

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EAST CLARK COUNTY WATER DISTRICT)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 2005-00322
)	
CITY OF WINCHESTER, ACTING BY AND)	
THROUGH WINCHESTER MUNICIPAL)	
UTILITIES COMMISSION)	
)	
DEFENDANT)	

ORDER TO SATISFY OR ANSWER

Winchester Municipal Utilities Commission ("WMU") is hereby notified that it has been named as defendant in a formal complaint filed on August 1, 2005, a copy of which is attached hereto.

Pursuant to 807 KAR 5:001, Section 12, WMU is HEREBY ORDERED to satisfy the matters complained of or file a written answer to the complaint within 10 days from the date of service of this Order.

Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

Done at Frankfort, Kentucky, this 4th day of August, 2005.

ATTEST:

By the Commission


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EAST CLARK COUNTY
WATER DISTRICT,
Complainant

v.

CITY OF WINCHESTER,
ACTING BY AND THROUGH
WINCHESTER MUNICIPAL
UTILITIES COMMISSION,
Defendant

Case No. 2005-00322

RECEIVED

AUG 1 2005

PUBLIC SERVICE
COMMISSION

VERIFIED FORMAL COMPLAINT

East Clark County Water District ("East Clark," or "Complainant"), pursuant to KRS 278.260, by counsel, for its Verified Formal Complaint against the City of Winchester, acting by and through the Winchester Municipal Utilities Commission (hereinafter, "Winchester," or "Defendant"), states as follows:

1. The full name and address of the Complainant is East Clark County Water District, P.O. Box 112, Winchester, Kentucky, 40392. East Clark is a water district organized pursuant to KRS Chapter 74 that provides water service to customers in Clark County, Kentucky. Pursuant to a Water Purchase Agreement dated July 15, 1999 (the "Water Purchase Agreement", attached hereto as Exhibit A, East Clark purchases water from Winchester to serve its customers. East Clark also sells water to Winchester at certain points on its system for the purpose of improving Winchester's water pressure in

certain areas. East Clark is a public utility subject to Commission jurisdiction under KRS 278.010 and KRS 278.040.

2. The full name and address of the Defendant is the City of Winchester, Acting By and Through Winchester Municipal Utilities Commission, 150 N. Main Street, P.O. Box 4177, Winchester, Kentucky, 40392-4177. Winchester sells water at retail to customers in the City of Winchester and in Clark County, Kentucky. In addition, pursuant to the Water Purchase Agreement, Winchester sells water to East Clark for resale to East Clark's customers. In its capacity as a provider of water to East Clark, WMU is subject to Commission jurisdiction pursuant to KRS 278.200. *See Simpson County Water District v. City of Franklin*, 872 S.W.2d 460, 463 (Ky. 1994) ("[W]here contracts have been executed between a utility and a city... KRS 278.200 is applicable and requires that by so contracting the City relinquishes the [KRS 278.010] exemption and is rendered subject to PSC rates and service regulation").

3. Despite months of good faith attempts to negotiate a resolution to the issues presented herein, East Clark has been unable to obtain a reasonable response from Winchester.

4. By this Complaint, East Clark asks as follows: [1] that the Commission commence an investigation into the rates currently charged by Winchester to East Clark,¹ including requiring Winchester to have performed, by a neutral third party, a cost of

¹ Although Winchester's wholesale rate to East Clark was approved by Commission Order issued December 17, 2004, and East Clark did not object to the rate at that time, there is precedent for East Clark's request. For example, in *In the Matter of An Investigation of the Wholesale Water Service Rate of Montgomery County Water District No. 1* (PSC Case No. 97-400, Order dated Oct. 1, 1997), the Commission opened its own investigation to determine the proper wholesale rate in response to a complaint letter received from the wholesale customer several months after the rate increase had been approved, without objection, by Commission Order.

service study that is based upon reasonable cost allocations and demand factors, to determine the just and reasonable wholesale rate to be charged by Winchester to East Clark on a going-forward basis; [2] that the Commission investigate certain acts and practices of Winchester, including (a) Winchester's current practice of treating East Clark as a retail customer subject to a declining-block retail rate for each of its service connections rather than as a wholesale customer that receives a single, volumetric rate to which it is entitled based on the parties' Water Purchase Agreement, and (b) Winchester's refusal to permit East Clark to purchase sufficient water to serve its customers on reasonable terms and conditions, even as it claims authority to prevent East Clark from purchasing water elsewhere without its permission, in violation of the parties' Water Purchase Agreement; [3] that the Commission enter its Order (a) declaring that such acts and practices are in violation of the parties' Water Purchase Agreement and the obligation of good faith and fair dealing, and are otherwise unjust, unreasonable, and unlawful, and (b) prescribing the proper acts and practices and policies to be followed by Winchester; [4] that the Commission construe the parties' Water Purchase Agreement to determine the extent to which certain portions of the contract violate 7 U.S.C. § 1926(b) and/or KRS 278.280 and other applicable statutes and regulations requiring utility service to be adequate and to be provided on just and reasonable terms, and declare such portions of the Water Purchase Agreement to be null, void and unenforceable; [5] that the Commission issue its Order enforcing, on an expedited basis, its orders in Case No. 2004-00455,² by requiring Winchester to pay the Commission-approved rate to East Clark, including arrearages incurred for service billed on and after January 1, 2005; or, in the

² *In the Matter of Purchased Water Adjustment of East Clark County Water District*, PSC Case. No. 2004-00455.

alternative, that the Commission vacate its Order in Case No. 2004-00506³ approving Winchester's rate to East Clark, and order Winchester to refund to East Clark amounts paid since the effective date of the new rates that are in excess of the rates charged prior to January 1, 2005. The facts supporting this Complaint are set forth below.

COUNT I

REQUEST FOR INVESTIGATION TO DETERMINE THE JUST AND REASONABLE WHOLESALE RATE TO BE CHARGED BY WINCHESTER TO EAST CLARK

5. The rates charged to East Clark by Winchester are excessive, unreasonable, and unlawful, are based upon inappropriate allocation of costs and unreasonable demand factors, and result in a rate structure whereby East Clark and its customers are forced to subsidize the rates paid by Winchester's in-city customers.

6. East Clark is required to pay, rather than a single volumetric rate that befits a wholesale customer, a declining block rate applicable to retail customers applied per service connection.⁴ Such rate treatment violates cost of service principles, as East Clark is a wholesale customer that provides billing, collection, distribution, and other services to its own customers. Since the parties' Water Purchase Agreement was signed in 1999, the cost of water to East Clark has been increased from ninety-six cents (\$0.96) per one hundred cubic feet [Water Purchase Agreement at 5-6] to the current rate, averaged from

³ *Proposed Rate Adjustment of Wholesale Water Service Rate of Winchester Municipal Utilities*, PSC Case No. 2004-00506, Final Order dated December 17, 2004.

⁴ *See AWWA Manual M1* (4th Ed. 1991), at 42 ("Declining-block rates are usually not appropriate for wholesale service ... quantity of use is no indication of load characteristics for this type of customer. The calculated rates should be tested by application to customer-class water usage to determine if revenues will be derived from each class in accordance with the cost of service").

January through July of this year, of \$2.06 per one hundred cubic feet, excluding Kentucky River Authority fees -- an extraordinary increase in six years. The declining block retail rate applied to East Clark by Winchester is the “outside the city” retail rate, which is much higher than the “inside the city” retail rate. The incongruity of the rates is illustrated by the following comparison of the *retail* rates charged by Winchester to city customers and the allegedly “*wholesale*” rates charged to East Clark:

<u>Charged to In-City Winchester retail customers:</u>		<u>Charged to East Clark</u>	
<i>(Per 100 cubic feet)</i>		<i>(Per 100 cubic feet)</i>	
First 100 cubic feet	\$3.37	First 100 cubic feet	\$4.37
Next 400 c.f.	2.46	Next 400 c.f.	3.24
Next 1,500 c.f.	2.32	Next 1,500 c.f.	3.03
Next 15,000 c.f.	2.20	Next 15,000 c.f.	2.88
Next 333,000 c.f.	1.71	Next 333,000 c.f.	2.19
Over 350,000 c.f.	1.05	Over 350,000 c.f.	1.54

7. The rates charged to East Clark are allegedly based upon a cost of service study performed by Thompson Environmental Network, Inc. (“TEN”) in 1999 [the “Winchester Study,” attached hereto as Exhibit B]. However, the calculations and allocations reflected in the Winchester Study do not comport with generally accepted cost of service principles and result in the unlawful and unreasonable allocation to East Clark and its customers of numerous expenses, including fire protection and water distribution lines, associated solely with Winchester’s provision of service to its *retail* customers. Other unreasonable conclusions in the Winchester Study include, but are not limited to, the following:

A. Table B-3 shows the maximum day and maximum hour peaking factors applied. The maximum day peaking factor for East Clark is shown as 2.25 and the maximum hour peaking factor is shown as 3.75. A table at the bottom of the sheet

shows, as “Peaking Factor Options,” 2.25 and 3.75 (random AWWA examples) and 1.35 and 1.56 - the *peaking factors apparently calculated by Thompson Environmental Network for East Clark*. As East Clark maintains its own water storage, it is abundantly clear that 2.25 and 3.75 are highly unlikely to reflect any approximation of East Clark’s actual usage and demand pattern. Single family residential peaking factors – inside the city – are set at 2.50 and 4.00, respectively. The peaking factors applied to East Clark result in unreasonable charges to East Clark and its customers.

B. Table B-12 shows an 11% interest rate on equity, while Table B-13 shows allocation of water assets and capital cost, including depreciation and a 6.38% rate of return on investment, to “outside city” customers, including East Clark. The allocation to East Clark of depreciation and rate of return on such assets as distribution lines, hydrants, and meters is unreasonable.

C. Tables B-13 and B-17 show a rate of return of 6.38 percent allocated to outside city customers. Winchester should be required to justify its return by providing evidence concerning its rate base used to serve East Clark.

8. The current rates, based upon the Winchester Study and calculated as if East Clark were several retail customers – and outside-city retail customers, at that – are unreasonable. East Clark asks the Commission to order Winchester to have a new cost of service study performed that accurately and reasonably reflects Winchester’s cost to provide wholesale service to East Clark, and to set a new wholesale rate based upon such study.

COUNT II

WINCHESTER'S UNILATERAL RECLASSIFICATION OF EAST CLARK TO "RETAIL" RATHER THAN "WHOLESALE" STATUS IN VIOLATION OF THE PARTIES' WATER PURCHASE AGREEMENT

9. The rates currently charged to East Clark by Winchester [Winchester Tariff attached as Exhibit C hereto] specify that East Clark pays a retail rate, calculated by declining block for each of six service connections, rather than specifying a single, volumetric rate to be charged to East Clark, despite its purported classification as a "wholesale" customer.

10. The AAWA1 Manual, at 42, specifies that, under proper cost of service principles, a wholesale customer should pay a single volumetric rate rather than a declining-block rate, as quantity of use is no indicator of load characteristics for a wholesale customer.

11. The parties' Water Purchase Agreement, at ¶ 8, specifies that East Clark is to pay a single wholesale rate to be adjusted by reference to volume sold rather than by reference to the means by which the water is delivered (i.e., by number of system connections):

For the first five years, the compensation which ECCWD shall pay to WMU for water furnished under this Agreement shall be ninety-six cents (\$0.96) per hundred cubic feet.... The amount of the increase or decrease of the rate hereinabove fixed shall be directly proportional to the increase or decrease produced by such rate change in WMU's gross revenues received for water from its other customers....After five years, the rate will be adjusted to the then current cost-of-service volumetric rate and adjusted biannually according to cost-of-service methodology.

Water Purchase Agreement, at ¶ 8.

12. Thus, pursuant to the Water Purchase Agreement, Winchester was to adjust the *single* rate by *cost of service* methodology. Instead, Winchester has unilaterally reclassified East Clark from wholesale to retail status, ignoring both the Water Purchase Agreement and cost of service principles, both of which dictate that East Clark is entitled to a single volumetric rate based on costs actually related to Winchester's cost to provide service to East Clark.

13. Winchester's unilateral reclassification of East Clark from wholesale to retail status violates the Water Purchase Agreement and is otherwise unjust, unreasonable, and unlawful, and should be so declared by this Commission.

COUNT III

WINCHESTER'S REFUSAL TO PROVIDE EAST CLARK WITH SUFFICIENT WATER TO SERVE ITS CUSTOMERS ON REASONABLE TERMS AND CONDITIONS

14. The Parties' Water Purchase Agreement, at 2, states that "ECCWD herewith agrees to purchase all of its water requirements from WMU during the term of this Agreement, subject to the maximum provided for in Paragraph 6 below, and WMU shall be ECCWD's exclusive supplier unless WMU is unable or unwilling to supply a sufficient supply of water to ECCWD to meet its reasonable needs."

15. Paragraph 6 of the Water Purchase Agreement provides, in turn, that Winchester will sell to East Clark "up to 400,000 gallons per day as a peak day capacity allocation."

16. Paragraph 8 provides that, if East Clark withdraws more than 400,000 gallons in any single day, it will be subject to a surcharge of 25% of the rate in effect for the quantity above the capacity allocation.

17. Due to system growth, East Clark now needs an allocation greater than 400,000 gallons per day. Consequently, pursuant to the Parties' Water Purchase Agreement, Paragraph 7, which provides for such requests, East Clark has asked Winchester to provide it with additional capacity.

18. In response to East Clark's request, Winchester has offered to supply it with an additional 100,000 gallons per day only on the unreasonable conditions that East Clark acquiesce in a system development charge to be assessed by Winchester and that East Clark forego its right to present evidence to the Commission on the reasonableness of such system development charge. East Clark does not object to paying a reasonable system development charge that has received Commission approval. However, to East Clark's knowledge, the system development charge Winchester wishes to impose upon East Clark does not comply with 807 KAR 5:090 in that the charge assessed will not be based upon the cost of construction of system improvements necessary to serve East Clark.

19. As East Clark has refused to surrender its lawful right to participate in any Commission proceedings on a system development charge proposed by Winchester, or to question the proposed system development charge in any way, Winchester -- despite ample available capacity -- has refused to enter into an agreement to sell East Clark additional capacity and has threatened to impose the 25% surcharge upon withdrawals of

more than 400,000 gallons per day, although such surcharge does not appear in the Winchester tariff [Exhibit C hereto].

20. Nevertheless, even as Winchester refuses to agree to an increase in the maximum daily quantity to be delivered to East Clark pursuant to reasonable terms and conditions, including full examination of any system development charge that might be necessary and appropriate, it continues to exert leverage based upon a purported right to prevent East Clark from purchasing water from another supplier.

21. Winchester's practices as described herein are unreasonable and unlawful, in that Winchester is once again following its established pattern and practice of attempting to use its leverage as East Clark's sole water supplier to impose unreasonable terms and conditions.

22. Winchester should be ordered to deal in good faith with East Clark as the parties' Water Purchase Agreement requires, to agree to sell, on reasonable terms and conditions, additional water needed by East Clark to provide adequate service to its customers, and to cease its attempts to deprive East Clark of its right, under applicable law and Commission regulations, to participation in the examination of any proposed system development charge.

COUNT IV

VIOLATION OF FEDERAL AND STATE LAW IN CONTRACTUAL PROVISIONS PURPORTING TO PROVIDE FOR AUTOMATIC LOSS OF EAST CLARK'S CUSTOMERS, FACILITIES, AND TERRITORY TO WINCHESTER

23. Because East Clark is a federally-indebted water utility, East Clark's right to serve existing customers is protected by federal law, and cannot be waived by East Clark. However, the parties' Water Purchase Agreement is replete with provisions that purport to enable Winchester to take over East Clark's territory, to purchase its facilities, to serve its customers and, in fact, to buy the entire system on a "first refusal" basis should East Clark finally cease its struggle to conduct business in a cost-effective way despite the heavy-handed practices of Winchester as described herein.

24. The Water Purchase Agreement contains assignments of certain territory and also provides that Winchester may begin serving certain areas currently served by East Clark at any time [Water Purchase Agreement at 2- 4]. The Water Purchase Agreement, at 2-4, also contains a pricing formula allegedly governing forced sales to Winchester by East Clark.

7 U.S.C. § 1926(b) provides as follows:

The service provided or made available through any [water] association *shall not* be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

[Emphasis added.]

25. The Water Purchase Agreement provisions described herein providing for automatic surrender by East Clark of its territory and its customer base to Winchester, at Winchester's discretion, violate federal law and, in that the contemplated transfers appear to include no role for Public Service Commission review, may violate state law as well. The Commission should declare such provisions void and unenforceable.

COUNT V

REQUEST FOR EXPEDITED RELIEF ENFORCING PRIOR COMMISSION ORDERS APPROVING EAST CLARK'S RATE CHARGED TO WINCHESTER OR, IN THE ALTERNATIVE, VACATING THE UNLAWFUL RATES CHARGED BY WINCHESTER AND ORDERING A REFUND

26. On November 29, 2004, East Clark applied to the Commission for approval to adjust its rates pursuant to the increase of its water supplier, Winchester. The case was docketed as Case No. 2004-00455. The first page of the application [the "Application"] [attached hereto in its entirety as Exhibit D] states as follows: "In the application please note that the city of Winchester will no longer sell water to the district at a wholesale rate. Therefore, the district can no longer resell water to the city at a wholesale rate. The purchased water adjustment reflects that water resold to the city will be sold at retail rates. The district has met with the city regarding this issue and the city does not object to the change in billing." The statement in the Application reflects the agreement with Winchester upon which East Clark relied in deciding not to contest Winchester's most recent – and drastic – rate increase.

27. Attached to, and part of, the Application filed with the Commission in Case No. 2004-00455 is a sheet entitled "EAST CLARK COUNTY WATER DISTRICT CALCULATION OF PURCHASED WATER ADJUSTMENT REVISED WATER

RATES.” On that sheet is a section entitled “SALES TO WINCHESTER.” The declining block rates, from the “First 2,000” through “Over 50,000” are identical to those specified for “RETAIL CUSTOMERS” on the same sheet. The calculation of the appropriate purchased water adjustment is dependent upon the calculations for the retail rate to Winchester as shown in the application and as approved by the Commission.

28. Attached to, and part of, the Application filed with the Commission in Case No. 2004-00455 is a copy of the public notice published in a newspaper of general circulation in Clark County that specifies the new proposed rates for *all* users.

29. Attached to, and part of, the Application filed with the Commission in Case No. 2004-00455 is a copy of East Clark’s proposed rates, with the heading “RATES – ALL USERS.”

30. The Commission’s final order in Case No. 2004-00455, dated January 6, 2005, unequivocally approved East Clark’s “proposed rates” [PSC Orders, Case No. 2004-00455, attached hereto as Exhibit E].

31. Winchester refuses to pay the lawful rates as approved in Case No. 2004-00455, withholding, to date, \$33,431.47, excluding tariffed penalties. In the meantime, Winchester has charged East Clark its increased, declining block, outside-city, retail rate. Winchester has violated its agreement with East Clark in which East Clark agreed not to oppose the rate increase filed by WMU in 2004 based on the understanding that Winchester would pay the reciprocal East Clark retail rate. As the Application in Case No. 2004-00455 demonstrates, East Clark’s new rates, including the new rates to Winchester, were calculated to recoup the additional cost to East Clark of paying Winchester’s increased rate. Winchester’s failure to pay East Clark’s new rate, even as

East Clark pays the increased rates now charged by Winchester, results in accumulating monthly financial losses to East Clark.

