

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAVES COUNTY WATER)	CASE NO.
DISTRICT FOR AN ALTERNATIVE RATE)	2018-00429
ADJUSTMENT)	

NOTICE OF FILING OF COMMISSION STAFF REPORT

Notice is hereby given that, in accordance with the Commission's May 14, 2019 Order that amended the procedural schedule entered on January 23, 2019,¹ the attached report containing the findings of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's January 23, 2019 Order, Graves County Water District of Carlisle and Graves Counties is required to file written comments regarding the findings of Commission Staff no later than 14 days from the date of entry of this report.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATE JUN 10 2019

cc: Parties of Record

¹ In the May 14, 2019 Order, the Commission amended the procedural schedule to extend the date to issue a Staff Report from May 15, 2019, to June 12, 2019. All other dates for procedural events are as scheduled in the January 23, 2019 Order.

STAFF REPORT
ON
GRAVES COUNTY WATER DISTRICT OF CARLISLE AND GRAVES COUNTIES
CASE NO. 2018-00429

Graves County Water District (Graves District) is a water utility district, organized pursuant to KRS Chapter 74, that owns and operates a water distribution system through which it provides retail water service to approximately 4,759 customers residing in Carlisle and Graves counties, Kentucky.² On December 27, 2018, Graves District tendered an application (Application) to the Commission requesting to increase its water service rates pursuant to 807 KAR 5:076. On December 28, 2018, Graves District was notified that its Application was rejected as deficient. Graves District corrected its filing deficiencies and the Application was deemed filed on January 3, 2019. To ensure the orderly review of the Application, the Commission established a procedural schedule by Order dated January 23, 2019.

As required by 807 KAR 5:076, Section 9, Graves District based its requested rates on a historical test period that coincides with the reporting period shown in its most recent Annual Report on file with the Commission at the time it filed the Application, for the calendar year ended December 31, 2017.

Based on financial exhibits Graves District presented in its Application, the water district requested rates that would increase annual water sales revenues by \$303,023, a 20.00 percent increase to test-year water sales revenues of \$1,515,114 even though

² *Annual Report of Graves County Water District of Carlisle and Graves Counties to the Public Service Commission for the Calendar Year Ended December 31, 2017 (Annual Report)* at 12 and 48.

Graves District determined it could justify a higher rate. Graves District presented financial exhibits in the Application that show how it calculated the amount of increase it could have justified. The exhibits are summarized below in condensed form.

Pro Forma Operating Expenses	\$ 1,958,214
Overall Revenue Requirement	1,958,214
Less: Other Income	88,937
Nonoperating Revenues and Expense	<u>(28,380)</u>
Revenue Requirement From Sales	1,897,657
Less: Revenue From Sales at Present Rates	<u>(1,515,114)</u>
Required Revenue Increase	<u>\$ 382,543</u>
Percentage Increase	<u>25.25%</u>
Proposed Revenue Increase at 20% Increase	<u>\$ 1,818,137</u>
Proposed Revenue Increase	<u>\$ 303,023</u>
Proposed Revenue Increase Percentage	<u>20.00%</u>

To determine the reasonableness of the rates requested by Graves District, Staff performed a limited financial review of Graves District's test-year operations. The scope of Staff's review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable changes to test-year operations were identified, and adjustments were made when their effects were deemed to be material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Staff's findings are summarized in this report. David Foster reviewed the calculation of Graves District's Overall Revenue Requirement. Sam Reid reviewed Graves District's reported revenues and rate design.

SUMMARY OF FINDINGS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Staff found that Graves District's Overall Revenue Requirement is \$1,969,075 and that a \$233,647 revenue increase, or 14.17 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Unauthorized Debt. As discussed in more detail below, Graves County currently has an outstanding loan payable to FNB Bank for which Graves County did not obtain Commission approval as required by KRS 278.300. Graves County has the responsibility to ensure that it follows the Commission's statutes and regulations, and that all statutory and regulatory approvals are obtained. Graves County should be aware that the Commission may initiate a separate proceeding to more thoroughly investigate the possible violations of Commission statutes and regulations. If a determination is made that there has been a willful violation of any provision of KRS Chapter 278 and 807 KAR Chapter 5, the members of the Board of Commissioners may be held accountable under KRS 278.990(1) and assessed a civil penalty up to \$2,500 for each offense.

