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PUBLIC SERVICE  
COMMISSION

RESOLUTION

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF OWENSBORO,  
KENTUCKY, AS FOLLOWS:

The City Utility Commission of the City of Owensboro, Kentucky ("Commission"), hereby approves the Agreement between the Commission and the West Daviess County Water District, dated the 14th day of May, 1992, and authorizes the Chairman, W. R. Cavin, and the Secretary, Daisy M. James, to execute said Agreement for and on behalf of the Commission. Additionally, the Commission requests that the Board of Commissioners of the City of Owensboro approve the aforesaid Agreement and the rate provisions contained therein to the extent required by law.

This 14th day of May, 1992.

CITY UTILITY COMMISSION OF THE  
CITY OF OWENSBORO, KENTUCKY

*W. R. Cavin*

Chairman

*Kenneth V. Rowan*

Commissioner

*Daisy M. James*

Commissioner

*W. Murphy Threlkeld*

Commissioner

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

SEP 22 1994

PURSUANT TO 807 KAR 5.011,

SECTION 4(1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

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 BY: \_\_\_\_\_  
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FOR THE PUBLIC SERVICE COMMISSION

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PURSUANT TO 807 KAR 5011,  
SECTION 4(1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

AGREEMENT

This Agreement (the "Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 1992, by and between the City Utility Commission of the City of Owensboro, Kentucky, also known as Owensboro Municipal Utilities (hereinafter "OMU"), of 115 East Fourth Street, Owensboro, Kentucky 42303, and West Daviess County Water District of 3400 Bittel Road, Owensboro, Kentucky 42301, a water district organized under the provisions of KRS Chapter 74 by order of the Daviess County Fiscal Court (hereinafter "DISTRICT"):

WITNESSETH

WHEREAS, OMU is authorized by the Statutes of Kentucky and/or by the Ordinances of the City of Owensboro, Kentucky, to own, operate, and maintain a water system within and beyond the City limits of Owensboro; and,

WHEREAS, the DISTRICT is organized under the laws of Kentucky and the orders of the Daviess County Fiscal Court to operate a water district for the purpose of supplying water within said DISTRICT; and,

WHEREAS, OMU and the DISTRICT (the "Parties") have agreed upon the terms and conditions under which OMU shall sell and the DISTRICT shall purchase water to be distributed by the DISTRICT to its customers; and

WHEREAS, the DISTRICT has been purchasing treated water from OMU under a contract dated the 3rd day of November, 1966, as amended (the "Contract"); and

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PURSUANT TO 807 KAR 5011,  
SECTION 9 (1)

BY: \_\_\_\_\_

WHEREAS, the Parties wish to supersede said Contract with this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, it is covenanted and agreed between the parties hereto as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth in this Article, unless the context requires otherwise.

1.1 Base Year Plant Usage

The System Maximum Day Quantity for the Fiscal Year ending May 31, 1989 which is specified to be 17.64 million gallons per day) as shown in Exhibit B.

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1.2 Clock Day

The twenty-four (24) hour period ending 12:00 midnight.

PURSUANT TO 807 KAR 5011.

BY: \_\_\_\_\_  
FOR: \_\_\_\_\_

1.3 Debt Service Expense

With respect to the Original Treatment Facility and Transmission Facilities, the Debt Service Expense is the sum of:

- (a) the annual debt service (principal and interest payments) on all OMU water revenue bonds outstanding on December 31, 1991 allocated to these respective facilities on the basis of plant investment in these facilities as of the same date, and
- (b) that portion of debt service on any additional revenue bonds used for:
  - (1) improvements to the Original Treatment Facility which do not increase its overall treatment capacity and

(2) additions to Transmission Facilities.

With respect to the New Treatment Facility, the Debt Service Expense is the annual principal and interest payment on the portion of OMU revenue bonds issued to finance construction of this facility, related reserve fund deposits and bond issuance costs.

Debt Service Expense shall be reduced by the amount of interest income earned on investment of funds in the debt service reserve accounts of the respective revenue bond issues.

The assignment and allocation of Debt Service Expense to the Original Treatment Facility, New Treatment Facility, and the Transmission Facilities is shown in Exhibit E.