32. On June 5, 2005, East Clark, realizing that it had erroneously refiled an unchanged tariff page 8 reflecting the rate charged to Winchester prior to the purchased water adjustment approved in Case No. 2004-00455, sent to the Commission a tariff page containing the corrected rate [June 5, 2005 Letter of William Ballard to the Executive Director, copy attached hereto as Exhibit F]. To date, East Clark has received from the Commission no acknowledgement of its filing.

33. On June 17, 2005, Winchester objected to the submission of the tariff page, alleging, among other things, that it had not received notice that East Clark's purchased water adjustment would result in a rate increase to Winchester [Letter of John Rompf, dated June 17, 2005, copy attached hereto as Exhibit G]. However, representatives of Winchester were personally informed that Winchester's rate would be increased to East Clark's retail rate in accordance with Winchester's rate treatment of East Clark. Even if Winchester had not received such verbal notification prior to East Clark's filing of the Application in Case No. 2004-00455, Winchester received notice of the new rates by publication, as did other East Clark customers. *See* Public Notice attached to Application [Exhibit D]. Moreover, in light of the requirement in 807 KAR 5:068 that a purchased water adjustment include adjustment to rates for *all* customer classes; in light of the provision in the parties' Water Purchase Agreement, at 10, that ECCWD's rate will increase "at the same time and in the same proportion" as an increase from Winchester; and in light of sheer common sense, Winchester's claim to have believed that it alone --

of all ECCWD's customers -- would not receive *any* increase as a result of its own rate hike is, with all due respect, devoid of merit.

34. An expedited remedy for the current imbalance in rates charged by Winchester to East Clark and paid by Winchester to East Clark is necessary.

35. The Commission should issue its Order declaring that the rates proposed by East Clark and approved by the Commission in Case No. 2004-00455 are the lawful rates to be charged; that they have been effective since January 1, 2005, as the Commission's Orders state; and that Winchester must pay those rates or face lawful disconnection. In the alternative, the Commission should vacate its earlier order in Case No. 2004-00506 approving Winchester's rates currently charged to East Clark since January 1, 2005, and order Winchester to refund amounts overpaid by East Clark since January 1, 2005.

REQUEST FOR RELIEF

WHEREFORE, East Clark County Water District requests that the Commission:

1. Commence an investigation into the rates currently charged by Winchester to East Clark, requiring Winchester to have performed, by a neutral third party, a cost of service study that is current and that is based upon reasonable cost allocations and demand factors, and, as a result of that investigation, determine the just and reasonable wholesale rate to be charged by Winchester to East Clark on a going-forward basis;

2. Investigate certain acts and practices of Winchester, including (a) Winchester's unilateral and unreasonable reclassification of East Clark to retail customer status subject to a declining-block retail rate for each of its service connections rather than as a wholesale customer that receives a volumetric rate to which it is entitled based on the

parties' Water Purchase Agreement, and (b) Winchester's refusal to permit East Clark to purchase sufficient water to serve its customers on reasonable terms and conditions, even as it claims authority to prevent East Clark from purchasing water elsewhere without its permission;

3. Enter its Order declaring that Winchester's acts and practices in these matters are in violation of the parties' Water Purchase Agreement and are otherwise unjust, unreasonable, and unlawful, and prescribing the proper acts and practices and policies to be followed by Winchester, including the requirement that Winchester enter into an amendment to the Parties' Water Purchase Agreement to enable East Clark to purchase additional capacity on reasonable terms;

4. Construe the parties' Water Purchase Agreement to determine the extent to which certain portions of the contract violate 7 U.S.C. § 1926(b) and/or KRS 278.280 and other applicable statutes and regulations requiring utility service to be adequate and to be provided on just and reasonable terms, and declare such portions of the Water Purchase Agreement to be null and void;

5. Enter its Order enforcing, on an expedited basis, its orders in Case No. 2004-00455,⁵ by requiring Winchester to pay the Commission-approved rate to East Clark, including arrearages incurred for service billed on and after January 1, 2005; or, in the alternative, enter its Order vacating the rate charged by Winchester to East Clark in violation of the Water Purchase Agreement and the parties' understanding with regard to reciprocal rate increases and order Winchester to refund to East Clark amounts paid since

⁵ *In the Matter of Purchased Water Adjustment of East Clark County Water District*, PSC Case. No. 2004-00455.

January 1, 2005, that are in excess of the rates charged by Winchester to East Clark prior to that Order.

6. Award to East Clark all other relief to which it may be entitled.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Deborah T. Eversole".

C. Kent Hatfield

Deborah T. Eversole

STOLL, KEENON & PARK, LLP

2650 AEGON Center

400 West Market Street

Louisville, Kentucky 40202

Telephone: (502) 568-9100

Counsel to East Clark County
Water District

VERIFICATION

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

William Ballard, Manager of East Clark County Water District, first being duly sworn, deposes and says that he has read the foregoing Verified Formal Complaint and knows the contents thereof; and that the same is true of his own knowledge, except to those matters which are therein stated on information or belief, and that as to those matters he believes them to be true.

William Ballard
William Ballard
Manager, East Clark County Water District

Subscribed and sworn to before me by William Ballard on this
28th day of July, 2005.

My Commission Expires: 2-21-07

Carla J. Shennels
NOTARY PUBLIC

CERTIFICATE OF SERVICE

I hereby certify that, on July 29, 2005, a complete and accurate copy of the foregoing Formal Complaint, with Exhibits, was sent by First Class Mail, postage prepaid, to Vernon Azevedo, General Manager, Winchester Municipal Utilities Commission, 150 N. Main Street, P.O. Box 4177, Winchester, Kentucky, 40392-4177, and John Rompf, Esq., White, McCann & Stewart, PLLC, 125 South Main Street, P.O. Box 578, Winchester, KY 40392-0578.

A handwritten signature in black ink, reading "Deborah T. Eversole". The signature is written in a cursive style with a large initial "D".

Deborah T. Eversole

EXHIBIT A

CITY OF WINCHESTER, KENTUCKY
by and through its
WINCHESTER MUNICIPAL UTILITIES COMMISSION
and
EAST CLARK COUNTY WATER DISTRICT

RECEIVED
DEC 21 1999
PUBLIC SERVICE
COMMISSION

WATER PURCHASE AGREEMENT

THIS WATER PURCHASE AGREEMENT (herein after referred to as "Agreement"), made and entered into this 15th day of JULY, 1999, by and between the CITY OF WINCHESTER, KENTUCKY, a municipal corporation of the third class located in Clark County, Kentucky (hereinafter referred to as "City"), by and through its WINCHESTER MUNICIPAL UTILITIES COMMISSION (hereinafter referred to as "WMU"), and EAST CLARK COUNTY WATER DISTRICT (hereinafter referred to as "ECCWD"), of Winchester, Clark County, Kentucky;

WITNESSETH:

WHEREAS, WMU has in operation a water treatment plant and delivery system supplying water to customers both within and without the corporate limits of the City, and

WHEREAS, by contract dated July 20, 1995 (which replaced a contract dated March 25, 1982), ECCWD has heretofore purchased water for the purpose of supplying its customers in eastern Clark County, and

WHEREAS, the parties hereto have determined that, because ECCWD's water requirements are now and will exceed those contracted for under the 1995 Agreement, and

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 20 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan D. Bell

WHEREAS, for territorial considerations arising out of WMU's providing of service in certain areas now included in the areas currently served by ECCWD, the said Agreement should now be terminated and replaced by this new Agreement;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements hereinbelow contained, the parties agree and bind themselves as follows:

1. Termination of Prior Agreement. That certain Water Purchase Agreement heretofore entered into by and between the parties hereto dated July 20, 1995, is by mutual consent of the parties hereby canceled and held for naught.

2. WMU to be Exclusive Supplier. ECCWD herewith agrees to purchase all of ~~its water requirements from WMU during the term of this Agreement, subject to the~~ maximum provided for in Paragraph 6 below, and WMU shall be ECCWD's exclusive supplier unless WMU is unable or unwilling to supply a sufficient supply of water to ECCWD to meet its reasonable needs.

3. ECCWD Territory. Except as hereinbelow provided, ECCWD has and shall retain, exclusive of the rights of WMU, the right to provide water service to all of those areas of eastern Clark County as marked on the map attached hereto as Exhibit "A" and identified as "ECCWD" and the engineer's description attached hereto as Exhibit "B". Should there be any discrepancy between the map and the engineer's description, the engineer's description (Exhibit "B") shall control.

ECCWD further agrees that should it become practical for WMU to provide sewer service in the area marked on the map attached hereto as Exhibit "C" and identified as "WMU Sanitary Sewer Service Area 1, Area 2, Area 3, and Area 4" and the

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EFFECTIVE

JAN 20 2000

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

engineer's description attached hereto as Exhibit "D", or should such an area be annexed into the City of Winchester, then ECCWD shall, within sixty (60) days of receipt of notice by WMU, cede such area to WMU to become part of WMU's service territory. Should there be any discrepancy between the map and the engineer's description, the map (Exhibit "C") shall control.

WMU and ECCWD agree and acknowledge that the need for sanitary sewer expansion in the watersheds of Four Mile Creek, East Four Mile Creek, and Little Stoner Creek is mandated by the approved Facilities Planning Boundary. Extension of sanitary sewers in these watersheds shall only occur as required to accommodate growth that requires connection to a centralized sewer system or as directed by governmental or regulatory agencies other than WMU.

When such an area is ceded to WMU by ECCWD and ECCWD has previously provided service to such area, then WMU shall compensate ECCWD for facilities constructed by ECCWD in such area. The amount of compensation shall be determined from the books and records of ECCWD and shall consist of the undepreciated book value of ECCWD's facilities located in such area plus the present worth of the net revenues from the customers being served by ECCWD at the time such area is ceded to WMU calculated over 10 years. "Net revenues" is defined as the gross revenues from such customers reduced by the cost of goods sold, the actual operating costs and the proportion of debt service applicable to such facilities. Should the parties hereto not be able to agree on such compensation, then each party shall select a CPA other than those serving either of the parties and the two CPAs shall

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OF KENTUCKY
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JAN 20 2000

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan D. Bell

select a third CPA who does not serve either party. The third CPA shall determine the amount of compensation to be paid by WMU to ECCWD and such determination shall be binding on the parties. Such reduction in territory and the compensation therefor shall be subject to approval of the creditors of ECCWD as may be required in various loan agreements.

The purpose of this provision of this Agreement is to allow the public health and welfare to be protected by the provision of sanitary sewer service, to avoid WMU providing sanitary sewer service to customers who are not WMU water customers, and to avoid the anomaly of having water customers located within the city limits of the City of Winchester who are not customers of WMU.

4. Territorial Encroachments. The parties agree that certain areas outside the territory assigned by this agreement to ECCWD are now served by ECCWD and that WMU shall have the right, at its option, to commence supplying any customers or territory not included in the ECCWD territory identified by the attached engineer's description Exhibit "B" at any time, upon sixty (60) days written notice to ECCWD. Any master meter required to be moved by the acquisition of customers or territory by WMU as herein provided shall be moved at the expense of WMU.

5. Effective Date and Term of Agreement. This Agreement shall become effective immediately upon its execution and shall remain in force and effect for a period of twenty (20) years thereafter; provided, however, that ECCWD shall have the right to renew and extend this Agreement for an additional period of twenty (20) years if

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SECTION 9(1)

BY: Stephan D. Bue
SECRETARY OF THE COMMISSION

it so desires, upon written notice to WMU at least two (2) years prior the expiration of the first twenty-year term.

6. Quantity of Water to be Supplied. WMU hereby agrees to sell and deliver to ECCWD up to 400,000 gallons per day as a peak day capacity allocation.

Said quantity of water is exclusive of water repurchased by WMU from ECCWD and that quantity sold through bulk water loading stations previously the property of WMU.

Water necessary for flushing of ECCWD's water system shall be exempt from any surcharge. ECCWD shall provide WMU a one business day notice of ECCWD's intent to flush all or portions of water system in order that proper billing procedures can be initiated.

7. Request for Additional Capacity. WMU and ECCWD hereby acknowledge and agree that the quantity of water allocated in Paragraph 6 of this Agreement was determined on the present projected peak day demand of ECCWD and the present available capacity of the WMU water system. Both parties agree that if in the future should ECCWD require an additional quantity of water to serve growth, that such a request will be made in writing to WMU and that WMU will consider the request through the normal business routine as WMU would consider for approval a request for capacity from any developer. Increases in the quantity of water to be supplied to ECCWD, upon approval by WMU in the normal course of business, will be noted in the meeting minutes of the WMU Commission and will be appended to this Agreement.

8. Compensation. For the first five years, the compensation which ECCWD shall pay to WMU for water furnished under this Agreement shall be ninety-six cents
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(\$0.96) per hundred cubic feet, excluding surcharges as defined in Paragraph 8 and System Development Charges as defined in Paragraph 15 of this Agreement. The said rate shall be subject to increase or decrease at any time the City, in its sole discretion, changes the water rates for other customers of WMU. The amount of the increase or decrease of the rate hereinabove fixed shall be directly proportional to the increase or decrease produced by such rate change in WMU's gross revenues received for water from its other customers. Any revised rate shall be rounded to the nearest cent. "Other customers" as used herein shall mean regular customers subject to the general water rate schedule fixed by the City from time to time and shall not include water districts or other customers subject to special contractual rates. After five years, the rate will be adjusted to the then current cost of service volumetric rate and adjusted biannually according to cost of service methodology.

ECCWD hereby agrees that should the peak day capacity allocated in Paragraph 6 of this Agreement be exceeded on any singular day, ECCWD will pay WMU a surcharge of 25% of the rate then in effect for the entire quantity above the peak day capacity allocation payable with the regular monthly bill.

9. Metering. Water delivered to ECCWD by WMU shall be measured by up to five (5) master meters to be placed at locations agreed upon between the parties. The meters shall be purchased and installed at the cost of ECCWD, but the meter shall be owned and maintained by WMU. Each meter shall be examined and tested at least once every five (5) years. In the event it is ascertained that any meter is not accurate, it shall be replaced by WMU so as to render it accurate, and an adjustment shall be

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made to the charges imposed upon ECCWD based upon such examination and test and upon the average monthly charges to ECCWD during the preceding three (3) month period.

For billing purposes related to surcharges, each master meter will be read each day by WMU. WMU will notify ECCWD each time that the peak day capacity allocation has been exceeded. Billing will be based on a monthly charge including all surcharges for exceeding peak day capacity.

10. Terms and Conditions of Service. Subject to the provisions of this Agreement, ECCWD hereby agrees and binds itself to abide by all ordinances, rules and regulations of the City and WMU applicable to other customers; to pay all charges and delinquent penalties, if any; to be subject to termination for nonpayment of charges; and otherwise to receive the water service in the same manner and under the same terms and conditions as other customers of WMU.

11. Limits of Obligations and Liabilities of WMU. WMU hereby agrees to supply and deliver the quantity of water to ECCWD as herein set forth, and WMU expressly limits and restricts the providing of such service with the understanding that WMU shall only be required to use reasonable attention, care and diligence in the operation and maintenance of its system to prevent and avoid any unnecessary interruptions and fluctuations in the supply of water. WMU does not represent or guarantee that interruptions or fluctuations will not happen or occur, and due to conditions which may be brought about or emergencies which may be caused by breaks, leaks, defects, repairs, extensions, enlargements, or demands upon the

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system, or by fire, floods, strikes, acts of God, or other unforeseen causes, there may be times and occasions when the quantity or supply of water may be diminished or interrupted, and there shall be no obligation or requirement upon WMU to deliver or provide the water to be supplied at any specific pressure or flow. WMU shall provide water to ECCWD at its various meters according to applicable laws and regulations of the Kentucky Division of Water. The pressure and quantity of water resulting from normal operation of WMU's system shall be available to ECCWD at its various meters.

12. Water Shortages. It is agreed, that in cases of shortage of supply, all customers and users of both WMU and ECCWD shall share the shortage proportionately and WMU will not discriminate against ECCWD under such circumstances. In such cases of shortage, ECCWD agrees to the terms and conditions of the WMU Emergency Water Conservation Program in addition to any other curtailment or restriction that ECCWD may desire to implement. ECCWD hereby agrees to hold WMU harmless from any and all liability incurred as a result of WMU's furnishing, or its reasonable failure to furnish, any particular quantity or pressure of water under the Agreement.

13. Restriction Against Resale of Water by ECCWD. ECCWD shall not sell any water provided it under this Agreement outside the limits of its territory as described herein, nor shall it sell or deliver any water to any other water district or other supplier of water to individual customers without the consent of WMU, which consent shall be obtained through proper legislative action of the City; provided, however, that

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ECCWD may sell water to water haulers upon the written consent of WMU at such location or locations as may be approved by WMU.

14. Repurchase of Water by WMU. It is recognized by the parties hereto that WMU has been repurchasing water from ECCWD for the purpose of improving pressures in portions of WMU's water system. Water being so repurchased is now metered to WMU at two locations: Ky. Highway 89 near the property of William Shearer, and Ky. Highway 15 at the Napier property.

It is specifically understood and agreed that WMU shall have the right to increase or decrease repurchases and to increase, decrease, or change the locations of repurchase metering points; provided, however, that the actual costs of installing, removing, or changing the location of any repurchase meter shall be borne by WMU, with all such meters to be supplied at the cost of ECCWD, which shall remain the owner thereof. WMU shall be responsible for the maintenance and accuracy of such meters. Each meter shall be examined and tested at least once every five (5) years. In the event it is ascertained that any meter is not accurate, an adjustment shall be made to the charges imposed upon WMU based upon such examination and test and upon the average monthly charges to WMU during the preceding three (3) month period.

It is further agreed that should WMU's repurchase requirements create an overload of ECCWD's pumping and pipeline capacity, and should WMU, in its sole discretion, desire to continue repurchase of water from ECCWD, WMU shall pay its share of the capital expenditures required to increase pumping and pipeline capacities necessary to serve WMU's repurchase requirements.

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The price to be paid for water repurchased by WMU pursuant to this paragraph shall initially be one and 24/100 dollars (\$1.24) per hundred cubic feet, and shall be increased or decreased at the same time and in the same proportion that the price paid by ECCWD to WMU for water under Paragraph 6 of this Agreement is increased or decreased.

15. System Development Charges. ECCWD acknowledges that WMU, through City, has adopted a schedule of System Development Charges (SDCs) to recover certain costs associated with serving growth and to protect the ratepayers of both WMU and ECCWD from rate increases necessary to serve growth.

WMU acknowledges and agrees that the Phase VI project does not qualify for assessment of SDCs under the terms and conditions as established by WMU; therefore there will be no assessment of SDCs on ECCWD for growth and increased demand caused by construction of ECCWD's Phase VI and the associated demand caused by the connection of up to 260 additional customers to ECCWD in the defined territory of Phase VI (hereinafter "Phase VI Territory"). There will be a three (3) year period for connection of up to 260 additional residential customers equivalents, in the Phase VI Territory, without payment of SDCs. ECCWD acknowledges and agrees that the capacity limitation defined in Paragraph 6 provides for the eventual connection, within a three (3) year period, of up to 260 additional residential customer equivalents in the Phase VI Territory.

ECCWD acknowledges and agrees to the assessment and payment of SDCs at an initial rate of \$1,000 per 400 gallons per day for additional capacity, as may be determined by the PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

JAN 20 2000

requested in the future by ECCWD, for additional capacity over and above the 400,000 gallons per day allocated in this Agreement. The said rate of \$1,000 per 400 gallons per day shall be subject to modification at any time the City, in its sole discretion, changes by ordinance the SDC rate for 5/8" meter to be assessed and paid by other customers of WMU. Payment of said SDCs by ECCWD to WMU shall be within 365 calendar days of the time of WMU approval of additional contractual capacity allocation.

