COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF	**)**	
MCCREARY COUNTY WATER DISTRICT	**)**	**CASE NO. 2025-00136**
FOR AN ADJUSTMENT OF ITS WATER	**)**	
RATES PURSUANT TO 807 KAR 5:076	**)**	

RESPONSE TO COMMISSION STAFF REPORT

Pursuant to 807 KAR 5:076, Section 11, McCreary County Water District ("McCreary District" or "the District") submits its response to the findings and recommendations contained in the Commission Staff Report ("Report") on the District's application for rate adjustment.

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 ("the Commission") consider the argument and evidence set forth in this Response in rendering its decision on the proposed rates.

Exceptions

Revenue Requirement. The Report's calculation of "Revenue Required from Water Sales" is incorrect. In the Report, Commission Staff found that the District required revenue from water sales of **$5,166,389**. It calculated this amount by subtracting Other Revenue and Interest Income from the Total Revenue Requirement. This calculation is shown below:[1]

Total Revenue Requirement	$5,584,817
Other Revenue	(376,942)
Interest Income	(41,486)
Revenue Required from Water Sales	$5,166,389

The Other Revenue amount of **$376,942** used in the Report's calculation is **double** the amount reported in the Pro Forma Operating Statement found at page 12 of the Report. That statement shows Total Other Revenues as **$188,471**. The larger amount is also inconsistent with the amount that the District reported in its annual report and subsequently adjusted in the Report.[2] In short, nothing in the record supports the use of $376,942. Correcting for this error results in a Revenue Required from Water Sales of **$5,354,860** and a required revenue increase of **$773,975**.

Rate Design. The Report recommends that the District's rates be revised to strictly adhere to the results of the cost-of-service study the District commissioned to assist in its preparation of an application for rate adjustment. According to the Report, strict adherence to these results would require a **31.94 percent** increase in the minimum usage block rate of the "Residential and Non-Residential Meter" Schedule.[3] If the error in the revenue requirement calculation is corrected, this increase rises to **36.16 percent**.[4] While the Report notes that such an increase would have an

1 See Report at 35.

2 "Total Other Revenues" consists of Miscellaneous Service Revenues and Rents from Water Property. McCreary District reported test period Total Other Revenues of $205,577, consisting of Miscellaneous Service Revenues of $147,599 and Rents from Water Property of $57,978. In the Report, Commission Staff recommend net reduction of $17,106 to Miscellaneous Service Revenues, reducing Total Other Revenues to $188,471. Report at 14-15.

3 Report at 7.

4 To obtain the Report's recommended rates corrected for the revenue requirement calculation error, the District modified its cost-of-service study to reflect the Report's adjustments to the District's pro forma statement of operations. The modified cost-of-service study in Excel format is embedded in this Response. Because workpapers showing the calculations that underlie the Report's recommended rates were not filed in the case record, the modified study may not completely duplicate the Report's cost-of-service model and, therefore, may not precisely reflect Report's recommended rates after correction of the revenue requirement calculation error. To the extent possible, the modified study is faithful to the Report's allocations.

"unfavorable impact on retail customers who only use the monthly minimum water usage,"[5] it insists that strict adherence to the cost-of-service study results "is the appropriate manner to establish fair, just and reasonable rates that yield sufficient revenues."[6] Respectfully disagreeing, the District believes that such strict adherence will adversely affect a large portion of the District's customers, many of whom have limited financial resources and will be very challenged to absorb a large increase in water rates and is inconsistent with the principles of gradualism.

The District agrees with Commission Staff on the basic principles. Utilities are required to charge fair, just and reasonable rates. To the greatest extent possible, those rates should reflect the cost of providing service. Whenever possible, the subsidization of one customer by another should be avoided. The District further agrees that the current rate structure does not accurately reflect the cost of service and that an across-the-board rate increase will only continue to reflect those inaccuracies.

