

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 09 2001

PUBLIC SERVICE
COMMISSION

East Logan Water District and)
North Logan Water District)
No. 1) Case No. 2001- 212
)
v.)
)
City of Russellville)

COMPLAINT

East Logan Water District and North Logan Water District No. 1, by counsel, file this complaint against the city of Russellville for the purpose of protesting the recent effort of the city to raise wholesale water rates.

1. East Logan Water District (ELWD) is a statutorily created water district operating pursuant to KRS Chapter 74. It is regulated by the Public Service Commission;
2. Its address is 399 East Main St., Box 715, Auburn, Ky. 42206;
3. North Logan Water District No. 1 (NLWD) is a statutorily created water district operating pursuant to KRS Chapter 74. It is regulated by the Public Service Commission;
4. Its address is 3118 Lewisburg Rd., Russellville, Ky. 42276;
5. Both ELWD and NLWD purchase water at wholesale from the city of Russellville. A copy of the water purchase contract is attached as exhibit 1;
6. On March 20, 2001, ELWD received a letter from the city indicating that a rate increase was in the process and that a copy of a rate study had been sent to the Commission, copy attached as exhibit 2;

7. On April 21, 2001, the Commission stamped a copy of the cost study "Effective", copy attached as exhibit 3;

8. The city has billed the districts at the rate contained in the cost study, a copy of which is attached as exhibit 4;

9. The districts believe that the increased rate is void and that the city has failed to comply with procedures established by the Commission to increase rates;

10. The city failed to give the districts notice required of 807 KAR 5:011(8)(2);

11. The city failed to comply with the directive of the Commission dated December 18, 1998, that requires a city to follow one of two methods to increase rates: (1) file a new rate schedule or tariff specified in 807 KAR 5:011(6)(3); or (2) file an application for an increase in rates pursuant to KRS 278.190;

12. The cost study filed by the city does not meet the standards specified in the Commission's regulation 807 KAR 5:001(10) for information to be submitted in support of the proposed rate increase;

13. No notice of an effective date of the proposed increase in rates was given to the Commission or the districts as required by 807 KAR 5:011(9);

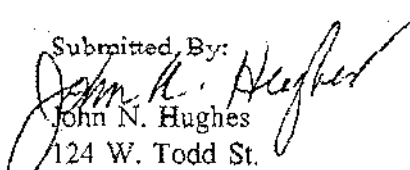
14. Because no notice was give to the districts about the rate filing, the districts had no opportunity to object to it or to participate in the review of the rate study;

15. The proposed rates are based on inaccurate, incomplete information and do not reflect the actual cost of service to the districts and do not comply with the terms of the wholesale water contract;

For these reasons, the districts request that the Commission void the rate increase improperly approved on April 21, 2001. In the alternative, the Commission should suspend the

rate, investigate the procedure used by the city to obtain the rate increase, and conduct a thorough review of the rate study to determine if the rate proposed by the city is justified.

Submitted, By:


John N. Hughes

124 W. Todd St.

Frankfort, KY 40601

Attorney for East Logan Water District
and North Logan Water District No. 1

EXHIBIT 1

WDA-PHA
Form PHA 442-30
(Rev. 4-19-72)

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the _____ day of _____ 19____, between the City of Russellville, Russellville, Kentucky 42276
(Address)

hereinafter referred to as the "Seller" and the East Logan Water District
P. O. Box 715, Auburn KY 42206
(Address)

hereinafter referred to as the "Purchaser".

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 74 of the XXX of Statutes of Kentucky, for the purpose of constructing and operating a water supply distribution system meeting water needs within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by resolution No. _____ enacted on the _____ day of _____ 19____, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said City was approved, and the execution of this contract carrying out the said resolution by the Mayor and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Commissioners of the Purchaser, enacted on the 17th day of July, 1990

the purchase of water from the Seller in accordance with the terms set forth in the said contract was approved, and the execution of this contract by the Chairman and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Division of Sanitary Engineering, Department for Natural Resources and Environmental Protection in such quantity as may be required by the Purchaser not to exceed 5 Million gallons per month.

3. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of FIFTY years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That THIRTY days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a rate indicated above in Section B-1

MAXIMUM XXXXXXXXXXXXXXXXXX which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished to the extent of the reduction in the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every TWO year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

9. (Pledge) This contract is hereby pledged to the United States of America acting through the Farmers Home Administration, as part of the security for a loan from the United States of America.

10. Purchaser will not sell water to any new industrial customer which uses over 100,000 gallons of water per month without prior approval of seller.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated

60 psi from an existing six inch main supply at a point located on

Kentucky State Route 79, which point is approximately 1,000 feet southwest of Concord Rd.