ECCWD shall retain the right to collect SDCs from developers, property owners, customers or other parties within its retail water service territory in a manner of its choice.

~~Should the Kentucky Public Service Commission (PSC) issue an order resulting from Administrative Case No. 375, or any other current or future case, which conflicts with the provisions contained herein with regard to the permissibility, assessment, or payment of SDCs, paragraph 15 of this Agreement will be subject to negotiated amendment by the parties to bring the provisions of the Agreement into compliance with said PSC order.~~

16. Sale of ECCWD Assets. In the event that ECCWD shall during the term hereof desire to dissolve, or otherwise dispose of a substantial portion of its assets, ECCWD hereby grants to WMU an option to purchase all of the assets of the ECCWD.

17. Parties Bound. This Agreement shall inure to the benefit of the be binding upon the parties hereto and their respective successors and assigns. This Agreement shall not be assigned by either party without the written consent of the other party, which consent shall not be unreasonably withheld; provided, however, in all events

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each and every provision of this Agreement shall be binding upon a successor-in-interest who shall be exclusively responsible for the performance of the terms of this Agreement to be performed by either party hereunder.

IN TESTIMONY WHEREOF, this Agreement has been executed by the Mayor of the City of Winchester, Kentucky, the Chairman of the Winchester Municipal Utilities Commission, and the Chairman of the East Clark County Water District, to take effect on the day and year first above written.

PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

ATTEST:

Paula T. Powell
City Clerk

ATTEST:

Marianne Wath
Secretary

CITY OF WINCHESTER, KENTUCKY

[Signature]
Mayor

WINCHESTER MUNICIPAL
UTILITIES COMMISSION

Frank A. Romelle
Chairman

ATTEST:

Fred J. Jarvis
Secretary

EAST CLARK COUNTY
WATER DISTRICT

Harold Rogers
Chairman

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: *Stephen D. Bell*
SECRETARY OF THE COMMISSION

CITY OF WINCHESTER, KENTUCKY
BY: Alan S. Kincaid
MAYOR

WINCHESTER MUNICIPAL UTILITIES
COMMISSION
BY: W. Eugene W. D.
CHAIRMAN

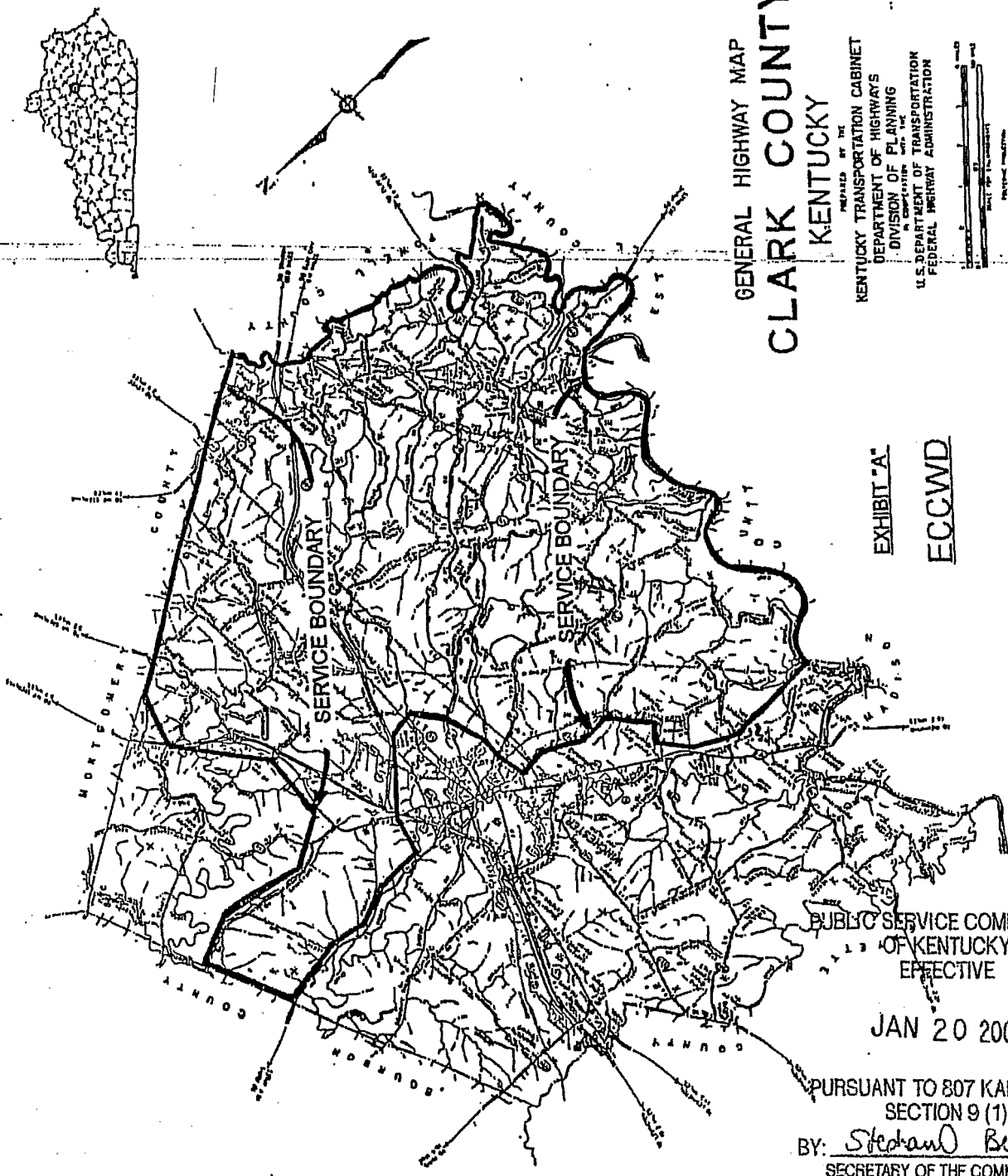
EAST CLARK COUNTY WATER
DISTRICT
BY: Donald R. Jones
CHAIRMAN

ATTEST:
Maureen P. Davis
CITY CLERK

ATTEST:
John Noble
SECRETARY

ATTEST:
John Harris
SECRETARY

DATE: _____



GENERAL HIGHWAY MAP
CLARK COUNTY
KENTUCKY

PREPARED BY THE
KENTUCKY TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
DIVISION OF PLANNING
IN COOPERATION WITH
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION



EXHIBIT "A"
ECCWD

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

Beginning at a point of intersection with the Kentucky River and Two Mile Creek;
thence a straight line to proposed purchase point on Elkin Station Road;
thence following a straight line to the proposed purchase point on Flanagan Station Road;
thence to the intersection of the centerline of Twomile Road and 12" gas lines(owned by ?????) ;
thence to purchase point on Hughes Avenue;
thence to southeastern most point of the Winchester city limits;
thence to resale point on Kentucky highway 89 (Irvine Road) ;
thence to resale point on Kentucky highway 15;
thence due north to centerline of Mountain Parkway;
thence to purchase point on Kentucky highway 1960 (Ecton Road);
thence to intersection of U.S. highway 60 and Interstate 64;
thence following Interstate 64 centerline westwardly to its intersection with U.S. highway 60;
thence northwardly on Kentucky highway 627 to the countyline.

This shall be the boundary line for East Clark County Water District. All properties east of boundary line within Clark county shall be within ECCWD service area. Area to be excluded is the W. Miller property.

(also Judy Water District area)

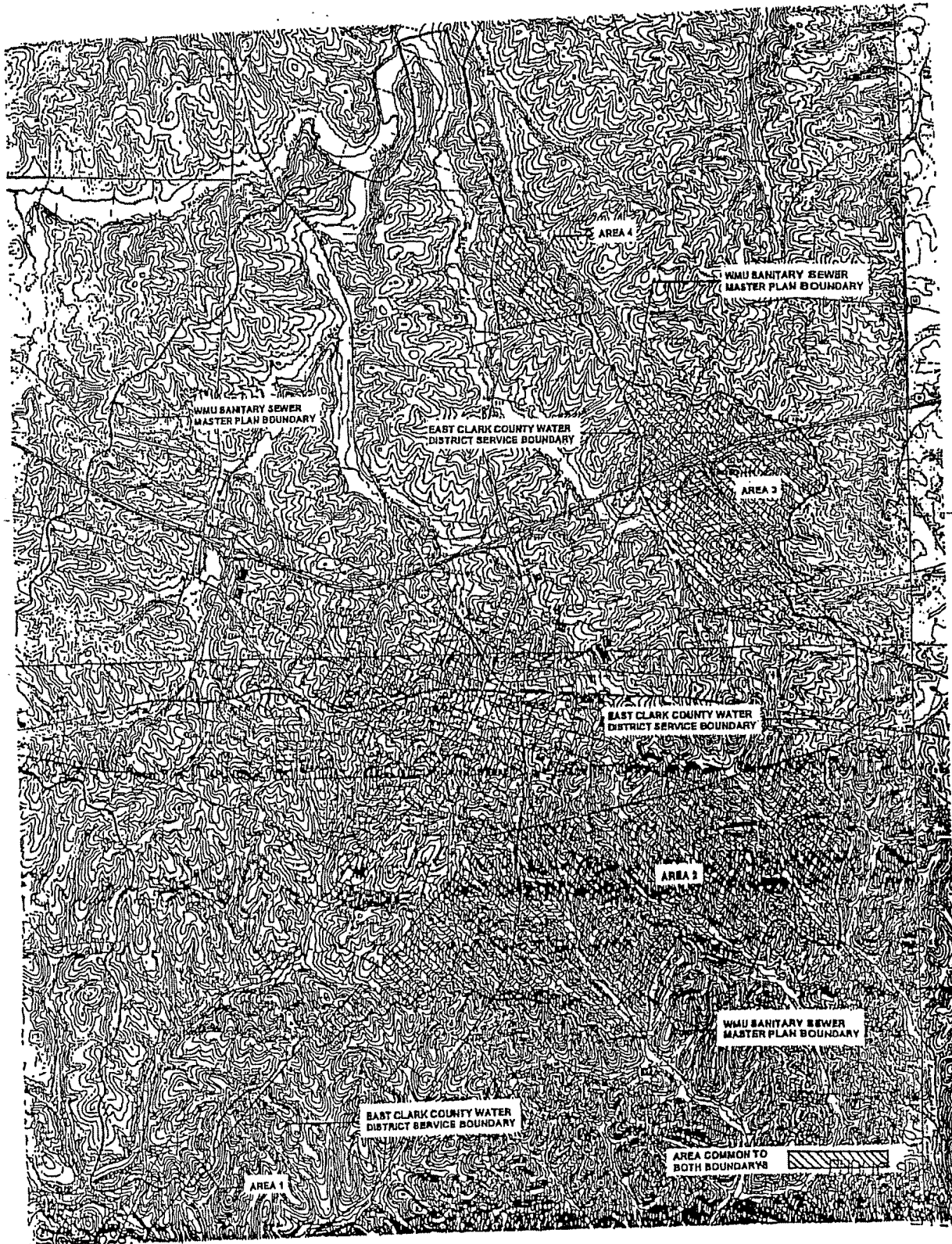
EXHIBIT "B"

PUBLIC SERVICE COMMISSION
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BY: Stephan B. Bell
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BY: Stephan D. Bue

Sanitary Sewer Master Plan Boundary

Area 1

Beginning at a point in the East Clark County Water District Service Boundary ± 2100 feet northeast of Flanagan Station Road;
Thence curving around and intersecting the East Clark County Water District Service Boundary ± 3800 feet northeast of Flanagan Station Road.

Area 2

Beginning at a point in the East Clark County Water District Service Boundary ± 9300 feet northeast of Flanagan Station Road;
Thence southeast to a point ± 400 feet;
Thence running in a northeasterly direction ± 5500 feet to a point on Twomile Road ± 1800 feet northeast of the intersection of Twomile Road and Cole Road;
Thence running in a southeasterly direction ± 7600 feet to a point on Muddy Creek Road ± 1700 feet southeast of the intersection of Muddy Creek Road and Browning Lane;
Thence running in a northeasterly direction ± 400 feet to a point ± 3200 feet northeast of the intersection of Muddy Creek Road and Browning Lane;
Thence running in a southeasterly direction ± 2800 feet to a point ± 4300 feet west of the intersection of Highway 89 and Old Ruckerville Road;
Thence northeast ± 2000 feet to a point ± 3800 feet northwest of the intersection of Highway 89 and Old Ruckerville Road;
Thence running in a southeasterly direction ± 2300 feet to a point on Highway 89 ± 1600 feet northwest of the intersection of Highway 89 and Old Ruckerville Road;
Thence running in a northerly direction ± 7100 feet to a point in the East Clark County Water District Service Boundary ± 2100 feet west of the intersection of Highway 15 and Morris Road.

Area 3

Beginning at a point in the East Clark County Water District Service Boundary ± 1400 feet northwest of the intersection of Highway 15 and Morris Road;
Thence running in a northerly direction ± 2800 feet to a point on the Mountain Parkway ± 2900 feet southeast of the intersection of the Mountain Parkway and Ecton Road;
Thence running in a northwesterly direction ± 4800 feet to a point ± 1000 feet northwest of the intersection of the Mountain Parkway and Ecton Road;
Thence east to a point ± 500 feet northeast of the intersection of the Mountain Parkway and Ecton Road;
Thence running in a northerly direction ± 5600 feet to a point on Interstate 64 ± 6000 feet northeast of the intersection of Interstate 64 and US 60;
Thence running in a northeasterly direction ± 7100 feet to a point in the East Clark County Water District Service Boundary ± 4500 feet northwest of the intersection of Interstate 64 and US 60.

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SECTION 9 (1)
BY: Stephan B. Bell
SECRETARY OF THE COMMISSION

JAN 20 2000

Area 4

Beginning at a point in the East Clark County Water District Service Boundary ± 3100 feet north east of US 627;

Thence running in a northwesterly direction ± 6800 feet to a point on US 627 ± 13800 feet north of the intersection of Interstate 64 and US 627.

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

EXHIBIT B

05/25/2005 11:41 859-744-2583 WHILE MCGANN AND SIE PAGE 05

**Appendix B
Winchester Municipal Utilities
Water Cost of Service Model
FY 1999**

File ID: \BOB\Accounting\WMU Rates\W-rates.123

Date of Origin: 05/05/98

Date of Last Revision:

Thursday
02/11/99
07:34 AM
1999

Test Year

Thomson Environmental Network, Inc.

Rebecca P. Thomson, President

4025 Wetherburn Way

Suite 200

Norcross, Georgia 30092-4610

(770) 840-8010 Business Office

(770) 840-1006 Fax

(770) 893-1434 Home Office

List of Abbreviations Used in Tables

AWWA	American Water Works Association
ECCWD	East Clark County Water District
CCF	100 cubic feet (748.1 gallons)
CTI	Commonwealth Technologies, Inc.
EqFL	Equivalent Fire Line
EqM	Equivalent Meter
FY	Fiscal Year Ending June 30
KAWC	Kentucky American Water Company
kgal	1,000 gallons
MDD	Maximum Day Demand
mgd	million gallons per day
MHD	Maximum Hour Demand
MMADD	Maximum Month Average Daily Demand
O&M	Operations & Maintenance
S&T	Supply & Treatment
TEN	Thomson Environmental Network
T&D	Transmission & Distribution
WMU	Winchester Municipal Utilities
WTP	Water Treatment Plant

Assumptions

Private Fire Line Rate Design Approach

Special Charge

Source of Peaking Factors Used

AWWA

Sent to Bill VIA Email

01/31/99

Sent to Becky VIA Email

02/10/99 (updated Plan 317)

02/11/99

Appendix B- Water Cost of Service Study

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**Table B-1
Winchester Municipal Utilities
Billed Water Usage for Water Districts
FY 1998**

	ECCWD CCF	KAWC CCF	Total CCF
July	12,424	14,036	26,460
August	12,045	11,785	23,830
September	13,508	18,942	32,450
October	13,443	17,379	30,822
November	11,280	15,034	26,314
December	12,874	15,958	28,832
January	12,424	13,378	25,802
February	13,625	12,635	26,260
March	16,353	7,576	23,929
April	11,866	13,522	25,488
May	13,807	12,609	26,416
June	13,684	15,668	29,252
	157,433	168,422	325,855
Adjusted Total	158,791	169,874	328,665
Average Month	13,233	14,156	27,389
mgd	0.3254	0.3481	0.6735
Percent	48.31%	51.69%	100.00%

a. This data is from VMUs monthly Active Customers by Service Type reports.

Table B-2
Winchester Municipal Utilities
Billed Water Usage by Customer Class, CCF
FY 1998

	Single Family Residential	Apartments & Multi Units	Commercial	Industrial	All Retail Classes	Water Districts	All Classes
Inside City (a)							
July	29,663	7,848	11,565	28,166	75,232		76,232
August	29,901	7,868	13,255	27,850	78,874		78,874
September	32,968	8,268	14,195	31,066	86,497		86,497
October	32,892	8,217	13,915	27,101	82,125		82,125
November	28,087	7,803	12,285	28,548	76,723		76,723
December	29,205	7,783	11,632	26,430	75,030		75,030
January	26,827	7,124	9,801	24,621	68,373		68,373
February	31,042	7,702	11,434	24,302	74,480		74,480
March	31,517	8,327	12,308	24,891	77,041		77,041
April	19,837	5,288	7,556	23,285	55,966		55,966
May	28,224	7,417	12,316	25,049	73,006		73,006
June	28,018	6,761	11,118	24,507	70,404		70,404
Total	348,181	90,386	141,378	313,806	893,751		893,751
Average Month, kgal	29,015	7,532	11,782	26,151	74,479		74,479
Percent of Class Inside City	67.75%	99.21%	78.48%	98.32%	80.93%	0.00%	62.49%
Outside City (a)							
July	13,708	47	4,078	697	18,530	26,460	44,990
August	14,878	53	4,481	471	19,883	23,830	43,713
September	17,388	65	5,304	467	23,224	32,450	55,674
October	15,125	54	4,194	460	19,833	30,822	50,665
November	13,938	38	2,697	640	17,311	26,314	43,825
December	14,205	56	2,972	487	17,720	28,832	46,552
January	12,425	59	3,394	282	16,160	25,802	41,962
February	14,288	107	2,738	189	17,302	26,260	43,562
March	15,258	87	3,071	408	18,824	23,928	42,753
April	8,071	28	1,521	330	9,950	25,488	35,438
May	13,366	68	1,371	510	15,305	26,416	41,721
June	13,098	66	2,995	414	16,573	29,252	45,825
Total	165,728	718	38,816	5,355	210,815	325,855	536,470
Average Month, kgal	13,811	60	3,235	446	17,551	27,155	44,706
Percent of Class Outside City	32.25%	0.79%	21.54%	1.68%	19.07%	100.00%	37.51%
Outside City Percent Retail vs Wholesale					39.26%	60.74%	

Table B-2 (continued)
Winchester Municipal Utilities
Billed Water Usage by Customer Class, CCF (a)
FY 1998

	Single Family Residential	Apartments & Multi Units	Commercial	Industrial	All Retail Classes	Water Districts	All Classes
WMU Total							
July	43,046	7,891	15,843	28,846	93,426	27,753	121,179
August	44,779	7,821	17,736	28,321	98,757	23,818	122,575
September	50,356	8,333	19,499	31,533	109,721	32,440	142,161
October	48,501	8,271	18,109	27,561	100,442	30,812	131,254
November	42,025	7,839	14,982	29,188	94,034	26,306	120,340
December	43,825	7,819	14,605	28,917	93,166	26,822	121,988
January	39,252	7,183	13,196	24,903	84,534	25,794	110,328
February	45,310	7,809	14,172	24,491	91,782	29,095	120,877
March	46,522	8,667	15,377	25,289	95,866	30,940	126,805
April	27,908	5,316	9,078	23,615	65,915	17,854	83,569
May	41,590	7,475	15,487	25,559	90,111	27,100	117,211
June	41,116	8,827	14,113	24,921	86,977	28,131	115,108
Total	512,230	91,351	181,995	319,154	1,104,730	328,665	1,433,395
Average Month, kgal	42,686	7,613	15,166	26,596	92,061	27,389	119,450
Percent of Total	45.37%	8.27%	16.47%	28.89%	100.00%	100.00%	100.00%
Inside City (estimated) (c)	347,043	90,633	142,791	313,799	894,046	0	894,046
Outside City (estimated) (c)	165,187	718	39,204	5,355	210,684	328,665	539,349

- a. This data is from WMUs monthly Active Customers by Service Type reports.
b. This data is derived from the Customer Analysis summarized in Appendix F.
c. Total allocated by the ratios from the first page of this table.

