

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WEST DAVIESS)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2020-00196
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On June 23, 2020, West Daviess County Water District (West Daviess District) tendered an application with the Commission requesting to adjust its water rates pursuant to 807 KAR 5:076, and it was accepted as filed. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated July 24, 2020. On October 1, 2020, the Commission, citing the impact of COVID-19, found that additional time would be needed to review West Daviess District's case, amending its July 24, 2020 Order to allow for additional time for Staff to complete its report. Staff issued three rounds of discovery to collect additional information regarding West Daviess District's financial records. West Daviess District filed its responses to the three requests for information from Staff.

Using its pro forma test-year operations, West Daviess District determined that a revenue increase of \$243,572, or 11.66 percent, over test-year normalized revenues of \$2,088,857 is warranted.¹ The rates requested by West Daviess District would increase

¹ Application, Attachment 5.

the monthly bill of a typical residential customer using 4,000 gallons per month by \$2.94, from \$25.29 to \$28.23, or approximately 11.63 percent.²

Staff performed a limited financial review of West Daviess District's operations and, on November 20, 2020, released a report containing Staff's findings (Staff Report). In the Staff Report, Staff found that West Daviess District's adjusted test-year operations support an Overall Revenue Requirement of \$2,426,400 and that an annual revenue increase of \$189,480, or 9.07 percent, is necessary to generate the Overall Revenue Requirement.³

On December 1, 2020, West Daviess District filed its response to the Staff Report accepting Staff's findings but requesting that several of Staff's adjustments be modified due to further clarification of the district's expenses. With its comments, West Daviess District waived its right to request a hearing.

BACKGROUND

West Daviess District, a water district organized pursuant to KRS Chapter 74, provides water service to approximately 5,342 residential, commercial, irrigation, and resale customers residing in Daviess County, Kentucky.⁴

² *Id.*, Attachment 1.

³ Staff Report at 13.

⁴ *Annual Report of West Daviess County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2018* at 12 and 49.

TEST PERIOD

The calendar year ended December 31, 2019, was used as the test-year to determine the reasonableness of West Daviess District's existing and proposed water rates as required by 807 KAR 5:076, Section 9.

SUMMARY OF THE STAFF REPORT REVENUE AND EXPENSES

Based on the Staff Report, West Daviess District's pro forma operational revenue is as follows:⁵

	<u>Test-Year Operations</u>	<u>Staff Report Pro Forma Adjustments</u>	<u>Staff Report Pro Forma Operations</u>
Total Operating Revenues	\$ 1,939,570	\$ 248,804	\$ 2,188,374
Utility Operating Expenses	<u>(2,067,184)</u>	<u>(68,048)</u>	<u>(2,135,232)</u>
Net Utility Operating Income	<u>\$ (127,614)</u>	<u>\$ 180,756</u>	<u>\$ 53,142</u>

REVENUE REQUIREMENT ADJUSTMENTS

Reclassification of Customer Connects/Disconnects. In the Staff Report, Staff recommended the Commission accept West Daviess District's proposed adjustment to reclassify revenues associated with service work performed for customer connections and disconnections that was mistakenly recorded as metered sales revenue. The Commission finds that this adjustment reducing metered water sales by \$11,398 and increasing miscellaneous service revenue by the same amount is reasonable as it more accurately records the revenues collected by West Daviess District.

⁵ See Appendix B for a detailed Pro Forma Income Statement.

Billing Analysis Adjustment. In the Staff Report, Staff recommended the Commission accept West Daviess District's proposal to increase its test-year revenues from water sales of \$1,823,651 by \$242,708 to reflect the current billing analysis provided by the district. West Daviess District also made a similar adjustment for the wholesale water sales of \$6,105. The Commission finds that this adjustment is reasonable as an examination of West Daviess District's billing register was completed by Staff and a billing analysis was created based on all of the information provided. Staff's billing analysis supported West Daviess District's proposed sales revenue.