3. Water Rates & Surcharge. Graves District current tariff includes three rate structures that are assessed based on geographic location as a result of Graves District's mergers with Hickory Water District (Hickory) in case No. 2012-00358³ and Sedalia Water

³ Case No. 2012-00358, *Joint Application Of Hickory Water District And Graves County Water District For Approval Of Proposed Merger* (Ky. PSC Sept. 27, 2012).

District (Sedalia) in case No. 2015-00296⁴. Graves District proposes to unify the systems rates into Graves District's current rate design to create a single, unified tariff to be assessed to all retail customers. Graves District has not performed a cost-of-service study in this case. However, in Graves District last rate case, Case No. 2012-00278,⁵ a cost-of-service study was performed and a unified rate structure was established for Graves District based upon the merger of four separate water districts. Staff finds that a unified tariff using the 2012 rate case rate design is appropriate and should be approved in this proceeding except for a separate surcharge in the amount of \$1.56 per month that would be assessed only to customers receiving service within the former Hickory area.

The Commission has previously found that an across-the-board increase is an appropriate and equitable method of cost allocation in the absence of a cost-of-service study. Staff finds that an across-the-board increase is the appropriate means to allocate the increased revenue requirement.

Graves District did not propose an increase to its fire suppression protection rates. The fixed flat monthly fire protection rate includes no volume of water and produces revenues to recover the fixed facilities costs incurred to provide the service. Staff agrees with Graves District that in the absence of a cost-of-service study, the fire suppression protection rate should not be increased at this time.⁶

⁴ Case No. 2015-00296, *Application Of Graves County Water District For Transfer Of Ownership And Control Of Sedalia Water District* (Ky. PSC Jan. 16, 2016).

⁵ Case No. 2012-00278, *Application Of Graves County Water District For An Adjustment In Rates Pursuant to The Alternative Rate Filing Procedure For Small Utilities* (Ky. PSC Sept. 05, 2012)

⁶ The COSS from Case No. 2012-00278 and used for the unified rate design does not apply to the fire protection rates.

The rates set forth in the Attachment to this report are based upon the revenue requirement as calculated by Commission Staff and will produce sufficient revenues from water sales to recover the \$1,882,064 determined by Staff, resulting in an approximate 14.17 percent increase from Staff's normalized test year revenues of \$1,648,417. The rates determined by Staff do not impact the merged Graves District retail customers equally. The combined tariff will increase the average monthly residential monthly bill for 4,000 gallons of water as shown below.

Monthly Bill	Staff			Percentage Increase
	Current Rates	Proposed Rates	Increase	
Graves Co.	\$ 24.09	\$ 27.51	\$ 3.42	14.20%
Sedalia	\$ 22.98	\$ 27.51	\$ 4.53	19.71%
Hickory	\$ 20.67	\$ 27.51	\$ 6.84	33.09%

Rate Design

Graves District's proposed unified rate structure in the Application erroneously included the current Hickory rate design and rates for the 1 1/2-Inch meter size. The error occurred in the Application's calculation of revenue for the proposed rates.⁷ Staff revised the proposed 1 1/2-Inch meter rates to align with the current rate design of Graves District. Graves District current tariff rates include a combined 3-inch and 4-Inch meter rate schedule. The rates proposed by Staff eliminate the combined 3-inch and 4-Inch meter rates and establish separate 3-Inch and 4-Inch meter rate schedules which also align with Grave District's current rate design,

Graves District provides temporary service upon request, for instances such as construction, a 3-inch meter that is used to monitor water usage. Staff finds that Graves

⁷ Application, Exhibit 3 at 2.

District's current tariff on file with the Commission does not fully set out this service provided to its customers. Therefore, Graves District should contact Staff for assistance in revising the current tariff language through the tariff filing process, to fully establish the criteria for the provision of this temporary service.

Graves District's Application did not provide an explanation of why it sought to unify its existing tariff. However, during Staff's field visit, Graves District stated that the unified tariff would simplify its current tariff and eliminate significant administrative burdens on its employees.