**Table B-3
Winchester Municipal Utilities
Extra Capacity by Customer Class
FY 1998**

Class (a)	Max Day Peaking Factor	Max Hour Peaking Factor	Billable CCF per Year	Base CCF per Day	Max Day CCF per Day	Max Hour CCF per Day
System						
Single Family Residential	2.50	4.00	512,230	1,403	2,105	4,210
Apartments & Multi Units	2.50	4.00	91,351	250	375	751
Commercial	2.00	3.25	181,995	499	499	1,122
Industrial	1.50	2.00	319,154	874	437	874
Water Districts	2.25	3.75	328,665	800	1,126	2,476
CCF/Year			1,433,395			
MGD			2.94			
Inside City						
Single Family Residential	2.50	4.00	347,043	951	1,428	2,852
Apartments & Multi Units	2.50	4.00	90,533	248	372	745
Commercial	2.00	3.25	142,781	391	391	880
Industrial	1.50	2.00	313,799	860	430	860
CCF/Year			894,267			
MGD			1.83			
Outside City						
Single Family Residential	2.50	4.00	165,187	453	879	1,358
Apartments & Multi Units	2.50	4.00	718	2	3	6
Commercial	2.00	3.25	38,204	107	107	242
Industrial	1.50	2.00	5,355	15	7	15
Water Districts	2.25	3.75	328,665	800	1,126	2,476
CCF/Year			639,128			
MGD			1.10			

a. From AWWA Manual M-1, page 25.

Peaking Factor Options

Single Family Residential
Apartments & Multi Units
Commercial
Industrial
Water Districts

Calculated by TEN		AWWA Example	
1.35	1.65	2.50	4.00
1.30	1.59	2.50	4.00
1.47	1.80	2.00	3.25
1.35	1.66	1.50	2.00
1.35	1.66	2.25	3.75

**Table B-4
Winchester Municipal Utilities
Water Billie by Customer Class
FY 1998**

	Single Family Residential	Apartments & Multi Units	Commercial	Industrial	All Retail Classes	Water Districts	All Classes
Inside City (a)							
July	5,367	143	610	50	6,170		6,170
August	5,495	143	616	53	6,307		6,307
September	5,413	144	612	50	6,219		6,219
October	5,424	144	609	50	6,227		6,227
November	5,415	145	617	50	6,227		6,227
December	5,401	142	616	50	6,209		6,209
January	5,436	143	621	51	6,251		6,251
February	5,444	141	626	51	6,262		6,262
March	5,451	146	633	51	6,281		6,281
April	5,460	143	638	51	6,292		6,292
May	5,489	142	639	51	6,321		6,321
June	5,487	141	646	51	6,305		6,305
Total	65,262	1,717	7,483	608	75,071		75,071
Average	5,439	143	624	51	6,256		6,256
Percent of Class Inside City	72.34%	89.38%	90.51%	94.42%	74.29%		74.27%
Outside City (a)							
July	2,045	17	69	3	2,134	2	2,136
August	2,068	17	68	3	2,156	2	2,158
September	2,066	17	69	3	2,155	2	2,157
October	2,060	17	68	3	2,148	2	2,150
November	2,062	17	64	3	2,146	2	2,148
December	2,067	17	64	3	2,151	2	2,153
January	2,082	17	63	3	2,165	2	2,167
February	2,094	17	63	3	2,177	2	2,179
March	2,102	17	64	3	2,186	2	2,188
April	2,097	17	63	3	2,180	2	2,182
May	2,105	17	66	3	2,191	2	2,193
June	2,106	17	64	3	2,189	2	2,192
Total	24,954	204	785	36	25,979	24	26,003
Average	2,080	17	65	3	2,165	2	2,167
Percent of Class Outside City	27.66%	10.62%	9.49%	5.58%	25.71%	100.00%	25.73%

Table B-4 (continued)
Winchester Municipal Utilities
Water Bills by Customer Class
FY 1998

	Single Family Residential	Apartments & Multi Units	Commercial	Industrial	All Retail Classes	Water Districts	All Classes
Total WBU (b)							
July	7,338	160	625	51	8,174	2	8,176
August	7,546	160	630	54	8,390	2	8,392
September	7,486	161	631	52	8,310	2	8,312
October	7,465	161	626	52	8,304	2	8,306
November	7,464	162	630	52	8,308	2	8,310
December	7,445	159	629	52	8,285	2	8,287
January	7,496	160	633	53	8,341	2	8,343
February	7,516	158	638	53	8,365	2	8,367
March	7,522	163	647	53	8,385	2	8,387
April	7,526	160	649	54	8,389	2	8,391
May	7,565	158	653	53	8,430	2	8,432
June	7,534	158	658	53	8,403	2	8,405
Total	89,882	1,921	7,649	632	100,084	24	100,108
Average Month, kgal	7,490	160	637	53	8,340	2	8,342
Percent of Total	89.79%	1.92%	7.64%	0.63%	99.98%	0.02%	100.00%
Inside City (estimated) (c)	6,418	143	577	50	6,196	0	6,196
Outside City (estimated) (c)	2,072	17	61	3	2,144	2	2,146

a. This data is from the monthly Active Customers by Service Type reports. Apartments and Multi Units customers are stated in terms of units.

b. This data is derived from the Customer Analysis summarized in Appendix F. Apartments and Multi Units customers are stated in terms of bills.

c. Total allocated by the ratios from the first page of this table.

**Table B-5
Winchester Municipal Utilities
Equivalent Meters
FY 1998**

Meter Sizes	Meter Equivalents (a)	Retail Meters	Equivalent Meters	Fire Lines	Equivalent Fire Lines	EqMa* EqFLs
System						
5/8-Inch	1.00	8,415	8,415	0	0	8,415
3/4-Inch	1.50	9	14	0	0	14
1-Inch	2.50	148	370	0	0	370
1 1/2-Inch	5.00	56	280	0	0	280
2-Inch	8.00	241	1,928	0	0	1,928
3-Inch	18.00	5	80	0	0	80
4-Inch	25.00	14	350	10	250	600
6-Inch	50.00	0	0	40	2,000	2,000
8-Inch	80.00	0	0	27	2,160	2,160
10-Inch	115.00	0	0	13	1,495	1,495
Total		8,888	11,437	90	5,905	17,342
Inside City						
5/8-Inch	1.00	6,216	6,216	0	0	6,216
3/4-Inch	1.50	9	14	0	0	14
1-Inch	2.50	114	285	0	0	285
1 1/2-Inch	5.00	55	275	0	0	275
2-Inch	8.00	233	1,864	0	0	1,864
3-Inch	16.00	4	64	0	0	64
4-Inch	25.00	10	250	10	250	500
6-Inch	50.00	0	0	37	1,850	1,850
8-Inch	80.00	0	0	26	2,080	2,080
10-Inch	115.00	0	0	11	1,265	1,265
Total		6,641	8,968	84	5,445	14,413

Table B-5 (continued)
Winchester Municipal Utilities
Equivalent Meters
FY 1999

Meter Size	Meter Equivalents (a)	Retail Meters	Equivalent Meters	Fire Lines	Equivalent Fire Lines	EqMs + EqFLs
Outside City Retail						
5/8-inch	1.00	2,199	2,199	0	0	2,199
3/4-inch	1.50	0	0	0	0	0
1-inch	2.50	34	85	0	0	85
1 1/2-inch	5.00	1	5	0	0	5
2-inch	8.00	7	56	0	0	56
3-inch	16.00	0	0	0	0	0
4-inch	25.00	2	50	0	0	50
6-inch	50.00	0	0	3	150	150
8-inch	80.00	0	0	1	80	80
10-inch	115.00	0	0	2	230	230
Total		2,243	2,395	6	460	2,855
Water Districts						
		ECCWD Meters	KAWC Meters	ECCWD Equivalents	KAWC Equivalents	EqM Totals
5/8-inch	1.00	0	0	0	0	0
3/4-inch	1.50	0	0	0	0	0
1-inch	2.50	0	0	0	0	0
1 1/2-inch	5.00	0	0	0	0	0
2-inch	8.00	1	4	8	32	40
3-inch	16.00	1	0	16	0	16
4-inch	25.00	2	2	50	50	100
6-inch	50.00	0	0	0	0	0
8-inch	80.00	0	0	0	0	0
10-inch	115.00	0	0	0	0	0
Total		4		74	82	156

a. From AWWA, M-1, p 24

**Table B-6
Winchester Municipal Utilities
Water Production and System Peaking Factors
FY 1998**

FY 1998	Gallons Produced	Maximum Day Gallons	Average Day Gallons
System Demands (a)			
Monthly Demand			
July	126,935,481	4,673,464	4,094,693
August	120,522,853	4,355,570	3,887,834
September	111,690,328	4,397,048	3,723,011
October	114,634,514	4,206,184	3,697,888
November	101,887,833	4,107,027	3,396,261
December	103,375,413	3,719,163	3,334,691
January	108,841,247	3,864,041	3,511,008
February	96,029,987	4,597,868	3,429,642
March	98,588,184	3,556,982	3,180,264
April	98,526,387	3,689,544	3,217,546
May	114,457,895	4,811,441	3,682,190
June	113,381,726	4,469,586	3,779,391
Total Demand	1,306,871,828		
Average Daily Demand (ADD)		Observed (a) 3,580,471	TM 2(c) 3,580,471
Maximum Day Demand (MDD)		4,673,464	5,728,753
Month of MDD Occurrence		July	
Estimated Maximum Hour Demand (MHD)(b)		6,776,523	8,306,692
Maximum Month ADD (MMADD)		4,094,693	5,019,293
Month of Occurrence		July	
System Peaking Factors			
		Observed (a)	TM 2(c)
MDD/ADD		1.31	1.60
MHD/ADD (b)		1.89	2.32
MDD/MMADD		1.14	1.14
MHD/MDD(b)		1.45	1.45
MHD/MMADD		1.65	1.65

a. From WMU monthly water treatment plant production records, FY 1998.

b. Derived from AWWA Idealized Diurnal Demand Curve. MDD/ADD peaking factor times 1.45.

c. From CTI, Technical Memorandum No. 2. Demand factors used in planning and in this model.

**Table B-7
Winchester Municipal Utilities
Allocation Factors for O&M Operational Functions**

	Allocation Factor	Allocations to Major Operational Functions (a)		
		Supply and Treatment	Transmission and Distribution	Customer Service
Water Production	WTP	100.00%	0.00%	0.00%
Water Distribution	TD	0.00%	100.00%	0.00%
Wages	TDW	0.00%	68.00%	32.00%
Vehicle Oper./Maint.	TDV	0.00%	85.00%	15.00%
Heavy Equipment Oper./Maint.	TDE	0.00%	100.00%	0.00%
Purch./M&R - Small Equip.	TDSE	0.00%	90.00%	10.00%
Water Repurchase - ECCWD	ECCWP	0.00%	100.00%	0.00%
Administrative Services	AS	0.00%	0.00%	100.00%
Engineering	E	5.00%	10.00%	85.00%
Operations	O	25.00%	25.00%	50.00%
Vehicle Maintenance	VM	10.00%	75.00%	15.00%

a. Allocations developed by WMU engineering staff.

Table B-8
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

Department 1200 Water Treatment	FY 1999 Budget	Allocation Factor Used (a)	Allocations to Operational Functions		
			Supply and Treatment	Transmission and Distribution	Customer Service
Employee Expenses					
1202 Wages	\$249,435	WTP	\$249,435	\$0	\$0
1203 Overtime Wages	18,768	WTP	18,768	0	0
1204 Capitalized Wages	0	WTP	0	0	0
1205 Maint/Repair by Vehicle Dept	842	WTP	842	0	0
1206 Social Security Tax - FICA	20,255	WTP	20,255	0	0
1208 Unemployment Insurance	0	WTP	0	0	0
1210 Workman's Compensation	9,203	WTP	9,203	0	0
1211 Physician Fees	800	WTP	800	0	0
1212 Health Insurance	39,657	WTP	39,657	0	0
1213 Life Insurance	1,260	WTP	1,260	0	0
1214 Pension Plan	21,764	WTP	21,764	0	0
1215 Dues and Memberships	300	WTP	300	0	0
1216 Uniforms/Safety Equipment	10,000	WTP	10,000	0	0
1217 Safety Program	2,865	WTP	2,865	0	0
1218 Education and Licenses	1,070	WTP	1,070	0	0
Total Employee Expenses	\$376,219		\$376,219	\$0	\$0
Other O&M Expenses					
1219 Purchased Labor	\$500	WTP	\$500	\$0	\$0
1220 Vehicle Operation	2,500	WTP	2,500	0	0
1221 Vehicle Maintenance/Repair	2,500	WTP	2,500	0	0
1222 Landfill Charges	0	WTP	0	0	0
1223 Landfill Closure Expense	0	WTP	0	0	0
1224 Heavy Equip - Operation	100	WTP	100	0	0
1225 Heavy Equip - Maint/Repair	0	WTP	0	0	0
1226 Heavy Equip - Rental/Pick Up	0	WTP	0	0	0
1230 Purch Maint/Repair - Fixed Assets	45,000	WTP	45,000	0	0
1231 Field Supplies	250	WTP	250	0	0
1232 Matl for Maint/Repair - Fixed Assets	20,000	WTP	20,000	0	0
1234 Small Equipment - Repr & Oper	1,500	WTP	1,500	0	0
1235 Meter Repairs	0	WTP	0	0	0
1236 Maintenance Agreements	0	WTP	0	0	0
1237 Small Equipment - Purch & Rental	3,000	WTP	3,000	0	0
1238 Small Tools and Minor Equipment	800	WTP	800	0	0

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

Department 1200 Water Treatment	FY 1999 Budget	Allocation Factor Used (a)	Allocations to Operational Functions		
			Supply and Treatment	Transmission and Distribution	Customer Service
1240 Electricity	\$256,200	WTP	\$256,200	\$0	\$0
1241 Heating Fuel	0	WTP	0	0	0
1242 Water	0	WTP	0	0	0
1244 Telephone	2,640	WTP	2,640	0	0
1246 Property Insurance	25,955	WTP	25,955	0	0
1249 Furniture and Fixtures	700	WTP	700	0	0
1250 Office Supplies	400	WTP	400	0	0
1251 Printing	150	WTP	150	0	0
1252 Postage	600	WTP	600	0	0
1254 Subscriptions and Publications	50	WTP	50	0	0
1255 Public Relations	0	WTP	0	0	0
1256 Computer Services	500	WTP	500	0	0
1257 Computer Supplies	200	WTP	200	0	0
1260 Chemical Treatment Supplies	100,000	WTP	100,000	0	0
1263 Film Processing	250	WTP	250	0	0
1264 Laboratory Supplies	7,000	WTP	7,000	0	0
1265 Outside Laboratory Analysis	8,000	WTP	8,000	0	0
1270 Travel Expenses	2,200	WTP	2,200	0	0
1272 Meeting Expenses	0	WTP	0	0	0
1274 Bad Debt Expense	0	WTP	0	0	0
1276 Advertising	300	WTP	300	0	0
1278 Right of Way Rentals & Easements	0	WTP	0	0	0
1280 Professional Fees	25,000	WTP	25,000	0	0
1281 Professional Fees - IPT Program	0	WTP	0	0	0
1282 Honorariums	0	WTP	0	0	0
1283 Collection Service Charge	0	WTP	0	0	0
1284 Miscellaneous Employee Benefits	0	WTP	0	0	0
1285 Discounts	0	WTP	0	0	0
1286 Service Charges	0	WTP	0	0	0
1288 Cash Over/Short	0	WTP	0	0	0
1290 Cleaning Supplies	2,600	WTP	2,600	0	0
Total Other O&M Expenses	\$508,895		\$508,895	\$0	\$0
Total Water Treatment	\$885,114		\$885,114	\$0	\$0

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

Department 1300 Water Distribution	FY 1999 Budget	Allocation Factor Used (a)	Allocations to Operational Functions		
			Supply and Treatment	Transmission and Distribution	Customer Service
Employee Expenses					
1302 Wages	\$188,582	TDW	\$0	\$128,236	\$60,346
1303 Overtime Wages	22,658	TDW	0	15,407	7,251
1304 Capitalized Wages	0	TDW	0	0	0
1305 Maint/Repair by Vehicle Dept	7,896	TDW	0	5,369	2,527
1306 Social Security Tax - FICA	17,518	TDW	0	11,912	5,606
1308 Unemployment Insurance	0	TDW	0	0	0
1310 Workman's Compensation	7,883	TDW	0	5,360	2,523
1311 Physician Fees	2,000	TDW	0	1,360	640
1312 Health Insurance	41,350	TDW	0	28,118	13,232
1313 Life Insurance	924	TDW	0	628	296
1314 Pension Plan	18,823	TDW	0	12,800	6,023
1315 Dues and Memberships	625	TDW	0	425	200
1316 Uniforms/Safety Equipment	4,230	TDW	0	2,876	1,354
1317 Safety Program	2,580	TDW	0	1,741	819
1318 Education and Licenses	800	TDW	0	408	192
Total Employee Expenses	\$315,649		\$0	\$214,841	\$101,008
Other O&M Expenses					
1319 Purchased Labor	\$4,000	TD	\$0	\$4,000	\$0
1320 Vehicle Operation	6,000	TDV	0	5,100	900
1321 Vehicle Maintenance/Repair	5,400	TDV	0	4,590	810
1322 Landfill Charges	0	TD	0	0	0
1323 Landfill Closure Expense	0	TD	0	0	0
1324 Heavy Equip - Operation	1,800	TDE	0	1,800	0
1325 Heavy Equip - Maint/Repair	3,000	TDE	0	3,000	0
1326 Heavy Equip - Rental/Pick Up	600	TDE	0	600	0
1330 Purch Maint/Repair - Fixed Assets	9,000	TD	0	9,000	0
1331 Field Supplies	1,800	TD	0	1,800	0
1332 Mat for Maint/Repair - Fixed Assets	32,000	TD	0	32,000	0
1334 Small Equipment - Repr & Oper	3,600	TDSE	0	3,240	360
1335 Meter Repairs	2,400	TD	0	2,400	0
1336 Maintenance Agreements	2,300	TD	0	2,300	0
1337 Small Equipment - Purch & Rental	3,000	TD	0	3,000	0
1338 Small Tools and Minor Equipment	1,500	TD	0	1,500	0