In developing its rates for water service, the District considered the economic conditions under which a large segment of its customers live. McCreary County is one of the poorest counties in Kentucky and the United States. Its median household income is $36,348[7] - the fourth lowest in the Commonwealth and the 22nd lowest nationally - and its per capita personal income is $35,036 – also the fourth lowest in the Commonwealth and the 27th lowest nationally.[8] Approximately 35.1 percent of the total population of McCreary County, Kentucky[9] and forty-three percent of the

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5 Report at 7.

6 *Id.*

7 U.S. Census Bureau, Estimate of Median Household Income for McCreary County, KY [MHIKY21147A052NCEN], https://fred.stlouisfed.org/series/MHIKY21147A052NCEN (last visited Oct. 26, 2025); U.S. Census Bureau, SAIPE State and County Estimates for 2023, www.census.gov/data/datasets/2023/demo/saipe/2023-state-and-county.htm (last visited Oct. 29, 2025).

8 Bureau of Economic Analysis, U.S. Dept. of Commerce, Personal Income by County and Metropolitan Area, 2023 released Nov. 14, 2024), https://www.bea.gov/sites/default/files/2024-11/lapi1124.pdf

9 U.S. Census Bureau, Percent of Population Below the Poverty Level (5-year estimate) in McCreary County, KY [S1701ACS021147], https://fred.stlouisfed.org/series/S1701ACS021147 (last visited October 26, 2025).

children living in McCreary County lived below the poverty line.[10] Many of these households, while receiving water service from the District, limit their monthly usage to the minimum bill volume of 2,000 gallons. Approximately 38.25 percent of all retail customer bills are for water usage of 2,000 gallons or less. Approximately 55.88 percent of all retail customer bills are for water usage of 3,000 gallons or less.[11]

The District recognized the need to examine its existing rate structure in its last application for rate adjustment. In applying for an adjustment of its water rates in Case No. 2021-00301,[12] the District advised the Commission that a comprehensive cost-of-service study would be submitted with its next application for rate adjustment. It has submitted such a study in the current proceeding.[13]

After receiving the cost-of-service study prepared for this proceeding, however, the District elected not to base its proposed rates upon the study's results but instead proposed an across-the-board rate increase. The District's Board of Commissioners found the study's rates would disproportionately affected lower income retail customers[14] who generally have the lowest water usage and tend to limit their usage to the 2,000 gallons or less – the volume of water included in the minimum bill block. The study's rates would have increased the monthly bill for retail customers using no more than 2,000 gallons of water monthly by 34.15 percent and 20.37 percent

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[10] See U.S. Census Bureau, https://data.census.gov/profile/McCreary_County,_Kentucky?g=050XX00US21147 (last visited August 28, 2025).

[11] See Exhibit B to this Response. This exhibit shows the number of bills issued in calendar year 2024 by billed volume for customers served under the "Residential and Non-Residential Meter" Schedule. It does not include bills issued to U.S. Penitentiary McCreary, Cumberland Falls State Park, the District's three flat-rate customers, or the District's wholesale customers.

[12] *Electronic Application of McCreary County Water District For An Adjustment Of Water Rates Pursuant To 807 KAR 5:076,* Case No. 2021-00301 (Ky. PSC filed Sep. 27, 2021), Application, Exhibit J.

[13] District's Response to Commission Staff's First Request for Information, Question 1-16.

[14] For purposes of this Response, "retail customers" refers to all customers served under the District's "Residential and Non-Residential Meter" Schedule. With the exception of U.S. Penitentiary McCreary, Cumberland Falls State Park, the District's three flat-rate customers, and the District's wholesale customers, all District customers are served under this rate schedule.

for customers using 3,000 gallons of water monthly. The Board found that an across-the-board rate increase of 16.4 percent would impose less financial hardship on these customers.