Nonrecurring Charges Adjustment. In the Staff Report, Staff recommended a reduction to West Daviess District's miscellaneous service revenue of \$15,129 to reflect the Commission's recent decision set out in the final Order issued in Hyden-Leslie Water District's (Hyden-Leslie District) recent Alternative Rate Filing (ARF).⁶ The Commission finds that as personnel are paid during normal business hours, estimated labor costs previously included in determining the amount of nonrecurring charges should be eliminated from the charges. Staff updated the nonrecurring charges to reflect the Commission's precedent as well as an update to the mileage costs. For After Hours Nonrecurring Charges, Staff removed office/clerical labor costs and updated the mileage rate, assuming office/clerical labor expenses are not incurred after hours for after-hours activities, but instead those in office activities are performed during ordinary business hours. By reflecting only the marginal costs incurred in special nonrecurring service charges, West Davies District's rates will be more in line with the principle of cost

⁶ Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

causation. Merely allocating a fixed expense of ordinary labor costs in special nonrecurring charges like disconnect or reconnect fees creates a mismatch between how a utility incurs expenses and how it recovers those expenses from customers. Instead of reflecting fixed costs in special nonrecurring charges that a utility incurs regardless of the number or timing of those nonrecurring services, including those fixed costs in rates for water service more closely aligns those expenses with the actions that drive them. For a publicly owned, nonprofit utility such as West Daviess District that operates on thin margins, the Commission finds it is reasonable and necessary to provide appropriate rates to help ensure the health of the utility's operations. This approach to ratemaking is entirely consistent with the Commission's history of ensuring that rates reflect, to a reasonable degree, the principle of cost causation while simultaneously taking into account the health of the utility and the ability of the utility to provide the adequate, efficient and reasonable provision of service. The implementation of rates that significantly deviate from the actions and expenses underlying the service provided can create material issues with a utility's ability to meet its approved revenue requirement, particularly a utility with razor thin margins. In keeping with precedent, the Commission finds this adjustment to be reasonable.

AT&T Rental Income. In the Staff Report, Staff recommended the Commission accept West Daviess District's proposed adjustment to increase test-year Other Water Revenues by \$15,120 on the basis of an agreement reached with AT&T to allow equipment owned by AT&T to be placed on a tank owned by West Daviess District starting in 2020. The Commission finds that this adjustment is reasonable as it serves to adjust operating revenues to a pro forma level.

Employee Salaries and Wages. In the Staff Report, Staff reduced West Daviess District's test-year by \$41,617 and an associated reduction in Payroll Tax Expense of \$19,879 as well as a reduction in Pension Expense of \$12,817, to reflect the change in allocation percentage between West and Southeast Daviess County Water Districts as well as the annualization of current staff levels and wage rates.⁷

In its response, West Daviess District advised that the two salaried employees were incorrectly treated as not-allocated in the salaries and wages schedule provided by the district. The Commission finds that Staff's adjustment should be revised so to properly treat the salaried employees as allocated. Using the wage information provided by West Daviess District, the Commission is decreasing test-year Salaries and Wages expense by \$9,262, and an associated reduction in Payroll Tax Expense of \$2,314 as well as an increase in Pension Expense of \$1,150, as shown below.

Job Title	Test Year Normal Hours	Pro Forma Wage Rate	Pro Forma Normal Wages	Pro Forma Overtime Hours	Pro Forma Overtime Rate	Pro Forma Overtime Wages	Total Pro Forma Wages
General Manager	Salary	\$ 4,458	\$ 106,992	N/A	N/A	N/A	\$ 106,992
Office Manager	Salary	3,504	84,096	N/A	N/A	N/A	\$ 84,096
Meter Reading Foreman	2,080	28.27	58,802	8.00	\$ 42.41	\$ 339	\$ 59,141
Meter Reader / Maintenance	2,080	17.89	37,211	145.00	26.84	3,891	\$ 41,102
Maintenance	2,080	29.09	60,507	179.00	43.64	7,811	\$ 68,318
Maintenance	2,080	20.09	41,787	60.00	30.14	1,808	\$ 43,595
Maintenance	2,080	23.79	49,483	18.00	35.69	642	\$ 50,126
Maintenance	2,080	23.44	48,755	48.50	35.16	1,705	\$ 50,460
GIS Supervisor / Maintenance	2,080	17.92	37,274	62.00	26.88	1,667	\$ 38,940
Maintenance	2,080	17.50	36,400	47.00	26.25	1,234	\$ 37,634
Office Clerk	2,080	17.34	36,067	6.50	26.01	169	\$ 36,236
Office Clerk	2,080	16.90	35,152	8.00	25.35	203	\$ 35,355
Office Clerk	2,080	16.58	34,486	1.50	24.87	37	\$ 34,524
Meter Tester / Office Clerk	2,080	17.21	35,797	36.86	25.82	952	\$ 36,748

⁷ Staff Report at 7–8, Adjustment E.