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

Department 1300 Water Distribution	FY 1999 Budget	Allocation Factor Used (e)	Allocations to Operational Functions		
			Supply and Treatment	Transmission and Distribution	Customer Service
1340 Electricity	\$8,290	TD	\$0	\$8,290	\$0
1341 Heating Fuel	0	TD	0	0	0
1342 Water Repurchase ECCWD	40,250	ECCWP	0	40,250	0
1344 Telephone	680	TD	0	680	0
1346 Property Insurance	16,744	TD	0	16,744	0
1349 Furniture and Fixtures	200	TD	0	200	0
1350 Office Supplies	170	TD	0	170	0
1351 Printing	1,000	TDV	0	850	150
1352 Postage	120	TD	0	120	0
1354 Subscriptions and Publications	60	TD	0	60	0
1355 Public Relations	0	TD	0	0	0
1356 Computer Services	0	TD	0	0	0
1357 Computer Supplies	120	TD	0	120	0
1360 Chemical Treatment Supplies	160	TD	0	160	0
1363 Film Processing	120	TD	0	120	0
1364 Laboratory Supplies	360	TD	0	360	0
1365 Outside Laboratory Analysis	2,400	TD	0	2,400	0
1370 Travel Expenses	648	TD	0	648	0
1372 Meeting Expenses	0	TD	0	0	0
1374 Bad Debt Expense	0	TD	0	0	0
1376 Advertising	120	AS	0	0	120
1378 Right of Way Rentals & Easements	0	TD	0	0	0
1380 Professional Fees	500	TD	0	500	0
1381 Professional Fees - IPT Program	0	TD	0	0	0
1382 Honorariums	0	TD	0	0	0
1383 Collection Service Charge	600	TD	0	600	0
1384 Miscellaneous Employee Benefits	0	TD	0	0	0
1385 Discounts	0	TD	0	0	0
1386 Service Charges	0	TD	0	0	0
1388 Cash Over/Short	0	TD	0	0	0
1390 Cleaning Supplies	540	TD	0	540	0
Total Other O&M Expenses	\$149,482		\$0	\$147,142	\$2,340
Total Water Distribution	\$465,131		\$0	\$381,783	\$103,348

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

Other Departments			Allocations to Operational Functions		
	FY 1999 Budget	Allocation Factor Used (a)	Supply and Treatment	Transmission and Distribution	Customer Service
Administrative Services	\$328,074	AS	\$0	\$0	\$328,074
Engineering	89,347	E	3,467	6,935	58,945
Operations	108,661	O	26,665	26,665	53,331
Vehicle Maintenance	9,538	VM	954	7,154	1,431
Total O&M Revenue Requirements	\$1,883,885		\$915,200	\$402,537	\$545,128
Functional Allocation Percentages	100.00%		49.16%	21.60%	29.25%
Less Operating Offsets	(\$100,077)		(\$49,194)	(\$21,614)	(\$29,270)
Total O&M Required from Rates	\$1,763,788		\$867,007	\$380,923	\$515,858

a. From Table B-7.

Table B-9
Winchester Municipal Utilities
Development of Cost Allocation Factors from Water Production Data
FY 1998

	Base	Maximum Day	Maximum Hour	Customer	Total
System Demand, mgd	3.580	5.729	8.307		
Extra Demand	3.58	2.15	2.58		
Allocation Percentages (b)					
Supply & Treatment	62.50%	37.50%			100.00%
Transmission & Distribution	43.10%	25.86%	31.03%		100.00%
Customer	20.00%			80.00%	100.00%

a. Calculated on the basis of information in Table B-6.

b. MDD extra demand is maximum day demand minus average daily demand. Maximum hour extra demand is maximum hour demand minus maximum day demand.

These percentages, derived from the Extra Demand numbers, are the basis for O&M and capital allocations to cost of service functions in Table B-10.

Table B-10
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements by Operational Function to Cost of Service Functions
FY 1999

Department 1200 Water Supply & Treatment	FY 1999 Budget	Allocations to Cost of Service Functions (a)			
		Base	Extra Capacity		Customer
			Maximum Day	Maximum Hour	
Employee Expenses					
1202 Wages	\$249,435	\$155,897	\$93,538	\$0	\$0
1203 Overtime Wages	18,768	11,730	7,038	0	0
1204 Capitalized Wages	0	0	0	0	0
1206 Maint/Repair by Vehicle Dept	842	526	316	0	0
1206 Social Security Tax - FICA	20,255	12,659	7,696	0	0
1208 Unemployment Insurance	0	0	0	0	0
1210 Workman's Compensation	9,203	5,762	3,451	0	0
1211 Physician Fees	800	500	300	0	0
1212 Health Insurance	39,657	24,786	14,871	0	0
1213 Life Insurance	1,260	788	473	0	0
1214 Pension Plan	21,764	13,603	8,162	0	0
1215 Dues and Memberships	300	188	113	0	0
1216 Uniforms/Safety Equipment	10,000	6,250	3,750	0	0
1217 Safety Program	2,865	1,791	1,074	0	0
1218 Education and Licenses	1,070	669	401	0	0
Total Employee Expenses	\$376,219	\$235,137	\$141,082	\$0	\$0
Other O&M Expenses					
1219 Purchased Labor	\$500	\$313	\$188	\$0	\$0
1220 Vehicle Operation	2,500	1,563	938	0	0
1221 Vehicle Maintenance/Repair	2,500	1,563	938	0	0
1222 Landfill Charges	0	0	0	0	0
1223 Landfill Closure Expense	0	0	0	0	0
1224 Heavy Equip - Operation	100	63	38	0	0
1225 Heavy Equip - Maint/Repair	0	0	0	0	0
1226 Heavy Equip - Rental/Pick Up	0	0	0	0	0
1230 Purch Maint/Repair - Fixed Assets	45,000	28,125	16,875	0	0
1231 Field Supplies	250	156	94	0	0
1232 Mat'l for Maint/Repair - Fixed Assets	20,000	12,500	7,500	0	0
1234 Small Equipment - Repr & Oper	1,500	938	563	0	0
1235 Meter Repairs	0	0	0	0	0
1236 Maintenance Agreements	0	0	0	0	0
1237 Small Equipment - Purch & Rental	3,000	1,875	1,125	0	0
1238 Small Tools and Minor Equipment	800	500	300	0	0

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements by Operational Function to Cost of Service Functions
FY 1999

Department 1200 Water Supply & Treatment	FY 1999 Budget		Allocations to Cost of Service Functions (a)			
			Base	Extra Capacity		Customer
				Maximum Day	Maximum Hour	
1240 Electricity	\$256,200		\$160,125	\$96,075	\$0	\$0
1241 Heating Fuel	0		0	0	0	0
1242 Water	0		0	0	0	0
1244 Telephone	2,640		1,650	990	0	0
1246 Property Insurance	25,955		16,222	9,733	0	0
1249 Furniture and Fixtures	700		438	263	0	0
1250 Office Supplies	400		250	150	0	0
1251 Printing	150		94	56	0	0
1252 Postage	600		375	225	0	0
1254 Subscriptions and Publications	50		31	19	0	0
1255 Public Relations	0		0	0	0	0
1256 Computer Services	500		313	188	0	0
1257 Computer Supplies	200		125	75	0	0
1260 Chemical Treatment Supplies	100,000		62,500	37,500	0	0
1263 Film Processing	250		156	94	0	0
1264 Laboratory Supplies	7,000		4,375	2,625	0	0
1265 Outside Laboratory Analysis	8,000		5,000	3,000	0	0
1270 Travel Expenses	2,200		1,375	825	0	0
1272 Meeting Expenses	0		0	0	0	0
1274 Bad Debt Expense	0		0	0	0	0
1276 Advertising	300		188	113	0	0
1278 Right of Way Rentals & Easements	0		0	0	0	0
1280 Professional Fees	25,000		15,625	9,375	0	0
1281 Professional Fees - IPT Program	0		0	0	0	0
1282 Honorariums	0		0	0	0	0
1283 Collection Service Charge	0		0	0	0	0
1284 Miscellaneous Employee Benefits	0		0	0	0	0
1285 Discounts	0		0	0	0	0
1286 Service Charges	0		0	0	0	0
1288 Cash Over/Short	0		0	0	0	0
1290 Cleaning Supplies	2,600		1,625	975	0	0
Total Other O&M Expenses	\$508,895		\$318,059	\$180,836	\$0	\$0
Total Water Treatment	\$885,114		\$553,196	\$331,918	\$0	\$0

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements to Operational Functions
FY 1999

Department 1300 Water Transmission & Distribution	FY 1999 Budget		Allocations to Cost of Service Functions (a)			
			Base	Extra Capacity		Customer
				Maximum Day	Maximum Hour	
Employee Expenses						
1302 Wages	\$188,582		\$67,343	\$33,164	\$39,797	\$48,277
1303 Overtime Wages	22,658		8,091	3,985	4,782	5,800
1304 Capitalized Wages	0		0	0	0	0
1305 Maint/Repair by Vehicle Dept	7,896		2,820	1,389	1,666	2,021
1306 Social Security Tax - FICA	17,518		6,256	3,081	3,697	4,485
1308 Unemployment Insurance	0		0	0	0	0
1310 Workman's Compensation	7,883		2,815	1,386	1,664	2,018
1311 Physician Fees	2,000		714	352	422	512
1312 Health Insurance	41,350		14,766	7,272	8,728	10,586
1313 Life Insurance	924		330	162	195	237
1314 Pension Plan	18,823		6,722	3,310	3,972	4,819
1315 Dues and Memberships	625		223	110	132	160
1316 Uniforms/Safety Equipment	4,230		1,511	744	893	1,083
1317 Safety Program	2,560		914	450	540	655
1318 Education and Licenses	800		214	106	127	154
Total Employee Expenses	\$315,649		\$112,719	\$55,511	\$66,513	\$80,806
Other O&M Expenses						
1319 Purchased Labor	\$4,000		\$1,724	\$1,034	\$1,241	\$0
1320 Vehicle Operation	6,000		2,378	1,319	1,583	720
1321 Vehicle Maintenance/Repair	5,400		2,140	1,187	1,424	648
1322 Landfill Charges	0		0	0	0	0
1323 Landfill Closure Expense	0		0	0	0	0
1324 Heavy Equip - Operation	1,800		776	466	559	0
1325 Heavy Equip - Maint/Repair	3,000		1,293	776	831	0
1326 Heavy Equip - Rental/Pick Up	600		259	155	186	0
1330 Purch Maint/Repair - Fixed Assets	9,000		3,879	2,328	2,793	0
1331 Field Supplies	1,800		776	466	559	0
1332 Mat'l for Maint/Repair - Fixed Assets	32,000		13,793	8,276	9,931	0
1334 Small Equipment - Repr & Oper	3,600		1,469	838	1,006	288
1335 Meter Repairs	2,400		1,034	621	745	0
1336 Maintenance Agreements	2,300		991	595	714	0
1337 Small Equipment - Purch & Rental	3,000		1,293	776	831	0
1338 Small Tools and Minor Equipment	1,500		647	388	466	0

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements by Operational Function to Cost of Service Functions
FY 1999

Department 1300 Water Transmission & Distribution	FY 1999 Budget		Allocations to Cost of Service Functions (a)			
			Base	Extra Capacity		Customer
				Maximum Day	Maximum Hour	
1340 Electricity	\$8,290		\$3,573	\$2,144	\$2,573	\$0
1341 Heating Fuel	0		0	0	0	0
1342 Water	40,260		17,349	10,409	12,491	0
1344 Telephone	680		293	176	211	0
1346 Property Insurance	16,744		7,217	4,330	5,186	0
1349 Furniture and Fixtures	200		88	52	62	0
1350 Office Supplies	170		73	44	53	0
1351 Printing	1,000		396	220	264	120
1352 Postage	120		52	31	37	0
1354 Subscriptions and Publications	60		26	16	19	0
1355 Public Relations	0		0	0	0	0
1356 Computer Services	0		0	0	0	0
1357 Computer Supplies	120		52	31	37	0
1360 Chemical Treatment Supplies	160		69	41	50	0
1363 Film Processing	120		52	31	37	0
1364 Laboratory Supplies	360		155	93	112	0
1365 Outside Laboratory Analysis	2,400		1,034	621	745	0
1370 Travel Expenses	648		279	168	201	0
1372 Meeting Expenses	0		0	0	0	0
1374 Bad Debt Expense	0		0	0	0	0
1376 Advertising	120		24	0	0	96
1378 Right of Way Rentals & Easements	0		0	0	0	0
1380 Professional Fees	500		216	129	155	0
1381 Professional Fees - IPT Program	0		0	0	0	0
1382 Honorariums	0		0	0	0	0
1383 Collection Service Charge	600		259	155	186	0
1384 Miscellaneous Employee Benefits	0		0	0	0	0
1385 Discounts	0		0	0	0	0
1386 Service Charges	0		0	0	0	0
1388 Cash Over/Short	0		0	0	0	0
1390 Cleaning Supplies	540		233	140	168	0
Total Other O&M Expenses	\$149,482		\$63,891	\$38,054	\$45,865	\$1,872
Total Water Distribution	\$465,131		\$176,811	\$93,565	\$112,278	\$82,678

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

Other Departments Administrative Services	FY 1999 Budget	Base	Allocations to Cost of Service Functions (e)		
			Extra Capacity		Customer
			Medium Day	Maximum Hour	
Engineering	\$69,347	\$16,946	\$3,084	\$2,152	\$47,156
Operations	\$106,681	\$38,826	\$16,896	\$8,276	\$42,694
Vehicle Maintenance	\$8,538	\$3,986	\$2,208	\$2,220	\$1,145
Total Operating Expense	\$1,863,865	\$65,158	\$447,679	\$124,925	\$436,102
Allocation Percentages	100.00%	45.88%	24.02%	6.70%	23.40%
Less Operating Offsets	(\$100,077)	(\$45,916)	(\$24,037)	(\$6,708)	(\$23,416)
Total Operating Revenue Required from Rates	\$1,763,788	\$808,242	\$423,642	\$118,218	\$412,686
a. Allocated on the basis of factors from Table B-9.					

Table B-11
Winchester Municipal Utilities
Water System Assets (a)
FY 1999

Fixed Asset	Original Cost	Depreciation to Date	Net Book Value	Estimated Annual Depreciation
Distribution	\$4,569,184	\$1,183,887	\$3,385,307	\$91,384
Hydrants	101,768	50,827	50,941	4,071
Meters	308,234	149,801	158,433	30,823
Misc 3 -Fixed Equip	158,057	159,057	0	0
Misc 4- Fixed Equip	6,120	4,738	1,381	1,530
Misc 5- Equip-Transm	44,632	30,089	14,544	8,926
Misc 7- Equip	125,522	59,803	65,719	17,932
Misc 10- Transm Equip	1,514,065	369,817	1,144,248	151,407
Misc 15- Transm Equip	202,489	99,912	102,587	13,500
Misc 20- WTP Equip	932,102	342,124	589,979	46,605
Misc 25- WTP & Equip	3,034,051	1,844,059	1,189,992	121,362
Misc 34- WTP Equip	955	885	70	28
Misc 50- Storage & Transm	10,970,671	3,091,177	7,879,494	219,413
New Investment	23,025,000	0	23,025,000	460,500
Services-50 Years	634,076	35,875	479,201	12,682
Administrative Services	797,677	348,356	449,320	39,287
Engineering	17,756	8,866	8,889	1,896
Vehicle Maintenance	152,538	42,353	110,185	8,216
System Total	\$46,595,917	\$7,821,626	\$38,855,292	\$1,229,542
Percent				

a. From WMU Depreciation Listing, June 30, 1998.

b. FY 1999 forecast depreciation is assumed to be equal to FY 1998 actual depreciation, with the exception that fully depreciated line items have been omitted.

Table B-12
Winchester Municipal Utilities
Calculation of Weighted Average Rate of Return
FY 1999

	Assets (a)	Interest Rate	Rate of Return (d)
Debt (a)	\$31,168,220	5.25%	4.2331%
Equity (b)	7,487,072	11.00%	2.1308%
Net Book Value (c)	\$38,655,292		6.3637%

- a. Outstanding principal as of June 30, 1998, plus planned debt issues over the next two years.
b. Net book value minus debt.
c. From Table B-11.
d. The weighted cost of capital is the percent for line item, times the assets for line item divided by net book value.

Table B-13
Winchester Municipal Utilities
Allocation of Water Assets and Capital Cost to Outside City Customers-Utility Basis
FY 1999

Fixed Asset Category	Percent Allocated to Outside City Customers	Allocation Basis (b)	Allocated Net Book Value	Outside City Capital Cost of Service	
				Allocated FY 1999 Depreciation	Return at 6.36% Rate of Return (b)
Distribution	25.73%	Bills	\$670,928	\$23,510	\$55,423
Hydrants	26.00%	Hydrants	13,246	1,058	843
Meters	25.73%	Bills	40,780	7,930	2,594
Misc 3 -Fixed Equip	37.51%	CCF	0	0	0
Misc 4- Fixed Equip	37.51%	CCF	518	574	33
Misc 5- Equip-Transm	37.51%	CCF	5,455	3,348	347
Misc 7- Equip	37.51%	CCF	24,651	6,726	1,569
Misc 10- Transm Equip	37.51%	CCF	429,203	58,792	27,313
Misc 15- Transm Equip	37.51%	CCF	38,480	5,064	2,449
Misc 20- WTP Equip	37.51%	CCF	221,299	17,481	14,083
Misc 25- WTP & Equip	37.51%	CCF	446,361	45,522	28,405
Misc 34- WTP Equip	37.51%	CCF	26	11	2
Misc 50- Storage & Transm	37.51%	CCF	2,955,566	82,301	188,084
New Investment	37.51%	CCF	8,636,583	172,732	549,607
Services-50 Years	25.73%	Bills	123,283	3,263	7,845
Administrative Services	25.73%	Bills	115,595	10,102	7,356
Engineering	37.51%	CCF	3,334	711	212
Vehicle Maintenance	37.51%	CCF	41,330	3,082	2,630
System Total			\$13,986,617	\$440,207	\$888,795
Overall Percent Allocated			36.13%		

a. Percentages for outside city allocations are from Table B-2 and Table B-4.

b. Net book value from Table B-11 times outside city percent.

c. Annual depreciation from Table B-11 times outside city percent.

d. Net book value allocated to outside city customers times the rate of return from Table B-12.

