

COMMONWEALTH OF KENTUCKY

BEFORE THE PSC

In the Matter of:

ELECTRONIC APPLICATION OF)
MCCREARY COUNTY WATER DISTRICT) CASE NO. 2021-00301
FOR AN ADJUSTMENT OF ITS WATER)
RATES PURSUANT TO 807 KAR 5:076)

RESPONSE OF MCCREARY COUNTY WATER DISTRICT
TO COMMISSION STAFF REPORT

McCreary County Water District (“McCreary District”) submits its Response to the Commission Staff Report on McCreary District’s application for an adjustment of its rates for water service.

Except as noted below, McCreary District accepts for purposes of this proceeding the findings set forth in the Staff Report and does not request a hearing on those findings or a conference with Commission Staff. Acceptance of those findings does not constitute agreement with those findings nor does McCreary District waive its right to contest or dispute those findings in future proceedings. As to the findings to which it takes exception, McCreary District does not request a hearing on those findings or a conference with Commission Staff, but requests that the Public Service Commission (“PSC”) consider the argument and evidence set forth in this Response in rendering its decision on the proposed rates.

Exceptions to Findings

Billing Analysis. Commission Staff incorrectly states that McCreary District proposed to decrease test period revenues from metered water sales by \$382,877.¹ It further finds that McCreary District’s test period metered sales should be increased by \$502,127 and proforma

¹ Staff Report at 8.

metered water sales should be \$4,125,415 but fails to explain how that adjustment was or provide supporting calculations.²

McCreary District proposed to *increase* test period metered water sales by \$382, 877.³ It obtained this amount by applying test period consumption to McCreary District's current rates to produce total revenue of \$4,028,282.04⁴ and then subtracting reported test period revenue of \$3,623,288.31 and adjustments for billing errors and leaks of \$22,116.41 that were not reflected in McCreary District's billing analysis.⁵ McCreary District respectfully submits that pro forma metered water sales should be \$4,006,165.63.

Miscellaneous Service Revenues. In its report, Commission Staff did not address McCreary District's proposed adjustment to reduce Miscellaneous Service Revenues by \$34,452.75 to reflect customer payments for tests and other expenses related to the Sewer Division's Industrial User Permit Program. McCreary District had stated in its Application that this revenue was more appropriately allocated to Sewer Division revenues.⁶ In its report in Case No. 2021-00300, Commission Staff agrees with this proposed adjustment and increased Sewer Division revenues by \$34,452.75.⁷ Accordingly, McCreary District respectfully submits that Commission Staff's recommended Miscellaneous Service Revenues of \$97,096 should be reduced by \$34,452.75 to \$62,343.

Employee Benefits. Commission Staff incorrectly states that McCreary District's proposed to adjust Employee Pensions and Benefits Expense to limit employer contributions to

² *Id.*

³ Application, Exhibit C, Attachment SAO-W, page 1.

⁴ Application, Exhibit E Attachment BA-DB, page 2.

⁵ Application, Exhibit C, Attachment SAO-W, References – Reference A.

⁶ *Id.* at Reference B.

⁷ Case No. 2021-00300, Staff Report at 9; Case No. 2021-00300, Application, Exhibit C, Attachment SAO-S, References – Reference C.

single employee health insurance to 79 percent and to 60 percent for dental insurance. McCreary District contributes the total cost for employee health and dental insurance. It calculated its proposed proforma Employee Pensions and Benefits Expense based upon recovery of only 78 percent of employer contributions for single employee health insurance and 40 percent of employer contributions.⁸ While the Staff Report states that McCreary District's contributions for employee dental insurance were reduced to 40 percent of the total employer contribution, its calculations in Appendix C show that McCreary District was allowed recovery of 60 percent of its contribution.

Materials and Supplies. In its report, Commission Staff found that test period Materials and Supplies expense should be reduced by \$36,537 to remove capital expenditures.⁹ The expenditures listed, however, total \$38,336.¹⁰

Depreciation. Commission Staff found that McCreary District's depreciation expense should be calculated using the mid-point of the average service life ranges found in the NARUC publication *Depreciation Practices for Small Water Utilities*. It made no recommendation as to whether McCreary District should henceforth calculate its depreciation expense for financial report purposes using that approach. McCreary District requests that the PSC address that issue in its decision on the proposed rate adjustment.