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophic shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To install, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering out more than two percent (2%) above or below the test result shall be accurate. The previous readings of any meter discovered by test to be inaccurate

shall be corrected for the six months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on the 25th day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1st day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

II. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following schedule of rates:

a. \$ 5.00 for the first 2,000 gallons, which amount shall also be the minimum rate per month.

b. \$ 2.98 cents per 1000 gallons for ~~XXXXXXX~~ ^{XXXX} ~~XXXXXXX~~ 5,000 gallons ~~XXXX~~
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

c. \$ 2.27 cents per 1000 gallons for ~~XXXXXXXXXXXX~~ 15,000 gallons.

d. \$ 2.00 cents per 1,000 gallons for next 25,000 gallons.

e. \$ 1.72 cents per 1,000 gallons for next 50,000 gallons.

f. \$ 1.31 cents per 1,000 gallons for water in excess of 100,000 gallons.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of (actual cost) dollars which shall cover any and all costs of the Seller for installation of the metering equipment and tapping of six-inch water main and all necessary equipment.

Witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in _____ counterparts, each of which shall constitute an original.

Signer:

CITY OF Russellville

By

[Signature]

Title

MAYOR

Attest:

[Signature]

Secretary

Purchaser:

East Logan Water Dist

By

[Signature]

Title

Chairman 7-18-98

Attest:

[Signature]

Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____,

19 98.

By _____

Title _____

Donette B. Smith, Notary, State of -
Large

My Commission Expires 2/20/93

AMENDMENT
to
WATER PURCHASE CONTRACT

This amendment to the contract for the sale and purchase of water dated July 17, 1990 between the City of Russellville, Kentucky, hereinafter referred to as the "Seller" and the East Logan Water District, hereinafter referred to as the "Purchaser" is entered into as of the 25 th day of April, 1995 by the Seller and the Purchaser for the purpose of extending the term of the contract.

A. It is mutually agreed between the Seller and the Purchaser as follows:

1. The term of the contract shall be extended such that the contract shall expire fifty (50) years from the date of this amendment as written above.
2. The East Logan Water District agrees to purchase water exclusively from the City of Russellville throughout the term of the contract unless another source of purchased water is available which would afford the Purchaser a significant cost savings. In such event, the Purchaser shall give written notice to the Seller at least five years prior to commencing to purchase water from an alternative source.
3. Other provisions of the contract as originally executed shall be unchanged.

in witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this amendment to be executed in two counterparts, each of which shall constitute an original.

City of Russellville

By: [Signature]
Ken Smith, Mayor

Attest: [Signature]

East Logan Water District

By: [Signature]
Bill Stokes, Chairman

Attest: [Signature]

This amendment is approved on behalf of the Farmers Home Administration on this the _____ th day of _____, 1995.

By: _____

Title: _____

EXHIBIT 2



City of Russellville

Utilities Director - Charles McColtum - 100 S. Main Street - Russellville, KY 42270
(270) 726-5042

Rooney Harkleroad
Assistant Utilities Director
(270) 726-5044

Wayne Thomas
Pre-Treatment &
Environmental
Coordinator
(270) 726-5057

ACE Davis
Maintenance Supervisor
(270) 726-5058

John Kresalovich
Wastewater Supervisor
(270) 726-5037

Dwight French
Water Plant Supervisor
(270) 726-5070

Mark Smith
Distribution
(270) 726-5060

Tommy Allen
Safety Director
(270) 726-5061

Miguel Santiago
GIS-GPS
(270) 726-5060

Mr. C.K. Hanks
East Logan Water District
P.O. Box 715
Auburn, KY 42006

MAR 22 2001
PSC
ANALYSIS

March 20, 2001

Dear Mr. Hanks,

8805900

This letter is to inform you the City of Russellville is in the process of increasing the water rate to \$2.45 per 1000 gals. For all water districts served by Russellville. This is due to the water crisis of 1998. The proposed rate distributes the costs of operating and maintaining the system evenly and fairly.

Mr. Brents Dickerson of BD 111 Engineers provided the information to do the wholesale water rate study. Copies of the study have been mailed to the Public Service Commission for their review.

Sincerely,

Chuck McColtum
Chuck McColtum

LCM01:14

cc: Carryn Lee



EXHIBIT 3



Paul E. Patton, Governor
Ronald E. McCreedy, Secretary
Public Protection and
Regulation Cabinet
Thomas M. Dorman
Executive Director
Public Service Commission

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
277 SOWER BOULEVARD
POST OFFICE BOX 813
FRANKFORT, KENTUCKY 40602-0815
WWW.PSC.STATE.KY.US
(502) 584-3940
FAX (502) 584-3400

Martin J. Muelmann
Chairman
Edward J. Holmes
Vice Chairman
Gary W. Gillis
Commissioner

April 23, 2001

Mr. Chuck McCollum
Utilities Director
City Of Russellville
108 S. Main Street
Russellville, Kentucky 42276

RE: Contract Filing No. C62-0416 of wholesale water rate increase to East Logan
Water District, North Logan Water District, and South Logan Water District.