In response to a Commission Staff request for information, the District acknowledged that an across-the-board rate increase would not produce rates that generally reflected the District's cost to provide water service and submitted for the Commission's consideration a proposal for rates generally consistent with the cost-of-service study results but modified to lessen the adverse impact on its lower income customers.[15] Under this proposal, the monthly minimum bill for retail customers would increase 16.4 percent to $28.42; the rates of the U.S. Penitentiary McCreary, Cumberland Falls State Park, the District's three flat-rate customers,[16] and its wholesale customers[17] would generally increase 29.5 percent; and the rate for retail customer usage in excess of 2,000 gallons would increase 6.97 percent to $10.745 per 1,000 gallons. This proposal would eliminate any subsidization of the rates of the U.S. Penitentiary McCreary, Cumberland Falls State Park, the District's three flat-rate customers, and its wholesale customers and would reduce the subsidy that the over 2,000-gallon rate block provided. The percentage of retail customer revenue provided by over 2,000-gallon rate block would decrease from 46.97 percent to 44.88 percent. This proposal's rates would generate the District's requested Revenue Required from Water Sales.[18]

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[15] District's Response to Commission Staff's Third Request for Information, Question 3-2.

[16] These customers are: Fibrotex USA, Pine Knot Job Corps Center, and McCreary County Housing Authority.

[17] The District provides wholesale water service to Whitley County Water District and the City of Oneida, Tennessee.

[18] See Exhibit A for a comparison of the current rates, the District's proposed rates as set forth in its response to Commission Staff's Third Request for Information, the Report's recommended rates, a corrected version of the Report's recommended rates that reflects the corrected Required Revenue from Water Sales, and the District's revised proposal that reflects the Report's adjustments to the District's pro forma statement of operations. Exhibit C contains the calculation of the proposal contained in the District's Response to Commission Staff's Third Request for Information, the revised version of that proposal, and the Report's recommended rates corrected for the revenue requirement error.

In contrast, the Report's recommended rates, adjusted to correct the error in the Report's revenue requirement calculations, would drastically affect the District's lower volume retail customers. They would increase the monthly bill for retail customers using 2,000 gallons of water or less from $24.42 to $33.25, **an increase of 36.16 percent**. For customers who use 3,000 gallons of water monthly, the proposed cost-of-service rates would increase their monthly bills from $34.46 to $41.85, **an increase of 21.46 percent**. Such increases, compounding the recently authorized or proposed increases in the rates that these customers pay for electric service,[19] will impose a significant hardship on these District customers.

The Report minimizes the impact of its recommended rates by asserting that the "typical residential customer" who uses 3,746 gallons monthly will experience only an 11.76 percent increase.[20] This assertion, however, does not take into account the error in the Report's calculation of Revenue Required from Water Sales. When that error is corrected, this "typical residential customer" experiences a 15.07 percent increase. More importantly, the "typical residential customer" uses significantly less than 3,746 gallons of water monthly. As shown in **Exhibit B**, over 63 percent of the District's monthly bills are for a usage of **less than 3,600 gallons**, 56 percent of all customer bills are for a usage of **less than 3,000 gallons**, and 47.55 percent of all customer bills are **for less than 2,500 gallons.** If the median monthly retail customer usage is 2,750 gallons, then the bill for at least one-half of the District's customers will increase at least 24.26 percent.

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19 *Electronic Application of Cumberland Valley Electric, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:078*, Case No. 2024-00388 (Ky. PSC July 10, 2025); *Electronic Application of Cumberland Valley Electric, Inc. for Pass-Through of East Kentucky Power Cooperative, Inc.'s Wholesale Rate Adjustment*, Case No. 2025-00218 (Ky. PSC filed Aug. 1, 2025); *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for a General Adjustment of Rates and Other General Relief*, Case No. 2024-00402 (Ky. PSC filed Feb. 3, 2025); *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for Pass-Through of East Kentucky Power Cooperative, Inc.'s Wholesale Rate Adjustment,* Case No. 2025-00210 (Ky. PSC filed Aug. 1, 2025).