Payroll Taxes. Commission Staff found that the members of McCreary District's Board of Commissioners are not subject to federal payroll taxes and that their salaries should not be

⁸ Application, Excel Workbook 01_RateCalculationsSpreadsheetWater, Wage-Benefits Tab. McCreary District does not agree with the PSC's policy of limiting employer contributions to employee health and dental insurance and does not waive its right to contest that policy in future proceedings. McCreary District's recognition of the policy in the preparation of Exhibit C to its Application should not be viewed as acceptance of or agreement with that policy.

⁹ Staff Report at 16.

¹⁰ *Id.* In calculating the depreciation expense related to these expenditures, Commission Staff found that these expenditures totaled \$38,336.

included in the calculation of McCreary District's FICA taxes. Commission Staff reasoned that "[c]ommissioners are not employees of [the] district, but rather . . . are classified as independent contractors" and are not subject to payroll taxes.¹¹ It found instead that the members of the McCreary District Board of Commissioners are subject to federal self-employment taxes provided no legal authority to support this finding.

Commission Staff's finding conflicts with federal law. U.S. Treasury Department regulations provide that "[i]n order for an individual to have net earnings from self-employment, he must carry on a trade or business, either as an individual or as a member of a partnership." 26 C.F.R. § 1.1402(c)-2(a) states that "the performance of the functions of a public office does not constitute a trade or business."

A water district commissioner holds a public office. 26 C.F.R. § 1.1402(c)-2(b) defines "public office to include "any elective or appointive office of the United States or any possession thereof, of the District of Columbia, of a State or its political subdivisions, or a wholly-owned instrumentality of any one or more of the foregoing."¹² Treasury Department regulations define employee to include public officers. 26 C.F.R. §31.3401(c)-1(a) states:

The term employee includes every individual performing services if the relationship between him and the person for whom he performs such services is the legal relationship of employer and employee. The term includes officers and employees, whether elected or appointed, of the United States, a State, Territory, Puerto Rico, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

The Commission Staff finding also conflicts with the clear and unmistakable language of KRS 74.020(6). That statute provides that water district commissioners "shall receive a salary."

¹¹ Staff Report at 21.

¹² See also *Commonwealth v. Howard*, 379 S.W.2d 475 (Ky. 1964) (holding that the office of water district commissioner is a public office).

Independent contractors are not paid a salary, employees are. The payments to McCreary District's commissioners are not paid on a fee basis. "A fee-based public official receives and retains remuneration directly from the public. An individual who receives payment for services from government funds in the form of wages or salary is not a fee-based public official, even if the compensation is called a fee."¹³ McCreary District's commissioners receive their salary from McCreary District funds.

Accordingly, McCreary District respectfully requests that the PSC include in Payroll Taxes an amount sufficient to reflect McCreary District's payment of federal payroll taxes on its commissioners' salaries.

PSC Assessment. Commission Staff found that McCreary District's assessment for the maintenance of the PSC should be \$8,539 based upon normalized operating revenue of \$4,269,334.¹⁴ Commission Staff's Pro Forma Operating Statement, however, states that proforma operating revenue is \$4,275,057. If the latter amount is correct, the assessment for the maintenance of the PSC is larger than recommended amount. An adjustment to the Staff-recommended amount is also required if the PSC determines that Commission Staff erred in its calculation of pro forma total metered sales and miscellaneous service revenues.

Debt Service Calculation. Within the last month, McCreary District has issued new debt. On March 4, 2022, McCreary District issued \$542,000 in water revenue bonds to Rural Development. The PSC had authorized this issuance in Case no. 2021-00021.¹⁵ On March 18, 2022, an Assistance Agreement between McCreary District and the Kentucky Infrastructure

¹³ *Federal-State Reference Guide*, IRS Publication 963 (July 2020) at 46 (available at <https://www.irs.gov/pub/irs-pdf/p963.pdf>),

¹⁴ Staff Report at 19.

¹⁵ *Electronic Application of McCreary County Water District For A Certificate of Public Convenience and Necessity To Construct A System Improvements Project and An Order Approving A Change In Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023*, Case No. 2021-00021 (Ky. PSC Feb. 22, 2021).

Authority involving a loan of \$270,000 to McCreary District was executed. The PSC authorized this issuance in Case No. 2021-00452.¹⁶ A copy of the debt service schedule for each debt issuance is attached to this Response. McCreary District respectfully requests that the PSC include the debt service requirements of each debt in its determination of McCreary District's revenue requirement.