Dear Mr. McCollum:

The above referenced Contract filing has been received and reviewed. An
accepted copy is enclosed for your files. Please file tariff pages setting out the rates to
be to be charged to the districts.

Sincerely,

Jess Heiton
Tariff Review Branch
Filings Division

Enclosure



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

Brents Dickinson
 270-781-6135
 Questions?

RECEIVED
 MAR 22 2001
 PSC
 FINANCIAL ANALYSIS

Russellville, Kentucky

Wholesale Water Rate Study

BDM Engineers, PLLC
 1523 Cabell Drive
 Bowling Green, KY 42104

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE
 APR 21 2001
 PURSUANT TO 807 KAR 5011,
 SECTION 9 (1)
 BY: Stephen D. Bell
 SECRETARY OF THE COMMISSION

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
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APR 27 2001

PURSUANT TO 807 KAR 5.011,
SECTION 8 (1)
BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

**WATER RATE STUDY
RUSSELLVILLE, KENTUCKY**

**SECTION I
INTRODUCTION**

A. GENERAL:

Generally, rates should be established that would recover from each customer class the cost of service caused by that class so far as the data will permit. When dealing with a District outside the city, the rate established should recover all costs caused by the District, including a proportionate share of the operating costs (whether capitalized or expensed) and debt service costs that is in "joint use" between the city and the District.

Municipal rates are based on the "cash needs" of the utility. The idea is to establish a rate structure that will generate the revenue needed to pay for cash needs as they fall due. The utility must establish rates that will generate adequate revenues that will allow the utility to operate on a self-sustaining basis.

There are three water districts that is served by the City of Russellville, East Logan, South Logan, and North Logan. A single rate will be developed to cover the cost of all three Districts.

B. SCOPE OF WORK

The scope of this study has included a review of all records of the Russellville water system relative to outstanding revenue bonds, operation and maintenance, capitalized O&M, customer billing & water usage, and revenue distribution. The steps in establishing the water rate include (1.) Identify the revenue requirements, (2.) Allocate costs to "Joint Use", (3.) develop the cost of service rate to the Districts.

PUBLIC SERVICE COMMISSION
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APR 21 2001

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: Stephan Bell
SECRETARY OF THE COMMISSION

SECTION II SYSTEM RECORDS AND REVENUE REQUIREMENTS

A. REVENUE REQUIREMENTS - GENERAL

Municipal water and sewer rates are designed to recover the "cash needs" of the system. Revenue requirements are generally divided into two major categories; operation and maintenance (O&M) and capital costs. The O&M costs are those that are ongoing and recurring expenses that are paid out of current revenue during the accounting period. Capital costs are the annual debt service and coverage requirements of the system, plus capitalized item paid out of current revenue, not debt financed.

The revenue requirements of the Russellville water system are defined in this report as debt service & coverage, O&M, and capitalized items not debt financed to the extent that it exceeds the coverage.

B. DEBT SERVICE AND COVERAGE

Bond covenants concerning parity stipulate that the annual net revenue must be at least 1.2 times the average annual debt service requirements of all outstanding bonds. The "net annual revenues" are defined as gross revenue less operating expenses, exclusive of allowance for depreciation. Even though coverage is not a "cash need", it is a requirement of the City's bond ordinance that protects the City's ability to sell future bonds at par, and is therefore included as a revenue requirement. It is considered that all customers that use, need, or benefit from the facilities should contribute to maintaining the utilities capacity for future borrowing. This money may be used to make the required fund deposits and pay for capitalized items not debt financed.

The debt service requirement of all outstanding water and sewer revenue bonds and the KIA loan is shown on the amortization schedule on Table 1. This table also indicates the average annual debt service for all outstanding bonds from FY 2001. The annual average debt service plus a coverage of 1.2 times for each bond issue is allocated to the system functions and to joint use facilities.

C. OPERATION AND MAINTENANCE (O&M)

Operation and maintenance expenses are those that are associated with the day to day operation and maintenance of the system. These costs are recurring expenses paid out of revenues collected by the rate structure. O&M expenses for water systems are divided into the following headings: Treatment, Transmission, Booster Stations, Distribution, Customer Accounts, and Administration and General. Table 2 shows the O&M expenses for FY 2000. The information was taken from the general ledger and allocated to the various system functions from discussions with the staff and a general knowledge of water systems.

PUBLIC SERVICE COMMISSION
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EFFECTIVE

APR 21 2001

SECRETARY OF THE COMMISSION

D. CAPITALIZED O&M

O&M costs should be differentiated from purchased items that are capitalized (depreciated) rather than expensed. These capitalized items are non-recurring expenses that are paid out of current revenue. Therefore, this is considered, in this study, to be a revenue requirement to the extent that it exceeds the coverage. This is because even though coverage is a revenue requirement, it is not a "cash need" and can be used to purchase capitalized items.