1.4 Delivery Points

Locations of interconnections between OMU and the DISTRICT as described in Exhibit A, and such other locations as the Parties may agree upon.

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1.5 District Annual Quantity

The total combined quantity of water delivered to the Delivery Points of the DISTRICT by OMU during each twelve (12) month period ending May 31 divided by 0.98 to make allowance for Transmission Facilities water losses.

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BY: [Signature]  
FOR THE [Signature]

1.6 District Base Quantity

An amount representing the District Maximum Day Quantity for the fiscal year ending May 31, 1989 which quantity shall be specified as 1.939 mgd. The combined District Base Quantity for the West Daviess County Water District, Southeast Daviess County

Water District and East Daviess County Water Association, Inc., is 4.911 mgd.

1.7 District Growth Quantity

The arithmetic difference between the District Maximum Day Quantity for each Fiscal Year and the District Base Quantity, but in no event less than zero.

1.8 District Growth Ratio

The ratio of the District Growth Quantity divided by the New Plant Usage, but not greater than 1.00.

1.9 District Maximum Day Quantity

The arithmetic average of the five (5) greatest Clock Day combined water volumes delivered to the DISTRICT at all Delivery Points divided by 0.98 (for Transmission Facilities water losses) during each Fiscal Year. Until such time as OMU has installed metering equipment to measure the District Maximum Day Quantity, such quantity shall be defined as 1.15 times the average daily usage of the DISTRICT'S maximum monthly usage during each Fiscal Year divided by 0.98 (for Transmission Facilities water losses).

In determining the water volumes for the maximum days, OMU shall make adjustments, at its reasonable discretion, for any nonrecurring and unusual water uses such as vandalism or water main breaks. No adjustment shall be made for water usage for fire fighting.

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PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

BY: *[Signature]*  
FOR THE

1.10 Fiscal Year

The twelve (12) month period ending May 31.

1.11 Fixed Costs

Annual costs and expenses, which do not vary directly with the quantity of water produced, associated with and directly attributable or allocable to the respective Original Treatment Facility, New Treatment Facility, and Transmission Facilities.

Fixed Costs shall consist of:

- (a) operation and maintenance expenses of the respective facilities (including proportional shares of administrative and general expenses),
- (b) Debt Service Expense of the respective facilities, and
- (c) Replacements and Improvements to the respective facilities.

1.12 New Plant Capacity

The maximum day capacity of the New Treatment Facility which is specified to be 10 mgd.

1.13 New Plant Usage

The System Maximum Day Quantity less the Base Year Plant Usage but not less than zero. Actual water production at the OMU treatment facilities shall have no bearing on the definition of this term.

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SECTION 1(1)

1.14 New Treatment Facility

All OMU water supply, treatment, wet well, high service pumping equipment, transmission mains and other facilities identified in the New Water Treatment Plant Design Report, Black & Veatch/Johnson, Depp & Quisenberry, B & V Project 17926, June 5, 1991, Articles VII, VIII, and IX to be constructed, owned and operated by OMU.

1.15 Original Treatment Facility

All OMU water supply, treatment, wet well, and high service pumping equipment facilities constructed prior to December 31, 1991.

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1.16 Replacements and Improvements

The annual amount required for:

PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

BY: *[Signature]*

- (a) all additions, modifications, improvements and replacements to the Original Treatment Facility, the New Water Treatment Facility and Transmission Facilities which are necessary, as determined by OMU, to maintain the capacity of such facilities, to provide adequate reliable and safe water service to OMU customers including the DISTRICT, and to meet the requirements of public authorities, and
- (b) all additions, or replacements, of Transmission Facilities, which increase the capability of such facilities and are not financed by revenue bonds, provided such additions or replacements would or could be utilized by OMU to provide water service to the DISTRICT.

1.17 System Annual Quantity

For each fiscal year, the total combined quantity of water delivered to the Transmission Facilities by the New Treatment Facility and Original Treatment Facility, less the quantity of

water, as reasonably determined by OMU, representing filter wash water and other treatment plant uses.

1.18 System Maximum Day Quantity

The arithmetic average of the five (5) maximum Clock Day water volumes delivered to the Transmission Facilities by the Original Treatment Facility and New Treatment Facility, combined, during each Fiscal Year, less the quantity of water, as reasonably determined by OMU, representing filter wash water and other treatment plant uses.