Cost Allocation Rules. In its Application, McCreary District has provided a set of rules for allocating common costs of its water and sewer operations. McCreary District requests that the PSC expressly address whether these rules are adequate and reasonable and should be followed for financial reporting purposes as well as ratemaking purposes.

Nonrecurring Charges. McCreary District does not agree with the Report's recommendation that labor costs related to the non-recurring charges listed in Appendix A of the Report be removed from those charges. If these recommendations are implemented, readily identifiable costs imposed by individual users for services provided only to those users will be allocated to general service customers, forcing those customers to subsidize those services even though they receive no benefit from them. Such a result is neither fair nor just nor reasonable.

McCreary District's current nonrecurring charges are consistent with 807 KAR 5:006, Section 9, which provides that a utility may "make special nonrecurring charges to recover *customer-specific costs* incurred that would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken."¹⁷ The regulation does not limit a utility's recovery to the marginal or incremental costs associated with an activity but rather defines a nonrecurring charge as a fee or charge "assessed to a customer to recover the specific cost of an activity."¹⁸

¹⁶ *Electronic Application of McCreary County Water District For Authorization To Enter An Assistance Agreement With the Kentucky Infrastructure Authority To Borrow \$270,000 To Finance the Construction of the Catron/Needle Road Water Line Project and A Declaration That Project Does Not Require A Certificate of Public Convenience and Necessity*, Case No. 2021-00452 (Ky. PSC Feb. 1, 2022).

¹⁷ 807 KAR 5:006, Section 9(1) (italics and bolding added).

¹⁸ *Id.* at Section 1(6). See also 807 KAR 5:011, Section 1(4).

McCreary District has provide precise customer-specific costs, including the cost of labor, to provide each nonrecurring service. McCreary District’s current charges for nonrecurring services reflect the actual customer-specific costs to provide those services. A customer receiving a nonrecurring service pays no more than the cost that McCreary District incurs to provide the service.

McCreary District has properly included in its nonrecurring charges the labor costs to provide nonrecurring services. The American Water Works Association’s *Principles of Water Rates, Fees, and Charges* (7th ed. 2017), a source to which the Kentucky PSC frequently refers, expressly states that direct and indirect labor costs should be include in the calculation of nonrecurring charges.¹⁹ It notes that when developing nonrecurring charges “it is critical to accurately estimate ***the true and full cost of labor*** that goes into service delivery.”²⁰

The inclusion of labor costs in these fees does not result in the double recovery of those costs. When establishing rates for water service, the cost of labor related to the provision of nonrecurring services is included in McCreary District’s test period proforma operating expenses. These proforma operating expenses are added to McCreary District’s average annual debt service requirement and its debt coverage requirement to determine McCreary District’s annual total revenue requirement. McCreary District’s miscellaneous revenues, including revenues from nonrecurring charges, are deducted from the annual total revenue requirement to determine the ***total revenue requirement from rates***. From this amount, McCreary District’s rates for water service are determined. Because revenues from the nonrecurring charges have been deducted and are not included in ***the total revenue requirement from rates***, none of the costs recovered through nonrecurring charges – including labor costs, are recovered through McCreary District’s rates for water service.

¹⁹ *Principles of Water Rates, Fees, and Charges* at 258-261.

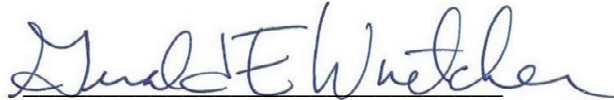
²⁰ *Id.* at 259 (italics and bolding added).

Conclusion

WHEREFORE, McCreary District requests that the PSC carefully consider the arguments presented in this Response and proceed in an expeditious manner to issue a decision on McCreary District's application. McCreary District waives its right to a hearing in this matter and to request a conference with Commission Staff.

Dated: April 4, 2022

Respectfully submitted,

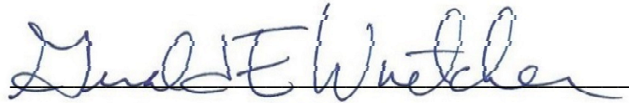


Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3017
Fax: (859) 259-3517
gerald.wuetcher@skofirm.com

Counsel for McCreary County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the PSC's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the PSC on Aapril 4, 2022 and that there is currently no party that the PSC has excused from participation by electronic means in this proceeding.



