXT	36,000		1,953,500	7.16	13,987.06
OVER	40,000		78,300	5.74	449.44
TOTAL		300	3,188,200		\$26,490.50

Meter Size: 5/8" Multiple Users 3 Units

	USAGE	BILLS	GALLONS	FIRST 6,000	NEXT 34,000	OVER 40,000
FIRST	6,000	5	18,900	18,900		
NEXT	34,000	19	256,300	114,000	142,300	
OVER	40,000	12	826,900	72,000	408,000	346,900
		36	1,102,100	204,900	550,300	346,900

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	6,000	36	204,900	\$60.27	\$2,169.72
NEXT	34,000		550,300	7.16	3,940.15
OVER	40,000		346,900	5.74	1,991.21
TOTAL		36	1,102,100		\$8,101.07

Meter Size: 5/8" Multiple Users 4 Units

	USAGE	BILLS	GALLONS	FIRST 8,000	NEXT 32,000	OVER 40,000
FIRST	8,000	8	30,400	30,400		
NEXT	32,000	6	70,800	48,000	22,800	
OVER	40,000	0	0	0	0	0
		14	101,200	78,400	22,800	0

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	8,000	14	78,400	\$80.36	\$1,125.04
NEXT	32,000		22,800	7.16	163.25
OVER	40,000		0	5.74	0.00
TOTAL		14	101,200		\$1,288.29

Meter Size: 5/8" Multiple Users 16 Units

	USAGE	BILLS	GALLONS	FIRST 32,000	NEXT 8,000	NEXT 40,000
FIRST	32,000	1	30,600	30,600		
NEXT	8,000	10	358,700	320,000	38,700	
NEXT	40,000	1	41,200	32,000	8,000	1,200
		12	430,500	382,600	46,700	1,200

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	32,000	12	382,600	\$321.44	\$3,857.28
NEXT	8,000		46,700	7.16	334.37
NEXT	40,000		1,200	5.74	6.89
TOTAL		12	430,500		\$4,198.54

Meter Size: New Customers added during the test year

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 38,000	OVER 40,000
FIRST	2,000	0	0	0		
NEXT	38,000	332	1,339,952	664,000	675,952	
OVER	40,000	0	0	0	0	0
		332	1,339,952	664,000	675,952	0

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	332	664,000	\$20.09	\$6,669.88
NEXT	38,000		675,952	7.16	4,839.82
OVER	40,000		0	5.74	0.00
TOTAL		332	1,339,952		\$11,509.70

**Wholesale Customers
REVENUE BY RATE**

	GALLONS	RATE	REVENUE
TOTAL	24,203,500	2.81	\$68,011.84
TOTAL	24,203,500		\$68,011.84

**Bulk Loading
REVENUE BY RATE**

	GALLONS	RATE	REVENUE
TOTAL	412,800	6.25	2,580.00
TOTAL	412,800		\$2,580.00

Billing Analysis

Proposed Rates

Billing Analysis for: BRACKEN COUNTY WATER DISTRICT

Test Period From: January through December 2009

Meter Size	Bills	Gallons Sold	Revenue
5/8" Single Users	28,019	113,087,600	\$1,336,385
5/8" Multiple Users 2 Units	300	3,188,200	34,377
5/8" Multiple Users 3 Units	36	1,102,100	10,587
5/8" Multiple Users 4 Units	14	101,200	1,629
5/8" Multiple Users 16 Units	12	430,500	5,292
New Construction Customers added during the test year	332	1,339,952	14,825
Wholesale Customers		24,203,500	83,260
Bulk Loading		412,800	3,509
Totals	28,713	143,865,852	\$1,489,863

Meter Size: 5/8" Single Users

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 38,000	OVER 40,000
FIRST	2,000	9022	8,636,200	8,636,200		
NEXT	38,000	18921	99,095,900	37,842,000	61,253,900	
OVER	40,000	76	5,355,500	152,000	2,888,000	2,315,500
		28,019	113,087,600	46,630,200	64,141,900	2,315,500

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	28,019	46,630,200	\$25.19	\$705,798.61
NEXT	38,000		64,141,900	9.56	613,196.56
OVER	40,000		2,315,500	7.51	17,389.41
TOTAL		28,019	113,087,600		\$1,336,384.58

Meter Size: 5/8" Multiple Users 2 Units

	USAGE	BILLS	GALLONS	FIRST 4,000	NEXT 36,000	OVER 40,000
FIRST	4,000	39	112,400	112,400		
NEXT	36,000	254	2,717,500	1,016,000	1,701,500	
OVER	40,000	7	358,300	28,000	252,000	78,300
		300	3,188,200	1,156,400	1,953,500	78,300

REVENUE BY RATE
INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	4,000	300	1,156,400	\$50.38	\$15,114.00
NEXT	36,000		1,953,500	9.56	18,675.46
OVER	40,000		78,300	7.51	588.03
TOTAL		300	3,188,200		\$34,377.49

Meter Size: 5/8" Multiple Users 3 Units

	USAGE	BILLS	GALLONS	FIRST 6,000	NEXT 34,000	OVER 40,000
FIRST	6,000	5	18,900	18,900		
NEXT	34,000	19	256,300	114,000	142,300	
OVER	40,000	12	826,900	72,000	408,000	346,900
		36	1,102,100	204,900	550,300	346,900

REVENUE BY RATE
INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	6,000	36	204,900	\$75.57	\$2,720.52
NEXT	34,000		550,300	9.56	5,260.87
OVER	40,000		346,900	7.51	2,605.22
TOTAL		36	1,102,100		\$10,586.61