20 Report at 8.

As shown in **Exhibit A**, the District has revised its original proposal to reflect the Report's adjustments and the correct Revenue Required from Water Sales. Under this revised proposal, the monthly minimum bill for retail customers would increase 16.9 percent to $28.55 and the rate for retail customer usage in excess of 2,000 gallons would increase 7.4 percent to $10.78 per 1,000 gallons. The rates for the U.S. Penitentiary McCreary, Cumberland Falls State Park, the District's three flat-rate customers, and the District's wholesale customers are the same as that in the corrected version of the Report's recommended rates and would reduce the subsidy that the over 2,000-gallon rate block provides. The percentage of retail customer revenue provided by the over 2,000-gallon block would decrease from 46.97 percent to 44.86 percent. The District's revised proposal would produce virtually the same amount of revenue as the corrected version of the Report's recommended rates.

The District's proposal recognizes that the subsidies to the retail minimum usage block must be eliminated but that this elimination should be **gradual**. The District's current rate structure was not created overnight but is a product of forty years of rate adjustments without any reference to or reliance upon a cost-of-service study. Reversing the results of forty years should be done gradually – not all at once. The District views the cost-of-service study results as a guide to eventually reaching cost-based rates. This view is more consistent with Commission precedent than the Report's position that strict adherence to the cost-of-service study results is required now to produce fair, just, and reasonable rates. The Commission has recognized that

> "[a] Cost of Service Study ("COSS") serves as a guide in setting rates by allocating the costs incurred by a utility to its different customer classes. . . . Historically, the Commission has used a COSS as a first step in determining how a revenue increase, or decrease, will be allocated to the different classes of customers."[21]

[21] *An Adjustment of the Gas Rates of Union Light, Heat and Power Company*, Case No. 2005-00042 (Ky. PSC Dec. 22, 2005), Order at 60.

The Commission has further recognized that "when a conflict between the principles of cost-based rates and a gradual adjustment of rates, the principle of cost-based rates will not always control,"[22] and that "moving to cost-of-service-based rates for all classes is a goal to be achieved gradually, in incremental steps."[23]

The Commission has applied these principles in recent cases to adopt rates that, while moving toward the cost of service, do not strictly adhere to a cost-of-service study's results. In Case No.2024-00324,[24] the Commission declined to strictly follow the results of a cost-of-service study that would require a 47 percent increase in a residential service charge. Ordering a smaller increase in the proposed charge, the Commission stated:

> The Commission notes that it has consistently been in favor of raising the customer charge in utility rate cases to better reflect the fixed costs inherent in providing utility service. However, the Commission is also in favor of the principal [sic] of gradualism in ratemaking, which mitigates the financial impact of rate increases on customers and benefiting the utility by maintain [sic] the financial stability of its rate payors. Therefore, the Commission finds the proposed 47 percent increase in the Residential Service customer charge unreasonable.[25]

In three additional cases this year, the Commission has also cited the principle of gradualism to order rates that more closely reflected the cost of service but not the much larger rate increases suggested by cost-of-service study results.[26]

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22 *Application of Big Sandy Water District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities*, Case No. 2012-00152 (Ky. PSC Mar. 8, 2013), Order at 5.

23 *Application of Big Rivers Electric Corporation for a General Adjustment of Rates*, Case No. 2011-00036, (Ky. PSC Nov. 17, 2011), Order at 30.

24 *Electronic Application For An Alternative Rate Adjustment For Jackson Energy Cooperative Pursuant To 807 KAR 5:078*

25 *Id.*, Order at 14-15.

26 *Electronic Application of Cumberland Valley Electric, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:078*, Case No. 2024-00388 (Ky. PSC July 10, 2025), Order at 17-18 ("The Commission . . . has consistently found it reasonable to raise the customer charge in utility rate cases to better reflect the fixed costs inherent in providing utility service. However, the Commission has also found it reasonable to embrace the principle of gradualism in ratemaking, which mitigates the financial impact of rate increases on customers while providing reasonable rates. Therefore, the rate design of the classes with proposed revisions needs to be addressed."); *Electronic Application of Big Sandy Rural Electric Cooperative Corporation for A General Adjustment of Rates*, Case No. 2024-00287 (Ky. PSC June 20, 2025),

The District cannot achieve cost-based rates immediately without imposing significant hardship on its most economically challenged customers. It commits to reaching that goal but requests that the Commission allow the District's movement to cost-based rates be gradual and consistent with the principles of gradualism. The District recognizes to achieve cost-based rates it must provide a cost-of-service study with each future application for rate adjustment and to file those applications on a regularly scheduled basis.