In determining the water volumes for the maximum days, OMU shall make adjustments, in its reasonable discretion, for any nonrecurring and unusual water uses such as vandalism or water main breaks. No adjustment shall be made for water use for fire fighting.

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1.19 Transmission Facilities

All eight (8) inch and greater water mains owned and maintained by OMU in service as of December 31, 1991 and subsequent additions and improvements to such water mains which could provide service to both retail customers of OMU and the DISTRICT. Transmission Facilities include replacements to such water mains and exclude transmission mains used solely to connect water treatment facilities to the transmission system.

PURSUANT TO 807 KAR 5011,

BY: *[Signature]*

1.20 Variable Expenses

Annual operation and maintenance expenses which vary directly with the quantity of water produced.

ARTICLE 2  
TERM OF CONTRACT

2.1 Term

This Agreement shall continue in full force and effect for thirty (30) years from the date of this Agreement, unless sooner terminated under the terms of this Agreement.

ARTICLE 3  
SOURCE OF WATER AND POINTS OF DELIVERY

3.1 Source

The source of the water to the DISTRICT shall include all of OMU's existing municipal water system and any future municipal water system, additions or improvements that OMU may construct or acquire.

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EFFECTIVE

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PURSUANT TO 807 KAR 5.011,  
SECTION 2(1)

BY: 

3.2 Points of Delivery

OMU shall deliver the water to the DISTRICT'S water lines at the point or points shown in Exhibit A and at such other points in OMU's system as is mutually agreed upon by the Parties.

OMU does not guarantee any specific water pressure at any of the existing points of delivery, but does covenant to use reasonable care and diligence in the operation and maintenance of its water system to prevent and avoid abnormal interruptions and

fluctuations of supply and pressure. Should greater pressures than that available at a point of delivery be required by the DISTRICT, it shall be the DISTRICT'S responsibility, at its own expense, to provide within its system such booster pumping, storage or other facilities as may be required to develop additional pressures within the DISTRICT'S system.

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### 3.3 Future Points of Delivery

PURSUANT TO 807 KAR 5.011,  
SECTION 2(1)

It is foreseeable that future growth within certain portions of the DISTRICT'S system will necessitate additional Delivery Points. The anticipated location of, transmission line sizes, and maximum flow rates at these additional Delivery Points are shown in Exhibit A-1. OMU agrees to conduct a hydraulic analysis of its water system to determine if it is feasible to provide these additional Delivery Points without materially affecting its ability to provide adequate service to its other customers. If it is feasible, then OMU shall provide these additional Delivery Points according to the approximate timetable shown in Exhibit A-1. The capital costs incurred by OMU in providing additional Delivery Points will be identified and allocated by OMU between: (a) Transmission Facilities, and (b) facilities which are expected by OMU to provide service only to the DISTRICT. The portion of capital costs of providing these additional Delivery Points which has been identified by OMU as Transmission Facilities shall be included in the annual amount specified in Section 1.16 of this Agreement. The remainder of the capital costs of providing these additional Delivery Points, if

any, shall be paid by the DISTRICT at the time of commercial operation of the Delivery Points or by other payment terms and conditions approved by OMU.

#### ARTICLE 4

#### QUANTITY AND QUALITY OF WATER

##### 4.1 Quantity of Water

OMU shall furnish to the DISTRICT, and the DISTRICT shall purchase from OMU, all of the DISTRICT'S water requirements during the entire term of this Agreement, or any renewals or extensions hereof.

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##### 4.2 Quality of Water

All water furnished to the DISTRICT by OMU during the term of this Agreement, or any renewal or extension thereof, shall be potable, treated water meeting all applicable purity standards of all appropriate state and federal regulatory agencies. The water shall also be of the same quality furnished to OMU's other retail and wholesale customers.

PURSUANT TO 807 KAR 5.011,

SECTION 9(1)

BY:

FOR THE COMMISSION

##### 4.3 Operation of System

OMU shall, at all times, operate and maintain its water system in an efficient manner and shall take such action as may be reasonably necessary to perform its obligations under this Agreement. OMU shall not be liable for any damage or loss allegedly due to interruption of the supply of water to DISTRICT, but shall remedy any failure to deliver water with all possible

dispatch.