KENTUCKY INFRASTRUCTURE AUTHORITY
 ANTICIPATED REPAYMENT SCHEDULE
 LOAN #F21-025
 MCCREARY COUNTY WATER DISTRICT

Original Loan Amount \$ 270,000.00
 Principal Forgiveness \$ (135,000.00)
 Repayment Amount \$ 135,000.00

0.25% Interest
 \$2,336.83 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/23	\$2,168.08	\$168.75	0.25%	\$2,336.83	\$168.75	\$0.00	\$2,505.58	\$135,000.00	\$0.00	\$0.00
12/01/23	\$2,170.79	\$166.04	0.25%	\$2,336.83	\$166.04	\$0.00	\$2,502.87	\$132,831.92	\$700.00	\$700.00
06/01/24	\$2,173.50	\$163.33	0.25%	\$2,336.83	\$163.33	\$0.00	\$2,500.16	\$130,661.13	\$0.00	\$700.00
12/01/24	\$2,176.22	\$160.61	0.25%	\$2,336.83	\$160.61	\$0.00	\$2,497.44	\$128,487.63	\$700.00	\$1,400.00
06/01/25	\$2,178.94	\$157.89	0.25%	\$2,336.83	\$157.89	\$0.00	\$2,494.72	\$126,311.41	\$0.00	\$1,400.00
12/01/25	\$2,181.66	\$155.17	0.25%	\$2,336.83	\$155.17	\$0.00	\$2,492.00	\$124,132.47	\$700.00	\$2,100.00
06/01/26	\$2,184.39	\$152.44	0.25%	\$2,336.83	\$152.44	\$0.00	\$2,489.27	\$121,950.81	\$0.00	\$2,100.00
12/01/26	\$2,187.12	\$149.71	0.25%	\$2,336.83	\$149.71	\$0.00	\$2,486.54	\$119,766.42	\$700.00	\$2,800.00
06/01/27	\$2,189.86	\$146.97	0.25%	\$2,336.83	\$146.97	\$0.00	\$2,483.80	\$117,579.30	\$0.00	\$2,800.00
12/01/27	\$2,192.59	\$144.24	0.25%	\$2,336.83	\$144.24	\$0.00	\$2,481.07	\$115,389.44	\$0.00	\$2,800.00
06/01/28	\$2,195.33	\$141.50	0.25%	\$2,336.83	\$141.50	\$0.00	\$2,478.33	\$113,196.85	\$700.00	\$3,500.00
12/01/28	\$2,198.08	\$138.75	0.25%	\$2,336.83	\$138.75	\$0.00	\$2,475.58	\$111,001.52	\$0.00	\$3,500.00
06/01/29	\$2,200.83	\$136.00	0.25%	\$2,336.83	\$136.00	\$0.00	\$2,472.83	\$108,803.44	\$700.00	\$4,200.00
12/01/29	\$2,203.58	\$133.25	0.25%	\$2,336.83	\$133.25	\$0.00	\$2,470.08	\$106,602.61	\$0.00	\$4,200.00
06/01/30	\$2,206.33	\$130.50	0.25%	\$2,336.83	\$130.50	\$0.00	\$2,467.33	\$104,399.03	\$700.00	\$4,900.00
12/01/30	\$2,209.09	\$127.74	0.25%	\$2,336.83	\$127.74	\$0.00	\$2,464.57	\$102,192.70	\$0.00	\$4,900.00
06/01/31	\$2,211.85	\$124.98	0.25%	\$2,336.83	\$124.98	\$0.00	\$2,461.81	\$99,983.61	\$700.00	\$5,600.00
12/01/31	\$2,214.62	\$122.21	0.25%	\$2,336.83	\$122.21	\$0.00	\$2,459.04	\$97,771.76	\$0.00	\$5,600.00
06/01/32	\$2,217.38	\$119.45	0.25%	\$2,336.83	\$119.45	\$0.00	\$2,456.28	\$95,557.14	\$700.00	\$6,300.00
12/01/32	\$2,220.16	\$116.67	0.25%	\$2,336.83	\$116.67	\$0.00	\$2,453.50	\$93,339.76	\$0.00	\$6,300.00