PUBLIC SERVICE COMMISSION
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APR 21 2001

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)
BY: Stephen D. Bell
SECRETARY OF THE COMMISSION

SECTION III COST ALLOCATIONS

A. DEBT SERVICE AND COVERAGE

Each bond issue was researched that pertains to the development of the Russellville water system. Each bond issue was broken down into the various contracts to determine use of the funds. A formula was developed to determine the percent that the construction cost of each contract was to the total construction cost of all contracts for that issue and applying that percent of the debt service costs to the appropriate system function.

A summary of the existing bond issues and the KIA loan follows:

1967	Contract 1 - Transmission
	Contract 2 - Raw Water Intake & Tank Foundation ¹
	Contract 3 - 600,000 Gallon Standpipes ²
1972	One Contract - Wolf Creek Dam - SPA Lake ³
1991	One Contract - Transmission
1993	KIA Loan - Twin Raw Water Lines from SPA Lake
1998	Contract 1 - Sewage Treatment Plant
	Contract 2 - Water Treatment Plant
1999	Contract 1 - Water Treatment Plant
	Contract 2 - Misc. (Trans. Dist. Storage)
	Contract 3 - Lost Revenue

Table 3 allocates the debt service, including coverage of 1.2 times, to system functions.

B. OPERATION AND MAINTENANCE

While debt service is a fixed cost, O&M expenses vary with water production and customer growth. Operating costs that vary with water production are allocated to appropriate function, while those that are customer related, such as meter reading and billing, is allocated to customer costs. It is recognized that administrative and general expenses represent a combination of all expense categories. The booster pump expense is allocated to the outside customers only since it serves the 180,000 gallon tank that serves the outside city customers.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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APR 27, 2001
PURSUANT TO 807 KAR 6.011,
SECTION 4(1)
BY: *[Signature]*
SECRETARY OF THE COMMISSION

¹ The tank foundation estimated cost of \$5,000 is deducted from Contract 2 and added to Contract 1.

² The 600,000 gallon standpipe is no longer in use. Therefore, it is not a joint use facility. The standpipe debt service is a city only expense.

³ 80% of the debt service of the SPA Lake project is paid by Russellville, and 20% by Lewisburg.

C. CAPITALIZED ITEMS NOT DEBT FINANCED

The coverage money available each year to purchase capitalized items not debt financed is \$90,466. No additional revenue will be required.

D. RATE CALCULATIONS

Various factors used to allocate costs to the Districts are described on Table 4, along with a tabulation of pipelines in the City's system used. Table 5 tabulates and calculates the Water Production, Storage, and Transmission factors. Table 6 allocates the salary and administrative costs to the other system functions, while Table 7 allocates the revised O&M totals and debt service plus coverage to joint use facilities and calculates the District rate.

D. RECOMMENDATIONS

It is recommended that the City of Russellville adopt a rate of \$2.45 per 1000 gallons for East Logan, North Logan, and South Logan Water Districts.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 21 2001

PURSUANT TO 807 KAR 6.011,
SECTION 8 (1)

BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

TABLE 1
 CITY OF RUSSELLVILLE KENTUCKY
 WATER SYSTEM REVENUE BONDS
 DEBT SERVICE

FY YEAR	1967	1972	1991	1993 KIA			1998	1999	TOTAL
				DEBT SERVICE	SERVICE ***	TOTAL KIA			
2001	61,410	13,573	8,925	97,679	1,901	99,580	350,223	239,488	773,199
2002		13,573	8,928	97,679	1,765	99,444	410,833	237,128	769,803
2003		13,573	8,726	97,679	1,826	99,505	408,580	234,538	764,721
2004		13,573	8,825	97,679	1,481	99,160	410,943	236,718	769,019
2005		13,573	8,878	97,679	1,351	99,030	407,576	238,348	767,832
2006		13,573	8,800	97,679	1,197	98,876	408,323	239,813	770,186
2007		13,573	8,775	97,679	1,018	98,697	410,134	235,231	768,410
2008		13,573	8,650	97,679	854	98,533	410,290	235,868	768,726
2009		13,573	8,025	97,679	685	98,364	408,869	235,576	768,395
2010		13,573	8,878	97,679	510	98,189	408,855		829,492
2011		13,573	8,725	97,679	330	98,009	407,170		827,486
2012		13,550	8,675	97,679	143	97,822	408,659		829,606
2013			8,925				426,273		435,198
2014			8,750				421,128		429,878
2015			8,675				426,166		433,740
2016			8,800				423,036		431,836
2017			8,700				420,103		428,803
2018			8,000				421,080		430,090
2019			8,775				420,868		429,438
2020			8,550						8,550
2021			8,825						8,825
2022			8,575						8,575
2023			8,825						8,825
2024			8,550						8,550
2025			8,775						8,775
2026			8,475						8,475
2027			8,675						8,675
2028			8,380						8,380
2029			8,525						8,525
2030			8,675						8,675
2031			8,800						8,800
2032			8,400						8,400
TOTAL	61,410	162,883	278,275	1,172,148	12,841	1,184,989	7,811,408	2,132,217	11,832,155
AVE	61,410	13,571	6,717	97,679		98,749	411,127	238,913	

