

***ANALYSIS AND RECOMMENDATIONS  
FOR  
WHOLESALE WATER RATE***

***Dawson Springs Municipal Waterworks***

***January 16, 2023***

Prepared by  
Robert K. Miller



**Kentucky Rural Water Association**

1151 Old Porter Pike • Bowling Green, KY 42101 • 270.843.2291 • [www.krwa.org](http://www.krwa.org)

## EXECUTIVE SUMMARY

Dawson Springs Municipal Waterworks requested that Kentucky Rural Water Association perform a wholesale water rate study. The study is complete and the results are presented in this report.

The study is based on the most recent unaudited financial results for the fiscal year of July 2021 through June 2022. The only adjustment made to the financial results was to increase labor and labor-related expenses by 10% to reflect wage increases implemented in July 2022. Following are the steps taken to prepare the rate model. These steps are consistent with the previous wholesale rate study.

1. Trial Balance: Identify accounts from Trial Balance for water only activities and for water / sewer combined activities, adjust labor and labor-related expenses, and allocate the water portion of those account balances.
2. Summary of Operating Expenses by Category: Allocate water expenses to Water Production, Transmission & Distribution, Customer Accounts, and Administrative & General Expenses. (Table A)
3. Allocation of Depreciation Expense: Allocate depreciation of water system assets to Water Production, Transmission & Distribution, Customer Accounts, and Administrative & General Expenses. (Table B)
4. Debt Service Schedule: Identify annual debt service and coverage for water system debt issues. (Table C)
5. Allocation of Debt Service: Allocate debt service to Water Treatment, Transmission & Distribution, and Storage Tanks. (Table D)
6. System Information: Identify length of mains by size for entire system and that portion of system jointly used by retail and wholesale systems and identify volume of water purchased, sold, and used. (Table E)
7. Wholesale Allocation Factors: Compute the following allocation factors (Table F):

- a. Production Multiplier: Factor to determine quantity that must be produced to service all sales. (For each gal sold, 1.1433 gals must be produced).
  - b. Joint Use Pipeline Ratio: Ratio of Joint Use pipes to all pipes in the system. (In-miles are used instead of miles to recognize additional first cost and maintenance for larger mains.)
  - c. Joint Share of Line Loss: Allocation of line loss to Joint Use mains.
  - d. Joint Share Line Loss + Plant Use: Total percentage allocation of non-revenue water to Joint Use.
  - e. Wholesale Production Multiplier: Factor to determine quantity that must be produced to service wholesale sales. For each gal sold to wholesale customers, 1.0936 gals must be produced.
  - f. Water Production Factor: Water produced for wholesale customers divided by total water produced. (Percentage of all water produced that is for wholesale water sales.)
  - g. Pipeline Transmission Factor: Portion of Joint Use pipes allocated to wholesale customers.
  - h. Use Factor: Allocation for tank expenses and sometimes other costs where water losses and transmission system issues do not apply.
8. Wholesale Rate Computation: Compute wholesale rate by multiplying Operating Expenses, Depreciation Expense, and Debt Service & Coverage by specific Wholesale Allocation Factors. (Table G)

Based upon this methodology, the computed wholesale rate is \$2.33 per thousand gallons. This represents an increase of \$0.17 per thousand gallons or 7.87% over the current rate of \$2.16.

**Dawson Springs Municipal Waterworks  
Water System Operating Expenses from Trial Balance  
July 1 2021 through June 30 2022**