4.4 Notice of Anticipated Growth

The DISTRICT shall notify OMU in writing of its intent to commence serving a customer, or group of customers, whose anticipated demand will increase the DISTRICT'S average daily usage by 250,000 gallons or more.

4.5 Alternative Source of Water

In the event OMU is unable to produce and deliver to the DISTRICT sufficient quantities of water to meet the needs of the DISTRICT; then, in such event, the DISTRICT, after having purchased from OMU all of the water made available to the DISTRICT by OMU, shall be allowed to obtain from any other source such additional quantities of water as may be necessary to meet its customers' needs.

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ARTICLE 5

PEAK RATES AND FLOW MEASUREMENT

SEP 22 1994

PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

5.1 Peak Rates of Delivery

BY: *[Signature]*  
FOR THE DISTRICT

DISTRICT agrees to limit the rate at which it takes water from the OMU system at each delivery point to not more than the amounts specified in Exhibit A of this Contract. The contents of Exhibit A may be modified by mutual agreement of the DISTRICT and OMU.

5.2 Flow Measurement

OMU shall own, operate, and maintain the water metering devices at the point(s) of delivery. OMU shall make annual tests and inspections of the meters and such other tests and inspections as OMU may deem necessary to maintain them at the highest practical commercial standard of accuracy and advise the DISTRICT promptly of the results of all such tests. OMU shall give the DISTRICT notice of, and the opportunity to have representatives present at, any such tests or inspections. OMU will make additional tests of said meters at the request of the DISTRICT and in the presence of the DISTRICT'S representatives. The cost of additional tests requested by the DISTRICT shall be paid for by the DISTRICT.

No correction shall be made in the billing to the DISTRICT unless a test shows that the metering is more than three percent (3%) slow or fast. If any such test shows that the metering is inaccurate by more than three percent (3%) slow or fast, correction shall be made in the billing to the DISTRICT for the period during which the Parties agree that the inaccuracy existed, and if no such agreement is reached, then it shall be assumed that the error developed progressively from the date of the last metering test and appropriate adjustment to billings shall be made.

All tests referred to in Section 5.2 of this Agreement shall be performed by a qualified and certified, independent testing laboratory or facility that is generally recognized in the industry.

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BY: *[Signature]*  
FOR THE

ARTICLE 6  
SELLER'S RIGHTS

6.1 Sale to Others

OMU agrees it will not contract for wholesale supply of water to others to such an extent as to, or for any quantities which will, impair OMU's ability to perform its cumulative obligations to supply water to the DISTRICT under this Agreement and the East Daviess County Water Association, Inc., and the Southeast Daviess County Water District under contracts of even date herewith.

6.2 Right to Curtail Delivery

Whenever OMU is experiencing or reasonably expects to experience difficulty in meeting water demands during certain periods due to circumstances beyond OMU's control and upon notification by telephone or facsimile transmission, to be followed by written documentation, the DISTRICT agrees to impose water usage restrictions in the same manner as imposed by OMU on its retail customers.

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ARTICLE 7  
BUYER'S RIGHTS

SEP 22 1994

PURSUANT TO 807 KAR 5011,  
SECTION 9 (1)

BY: *[Signature]*  
FOR THE PUBLIC

7.1 Resale to Others

The DISTRICT agrees not to sell or otherwise furnish water supplied by OMU to any users for use outside its DISTRICT limits or provide wholesale service without the prior written

approval of OMU, except that water service may continue to be furnished by the DISTRICT to the extent such service is provided at the time of the execution of this Agreement. The DISTRICT'S existing wholesale customers and the maximum volume of water which may be sold to each of them is shown in Exhibit A-2 which is attached hereto.

### 7.2 Water from Other Sources

It is understood and agreed that the DISTRICT will not permit water from any other source or supply to be introduced into the DISTRICT'S water system, nor any part thereof, or to be mixed or mingled with water from the OMU system, without prior written approval of OMU, except in cases of emergency, and then only in such quantities as shall be necessary to relieve the emergency. OMU agrees that "emergency" as used herein includes curtailment of service covered by Section 6.2. The introduction of water into DISTRICT'S system pursuant to Section 4.5 hereof shall not be a violation of this Section, as long as DISTRICT exercises all reasonable measures necessary to prevent any mixing of the water in DISTRICT'S system with that of OMU'S system.