06/01/33	\$2,222.93	\$113.90	0.25%	\$2,336.83	\$113.90	\$0.00	\$2,450.73	\$91,119.60	\$700.00	\$7,000.00
12/01/33	\$2,225.71	\$111.12	0.25%	\$2,336.83	\$111.12	\$0.00	\$2,447.95	\$88,896.67	\$0.00	\$7,000.00
06/01/34	\$2,228.49	\$108.34	0.25%	\$2,336.83	\$108.34	\$0.00	\$2,445.17	\$86,670.96	\$700.00	\$7,700.00
12/01/34	\$2,231.28	\$105.55	0.25%	\$2,336.83	\$105.55	\$0.00	\$2,442.38	\$84,442.47	\$0.00	\$7,700.00
06/01/35	\$2,234.07	\$102.76	0.25%	\$2,336.83	\$102.76	\$0.00	\$2,439.59	\$82,211.19	\$700.00	\$8,400.00
12/01/35	\$2,236.86	\$99.97	0.25%	\$2,336.83	\$99.97	\$0.00	\$2,436.80	\$79,977.12	\$0.00	\$8,400.00
06/01/36	\$2,239.65	\$97.18	0.25%	\$2,336.83	\$97.18	\$0.00	\$2,434.01	\$77,740.26	\$700.00	\$9,100.00
12/01/36	\$2,242.45	\$94.38	0.25%	\$2,336.83	\$94.38	\$0.00	\$2,431.21	\$75,500.61	\$0.00	\$9,100.00
06/01/37	\$2,245.26	\$91.57	0.25%	\$2,336.83	\$91.57	\$0.00	\$2,428.40	\$73,258.16	\$700.00	\$9,800.00
12/01/37	\$2,248.06	\$88.77	0.25%	\$2,336.83	\$88.77	\$0.00	\$2,425.60	\$71,012.90	\$0.00	\$9,800.00
06/01/38	\$2,250.87	\$85.96	0.25%	\$2,336.83	\$85.96	\$0.00	\$2,422.79	\$68,764.84	\$700.00	\$10,500.00
12/01/38	\$2,253.69	\$83.14	0.25%	\$2,336.83	\$83.14	\$0.00	\$2,419.97	\$66,513.97	\$0.00	\$10,500.00
06/01/39	\$2,256.50	\$80.33	0.25%	\$2,336.83	\$80.33	\$0.00	\$2,417.16	\$64,260.28	\$700.00	\$11,200.00
12/01/39	\$2,259.33	\$77.50	0.25%	\$2,336.83	\$77.50	\$0.00	\$2,414.33	\$62,003.78	\$0.00	\$11,200.00
06/01/40	\$2,262.15	\$74.68	0.25%	\$2,336.83	\$74.68	\$0.00	\$2,411.51	\$59,744.45	\$700.00	\$11,900.00
12/01/40	\$2,264.98	\$71.85	0.25%	\$2,336.83	\$71.85	\$0.00	\$2,408.68	\$57,482.30	\$0.00	\$11,900.00
06/01/41	\$2,267.81	\$69.02	0.25%	\$2,336.83	\$69.02	\$0.00	\$2,405.85	\$55,217.32	\$700.00	\$12,600.00
12/01/41	\$2,270.64	\$66.19	0.25%	\$2,336.83	\$66.19	\$0.00	\$2,403.02	\$52,949.51	\$0.00	\$12,600.00
06/01/42	\$2,273.48	\$63.35	0.25%	\$2,336.83	\$63.35	\$0.00	\$2,400.18	\$50,678.87	\$700.00	\$13,300.00
12/01/42	\$2,276.32	\$60.51	0.25%	\$2,336.83	\$60.51	\$0.00	\$2,397.34	\$48,405.39	\$0.00	\$13,300.00
06/01/43	\$2,279.17	\$57.66	0.25%	\$2,336.83	\$57.66	\$0.00	\$2,394.49	\$46,129.07	\$700.00	\$14,000.00
12/01/43	\$2,282.02	\$54.81	0.25%	\$2,336.83	\$54.81	\$0.00	\$2,391.64	\$43,849.90	\$0.00	\$14,000.00
06/01/44	\$2,284.87	\$51.96	0.25%	\$2,336.83	\$51.96	\$0.00	\$2,388.79	\$41,567.88	\$700.00	\$14,000.00
12/01/44								\$39,283.01	\$0.00	\$14,000.00