In summary, the Commission should reject the Report's proposed rate design for the immediate establishment of cost-based rates and adopt a rate design similar to the District's revised proposal shown in Exhibit A.

<u>Non-Recurring Charges.</u> For the same reasons as expressed in the District's Response to the Commission Staff Report in Case No. 2021-00301,[27] the District does not agree that labor costs related to services provided during regular business hours should be excluded from the determination of the charges of such non-recurring services and objects Report's recommendations regarding the charges for such services. It adopts and incorporates by reference into this response that portion of its Response in Case No. 2021-00301 addressing non-recurring charges.

Order at 31-32 ("The Commission gives substantial weight to the evidence from the COSS that all rate classes with proposed rate increases are earning less revenue relative to their cost to serve. The Commission acknowledges the importance of gradually moving towards the cost-based rates. The Commission also acknowledges the Attorney General's arguments regarding Big Sandy RECC's proposed 32.12 percent increase to the residential customer charge. The Commission must weigh these factors and strike a balance between the customers' financial interest and the utility's ability to provide adequate, reliable service."); *Electronic Application of Big Sandy Rural Electric Cooperative Corporation for A General Adjustment of Rates*, Case No. 2024-00211 (Ky. PSC June 20, 2024), Order at 32 ("The Commission . . . has consistently found it reasonable to raise the customer charge in utility rate cases to reflect better the fixed costs inherent in providing utility service. However, the Commission has also found it reasonable to embrace the principle of gradualism in ratemaking, which mitigates the financial impact of rate increases on customers while providing reasonable rates.").

[27] Case No. 2021-00301, Response of McCreary County Water District to Commission Staff Report at 6-7 (filed Apr. 4, 2022).

Conclusion

WHEREFORE, McCreary District requests that the Commission 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: October 29, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on October 29, 2025 and that there is currently no party that the Public Service Commission has excused from participation by electronic means in this proceeding.

Gerald E. Wuetcher

EXHIBIT A

EXHIBIT A

COMPARISON OF RATE PROPOSALS

		District COS Proposal Revenue Req Increase: 16.4%		**Original Staff Report** Revenue Req Increase: 12.78%		**Corrected Staff Report** Revenue Req Increase: 16.9%		**Revised District COS Proposal** Revenue Req Increase: 16.9%	
	Current Rate	Proposed Rate	Increase %	Proposed Rate	Increase %	Proposed Rate	Increase %	Proposed Rate	Increase %
Retail Customers									
First 2,000 gallons	$ 24.42	$ 28.42	16.38	$ 32.22	31.94	$ 33.25	36.16	$ 28.55	16.9
Over 2,000 gallons	0.01004*	0.01074*	6.97	0.00841*	-16.24	0.00860*	-14.34	0.01078*	7.4
U.S. Penitentiary									
First 1,950,000 gallons	$15,430.93	$19,960.80	29.36	$19,200.54	24.43	$19,571.69	26.83	$19,571.69	26.83
Over 1,950,000 gallons	0.00790*	0.01023*	29.49	0.00984*	24.56	0.01003*	26.96	0.01003*	26.96
Cumberland State Park									
First 600,000 gallons	$ 4,747.98	$ 6,150.30	29.54	$ 4,747.98	24.61	$ 6,031.19	27.03	$ 6,031.19	27.03
Over 600,000 gallons	0.00790*	0.01023*	29.49	0.00984*	24.56	0.01003*	26.96	0.01003*	26.96
Whitley County Water District	0.00790*	0.01023*	29.49	0.00984*	24.56	0.01003*	26.96	0.01003*	26.96
Oneida, Tennessee	0.00790*	0.01023*	29.49	0.00984*	24.56	0.01003*	26.96	0.01003*	26.96
Fibrotex, USA	0.00790*	0.01023*	29.49	0.00984*	24.56	0.01003*	26.96	0.01003*	26.96
Pine Knot Job Center	0.00790*	0.01023*	29.49	0.00984*	24.56	0.01003*	26.96	0.01003*	26.96
McCreary County Housing Authority	0.00709*	0.01023*	29.49	0.00984*	24.56	0.01003*	26.96	0.01003*	26.96