Meter Size: 5/8" Multiple Users 4 Units

	USAGE	BILLS	GALLONS	FIRST 8,000	NEXT 32,000	OVER 40,000
FIRST	8,000	8	30,400	30,400		
NEXT	32,000	6	70,800	48,000	22,800	
OVER	40,000	0	0	0	0	0
		14	101,200	78,400	22,800	0

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	8,000	14	78,400	\$100.76	\$1,410.64
NEXT	32,000		22,800	9.56	217.97
OVER	40,000		0	7.51	0.00
TOTAL		14	101,200		\$1,628.61

Meter Size: 5/8" Multiple Users 16 Units

	USAGE	BILLS	GALLONS	FIRST 32,000	NEXT 8,000	NEXT 40,000
FIRST	32,000	1	30,600	30,600		
NEXT	8,000	10	358,700	320,000	38,700	
NEXT	40,000	1	41,200	32,000	8,000	1,200
		12	430,500	382,600	46,700	1,200

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	32,000	12	382,600	\$403.04	\$4,836.48
NEXT	8,000		46,700	9.56	446.45
NEXT	40,000		1,200	7.51	9.01
TOTAL		12	430,500		\$5,291.94

Meter Size: New Customers added during the test year

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 38,000	OVER 40,000
FIRST	2,000	0	0	0		
NEXT	38,000	332	1,339,952	664,000	675,952	
OVER	40,000	0	0	0	0	0
		332	1,339,952	664,000	675,952	0

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	332	664,000	\$25.19	\$8,363.08
NEXT	38,000		675,952	9.56	6,462.10
OVER	40,000		0	7.51	0.00
TOTAL		332	1,339,952		\$14,825.18

**Wholesale Customers
REVENUE BY RATE**

	GALLONS	RATE	REVENUE
TOTAL	24,203,500	3.44	\$83,260.04
	24,203,500		\$83,260.04

**Bulk Loading
REVENUE BY RATE**

	GALLONS	RATE	REVENUE
TOTAL	412,800	8.50	\$3,508.80
	412,800		\$3,508.80

BRACKEN COUNTY WATER DISTRICT

ATTACHMENT E

Proposed Tariff

FOR Bracken County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

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

_____ SHEET NO. _____

Bracken County Water District
(Name of Utility)

RATES

Monthly Rates

5/8" & 3/4" Meters

First	1,000	gallons	\$25.19	Minimum bill
Next	38,000	gallons	9.54	per 1,000 gallons
Over	40,000	gallons	7.51	per 1,000 gallons
Wholesale Rate			3.44	per 1,000 gallons
Bulk Sales Rate			8.50	per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

BRACKEN COUNTY WATER DISTRICT

ATTACHMENT F

Comparative Tariff

FOR Bracken County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

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

_____ SHEET NO. _____

Bracken County Water District
(Name of Utility)

RATES

Monthly Rates

5/8" & 3/4" Meters

First	1,000	gallons	\$20.00	Minimum bill	\$25.19	Minimum bill
Next	38,000	gallons	7.16	per 1,000 gallons	9.54	per 1,000 gallons
Over	40,000	gallons	5.74	per 1,000 gallons	7.51	per 1,000 gallons
Wholesale Rate			2.81	per 1,000 gallons	3.44	per 1,000 gallons
Bulk Sales Rate			6.25	per 1,000 gallons	8.50	per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

BRACKEN COUNTY WATER DISTRICT

ATTACHMENT G

Public Notice

NOTICE

BRACKEN COUNTY WATER DISTRICT
MAILING ADDRESS - P O BOX 201
BROOKSVILLE KENTUCKY 41004-0201
OFFICE LOCATION - 1324 BROOKSVILLE GERMANTOWN ROAD
BROOKSVILLE KENTUCKY 41004
PHONE 606-735-3513

Bracken County Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is August 1, 2010

GALLON AGE BLOCK	CURRENT	PROPOSED	PER CENT INCREASE
First 2000 gallons and minimum bill	\$20.09	\$25.19	25.39%
Next 38,000 gallons	7.16	9.54	33.52%
Over 40,000	5.74	7.51	30.84%
Multiple user's are billed a minimum per unit	\$20.09	\$25.19	25.39%
Wholesale Rates	2.81	3.44	22.42%
Bulk Rates	6.25	8.50	36.00%
A monthly bill for a customer using an average of 5,000 gallons per month	\$41.57	\$53.87	29.60%

The rates contained in this notice are the rates proposed by Bracken County Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate change is given. The motion shall be submitted to the Public Service Commission 211 Sower Boulevard, P. O. Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party.

Interveners may obtain copies of the application and testimony by contacting Bracken County Water District at 1324 Brooksville Germantown Road, Brooksville, KY 41004, (606)735-3513 or the Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40602, (502) 564-3940. A copy of the application and testimony shall be available for public inspection at the utility's offices.

Bracken County Water District.

BRACKEN COUNTY WATER DISTRICT
1324 BROOKSVILLE GERMANTOWN RD
P O BOX 201
BROOKSVILLE KY 41004
606-735-3513

Attachment A
FA

2010-00184

April 22, 2010

Jeff Derouen, Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort Ky 40602-0615

Dear Mr. Derouen,

Please take notice that Bracken County Water District intends to file, on or after May 24, 2010, an application requesting to increase its water service rates. The application will be supported by the historic test year ending December 31, 2009.

Sincerely,

Diana Moran
Diana Moran, Office Manager

RECEIVED

APR 27 2010

PUBLIC SERVICE
COMMISSION

RECEIVED
APR 27 2010
FINANCIAL