Account ID	Account Description	Amount	Adjustments	Adjusted Amount	Water Allocation	Water Amount	Category
51-701	Operation Supervision	25,347.00	2,534.70	27,881.70	100.0%	27,881.70	Salaries & Wages
51-702	Operation Labor	134,256.27	13,425.63	147,681.90	100.0%	147,681.90	Salaries & Wages
51-704	Maintenance Building, Dam, and Equipment	10,847.82	1,084.78	11,932.60	100.0%	11,932.60	Maintenance
51-705	Payroll Taxes FICA	34,078.82	3,407.88	37,486.70	100.0%	37,486.70	Employee Benefits & Taxes
51-706	Payroll Taxes Unemployment Insurance	950.47	95.05	1,045.52	100.0%	1,045.52	Employee Benefits & Taxes
51-707	Employee Retirement Benefits	56,092.56	5,609.26	61,701.82	100.0%	61,701.82	Employee Benefits & Taxes
51-707A	Group Health Insurance	21,621.92		21,621.92	100.0%	21,621.92	Employee Benefits & Taxes
51-708	Maintenance Materials	3,228.59		3,228.59	100.0%	3,228.59	Maintenance
51-709	Maintenance Contractors	46,250.50		46,250.50	100.0%	46,250.50	Maintenance
51-710	Maintenance Building and Grounds	633.98	63.40	697.38	100.0%	697.38	Maintenance
51-711	Maintenance Equipment	4,628.91	462.89	5,091.80	100.0%	5,091.80	Maintenance
51-712	Power Purchased	116,419.75		116,419.75	100.0%	116,419.75	Purchased Power
51-713	Chemicals	262,397.66		262,397.66	100.0%	262,397.66	Chemicals
51-714	Operation Supplies	11,529.20		11,529.20	100.0%	11,529.20	Operating Supplies
51-715	Insurance	17,972.01		17,972.01	100.0%	17,972.01	Insurance
51-716	Laboratory Expense	8,283.52		8,283.52	100.0%	8,283.52	Laboratory
51-723	Miscellaneous Expense	75.83		75.83	100.0%	75.83	Miscellaneous
51-724	Allocated Truck and Equipment Expense	36,261.53		36,261.53	100.0%	36,261.53	Allocated Truck Expense
51-725	Allocated Administrative Expense	5,026.02	502.60	5,528.62	100.0%	5,528.62	Allocated Administration Expense
51-753-1	Maintenance Labor Water Mains	59.26	5.93	65.19	54.4%	35.48	Salaries & Wages
51-753-5	Maintenance Labor Other	38,918.75	3,891.88	42,810.63	54.4%	23,300.82	Salaries & Wages
51-755	Payroll Taxes FICA	3,727.48	372.75	4,100.23	54.4%	2,231.66	Employee Benefits & Taxes
51-756	Payroll Taxes Unemployment Insurance	179.79	17.98	197.77	54.4%	107.64	Employee Benefits & Taxes
51-757	Employee Retirement Benefits	11,383.61	1,138.36	12,521.97	54.4%	6,815.41	Employee Benefits & Taxes
51-757A	Group Health Insurance	9,103.27		9,103.27	54.4%	4,954.70	Employee Benefits & Taxes
51-758	Maintenance Water Mains	1,721.31	172.13	1,893.44	54.4%	1,030.56	Maintenance
51-759	Maintenance Meters	1,304.27	130.43	1,434.70	54.4%	780.87	Maintenance
51-760	Maintenance Service Lines	1,105.13	110.51	1,215.64	54.4%	661.65	Maintenance
51-764	Operation Supplies	4,176.67		4,176.67	54.4%	2,273.26	Operating Supplies
51-765	Insurance	8,457.75		8,457.75	54.4%	4,603.35	Insurance
51-773	Miscellaneous Expense	30.00		30.00	54.4%	16.33	Miscellaneous
51-774	Allocated Truck and Equipment Expense	13,743.54		13,743.54	50.0%	6,871.77	Allocated Truck Expense
51-775	Allocated Administrative Expense	1,500.00	150.00	1,650.00	54.4%	898.06	Allocated Administration Expense
51-851	Commissioners Salaries	1,860.00		1,860.00	75.5%	1,403.46	Salaries & Wages
51-852	Office Salaries	61,669.60	6,166.96	67,836.56	54.4%	36,921.84	Salaries & Wages
51-853	Salary Meter Collection School	2,218.68	221.87	2,440.55	54.4%	1,328.33	Salaries & Wages
51-855	Payroll Taxes FICA	5,103.49	510.35	5,613.84	54.4%	3,055.48	Employee Benefits & Taxes
51-856	Payroll Taxes Unemployment Insurance	212.35	21.24	233.59	54.4%	127.13	Employee Benefits & Taxes
51-857	Employee Retirement Benefits	17,738.35	1,773.84	19,512.19	54.4%	10,620.02	Employee Benefits & Taxes
51-857A	Group Health Insurance	16,014.32		16,014.32	54.4%	8,716.22	Employee Benefits & Taxes
51-858	Maintenance Office Building and Telephones	203.80	20.38	224.18	54.4%	122.02	Maintenance
51-859	Telephone	2,191.79		2,191.79	54.4%	1,192.94	General Expenses
51-860	Postage	4,626.57		4,626.57	54.4%	2,518.13	General Expenses
51-861	Publishing and Printing	1,643.13		1,643.13	54.4%	894.32	General Expenses
51-864	Office Supplies and Expense	12,277.95		12,277.95	54.4%	6,682.60	General Expenses
51-865	Insurance	10,213.59		10,213.59	54.4%	5,559.02	General Expenses
51-867	Legal, Audit, and Bond Expenses	8,000.00		8,000.00	54.4%	4,354.21	General Expenses
51-868	Office Rent	4,875.92		4,875.92	50.0%	2,437.96	General Expenses
51-869	Operation Expense Garage and Building	4,125.00		4,125.00	50.0%	2,062.50	Miscellaneous
51-870	Bad Debts Written Off	1,489.83		1,489.83	54.4%	810.88	Miscellaneous
51-871	Write Offs Tornado Disaster	35,941.57		35,941.57	54.4%	19,562.15	Miscellaneous
51-873	Miscellaneous Expense	75.00		75.00	54.4%	40.82	Miscellaneous
51-890	Unallocated Truck and Equipment	1,170.49		1,170.49	50.0%	585.25	Allocated Truck Expense
		<b>1,082,964.62</b>	<b>41,890.77</b>	<b>1,124,855.39</b>		<b>986,665.37</b>	