***** Rate is expressed in terms of dollars per gallon

EXHIBIT B

EXHIBIT B
BILLS FOR RESIDENTIAL AND NONRESIDENTIAL CUSTOMERS*
CALENDAR YEAR 2024

Gallons	24-Jan	24-Feb	24-Mar	24-Apr	24-May	24-Jun	24-Jul	24-Aug	24-Sep	24-Oct	24-Nov	24-Dec	Total	Percent
0-2000	2294	2496	2610	2680	2188	2487	2662	2035	2256	2278	2492	2501	28979	38.25%
2001-2500	562	611	624	591	549	579	583	523	563	577	629	625	7016	9.26%
2501-3000	508	539	570	574	501	521	524	447	514	562	553	527	6340	8.37%
3001-3500	520	519	488	485	473	466	427	457	462	433	430	447	5607	7.40%
3601-4000	392	392	387	398	425	350	384	367	413	366	413	396	4683	6.18%
4001-4500	381	330	313	332	373	336	302	365	345	362	343	341	4123	5.44%
4501-3501	291	260	263	273	307	281	249	293	284	287	272	283	3343	4.41%
5001-2502	223	205	243	199	275	227	169	268	222	248	203	230	2712	3.58%
5501-3002	215	159	148	144	208	163	134	245	201	215	192	192	2216	2.93%
6001-3502	181	132	118	115	171	140	128	197	161	178	130	142	1793	2.37%
6501-2503	124	110	94	88	123	98	94	164	152	128	116	104	1395	1.84%
7001-3003	90	69	67	65	90	90	96	126	114	109	100	88	1104	1.46%
7501-3503	86	69	53	46	88	60	83	114	88	74	75	76	912	1.20%
8001-2504	71	37	46	57	75	61	58	78	62	69	49	40	703	0.93%
8501-3004	50	40	41	31	53	35	59	87	53	73	40	29	591	0.78%
9001-3504	40	31	24	27	53	53	39	80	42	48	36	36	509	0.67%
9501-2505	29	25	29	19	35	36	27	38	46	34	30	33	381	0.50%
10001-15000	142	152	106	95	181	177	173	240	218	165	126	136	1911	2.52%
15001-20000	42	35	27	20	57	79	54	100	59	43	41	41	598	0.79%
20001-25000	8	31	7	9	19	26	21	29	14	20	16	13	213	0.28%
25001-50000	25	44	19	23	32	31	34	61	39	37	28	28	401	0.53%
50001-75000	13	10	6	6	8	7	10	13	9	10	9	14	115	0.15%
75001-100000	5	9	5	2	3	1	3	3	7	6	3	3	50	0.07%
100001-200000	3	6	5	3	6	3	2	5	6	7	6	4	56	0.07%
200001-250000	0	1	0	0	0	0	0	0	1	1	0	0	3	0.00%
Over 250000	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
	6295	**6312**	**6293**	**6282**	**6293**	**6307**	**6315**	**6335**	**6331**	**6330**	**6332**	**6329**	**75754**	**100.00%**

*Wholesale Customers, US Penitentiary McCreary, Cumberland Falls State Park, Fibrotex USA, Pine Knot Job Center, or McCreary County Housing Authority are excluded.