Pro Forma Total Salaries & Wages Expense	\$	723,267
Pro Forma West Allocation Percentage		41.29%
Pro Forma West Salaries & Wages Expense		298,637
Less: Test Year Salaries & Wages Expense		(307,899)
Pro Forma Adjustment	\$	<u>(9,262)</u>
Pro Forma Salaries and Wages Expense	\$	298,637
Times: 7.65 Percent FICA Rate		<u>7.65%</u>
Total Pro Forma Payroll Taxes		22,846
Less: Test Year Payroll Taxes		(25,160)
Payroll Tax Adjustment	\$	<u>(2,314)</u>
Pro Forma Salaries and Wages Expense	\$	298,637
Times: 14 Percent Pension Contribution		<u>14.00%</u>
Total Pro Forma Payroll Taxes		41,809
Less: Test Year Payroll Taxes		(42,959)
Pension & Benefits Adjustment	\$	<u>(1,150)</u>

Employee Health Insurance. In the Staff Report, Staff reduced West Daviess District's test-year Employee Pension and Benefit expense of \$166,956 by \$63,129 to reflect Commission policy of reducing benefit expenses for utilities that pay 100 percent of its employees' health insurance coverage. Staff's adjustment reflects the national average employee contribution rate of 21 percent for single health insurance coverage, and 34 percent for all other coverage plans.⁸ This adjustment is consistent with Commission precedent⁹ in which the Commission has reduced benefits expenses for

⁸ Staff Report at 8, Adjustment F.

⁹ Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates*, (Ky. PSC June 20, 2019) at 8-12.

utilities that pay 100 percent of an employee's health insurance coverage, and the Commission finds that this adjustment is reasonable and should be accepted.

In its response, West Daviess District advised that the schedule used by Staff to calculate its adjustment incorrectly used a total amount that included insurance expenses that were not limited to health insurance. The Commission finds that Staff's adjustment should be revised so to properly reflect the allowable levels of recoverable health insurance expense and a more appropriate adjustment of \$(43,239) should be made to test-year health insurance expenses.

Purchased Water. In the Staff Report, Staff recommended that the Commission accept West Daviess District's proposed adjustment to reduce test-year purchased water expense by \$250,847 to account for two suppliers from which West Daviess District purchases water increasing their wholesale rate. The Commission finds that this adjustment is reasonable as an examination of West Daviess District's purchased water bills was completed by Staff and an annualization was calculated based on all of the information provided.

Unaccounted For Water Loss. In the Staff Report, Staff recommended that the Commission accept West Daviess District's proposed adjustment to reduce purchased water by \$31,964 related to the district's unaccounted for water loss. Staff also recommended that an adjustment decreasing test-year purchased power by \$1,282 be made. Commission regulation 807 KAR 5:066, Section 6(3), limits water loss to 15 percent, for ratemaking purposes unless the Commission finds an alternative level reasonable. The Commission finds that this adjustment is reasonable and should be accepted as it is consistent with Commission precedent.

Allocation Percentage Change. In the Staff Report, Staff recommended several adjustments to test-year expenses that are currently allocated between Southeast Daviess County Water District (Southeast Daviess District) and West Daviess District based on the change in allocation percentage from 45/55 percent to 41.29/58.71 for West Daviess District and Southeast Daviess District, respectively.¹⁰

In its response, West Daviess District advised that one account, materials and supplies expense, was not allocated as a total account, but instead contained individual items that were allocated or directly charged, depending on the nature of the expense and provided a breakdown of the nature of each expense in the account. The Commission finds that Staff's adjustment should be revised and should be \$(687) to properly reflect the allocated levels of materials and supplies expense. In addition, to account for an expense total that was incorrectly attributed to computer and telephone expense that the district includes in materials and supplies, the Commission finds that a more appropriate adjustment should be made to increase test-year computer and telephone expense by \$7.