<b>Dawson Springs Municipal Waterworks</b>	
<b>Expense Breakout Between Water and Sewer</b>	
<b>Based Upon Revenues</b>	
Metered Residential Water Sales	\$ 328,311
Metered Commercial Water Sales	\$ 69,489
Water Sales for Resale	\$ 758,264
Tank Water Sales	\$ 764
Total Water Sales	\$ 1,156,828
<b>Water Portion</b>	<b>75.5%</b>
Sewer Service Sales	\$ 376,310
<b>Sewer Portion</b>	<b>24.5%</b>
Total Water and Sewer Sales	\$ 1,533,139
<b>Based Upon Customers</b>	
Water Customers	756
<b>Water Portion</b>	<b>54.4%</b>
Sewer Customers	633
<b>Sewer Portion</b>	<b>45.6%</b>
Total Customers	1,389

**Table A**  
**SUMMARY OF OPERATING EXPENSES BY CATEGORY**  
**Dawson Springs Municipal Waterworks**

Account ID	Category	Account Description	Water Amount	Water Production	Transmission & Distribution	Customer Accounts	Administrative & General
51-725	Allocated Administration Expense	Allocated Administrative Expense	5,529	4,417	1,111	-	-
51-775	Allocated Administration Expense	Allocated Administrative Expense	898	718	181	-	-
	<b>Allocated Administration Expense Total</b>		<b>6,427</b>	<b>5,135</b>	<b>1,292</b>	<b>-</b>	<b>-</b>
51-724	Allocated Truck Expense	Allocated Truck and Equipment Expense	36,262	6,418	29,843	-	-
51-774	Allocated Truck Expense	Allocated Truck and Equipment Expense	6,872	1,216	5,655	-	-
51-890	Allocated Truck Expense	Unallocated Truck and Equipment	585	104	482	-	-
	<b>Allocated Truck Expense Total</b>		<b>43,719</b>	<b>7,738</b>	<b>35,980</b>	<b>-</b>	<b>-</b>
51-713	Chemicals	Chemicals	262,398	262,398	-	-	-
	<b>Chemicals Total</b>		<b>262,398</b>	<b>262,398</b>	<b>-</b>	<b>-</b>	<b>-</b>
51-705	Employee Benefits & Taxes	Payroll Taxes FICA	37,487	29,764	7,722	-	-
51-706	Employee Benefits & Taxes	Payroll Taxes Unemployment Insurance	1,046	830	215	-	-
51-707	Employee Benefits & Taxes	Employee Retirement Benefits	61,702	48,991	12,711	-	-
51-707A	Employee Benefits & Taxes	Group Health Insurance	21,622	17,168	4,454	-	-
51-755	Employee Benefits & Taxes	Payroll Taxes FICA	2,232	1,772	460	-	-
51-756	Employee Benefits & Taxes	Payroll Taxes Unemployment Insurance	108	85	22	-	-
51-757	Employee Benefits & Taxes	Employee Retirement Benefits	6,815	5,411	1,404	-	-
51-757A	Employee Benefits & Taxes	Group Health Insurance	4,955	3,934	1,021	-	-
51-855	Employee Benefits & Taxes	Payroll Taxes FICA	3,055	-	-	2,597	458
51-856	Employee Benefits & Taxes	Payroll Taxes Unemployment Insurance	127	-	-	108	19
51-857	Employee Benefits & Taxes	Employee Retirement Benefits	10,620	-	-	9,027	1,593
51-857A	Employee Benefits & Taxes	Group Health Insurance	8,716	-	-	7,409	1,307
	<b>Employee Benefits &amp; Taxes Total</b>		<b>158,484</b>	<b>107,956</b>	<b>28,009</b>	<b>19,141</b>	<b>3,378</b>
51-859	General Expenses	Telephone	1,193	-	-	1,014	179
51-860	General Expenses	Postage	2,518	-	-	2,140	378
51-861	General Expenses	Publishing and Printing	894	-	-	760	134