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### ARTICLE 8

SEP 22 1994

BASIS OF CHARGE FOR WATER SERVICE PURSUANT TO 207 KAR 5011,  
SECTION 2(1)

### 8.1 Intent

The Parties agree that the intent of this Article 8 is to provide for an allocation of the costs incurred by OMU in owning

BY: *[Signature]*

FOOTNOTES

and operating the respective water facilities based upon use or availability of water as follows:

(a) A portion of the Fixed Costs of the Original Treatment Facility shall be paid by the DISTRICT in proportion to the actual peak water demand by the DISTRICT relative to the peak demand of the total OMU system during the Fiscal Year ending May 31, 1989. See the equation set out in Section 8.3, *infra*.

(b) A portion of the Fixed Costs of the New Treatment Facility shall be paid by the DISTRICT in proportion to the DISTRICT'S effective utilization of the capacity of this Facility relative to the total capacity of this Facility. See the equation set out in Section 8.4, *infra*.

(c) A portion of the Fixed Costs of the Transmission Facilities shall be paid by the DISTRICT in proportion to the DISTRICT'S peak water demand relative to the total OMU system peak of water demand. See the equation set out in Section 8.5, *infra*.

(d) A portion of the combined Variable Expenses of all OMU treatment facilities shall be paid by the DISTRICT in proportion to water sales to the DISTRICT, plus transmission losses, relative to total water produced and delivered to the Transmission Facilities. See the equation set out in Section 8.6, *infra*.

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## 8.2 Summary

In consideration for OMU'S undertaking to supply water to the DISTRICT, the DISTRICT shall make payments to OMU as set forth

PURSUANT TO 307 KAR 5.011.

BY: [Signature]  
FOR THE DISTRICT

in this Article 8. In summary, the payments by the DISTRICT shall consist of five separately determined elements consisting of:

- (a) the Fixed Costs associated with the existing Original Treatment Facility,
- (b) the Fixed Costs associated with the New Treatment Facility,
- (c) the Fixed Costs associated with Transmission Facilities,
- (d) Variable Expenses such as chemicals and electric power, and
- (e) contract administration costs.

The total amount charged to the DISTRICT shall be equal to the sum of the charges determined in Sections 8.3 through 8.7 herein but not less than the District Annual Quantity times the rate billed to the DISTRICT at the end of the first full Public Service Commission of Kentucky operation of the New Treatment Facility. EFFECTIVE

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8.3 Original Treatment Facility

The DISTRICT shall pay its proportionate share of the Fixed Costs of the Original Treatment Facility as determined by the following equation:

$$\text{DISTRICT Share} = \frac{\text{Original Treatment Facility Fixed Costs (Exhibit G)}}{\text{District Base Quantity}} \times \text{Base Year Plant Usage}$$

8.4 New Treatment Facility

The DISTRICT shall pay its proportionate share of the Fixed Costs of the New Treatment Facility as determined by the following equation:

DISTRICT Share =

New Treatment Facility  
Fixed Costs (Exhibit G) X

District Growth Quantity  
New Plant Capacity

Provided, however, that DISTRICT'S share shall never be less than 8.25%, nor more than 100%, of the Fixed Costs of the New Treatment Facility.

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OFFICER  
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8.5 Transmission Facilities

The DISTRICT shall pay its proportionate share of the Fixed Costs of the Transmission Facilities as determined by the following equation:

PURSUANT TO 807 KAR 5.011.

BY: [Signature]

DISTRICT Share =

Transmission Facilities  
Fixed Costs (Exhibit G) X

District Maximum Day Quantity  
System Maximum Day Quantity

8.6 Variable Expenses

The DISTRICT shall pay its proportionate share of Variable Expenses as determined by the following equation without regard to which treatment facility actually produced water used by the DISTRICT:

DISTRICT Share =

Variable Expenses (Exhibit G) X

District Annual Quantity  
System Annual Quantity

8.7 Contract Administration

Administrative costs which shall consist of OMU expenses incurred in:

- (a) determining amounts due under this Contract and related accounting and billing expenses,

- (b) responding to DISTRICT inquiries regarding estimated and actual billing amounts, and
- (c) resolving all billing disputes with the exception of disputes which resolution is found to be in favor of the DISTRICT.