¹⁰ Staff Report, Appendix A.

West Daviess County Water District

Account	Category of Expense	Test Year Total	Adjustment	Proforma
620-5	Shared Expense	\$ 4,045	\$ (333)	\$ 3,712
	Unshared Expense	51,501		51,501
	Subtotal	55,546	(333)	55,212
620-7	Shared Expense	\$ 4,283	\$ (353)	\$ 3,930
	Unshared Expense	25,301		25,301
	Subtotal	29,584	(353)	29,231
621-7	Shared Expense	\$ -		\$ -
	Unshared Expense	7,572		7,572
	Subtotal	7,572	-	7,572
TOTAL MATERIALS AND SUPPLIES		\$ 92,702	\$ (687)	\$ 92,015

	Southeast Percentage	West Percentage
Computer and Telephone Expense	58.71%	41.29%
616-8 Transmission & Distribution/Maintenance	6,500	4,572
Computer and Telephone Expense Total	6,500	4,572
Less: Test Year Computer and Telephone Expense	(6,507)	(4,565)
Pro Forma Adjustment	(7)	7

AMI Annual Fee Increase. In the Staff Report, Staff recommended that the Commission accept West Daviess District’s proposed adjustment to increase test-year purchased water expense by \$317 to account for the vendor West Daviess District uses for AMI scheduling an increase of 3.00 percent over its 2019 rate for its 2020 rate. The Commission finds that this adjustment is reasonable as it serves to adjust operating expenses to a pro forma level.

Depreciation. In the Staff Report, Staff recommended accepting West Daviess District’s adjustment reducing test-year Depreciation expense by \$23,688 in keeping with

Commission precedent¹¹ of using NARUC Study depreciable life midpoint when no evidence exists to support a specific life that is outside the NARUC ranges. The Commission finds that this adjustment is reasonable and should be accepted as it is consistent with Commission precedent.

SUMMARY OF REVENUE AND EXPENSES

Based on the pro forma adjustments approved herein, West Daviess District's pro forma operational revenue is as follows:¹²

	2019 Annual Report	Order Adjustments	Pro Forma Operations
Total Operating Revenues	\$ 1,939,570	\$ 224,915	\$ 2,164,485
Utility Operating Expenses	(2,067,184)	(134,369)	(2,201,553)
Net Utility Operating Income	\$ (127,614)	\$ 90,546	\$ (37,068)

REVENUE REQUIREMENT

Based upon the Commission's findings and determinations herein, West Daviess District requires an increase in revenues of \$288,734, or 13.82 percent above pro forma present rate revenues as shown below. This increase is required for West Daviess District to remain operational and financially sound and have an opportunity to provide adequate, efficient, and reasonable service to its customers.¹³

¹¹ See Case No. 2016-00163 *Alternative Rate Adjustment Filing of Marion County Water District* (Ky. PSC Nov. 10, 2016).

¹² See Appendix B for a detailed Pro Forma Income Statement.

¹³ KRS 278.030(2).

Operating Expenses	\$ 2,201,553
Divided by: Operating Ratio	<u>88%</u>
Overall Revenue Requirement	2,501,765
Add: Interest Expense	3,054
Less: Other Operating Revenue	(66,915)
Private Fire Protection	(8,714)
Interest Income	<u>(51,600)</u>
Revenue Requirement - Water Rates	2,377,590
Less: Normalized Revenue from Water Service	<u>(2,088,856)</u>
Required Revenue Increase	<u>\$ 288,734</u>
Percentage Increase	<u>13.82%</u>

RATE DESIGN

West Daviess District proposed to increase all of its monthly retail water service rates evenly across the board by approximately 11.66 percent. West Daviess District has not performed a cost of service study (COSS). West Daviess District stated that they did not complete a COSS at this time as there has not been any material change in the water system to warrant a COSS.¹⁴ In Case No. 2020-00287,¹⁵ Southeast Daviess District, Southeast Daviess District and West Daviess District requested to merge their operations and systems to form the Daviess County Water District. Southeast Daviess District and West Daviess District stated that after a year of combined operations, the utilities plan to file another rate case with a full COSS supporting unification of rates for the two systems.