51-864	General Expenses	Office Supplies and Expense	6,683	-	-	5,680	1,002
51-865	General Expenses	Insurance	5,559	-	-	4,725	834
51-867	General Expenses	Legal, Audit, and Bond Expenses	4,354	-	-	3,701	653
51-868	General Expenses	Office Rent	2,438	-	-	2,072	366
	<b>General Expenses Total</b>		<b>23,639</b>	<b>-</b>	<b>-</b>	<b>20,093</b>	<b>3,546</b>
51-715	Insurance	Insurance	17,972	12,077	5,895	-	-
51-765	Insurance	Insurance	4,603	-	-	-	4,603
	<b>Insurance Total</b>		<b>22,575</b>	<b>12,077</b>	<b>5,895</b>	<b>-</b>	<b>4,603</b>
51-716	Laboratory	Laboratory Expense	8,284	8,284	-	-	-
	<b>Laboratory Total</b>		<b>8,284</b>	<b>8,284</b>	<b>-</b>	<b>-</b>	<b>-</b>
51-704	Maintenance	Maintenance Building, Dam, and Equipment	11,933	9,749	2,184	-	-
51-708	Maintenance	Maintenance Materials	3,229	2,638	591	-	-
51-709	Maintenance	Maintenance Contractors	46,251	37,787	8,464	-	-
51-710	Maintenance	Maintenance Building and Grounds	697	570	128	-	-
51-711	Maintenance	Maintenance Equipment	5,092	4,160	932	-	-
51-758	Maintenance	Maintenance Water Mains	1,031	842	189	-	-
51-759	Maintenance	Maintenance Meters	781	-	-	664	117
51-760	Maintenance	Maintenance Service Lines	662	-	-	562	99
51-858	Maintenance	Maintenance Office Building and Telephones	122	-	-	104	18
	<b>Maintenance Total</b>		<b>69,796</b>	<b>55,745</b>	<b>12,486</b>	<b>1,330</b>	<b>235</b>
51-723	Miscellaneous	Miscellaneous Expense	76	24	52	-	-
51-773	Miscellaneous	Miscellaneous Expense	16	-	-	14	2
51-869	Miscellaneous	Operation Expense Garage and Building	2,063	-	-	-	2,063
51-870	Miscellaneous	Bad Debts Written Off	811	-	-	811	-
51-871	Miscellaneous	Write Offs Tornado Disaster	19,562	-	-	16,628	2,934
51-873	Miscellaneous	Miscellaneous Expense	41	-	-	35	6
	<b>Miscellaneous Total</b>		<b>22,569</b>	<b>24</b>	<b>52</b>	<b>17,487</b>	<b>5,005</b>
51-714	Operating Supplies	Operation Supplies	11,529	7,874	3,655	-	-
51-764	Operating Supplies	Operation Supplies	2,273	1,553	721	-	-
	<b>Operating Supplies Total</b>		<b>13,802</b>	<b>9,427</b>	<b>4,375</b>	<b>-</b>	<b>-</b>
51-712	Purchased Power	Power Purchased	116,420	116,420	-	-	-
	<b>Purchased Power Total</b>		<b>116,420</b>	<b>116,420</b>	<b>-</b>	<b>-</b>	<b>-</b>
51-701	Salaries & Wages	Operation Supervision	27,882	21,999	5,883	-	-
51-702	Salaries & Wages	Operation Labor	147,682	116,521	31,161	-	-
51-753-1	Salaries & Wages	Maintenance Labor Water Mains	35	28	7	-	-
51-753-5	Salaries & Wages	Maintenance Labor Other	23,301	-	-	19,806	3,495
51-851	Salaries & Wages	Commissioners Salaries	1,403	-	-	-	1,403
51-852	Salaries & Wages	Office Salaries	36,922	-	-	31,384	5,538
51-853	Salaries & Wages	Salary Meter Collection School	1,328	-	-	1,129	199
	<b>Salaries &amp; Wages Total</b>		<b>238,554</b>	<b>138,548</b>	<b>37,051</b>	<b>52,318</b>	<b>10,636</b>
	<b>Grand Total</b>		<b>986,665</b>	<b>723,752</b>	<b>125,141</b>	<b>110,370</b>	<b>27,403</b>