**Table B-14
Winchester Municipal Utilities
Allocation Factors for Fixed Assets
FY 1999**

Asset Category	Net Book Value(a)	Cost of Service Allocation Factors (b)			Cost of Service Allocations (b)		
		Supply & Treatment	Transmission & Distribution	Customer Service	Treatment	Distribution	Customer Service
Distribution	\$3,385,307	0.00%	100.00%	0.00%	\$0	\$3,385,307	\$0
Hydrants	50,941	0.00%	100.00%	0.00%	0	50,941	0
Meters	158,433	0.00%	100.00%	0.00%	0	158,433	0
Misc 3- Fixed Equip	0	0.00%	100.00%	0.00%	0	0	0
Misc 4- Fixed Equip	1,381	100.00%	0.00%	0.00%	1,381	0	0
Misc 6- Equip-Transm	14,544	0.00%	100.00%	0.00%	0	14,544	0
Misc 7- Equip	65,719	50.00%	50.00%	0.00%	32,859	32,859	0
Misc 10- Transm Equip	1,144,248	0.00%	100.00%	0.00%	0	1,144,248	0
Misc 16- Transm Equip	102,587	0.00%	100.00%	0.00%	0	102,587	0
Misc 20- WTP Equip	589,979	100.00%	0.00%	0.00%	589,979	0	0
Misc 25- WTP & Equip	1,189,892	100.00%	0.00%	0.00%	1,189,892	0	0
Misc 34- WTP Equip	70	100.00%	0.00%	0.00%	70	0	0
Misc 60- Storage & Transm	7,879,494	0.00%	100.00%	0.00%	0	7,879,494	0
New Investment	23,025,000	76.00%	24.00%	0.00%	17,499,000	5,526,000	0
Services-50 Years	479,201	90.00%	10.00%	0.00%	431,281	47,920	0
Administrative Services	449,320	25.00%	25.00%	50.00%	112,330	112,330	224,660
Engineering	8,889	5.00%	10.00%	85.00%	444	889	7,556
Vehicle Maintenance	110,185	10.00%	75.00%	15.00%	11,019	82,639	16,528
Total Asset Base	\$38,655,292				\$19,868,356	\$18,538,192	\$248,744
Allocation Percent					51.40%	47.96%	0.64%

Total Capital Revenue Requirement	\$3,408,010	\$1,751,676	\$1,634,403	\$21,930
Less Capital Offsets	(\$376,269)	(\$193,398)	(\$180,450)	(\$2,421)
Total Capital Revenue Required from Rates	\$3,031,740	\$1,558,278	\$1,453,953	\$19,509

a. From Table B-11.
b. Allocation percentages developed by WMU engineering staff.
c. From Table C-2.

Table B-15
Winchester Municipal Utilities
Allocation of Net Book Value to Cost of Service Functions
FY 1999

Asset Category	Net Book Value (a)	Allocations to Cost of Service Functions (b)			
		Base	Extra Capacity		Customer Service
			Maximum Day	Maximum Hour	
Distribution	\$3,385,307	\$1,459,184	\$875,510	\$1,050,612	\$0
Hydrants	50,941	21,957	13,174	15,809	0
Meters	158,433	68,290	40,974	49,189	0
Misc 3 -Fixed Equip	0	0	0	0	0
Misc 4- Fixed Equip	1,381	863	518	0	0
Misc 5- Equip-Transm	14,544	6,269	3,761	4,514	0
Misc 7- Equip	85,719	34,701	20,820	10,198	0
Misc 10- Transm Equip	1,144,248	493,211	295,926	355,112	0
Misc 15- Transm Equip	102,587	44,219	26,631	31,837	0
Misc 20- WTP Equip	589,979	368,737	221,242	0	0
Misc 25- WTP & Equip	1,189,992	743,745	446,247	0	0
Misc 34- WTP Equip	70	44	26	0	0
Misc 50- Storage & Transm	7,879,484	3,396,334	2,037,800	2,445,360	0
New Investment	23,025,000	13,318,772	7,991,263	1,714,966	0
Services-50 Years	479,201	290,208	174,124	14,872	0
Administrative Services	449,320	118,624	71,175	34,861	224,660
Engineering	8,889	661	397	276	7,556
Vehicle Maintenance	110,185	42,507	25,504	25,647	16,528
Total Asset Base	\$39,655,292	\$20,408,322	\$12,244,993	\$5,753,232	\$248,744
Allocation Percentages	100.00%	52.80%	31.68%	14.88%	0.64%

a. From Table B-11.

b. Allocated according to percentages from Table B-14.

Table B-16
Winchester Municipal Utilities
Allocation of Outside City Depreciation to Cost of Service Functions
FY 1999

Asset Category	Depreciation Allocated Outside City (a)	Allocations to Cost of Service Functions (b)			
		Base	Extra Capacity		Customer Service
			Maximum Day	Maximum Hour	
Distribution	\$23,510	\$10,134	\$6,080	\$7,286	\$0
Hydrants	1,058	456	274	328	0
Meters	7,930	3,418	2,051	2,461	0
Misc 3 -Fixed Equip	0	0	0	0	0
Misc 4- Fixed Equip	674	359	215	0	0
Misc 5- Equip-Transm	3,348	1,443	886	1,039	0
Misc 7- Equip	6,728	3,652	2,131	1,044	0
Misc 10- Transm Equip	56,782	24,479	14,688	17,626	0
Misc 15- Transm Equip	5,064	2,183	1,310	1,572	0
Misc 20- WTP Equip	17,481	10,928	6,556	0	0
Misc 25- WTP & Equip	45,522	28,451	17,071	0	0
Misc 34- WTP Equip	11	7	4	0	0
Misc 50- Storage & Transm	82,301	35,475	21,285	25,542	0
New Investment	172,732	99,916	59,850	12,866	0
Services-50 Years	3,263	1,976	1,186	101	0
Administrative Services	10,102	2,687	1,600	784	5,051
Engineering	711	53	32	22	605
Vehicle Maintenance	3,082	1,189	713	717	462
Total Assets Employed	\$440,207	\$226,683	\$136,010	\$71,397	\$6,118
Allocation Percent	100.00%	51.49%	30.90%	16.22%	1.39%

a. From Table B-13.

b. Allocated according to the resulting percentages from Table B-15.

Table B-17
Winchester Municipal Utilities
Allocation of Outside City Return to Cost of Service Functions
Winchester Municipal Utilities

Asset Category	Return Allocated Outside City (a)		Allocations to Cost of Service Functions (b)			
			Base	Extra Capacity		Customer Service
				Maximum Day	Maximum Hour	
Distribution	\$55,423		\$23,889	\$14,334	\$17,200	\$0
Hydrants	843		363	218	262	0
Meters	2,584		1,118	671	805	0
Misc 3 -Fixed Equip	0		0	0	0	0
Misc 4- Fixed Equip	33		21	12	0	0
Misc 5- Equip-Transm	347		150	90	108	0
Misc 7- Equip	1,569		828	497	243	0
Misc 10- Transm Equip	27,313		11,773	7,064	8,477	0
Misc 15- Transm Equip	2,449		1,055	633	760	0
Misc 20- WTP Equip	14,083		8,802	5,281	0	0
Misc 25- WTP & Equip	28,405		17,753	10,652	0	0
Misc 34- WTP Equip	2		1	1	0	0
Misc 50- Storage & Transm	188,084		81,070	48,642	58,371	0
New Investment	549,607		317,919	190,751	40,836	0
Services-50 Years	7,845		4,751	2,851	243	0
Administrative Services	7,358		1,942	1,165	571	3,678
Engineering	212		16	9	7	180
Vehicle Maintenance	2,630		1,015	608	612	395
Total Return	\$888,795		\$472,467	\$283,480	\$128,594	\$4,253
Allocation Percent	100.00%		53.16%	31.89%	14.47%	0.48%

a. From Table B-13.

b. Allocated according to the resulting percentages from Table B-15.

Table B-18
Winchester Municipal Utilities
Total Capital Revenue Requirements of Inside and Outside City Customer Classes
FY 1999

Capital Budget	FY 1999 Forecast Capital Revenue Requirements	Percent (f)	Allocations to Cost of Service Functions			
			Base	Extra Capacity		Customer Service
				Maximum Day	Maximum Hour	
Outside City Customers						
Depreciation (a)	\$440,207		\$226,683	\$136,010	\$71,397	\$6,118
Return (b)	\$888,795		\$472,467	\$283,480	\$128,594	\$4,263
Total Outside City Capital Revenue Requirement	\$1,329,002		\$699,150	\$419,490	\$199,991	\$10,371
Allocated to Retail	\$521,758	39.26%	\$274,482	\$164,889	\$78,515	\$4,071
Allocated to Water Districts	\$807,243	60.74%	\$424,668	\$254,801	\$121,476	\$6,299
Inside City Customers						
Debt Service (c)	\$2,875,910		\$1,518,356	\$911,014	\$428,034	\$18,508
Transfers (c)	\$32,100		\$280,826	\$168,555	\$79,195	\$3,424
Capital Revenue Requirements	\$3,408,010		\$1,799,282	\$1,079,569	\$507,229	\$21,930
Less Capital Revenue Offsets (d)	(\$376,269)		(\$198,654)	(\$119,192)	(\$56,002)	(\$2,421)
Total Capital Rev Required from Rates	\$3,031,740		\$1,600,628	\$960,377	\$451,227	\$19,509
Less Outside City Capital	(\$1,329,002)		(\$699,150)	(\$419,490)	(\$199,991)	(\$10,371)
Net Capital Revenue Required From Inside City Rates	\$1,702,739		\$901,478	\$540,887	\$251,236	\$9,138
Total Allocation Percent	100.00%		52.94%	31.77%	14.75%	0.54%
Total Revenue Requirements						
O&M Rev Req from Rates (e)	\$1,763,788		\$809,242	\$423,642	\$118,218	\$412,686
Inside City Capital	1,702,739		901,478	540,887	251,236	9,138
Outside City Capital	1,329,002		699,150	419,490	199,991	10,371
Total Revenue Required from Rates	\$4,795,528		\$2,409,870	\$1,384,019	\$569,444	\$432,195

- a. From Table B-16.
b. From Table B-17.
c. From Table C-2.
d. From Table C-3.
e. From Table B-10.
f. Allocated on the basis of OCF ratios from Table B-2.

**Table B-19
Winchester Municipal Utilities
Retail Water Demands by Block
FY 1999**

	Block 1 0-1 CCF	Block 2 >1-5 CCF	Block 3 >5-20 CCF	Block 4 >20-170 CCF	Block 5 >170-3500 CCF	Block 6 >3500 CCF	Total
Billing Data							
Billing Data Terminating in Blocks							
Consumption by Block, CCF	0	161,011	366,917	132,609	348,707	424,151	1,433,395
Percent of Volume by Block		11.23%	25.60%	9.25%	24.33%	29.59%	
Bills per Year	4,775	50,140	42,146	2,567	520	25	100,173
Percent of Bills by Block		50.05%	42.07%	2.56%	0.52%	0.02%	95.23%
CCF Billable at Each Block Rate							
Block 1 (0-1 CCF)	4,775						4,775
Block 2 (>1-5 CCF)	50,140	110,871					161,011
Block 3 (>5-20 CCF)	42,146	168,584	156,187				366,917
Block 4 (>20-170 CCF)	2,567	10,268	38,505	81,269			132,609
Block 5 (>170-3500 CCF)	520	2,080	7,800	78,000	260,307		348,707
Block 6 (>3500 CCF)	25	100	375	3,750	83,250	336,651	424,151
Total Billable CCF	100,173	291,903	202,867	163,019	343,557	336,651	1,438,170
Current Inside Rate	\$2.73	\$1.99	\$1.88	\$1.77	\$1.37	\$0.85	
Less Billable CCF from Water Districts	0	47	10	1,938	95,900	230,770	328,665
Total Billable CCF from Retail Customers	100,173	291,856	202,857	161,081	247,657	105,881	1,109,505
Retail Percent by Block	9.03%	26.31%	18.28%	14.52%	22.32%	9.54%	100.00%
Total Billable Retail CCF less Zero Bills	95,398	291,856	202,857	161,081	247,657	105,881	1,104,730
Estimated Retail Demand by Block and Class							
Inside City	79,144	230,589	160,273	127,266	195,888	105,881	898,821
Outside City	21,029	61,267	42,584	33,815	51,989	0	210,684
Total							1,109,505

- a. This data is from the Customer Analysis. See Appendix F for details.
b. Billing Data includes Water Districts
c. CCF in each block is calculated on the basis of the number of bills terminating in that block.

Table B-20
Winchester Municipal Utilities
Rate Design Option 1-Status Quo Declining Blocks
FY 1999

Option 1(a) Rate Category	Minimum Bills or CCF Sold(b)	Current Rates	Revenue Generated	Revised Rates (c)	Percent Change	Revenue Generated
Inside City Retail						
Block 1 (0-1 CCF)	79,144	\$2.73	\$216,064	\$5.49	101%	\$434,502
Block 2 (>1-5 CCF)	230,589	\$1.99	458,871	\$4.00	101%	922,354
Block 3 (>5-20 CCF)	160,273	\$1.88	301,312	\$3.78	101%	605,830
Block 4 (>20-170 CCF)	127,266	\$1.77	225,261	\$3.56	101%	453,068
Block 5 (>170-3500 CCF)	195,688	\$1.37	268,065	\$2.76	101%	540,044
Block 6 (>3500 CCF)	105,881	\$0.85	88,988	\$1.71	101%	181,057
Total or Average	898,821	\$1.74	\$1,559,573	\$3.49		\$3,138,855
Outside City Retail						
Block 1 (0-1 CCF)	21,029	\$3.53	\$74,231	\$7.10	101%	\$149,304
Block 2 (>1-5 CCF)	81,267	\$2.62	160,521	\$5.27	101%	322,880
Block 3 (>5-20 CCF)	42,584	\$2.45	104,332	\$4.83	101%	209,942
Block 4 (>20-170 CCF)	33,815	\$2.33	78,788	\$4.68	101%	158,591
Block 5 (>170-3500 CCF)	51,989	\$1.77	92,021	\$3.56	101%	185,081
Block 6 (>3500 CCF)	0	\$1.25	0	\$2.51	101%	0
Total or Average	210,684	\$2.42	\$508,893	\$4.87		\$1,025,797
Retail Subtotal	1,109,505		\$2,068,466			4,162,651
Percent Retail Increase					101.15%	
Water Districts (d)	328,665	\$0.96	\$315,518	\$1.93	101%	634,323
Total or Average	1,438,170		\$2,384,984	\$3.34		\$4,796,975
Revenue Requirement						\$4,795,528
Surplus(Shortfall)						\$1,447
Outside/Inside Differential by Rate		1.29		1.29		
Outside/Inside Differential by Average Unit Cost		1.39		1.40		
Minimum Across the Board Rate Increase Required						101.10%

a. This option assumes revised rates will keep the same relative ratios to each other as existing rates.

b. From Table B-19.

c. The revised rates are the minimum necessary to generate the total revenue requirement from Table B-18.

All rates are rounded off to the nearest penny.

d. According to WMU's contracts, Water District rates may increase by the percentage of the average retail rate increase.

Table B-21
Winchester Municipal Utilities
Rate Design Option 2-Declining Blocks with Recalculated Inside/Outside Differential
FY 1999

Option 2 (a) Revenue Requirements (b)	Revenue Required From Rates	Allocated		Outside Allocations		
		Inside City	Outside City	Retail	Outside Districts	
O&M Revenue Requirement	\$1,763,788	\$1,102,188	\$681,580	259,736	\$401,853	
Capital Revenue Requirement	3,031,740	1,702,739	1,329,002	521,758	807,243	
Total Revenue Requirement	\$4,795,528	\$2,804,937	\$1,990,591	781,495	\$1,209,097	
Subsidy to Districts		\$232,579	(\$232,579)	342,194	(\$74,773)	
Net Revenue Requirement	\$4,795,528	\$3,037,516	\$1,758,012	1,123,889	\$834,323	
	Minimum Bills or CCF Sold	Current Rates	Revenue Generated	Revised Rates (c)	Percent Increase	Revenue Generated
Water Districts (d)	328,665	\$0.98	\$315,518	\$1.93	101%	\$634,323
Inside City						
Block 1 (0-1 CCF)	79,144	\$2.73	\$216,064	\$5.32	95%	\$421,048
Block 2 (>1-5 CCF)	230,589	\$1.99	458,871	\$3.88	95%	\$894,683
Block 3 (>5-20 CCF)	160,273	\$1.88	301,312	\$3.67	95%	\$588,200
Block 4 (>20-170 CCF)	127,266	\$1.77	225,281	\$3.46	95%	\$440,341
Block 5 (>170-3500 CCF)	195,668	\$1.37	268,065	\$2.68	96%	\$524,390
Block 6 (>3500 CCF)	105,881	\$0.85	89,999	\$1.66	95%	\$175,762
Total	898,821	\$1.74	\$1,559,573	\$3.39		\$3,044,425
Net Inside City Revenue Requirement			\$3,037,516			\$3,037,516
Inside City Surplus (Shortfall)			(\$1,477,943)			\$6,910
Outside City Retail						
Block 1 (0-1 CCF)	21,029	\$3.53	\$74,231	\$7.79	121%	\$163,813
Block 2 (>1-5 CCF)	61,267	\$2.62	160,521	\$5.78	121%	354,126
Block 3 (>5-20 CCF)	42,584	\$2.45	104,332	\$5.40	120%	229,956
Block 4 (>20-170 CCF)	33,815	\$2.33	78,788	\$5.14	121%	173,808
Block 5 (>170-3500 CCF)	51,989	\$1.77	92,021	\$3.90	120%	202,757
Block 6 (>3500 CCF)	0	\$1.25	0	\$2.75	120%	0
Total	210,684	\$2.42	\$509,893	\$5.34		\$1,124,481
Net Outside City Retail Revenue Requirement			\$1,758,012			\$1,123,689
Outside City Surplus (Shortfall)			(\$1,248,120)			\$772
Outside/Inside Differential by Rate		1.29		1.46		
Outside/Inside Differential by Average Unit Cost		1.39		1.58		
Total Retail	1,109,505		\$2,069,466			\$4,168,886
Percent Retail Increase in Revenue Generated						101.45%
Total Rate Revenue						\$4,803,209

- a. Option 2 holds rate ratios constant with current rates except that outside-city rates are set only to recover capital costs determined on a utility basis.
b. From Table B-18.
c. All rates are rounded off to the nearest penny.
d. According to WMU's contracts, Water District rates may increase by the percentage of the average retail rate increase.

