

WHOLESALE WATER PURCHASE CONTRACT

THIS WHOLESALE WATER PURCHASE CONTRACT is entered into on the 14th day of November, 2011, and made effective on the 1st day of January, 2012, between the CITY OF PIKEVILLE, Kentucky, a municipality of the fourth class, of 118 College Street, Pikeville, Kentucky, hereinafter sometimes referred to as "SELLER" and MOUNTAIN WATER DISTRICT of P.O. Box 3157, Pikeville, Kentucky 41502, hereinafter sometimes referred to as "PURCHASER";

W-I-T-N-E-S-S-E-T-H:

WHEREAS, the Seller owns and operates a water production and supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and desires to enter into a contract to provide water to the Purchaser to be distributed to the Purchaser's water supply distribution system.

WHEREAS, Purchaser is a Water District created under the provision of KRS Chapter 74 and owns and operates a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purchase, the Purchaser desires to acquire a supply of potable treated water; and

WHEREAS, the parties hereto have heretofore entered into Water Purchase Contracts and amendments thereto dated January 12, 1987 and March 26, 1990, and May 29, 2009, and being subject to further amendments in regard to rates for water service, and by this Contract do supersede and replace said Contract and Agreements with the terms and conditions set forth herein.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH CONDITIONS SET FORTH <i>Brent Kirkley</i>
EFFECTIVE 1/1/2012 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

[Redacted]

Pikeville, enacted on the 14th
of water to the Purchaser in
ion, and the execution of this
e Mayor of the City of Pikeville,

and attested by the City Clerk, was duly authorized; and

WHEREAS, by resolution of Mountain Water District, enacted on the
_____ day of _____, 2011, for the purchase of water from the
Seller in accordance with the provisions of said resolution, and the execution of
this contract by the Board Chairperson and attested by the Secretary, was duly
authorized;

NOW, THEREFORE, in consideration of the foregoing and the mutual
terms, conditions and agreements of the parties hereto that are hereinafter set
forth, the parties do hereby agree as follows:

1. **WATER PURCHASES, QUALITY AND QUANTITY.** Seller agrees to
produce and sell and Purchaser agrees to buy at "points of delivery" hereinafter
specified in Paragraph 2 during the term of this Contract or any renewal or
extension thereof, potable treated water meeting applicable quality standards of
the Kentucky Natural Resources and Environmental Protection Cabinet,
Division of Water, a minimum of 28 million gallons per month, not to exceed 40
million gallons per month, at the rates provided for in paragraph 5 herein.
Seller does further agree to make up to 45 million gallons per month available
to purchase so long as the additional 5 million gallons does not interfere with
water service to the Sellers' then existing water customers.

2. **POINT OF DELIVERY AND PRESSURE.**
(A) The Water will be furnished by the Seller to the Purchaser at
a reasonable constant pressure(s) and volume(s). If a greater *Beant Kirtley* than
that normally available at the points of delivery is required by the Purchaser,

**KENTUCKY
PUBLIC SERVICE COMMISSION**
**JEFF R. DEROUEN
EXECUTIVE DIRECTOR**
EFFECTIVE
1/1/2012
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the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failure of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable periods of time as may be necessary to restore service.

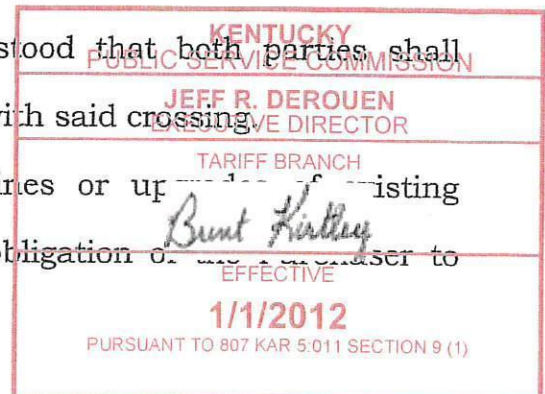
(B) The points of delivery shall be at the following points:

- a. Town Mountain Gap at U.S. 119.
- b. Chloe Creek Gap.
- c. York Town at Indian Hills.
- d. Island Creek Trailer Park.
- e. Cowpen.
- f. Hoopwood Hollow.
- g. Coon Branch.
- h. Cedar Gap.
- i. Left Fork Island Creek.

(C) It is understood and agreed by the parties hereto that in the event that the Purchaser should desire additional purchase points, and if additional pump stations, transmission lines and/or upgrade of existing lines is necessary to provide the additional purchase point(s) which are solely for the Purchaser's benefit, then the Purchaser shall pay the entire costs of the additional lines and equipment.

(D) That in the event both parties agree that a second Levisa Fork River crossing at or in the vicinity of the Island Creek Bridge becomes necessary to benefit both parties, it is understood that both parties shall equally share the costs and expense associated with said crossing.

(E) That all extension of waterlines or up _____ existing waterlines which shall thereafter become the obligation of _____ Purchaser to



maintain shall be done pursuant to the building specifications currently adopted by the Purchaser or hereafter adopted, and in conformance with regulations and construction standards mandated by the Kentucky Natural Resources and Environmental Protection Cabinet, regardless of which party may herein be required to pay or reimburse the cost thereof.

3. **METERING EQUIPMENT.** Seller shall furnish, install, operate, and maintain at its own expense at the points of delivery (subject however to the Purchaser's obligation to pay the costs for additional purchase points provide for in paragraph 2 (C) above) the necessary metering equipment, including a meter house or pit and required devices of standard type for properly measuring the quantity of water delivered to the purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every 12 months. A meter registering not more than 2 percent above or below the test results shall be deemed accurate. The previous reading of any meter disclosed by test to be inaccurate shall be corrected for the 12 months previous to such test and in accordance with the percentage of inaccuracy found by such tests. If a meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the first day of the month by the Seller. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings. Meters will be tested pursuant to applicable state regulations and copies of all testing reports will be provided to purchaser within 10 days of receipt of the

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4. **BILLING PROCEDURES.** The Seller shall furnish to the Purchaser at the above address not later than the fifth day of each month an itemized statement of the amount of water furnished the Purchaser during the preceding month. Payments shall be made within five (5) business days following the Board meeting for the month the bill is presented and approved.

5. **RATES.** Seller agrees to pay to Purchaser, not later than the 30th day of each month, for water delivered the preceding month in accordance with the following schedule of rates:

a. A wholesale rate of \$1.68 per one thousand (1,000) gallons of water for the first 28 million gallons per month.

b. \$1.30 per one thousand (1,000) gallons of water in excess of 28 million gallons per month.

6. **TERM OF CONTRACT.** This Contract shall extend for a term of 47 years from the date of the parties original agreement being January 12, 1987 and, thereafter may be renewed or extended for such term, or terms as may be agreed upon by the Seller and Purchaser. However, the rate schedule set forth in paragraph 5 above shall extend for a term of 5 years from the effective date of this agreement set forth hereinabove. The rate schedule shall automatically extend to additional year to year term(s) at the end of the original 5 year term or any one year extension term unless the "SELLER" sends a certified letter of its intent to change the rate to "Purchaser" six (6) months prior to the end of the original five (5) year term or any extension term. If the "Purchaser" is not agreeable to the proposed rate change, it shall within 60 days of receipt of the "Seller's" certified letter send a rejection notice by certified mail to the "Seller" and thereafter the Parties shall begin good faith negotiations for a new rate schedule.

NEW JERSEY
PUBLIC SERVICE COMMISSION
OFFICE OF THE
EXECUTIVE DIRECTOR
TRIFF BRANCH
Burt Kirtley
EFFECTIVE
1/1/2012
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If the Parties are unable to agree upon a new rate, then the Seller shall have prepared a cost of service study based on Public Service Commission requirements, and submit its rate application proposal to the Public Service Commission or such other agency which at said time has statutory jurisdiction.

7. **FAILURE TO DELIVER.** The Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser not to exceed the maximum amount provided for hereinabove. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to the Purchaser for Purchaser's customers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished. If Seller anticipates such an event, the Seller shall notify the Purchaser within 24 hours of any decision to reduce production.

8. **REGULATORY AGENCIES.** This Contract is subject to such rules, regulations or laws as may be applicable to similar agreements in this Commonwealth and the Seller and Purchaser will corroborate to obtain such permits, certifications or the like, as may be required to comply with said rules, regulations or laws as may now be applicable or as the same may be modified, amended or adopted hereinafter.

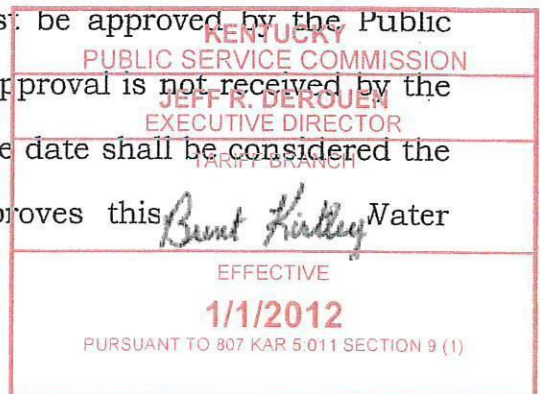
9. **SUCCESSORS TO PARTIES.** This agreement shall be binding on the party's representatives, successors and assigns.

WEST VIRGINIA PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 1/1/2012 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

10. **SELLER'S RIGHT OF RECIPROCITY OF WATER PURCHASES FROM PURCHASER.** Should circumstances arise wherein the City of Pikeville should need to purchase water from the Mountain Water District, Mountain Water District agrees to sell water which it produces to the City of Pikeville up to a maximum of 0.5 million gallons per day at the rate provided for in paragraph 5 herein at the delivery points provided for in paragraph 2 (B) hereinabove or as may be otherwise provided by the City of Pikeville herein at its sole costs. The City of Pikeville shall pay all monies due to Mountain Water District for water purchases within 30 calendar days of the date of billing. If a meter installation is needed to measure such purchase, the City of Pikeville shall pay for the same.

11. **COOPERATIVE AGREEMENT TO ASSIST IN THE COLLECTION OF DELINQUENT SANITARY SEWER SERVICE CHARGES.** The Parties hereto agree that each of the Parties do or may in the future from time to time provide sanitary sewer services to the other Parties water customers and each shall assist the other Party to collect delinquent sanitary sewer service charges by disconnecting water services to its customers who are delinquent in the payment of the sanitary sewer fees to the other party herein. The parties hereto agree to jointly execute a cooperative agreement to provide for reciprocal disconnect of water services to delinquent sanitary sewer customers in the same form as attached hereto and marked as Exhibit A for identity.

12. **PUBLIC SERVICE COMMISSION APPROVAL.** The parties hereto agree and understand that this Agreement must be approved by the Public Service Commission and in the event that said approval is not received by the effective date provided for herein then the effective date shall be considered the date that the Public Service Commission approves this *Brent Kirtley* Water Purchase Contract.



IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies, have caused this Contract to be duly executed in two counterparts, each of which shall constitute an original the day and year first above written.

Attested:

Christy Billiter
CHRISTY BILLITER, City Clerk

Attested:

Ancie Casey
Secretary

SELLER:

CITY OF PIKEVILLE

By: Frank Justice
FRANK JUSTICE

Its: Mayor

PURCHASER:

MOUNTAIN WATER DISTRICT

By: Rhonda James
RHONDA JAMES

Its: Chairperson

**PUBLIC SERVICE COMMISSIONER
APPROVAL:**

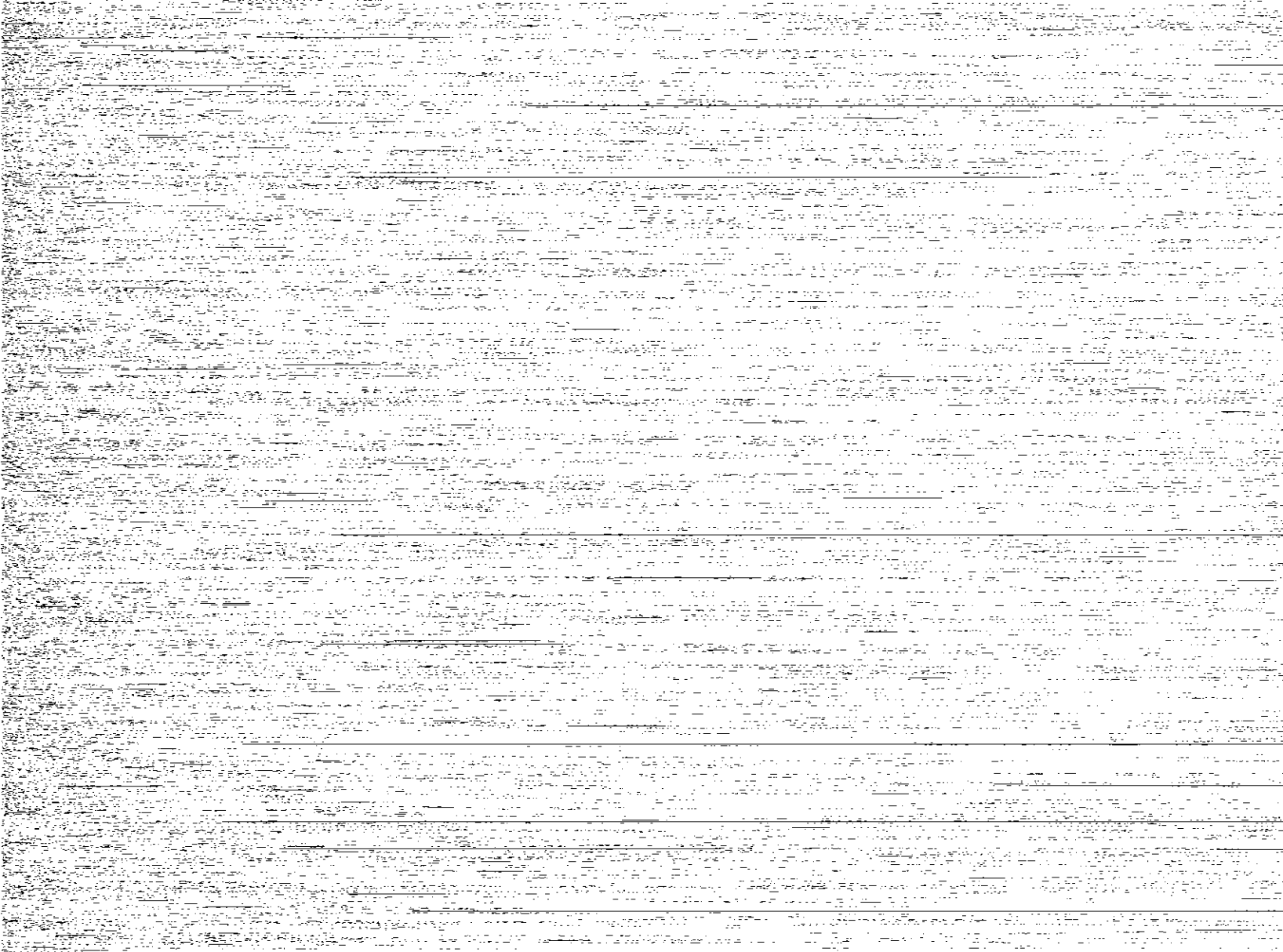
By: _____

Its: _____

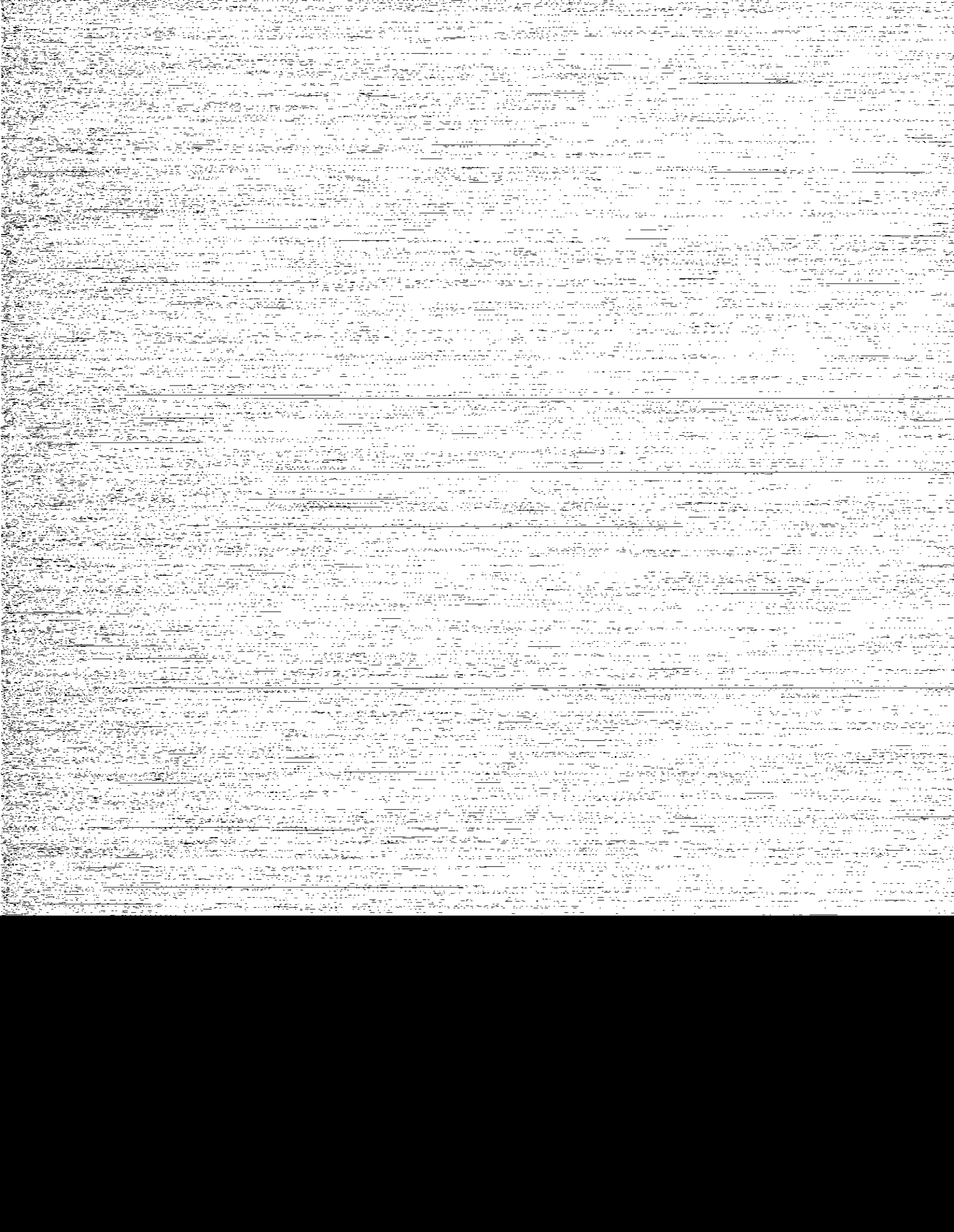
Date: _____

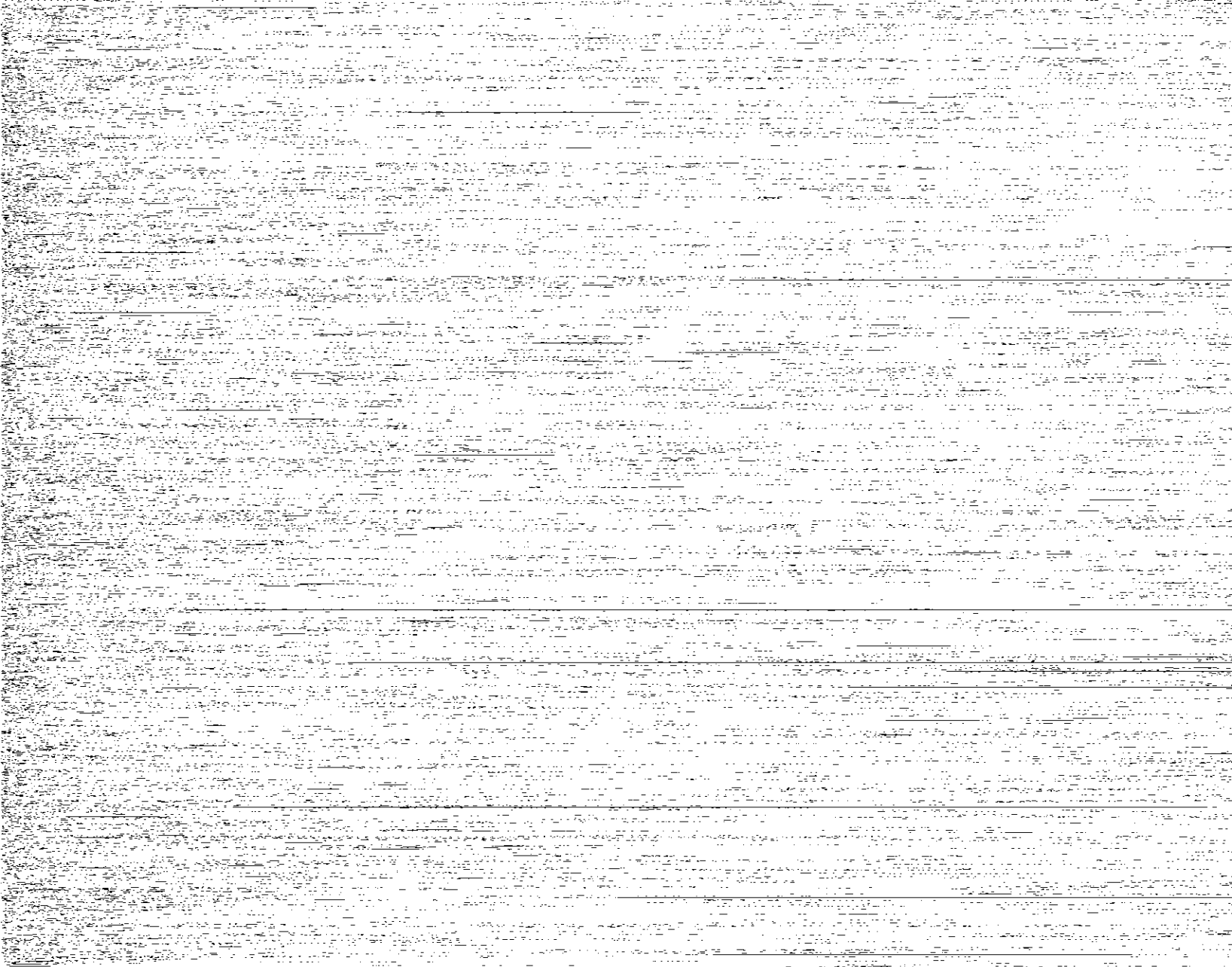
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JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <u>Brent Kirtley</u>
EFFECTIVE 1/1/2012 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT 2