**Table B**  
**ALLOCATION OF DEPRECIATION EXPENSE**  
**Dawson Springs Municipal Waterworks**

	<u>Totals</u>	<u>Water Treatment</u>	<u>Transmission &amp; Distribution</u>	<u>Storage Tanks</u>	<u>General &amp; Administration</u>	<u>Customer</u>
Source of Supply Intakes	384	384	-	-	-	-
Plant Structures and Improvements	80,353	80,353	-	-	-	-
Water Treatment Equipment	6,600	6,600	-	-	-	-
Distribution Reservoirs	28,800	-	-	28,800	-	-
Tank Painting	24,250	-	-	24,250	-	-
Transmission Mains	4,997	-	4,997	-	-	-
Water Line Replacement	50,770	-	50,770	-	-	-
Water Services	883	-	-	-	-	883
Meters	12,238	-	-	-	-	12,238
Fire Hydrants	505	-	-	-	-	505
Office Furniture & Equipment	753	-	-	-	113	640
Transportation Equipment	1,214	992	222	-	-	-
Tools & Shop Equipment	2,554	-	-	-	383	2,171
<b>Pro Forma Totals</b>	<b>214,301</b>	<b>88,329</b>	<b>55,989</b>	<b>53,050</b>	<b>496</b>	<b>16,438</b>