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE
 APR 21 2001
 PURSUANT TO 807 KAR 5.011,
 SECTION 9(1)
 BY: *Sheldon Bell*
 SECRETARY OF THE COMMISSION

TABLE 2	
OPERATION & MAINTENANCE	
WATER TREATMENT	
SALARIES	\$165,580
UTILITIES	\$188,730
CHEMICALS	\$166,165
BUILDING & OTHER MAINT.	\$38,208
UNIFORM	\$3,764
GAS & OIL	\$81
FRIGHT	\$2,524
OFFICE	\$3,078
TOTAL	\$573,111
TRANSMISSION	
SALARIES	\$50,418
UTILITIES	\$168
UNIFORM	\$1,454
DEAD END LINES	\$37,784
MAINTENANCE	\$39,906
TOTAL	\$135,727
BOOSTER	
POWER	\$1,888
SALARY	\$11,000
MAINTENANCE	\$1,600
TOTAL	\$14,488
DISTRIBUTION	
SALARIES	\$84,823
UTILITIES	\$188
UNIFORM	\$1,454
METER REPAIR & MAINT	\$58,855
TOTAL	\$146,101
CUSTOMER ACCOUNTS	
SALARIES	\$28,829
UNIFORM	\$941
OFFICE	\$3,080
TOTAL	\$32,850
ADMINISTRATION & GENERAL	
SALARIES	\$55,962
UTILITIES	\$8,879
UNIFORMS	\$942
TRAVEL	\$1,335
RETIRE/INSUR	\$120,087
LEGAL/PROF	\$101,028
INSUR.WORKERS COMP	\$32,389
OFFICE	\$6,169
UNCLASSIFIED	\$1,238
TOTAL	\$328,009
GRAND TOTAL	\$1,230,257

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 27 2001

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Stephen D. Bell
SECRETARY OF THE COMMISSION

TABLE 3
RUSSELLVILLE OUTSTANDING BOND ISSUES
ALLOCATION OF DEBT SERVICE & COVERAGE TO SYSTEM FUNCTIONS

BOND YEAR	CATEGORY	CONST. COST	PERCENT FACTOR	DEBT SERVICE & COVERAGE	WTP	TRANS	DIST	STOR	TOTALS	STP
1967				36,146						
CONT I	TRANS	234,726	0.6253			23,009				
CONT II	WTP	98,833	0.2133		9,701					
CONT III	STOR	44,838	0.1115					4,106		
TOTALS		375,397	1.0000						36,846	
1972				13,028						
CONT I	SPALAKE	857,800	1.0000		13,028					
TOTALS		857,800							13,028	
1991				10,473						
CONT I	TRANS	148,000	1.0000			10,473				
TOTALS		148,000							10,473	
1993				98,749						
KIA	WTP	1,434,751	1.0000		98,749					
TOTALS		1,434,751							98,749	
1998				493,352						
	STP	5,035,000	0.9097							448,786
	WTP	500,000	0.0903		44,567					
TOTALS		5,535,000	1.0000						44,567	448,786
1999				284,296						
	WTP	894,477	0.5779		164,306					
	MISC.	590,015	0.3812			36,126	36,126	36,126		
	LOST REV	63,208	0.0488		2,903	2,903	2,903	2,903		
TOTALS		1,547,700	1.0000						284,296	
GRAND TOTALS					331,259	72,510	39,029	43,136	487,969	448,786

* Debt Service & Coverage spread over next two years
 ** 10 % of Debt Service and Coverage

PURS. SENT TO 407 KAN 6011.
 BY SECTION 819
 SCOTT W. BOY
 COUNTY COMMISSION
 APR 21 2001
 PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EXECUTIVE

**TABLE 4
FACTORS USED TO CALCULATE DISTRICT RATE**

WATER PRODUCTION FACTOR

$$\frac{\text{District Sales}}{1 - ((\text{Plant Loss}) + ((\text{Dist. Loss} \times \text{District Inch-Miles} / \text{Total Inch-Miles})))}$$

$$\frac{\text{Total Sales}}{1 - (\text{Plant Loss} + \text{Dist. Loss})}$$

USE FACTOR - STORAGE

$$\frac{\text{Water Purchased by District}}{\text{Total Water Purchased Using Facility}}$$