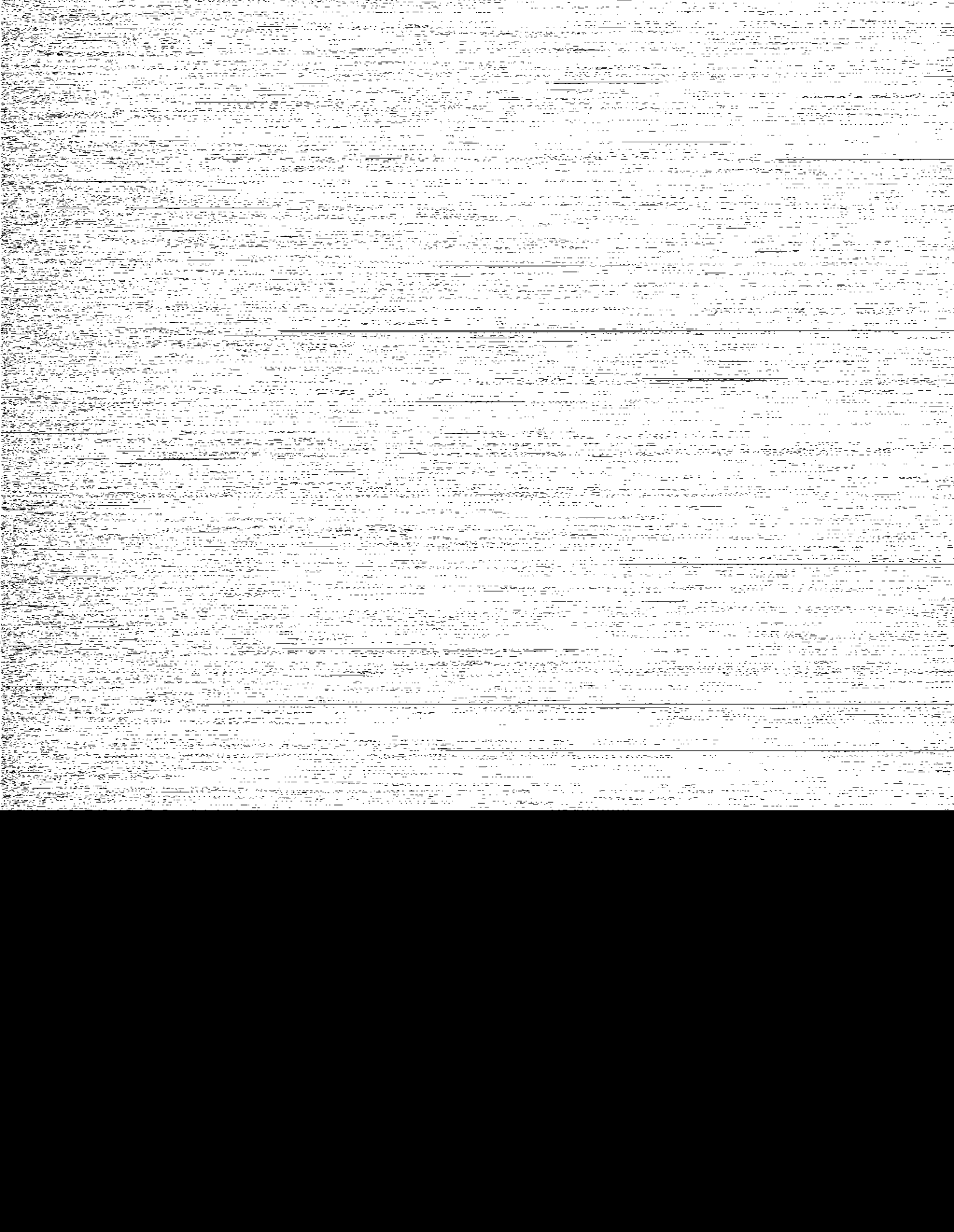


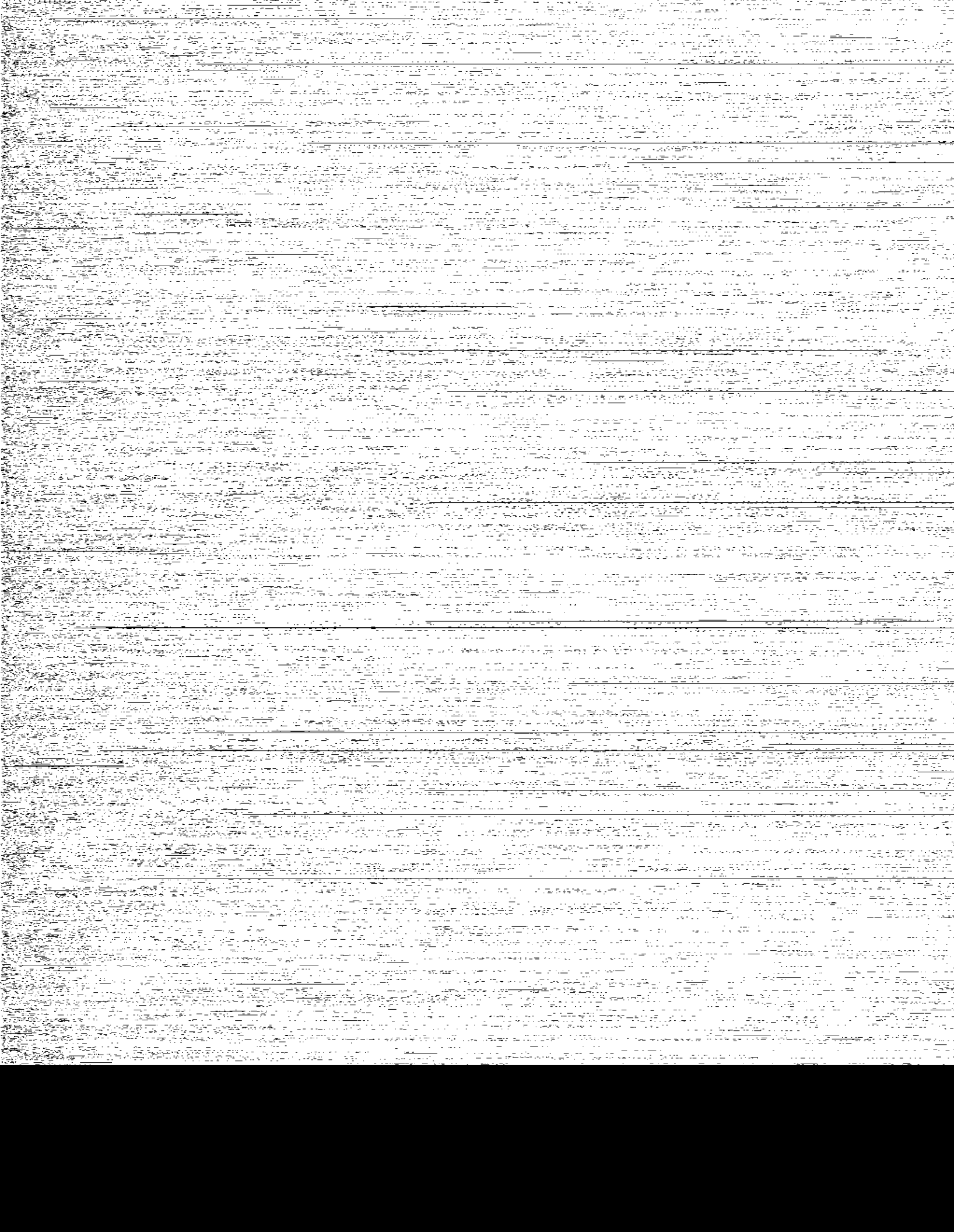




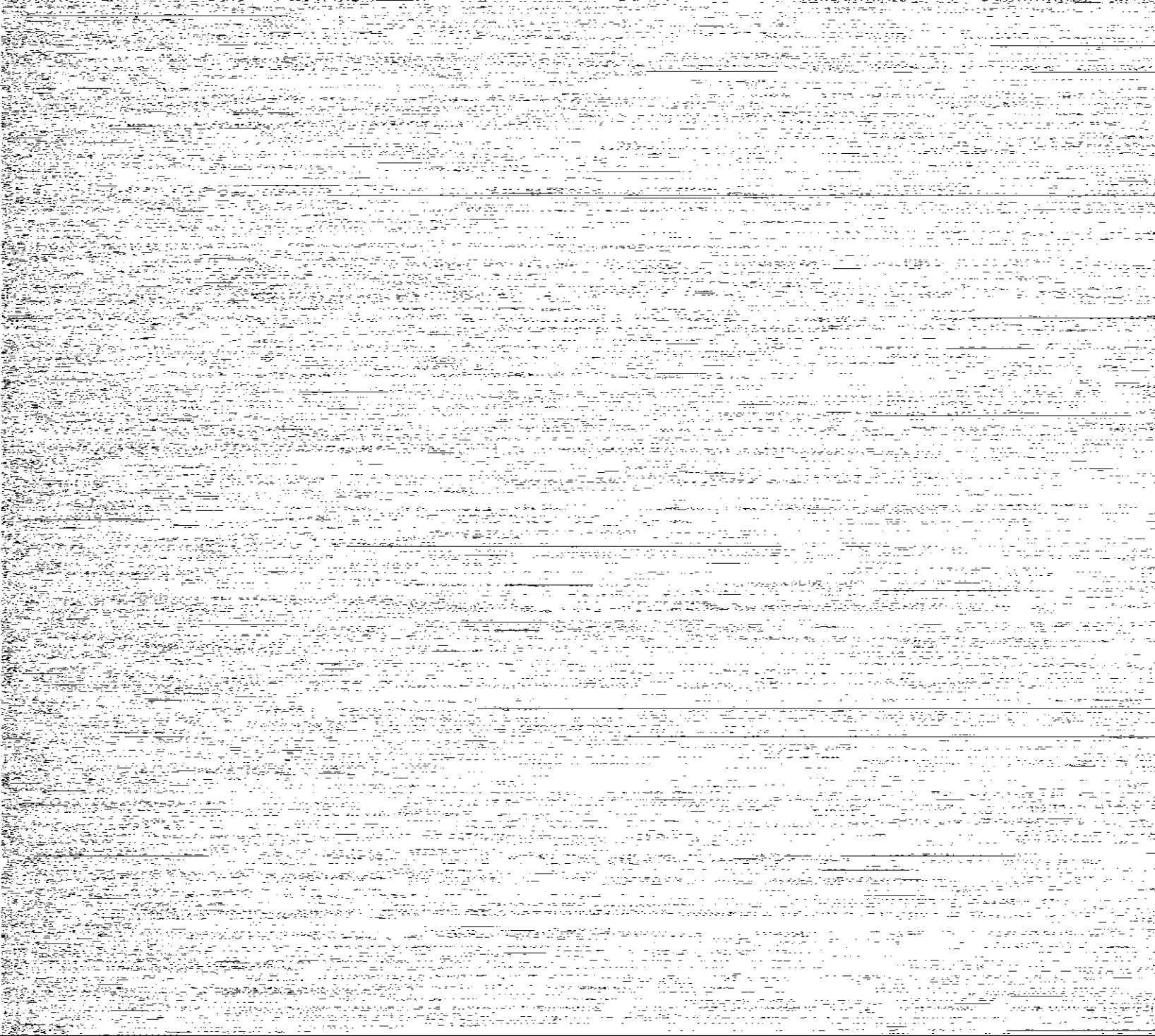


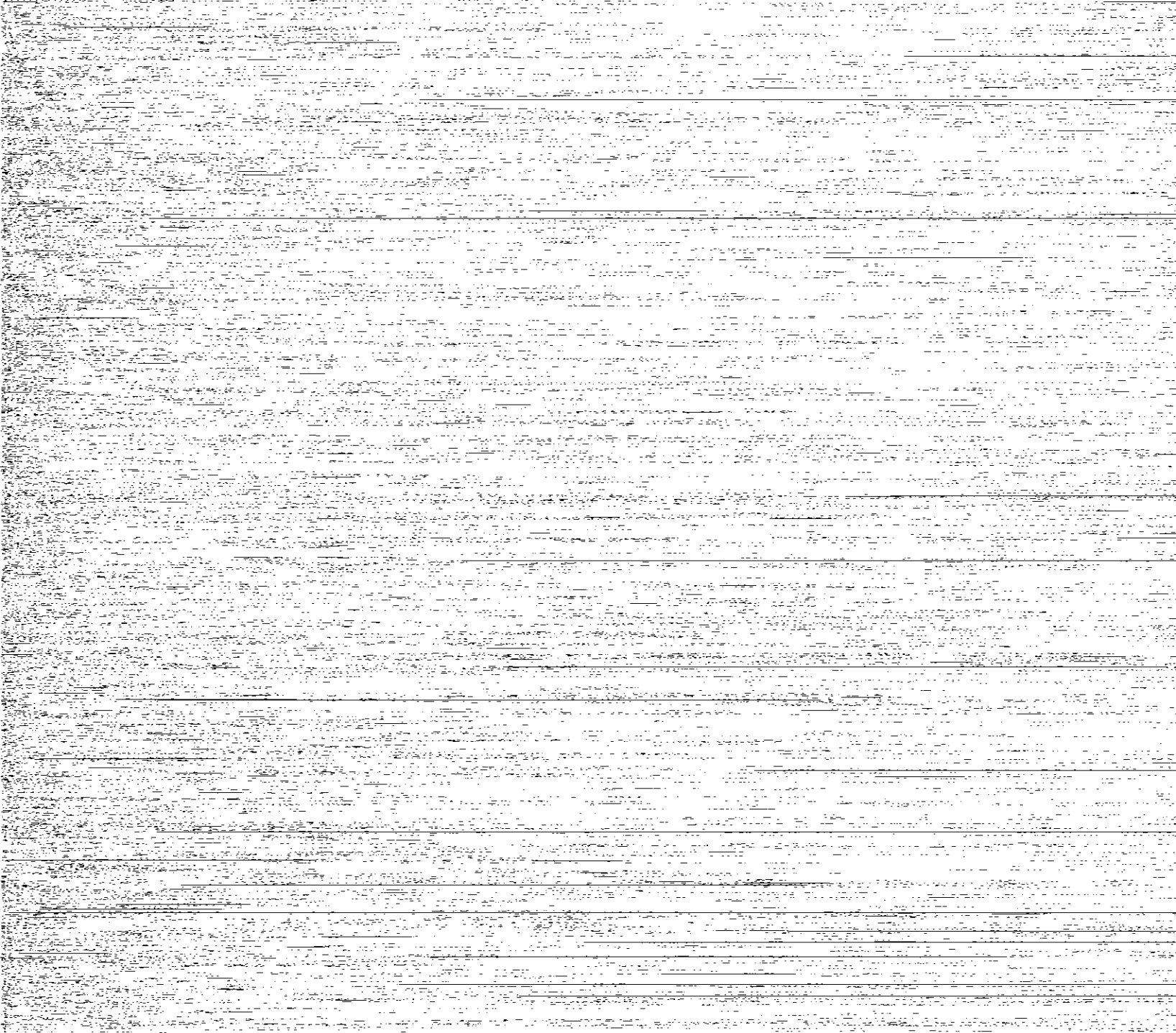


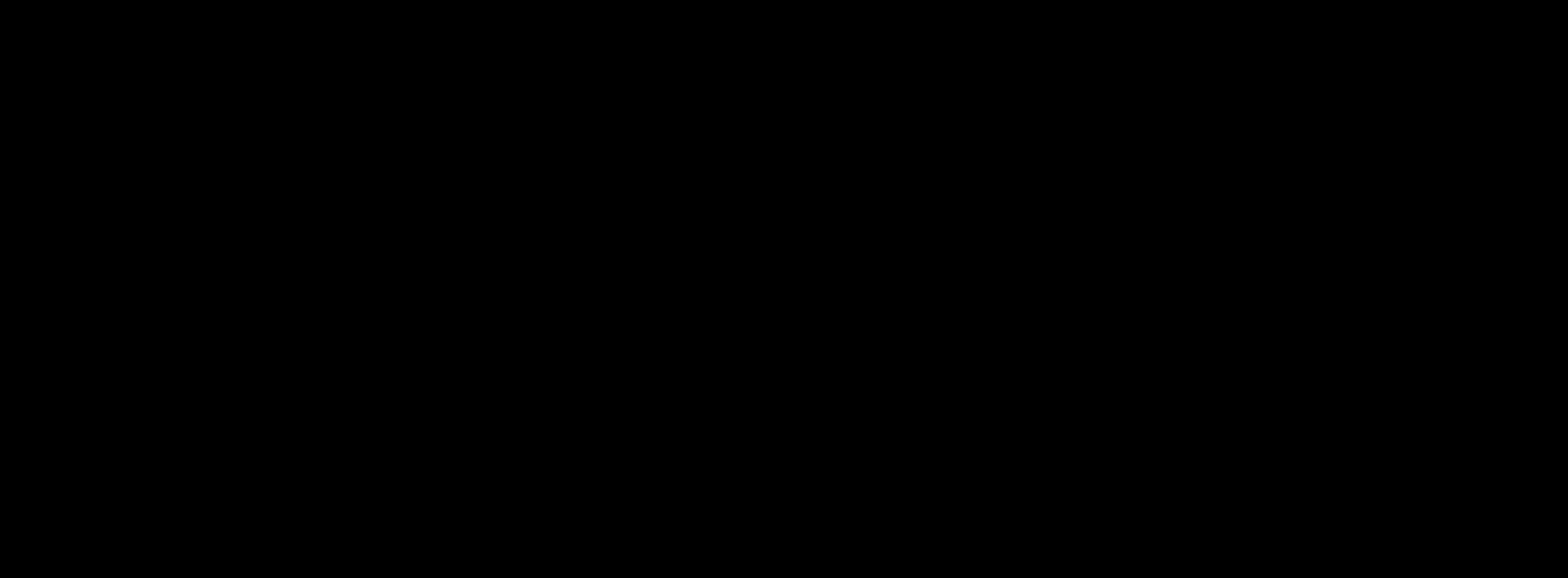
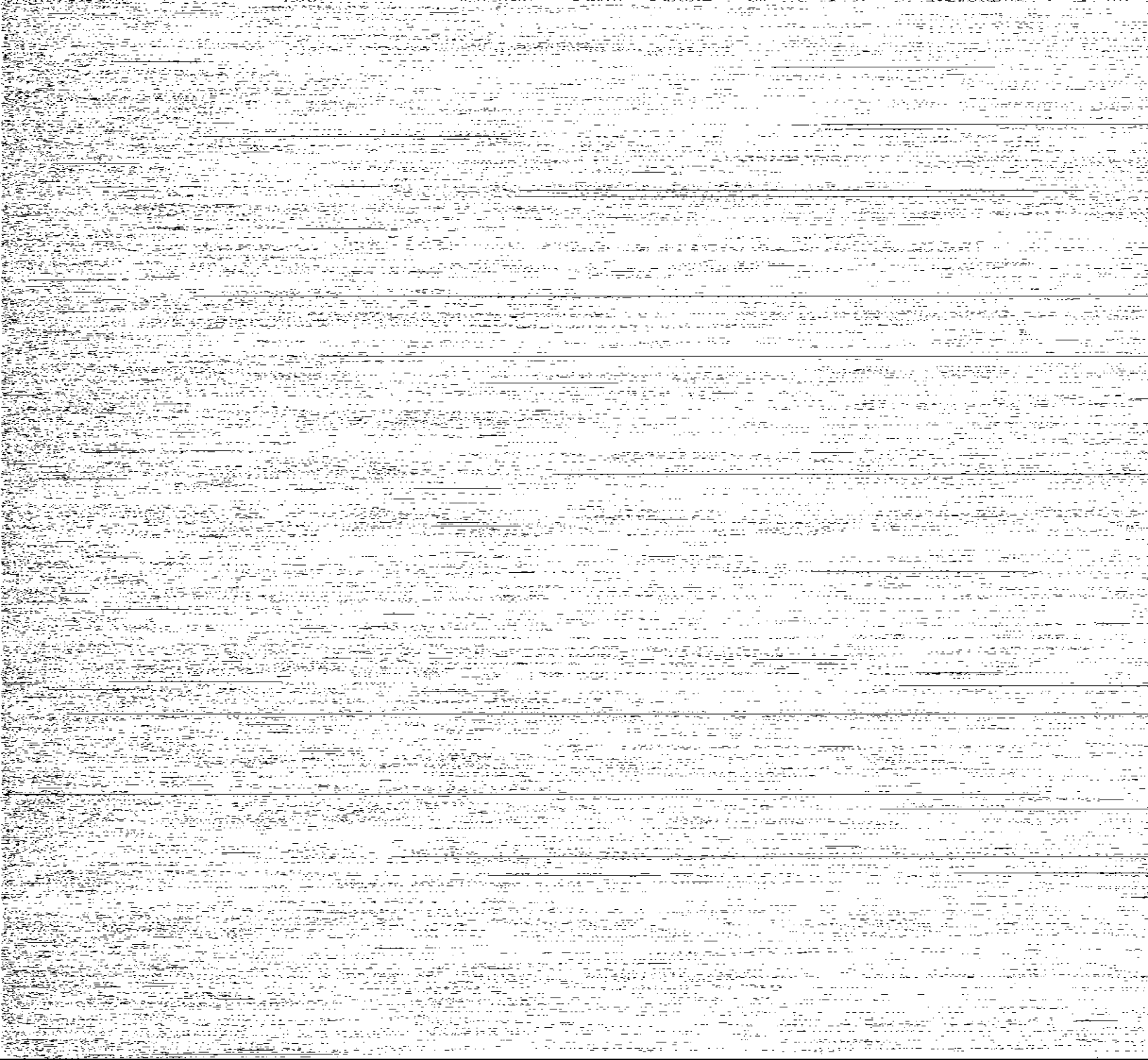