Graves District contracts with Mayfield for all day-to-day operations. This operating characteristic supports Graves District's proposed unified structure, Staff finds that rate unification in this proceeding will provide the benefits noted by Graves District during the field review and it would also allow all customers to realize, in full, the economies of scale that accompany mergers.

Surcharge

In Case No. 2012-00358, the Commission ordered Graves District to retire bonded obligations secured by the revenue from either Hickory or Graves District in accordance with KRS 74.363(4).⁸ KRS 74.363(4) states, in part, that “[b]onded obligations of any district . . . secured by the revenue of the systems . . . shall continue to be retired . . . from funds collected over the same area by the new board of commissioners” At the time Graves District merged with Hickory, Hickory had outstanding debt obligations. Due to

⁸ Case No. 2012-00358, *Joint Application of Hickory Water District and Graves County Water District for Approval of Proposed Merger Pursuant to KRS 74.363* (Ky. PSC Sept. 27, 2012).

the debt, Staff finds that a surcharge for customers served formerly in the Hickory area is appropriate and is consistent with previous Commission Orders.⁹

For the purpose of retiring the debt obligations currently owed by Hickory, Staff calculated a surcharge in the amount of \$1.56 to be assessed monthly only to the water customers served formerly in the Hickory area until June 2021. The amount of the surcharge is calculated below.

Average Annual Debt Principal and Interest Payment	\$ 26,372
Divide by: Number of Hickory District Customers	1,406
12 Months	<u>12</u>
Monthly Surcharge	<u>\$ 1.56</u>

The amount of the surcharge may be revised as needed, with the Commission’s approval, to ensure debt coverage. Also, to ensure compliance with KRS 74.361(5), Graves District will deposit all surcharge proceeds into a separate interest-bearing account from which disbursements may only be made for the purpose of retiring the existing debts. If, at any time, the cash balance of the surcharge account is not sufficient to pay a principal or interest payment, the additional cash deposit that is necessary to be placed into the surcharge account to make payment shall come from the revenues received through the assessment of the water service rates.

In order for the Commission to monitor Graves Districts surcharge activity, Graves District should include as a part of its Annual Report filed with the Commission a surcharge summary report that includes: the amount of surcharge billings and collections

⁹ Case No. 1996-00192, *Adjustment of Rates of the Bracken County Water District* (Ky. PSC Mar. 5, 1997).

for each month; a list of loan payments made during the year that show principal and interest payments separately; and copies of monthly bank statements for the surcharge account.

The rates proposed by Staff produce a greater level of revenue than the revenue requirement proposed by Graves District.

4. Pro Forma Operating Statement

Graves District's Pro Forma Operating Statement for the test year ended December 31, 2017, as determined by Staff, appears below.

	<u>Test Year</u>	<u>Adjustment</u>	<u>(Ref.)</u>	<u>Pro Forma</u>
Operating Revenues				
Sales of Water	\$ 1,515,114	\$ 133,303	(A)	\$ 1,648,417
Other Water Revenues	88,937			88,937
Total Operating Revenues	<u>1,604,051</u>	<u>133,303</u>		<u>1,737,354</u>
Operating Expenses				
Operation and Maintenance Expenses				
Advertising	1,457			1,457
Salaries and Wages - Commissioners	23,438			23,438
Purchased Power	102,850	(13,911)	(B)	88,939
Purchased Water	239,999	(32,460)	(B)	207,539
Chemicals	71,542			71,542
Materials and Supplies	96,850			96,850
Rental Equipment	41,037			41,037
Contractual Services	888,722	2,490	(C)	891,212
Insurance	20,906			20,906
Miscellaneous	20,822			20,822
Bad Debt	9,908			9,908
Total Operation and Maintenance Expenses	<u>1,517,531</u>	<u>(43,881)</u>		<u>1,473,650</u>
Taxes & License	5,450			5,450
Depreciation	329,397			329,397
Total Operating Expenses	<u>1,852,378</u>	<u>(43,881)</u>		<u>1,808,497</u>
Net Operating Income	(248,327)	177,184		(71,143)
Interest Income	1,542			1,542
Investment Income	2,134			2,134
Nonutility Income	<u>(1,750)</u>			<u>(1,750)</u>
Income Available to Service Debt	<u>\$ (246,401)</u>	<u>\$ 177,184</u>		<u>\$ (69,217)</u>