TRANSMISSION FACTOR

$$\frac{\text{Joint Transmission Length}}{\text{Total Transmission length}} \times \text{Use Factor}$$

Notes:

- 1 Unaccounted for water is 21%
- 2 Backwash Water is 4%

Length of Pipeline in System				
Size (In)	Length in Ft		Inch Miles	
	Total	Joint	Total	Joint
4	102000		77.27	
6	185000		147.60	
8	31400	7850	47.58	11.88
10	40000	34700	75.76	85.72
12	13600	7000	31.36	15.91
14	1200	1200	3.18	3.18
Total	353400	50750	422.85	86.70

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 27 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen D. Bell
SECRETARY OF THE COMMISSION



TABLE 8

Factors Used for Cost of Water Service to Districts			
WATER PRODUCTION FACTOR			
System Unaccounted for Allowance	147.84	X 0.21	= 0.0735
	422.65		
Backwash Water Allowance			= 0.0400
Total Allowances			0.1135
Water Production Factor	214208	X 0.7500	= 0.3878
	435888	0.9266	
USE FACTOR			
Storage	214208		= 0.4915
	435888		
Transmission Factor	214208	X 0.0750	= 0.2867
	435888	86400	

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 21 2001

PURSUANT TO 807 KAR 8.011,
SECTION 8(1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

TABLE 6					
ALLOCATION OF SALARY COSTS					
Retirement			\$120,087		
Insurance			\$32,368		
TOTAL			\$152,456		
Supervision and Labor Accounts					
Item	Amount	% Factor	Allocation	Revised Amount	
Power	\$0	0	\$0	\$0	\$0
Treatment	\$169,580	0.4173	\$63,620	\$233,200	
Transmission	\$56,416	0.1388	\$21,161	\$77,577	
Booster	\$11,000	0.0271	\$4,132	\$15,132	
Distribution	\$84,823	0.2082	\$31,741	\$116,364	
Customer Accts	\$28,899	0.0709	\$10,809	\$38,538	
Admin. & Gen.	\$55,862	0.1377	\$20,993	\$76,855	
	\$406,410	1.0000	\$152,456	\$558,866	
Recap. of A&G					
Total Per General Ledger			\$328,009		
Less Salary Cost			\$152,456		
Sub Total			\$175,553		
Salary Cost Alloc.			\$20,993		
Total to be Allocated			\$106,549		
Allocation of A&G					
Item	Amount	% Factor	A&G	Labor	Total
Power	\$189,730	0.2103	\$41,334	\$0	\$231,064
Treatment	\$383,381	0.4249	\$63,512	\$63,620	\$500,613
Boosters	\$14,458	0.0160	\$3,145	\$4,132	\$21,738
Transmission	\$135,727	0.1453	\$28,558	\$21,161	\$185,448
Distribution	\$148,101	0.1671	\$32,843	\$31,741	\$210,885
Customer Accounts	\$32,850	0.0364	\$7,154	\$10,809	\$50,813
	\$902,248	1.0000	\$196,546	\$131,463	\$1,230,267

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 27 2001

PURSUANT TO 807 KAR 0011,
SECTION 9 (1)
BY: Stephen D. Bell
SECRETARY OF THE COMMISSION

TABLE 7

Allocation of O&M to Districts										
	Total Amounts	Joint Amount	Alloc. Factor	Alloc. Amount						
Power	\$231,064	\$231,064	0.3978	\$91,920						
Treatment	\$530,513	\$530,513	0.3978	\$211,045						
Transmission	\$185,446	\$185,446	0.2887	\$53,533						
Boosters	\$21,736	\$0								
Distribution	\$216,685	\$0								
Customer Accounts	\$51,813	\$0								
	\$1,231,257			\$356,498						
Allocation of Debt Service and Coverage to Districts										
Bond Issue	Debt Service Including Coverage	Production			Transmission			Storage		
		%J	WPF	AMT	%	UF	AMT	%J	UF	AMT
1967	\$36,846	0.2633	0.3978	\$3,859	0.6253	0.2887	\$6,651	0		
1972	\$13,028	1.0000	0.3978	\$5,183						
1991	\$10,473			\$0	1.0000	0.2887	\$3,023			
1993	\$98,749	1.0000	0.3978	\$39,284						
1998	\$493,352	0.0903	0.3978	\$17,722						
1999	\$284,296	0.5719	0.3978	\$65,356	0.1271	0.2887	\$10,429	0.1271	0.4915	\$17,760
Totals	\$936,744			\$131,407			\$20,103			\$17,760
Rate Calculations										
Debt Service		\$199,269								
O&M		\$356,418								
Total		\$555,687								
District Sales 1000 gals.		214208.4								
Proposed Rate per 1000 Gals		\$2.45								

PURSUANT TO KYR 807 KAR 207
 SECTION 8 (1)
 APR 21 2000
 BY: *Stephan D. Bell*
 SECRETARY OF THE COMMISSION

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE

062-0416

ORDINANCE June 4, 1991
1.17 Ordinance 91-4

(2) Other water charges: There shall be a \$10.00 reconnect fee during hours that the City Hall is open and a \$25.00 reconnect fee during hours that the City Hall is not open to reconnect any water meter that was disconnected for non-payment of charges.