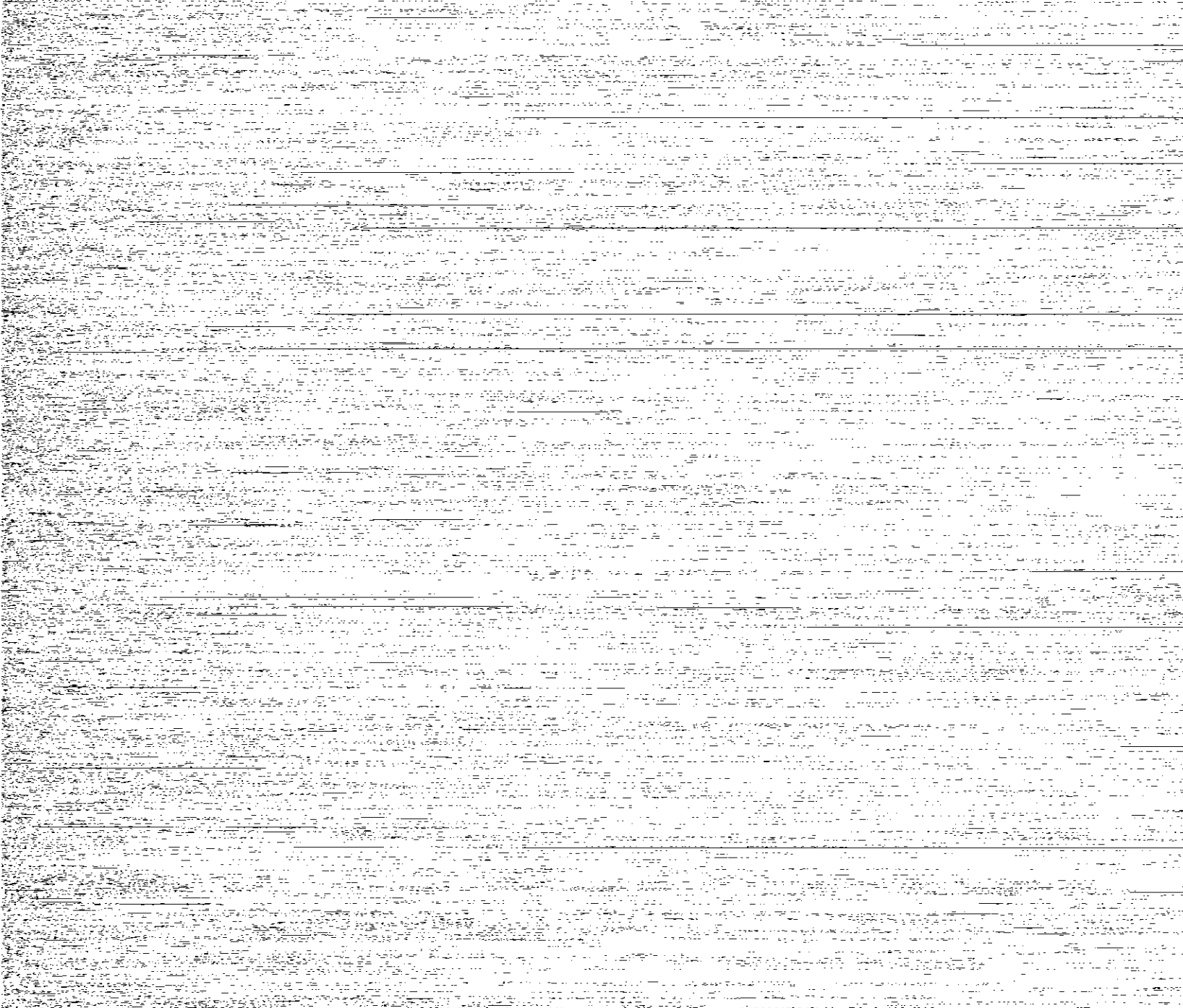


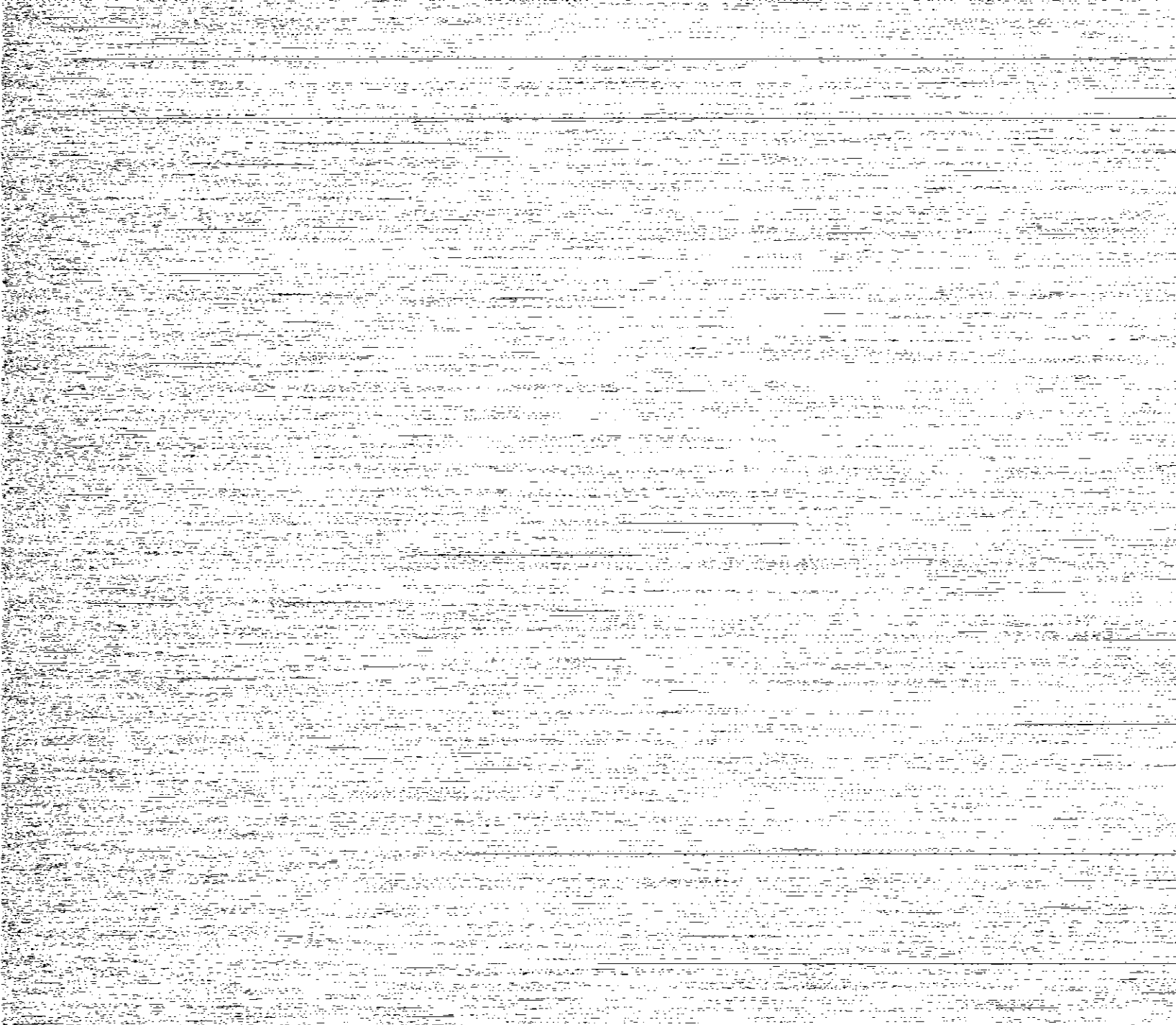


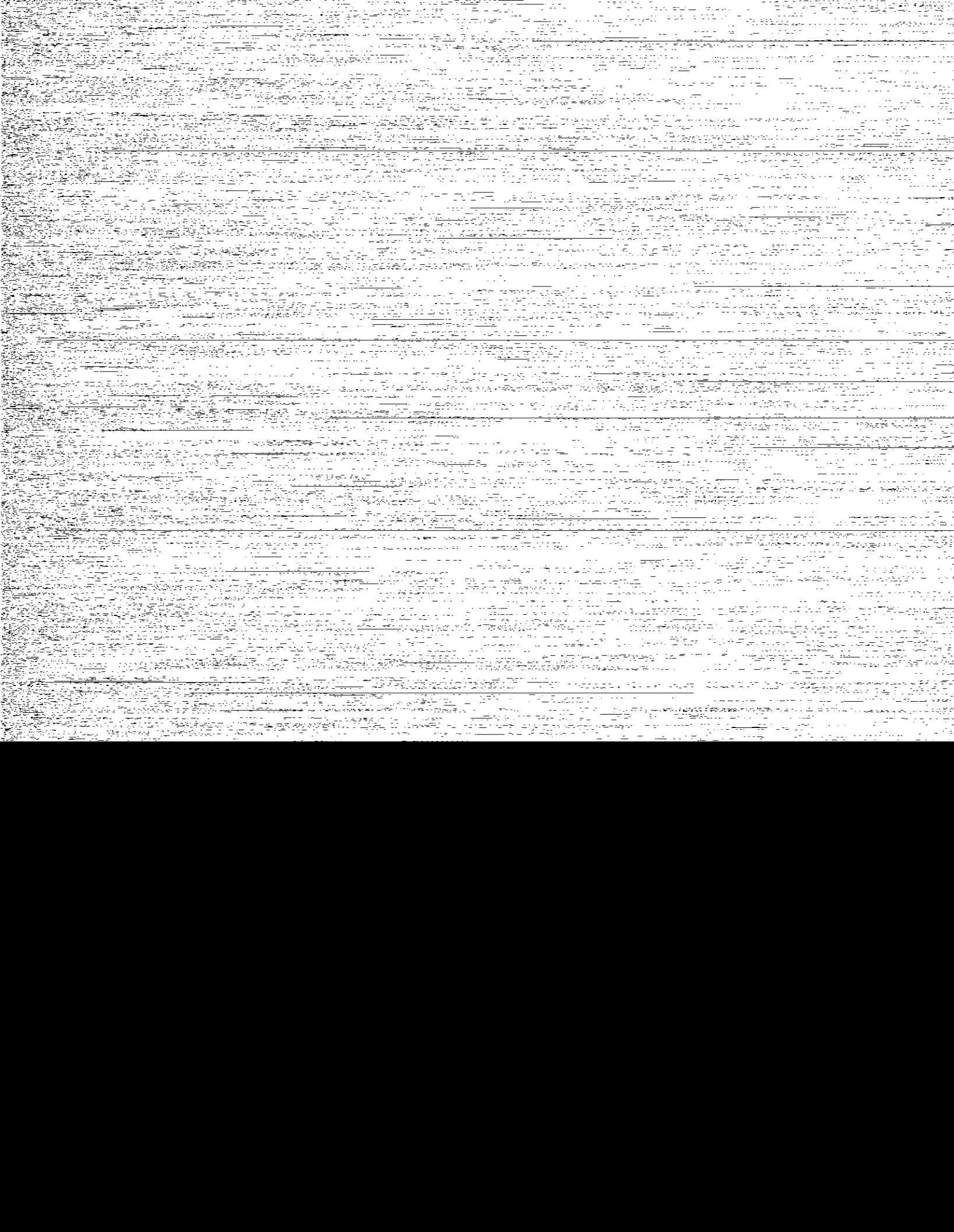




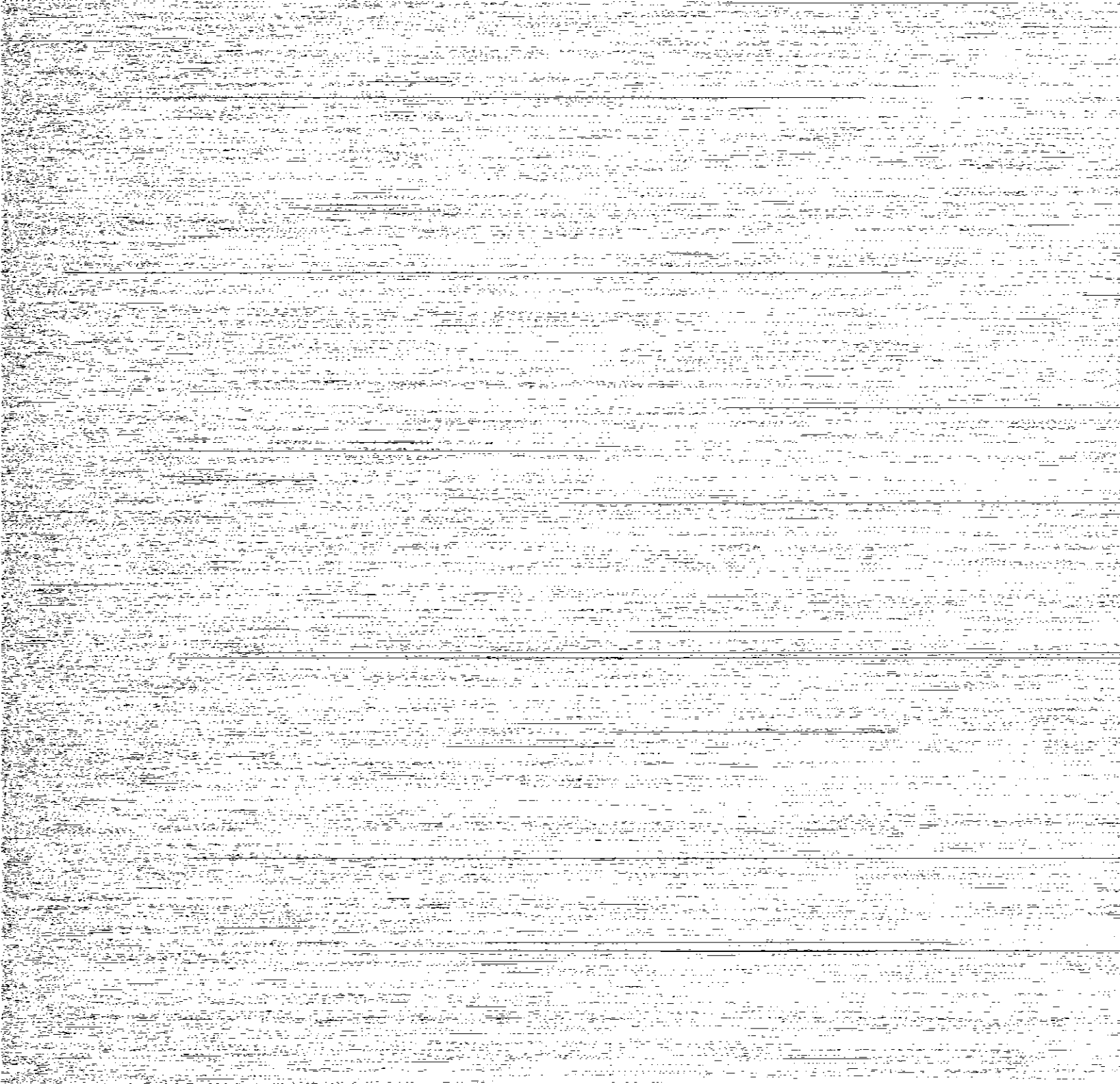


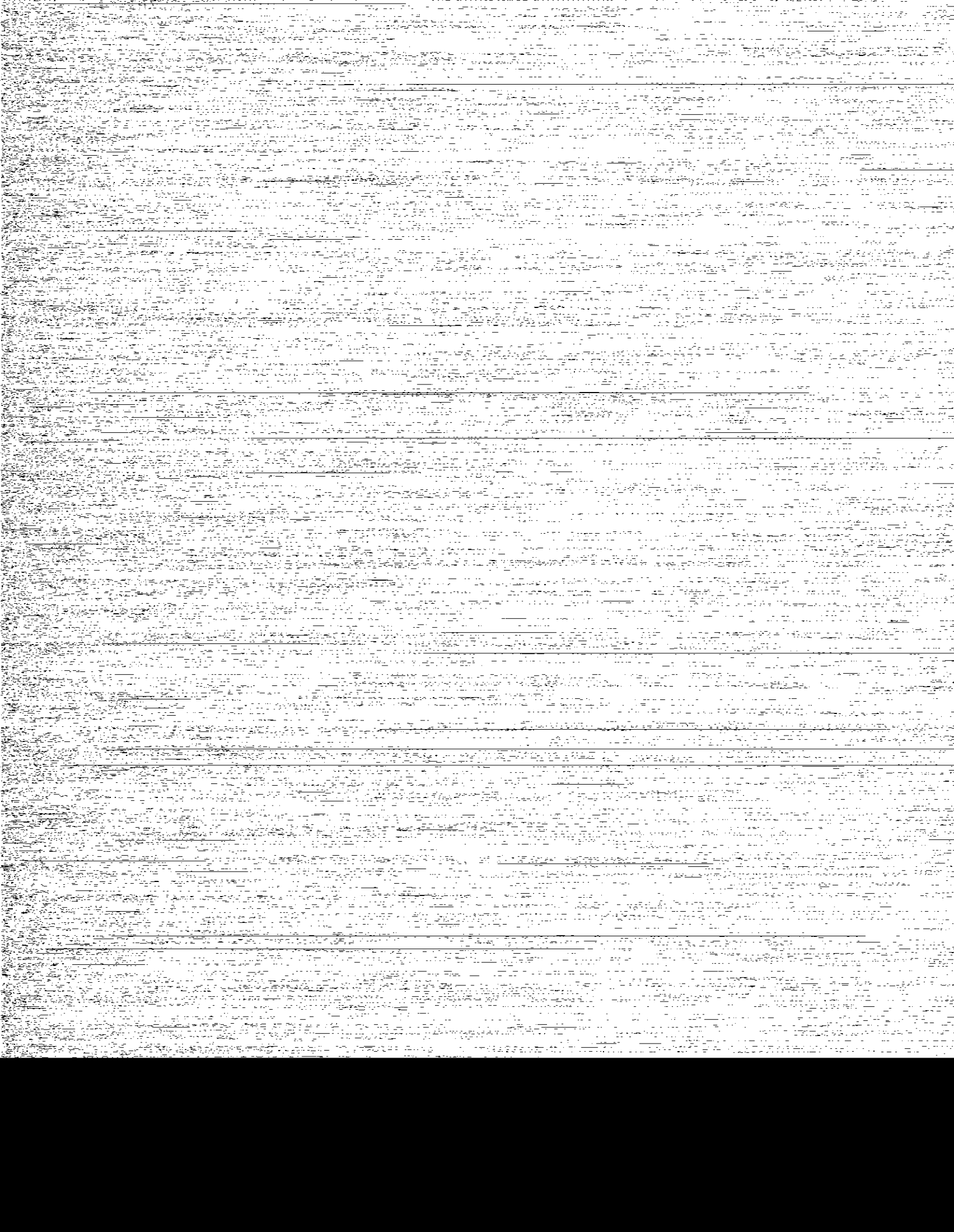


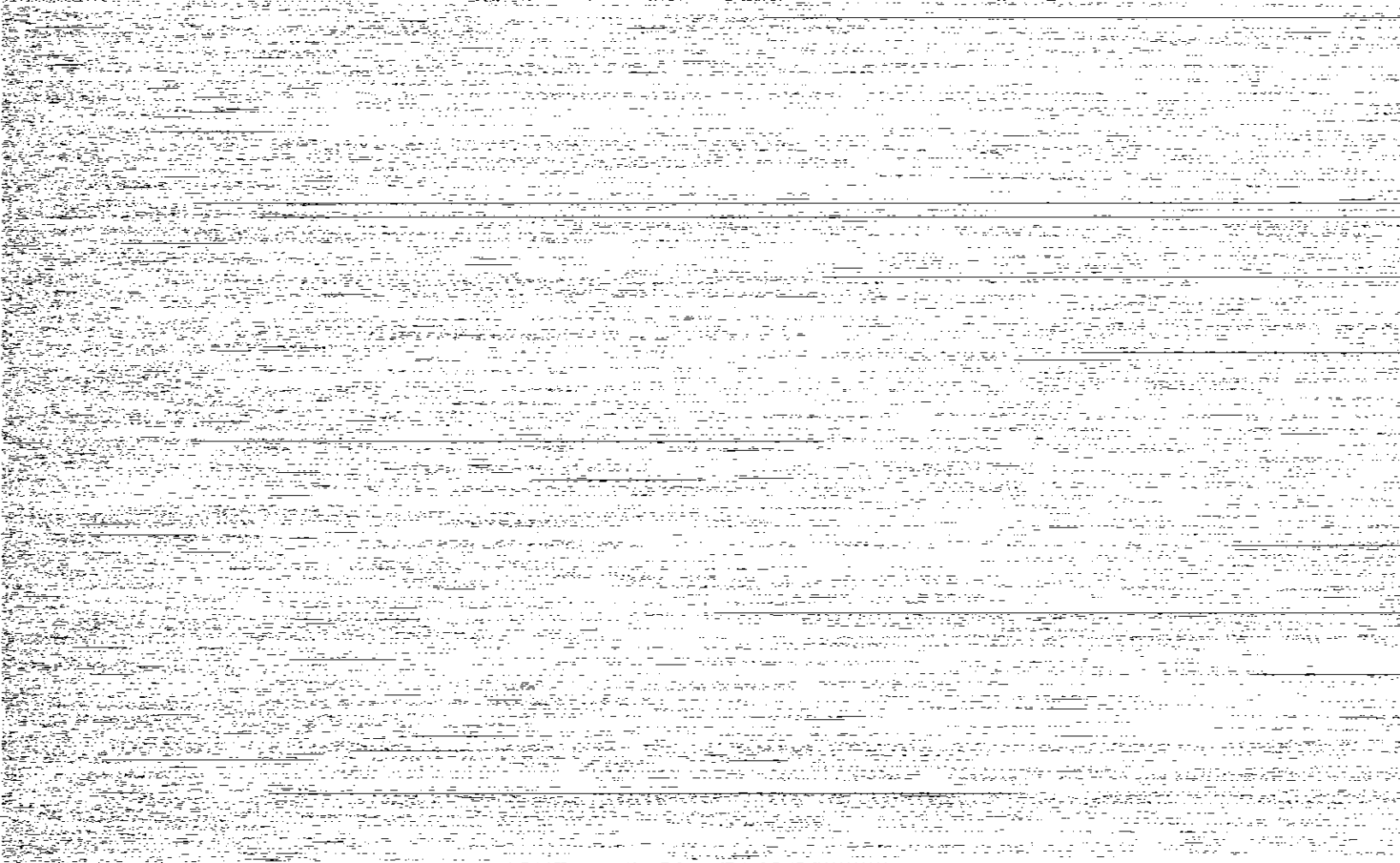


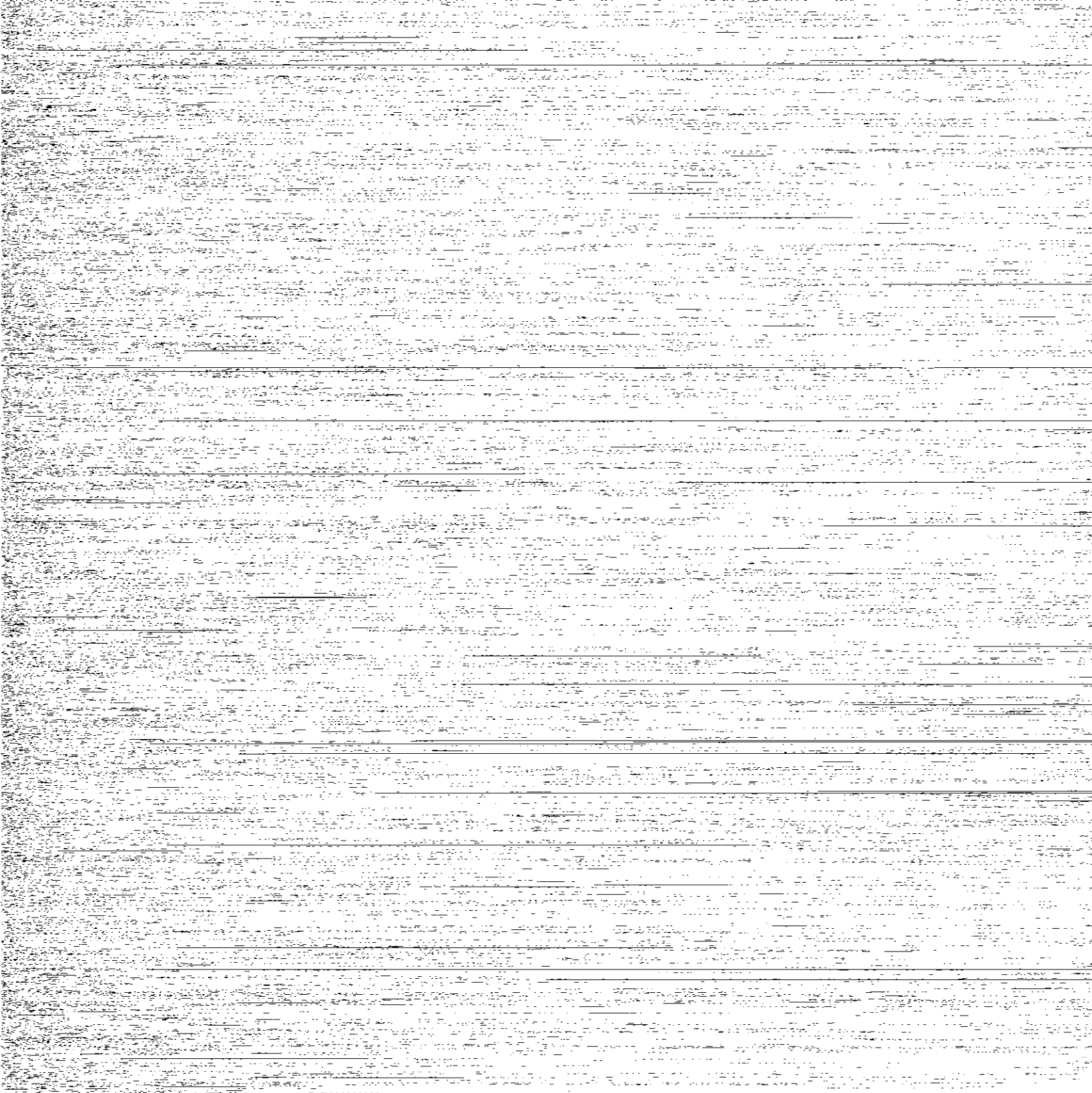




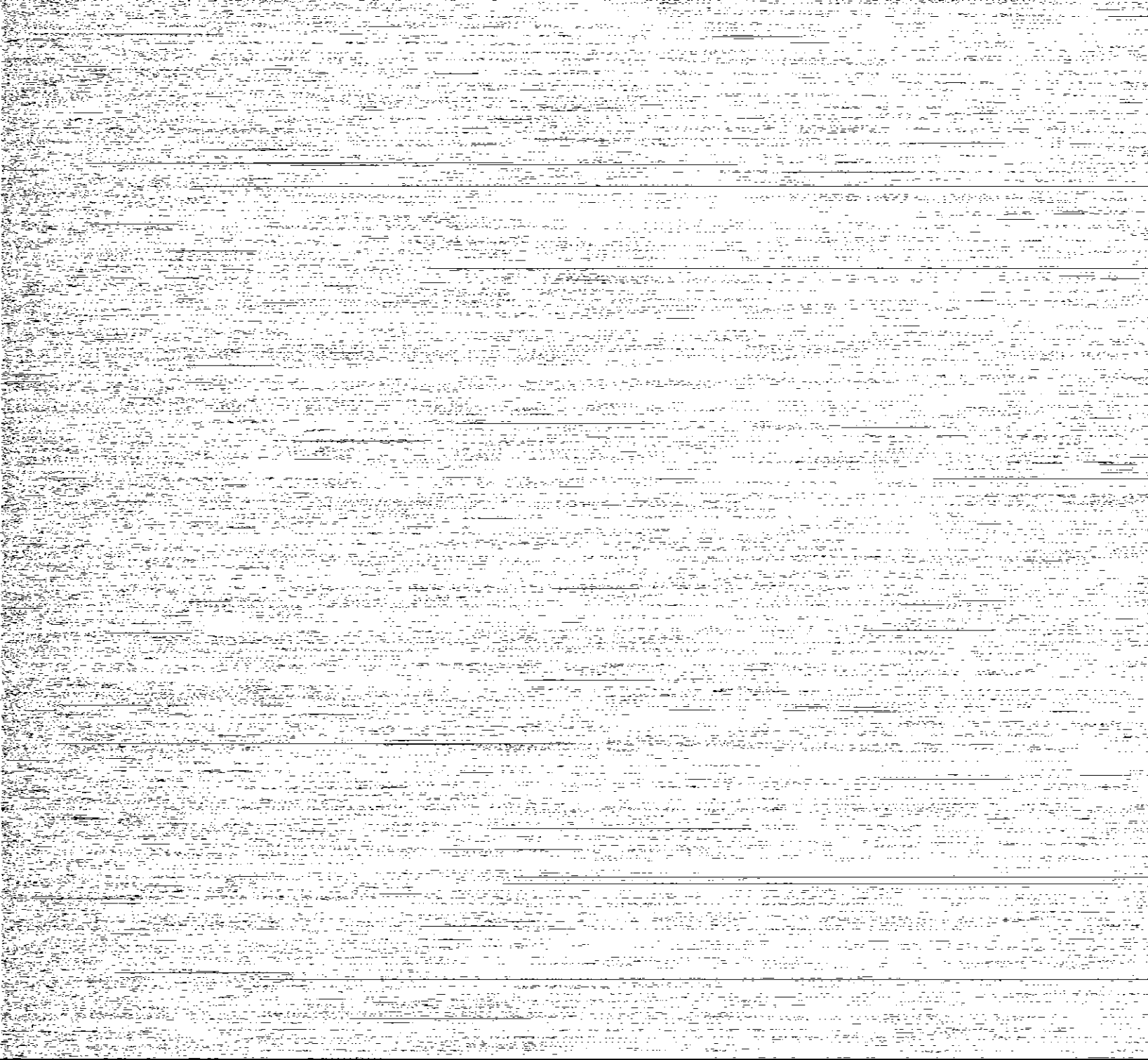


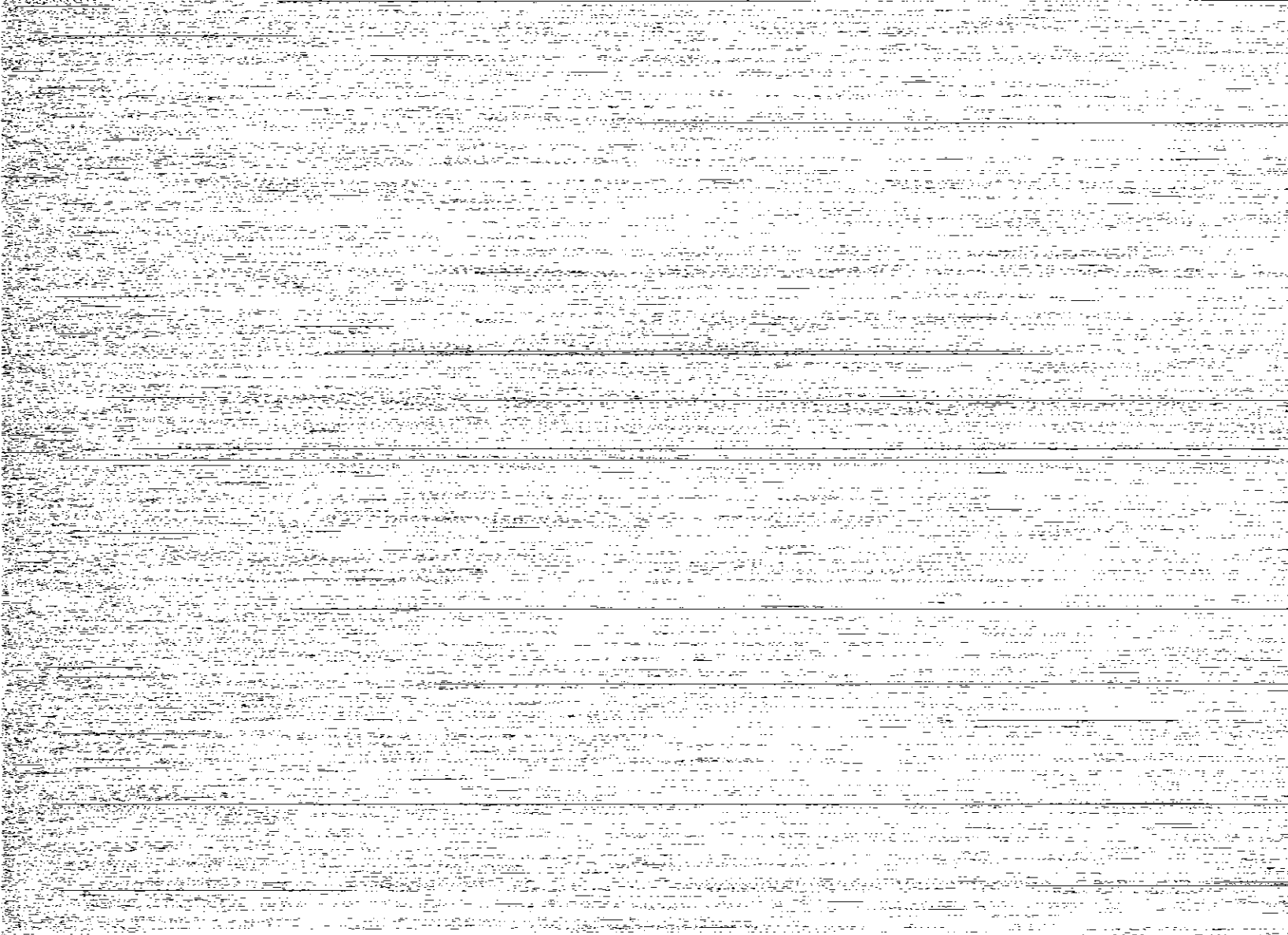


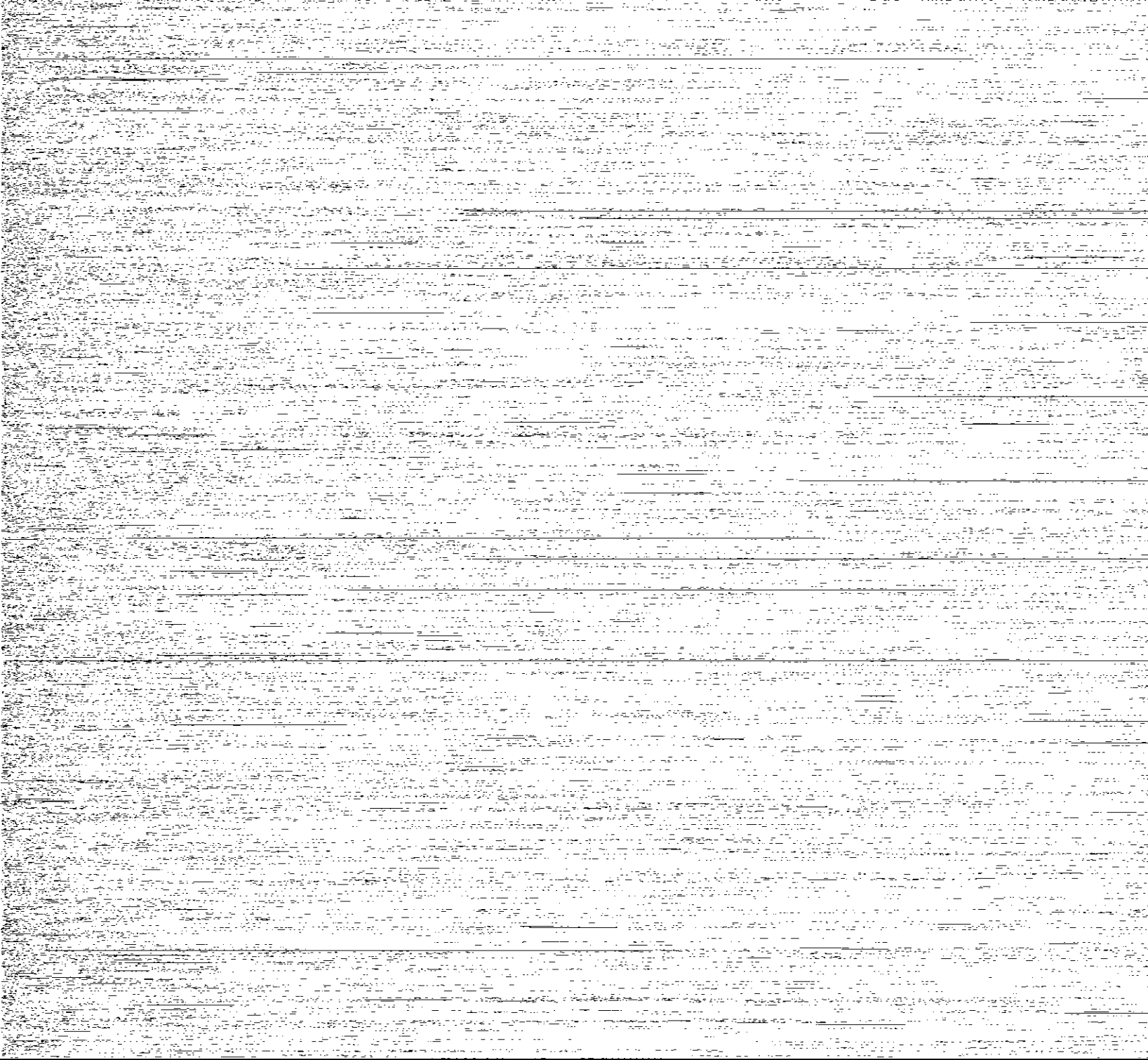




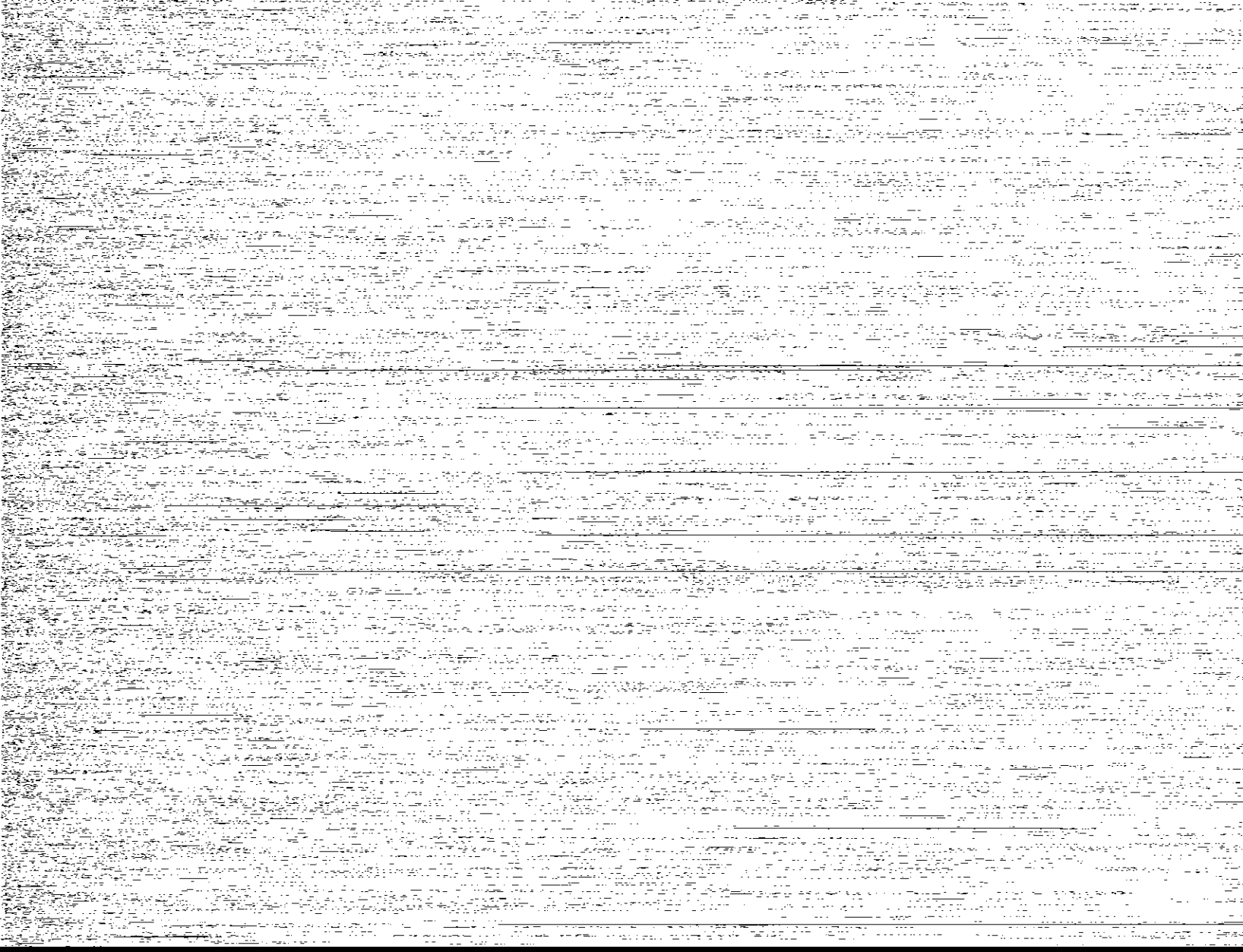






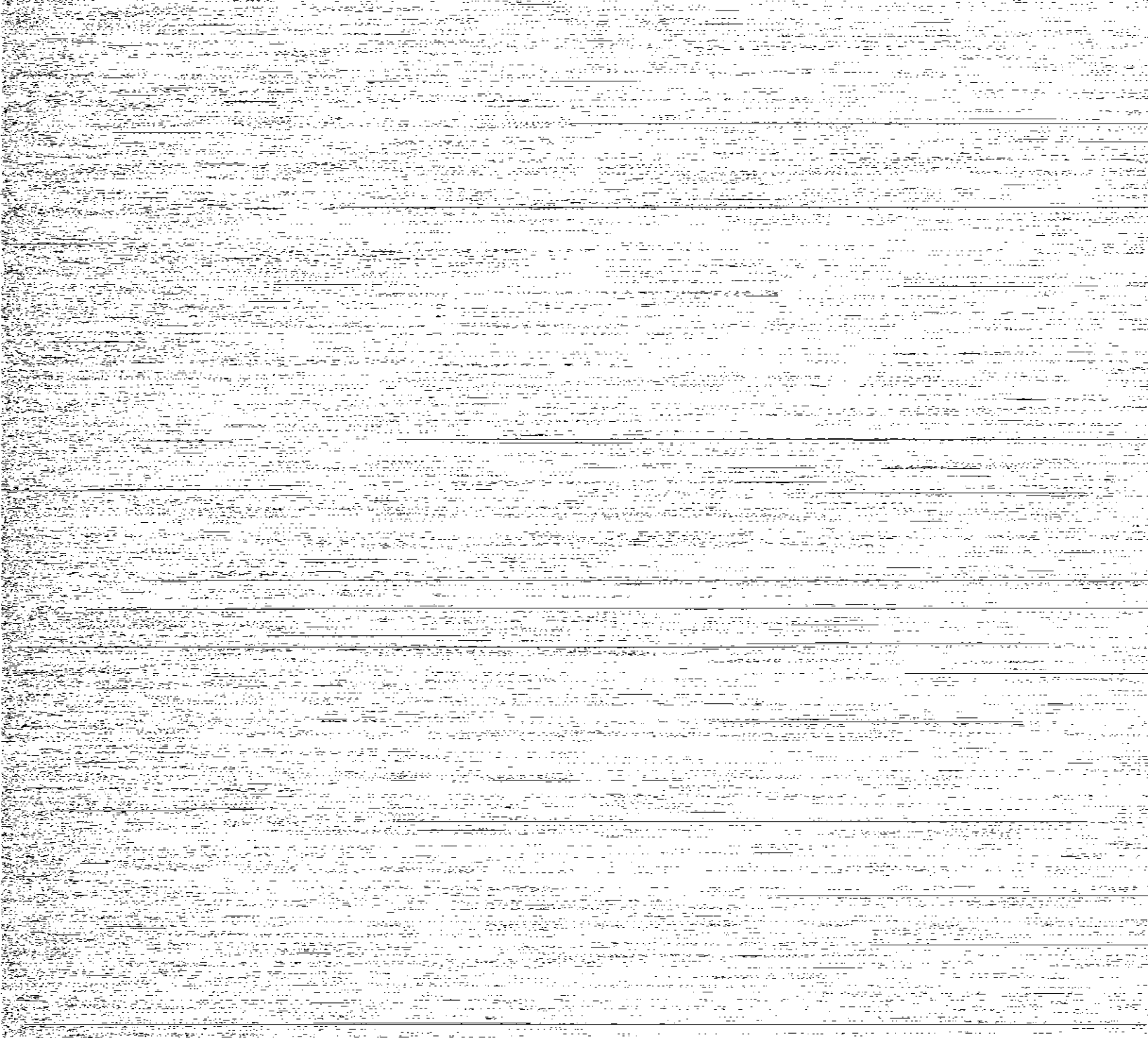


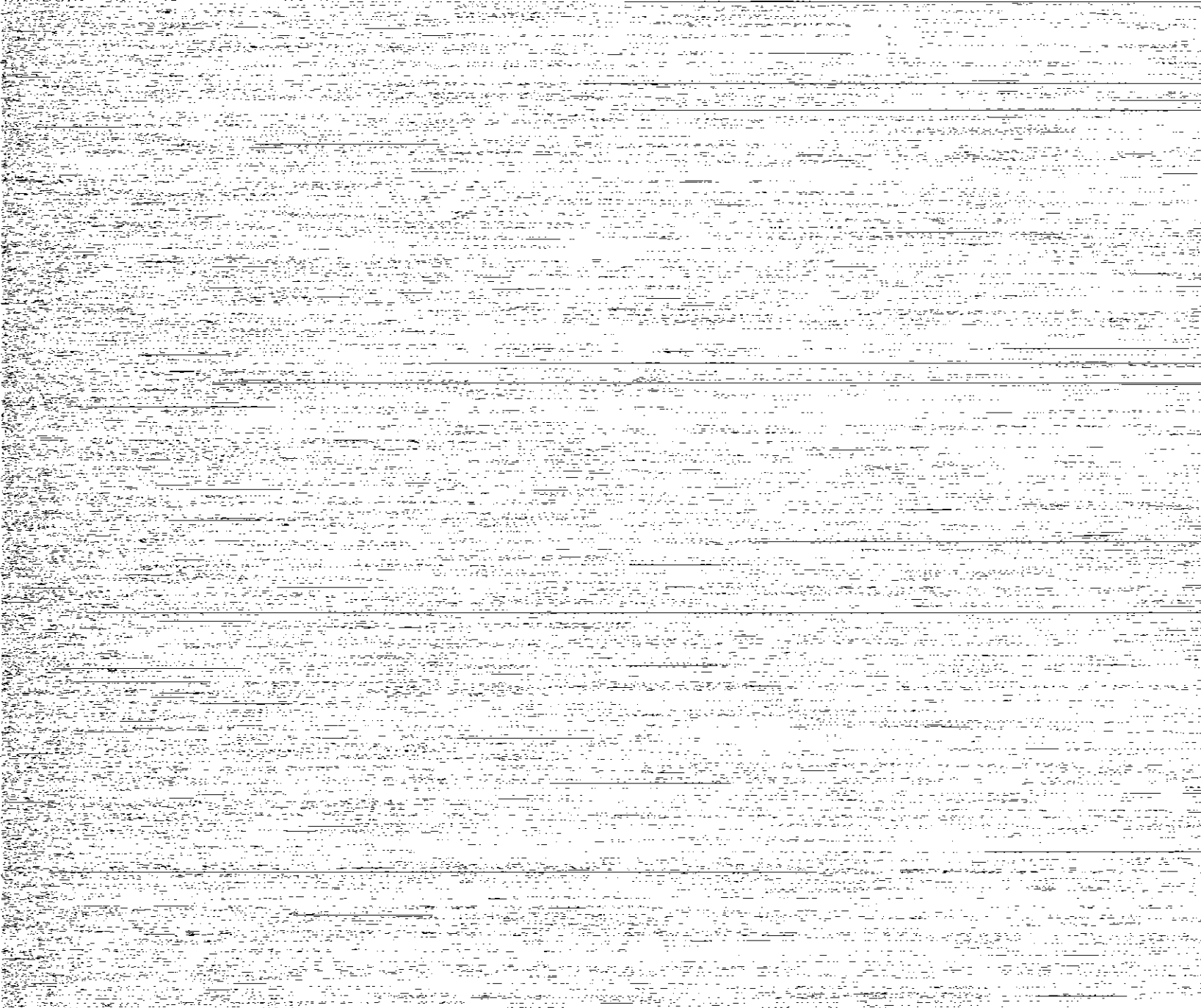


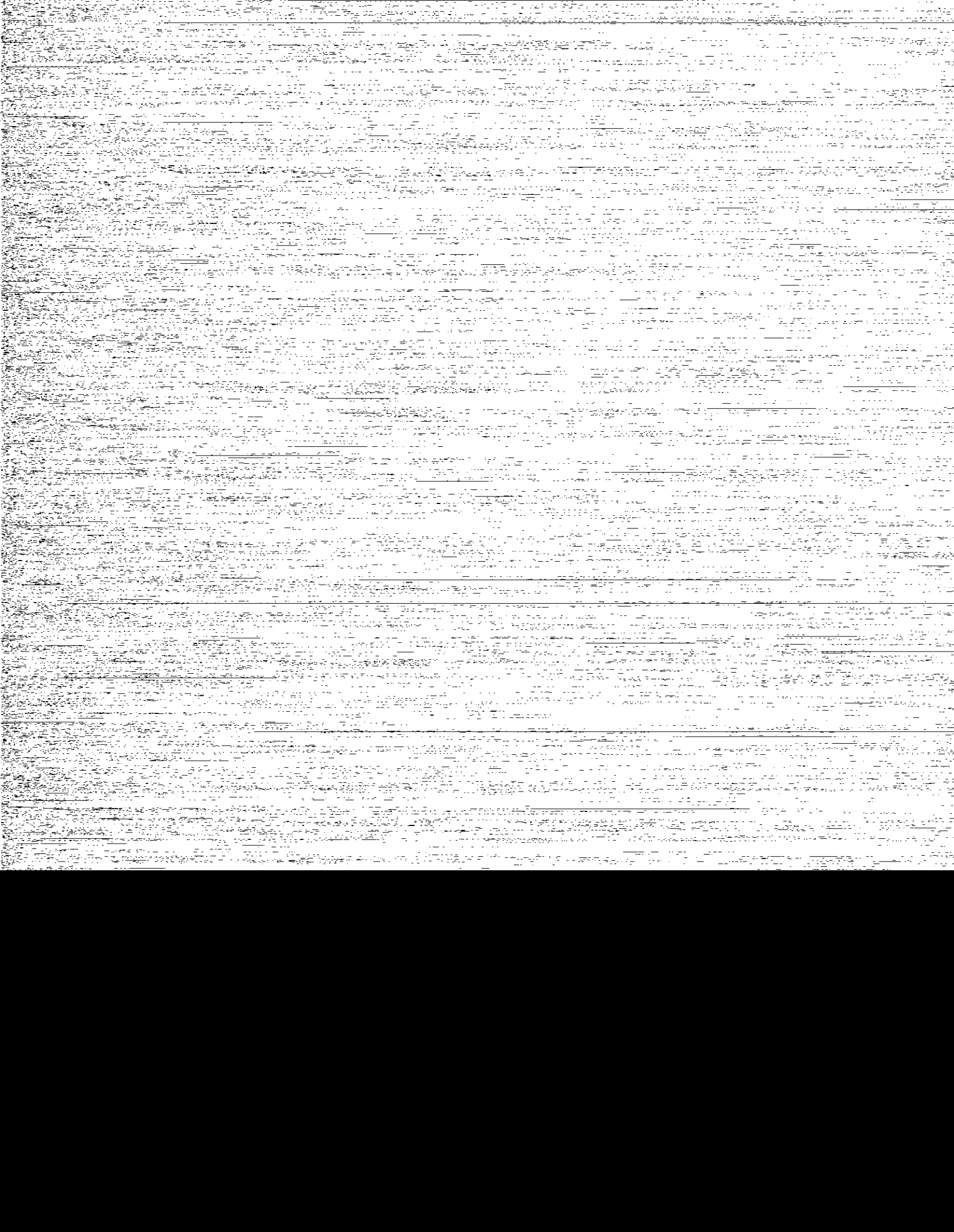


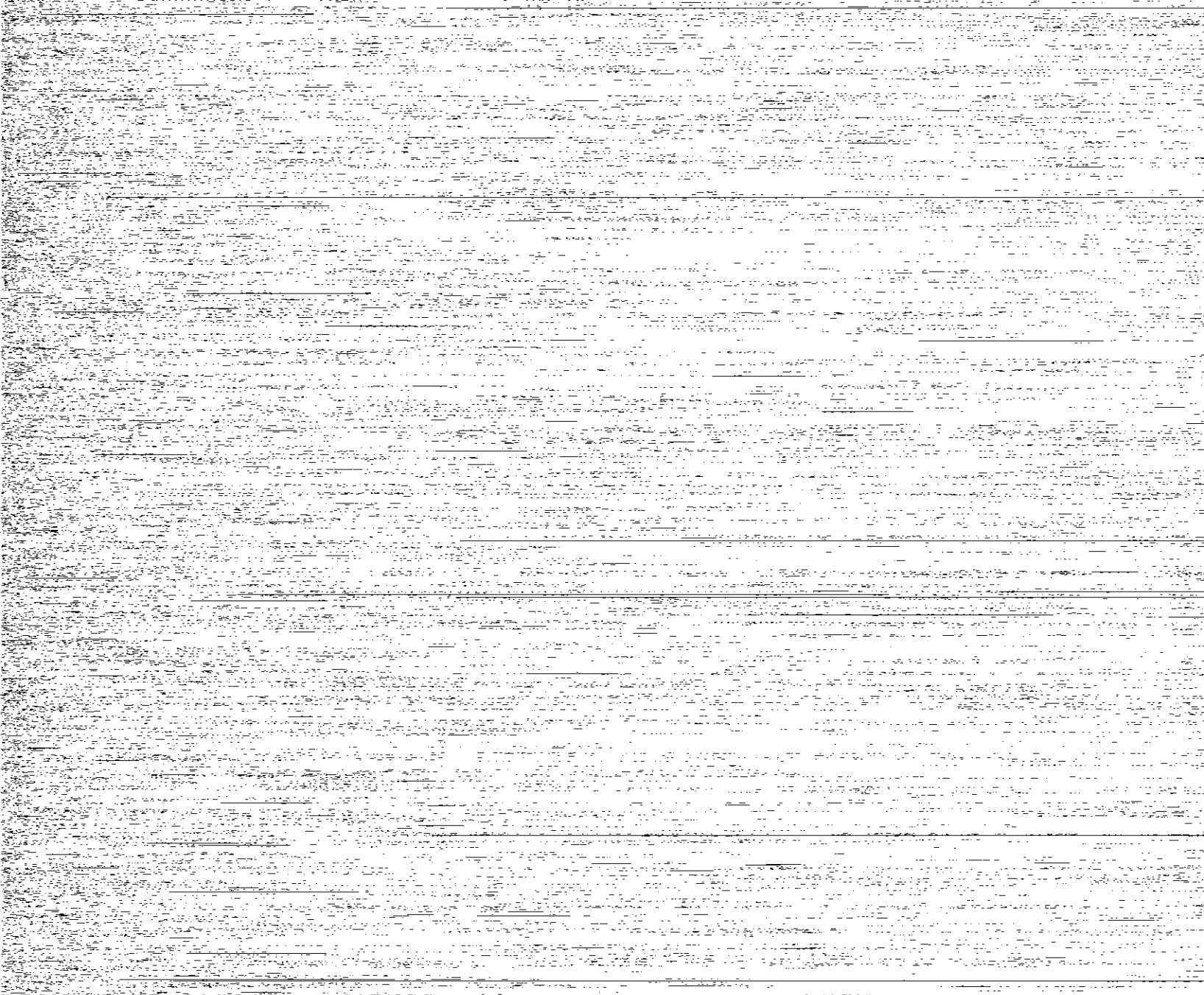


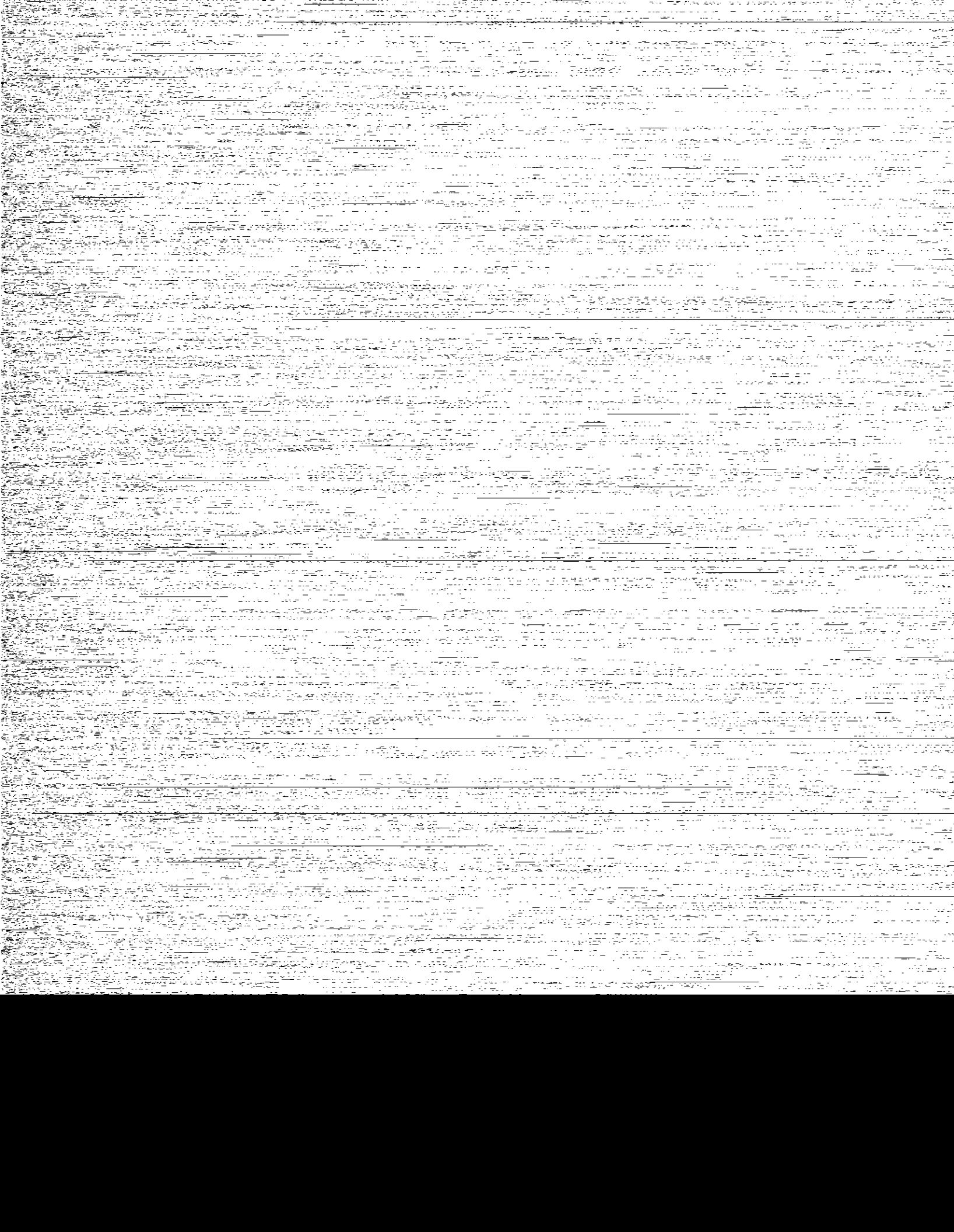


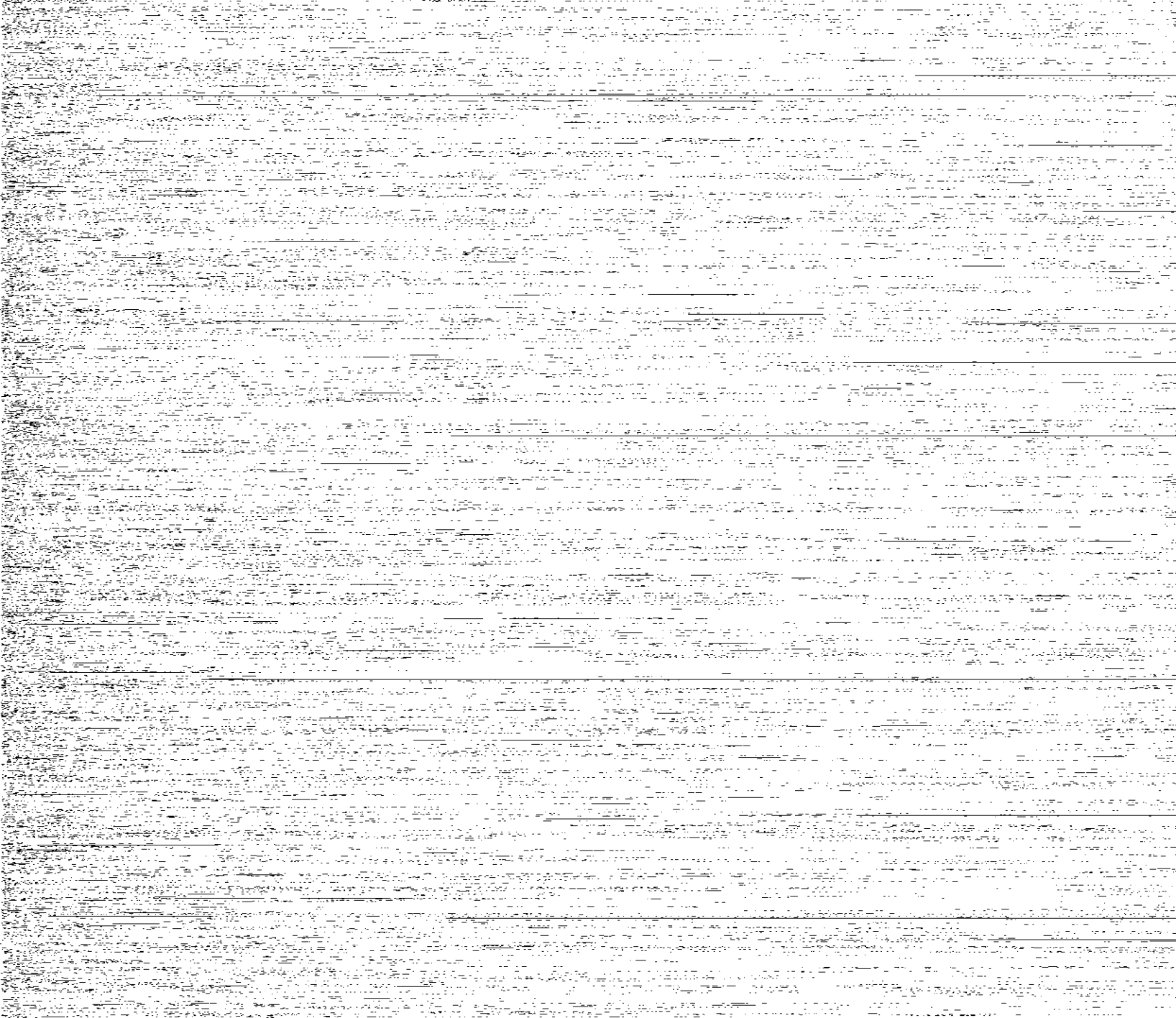


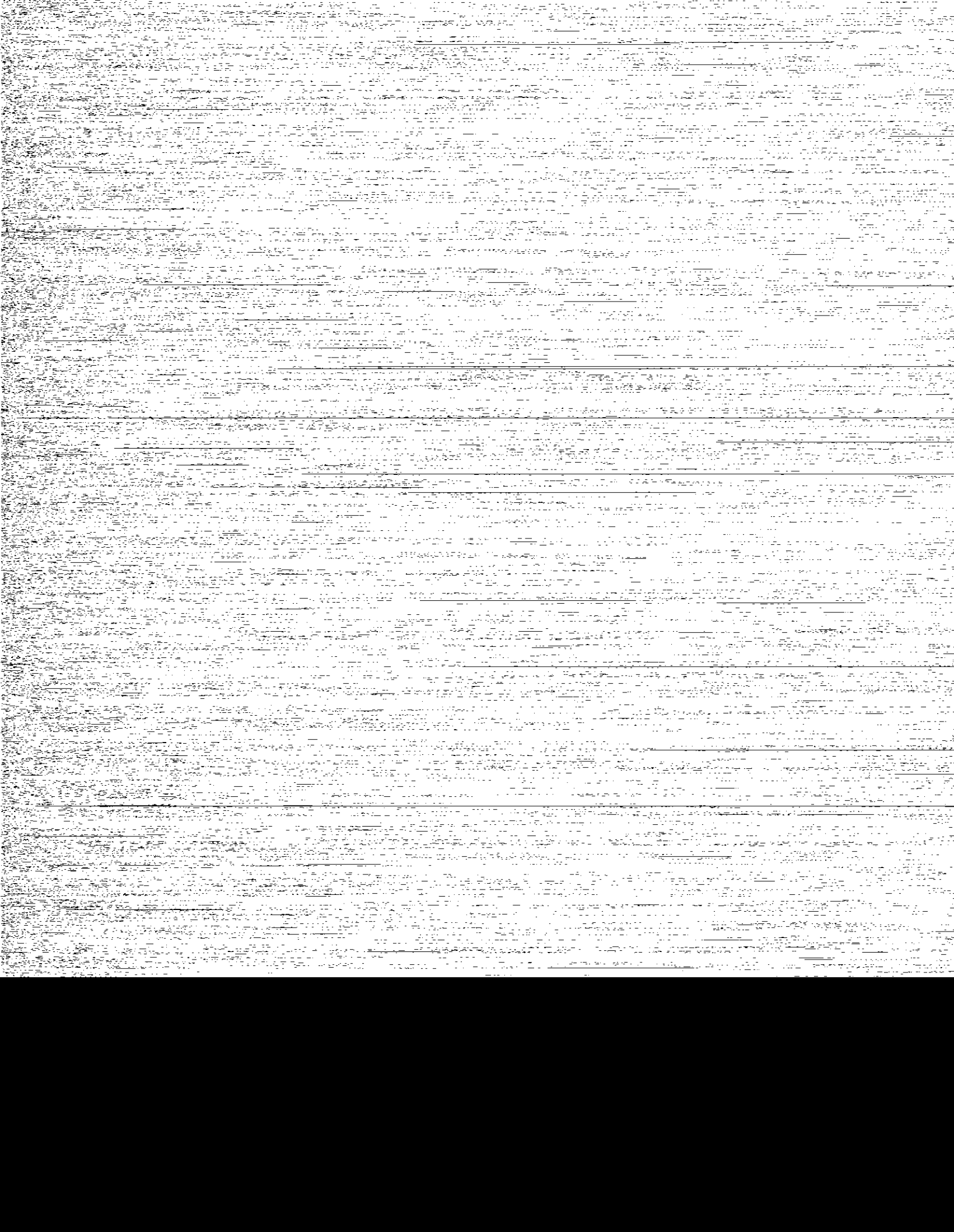


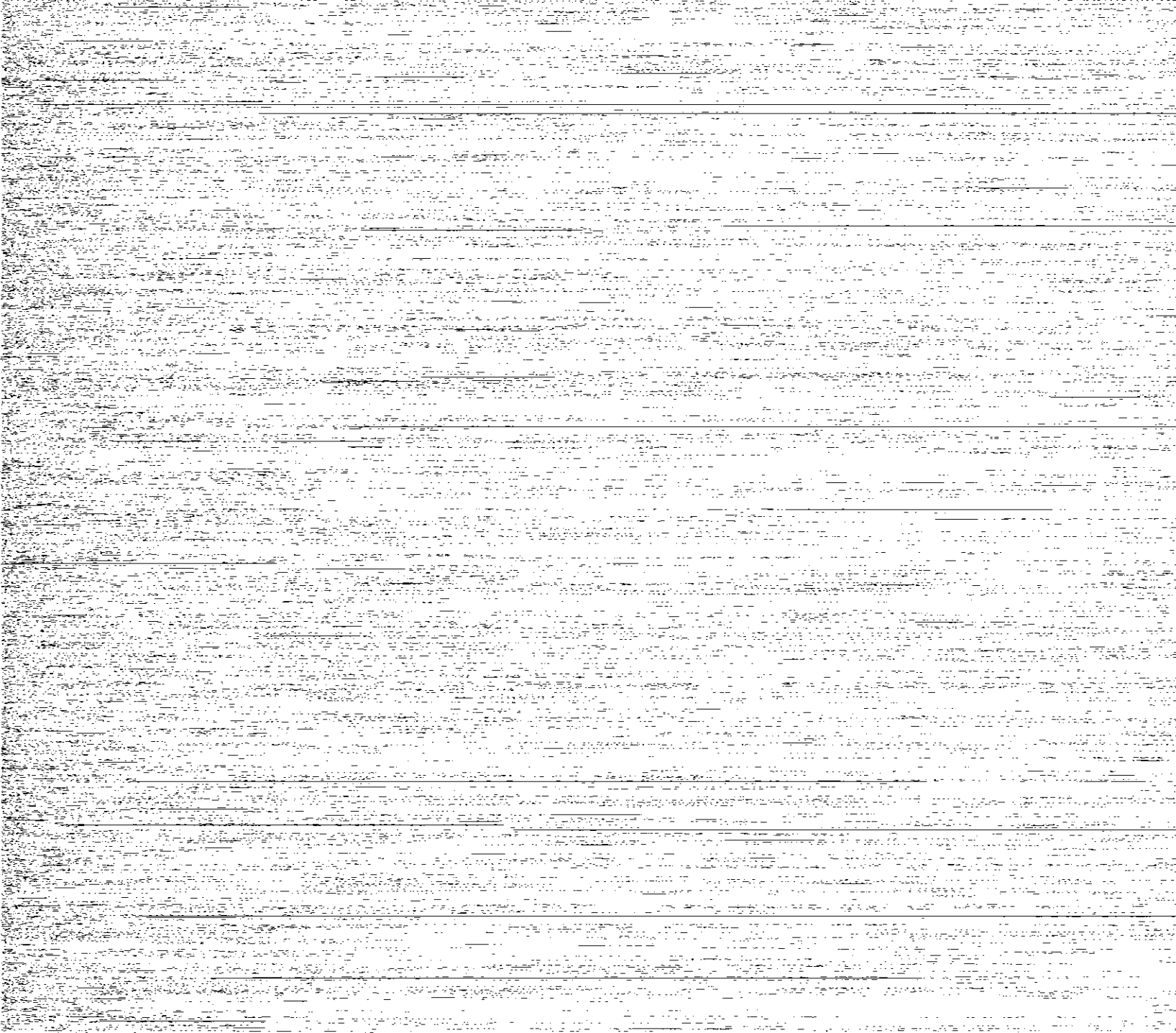














By the Commission

ENTERED
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

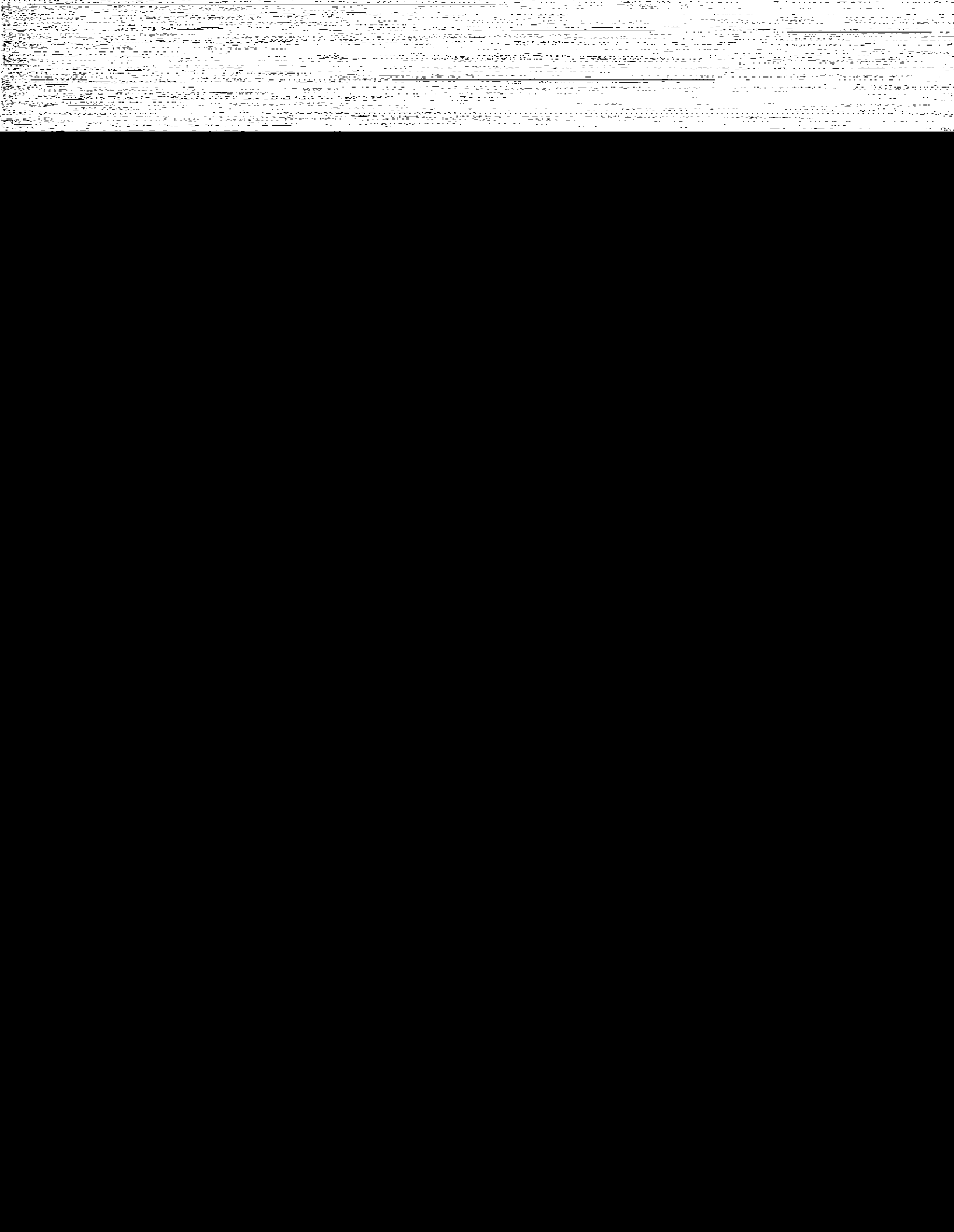

Executive Director

Case No. 2019-00080









COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF)	
THE WHOLESALE WATER SERVICE RATES)	CASE NO.
OF THE CITY OF PIKEVILLE TO MOUNTAIN)	2019-00080
WATER DISTRICT)	

ORDER

By petition filed on January 13, 2020, the city of Pikeville (Pikeville), requests a rehearing of the Commission’s final Order issued on December 19, 2019 (Final Order), pursuant to KRS 278.400. Among other things, the Final Order authorized a wholesale water rate of \$1.97 per 1,000 gallons and for Pikeville to be able to recover its allowable rate case expense of \$64,394 through a 60-month surcharge of \$537 to be charged to Mountain Water District (Mountain District) and to Southern Water and Sewer District (Southern District).

Pikeville raises multiple issues on rehearing, which are addressed below. Mountain District did not file a response to Pikeville’s rehearing petition. This matter stands submitted for a decision.

DISCUSSION AND FINDINGS

Legal Standard

KRS 278.400 establishes the standard of review of applications for rehearing. KRS 278.400 provides that, upon rehearing, a party may offer additional evidence that could not with reasonable diligence have been offered at the time of the original hearing. Rehearing does not present parties with the opportunity to relitigate a matter fully