(A) Billing Analysis Adjustment. Graves District provided a billing analysis stating \$1,528,965 in total retail sales revenue for the 12-month test year in its application. The Application billing analysis reflected Graves District's current rates and the revenues produced from the three rate structures for Graves District, the former Hickory, and Sedalia areas at their respective rates. Staff has reviewed the Graves District's billing analysis provided in the Application and finds that combining customers from the former Hickory and Sedalia areas at the current Graves District rates will produce normalized revenues in the amount of \$1,648,416. Staff finds that the billing analysis as revised by Staff is an accurate representation of the normalized test-year revenue from water sales, therefore, Staff has increased test year water sales revenue by \$133,303.

(B) Expenses Attributable to Water Loss. Pursuant to 807 KAR 5:066 Section, 6(3), Graves District's water loss is limited to 15 percent for ratemaking purposes. Graves District reported test-year water loss at 28.5252 percent¹⁰ or 13.5252 percent above the amount allowed. In its Application, Graves District proposed an adjustment for water loss expenses based on a water loss percentage that was less than the reported amount in its annual report. Graves District provided no justification for using an amount that was lower than its reported amount. Staff based its adjustment on the water loss amount that was reported in Graves District's annual report. As shown below, Staff removed the expenses incurred during the test year to purchase and pump the lost water that was in excess of the allowable amount.

¹⁰ Annual Report at 56.

	<u>Purchased Water</u>	<u>Purchased Power</u>
Test Year Subject to Water Loss Adjustment Times: Water Loss in Excess of 15 Percent	\$ 239,999 <u>-13.5252%</u>	\$ 102,850 <u>-13.5252%</u>
Decrease	<u>\$ (32,460)</u>	<u>\$ (13,911)</u>

(C) Contractual Services. In the test year, Graves District reported \$888,722 in Contractual Services paid. Included in this amount was \$4,517 in audit and accounting fees, \$120 in legal fees, \$3,355 in engineering fees and \$880,730 in management and other fees that Graves District paid to Mayfield Electric and Water Systems (Mayfield) pursuant to an Operational Agreement (Agreement) between Mayfield and Graves District. As a part of the Agreement, which was last amended February 28, 2017, Mayfield agrees to and will be compensated for all aspects of the day-to-day operations, maintenance and management of the water treatment plant and the wastewater plant with the exception of those responsibilities specifically retained by the District.¹¹ Graves County has no employees and all business is conducted by Mayfield for Graves County pursuant to the Agreement. Staff reviewed the financial information and allocations on which Mayfield based its contracted annual compensation, and determined it to be reasonable.

The Agreement includes a provision that increases the customer charge annually by 1.5 percent to cover inflation. Graves District proposed an adjustment of \$4,227 to test year expenses to annualize the increase to the customer charge that occurred in

¹¹ "Contract Agreement for Operations, Maintenance, and Management Services," Appendix A at 1.

2018. Staff agrees that an adjustment to the customer service charge is appropriate to account for the increase that occurred but does not agree with Graves District's calculation. Staff calculated an adjustment to increase Contractual Services expense by \$2,490 as shown below.

Number of Customers at 12/31/18	4,781
Times: Current Customer Service Charge	<u>\$ 3.76</u>
Monthly Service Charge	17,977
Times: 12 Months	<u>12</u>
Pro Forma Annualized Service Charge	215,719
Minus: Test Year	<u>(213,229)</u>
Increase	<u><u>\$ 2,490</u></u>

Per the Agreement, Mayfield conducts water loss detection and repairs. Graves District proposed a pro forma adjustment of \$136,952 for a water loss detection and repair program. Consistent with recent Commission decisions,¹² Staff determined that the water loss detection and repair expenses are more appropriately recovered through a surcharge. Thus, Staff developed a water loss detection and repair surcharge based on Graves District's water loss detection, repair estimates, and expenses Graves District incurs for water loss that is above 15 percent. Staff's calculations are shown below.