**Table D**  
**ALLOCATION OF DEBT SERVICE**  
**Dawson Springs Municipal Waterworks**

Issue	Use of Funds	Average Annual Debt Service & Coverage	Water Treatment	Transmission & Distribution	Storage Tanks
Series 2007 Bonds #91-03	Elevated Water Tank	29,065	-	-	29,065
2009 KIA Loan #B14-002	Water Line Rehabilitation	65,576	-	65,576	-
2014 KIA Loan #F209-12	Water Treatment Plant and Tank Improvements	18,784	12,341	-	6,443
<b>Totals</b>		<b>\$ 113,425</b>	<b>\$ 12,341</b>	<b>\$ 65,576</b>	<b>\$ 35,508</b>

**Table E**  
**SYSTEM INFORMATION**  
**Dawson Springs Municipal Waterworks**

**Schedule of All Mains and Jointly Used Mains**

<u>Main Size</u>	<u>Total System</u>			<u>Joint Use</u>	
	<u>Length (feet)</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>
20	4,772	0.90	18.08	0.90	18.08
16	7,848	1.49	23.78	1.49	23.78
12	13,321	2.52	30.28	1.96	23.49
10	815	0.15	1.54	0.15	1.54
8	16,638	3.15	25.21	2.22	17.73
6	78,806	14.93	89.55	1.48	8.90
4	31,803	6.02	24.09	0.95	3.79
2	9,643	1.83	3.65		
<b>Totals</b>	<b>163,646</b>	<b>30.99</b>	<b>216.18</b>	<b>9.15</b>	<b>97.31</b>

**Water Purchased, Sold and Used**

	<u>Gallons</u> <u>x 1,000</u>	<u>Percent</u>
Water Produced	482,800.9	
Retail Sales	35,683.3	8.49%
Wholesale Sales	384,409.3	91.51%
Total Water Sold	420,092.6	
Water Used at WTP	25,629.4	5.31%
System Flushing	2,184.6	0.45%
Line Losses	34,894.4	7.23%

**Table F**  
**WHOLESALE ALLOCATION FACTORS**  
**Dawson Springs Municipal Waterworks**

				<b>FACTOR</b>
Line Loss Percentage				0.0723
Plant Use Percentage				0.0531
Line Loss + Plant Use				0.1254
Joint Use Inch-miles				97.31
Total Inch-Miles				216.18
Water Sold - Wholesale				384,409.29
Water Sold - Total				420,092.60
			1	
<b>Production Multiplier</b>		-----	=	<b>1.1433</b>
		1 - 0.1254		
<i>Factor to determine quantity that must be produced to service all sales. (For each gal sold, 1.1433 gals must be produced)</i>				
		97.31		
<b>Joint Use Pipeline Ratio</b>		-----	=	<b>0.4501</b>
		216.18		
<i>Ratio of Joint Use pipes to all pipes in the system. (In-miles are used instead of miles to recognize additional first cost and maintenance for larger mains.)</i>				
<b>Joint Share of Line Loss</b>	0.0723	x	0.4501	=
				<b>0.0325</b>
<i>Allocation of line loss to Joint Use mains.</i>				
<b>Joint Share Line Loss + Plant Use</b>	0.0325	+	0.0531	=
				<b>0.0856</b>
<i>Total percentage allocation of non-revenue water to Joint Use.</i>				
			1	
<b>Wholesale Production Multiplier</b>		-----	=	<b>1.0936</b>
		1 - 0.0856		
<i>Factor to determine quantity that must be produced to service wholesale sales. For each gal sold to wholesale customers, 1.0936 gals must be produced.</i>				
	1.0936		384,409.3	
<b>Water Production Factor</b>	-----	x	-----	=
	1.1433		420,092.6	<b>0.8753</b>
<i>Water produced for wholesale customers divided by total water produced. (Percentage of all water produced that is for wholesale water sales.)</i>				
	384,409.3			
<b>Pipeline Transmission Factor</b>	-----	x	0.4501	=
	420,092.6			<b>0.4119</b>
<i>Portion of Joint Use pipes allocated to wholesale customers.</i>				
			384,409.3	
<b>Use Factor</b>			-----	=
			420,092.6	<b>0.9151</b>
<i>Allocation for tank expenses and sometimes other costs where water losses and transmission system issues don't apply.</i>				