EXHIBIT C

Corrected Commission Staff Recommended Rates
BILLING ANALYSIS - 2023 USAGE & PROPOSED RATES

SUMMARY

	No. of Bills	Gallons Sold	Revenue
Retail Customers	75,458	283,169,000	$ 3,906,977.30
Federal Correctonal Facility	12	114,333,300	1,146,921.28
Cumberland Falls SP	12	8,391,200	94,364.05
Wholesaale	72	24,438,100	245,114.14
Totals	75,554	430,331,600	$ 5,393,376.77
		Less water adjustments	(60,516.49)
		Water Sales Revenue	$ 5,332,860.28
		Revenue Requirement from Water Sales	5,354,858.16
			(21,997.88)

Retail Customers

	USAGE	BILLS	GALLONS	2000	2000	TOTAL
FIRST	2000	29,165	28,025,000	28,025,000	-	28,025,000
ALL OVER	2000	46,293	255,144,000	92,586,000	162,558,000	255,144,000
		75,458	283,169,000	120,611,000	162,558,000	283,169,000

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	75,458	120,611,000	$ 33.25	$ 2,508,978.50
ALL OVER	2,000		162,558,000	0.00860	1,397,998.80
TOTAL		75,458	283,169,000		$ 3,906,977.30

Federal Correctional Facility

	USAGE	BILLS	GALLONS	FIRST 1,950,000	ALL OVER 1,950,000	TOTAL
FIRST	1,950,000	12	23,400,000	23,400,000	-	23,400,000
ALL OVER	1,950,000		90,933,300		90,933,300	90,933,300
		12	114,333,300	23,400,000	90,933,300	114,333,300

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,950,000	12	23,400,000	$ 19,571.69	$ 234,860.28
ALL OVER	1,950,000		90,933,300	0.01003	912,061.00
	TOTAL	12	114,333,300		$ 1,146,921.28

Cumberland Falls State Park

	USAGE	BILLS	GALLONS	600,000	ALL OVER 600,000	TOTAL
FIRST	600,000	12	6,198,800	6,198,800	-	6,198,800
ALL OVER	600,000		2,192,400		2,192,400	2,192,400
		12	8,391,200	6,198,800	2,192,400	8,391,200

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	600,000	12	6,198,800	$ 6,031.19	$ 72,374.28
ALL OVER	600,000		2,192,400	0.01003	21,989.77
	TOTAL	12	8,391,200		$ 94,364.05

WHOLESALE SALES

REVENUE BY RATE INCREMENT

CODE	BILLS	GALLONS	RATE	REVENUE
WG	48	15,659,800	$ 0.01003	$ 157,067.79
WE	24	8,778,300	0.01003	88,046.35
TOTAL	72	24,438,100		$ 245,114.14

Original District Proposal Re: Use of Cost-of-Service Study Rates to Reduce Retail User Subsidization of Non-Retail Rates

SUMMARY

	No. of Bills	Gallons Sold	Revenue
Retail Customers	75,458	283,169,000	$ 3,890,389.28
Federal Correctonal Facility	12	114,333,300	1,169,777.26
Cumberland Falls SP	12	8,391,200	96,231.85
Wholesale/Flat Rate	72	24,438,100	250,001.76
Totals	75,554	430,331,600	$ 5,406,400.15
		Less water adjustments	(60,516.49)
		Water Sales Revenue	$ 5,345,883.66
		Revenue Requirement from Water Sales	5,330,458.44
			15,425.22

Retail Customers

	USAGE	BILLS	GALLONS	0-2,000	OVER 2,000	TOTAL
FIRST	2,000	29,165	28,025,000	28,025,000	-	28,025,000
ALL OVER	2,000	46,293	255,144,000	92,586,000	162,558,000	255,144,000
		75,458	283,169,000	120,611,000	162,558,000	283,169,000

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	75,458	120,611,000	$ 28.42	$ 2,144,516.36
ALL OVER	2,000		162,558,000	0.01074	1,745,872.92
	TOTAL	75,458	283,169,000		$ 3,890,389.28

Federal Correctional Facility

	USAGE	BILLS	GALLONS	FIRST 1,950,000	ALL OVER 1,950,000	TOTAL
FIRST	1,950,000	12	23,400,000	23,400,000	-	23,400,000
ALL OVER	1,950,000		90,933,300		90,933,300	90,933,300
		12	114,333,300	23,400,000	90,933,300	114,333,300