addressed in the original Order. KRS 278.400 is intended to provide closure to Commission proceedings by limiting rehearing to new evidence not readily discoverable at the time of the original hearings. Thus, final orders remain undisturbed absent extraordinary circumstances, such as a material error or omission in the order. KRS 278.400 provides an opportunity for the Commission to address any errors or omissions in an order.

Customer Allocation Factor

Citing the absence of a supporting study or analysis, the Commission found that Pikeville's fixed shared costs would not vary with the amount of water that Pikeville either produced or sold.¹ In prior proceedings the Commission found that a more equitable allocation method would be the number of customers that are served by each division (Customer Allocation Factor). The Commission finds that Pikeville's shared fixed costs should be reallocated using a five-year average Customer Allocation Factor. Using the five-year average customer allocation factor the Commission allocated 33.423 percent of the shared fixed costs to the outside-the-city system and 65.577 percent to the inside-the-city system. By reallocating the shared fixed costs between the two customer classes, the Commission decreased the operation and maintenance expense allocated to inside-the-city customers by \$106,059.

Pikeville explains that historical test-year ratemaking is premised on the "matching principle" of accounting, where the relationship of revenues and expenses is established.²

¹ Final Order at 8.

² Petition for Rehearing by City of Pikeville (Pikeville Rehearing Petition) filed January 13, 2020, at 8.

Pikeville's interpretation of the "matching principle" is that all revenues, expenses, rate base components, plant additions, and capital items are updated to the same period.³ Pikeville argues that the Commission is violating the matching principle by applying a customer allocation factor that is based on an average calculated with customer data from 2014 to 2018 to fiscal year 2017 operating expenses.⁴

Pikeville notes that the Commission cited numerous cases to support the use of a customer allocation factor to allocate to Pikeville's shared fixed costs. However, in none of the cases cited, Pikeville argues, did the Commission or its Staff use a multi-year average to determine the appropriate allocation factor of shared fixed costs.⁵ Pikeville requests that the Commission revise its Order to reflect allocating the shared fixed costs between the two systems using the 2017 fiscal year customer allocation factor.⁶