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/44	\$2,287.73	\$49.10	0.25%	\$2,336.83	\$49.10	\$0.00	\$2,385.93	\$36,995.28	\$0.00	\$14,000.00
06/01/45	\$2,290.59	\$46.24	0.25%	\$2,336.83	\$46.24	\$0.00	\$2,383.07	\$34,704.69	\$0.00	\$14,000.00
12/01/45	\$2,293.45	\$43.38	0.25%	\$2,336.83	\$43.38	\$0.00	\$2,380.21	\$32,411.24	\$0.00	\$14,000.00
06/01/46	\$2,296.32	\$40.51	0.25%	\$2,336.83	\$40.51	\$0.00	\$2,377.34	\$30,114.92	\$0.00	\$14,000.00
12/01/46	\$2,299.19	\$37.64	0.25%	\$2,336.83	\$37.64	\$0.00	\$2,374.47	\$27,815.73	\$0.00	\$14,000.00
06/01/47	\$2,302.06	\$34.77	0.25%	\$2,336.83	\$34.77	\$0.00	\$2,371.60	\$25,513.67	\$0.00	\$14,000.00
12/01/47	\$2,304.94	\$31.89	0.25%	\$2,336.83	\$31.89	\$0.00	\$2,368.72	\$23,208.73	\$0.00	\$14,000.00
06/01/48	\$2,307.82	\$29.01	0.25%	\$2,336.83	\$29.01	\$0.00	\$2,365.84	\$20,900.91	\$0.00	\$14,000.00
12/01/48	\$2,310.70	\$26.13	0.25%	\$2,336.83	\$26.13	\$0.00	\$2,362.96	\$18,590.21	\$0.00	\$14,000.00
06/01/49	\$2,313.59	\$23.24	0.25%	\$2,336.83	\$23.24	\$0.00	\$2,360.07	\$16,276.62	\$0.00	\$14,000.00
12/01/49	\$2,316.48	\$20.35	0.25%	\$2,336.83	\$20.35	\$0.00	\$2,357.18	\$13,960.14	\$0.00	\$14,000.00
06/01/50	\$2,319.38	\$17.45	0.25%	\$2,336.83	\$17.45	\$0.00	\$2,354.28	\$11,640.76	\$0.00	\$14,000.00
12/01/50	\$2,322.28	\$14.55	0.25%	\$2,336.83	\$14.55	\$0.00	\$2,351.38	\$9,318.48	\$0.00	\$14,000.00
06/01/51	\$2,325.18	\$11.65	0.25%	\$2,336.83	\$11.65	\$0.00	\$2,348.48	\$6,993.30	\$0.00	\$14,000.00
12/01/51	\$2,328.09	\$8.74	0.25%	\$2,336.83	\$8.74	\$0.00	\$2,345.57	\$4,665.21	\$0.00	\$14,000.00
06/01/52	\$2,331.00	\$5.83	0.25%	\$2,336.83	\$5.83	\$0.00	\$2,342.66	\$2,334.21	\$0.00	\$14,000.00
12/01/52	\$2,334.21	\$2.62	0.25%	\$2,336.83	\$2.92	\$0.00	\$2,339.75	\$0.00	\$0.00	\$14,000.00
Totals	\$135,000.00	\$5,209.80		\$140,209.80	\$5,210.10	\$0.00	\$145,419.90		\$14,000.00	