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,950,000	12	23,400,000	$ 19,960.80	$ 239,529.60
ALL OVER	1,950,000		90,933,300	0.01023	930,247.66
	TOTAL	12	114,333,300		$ 1,169,777.26

Cumberland Falls State Park

	USAGE	BILLS	GALLONS	600,000	ALL OVER 600,000	TOTAL
FIRST	600,000	12	6,198,800	6,198,800	-	6,198,800
ALL OVER	600,000		2,192,400		2,192,400	2,192,400
		12	8,391,200	6,198,800	2,192,400	8,391,200

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	600,000	12	6,198,800	$ 6,150.30	$ 73,803.60
ALL OVER	600,000		2,192,400	0.01023	22,428.25
	TOTAL	12	8,391,200		$ 96,231.85

Wholesale/Flat Rate Sales

REVENUE BY RATE INCREMENT

CODE	BILLS	GALLONS	RATE	REVENUE
WG	48	15,659,800	$ 0.01023	$ 160,199.75
WE	24	8,778,300	0.01023	$ 89,802.01
TOTAL	72	24,438,100		$ 250,001.76

Revised District Proposal Re: Use of Cost-of-Service Study Rates to Reduce Retail User Subsidization of Non-Retail Rates

SUMMARY

	No. of Bills	Gallons Sold	Revenue
Retail Customers	75,458	283,169,000	$ 3,906,701.14
Federal Correctonal Facility	12	114,333,300	1,146,921.28
Cumberland Falls SP	12	8,391,200	94,364.05
Wholesaale	72	24,438,100	245,114.14
Totals	75,554	430,331,600	$ 5,393,100.61
		Less water adjustments	(60,516.49)
		Water Sales Revenue	$ 5,332,584.12
		Revenue Requirement from Water Sales	5,354,858.16
			(22,274.04)

Retail Customers

	USAGE	BILLS	GALLONS	2000	2000	TOTAL
FIRST	2000	29,165	28,025,000	28,025,000	-	28,025,000
ALL OVER	2000	46,293	255,144,000	92,586,000	162,558,000	255,144,000
		75,458	283,169,000	120,611,000	162,558,000	283,169,000

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	75,458	120,611,000	$ 28.55	$ 2,154,325.90
ALL OVER	2,000		162,558,000	0.01078	1,752,375.24
TOTAL		75,458	283,169,000		$ 3,906,701.14

Federal Correctional Facility

	USAGE	BILLS	GALLONS	FIRST 1,950,000	ALL OVER 1,950,000	TOTAL
FIRST	1,950,000	12	23,400,000	23,400,000	-	23,400,000
ALL OVER	1,950,000		90,933,300		90,933,300	90,933,300
		12	114,333,300	23,400,000	90,933,300	114,333,300

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,950,000	12	23,400,000	$ 19,571.69	$ 234,860.28
ALL OVER	1,950,000		90,933,300	0.01003	912,061.00
TOTAL		12	114,333,300		$ 1,146,921.28

Cumberland Falls State Park

	USAGE	BILLS	GALLONS	600,000	ALL OVER 600,000	TOTAL
FIRST	600,000	12	6,198,800	6,198,800	-	6,198,800
ALL OVER	600,000		2,192,400		2,192,400	2,192,400
		12	8,391,200	6,198,800	2,192,400	8,391,200

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
FIRST	600,000	12	6,198,800	$ 6,031.19	$ 72,374.28
ALL OVER	600,000		2,192,400	0.01003	21,989.77
TOTAL		12	8,391,200		$ 94,364.05

WHOLESALE SALES

REVENUE BY RATE INCREMENT

	CODE	BILLS	GALLONS	RATE	REVENUE
	WG	48	15,659,800	$ 0.01003	$ 157,067.79
	WE	24	8,778,300	0.01003	88,046.35
TOTAL		72	24,438,100		$ 245,114.14