The Commission acknowledges that the Final Order failed to give a full explanation for the reason the Commission decided to use a five-year average Customer Allocation Factor to allocate the shared fixed costs between the outside-the-city and the inside-the-city systems. The Commission finds that rehearing should be granted to clarify the Final Order as discussed below.

The common definition of a fixed cost, is a cost that does not change with increases or decreases in units of production volume.⁷ For a water utility water production would

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ <https://corporatefinanceinstitute.com/resources/knowledge/accounting/fixed-and-variable-costs/>

not directly impact a fixed cost, but changes in the number of customers served (increases or decreases) over time will have some degree of impact. Even though the customer level does have some impact, a fixed cost would not vary widely from year to year, but would remain constant throughout a relevant range.⁸

In reviewing the historical customer data, the Commission notes that for every year in the five-year period there is variation between the customers served by each division which would result in differences in the annual fixed cost allocation factor. A five-year customer allocation factor is an average of the highs and lows that have occurred over a relevant range. For this reason the Commission finds that the use of five-year average customer allocation factor results in a reasonable cost allocation between the two water systems. Therefore, Pikeville's request for rehearing on this issue is denied.

Allocations of Repairs and Maintenance Plant and Insurance

Pikeville explains that when the Commission allocated the shared fixed costs between the inside- and outside-the-city customer classifications it started its adjustment based on the total inside-the-city and outside-the-city expense.⁹ According to Pikeville the Commission failed to add the outside-the-city allocated expenses of \$1,888 (Ross Valve Manufacturing, Eco Lab, and ML Johnson) before applying the Customer Allocation Factor.¹⁰ Similarly, Pikeville requests the Commission to correct the formulas for calculating the fixed shared cost adjustments to Insurance Expense and the Repairs and Maintenance Plant Expense.¹¹ In reviewing Pikeville's response to the Commission