Table B-22
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1999

Unit O&M Cost of Service	Total	Cost of Service Functions			Customer Service
		Base	Extra Capacity		
			Maximum Day	Maximum Hour	
Net O&M Revenue Requirements (a)	\$1,763,788	\$809,242	\$423,642	\$118,218	\$412,686
Basis of Allocation					
Residential		CCF	CCF	CCF	
Apartments & Multi Units		CCF	CCF	CCF	
Commercial		CCF	CCF	CCF	
Industrial		CCF	CCF	CCF	
Water Districts		CCF	CCF	CCF	EqM
Retail		N/A	N/A	N/A	EqM
Fire Service		N/A	N/A	N/A	N/A
Units of Service By Class (b)		CCF/Day (c)			EqM/Mo
Single Family Residential		1,403	2,105	4,210	
Apartments & Multi Units		250	375	751	
Commercial		499	499	1,122	
Industrial		874	437	874	
Water Districts		900	1,126	2,478	158
Retail					11,437
Private Fire Service		N/A	N/A	N/A	0
Total units		3,927	4,542	9,433	11,593
Total mgd		3.93	4.54	9.43	
Average Unit Costs/Yr (c)		\$206.07	\$93.28	\$12.53	\$35.60
Costs Allocated To Classes (d)		\$/CCF/Day			\$/EqM/Mo
Single Family Residential		\$289,186	\$196,350	\$52,760	
Apartments & Multi Units		51,573	35,017	9,409	
Commercial		102,748	46,609	14,059	
Industrial		180,183	40,780	10,958	
Water Districts		185,552	104,987	31,032	6,554
Retail		N/A	N/A	N/A	407,133
Fire Service		0	0	0	0
Total	\$1,763,788	\$809,242	\$423,642	\$118,218	\$412,686
Unit O&M Costs (e)		Total/CCF	\$/CCF	\$/CCF	\$/EqM/Mo
Single Family Residential		\$1.0509	\$0.5646	\$0.3833	\$0.1030
Apartments & Multi Units		\$1.0509	\$0.5648	\$0.3833	\$0.1030
Commercial		\$0.8974	\$0.5646	\$0.2555	\$0.0773
Industrial		\$0.7257	\$0.5646	\$0.1278	\$0.0343
Water Districts		\$0.9784	\$0.5646	\$0.3194	\$0.0944
Retail			N/A	N/A	\$2.9666
Fire Service			N/A	N/A	\$2.9666

Table B-22 (continued)
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1999

Inside City Unit Capital Cost of Service	Total	Base	Cost of Service Functions		Customer Service
			Extra Capacity		
			Maximum Day	Maximum Hour	
Net Capital Revenue Requirements (f)	\$1,702,739	\$901,478	\$540,887	\$251,238	\$9,138
Basis of Allocation					
Residential		CCF	CCF	CCF	
Apartments & Multi Units		CCF	CCF	CCF	
Commercial		CCF	CCF	CCF	
Industrial		CCF	CCF	CCF	
Water Districts		N/A	N/A	N/A	N/A
Retail		N/A	N/A	N/A	Eq Meters
Fire Service		N/A	N/A	N/A	NA
Units of Service By Class (b)		CCF/Day (c)			EqMo/Mo
Single Family Residential		951	1,428	2,852	
Apartments & Multi Units		248	372	745	
Commercial		391	391	880	
Industrial		860	430	860	
Water Districts		N/A	N/A	N/A	N/A
Retail		N/A	N/A	N/A	8,968
Private Fire Service		N/A	N/A	N/A	0
Total units	2,450	2,620	5,337	8,968	
Total mgd	2.45	2.62	5.34		
Average Unit Costs/Yr (c)		\$/CCF/day			\$/EqM/Yr
		\$367.94	\$206.47	\$47.07	\$1.02
Costs Allocated To Classes (d)					
Single Family Residential		\$349,842	\$294,463	\$134,268	\$0
Apartments & Multi Units		91,384	76,901	35,065	0
Commercial		143,943	80,771	41,433	0
Industrial		316,330	88,752	40,469	0
Water Districts		0	0	0	0
Retail		0	0	0	9,138
Fire Service		0	0	0	0
Total	\$1,702,739	\$901,478	\$540,887	\$251,238	\$9,138
Unit O&M Costs (e)		Total/CCF	\$/CCF	\$/CCF	\$/EqM/Mo
Single Family Residential		\$2.2434	\$1.0081	\$0.8485	\$0.3869
Apartments & Multi Units		\$2.2434	\$1.0081	\$0.8485	\$0.3869
Commercial		\$1.8639	\$1.0081	\$0.5657	\$0.2902
Industrial		\$1.4199	\$1.0081	\$0.2828	\$0.1290
Water Districts		N/A	N/A	N/A	N/A
Retail		N/A	N/A	N/A	\$0.0849
Fire Service		N/A	N/A	N/A	N/A

Table B-22 (continued)
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1999

Outside City Unit Capital Cost of Service		Total	Cost of Service Functions			Customer Service
			Base	Extra Capacity		
				Maximum Day	Maximum Hour	
Capital Revenue Requirements (f)		\$1,329,002	\$699,150	\$419,490	\$199,991	\$10,371
Basis of Allocation						
Residential			CCF	CCF	CCF	EqM EqM NA
Apartments & Multi Units			CCF	CCF	CCF	
Commercial			CCF	CCF	CCF	
Industrial			CCF	CCF	CCF	
Water Districts			CCF	CCF	CCF	
Retail						
Fire Service						
Units of Service By Class (b)			CCF/Day (c)			EqMs/Mos
Single Family Residential			453	679	1,358	156 2,395 N/A 2,551
Apartments & Multi Units			2	3	6	
Commercial			107	107	242	
Industrial			15	7	15	
Water Districts			900	1,126	2,476	
Retail			N/A	N/A	N/A	
Private Fire Service			N/A	N/A	N/A	
Total units			1,477	1,922	4,096	
Total mgd			1.48	1.92	4.10	
Average Unit Costs/Yr (c)			\$/CCF/day			\$/EqM/yr
			\$473.34	\$218.24	\$48.82	\$4.07
Costs Allocated To Classes (d)						
Single Family Residential			\$214,216	\$148,155	\$66,288	\$0
Apartments & Multi Units			931	644	288	0
Commercial			50,840	23,441	11,799	0
Industrial			8,944	1,601	716	0
Water Districts			426,218	245,648	120,900	634
Retail			0	0	0	8,737
Fire Service			0	0	0	0
Total		\$1,329,002	\$699,150	\$419,490	\$199,991	\$10,371
Unit Costs (e)		Total/CCF	\$/CCF	\$/CCF	\$/CCF	\$/EqM/Mo
Single Family Residential		\$2.5950	\$1.2968	\$0.8969	\$0.4013	\$0.3388 \$0.3388 N/A
Apartments & Multi Units		\$2.5950	\$1.2968	\$0.8969	\$0.4013	
Commercial		\$2.1957	\$1.2968	\$0.5979	\$0.3010	
Industrial		\$1.7295	\$1.2968	\$0.2990	\$0.1338	
Water Districts		\$2.4121	\$1.2968	\$0.7474	\$0.3879	
Retail			N/A	N/A	N/A	
Fire Service			N/A	N/A	N/A	

Table B-22 (continued)
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1998

Option 3	O&M	Capital	Calculated Total Rounded Up	Revenue Generated	Adjusted by 13.2% for Subsidy to Water Districts	Outside: Inside Differential	Billable Units of Service per Year	Revenue Generated
Inside City Customer Service Charge/Bill								
Retail	\$2.97	\$0.08	\$3.06	\$329,287	\$3.46		107,610	\$372,331
Fire Service	N/A	N/A	N/A	\$0	\$0.00		0	\$0
				\$329,287	\$3.46		107,610	\$372,331
Outside City Customer Service Charge/Bill								
Water Districts	\$2.97	\$0.34	\$3.31	6,196	\$3.75		1,872	
Retail	\$2.97	\$0.34	\$3.31	95,129	\$3.75	1.08	28,740	107,775
Fire Service	N/A	N/A	N/A	0	\$0.00	N/A	0	0
				\$101,326	\$3.52		30,612	\$107,775
Inside City Volume Charge/CCF								
Residential	\$1.05	\$2.24	\$3.30	\$1,145,243	\$3.74		347,043	\$1,297,943
Apartments & Multi Units	\$1.05	\$2.24	\$3.30	299,089	\$3.74		90,833	338,968
Commercial	\$0.90	\$1.86	\$2.77	395,531	\$3.14		142,791	448,364
Industrial	\$0.73	\$1.42	\$2.15	674,688	\$2.43		313,799	762,532
				\$2,514,532	\$3.18		894,267	\$2,847,806
Outside City Volume Charge/CCF								
Residential	\$1.05	\$2.60	\$3.65	\$602,931	\$4.13	1.10	165,187	\$682,220
Apartments & Multi Units	\$1.05	\$2.60	\$3.65	2,621	\$4.13	1.10	718	2,965
Commercial	\$0.90	\$2.20	\$3.10	121,532	\$3.51	1.12	39,204	137,606
Industrial	\$0.73	\$1.73	\$2.46	19,173	\$2.78	1.14	5,355	14,887
				\$740,257	\$3.98		210,463	\$837,678
Retail Subtotal				\$3,679,204				\$4,165,569
Retail Revenue Under Existing Rates				\$2,069,486				\$2,069,486
Retail Rate Increase, Percent				78%				101%
Water Districts/CCF (g)	\$0.98	\$2.41	\$3.40	\$1,123,657	\$1.9300		328,665	\$634,323
Water District Rate Increase, Percent					101%			
Total Revenue Generated				\$4,802,862				\$4,799,913
Revenue Requirement				\$4,795,528				\$4,795,528
Surplus(Shortfall)				\$7,334				\$4,385
Approximate Retail Subsidy to Water Districts per Year								\$489,334
Approximate Retail Subsidy to Water Districts per CCF								\$0.44

a. From Table B-10.

b. CCF/Day are from Table B-3, EqMs and EqFLs are from Table B-5.

c. Revenue Requirements divided by Total Units.

d. Average Unit Costs times Units of Service by Class.

e. Costs Allocated to Classes divided by annual billable units, CCF or EqMs.

f. From Table B-18.

g. This is the rate the districts would pay on the basis of cost of service by class. Contracts, however, limit the Districts rate increases to the percentage of the retail classes. Therefore, rates are escalated from the calculated levels by the minimum percentage necessary to recover total revenue requirements.

Table B-23
Winchester Municipal Utilities
Rate Design Option 4-Declining Blocks with CSC & Revised Differential
FY 1999

Option 4 (a)	Current Rates	EqM or CCF Sold	Revenue Generated	Revised EqM or CCF Sold	Revised Rates	Revenue Generated
Customer Service Charge						
Inside City	\$0.00	0	\$0	8,968	\$3.48	\$372,331
Outside City	\$0.00	0	\$0	2,395	\$3.75	107,775
Water Districts	\$0.00	0	\$0	156	\$0.00	0
			\$0			\$480,106
Inside City Retail						
Block 1 (0-1 CCF)	\$2.73	79,144	\$218,084	75,372	\$4.75	358,016
Block 2 (>1-5 CCF)	\$1.99	230,589	458,871	230,589	\$3.46	797,836
Block 3 (>5-20 CCF)	\$1.88	160,273	301,312	160,273	\$3.27	524,091
Block 4 (>20-170 CCF)	\$1.77	127,266	225,261	127,266	\$3.08	391,980
Block 5 (>170-3500 CCF)	\$1.37	195,668	268,065	195,668	\$2.38	465,690
Block 6 (>3500 CCF)	\$0.85	105,881	89,999	105,881	\$1.48	156,704
		898,821	\$1,559,573	895,048		\$2,694,317
Outside City Retail						
Block 1 (0-1 CCF)	\$3.53	21,029	\$74,231	20,026	\$6.96	\$139,383
Block 2 (>1-5 CCF)	\$2.62	61,267	\$160,521	61,267	\$5.07	\$310,626
Block 3 (>5-20 CCF)	\$2.45	42,584	\$104,332	42,584	\$4.79	\$203,980
Block 4 (>20-170 CCF)	\$2.33	33,815	\$78,788	33,815	\$4.51	\$152,504
Block 5 (>170-3500 CCF)	\$1.77	51,989	\$92,021	51,989	\$3.49	\$181,442
Block 6 (>3500 CCF)	\$1.25	0	\$0	0	\$2.17	\$0
		210,684	\$509,893	209,682		\$987,935
Calculated Differential	1.29				1.46	
Total Retail			\$2,069,466			\$4,162,357
Percent Increase						101.13%
Water Districts	\$0.96	328,685	\$315,518	328,685	\$1.93	\$634,323
					101.04%	
Total			\$2,384,984			\$4,796,681
Revenue Requirement						\$4,795,528
Surplus(Shortfall)						\$1,153
Average Rate Increase						101.12%
Across the Board Volumetric Rate Increase (Decrease) Required						73.99%

a. This option uses the calculated retail customer service charge from From Table B-22 (continued) and calculates the block necessary to generate total revenue requirements. Block rate relationships are held constant with current rates. The block one rate for zero bills is eliminated.

Table B-24
Winchester Municipal Utilities
Impacts on Typical Water Bills
FY 1999

Rate Design Options	0 CCF Residential 5/8-Inch 1 EqM	4 CCF Residential 5/8-Inch 1 EqM	6 CCF Average Res 5/8-Inch 1 EqM	8 CCF Residential 5/8-Inch 1 EqM	10 CCF Residential 5/8-Inch 1 EqM	100 CCF Commercial 1-Inch 2.5 EqM	10,000 CCF Industrial 4-Inch 25 EqM
Existing Inside City Rates	\$2.73	\$8.70	\$12.57	\$16.33	\$20.09	\$180.49	\$10,391.49
Rate Design Option 1-Status Quo Declining Blocks							
Proposed	\$5.49	\$17.49	\$25.27	\$32.83	\$40.39	\$382.99	\$20,917.99
Increase/Month	\$2.76	\$8.79	\$12.70	\$16.50	\$20.30	\$182.50	\$10,526.50
Percent Increase	101%	101%	101%	101%	101%	101%	101%
Rate Design Option 2-Declining Blocks with Recalculated Inside/Outside Differential							
Proposed	\$5.32	\$16.96	\$24.51	\$31.85	\$39.19	\$352.69	\$20,309.29
Increase/Month	\$2.59	\$8.28	\$11.94	\$15.52	\$19.10	\$172.20	\$9,917.80
Percent Increase	95%	95%	95%	95%	95%	95%	95%
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential							
Proposed	\$3.46	\$18.42	\$25.90	\$33.38	\$40.86	\$322.85	\$24,386.50
Increase/Month	\$0.73	\$9.72	\$13.33	\$17.05	\$20.77	\$142.16	\$13,995.01
Percent Increase	27%	112%	106%	104%	103%	79%	135%
Rate Design Option 4-Declining Blocks with CSC & Revised Differential							
Proposed	\$3.46	\$18.59	\$25.32	\$31.86	\$38.40	\$337.89	\$18,161.54
Increase/Month	\$0.73	\$9.89	\$12.75	\$15.53	\$18.31	\$157.40	\$7,770.05
Percent Increase	27%	114%	101%	95%	91%	87%	75%
Existing Outside City Rates	\$3.53	\$11.39	\$16.46	\$21.36	\$26.26	\$237.16	\$14,419.36
Rate Design Option 1-Status Quo Declining Blocks							
Proposed	\$7.10	\$22.91	\$33.11	\$42.97	\$52.83	\$477.33	\$28,975.43
Increase/Month	\$3.57	\$11.52	\$16.65	\$21.61	\$26.57	\$240.17	\$14,556.07
Percent Increase	101.13%	101.14%	101.15%	101.17%	101.18%	101.27%	100.85%
Rate Design Option 2-Declining Blocks with Recalculated Inside/Outside Differential							
Proposed	\$7.79	\$25.13	\$35.31	\$47.11	\$57.91	\$523.11	\$31,744.91
Increase/Month	\$4.26	\$13.74	\$19.85	\$25.75	\$31.65	\$285.95	\$17,325.55
Percent Increase	120.68%	120.63%	120.60%	120.55%	120.53%	120.57%	120.15%
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential							
Proposed	\$3.75	\$20.27	\$28.53	\$36.79	\$45.05	\$360.38	\$27,893.75
Increase/Month	\$0.22	\$8.88	\$12.07	\$15.43	\$18.79	\$123.22	\$13,474.39
Percent Increase	6.23%	77.96%	73.33%	72.24%	71.55%	51.95%	93.45%
Rate Design Option 4-Declining Blocks with CSC & Revised Differential							
Proposed	\$3.75	\$25.92	\$35.78	\$45.36	\$54.94	\$491.67	\$26,596.04
Increase/Month	\$0.22	\$14.53	\$19.32	\$24.00	\$28.68	\$254.51	\$12,176.68
Percent Increase	6.23%	127.57%	117.38%	112.36%	109.22%	107.31%	84.45%

Table B-25
Winchester Municipal Utilities
Monthly Impacts on Water Districts
FY 1999

Rate Design Options	13,000 CCF ECGWD 166 EqMs	14,000 CCF KAWC 156 EqMs	27,000 CCF Water Districts 166 EqMs
Existing Rates	\$12,480.00	\$13,440.00	\$25,920.00
1. Status Quo Declining Blocks			
Proposed Increase/Month	\$25,090.00	\$27,020.00	\$52,110.00
Percent Increase	101%	101%	101%
2. Declining Blocks w/Outside Differential			
Proposed Increase/Month	\$25,090.00	\$27,020.00	\$52,110.00
Percent Increase	101%	101%	101%
3. Flat by Class w/CSC			
Proposed Increase/Month	\$25,090.00	\$27,020.00	\$52,110.00
Percent Increase	101%	101%	101%
4. Declining Blocks w/CSC			
Proposed Increase/Month	\$25,090.00	\$27,020.00	\$52,110.00
Percent Increase	101%	101%	101%

02/11/99

EXHIBIT C

FOR Winchester, Kentucky
Name of Municipality

P.S.C. KY. NO. 1

Original 1 SHEET NO. 1

Winchester Municipal Utilities Commission
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO.

 SHEET NO.

RATES AND CHARGES

East Clark County Water District

First	100 cubic feet	\$4.37 minimum bill
Next	400 cubic feet	3.24 per 100 cubic feet
Next	1,500 cubic feet	3.03 per 100 cubic feet
Next	15,000 cubic feet	2.88 per 100 cubic feet
Next	333,000 cubic feet	2.19 per 100 cubic feet
Over	350,000 cubic feet	1.54 per 100 cubic feet

A Water Purchase Contract between the City of Winchester (by and through its Winchester Municipal Utilities Commission) and the East Clark County Water District, entered into on the 15th day of July 1999, is on file at the Kentucky Public Service Commission. The PSC accepted the contract and made it effective on January 20, 2000.

These rates are in accordance with the aforementioned contract and will become effective for services rendered after January 1, 2005. See Order in PSC Case No. 2004-00506 issued December 17, 2004.

DATE OF ISSUE DECEMBER 1, 2004
Month / Date / Year

DATE EFFECTIVE JANUARY 1, 2005
Month / Date / Year

ISSUED BY Vivian Azueta
(Signature of Officer)

TITLE GENERAL MANAGER

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
1/1/2005
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

EXHIBIT D

East Clark County Water District

P.O. Box 112 Winchester, Kentucky 40392

859-745-1458

November 29, 2004

Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

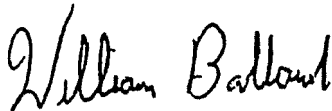
RE: Formal Application for a Purchased Water Adjustment

Enclosed please find an application for a purchased water adjustment. This application is necessary due to an increase from our supplier, Winchester Municipal Utilities.

In the application please note that the city of Winchester will not longer sell water to the district at a wholesale rate. Therefore, the district can no longer resell water to the city at a wholesale rate. The purchased water adjustment reflects that water resold to the city will be sold at retail rates. The district has met with the city regarding this issue and the city does not object to the change in billing.

Winchester has notified the District that it will not place its increased rates into effect until 30 days from the date the District files with the Commission. A copy of the notice to be published is enclosed. The District will publish the notice in accordance with Commission regulations and will provide verification that such notice has been given

Sincerely,



William Ballard
Manager

enclosure

PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5:068)

East Clark County Water District
(Name of Utility)

November 29, 2004
(Date)

P.O. Box 112
(Address)

Winchester, KY 40392
(City, State)

859-745-1458
(Telephone Number)

- 1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>Winchester Municipal Utilities</u>	<u>\$1.18 Per 100 cu ft.</u>	<u>See attachment.</u>

- 1.b. Attached is the notice from the Winchester Municipal Utilities which has been filed with the Public Service Commission.

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From November 2003 through October 2004
(month and year) (month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Cubic Feet Purchased during 12 month period
<u>Winchester Municipal Utilities</u>	<u>16,994,500</u>

4. Total cubic feet sold for the 12 month period 15,583,960

5. Increased water cost \$143,893

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$.47 per 1,000 gallons.

See attached worksheet for PWA calculations.