(3) Connection or tap of sewer lines:
\$75.00 per connection.

(4) Monthly water rates:
First 1,500 gallons \$3.42 (Minimum Bill)
Next 18,000 gallons \$3.10 per 1,000 gallons
Next 30,000 gallons \$2.75 per 1,000 gallons
Next 50,000 gallons \$2.50 per 1,000 gallons
Next 600,000 gallons \$2.25 per 1,000 gallons
Next 1,000,000 gallons \$2.00 per 1,000 gallons
All over 1,000,000 gallons \$1.45 per 1,000 gallons

(5) Monthly sewer rates: The rates and charges for sewer service shall be based as far as possible upon the quantity of water supplied to the respective premises as evidenced by water meter readings:
First 1,500 gallons \$4.00 (Minimum Bill)
All over 1,500 gallons \$2.43 per 1,000 gallons.

(6) Monthly minimums: The minimum monthly bills for water service shall be based upon the size of the meter serving the subject property according to the following schedule:

WATER METER SIZE, INCHES	AMOUNT OF WATER IN MINIMUM BILL	MINIMUM MONTHLY CHARGE		
		WATER	SEWER	TOTAL
5/8 x 3/4	1500 gallons	\$ 3.42	\$ 4.00	\$ 7.42
3/4	4500 gallons	14.72	11.29	26.01
1	1500 gallons	24.02	18.58	42.60
1-1/4	15000 gallons	67.77	36.81	104.58
2	24000 gallons	75.77	58.68	134.45
3	48000 gallons	139.77	117.00	256.77
4	75000 gallons	207.77	182.61	390.38
5	150000 gallons	382.77	364.86	747.63

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE APR 27 2001 PURSUANT TO 807 KAR 6011, SECTION 8 (1) BY: Stephan D. Bell SECRETARY OF THE COMMISSION

SECTION II: The foregoing revised schedule of rates and charges for the use of services rendered by the Water Works System and Sewer System shall be put into effect for collection on all water and sewer bills becoming due on or after July 1, 1991.

SECTION III: All portions of any section of any ordinance or rule of regulation in conflict herewith are hereby repealed to the extent of that conflict only, and in particular, but not by way of limitation, ORDINANCE 86-9 is hereby repealed.

SECTION IV: In the event any provision of this Ordinance is invalid for any reason, such invalidity shall not affect the validity of any other provision.

This Ordinance shall be effective after its passage and publication according to law.

FIRST READING conducted this the 21 day of May, 1991.

SECOND READING CONDUCTED AND PASSED by roll call vote this the 4th day of June, 1991.

AYES:	NAVES:	ABSTAINING:	ABSENT:
Willie Hampton	None	None	Howard Wren
Patricia Busham			
Russell Jones			
John Hankins			
Doyle "Jackie" Dunlap			

Ken Smith
KEN SMITH, MAYOR

APPROVED: Barbara Busham
PREG. S. JERKINS, CITY CLERK

7207.H
4437

2960/4

06/25/2001 13:04 5825547279
FRANKLIN ROAD
EAST LOGAN WATER DIST.
C/O HANKS CONSTRUCTION
P.O. BOX 715
AUBURN
Svc On 9/01/91 Svc From 2/20/01

PSC OF KY



Cl Rt

--Meters--

WA 1 17

96780039

Active R

SW

KY 42206

Budget

0 N

Balance

8,591.02

Svc On 9/01/91

Svc From 2/20/01

Svc To

3/15/01

Due Date

4/05/01

Service	Previous	Present	Deduct	Cons	Charges
Water	1693398	1747679		54281	8,591.02

Sewer
1998 Water Crisis Debt

Sanit
Taxes
Miscellaneous
Arrears
Net
Gross

8,591.02

9,450.12

Roll Keys

RUSSELLVILLE WATER-SEWER DEPT.

270/726-5005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 21 2001

PURSUANT TO 807 KAR 5011,
SECTION 8 (1)

BY: Stephan Bell
SECRETARY OF THE COMMISSION

05/25/2001 13:04 5825647279
MORGANTOWN ROAD
EAST LOGAN WATER DIST
HANKS CONSTRUCTION CO
P O BOX 715
AUBURN
KY 42206
SVC From 2/20/01



PSG OF KY

Cl Rt
WA 1 17
SW
Meters--
5992840
Budget 0 N Balance 10,136.57
SVC To 3/15/01 Due Date 4/05/01

Service Previous Payment Deduct Cons Charges
Water 2065501 2130441 64940 10,136.57

Sewer
1998 Water Crisis Debt

Sanit

Taxes

Miscellaneous

Arrears

Net

Gross

10,136.57
11,150.23

Roll Keys

RUSSELLVILLE WATER-SEWER DEPT.