⁸ http://economics.fundamentalfinance.com/micro_costs.php

⁹ Pikeville Rehearing Petition, at 9.

¹⁰ *Id.*

¹¹ *Id.*

Staff's First Request for Information, the Commission agrees with Pikeville that \$1,888 should be included to the repairs and maintenance expense before applying the customer allocation factor. Including this amount into the allocation adjustment results in an increase to repairs and maintenance expense of \$1,257, which is *de minimis* because it does not materially impact the calculation of Pikeville's wholesale rate. Further, the formulas used by the Commission to calculate the cost allocations between the inside-the-city and the outside-the-city systems are correct.¹²

For the above reasons, the Commission finds that the Pikeville failed to establish a material error or omission in the Final Order, or that the Final Order was unreasonable or unlawful, and therefore fails to satisfy the standard for rehearing. Pikeville's request for rehearing on this issue is denied.

Electric Expense based on Sales not Production

The only variable shared cost reported by Pikeville was electric expense.¹³ The Commission found that without the pumping stations and the storage tanks located inside the city system, Pikeville would be unable to provide water service to the outside-the-city system.¹⁴ Using the five-year average of water produced, the Commission calculated an electric cost per gallon produced of \$0.0000281. Using the average inside-the-city water

¹² Repairs and Maintenance Plant: $\$6,368$ (Net Repairs and Maintenance Plant) \times -33.253% (5-Year Outside Customer Allocation Adjustment) = $\$(2,128.38)$ (Outside-the-City Allocation) + $\$6,368$ (Net Repairs and Maintenance Plant) = $\$4,239.62$ (Inside-the-City Allocation) \div $\$6,368$ (Net Repairs and Maintenance Plant) = 66.577% .

Insurance: $\$34,896$ (Total Insurance) \times -33.253% (5-Year Outside Customer Allocation Adjustment) = $\$(11,663.29)$ (Outside-the-City-Allocation) + $\$34,896$ (Total Insurance) = $\$23,232.71$ (Inside-the-City Allocation) \div $\$34,896$ (Total Insurance) = 66.577% .