~~Note:~~ The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date (for service rendered on & after 11-18-04)

William Ballard
William Ballard, Manager

EAST CLARK COUNTY WATER DISTRICT								
COST OF PURCHASED WATER								
CURRENT RATES								
USAGE SHOWN IN CUBIC FEET								
	Elkin	Paris	Ky-AM	Flanagan	Two Mile	Eclon	Hughes	Ford
Nov 03	22,000			250,800	7,900	861,600	414,800	
Dec 03	20,400			177,900	1,000	683,400	506,500	
Jan 04	24,600	19,200		320,800	500	889,100	458,100	
Feb 04	28,600	40,100	1,500	201,800	500	738,800	450,300	
Mar 04	26,800	44,700	300	155,000	1,400	690,000	393,300	
Apr 04	25,200	52,700	400	240,500	300	673,200	511,700	
May 04	23,200	49,300	400	174,300	900	819,700	504,400	
June 04	30,000	29,100		213,400	1,200	786,100	620,400	200
July 04	16,800	43,100		133,500	300	579,700	458,100	600
Aug. 04	16,200	70,100		167,300	7,600	572,600	437,000	400
Sept. 04	19,800	59,700		307,400	14,200	563,800	235,000	400
Oct 04	17,700	55,000		322,700	20,500	484,000	202,000	700
Total	271,300	463,000	2,600	2,665,400	56,300	8,342,000	5,191,600	2,300
Total Purchased		16,994,500						
Rate per 100 cubic feet		\$1.18						
Cost		\$ 200,535						

EAST CLARK COUNTY WATER DISTRICT								
COST OF PURCHASED WATER								
REVISED PURCHASED WATER RATES								
USAGE SHOWN IN CUBIC FEET								
	Bills	Cu. Ft.	200	400	1,400	15,000	333,000	350,000
First 200	1	200	200					
Next 400	6	1,500	1,200	300				
Next 1,400	6	6,700	1,200	2,400	3,100			
Next 15,000	6	65,300	1,200	2,400	8,400	53,300		
Next 333,000	35	3,824,200	7,000	14,000	49,000	525,000	3,229,200	
Over 350,000	22	13,096,600	4,400	8,800	30,800	330,000	7,326,000	5,396,600
Total	76	16,994,500	15,200	27,900	91,300	908,300	10,555,200	5,396,600
NEW COST OF PURCHASED WATER								
	Bills	Cu. Ft.	Rate	Revenue				
First 200	76	15,200	\$ 4.37	\$ 332				
Next 400		27,900	3.24	904				
Next 1,400		91,300	3.03	2,766				
Next 15,000		908,300	2.88	26,159				
Next 333,000		10,555,200	2.19	231,159				
Over 350,000		5,396,600	1.54	83,108				
Total		16,994,500		\$ 344,428				
Cost at Current Rate				200,535				
Increased Cost				\$ 143,893				
Sales in cubic feet		16,994,500						

EAST CLARK COUNTY WATER DISTRICT

CALCULATION OF PURCHASED WATER ADJUSTMENT	
1	2019
2	2020
3	2021
4	2022
5	2023
6	2024
7	2025
8	2026
9	2027
10	2028
11	2029
12	2030
13	2031
14	2032
15	2033
16	2034
17	2035
18	2036
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93	2111
94	2112
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145	2163
146	2164
147	2165
148	2166
149	2167
150	2168
151	2169
152	2170
153	2171
154	2172
155	2173
156	2174
157	2175
158	2176
159	2177
160	2178

REVISED WATER RATES	
1	2
3	4
5	6
7	8
9	10
11	12
13	14
15	16
17	18
19	20
21	22
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95	96
97	98
99	100

[illegible]

	Bills	Gallons	2,000	8,000	40,000	50,000
First 2,000	5,685	6,937.1	6,937.1			
Next 8,000	18,417	80,447.8	36,834.0	43,613.8		
Next 40,000	955	15,095.5	1,910.0	7,640.0	5,545.5	
Over 50,000	37	3,107.8	74.0	296.0	1,480.0	1,257.8
Total	25,094	105,588.2	45,755.1	51,549.8	7,025.5	1,257.8

	Bills	Gallons	Rate	Revenue		
First 2,000	25,094	45,755.1	\$ 24.56	\$ 616,309		
Next 8,000		51,549.8	10.03	517,044		
Next 40,000		7,025.5	8.81	61,895		
Over 50,000		1,257.8	7.59	9,547		
Total		105,588.2		\$ 1,204,794		

SALES TO WINCHESTER					
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	Bills	Gallons	2,000	8,000	40,000	50,000
First 2,000						
Next 8,000						
Next 40,000						
Over 50,000	24	17,338,000	48,000	192,000	960,000	16,138,000

	Bills	Gallons	Rate	Revenue		
First 2,000	24	48,000	\$ 24.56	589		
Next 8,000		192,000	10.03	1,926		
Next 40,000		960,000	8.81	8,458		
Over 50,000		16,138,000	7.59	122,487		
Total		17,338,000		\$ 133,460		
Loading Stations		4,532.6	\$6.25	28,329		

Total Revenue	\$ 1,366,583		
Revenue Before Increase in Cost	1,222,903		
Purchased Water Cost	\$ 143,680		

Purchased Water Adjustment = \$0.47 per 1,000 gallons

NOTICE

Due to a rate increase from the Winchester Municipal Utilities, the East Clark County Water District has filed an application with the Public Service Commission to implement the following rate schedule. The proposed change will affect all bills issued on and after _____.

Monthly Rates Current Rates

Proposed Rates

5/8" x 3/4" Meter

First	2,000 gallons	\$23.62	Minimum Bill	\$24.56	Minimum Bill
Next	8,000 gallons	9.56	per 1,000 gallons	10.03	per 1,000 gallons
Next	40,000 gallons	8.34	per 1,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.12	per 1,000 gallons	7.59	per 1,000 gallons

1" Meter

First	5,000 gallons	\$52.30	Minimum Bill	\$54.65	Minimum Bill
Next	5,000 gallons	9.56	per 1,000 gallons	10.03	per 1,000 gallons
Next	40,000 gallons	8.34	per 1,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.12	per 1,000 gallons	7.59	per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$100.10	Minimum Bill	\$104.80	Minimum Bill
Next	40,000 gallons	8.34	per 1,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.12	per 1,000 gallons	7.59	per 1,000 gallons

2" Meter

First	20,000 gallons	\$183.50	Minimum Bill	\$1922.90	Minimum Bill
Next	30,000 gallons	8.34	per 1,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.12	per 1,000 gallons	7.59	per 1,000 gallons

3" Meter

First	30,000 gallons	\$275.00	Minimum Bill	\$289.10	Minimum Bill
Next	20,000 gallons	8.34	per 1,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.12	per 1,000 gallons	7.59	per 1,000 gallons

4" Meter

First	50,000 gallons	\$441.80	Minimum Bill	\$465.30	Minimum Bill
Over	50,000 gallons	7.12	per 1,000 gallons	7.59	per 1,000 gallons

The bill for an average customer using 5,000 gallons each month would increase from \$52.30 to \$54.65, a monthly increase of \$2.35 or 4 percent.

The rates contained in this notice are the rates proposed by the East Clark County Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

East Clark County Water District has available for inspection at its office the application submitted to the Public Service Commission. You may contact the office at (859) 745-1458

FOR Clark County
Community, Town or City

P.S.C. KY. NO. _____

Revised _____ SHEET NO. _____

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

Original _____ SHEET NO. _____

East Clark County Water District
(Name of Utility)

RATES - ALL USERS

Rates: Monthly

5/8" x 3/4" Meter

First	2,000 gallons	\$24.56	Minimum Bill
Next	8,000 gallons	10.03	per 1,000 gallons
Next	40,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.59	per 1,000 gallons

1" Meter

First	5,000 gallons	\$54.65	Minimum Bill
Next	5,000 gallons	10.03	per 1,000 gallons
Next	40,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.59	per 1,000 gallons

1 1/2" Meter

First	10,000 gallons	\$104.80	Minimum Bill
Next	40,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.59	per 1,000 gallons

2" Meter

First	20,000 gallons	\$192.90	Minimum Bill
Next	30,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.59	per 1,000 gallons

3" Meter

First	30,000 gallons	\$289.10	Minimum Bill
Next	20,000 gallons	8.81	per 1,000 gallons
Over	50,000 gallons	7.59	per 1,000 gallons

4" Meter

First	50,000 gallons	\$465.30	Minimum Bill
Over	50,000 gallons	7.59	per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____

ISSUED BY Ked Ferris _____
Month / Date / Year
(Signature of Officer)

TITLE Chairman _____

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



*Winchester
Municipal
Utilities*

P.O. Box 4177, 150 N. Main Street
Winchester, KY 40392-4177
Phone: 859 744-5434
Fax: 859 745-4146

July 9, 2004

William Ballard
East Clark County Water District
118 Hopkins Lane
P.O. Box 112
Winchester, KY 40392

Re: Rate Change

Dear Mr. Ballard:

Per Vernon Azevedo's request, this letter is in regard to the agreement entered into on July 15, 1999 between Winchester Municipal Utilities and East Clark County Water District. The Agreement directs that after five years the rate will be adjusted to the current cost of service volumetric rate. The ordained rate is a schedule based upon the amount of water used as follows:

Block 1 - Usage 0-100	\$4.37
Block 2 - Usage 200-500	3.24
Block 3 - Usage 600-2000	3.03
Block 4 - Usage 2100-17000	2.88
Block 5 - Usage 17100-350000	2.19
Block 6 - Usage greater than 350000	1.54

Cubic Feet

This rate schedule when applied to East Clark Water District's usage should result in approximately \$150,000 increase on East Clark Water District's yearly total bill. For your reference, this is the same schedule by which Kentucky American is presently being charged.

Should you have any questions, please call.

Sincerely,

Jennifer Sparks
Supervisor of Accounting and Finance

cc: V. Azevedo
File

JUL 1

EXHIBIT E

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF EAST)	CASE NO. 2004-00455
CLARK COUNTY WATER DISTRICT)	

O R D E R

On November 23, 2004, East Clark County Water District ("East Clark") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. East Clark purchases water from Winchester Municipal Utilities ("Winchester").
2. On November 29, 2004, East Clark filed an amended customer notice and tariff sheet that contained revisions to the proposed minimum bill amounts for 3-inch and 4-inch meters.
3. On December 1, 2004, Winchester filed notice of a proposed revision to its wholesale water service rate schedule that would revise the schedule of rates currently charged to East Clark from a flat rate of \$1.18 per 100 cubic feet to a six-step declining rate design. Winchester proposed to place this revised rate schedule in effect for all bills rendered on and after January 1, 2005. East Clark proposes to increase the water rates to its customers effective with the January 1, 2005 billing.

4. On December 17, 2004, the Commission approved Winchester's proposed wholesale rate revision for service rendered on and after January 1, 2005.¹ Pursuant to KRS 278.015, East Clark may not adjust its rates to reflect this change for service rendered before January 1, 2005.

5. During the 12 months ending October 31, 2004, East Clark purchased 16,994,500 cubic feet of water from Winchester and sold 15,583,960 cubic feet. The increase in the cost of purchased water is \$143,893, resulting in a purchased water adjustment of \$0.47 per 1,000 gallons.

6. While East Clark's amended application contains a proposed rate for service provided through a 4-inch meter, East Clark's present rate schedules do not contain a rate for service provided through a 4-inch meter. As KRS 278.015 and Administrative Regulation 807 KAR 5:068 permit only an adjustment of existing rates and not revisions to a water district's rate design or additions to a water district's existing rate schedule, East Clark's proposed rate for service received through a 4-inch meter is unlawful. If East Clark desires to add a rate for water service received through a 4-inch meter, it should follow the procedures set forth in KRS 278.180 and Administrative Regulation 807 KAR 5:011.

7. East Clark's proposed rates should be denied.

8. A purchased water adjustment of \$0.47 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. East Clark's proposed rates are denied.

¹ Case No. 2004-00506, Proposed Adjustment of Wholesale Water Service Rate of Winchester Municipal Utilities (Ky.PSC Dec. 17, 2004).

2. The purchased water adjustment of \$0.47 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for service rendered on and after January 1, 2005.

3. Within 20 days of the date of this Order, East Clark shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 22nd day of December, 2004.

By the Commission

ATTEST:


Executive Director

Case No. 2004-00455

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00455 DATED December 22, 2004

The following rates and charges are prescribed for the customers in the area served by East Clark County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8" x 3/4" Meter

	<u>Rate</u>
First 2,000	\$24.56 Minimum Bill
Next 8,000	10.03 per 1,000 gallons
Next 40,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons

1" Meter

First 5,000	\$54.65 Minimum Bill
Next 5,000	10.03 per 1,000 gallons
Next 40,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons

1 1/2" Meter

First 10,000	\$104.80 Minimum Bill
Next 40,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons

2" Meter

First 20,000	\$192.90 Minimum Bill
Next 30,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons

3" Meter

First 30,000	\$281.00 Minimum Bill
Next 20,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF EAST)
CLARK COUNTY WATER DISTRICT) CASE NO. 2004-00455

O R D E R

Finding that our Order of December 22, 2004 failed to consider the rate revisions that we approved in Case No. 2004-00378,¹ which authorized the assessment of a minimum bill for 4-inch meters, the Commission HEREBY ORDERS, on its own motion, that:

1. The Order of December 22, 2004 is amended as follows:
 - a. Finding Paragraph 6 is deleted.
 - b. Finding Paragraph 7 shall read: "6. East Clark's proposed rates should be granted."
 - c. Finding Paragraph 8 shall read: "7. A purchased water adjustment of \$0.47 per 1,000 gallons is fair, just, and reasonable and should be approved."
 - d. Ordering Paragraph 1 shall read: "1. East Clark's proposed rates are approved."
 - e. The Appendix to the Order of December 22, 2004 is stricken and replaced with the Appendix to this Order.
2. All provisions of the Order of December 22, 2004 that do not conflict with the terms of this Order remain in full force and effect.

¹ Case No. 2004-00378, Application of East Clark County Water District for an Increase in Non-Recurring Charges and Tariff Revisions (Ky.PSC Dec. 22, 2004).

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00455 DATED January 6, 2005

The following rates and charges are prescribed for the customers in the area served by East Clark County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

<u>5/8" x 3/4" Meter</u>	<u>Rate</u>
First 2,000	\$24.56 Minimum Bill
Next 8,000	10.03 per 1,000 gallons
Next 40,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons
<u>1" Meter</u>	
First 5,000	\$54.65 Minimum Bill
Next 5,000	10.03 per 1,000 gallons
Next 40,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons
<u>1 1/2" Meter</u>	
First 10,000	\$104.80 Minimum Bill
Next 40,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons
<u>2" Meter</u>	
First 20,000	\$192.90 Minimum Bill
Next 30,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons
<u>3" Meter</u>	
First 30,000	\$281.00 Minimum Bill
Next 20,000	8.81 per 1,000 gallons
Over 50,000	7.59 per 1,000 gallons
<u>4" Meter</u>	
First 50,000	\$457.20 Minimum Bill
Over 50,000	7.59 per 1,000 gallons

EXHIBIT F

East Clark County Water District

P.O. Box 112 Winchester, Kentucky 40392

859-745-1458

June 5, 2005

Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602


RE: Correction to Tariff Sheet

Enclosed please find a correction to East Clark County Water District's tariff. In Case No. 2004-00455, the Commission granted East Clark an increase in rates due to an increase from its supplier, the City of Winchester. In that case, East Clark proposed that it be allowed to charge Winchester in accordance with its retail rate schedule. The proposed rates were approved for service rendered on and after January 1, 2005.

Due to an oversight, East Clark did not revise Original Sheet No. 8 which states the wholesale rates to Winchester Municipal Utilities will be, "\$2.03 per 1,000 gallons." In accordance with the Commission's Order in Case No. 2004-00455, East Clark is filing a Revised Sheet No. 8, which states that East Clark does not have a wholesale rate. Also in accordance with the Commission's Order approving the rates, the effective date for the revised sheet is January 1, 2005.

Should you have any questions feel free to contact me.

Sincerely,



William Ballard
Manager

Cc: Winchester Municipal Utilities
enclosure

FOR East Clark County Kentucky
Community, Town or City

P.S.C. KY. NO. 1

1st Revised SHEET NO. 8

East Clark County Water District
(Name of Utility)

CANCELING P.S.C. KY. NO. 1

Original SHEET NO. 8

CONTENTS

TABLE OF CONTENTS

E. PURCHASED WATER RATES:

See Contract on file with Winchester Municipal Utilities

F. LEAK ADJUSTMENTS:

Refer to Section 2 (W).

G. WHOLESALE WATER RATES:

East Clark does not have a wholesale water rate. The City of Winchester is charged the same rate as East Clark's retail customers.

BULK SALES

\$6.25 per 1,000 Gallons

H. FIRE SPRINKLER SYSTEM RATES: The District does not charge for fire protection at this time.

DATE OF ISSUE June 6, 2005
Month / Date / Year

DATE EFFECTIVE January 1, 2005

ISSUED BY Fred Farrer
Month / Date / Year
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2004-00455 DATED 22 Dec. 2004

EXHIBIT G

LAW OFFICES OF
WHITE, McCANN & STEWART, PLLC
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125 SOUTH MAIN STREET
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FAX (859) 744-2583

June 17, 2005

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Objection to Corrected Tariff Sheet Filed
by East Clark County Water District
Case No. 2004-00455

Dear Ms. O'Donnell:

My client, Winchester Municipal Utilities (hereinafter "WMU"), has received a copy of a letter dated June 5, 2005, from East Clark County Water District (hereinafter "ECCWD") relative to a "correction to East Clark County Water District's tariff" insofar as it relates to the wholesale rates to WMU (See Exhibit 1 hereto). As the Public Service Commission (hereinafter "Commission") is aware, there is a Water Purchase Agreement between WMU and ECCWD dated July 15, 1999, a copy of which is attached hereto as Exhibit 2 (hereinafter "Contract"). The Contract was accepted by the Commission on January 20, 2000 in Contract Filing No. C60-1592 (See copy of March 1, 2000 letter attached hereto as Exhibit 3).

The proposed correction by ECCWD is an attempt to unilaterally modify the terms of the Contract.

Moreover, no prior notice was received by WMU of ECCWD's attempt to eliminate its wholesale rate to WMU in Case No. 2004-00455. At no time did WMU consent to the abolishment of its wholesale rate, or the modification of the Contract mentioned above.

WMU was informed in November 2004 that ECCWD intended to file a new rate tariff for its retail customers, and in fact WMU delayed its filing of its revised tariff to implement the contractual increases provided in the Contract until such a time as ECCWD had an opportunity to file and have approved a new tariff to pass along its contractual rate increases to its retail customers. This ECCWD revised tariff was approved by the Commission in Case No. 2004-00455 by Orders entered December 22, 2004 and January 6, 2005 (See Exhibit 4 hereto).

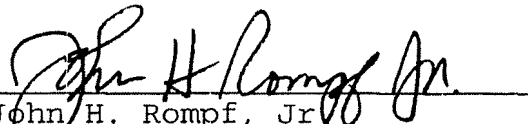
Ms. Beth O'Donnell
June 17, 2005
Page 2

WMU respectfully requests the Commission to deny the June 5, 2005 filing of the "correction to East Clark County Water District's tariff" which in effect is in direct violation with the Contract previously approved by the Commission in Contract Filing C60-1592 (Exhibit 3), and objects to the attempted revisions of the ECCWD rate tariff applicable to WMU.

Very truly yours,

WHITE, McCANN & STEWART, PLLC

BY


John H. Rompf, Jr.

JHR/slp

Enclosures

cc: Hon. C. Kent Hatfield ✓
Counsel for East Clark County Water District
Mr. Vernon Azevedo

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