**Table G**  
**WHOLESALE RATE COMPUTATION**  
**Dawson Springs Municipal Waterworks**

	<u>Total</u>	<u>Allocation Factors</u>		<u>Wholesale</u>	<u>Retail</u>
		<u>Type</u>	<u>Factor</u>	<u>Allocation</u>	<u>Allocation</u>
<b>Salaries &amp; Wages</b>					
Water Production	\$ 138,548	WPF	0.8753	\$ 121,269	\$ 17,279
Trans./Distribution	37,051	PTF	0.4119	15,261	21,790
<b>Employee Benefits + Taxes</b>					
Water Production	\$ 107,956	WPF	0.8753	94,493	13,464
Trans./Distribution	28,009	PTF	0.4119	11,537	16,472
<b>Maintenance</b>					
Water Production	\$ 55,745	WPF	0.8753	48,793	6,952
Trans./Distribution	12,486	PTF	0.4119	5,143	7,343
Purchased Power	116,420	WPF	0.8753	101,901	14,519
Chemicals & Chlorine	262,398	WPF	0.8753	229,673	32,724
<b>Operating Supplies</b>					
Water Production	\$ 9,427	WPF	0.8753	8,251	1,176
Trans./Distribution	4,375	PTF	0.4119	1,802	2,573
<b>Insurance</b>					
Water Production	\$ 12,077	WPF	0.8753	10,571	1,506
Trans./Distribution	5,895	PTF	0.4119	2,428	3,467
Laboratory	8,284	WPF	0.8753	7,250	1,033
<b>Miscellaneous</b>					
Water Production	\$ 24	WPF	0.8753	21	3
Trans./Distribution	52	PTF	0.4119	21	31
<b>Allocated Admin. Expense</b>					
Water Production	\$ 5,135	WPF	0.8753	4,495	640
Trans./Distribution	1,292	PTF	0.4119	532	760
<b>Allocated Truck Expense</b>					
Water Production	\$ 7,738	WPF	0.8753	6,773	965
Trans./Distribution	35,980	PTF	0.4119	14,820	21,160
<b>General Expenses</b>					
Admin & General	\$ 3,546	PTF	0.4119	1,461	2,085
Customer	20,093		-	-	20,093
<b>Total Operating Expenses</b>	<b>872,531</b>			<b>686,495</b>	<b>186,037</b>
<b>Depreciation Expense</b>					
Water Production	88,329	WPF	0.8753	77,313	11,016
Trans. / Distribution	55,989	PTF/cc *	0.3351	18,764	37,226
Storage Tanks	53,050	UF	0.9151	48,544	4,506
Admin & General	496	PTF	0.4119	204	292
Customer	16,438		-	-	16,438
<b>Debt Service &amp; Coverage</b>					
Water Production	12,341	WPF	0.8753	10,802	1,539
Trans. / Distribution	65,576	PTF/cc *	0.3351	21,976	43,600
Storage Tanks	35,508	UF	0.9151	32,492	3,016
<b>Total Revenue Required</b>	<b>1,200,258</b>			<b>896,590</b>	<b>303,668</b>
Wholesale Gallons Sold (x 1,000)				384,409	
<b>Wholesale Rate per 1,000 Gallons</b>				<b>\$ 2.33</b>	

\* The PTF/cc Factor is a version of the PTF that is reduced to recognize that South Hopkins paid for the construction of the 16" water main and therefore reduces capital costs allocated to South Hopkins.