270/726-5005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 21 2001

PURSUANT TO BOT KAR 5.011,
SECTION 9(17)

BY: *Sharon Bell*
SECRETARY OF THE COMMISSION

86/26/2001 13:04 5025647278
NORTH LOGAN WATER DIST
& SMOKEY SMOTHERMAN
3118 LEWISBURG ROAD
RUSSELLVILLE KY 42276
Svc On 2/03/87 Svc From 2/02/01 Svc To 3/05/01

PSC OF KY

Cl Rt

PAUSE 22

Meters--

WA 1 17

93571608

Active P

BW

Budget 0 N

Balance 6,294.07

Due Date

4/05/01

Service	Previous	Present	Deduct	Cons	Charges
Water	3933280	3971720		38440	6,294.07
Sewer					
1998 Water Crisis Debt					

Sanit

Taxes

Miscellaneous

Arrears

Net

6,294.07

Gross

6,923.48

Roll Keys

RUSSELLVILLE WATER-SEWER DEPT.

270/726-5005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 21 2001

PURSUANT TO 807 KAR 6.011,
SECTION 9(1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

05/25/2001 19:04 5025647278
SOUTH LOGAN WATER
4 JOHN BARNES/TREASURER
P O BOX 277
ADAIRVILLE
Svc On

PSC OF KY
Active-R
Budget 0 N
Svc From 2/05/01 Svc To 3/06/01

PAGE 22
Meters--
2561172
Balance 962.02
Due Date 4/05/01

Service	Previous	Present	Deduct	Cons	Charges
Water	871980	875610		3630	862.02
Sewer					
1998 Water Crisis Debt					

Sanit
Taxes
Miscellaneous
Arrears
Net
Gross

862.02
948.22 Roll Keys

RUSSELLVILLE WATER-SEWER DEPT.

270/726-5005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 27 2001

PURSUANT TO 807 KAR 501.1
SECTION 9(1)
BY: Stephen D. Bell
SECRETARY OF THE COMMISSION

EXHIBIT 4

METER LOCATION

MORGANTOWN ROAD

METER READINGS		UNITS	TYPE SERV	CHARGES & CREDITS
PREVIOUS	PRESENT			
2284993	2373200	88298	1A	21637.52
1998 Water Crisis Debt		51		4836.36



POSTERED
FIRST CLASS MAIL
U.S. POSTAGE
PAID
ONE GUNCL
PERMIT NO. 3
RUSSELLVILLE KY
42276

ACCOUNT	NET AMOUNT
	26489.80
DUE AFTER	GROSS AMOUNT
7/05/01	29137.48

LEAVES & LIMBS PICK-UP

FIRST BILL & 3RD BILLS

AMOUNT DUE ON OR BEFORE		7/05/01	26489.80	
AMOUNT DUE AFTER		7/05/01	29137.48	
CY	RT	ACCOUNT	SERVICE FROM	SERVICE TO
1	13		5/15/01	6/16/01
		FINAL BILL	CHECK-O-MATIC	

21,632.52

EAST LOGAN WATER DIST
HANKS CONSTRUCTION CO
P O BOX 715
AUBURN KY
42206

METER LOCATION

FRANKLIN ROAD

METER READINGS		UNITS	TYPE SERV	CHARGES & CREDITS
PREVIOUS	PRESENT			
1060501	1046817	74639	1A	19774.84
1998 Water Crisis Debt		51		4214.76



POSTERED
FIRST CLASS MAIL
U.S. POSTAGE
PAID
ONE GUNCL
PERMIT NO. 3
RUSSELLVILLE KY
42276

ACCOUNT	NET AMOUNT
	22989.60
DUE AFTER	GROSS AMOUNT
7/05/01	25288.56

LEAVES & LIMBS PICK-UP

FIRST BILL & 3RD BILLS

AMOUNT DUE ON OR BEFORE		7/05/01	22989.60	
AMOUNT DUE AFTER		7/05/01	25288.56	
CY	RT	ACCOUNT	SERVICE FROM	SERVICE TO
1	14		5/16/01	6/19/01
		FINAL BILL	CHECK-O-MATIC	

18,774.84

EAST LOGAN WATER DIST.
C/O HANKS CONSTRUCTION
P. O. BOX 715
AUBURN KY
42206

Current water Bill
LAST BILL

2.45/1000 + Debt Crisis
1.55/1000