¹³ Chemical expense is also a variable cost, but it is embedded in the UMG Management Fee so an additional adjustment is unnecessary.

¹⁴ Final Order at 9.

sales the Commission calculated a decrease to electricity expense for the inside-the-city system of \$46,328.

Pikeville claims that the methodology employed by the Commission leaves a void whereby Pikeville would be unable to recover for electric expense associated with water produced but not sold.¹⁵ Pikeville further claims that the Commission is violating the matching principle by using a five-year average of data for water production and water sales.¹⁶

In the test year there is a difference of 380,001,700 gallons or 32.9 percent between water production of 1,155,123,700 gallons and water sales of 775,122,000. In its Petition for Rehearing Pikeville only identifies the void in electric expense associated with water produced but not sold without fully explain the cause of the excessive difference water sales and production or to provide evidence as to why the cost associated with this difference should be recovered from its wholesale customers. Accordingly, the Commission is denying Pikeville's request for rehearing on this issue.

Customer Related Cost Adjustments

Pikeville claims that the Commission identified certain expenses as being customer-related costs and without giving a reasonable explanation as to why some customer-related costs should be totally recovered from the retail water customers, while others are allocated using the number of meters in Pikeville's system.¹⁷ Pikeville argues that the evidence of record does not support the Commission's decision that employee

¹⁵ Pikeville Rehearing Petition at 10.

¹⁶ *Id.* at 11.

¹⁷ *Id.* at 13.

related expenses (salaries and wages, workers compensation, employee benefit insurance, pension, payroll tax, and unemployment tax) should be recovered exclusively from the retail customers. Pikeville claims that its employees perform the following duties that are directly related to providing wholesale water service to Mountain District (take calls from Mountain District, prepare work orders for maintenance of facilities benefiting Mountain District, send bills to Mountain District, and receive payments from Mountain District).¹⁸

According to Pikeville, the Commission erroneously calculated the allocation factor for customer-related costs based on Mountain District receiving wholesale service through 9 wholesale water meters when actually there are 11 master meters providing wholesale service to Mountain District.¹⁹ This correction would increase the allocation factor for customer-related costs from 0.181 percent to 0.221 percent.²⁰

Pikeville claims that the Commission eliminated recovery of certain UMG Management Fee expenses twice. First the Commission determined that the overall UMG Management Fee expense that could be recovered from the inside-the-city system should be reduced from \$1,162,040 by \$49,416 to a total of \$1,112,624. Next the Commission eliminated \$58,102 of customer-related administrative costs from the UMG Management Fee. Samuel "Buddy" Petty calculated this administration component by multiplying UMG Management fee of \$1,162,040 by 5 percent. Pikeville argues the

¹⁸ *Id.*

¹⁹ *Id.* at 13–14.

²⁰ *Id.* at 14.

5 percent factor should be multiplied by the reduced fee of \$1,112,642 for a revised customer-related administrative cost of \$55,632.

The Commission agrees with Pikeville in that the Commission used the wrong number of wholesale meters when it calculated the allocation factor for customer-related costs. Using 11 wholesale master meters increases the allocation factor from 0.181 percent to 0.221 percent. Increasing the allocation factor to 0.221 percent would increase the revenue requirement by \$118, which is *de minimis* because it does not materially impact the calculation of Pikeville's wholesale rate. Further, the Commission in its Order noted the numerous deficiencies in the allocation factors used by Mr. Petty in his proposed rate analysis. Although the administration component of the UMG Management is based on an unsupported factor, the Commission recognizes that some portion of the UMG management fee relates to administrative costs that would not be recovered through the wholesale rate. For this reason the amount identified by Mr. Petty in his study was viewed as a fixed cost that would not vary with changes in the allocation of the UMG Management fee between the various city departments.

For the above reasons, the Commission finds that the Pikeville failed to establish a material error or omission in the Final Order, or that the Final Order was unreasonable or unlawful, and therefore fails to satisfy the standard for rehearing. Pikeville's request for rehearing on this issue is denied.

Nonrecurring Expenditures

The Commission reduced repairs and maintenance expense by \$99,506 (the telemetry repairs at Toller and the rehabilitation of the Bob Amos tank) finding these items

are nonrecurring that should have been amortized rather than expensed.²¹ It also reduced maintenance/repairs plant expense by \$24,264 finding that the repair of a high service pump is a nonrecurring expenditure. The Commission amortized the nonrecurring expenditures over a 15-year life.

Pikeville claims that over the past 15 years, it has consistently reported similar types of expenditures as operating expenses, rather than as nonrecurring costs that would be amortized.²² Because Pikeville expensed (rather than amortized) these expenditures that have occurred within the past 14 years, the fiscal year 2017 operations and maintenance expense is understated.²³ Accordingly, Pikeville argues that if the Commission determines that similar expenses within the test year must be amortized over a 15-year period, effectively reducing the revenue requirement for the inside-the-city system by \$118,206, the Commission should increase amortization expense by \$16,653 to reflect amortizing past nonrecurring expenditures that Pikeville originally expensed.²⁴

The rule against retroactive ratemaking is a generally accepted principle of public utility law which recognizes the prospective nature of utility ratemaking. It prohibits regulatory commissions from setting future rates to allow a utility to recoup past losses or to recover expenses incurred in prior years. Including the past nonrecurring expenditures in the current revenue requirement of Pikeville is a violation of retroactive ratemaking. Accordingly, the Commission is denying Pikeville rehearing request for this issue.

²¹ Final Order at 20.

²² Pikeville Rehearing Petition at 16.

²³ *Id.* at 17.

²⁴ *Id.*

Depreciation Expense Allocation to the Outside-the-City System

The Commission decreased depreciation expense by \$136,842 to allocate a part of the inside-the-city system that would be used for outside-the-city customers. The Commission's reduction was based on the application of the Customer Allocation Factor to the total pro forma depreciation expense of \$409,425. The total revenue requirement for inside-the-city customers was reduced by other operating revenue of \$60,384 which included reported special revenues of \$47,927. Pikeville now claims that special revenues represents the amount credited to inside-the-city depreciation that it assigned to its outside-the-city depreciation expense.²⁵ According to Pikeville, because depreciation expense by \$136,842, it would be inappropriate also to include an adjustment for the \$47,927 in other operating revenue that is credited to inside-the-city revenue from outside-the-city depreciation.²⁶

Pikeville was specifically requested to identify all shared revenues and expenses that were allocated between the inside-the-city and the outside-the-city systems.²⁷ In responding to the request Pikeville failed to identify depreciation as being a shared expense that was allocated.²⁸ Further, Pikeville was requested to identify individual revenue subaccounts in the fiscal year ending June 30, 2017 Trial Balance that combine to arrive at the total inside revenue - 2017 of \$2,256,339.²⁹ Pikeville provided a list of the

²⁵ *Id.* at 18.

²⁶ *Id.*

²⁷ Pikeville's responses to Commission Staff's First Request for Information, Item 8.a.

²⁸ *Id.*

²⁹ Pikeville's responses to Commission Staff's Second Request for Information, Item 16.e

revenues, but did not explain that the special revenues of \$47,927 was actually the allocation of depreciation to the outside-the-city system.³⁰

KRS 278.400 provides closure to Commission proceedings by limiting rehearing to new evidence not readily discoverable at the time of the original hearings. For this reason the Commission is denying Pikeville's request for rehearing on the depreciation allocation issue.

Debt Service 2016A Bonds

Pikeville used the proceeds from its United States Department of Agriculture (USDA) Series 2016A Bonds to construct water and sewer services to the Kentucky Enterprise Industrial Park.³¹ The total cost of the Marion's Branch Water Sewer Project (Marion Branch Project) was \$4,743,496, of which \$3,813,633, or 80 percent, was for the water department and the remaining \$929,863, or 20 percent, was sewer-related.³² Using Pikeville's engineering report and Mountain District's provided Resolution 15-05-007, the Commission determined that only 16.833 percent of the Series 2016A Bonds debt service should be included in the revenue requirement calculation.³³

Pikeville notes that the Commission's calculation is based on the Marion Branch Project cost for the storage tank and pump station, but does not include cost of the water line, valves, and fittings.³⁴ Pikeville argues that with its decision, the Commission is

³⁰ *Id.*

³¹ Final Order at 25.

³² *Id.*

³³ *Id.* at 26.

³⁴ Pikeville Rehearing Petition, page 18.

implicitly saying that Mountain District does not benefit from the costs for the water line, valves, and fittings, but the evidence of record demonstrates that Mountain District would be unable to receive service from Marion Branch Project tanks and pump station without the water line, valves, and fittings.³⁵ Pikeville argues that by including the 16.833 percent debt service for the Marion Branch Project that Mountain District should be responsible for in its revenue requirement calculation, the Commission's is reducing Mountain District's responsibility for the Marion Branch Project from 16.883 percent to 11.599 percent.³⁶ Pikeville requests the Commission to clarify that MWD is responsible for one-third of the total cost of the Marion Branch Project, and to calculate the impact of that debt service allocation to Pikeville's wholesale rate after other inside-the-city expenses are allocated to Mountain District.³⁷

The Commission acknowledges that the Final Order did not fully explain why the Commission included the 16.833 percent of the Series 2016A Bonds in the revenue requirement calculation and shared between Pikeville and Mountain District. The Commission finds that rehearing should be granted to clarify the Final Order as discussed below:

The Marion Branch Project facilities have been in service for approximately four years and the only documented time that Mountain District used the Marion Branch Project facilities was for the week of August 7, 2018, through August 15, 2018. Mountain District purchased approximately 1,687,900 gallons of water to assist in providing water

³⁵ *Id.* at 19.

³⁶ *Id.* at 20.

³⁷ *Id.*

service in the Indian Hill area when a river crossing went out of service.³⁸ Given the lack of documentation of Mountains District's use of the Marion Branch Project facilities, it would be unreasonable to recover the full 16.833 percent of the Series 2016A Bonds from Mountain District. For the reasons discussed above, the Commission is denying Pikeville's request for rehearing on this issue.

Rate Case Surcharge

Pikeville proposed to assess a rate case surcharge over 36 months to recover any rate case expenses incurred in this current case. The Commission explained that surcharge amortization life is generally based on the frequency of the utility's historic rate filings.³⁹ A review of Pikeville's filed tariff showed that Mountain District's wholesale rate was last changed in 2009, making the frequency of wholesale rate increases ten years. The Commission noted that the evidence suggests that a ten-year amortization period may be appropriate; however, in the Commission's opinion the rates approved in this proceeding would become obsolete after five years due to changes that will likely occur to Pikeville's cost of providing wholesale water service.⁴⁰ Absent a more reasonable amortization period, the Commission allowed Pikeville to recover its allowable rate case expense of \$64,394 over 60-months for a monthly surcharge of \$537 to be recovered from Mountain District and Southern District.⁴¹

³⁸ Pikeville's Response to the Commission Staff's Third Request for Information, Item 5.d.

³⁹ Final Order at 34.

⁴⁰ *Id.*

⁴¹ *Id.*

Pikeville notes the Commission's acknowledgement that the wholesale rates approved in this current case will be obsolete after five years due to changes that will likely occur to Pikeville's cost of providing wholesale water service.⁴² Pikeville reasons that it is illogical to maintain that an appropriate amortization period is based on the anticipated life of the approved utility rates, only to set an amortization period ending after those rates have become obsolete.⁴³ Pikeville argues that a 36-month amortization period supports the Commission's recent emphasis that utilities should evaluate the need for more frequent rate cases.⁴⁴ By amortizing Pikeville's rate case expense over a five-year period, the Commission is signaling that rate cases need not be filed more frequently than every five years, which appears to be inconsistent with the Commission's encouragement that "[e]ach water utility should evaluate the need for more frequent rate cases."⁴⁵

According to Pikeville by using a surcharge mechanism there is no ability for Pikeville to "over-recover" as if the rate case amortization is built into the volumetric rate.⁴⁶ Pikeville argues that if the rate case amortization is recovered through the volumetric there is an incentive to use an amortization period that is consistent with the anticipated rate case cycle because if a utility is permitted to amortize the expense over a shorter period than when it next files a rate case, the utility would (in theory) over-recover on that

⁴² Pikeville Rehearing Petition at 22.

⁴³ *Id.*

⁴⁴ *Id.* at 23–24.

⁴⁵ *Id.* at 24.

⁴⁶ *Id.*

single expense.⁴⁷ Pikeville will not be able to “over-recover” because the term of the surcharge will expire when the full-amount of the rate case expense is recovered.⁴⁸

The historical evidence supports an amortization period that is longer than three years. Pikeville’s last fully litigated wholesale rate case occurred in 2002.⁴⁹ In the 17 years since Case No. 2002-00022 was litigated, Pikeville has increased its wholesale rate twice, once in 2009 and again in 2019, which results in an average of 8.5 years between wholesale rate increases. Pikeville has failed to document why a three-year amortization period is warranted other than its anticipation of the life of the new wholesale rate. The Commission finds that basing an amortization period on anticipation fails to meet the ratemaking criteria of being known and measurable. Furthermore, using an amortization period shorter than the period supported by the historical record is consistent with the Commission’s signal that rate cases need to be filed more frequently.

For the above reasons the Commission is denying Pikeville’s request for rehearing on the rate case amortization period.

Rates Charged to Southern District

Pikeville objects to the Commission’s adjustment to the wholesale rate that Pikeville charges to Southern District. Pikeville argues that the Commission violated statutory and constitutional law when it ordered Pikeville to charge Southern District the same wholesale rate that the Commission calculated for Pikeville to charge Mountain

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ See Case No. 2002-00022, *Proposed Adjustment of Wholesale Water Service Rates of the City of Pikeville, Kentucky* (Ky. PSC Oct. 16, 2002).

Water. Pikeville also objects to the Commission ordering Pikeville to refund to Southern District the difference from September 5, 2019, until the effective date of the rate in the Final Order, between the rate established in the Final Order (\$1.97 per 1,000 gallons) and the rate in Pikeville's tariff (\$2.25 per 1,000 gallons.)

Pikeville first argues that the issue before the Commission was solely Pikeville's wholesale water rate to Mountain Water and not the wholesale rate charges to Southern District. Pikeville asserts that at no time during this proceeding, until the December 19, 2019 Final Order, did the Commission notify Pikeville that there could be changes to Southern District's wholesale rate. Pikeville argues that the Commission's change to Southern District's wholesale rate violates KRS 278.200 (requiring a hearing before a change to water rates charged by a city), KRS 278.180 (requiring notice to a utility that it will change a rate), and KRS 278.270 (requiring a hearing and a finding that a rate is unreasonable, etc. and proscribing a rate to be followed in the future.)

Pikeville argues that the Commission failed to adhere to any of these requirements because: (1) it did not hold a hearing on the wholesale rate to be charged to Southern District; (2) it did not provide notice that it would be changing the wholesale rate to be charged to Southern District; (3) it did not find that the wholesale rate charged to Southern District was unjust, unreasonable, insufficient, unjustly discriminatory or otherwise in violation of KRS Chapter 278; and (4) it ordered Pikeville to apply the rate retroactively.

The Commission agrees with Pikeville in one regard: there should be no refund to Southern District for the difference between the rate that was on file with the Commission and the rate that the Commission ordered in the Final Order. The rate Pikeville charged to Southern District was the filed rate and could only be changed prospectively. Pikeville

should only charge Southern District the new wholesale rate for service rendered on and after December 19, 2019.

The Commission, however, disagrees that it cannot make changes to the wholesale rate that Pikeville charges to Southern District. The Commission did hold a hearing regarding Pikeville's wholesale water rate. During the hearing, Pikeville presented evidence regarding the costs incurred to provide wholesale water service, thus satisfying the hearing requirement in KRS 278.200. Pikeville may not have been on specific notice that the wholesale rate to Southern District was at issue, but the evidence presented at hearing and during the proceeding refers almost exclusively of the cost of providing wholesale water service, and not specifically to Mountain Water. Thus, it is difficult for the Commission to believe that even if Pikeville had been on notice that Southern District's wholesale rate had been at issue, the resulting wholesale rate would have been any different than that for providing the same service to Mountain Water. Furthermore, Pikeville has not provided any indication in its request for a rehearing that it could have presented evidence that Southern District's wholesale rate should be different than Mountain Water's. Pikeville's original proposed wholesale rate to charge Mountain Water was actually \$.05 more per 1,000 gallons than what it had been charging Southern District, indicating that Pikeville believed the cost of providing wholesale service to Southern District might be less than to Mountain Water. Therefore, any additional evidence taken regarding Southern District's wholesale rate, or a subsequent

investigation into Southern District's wholesale water rate, could possibly yield a lower rate than that set in the Final Order.⁵⁰

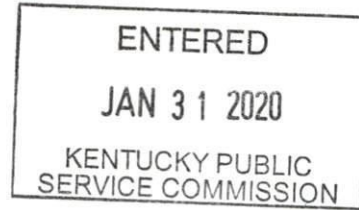
For the above reasons, the Commission finds that rehearing should be granted on the issue of refunding to Southern District any money collected before the date of the Final Order. The Commission, however, will deny rehearing on the issue of the changing of Southern District's wholesale rate.

Based on the foregoing, IT IS THEREFORE ORDERED that:

1. Pikeville's request for a hearing is granted in part and denied in part.
2. Pikeville's request to not refund any money to Southern District, as discussed herein, is granted.
3. All other Pikeville's requests for rehearing are denied.
4. This case is closed and removed from the Commission's docket.

⁵⁰ The Commission has, in the past, adjusted wholesale water rates for two utilities even though the negotiated rate was silent as to one of the utilities. See, Case No. 2005-00297 *Proposed Adjustment of Wholesale Water Service Rates of the City of Williamstown*, (Ky. PSC Nov. 30, 2005).

By the Commission



ATTEST:


Executive Director

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF MOUNTAIN WATER)	2020-00068
DISTRICT)	

ORDER

On March 5, 2020, Mountain Water District (Mountain District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ The filing was marked as deficient, and Mountain District corrected this deficiency on March 12, 2020. The case now stands before the Commission for a decision.

The Commission notes that in its 2018 Annual Report, Mountain District reported a water loss of 37.4494 percent.² Mountain District's application provides updated purchase and sales information for a more current period than the 2018 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes a utility's unaccounted-for water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2018 Annual Report,³ Mountain District's unaccounted-for water loss is

¹ KRS 278.015; 807 KAR 5:068.

² 2018 Annual Report at 57, line 33.

³ 2018 Annual Report, Water Statistics, page 57, line 21, divided by line 4, (173,648 divided by 1,584,856) equals 10.96 percent.

determined to be 38.9110 percent for the updated period.⁴ Reduction of Mountain District’s unaccounted-for water loss to 15 percent would result in an approximate \$692,741.27⁵ decrease to purchased and produced water expense. Potentially, Mountain District is paying approximately \$0.88 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.⁶

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Mountain District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Mountain District to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

On March 12, 2020, Mountain District requested a deviation from 807 KAR 5:068, Sections 1(2) and (5), which sets out the definitions for “changed rate” and “base rate” and that defines “base rate” as the rate that was in effect immediately prior to the change or new rate and “changed rate” as the rate of the utility’s supplier in effect immediately after the the most recent increase or decrease. Due to the supplier’s rate changing three

⁴ Total Purchases (Supplemental filing on 3/25)	732,854,097
Plus Total Produced (Supplemental filing on 3/25)	844,176,411
Less Total Sales (application PWA Form 1 at 2)	790,602,230
Less plant use (% determined from 2018 Annual Report)	<u>172,790,584</u>
Water loss - gallons	613,637,694
Water loss - percent	38.9110

⁵ Water loss above 15 percent is 23.9110 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = (\$907,053.01 + \$498,530.61) x .239110 = \$336,089.10. Potential produced water expense reduction (Purchased power and chemical cost in 2018 Annual Report = \$1,491,582 x .239110 = \$356,652.17. Total purchased & produced water expense reduction is \$692,741.27.

⁶ Potential produced and purchased water expense reduction divided by sales (\$692,741.27/(790,602,230/1,000) equals \$0.88/1,000.

times between the dates of April 2019 and October 2019, the deviation is granted and Mountain District may capture all of the increases at once instead of filing a Purchased Water Adjustment for each increase individually.

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

1. Mountain District purchases water from the city of Pikeville (Pikeville) and the city of Williamson, West Virginia (Williamson).

2. Pikeville notified Mountain District that on September 5, 2019, it would be increasing its wholesale water rate to Mountain District from \$1.68 per 1,000 gallons for the first 28 million gallons, and \$1.30 per 1,000 gallons for all water over 28 million gallons, to a flat rate of \$1.97 per 1,000 gallons. Williamson notified Mountain District that on October 1, 2019, it would be increasing its wholesale water rate to Mountain District from \$1.68 per 1,000 gallons to \$1.83 per 1,000 gallons. Mountain District proposes to increase the water rates to its customers effective February 28, 2020.

3. Mountain District proposed a purchased water adjustment factor of \$0.26 per 1,000 gallons.

4. On March 25, 2020, Mountain District filed an amendment to their application that revised the total gallons purchased from Pikeville to 460,433,000.⁷

5. During the 12 months ended December 31, 2019, Mountain District purchased 460,433,000 gallons from Pikeville and 272,421,097 gallons from Williamson. Mountain District sold 790,602,230 gallons of water during the same 12 months. The

⁷ Mountain District revised purchases from Pikeville at 3.

increase in the cost of purchased water is \$221,673.28, resulting in a purchased water adjustment factor of \$0.29 per 1,000 gallons.