The Commission finds that the allocation of a revenue increase evenly across the board to a utility's rate design is appropriate when there has been no evidence entered

¹⁴ Staff's First Request for Information (filed Aug. 14, 2020), Item 3.

¹⁵ Case No. 2020-00287, *Electronic Joint Application of Southeast Daviess County Water District and West Daviess County Water District for an Order Approving Their Merger Agreement*. (filed Sept. 4, 2020.)

into the record demonstrating that this method is unreasonable and in the absence of a COSS. In its report, Staff followed the method proposed by West Daviess District and allocated Staff's calculated revenue increase across the board to West Daviess District's monthly retail water service rates.

The rates set forth in Appendix A to this Order are based upon the revenue requirement the Commission has found to be fair, just and reasonable and will produce sufficient revenues from water sales to recover the \$2,377,590 Revenue Required from Rates, an approximate 13.82 percent increase.

These rates will increase a typical residential customer's monthly water bill from \$25.29 to \$28.74, an increase of \$3.45, or approximately 13.64 percent.¹⁶

Late Payment Fee. West Daviess District assesses customers who pay their bill after the date in which the bill is due a 10.00 percent late payment fee. This fee is presumably intended to elicit customer behavior, is not cost based, and creates an additional expense for customers who have already failed to timely make payment. The evidence collected in Case No. 2020-00085, and the portion of which related to Hyden-Leslie District was discussed at the hearing in Case No. 2020-00141, has challenged the efficiency of late fees.¹⁷ In response to the Commission's Request for Information in Case No. 2020-00085, the data provided by many utilities demonstrated that the moratorium on late payment fees had no material effect on the percentage of customers paying on

¹⁶ The typical residential customer uses approximately 4,000 gallons per month.

¹⁷ See Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC March 16, 2020), Hyden-Leslie District's Response to Commission Staff's Initial Request for Information (filed July 23, 2020).

time.¹⁸ The Commission, in its September 21, 2020 Order in Case No. 2020-00085, also discussed the fact that most late fees are not calculated based upon actual costs or the time value of money.¹⁹

Commission regulation 807 KAR 5:006, Section 9(2) states: “A charge shall relate directly to the service performed or action taken and shall yield only enough revenue to pay the expenses incurred in rendering the service.” The evidence provided in Case No. 2020-00085, and the record in Case No. 2020-00141, shows that utilities rely on these fees as a significant portion of their income and the process disproportionately affects those customers who have already evidenced an inability to timely pay, thus making it unreasonable to continue to collect late fees that do not have the intended impact on customer’s behavior. Furthermore, the addition of late fees, disconnect charges, and reconnect charges to a bill for water service makes it less likely customers who have already failed to timely pay will be able to do so at all. Customers being unable to pay at all increases the utility’s bad debt expense, reduces the utility’s income and cash flow in that period, and ultimately increases the cost of service for the remainder of customers. Commission regulation 807 KAR 5:006, Section 9(3)(h), states that “[a] late payment charge may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill,”²⁰ which allows the Commission discretion to determine whether the fee is fair, just and reasonable. For West Davies District the collection of late fees is not recovering an actual cost that the utility incurs, it is purely a punitive exercise

¹⁸ *Id.*

¹⁹ *Id. at 3.*

²⁰ 807 KAR 5:006, Section 9(3)(h).

that disproportionately affects those customers already unable to pay for service rendered, and the uncontroverted evidence in this matter indicates it has little-to-no effect on a customer's timeliness of payment. Therefore, the Commission has included the amount estimated to have been collected by West Daviess District in the test-year by collection of late fees to the revenue requirement so that the utility can receive the income through its base rates. This allows West Daviess District to have a secure revenue stream related to service rendered.

Based upon the evidence of record, the Commission finds it reasonable to remove West Daviess District's Late Payment Fee.

SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The findings contained in the Staff Report are supported by the evidence of record and are reasonable with the adjustments proposed by West Daviess District in its response and modified by the Commission's additional adjustments.
2. The water service rates proposed by West Daviess District in its application should be denied.
3. The water service rates set forth in Appendix A to this Order are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.
2. The rates originally proposed by West Daviess District are denied.

3. The rates set forth in Appendix A to this Order are approved for services rendered by West Daviess District on and after the date of this Order.