Created by KIA on 12/07/2021

Name	McCreary County Water District			LOAN NUMBER	91-42	
Bond Series		Amount of Bond		Interest Rate	Semi Annual	
2021		\$542,000.00		1.750%	3/4/2022	
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	October INTEREST Interest Payment Due	Yearly Total Paid	BALANCE
						\$542,000.00
2022	\$9,000.00	\$701.63	\$9,701.63	\$4,663.75	\$14,365.38	\$533,000.00
2023	\$9,500.00	\$4,663.75	\$14,163.75	\$4,580.63	\$18,744.38	\$523,500.00
2024	\$9,500.00	\$4,580.63	\$14,080.63	\$4,497.50	\$18,578.13	\$514,000.00
2025	\$9,500.00	\$4,497.50	\$13,997.50	\$4,414.38	\$18,411.88	\$504,500.00
2026	\$10,000.00	\$4,414.38	\$14,414.38	\$4,326.88	\$18,741.25	\$494,500.00
2027	\$10,000.00	\$4,326.88	\$14,326.88	\$4,239.38	\$18,566.25	\$484,500.00
2028	\$10,500.00	\$4,239.38	\$14,739.38	\$4,147.50	\$18,886.88	\$474,000.00
2029	\$10,500.00	\$4,147.50	\$14,647.50	\$4,055.63	\$18,703.13	\$463,500.00
2030	\$10,500.00	\$4,055.63	\$14,555.63	\$3,963.75	\$18,519.38	\$453,000.00
2031	\$11,000.00	\$3,963.75	\$14,963.75	\$3,867.50	\$18,831.25	\$442,000.00
2032	\$11,000.00	\$3,867.50	\$14,867.50	\$3,771.25	\$18,638.75	\$431,000.00
2033	\$11,500.00	\$3,771.25	\$15,271.25	\$3,670.63	\$18,941.88	\$419,500.00
2034	\$11,500.00	\$3,670.63	\$15,170.63	\$3,570.00	\$18,740.63	\$408,000.00
2035	\$11,500.00	\$3,570.00	\$15,070.00	\$3,469.38	\$18,539.38	\$396,500.00
2036	\$12,000.00	\$3,469.38	\$15,469.38	\$3,364.38	\$18,833.75	\$384,500.00
2037	\$12,000.00	\$3,364.38	\$15,364.38	\$3,259.38	\$18,623.75	\$372,500.00
2038	\$12,500.00	\$3,259.38	\$15,759.38	\$3,150.00	\$18,909.38	\$360,000.00
2039	\$12,500.00	\$3,150.00	\$15,650.00	\$3,040.63	\$18,690.63	\$347,500.00
2040	\$13,000.00	\$3,040.63	\$16,040.63	\$2,926.88	\$18,967.50	\$334,500.00
2041	\$13,000.00	\$2,926.88	\$15,926.88	\$2,813.13	\$18,740.00	\$321,500.00
2042	\$13,500.00	\$2,813.13	\$16,313.13	\$2,695.00	\$19,008.13	\$308,000.00
2043	\$13,500.00	\$2,695.00	\$16,195.00	\$2,576.88	\$18,771.88	\$294,500.00
2044	\$14,000.00	\$2,576.88	\$16,576.88	\$2,454.38	\$19,031.25	\$280,500.00
2045	\$14,000.00	\$2,454.38	\$16,454.38	\$2,331.88	\$18,786.25	\$266,500.00
2046	\$14,500.00	\$2,331.88	\$16,831.88	\$2,205.00	\$19,036.88	\$252,000.00
2047	\$14,500.00	\$2,205.00	\$16,705.00	\$2,078.13	\$18,783.13	\$237,500.00
2048	\$15,000.00	\$2,078.13	\$17,078.13	\$1,946.88	\$19,025.00	\$222,500.00
2049	\$15,000.00	\$1,946.88	\$16,946.88	\$1,815.63	\$18,762.50	\$207,500.00
2050	\$15,500.00	\$1,815.63	\$17,315.63	\$1,680.00	\$18,995.63	\$192,000.00
2051	\$16,000.00	\$1,680.00	\$17,680.00	\$1,540.00	\$19,220.00	\$176,000.00
2052	\$16,000.00	\$1,540.00	\$17,540.00	\$1,400.00	\$18,940.00	\$160,000.00
2053	\$16,500.00	\$1,400.00	\$17,900.00	\$1,255.63	\$19,155.63	\$143,500.00
2054	\$16,500.00	\$1,255.63	\$17,755.63	\$1,111.25	\$18,866.88	\$127,000.00
2055	\$17,000.00	\$1,111.25	\$18,111.25	\$962.50	\$19,073.75	\$110,000.00
2056	\$17,500.00	\$962.50	\$18,462.50	\$809.38	\$19,271.88	\$92,500.00
2057	\$17,500.00	\$809.38	\$18,309.38	\$656.25	\$18,965.63	\$75,000.00
2058	\$18,000.00	\$656.25	\$18,656.25	\$498.75	\$19,155.00	\$57,000.00
2059	\$18,500.00	\$498.75	\$18,998.75	\$336.88	\$19,335.63	\$38,500.00
2060	\$18,500.00	\$336.88	\$18,836.88	\$175.00	\$19,011.88	\$20,000.00
2061	\$20,000.00	\$175.00	\$20,175.00	\$0.00	\$20,175.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$542,000.00	\$105,023.51		\$104,321.88	\$751,345.38	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.