6. Mountain District's proposed purchased water adjustment factor of \$0.26 per 1,000 gallons is denied.

7. The purchased water adjustment factor of \$0.29 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

8. Mountain District's proposed rates are denied.

9. The rates as set forth in Appendix B to this Order are fair, just, and reasonable and should be approved for water service rendered by Mountain District on and after February 28, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.29 per 1,000 gallons is approved.

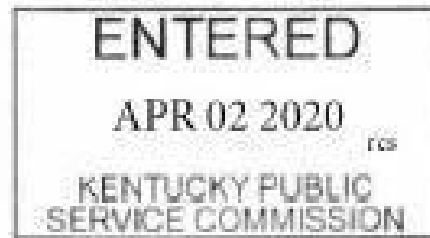
2. The rates as set forth in Appendix B to this Order are approved for water service rendered by Mountain District on and after February 28, 2020.

3. Mountain District's request for a deviation from 807 KAR 5:068, Sections 1(2) and (5), is granted.

4. Within 20 days of the date of the entry of this Order, Mountain District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:

A handwritten signature in blue ink, consisting of stylized initials and a surname.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00068 DATED APR 02 2020

		Annual Base Rate	
City of Pikeville			
	First 28,000,000 Gallons Per Month	336,000,000 <u>\$1.68/1,000</u> \$564,480.00	
	Over 28,000 000 Gallons Per Month	124,433,000 <u>\$1.30/1,000</u> \$161,762.90	
	Total	\$726,242.90	
		New Rate	Increased Cost
	Purchases in Gallons Wholesale rate	460,433,000 <u>\$1.97/1,000</u> \$907,053.01	\$180,810.11
		Base Rate	New Rate
Williamson			Increased Cost
	Purchases in Gallons Wholesale rate	272,421,097 <u>\$1.68/1,000</u> \$457,667.44	<u>\$1.83/1,000</u> \$498,530.61 \$40,863.17
	Increased water cost	\$221,673.28	
	Divided by Gallons sold/1,000	<u>790,602,230</u>	
	Purchased water adjustment factor	\$ 0.2804 per 1,000 Gallons Or \$ 0.29 per 1,000 Gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00068 DATED APR 02 2020

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

Monthly Water Rates

5/8-Inch Meter

First	2,000 Gallons	\$23.93	Minimum Bill
Next	8,000 Gallons	8.47	per 1,000 Gallons
Over	10,000 Gallons	7.54	per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$49.34	Minimum Bill
Next	5,000 Gallons	8.47	per 1,000 Gallons
Over	10,000 Gallons	7.54	per 1,000 Gallons

2-Inch Meter

First	20,000 Gallons	\$167.09	Minimum Bill
Next	20,000 Gallons	7.54	per 1,000 Gallons

3-Inch Meter

First	30,000 Gallons	\$242.49	Minimum Bill
Next	30,000 Gallons	7.54	per 1,000 Gallons

4-Inch Meter

First	50,000 Gallons	\$393.29	Minimum Bill
Next	50,000 Gallons	7.54	per 1,000 Gallons

6-Inch Meter

First	100,000 Gallons	\$770.29	Minimum Bill
Over	100,000 Gallons	7.54	per 1,000 Gallons

Martin County Water District		3.09	per 1,000 Gallons
Mingo County Public Service District		4.66	per 1,000 Gallons

Jenkins Utilities

First 50,000 Gallons per day		\$3.09	per 1,000 Gallons
Over 50,000 Gallons per day		3.50	per 1,000 Gallons

City of Elkhorn		
First 215,000 Gallons per day	\$2.91	per 1,000 Gallons
Over 215,000 Gallons per day	3.09	per 1,000 Gallons

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*Mountain Water District
6332 Zebulon Highway
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Pikeville, KY 41502-3157



City of Pikeville
 243 Main Street
 Pikeville, KY 41501-3882

ACCOUNT INFORMATION	
Bill Date	06/01/2020
Account Number	549900100.00 97
Total Amount Due	\$48,553.60

See Reverse Side for City Utility Ordinances

IF YOU SMELL NATURAL GAS, CALL 437-6234
 DO NOT STRIKE MATCHES, DO NOT OPERATE SWITCHES

Service Address	Master
-----------------	--------


 T1 P1 *****SNGLP
 ##-0001-##-1-1-1-2
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Service	Meter	Previous Date	Current Date	Billing Days	Previous Read	Current Read	Usage	Amount
WA Dist Mtn	63177520	04/01/2020	05/01/2020	30	82632	85060	2428000	\$0.00
WA Dist Mtn	64590062	04/01/2020	05/01/2020	30	374133	375781	1648000	\$0.00
WA Dist Mtn	63246184	04/01/2020	05/01/2020	30	46714	53815	7101000	\$0.00
WA Dist Mtn	45918743	04/01/2020	05/01/2020	30	383875	396941	13066000	\$58,666.60
WA Dist Mtn	45918733	04/01/2020	05/01/2020	30	38084	39982	1898000	\$0.00
WA Dist Mtn	45918740	04/01/2020	05/01/2020	30	11004	14321	3317000	\$0.00
WA Dist Mtn	87856080	04/01/2020	05/01/2020	30	258	343	85000	\$0.00
WA Dist Mtn	87671150	04/01/2020	05/01/2020	30	335	474	139000	\$0.00
WA Dist Mtn	87856079	04/01/2020	05/01/2020	30	273	371	98000	\$0.00
Total Current Charges								\$58,666.60

Previous Balance	\$51,508.60
Payment Received	-\$61,621.60
Credit	-\$10,113.00
Current Charges	\$58,666.60
Total Amount Due	\$48,553.60
Pay This Amount After 05/20/2020	\$50,981.28
CUT-OFF DATE - 06/01/2020	

TO INSURE PROPER CREDIT TO YOUR ACCOUNT, PLEASE RETURN THE PORTION BELOW WITH YOUR PAYMENT
 THIS BILL DOES NOT EXTEND TIME FOR PAYMENT OF ANY PAST DUE AMOUNTS.
 PLEASE KEEP THE TOP PORTION FOR YOUR RECORDS. RETURN BOTTOM PORTION WITH PAYMENT
BE MAILED

29,780,000
 ÷ 1,000

 29,780 Flat
 × 1.97 Rate

 \$58,666.60



City of Pikeville
 243 Main Street
 Pikeville, KY 41501-3882

ACCOUNT INFORMATION	
Bill Date	06/01/2020
Account Number	549900100.00 97
Total Amount Due	\$61,255.18

See Reverse Side for City Utility Ordinances

IF YOU SMELL NATURAL GAS, CALL 437-6234
 DO NOT STRIKE MATCHES, DO NOT OPERATE SWITCHES

Service Address	Master
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|||||
 T1 P1 *****SNGLP
 ##-0001-##-1-1-1-2
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Service	Meter	Previous Date	Current Date	Billing Days	Previous Read	Current Read	Usage	Amount
WA Dist Mtn	63177520	05/01/2020	06/01/2020	31	85060	86360	1300000	\$0.00
WA Dist Mtn	64590062	05/01/2020	06/01/2020	31	375781	377652	1871000	\$0.00
WA Dist Mtn	63246184	05/01/2020	06/01/2020	31	53815	61232	7417000	\$0.00
WA Dist Mtn	45918743	05/01/2020	06/01/2020	31	396941	411843	14902000	\$61,255.18
WA Dist Mtn	45918733	05/01/2020	06/01/2020	31	39982	42123	2141000	\$0.00
WA Dist Mtn	45918740	05/01/2020	06/01/2020	31	14321	17363	3042000	\$0.00
WA Dist Mtn	87856080	05/01/2020	06/01/2020	31	343	441	98000	\$0.00
WA Dist Mtn	87671150	05/01/2020	06/01/2020	31	474	629	155000	\$0.00
WA Dist Mtn	87856079	05/01/2020	06/01/2020	31	371	539	168000	\$0.00
Total Current Charges								\$61,255.18

Previous Balance	\$58,666.60
Payment Received	-\$58,666.60
Current Charges	\$61,255.18
Total Amount Due	\$61,255.18
Pay This Amount After 06/20/2020	\$64,317.94
CUT-OFF DATE - 07/01/2020	

TO INSURE PROPER CREDIT TO YOUR ACCOUNT, PLEASE RETURN THE PORTION BELOW WITH YOUR PAYMENT
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NO SECOND OR FINAL NOTICE WILL BE MAILED

Handwritten calculation on a yellow sticky note:
 $31,094,000 \div 1,000$
 $\times 1.97$
 31,094

 61,255.18
 Flat Rate



City of Pikeville
 243 Main Street
 Pikeville, KY 41501-3882

ACCOUNT INFORMATION	
Bill Date	07/01/2020
Account Number	549900100.00 97
Total Amount Due	\$52,742.81

See Reverse Side for City Utility Ordinances

IF YOU SMELL NATURAL GAS, CALL 437-6234
 DO NOT STRIKE MATCHES, DO NOT OPERATE SWITCHES

Service Address	Master
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T1 P1 *****SNGLP
 ##-0001-##-1-1-1-2
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Service	Meter	Previous Date	Current Date	Billing Days	Previous Read	Current Read	Usage	Amount
WA Dist Mtn	63177520	06/01/2020	07/01/2020	30	86360	86871	511000	\$0.00
WA Dist Mtn	64590062	06/01/2020	07/01/2020	30	377652	379260	1608000	\$0.00
WA Dist Mtn	63246184	06/01/2020	07/01/2020	30	61232	66490	5258000	\$0.00
WA Dist Mtn	45918743	06/01/2020	07/01/2020	30	411843	425980	14137000	\$52,742.81
WA Dist Mtn	45918733	06/01/2020	07/01/2020	30	42123	44062	1939000	\$0.00
WA Dist Mtn	45918740	06/01/2020	07/01/2020	30	17363	20287	2924000	\$0.00
WA Dist Mtn	87856080	06/01/2020	07/01/2020	30	441	545	104000	\$0.00
WA Dist Mtn	87671150	06/01/2020	07/01/2020	30	629	802	173000	\$0.00
WA Dist Mtn	87856079	06/01/2020	07/01/2020	30	539	658	119000	\$0.00
Total Current Charges								\$52,742.81

Previous Balance	\$61,255.18
Payment Received	-\$61,255.18
Current Charges	\$52,742.81
Total Amount Due	\$52,742.81
Pay This Amount After 07/20/2020	\$55,379.95
CUT-OFF DATE - 08/03/2020	

TO INSURE PROPER CREDIT TO YOUR ACCOUNT, PLEASE RETURN THE PORTION BELOW WITH YOUR PAYMENT
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NO SECOND OR FINAL NOTICE WILL BE MAILED

Handwritten calculation on a yellow sticky note:

$$\begin{array}{r}
 26,773,000 \\
 \div 1,000 \\
 \hline
 26,773 \\
 \times 1.97 \\
 \hline
 \$52,742.81
 \end{array}$$

Flat Rate



City of Pikeville
 243 Main Street
 Pikeville, KY 41501-3882

ACCOUNT INFORMATION	
Bill Date	08/03/2020
Account Number	549900100.00 97
Total Amount Due	\$107,150.27

See Reverse Side for City Utility Ordinances

Service Address	Master
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IF YOU SMELL NATURAL GAS, CALL 437-6234
 DO NOT STRIKE MATCHES, DO NOT OPERATE SWITCHES



T1 P1 *****SNGLP
 ##-0001-##-1-1-1-2
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Service	Meter	Previous Date	Current Date	Billing Days	Previous Read	Current Read	Usage	Amount
WA Dist Mtn	63177520	07/01/2020	08/03/2020	33	86871	87502	631000	\$0.00
WA Dist Mtn	64590062	07/01/2020	08/03/2020	33	379260	380907	1647000	\$0.00
WA Dist Mtn	63246184	07/01/2020	08/03/2020	33	66490	73134	6644000	\$0.00
WA Dist Mtn	45918743	07/01/2020	08/03/2020	33	425980	438771	12791000	\$54,407.46
WA Dist Mtn	45918733	07/01/2020	08/03/2020	33	44062	46213	2151000	\$0.00
WA Dist Mtn	45918740	07/01/2020	08/03/2020	33	20287	23578	3291000	\$0.00
WA Dist Mtn	87856080	07/01/2020	08/03/2020	33	545	639	94000	\$0.00
WA Dist Mtn	87671150	07/01/2020	08/03/2020	33	802	1038	236000	\$0.00
WA Dist Mtn	87856079	07/01/2020	08/03/2020	33	658	791	133000	\$0.00
Total Current Charges								\$54,407.46

Previous Balance	\$52,742.81
Past Due	\$52,742.81
Current Charges	\$54,407.46
Total Amount Due	\$107,150.27
Pay This Amount After 09/20/2020	\$109,870.64
CUT-OFF DATE - 10/01/2020	

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Handwritten calculation on a yellow sticky note:

$$\begin{array}{r}
 27,618,000 \\
 \div 1000 \\
 \hline
 27,618 \text{ Flat Rate} \\
 \times 1.97 \\
 \hline
 \$54,407.46
 \end{array}$$



City of Pikeville
243 Main Street
Pikeville, KY 41501-3882

ACCOUNT INFORMATION	
Bill Date	09/01/2020
Account Number	549900100.00 97
Total Amount Due	\$50,343.35

See Reverse Side for City Utility Ordinances

IF YOU SMELL NATURAL GAS, CALL 437-6234
DO NOT STRIKE MATCHES, DO NOT OPERATE SWITCHES

Service Address: Master

T1 P1 *****SNGLP
##-0001-##-1-1-1-2



MOUNTAIN WATER DISTRICT
PO BOX 3157
PIKEVILLE KY 41502-3157

Service	Meter	Previous Date	Current Date	Billing Days	Previous Read	Current Read	Usage	Amount
WA Dist Mtn	63177520	08/03/2020	09/01/2020	29	87502	88878	1376000	\$0.00
WA Dist Mtn	64590062	08/03/2020	09/01/2020	29	380907	382257	1350000	\$0.00
WA Dist Mtn	63246184	08/03/2020	09/01/2020	29	73134	80663	7529000	\$0.00
WA Dist Mtn	45918743	08/03/2020	09/01/2020	29	438771	449478	10707000	\$50,343.35
WA Dist Mtn	45918733	08/03/2020	09/01/2020	29	46213	47684	1471000	\$0.00
WA Dist Mtn	45918740	08/03/2020	09/01/2020	29	23578	26264	2686000	\$0.00
WA Dist Mtn	87856080	08/03/2020	09/01/2020	29	639	732	93000	\$0.00
WA Dist Mtn	87671150	08/03/2020	09/01/2020	29	1038	1276	238000	\$0.00
WA Dist Mtn	87856079	08/03/2020	09/01/2020	29	791	896	105000	\$0.00
Total Current Charges								\$50,343.35

Previous Balance	\$107,150.27
Payment Received	-\$107,150.27
Current Charges	\$50,343.35
Total Amount Due	\$50,343.35
Pay This Amount After 09/20/2020	\$52,860.52
CUT-OFF DATE - 10/01/2020	

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NO SECOND OR FINAL NOTICE WILL BE MAILED

DETACH AND RETURN PORTION WITH PAYMENT

ACCOUNT NUMBER
549900100.00 97



Make check

CITY OF PIKEVILLE
UTILITY DEPARTMENT
PO BOX 2728
PIKEVILLE, KY 41501



Handwritten calculation on a yellow sticky note:

$$\begin{array}{r}
 25,555,000 \\
 \div 1,000 \\
 \hline
 25,555 \\
 \times 1.97 \\
 \hline
 50,343.35
 \end{array}$$

Flat Rate

TOTAL AMOUNT DUE	\$50,343.35
PAY THIS AMOUNT AFTER 09/20/2020	\$52,860.52
CUT-OFF DATE - 10/01/2020	

SEE BACK OF BILL FOR EXPLANATION OF DISCONNECT DATE

MOUNTAIN WATER DISTRICT
PO BOX 3157
PIKEVILLE KY 41502-3157



City of Pikeville
 243 Main Street
 Pikeville, KY 41501-3882

ACCOUNT INFORMATION	
Bill Date	10/01/2020
Account Number	549900100.00 97
Total Amount Due	\$94,122.66

See Reverse Side for City Utility Ordinances

Service Address	Master
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IF YOU SMELL NATURAL GAS, CALL 437-6234
 DO NOT STRIKE MATCHES, DO NOT OPERATE SWITCHES

T1 P1 *****SNGLP
 ##-0001-##-1-1-1-2
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157



Service	Meter	Previous Date	Current Date	Billing Days	Previous Read	Current Read	Usage	Amount
WA Dist Mtn	63177520	09/01/2020	10/01/2020	30	88878	89526	648000	\$0.00
WA Dist Mtn	64590062	09/01/2020	10/01/2020	30	382257	383704	1447000	\$0.00
WA Dist Mtn	63246184	09/01/2020	10/01/2020	30	80663	85550	4887000	\$0.00
WA Dist Mtn	45918742	09/01/2020	10/01/2020	30	449478	459778	10300000	\$43,779.31
WA Dist Mtn	45918733	09/01/2020	10/01/2020	30	47684	49385	1701000	\$0.00
WA Dist Mtn	45918740	09/01/2020	10/01/2020	30	26264	29021	2757000	\$0.00
WA Dist Mtn	87856080	09/01/2020	10/01/2020	30	732	838	106000	\$0.00
WA Dist Mtn	87671150	09/01/2020	10/01/2020	30	1276	1543	267000	\$0.00
WA Dist Mtn	87856079	09/01/2020	10/01/2020	30	896	1006	110000	\$0.00
Total Current Charges								\$43,779.31

Previous Balance	\$50,343.35
Past Due	\$50,343.35
Current Charges	\$43,779.31
Total Amount Due	\$94,122.66
Pay This Amount After 10/20/2020	\$96,311.63
CUT-OFF DATE - 11/02/2020	

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NO SECOND OR FINAL NOTICE WILL BE MAILED

DETACH AND RETURN PORTION WITH PAYMENT

ACCOUNT NUMBER
 549900100.00 97



Make check

CITY OF PIKEVILLE
 UTILITY DEPARTMENT
 PO BOX 2728
 PIKEVILLE, KY 41502

22,223,000
 ÷ 1,000

 22,223 Flat Rate
 X 1.97

 43,779.31

TOTAL AMOUNT DUE	\$94,122.66
PAY THIS AMOUNT AFTER 10/20/2020	\$96,311.63
CUT-OFF DATE - 11/02/2020	

SEE BACK OF BILL FOR EXPLANATION OF DISCONNECT DATE

MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157



City of Pikeville
 243 Main Street
 Pikeville, KY 41501-3882

ACCOUNT INFORMATION	
Bill Date	11/02/2020
Account Number	549900100.00 97
Total Amount Due	\$98,939.31

See Reverse Side for City Utility Ordinances

Service Address	Master
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IF YOU SMELL NATURAL GAS, CALL 437-6234
 DO NOT STRIKE MATCHES, DO NOT OPERATE SWITCHES

|||||
 T1 P1 *****SNGLP
 ##-0001-##-1-1-1-2
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157



Service	Meter	Previous Date	Current Date	Billing Days	Previous Read	Current Read	Usage	Amount
WA Dist Mtn	63177520	10/01/2020	11/02/2020	32	89526	90089	563000	\$0.00
WA Dist Mtn	64590062	10/01/2020	11/02/2020	32	383704	385345	1641000	\$0.00
WA Dist Mtn	63246184	10/01/2020	11/02/2020	32	85550	90293	4743000	\$0.00
WA Dist Mtn	45918743	10/01/2020	11/02/2020	32	459778	470615	10837000	\$55,160.00
WA Dist Mtn	45918733	10/01/2020	11/02/2020	32	49385	50795	1410000	\$0.00
WA Dist Mtn	45918740	10/01/2020	11/02/2020	32	29021	31891	2870000	\$0.00
WA Dist Mtn	87856080	10/01/2020	11/02/2020	32	838	958	120000	\$0.00
WA Dist Mtn	87671150	10/01/2020	11/02/2020	32	1543	1818	275000	\$0.00
WA Dist Mtn	87856079	10/01/2020	11/02/2020	32	1006	1114	108000	\$0.00
Total Current Charges								\$55,160.00

Previous Balance	\$94,122.66
Payment Received	-\$50,343.35
Past Due	\$43,779.31
Current Charges	\$55,160.00
Total Amount Due	\$98,939.31
Pay This Amount	\$101,697.31
CUT-OFF DATE - 12/01/2020	

TO INSURE PROPER CREDIT TO YOUR ACCOUNT, PLEASE RETURN THE PORTION BELOW WITH YOUR PAYMENT
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NO SECOND OR FINAL NOTICE WILL BE MAILED

Handwritten calculation on a yellow sticky note:

$$\begin{array}{r}
 22,567,000 \\
 \div 1,000 \\
 \hline
 22,567 \\
 \times 1.97 \\
 \hline
 44,456.99 \\
 \text{(should be)}
 \end{array}$$

Billed Minimum