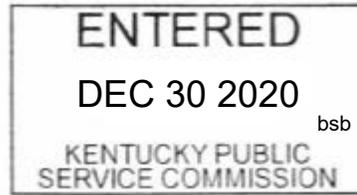
4. West Daviess District shall discontinue charging a Late Payment Fee.

5. Within 20 days of the date of entry of this Order, West Daviess District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date and stating that the rates and charges were authorized by this Order.

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

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By the Commission



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bidwell". The signature is written in a cursive style with a large initial "L".

Executive Director

Case No. 2020-00196

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00196 DATED DEC 30 2020

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

<u>Monthly Water Rates</u>		
<u>5/8- x 3/4-Inch Meter</u>	\$3.70	Minimum Bill
<u>1-Inch Meter</u>	\$5.18	Minimum Bill
<u>1 1/2-Inch Meter</u>	\$6.66	Minimum Bill
<u>2-Inch Meter</u>	\$10.73	Minimum Bill
<u>3-Inch Meter</u>	\$40.69	Minimum Bill
<u>4-Inch Meter</u>	\$51.79	Minimum Bill
<u>6-Inch Meter</u>	\$77.67	Minimum Bill
<u>8-Inch Meter</u>	\$107.28	Minimum Bill
<u>Volumetric Rates</u>		
First 20,000 Gallons	\$.00626	Per Gallon
Over 20,000 Gallons	\$.00505	Per Gallon
<u>Wholesale Rates</u>		
First 20,000 Gallons	\$.00438	Per Gallon

Nonrecurring Charges

Service Calls	\$11.50
Service Calls After Hours	77.00
Disconnect Fee	11.50
Disconnect After Hours	77.00
Reconnect Fee	11.50
Reconnect Fee After Hours	77.00

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00196 DATED DEC 30 2020

Detailed Pro Forma Income Statements

	2019 <u>Annual Report</u>	Pro Forma <u>Adjustments</u>	Pro Forma <u>Operations</u>
Operating Revenues:			
Revenues from Water Sales:			
Metered Water Sales:	\$ 1,823,651	(11,398)	
		242,708	\$ 2,054,961
Private Fire Protection	8,714		8,714
Sales for Resale	27,790	6,105	33,895
Other Water Revenues:			
Forfeited Discounts	23,889	(23,889)	0
Misc. Service Revenues	15,365	(15,129)	
		11,398	11,634
Other Water Revenues	40,161	15,120	55,281
	<u>79,415</u>	<u>(12,500)</u>	<u>66,915</u>
Total Other Water Revenues			
	<u>79,415</u>	<u>(12,500)</u>	<u>66,915</u>
Total Operating Revenues	<u>1,939,570</u>	<u>224,915</u>	<u>2,164,485</u>
Operating Expenses:			
Operation & Maintenance:			
Salaries & Wages - Employees	307,899	(9,262)	298,637
Salaries & Wages - Officers	9,000		9,000
Employee Pension and Benefits	166,956	(1,150)	
		(43,239)	122,567
Purchased Water	1,007,650	250,847	
		(31,964)	1,226,533
Purchased Power	50,565	(94)	
		(1,282)	49,189
Materials and Supplies	92,702	(687)	
		317	92,332
Contactural Services	20,622	7	20,629
Rental of Building/Real Property	5,027	(200)	4,827
Transportation Expensees	23,698	(406)	23,292
Insurance - Gen. Liab. & Workers Comp	24,093	(1,570)	22,523
Insurance - Other	336	(28)	308
Bad Debt	5,850		5,850
Miscellaneous Expenses	13,693	(918)	12,775
	<u>1,728,091</u>	<u>160,371</u>	<u>1,888,462</u>
Total Operation & Maintenance			
	<u>1,728,091</u>	<u>160,371</u>	<u>1,888,462</u>
Depreciation	310,666	(23,688)	286,978
Taxes Other Than Income	28,427	(2,314)	26,113
	<u>2,067,184</u>	<u>134,369</u>	<u>2,201,553</u>
Utility Operating Expenses			
	<u>2,067,184</u>	<u>134,369</u>	<u>2,201,553</u>
Net Utility Operating Income	<u>\$ (127,614)</u>	<u>\$ 90,546</u>	<u>\$ (37,068)</u>

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