¹² See Case No. 2011-00217, *Application of Cannonsburg Water District for (1) Approval of Emergency Rate Relief and (2) Approval of the Increase in Nonrecurring Charges* (Ky. PSC June 4, 2012); Case No. 2018-00376, *Application of Cannonsburg Water District for Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076* (Ky. PSC May 13, 2019).

Cost of Excess Water	\$ 46,371
Proposed Leak Detection and Repair Program	<u>136,952</u>
Total	183,323
Divide by: Number of Customers at 12/31/18	4,781
12 Months	<u>12</u>
Monthly Surcharge	<u>\$ 3.20</u>

Graves District should establish a separate, interest-bearing account in which to deposit the proceeds of the water loss detection and repair surcharge. Graves District should deposit all surcharge proceeds into the separate interest-bearing account. Graves District should use the proceeds of this surcharge solely for water loss leak detection and repair expenses as set forth in the Application filed in this proceeding. Graves District should file monthly activity reports with the Commission that include a statement of monthly surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee, and a description of its purpose; and invoices supporting each payment. Graves District should also file monthly water-loss reports with the Commission. Surcharge proceeds should not be used to reimburse Graves District for unaccounted-for water loss reduction expenses incurred prior to the issuance of a final order in this proceeding. Graves District's failure to comply with any conditions attached to its assessment of the surcharge will result in termination of the surcharge and the refund of all surcharge proceeds previously collected.

OVERALL REVENUE REQUIREMENT AND REQUIRED REVENUE INCREASE

The Commission has historically applied a DSC method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of: (1) cash-related pro forma operating expenses; (2) recovery of depreciation

expense, a non-cash item, to provide working capital;¹³ (3) the average annual principal and interest payments on all long-term debts, and (4) working capital that is in addition to depreciation expense.

A comparison of Graves County's and Staff's calculations of the Overall Revenue Requirement and Required Revenue Increase using the DSC method is shown below.

	Graves District	Staff
Pro Forma Operating Expenses	\$ 1,958,214	\$ 1,808,497
Plus: Average Annual Principal and Interest Payments		133,814
Additional Working Capital		26,763
	<hr/>	<hr/>
Overall Revenue Requirement	1,958,214	1,969,075
Less: Other Operating Revenue	(88,937)	(88,937)
Interest & Nonutility Income	28,380	1,926
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Revenue Required from Rates	1,897,657	1,882,064
Less: Pro Forma Present Rate Service Revenues	(1,515,114)	(1,648,417)
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Required Revenue Increase	\$ 382,543	\$ 233,647
Percentage Increase	25.25%	14.17%
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(1) Average Annual Principal and Interest Payments. Graves County currently has four outstanding loans payable to the Kentucky Infrastructure Authority (KIA), an operating line of credit with Community Financial Services Bank and one outstanding loan payable to FNB Bank. The FNB Bank loan was not authorized by the Commission. KRS

¹³ The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. *See Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. *See Case No. 2012-00309, Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012)

278.300(1) states that no utility shall issue any securities or evidence of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until it has been authorized to do so by Order of the Commission. Accordingly, *prima facie* evidence exists that Graves District violated KRS 278.300(1). The Commission may pursue a separate action against Graves District to show cause and present evidence on its failure to adhere to the procedures of KRS 278.300(1). In instances in which it is shown that the proceeds of an authorized loan were used to pay for current operating expenses, the Commission has disallowed rate recovery, finding that such action would constitute retroactive ratemaking. Staff has determined that Graves District used the proceeds of the FNB Bank loan to fund capital projects and purchase capital assets, and therefore, finds that Graves District should be allowed rate recovery of the associated debt service.

Additionally, Graves County requested to include \$6,980 of interest expense from the Community Financial Services Bank operating line of credit. Upon discussion with Graves District, Staff determined that the interest expense was a result of Graves District drawing funds from the operating line of credit to pay operating expenses in December 2018. Following the Commission's prior rulings, Staff excluded the Community Financial Services Bank interest payment from the calculated five-year average debt payment.¹⁴

Lastly, one of the KIA loans (KIA B96-04) was not included in the average principal and interest calculation as it was a loan that Graves District assumed when it completed its merger with the district formerly known as Hickory Water District (Hickory District).

¹⁴ See Case No.8690, *Application of Glengarry Utilities, Inc., Glengarry Sewage Treatment Plant, for an adjustment of Rates Pursuant to the Alternative Procedure for Small Utilities* (Ky. PSC July 8, 1983); and Case No. 9303, *Application of Fordhaven, Inc., for an Adjustment of Rates Pursuant to the Alternative Procedure for Small Utilities* (Ky. PSC Aug. 8, 1985).

Staff finds that a surcharge should be assessed to the customers of the former Hickory District. This surcharge is discussed identified in the Attachment to this report.

Staff finds that the average annual debt payment that should be included in the calculation of Graves District's Overall Revenue Requirement should be equal to the five-year average for the years 2018 through 2022, or \$133,814. This five-year average, which is calculated below, allows Graves District recovery of the debt payments that will be made during the anticipated five-year life of the rates authorized by the Commission in this proceeding.

Year	Principal	Interest	Principal and Interest
2018	\$ 113,801	\$ 20,454	\$ 134,255
2019	115,071	18,954	134,025
2020	116,358	17,455	133,813
2021	117,682	15,917	133,598
2022	119,024	14,358	133,382
Total	581,936	87,137	669,072
5-Year Average	\$ 116,387	\$ 17,427	\$ 133,814

(2) Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. Following the Commission's historic practice, Staff calculated Graves District's allowance for additional working capital based on a DSC ratio of 1.20, to be \$26,763, as shown below. Staff included this amount in the calculation of Graves District's Overall Revenue Requirement.

Average Annual Principal and Interest Times: DSC Coverage Ratio	\$ 133,814 <u>120%</u>
Total Net Revenues Required	160,577
Less: Average Annual Principal and Interest Payments	<u>(133,814)</u>
Additional Working Capital	<u>\$ 26,763</u>

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Signatures



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ATTACHMENT

ATTACHMENT TO A STAFF REPORT OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00429 DATED **JUN 10 2019**

Monthly Water Rates

5/8 x 3/4- Inch Meter

First	2,000	Gallons	\$ 15.45	Minimum bill
Next	8,000	Gallons	6.03	per 1,000 Gallons
Next	10,000	Gallons	5.40	per 1,000 Gallons
Next	30,000	Gallons	4.77	per 1,000 Gallons
All Over	50,000	Gallons	4.14	per 1,000 Gallons

1-Inch Meter

First	5,000	Gallons	\$ 33.53	Minimum bill
Next	5,000	Gallons	6.03	per 1,000 Gallons
Next	10,000	Gallons	5.40	per 1,000 Gallons
Next	30,000	Gallons	4.77	per 1,000 Gallons
All Over	50,000	Gallons	4.14	per 1,000 Gallons

1.5-Inch Meter

First	7,500	Gallons	\$ 48.62	Minimum bill
Next	2,500	Gallons	6.03	per 1,000 Gallons
Next	10,000	Gallons	5.40	per 1,000 Gallons
Next	30,000	Gallons	4.77	per 1,000 Gallons
All Over	50,000	Gallons	4.14	per 1,000 Gallons

2-Inch Meter

First	20,000	Gallons	\$117.68	Minimum bill
Next	30,000	Gallons	4.77	per 1,000 Gallons
All Over	50,000	Gallons	4.14	per 1,000 Gallons

3-Inch Meter

First	30,000	Gallons	\$260.79	Minimum bill
Next	20,000	Gallons	4.77	per 1,000 Gallons
All Over	50,000	Gallons	4.14	per 1,000 Gallons

4-Inch Meter

First	50,000	Gallons	\$260.85	Minimum bill
All Over	50,000	Gallons	4.14	per 1,000 Gallons

Wholesale Rate

\$ 3.07 per 1,000 Gallons

Monthly Surcharge for former Hickory area \$ 1.56 per customer

Monthly Water Loss Detection and Repair Surcharge \$ 3.20 per customer

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