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8.8 Determination of Charges

PURSUANT TO 807 KAR 5.011

After the New Treatment Facility has been in operation for at least nine (9) months, on or before <sup>BY: [Signature]</sup> March 16 of each year during the term hereof, OMU, using the formulae set forth in this Article 8 and the Exhibits to this Agreement, shall determine or estimate and calculate the total charges to be allocated to the DISTRICT for the Fiscal Year ending the next following May 31 based upon actual and estimated expenses. Adjustment shall be made by OMU to reconcile any differences between the estimated revenues and expenses and the actual revenues and expenses from the previous fiscal year. The total charges shall be divided by the total gallons of water estimated by OMU to be sold by OMU to the DISTRICT during the Fiscal Year. The result will be the proposed rate to be charged the DISTRICT.

OMU shall notify the DISTRICT in writing of the proposed rate on or before March 16 of each Fiscal Year, or at least 15 days before it is to be established as the actual rate, to permit the DISTRICT to review and comment on the proposed rate. OMU shall furnish the DISTRICT the information called for in the Exhibits attached to this Agreement in the same format contained therein.

Fifteen days after notice of the proposed rate is sent to the DISTRICT, OMU may establish the actual rate to be charged the

DISTRICT and shall immediately notify the DISTRICT in writing of the new rate. The effective date of the new rate shall be June 1 of each Fiscal Year, but not less than 60 days after it has been established by OMU, to allow submission of the new rate by the DISTRICT to the Kentucky Public Service Commission for approval of the DISTRICT'S Purchase Water Adjustment.

### 8.9 Billing and Payment

OMU shall submit to the DISTRICT as promptly as practicable after the first of each month and not later than the tenth of the month, an invoice for the transactions and the respective amounts due under the terms of this Agreement for the prior month. All such invoices shall be due and payable by the 20th of the month or within ten (10) days after receipt by the DISTRICT, whichever is later. Any amount unpaid after the due date shall be deemed delinquent and shall bear interest at the rate of 12% per annum until paid.

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### 8.10 Interim Rate Increases

PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

The Parties acknowledge the need for OMU to increase its retail and wholesale water rates prior to the completion of the New Treatment Facility and implementation of the rates calculated according to Article 8 of this Agreement. OMU shall have the authority to increase its wholesale water rates; provided, however, that the rates charged to all other wholesale customers shall be increased by the same percentage as the rate to be charged the

DISTRICT; and, provided further, that the rates to be charged OMU's retail customers shall simultaneously be increased by at least the same percentage as the DISTRICT'S.

The effective date, as to the DISTRICT, of any such rate increases shall be at least 60 days after the new rate has been established by OMU. This delay will allow the DISTRICT time to apply to the Kentucky Public Service Commission for a Purchase Water Adjustment, so the DISTRICT can pass through the increased rates to its customers.

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ARTICLE 9

STORAGE CAPACITY AND PLANT EXPANSION <sup>SEP 22 1994</sup>

PURSUANT TO 807 KAR 5.011,  
SECTION 2(1)

9.1 Distribution Storage Capacity

BY: *[Signature]*

The DISTRICT shall install, maintain and utilize sufficient storage capacity on its distribution system so that the maximum clock hour volume of water delivered to the DISTRICT is not greater than one hundred forty (140%) percent of the average hourly rate of delivery for each Clock Day.

9.2 Plant Expansion

In the event OMU proposes to expand the capacity of water supply, treatment or transmission facilities beyond the capacity provided by the existing Transmission Facilities and the Original and New Treatment Facilities, the DISTRICT shall share the cost of such additional facilities in proportion to the anticipated and actual utilization of such facilities by the DISTRICT in the manner

described in Section 8.1 hereof. OMU may choose to expand the capacity of the water supply, treatment or transmission facilities at any time after the System Maximum Day Quantity reaches or exceeds 90% of the then existing system capacity. Notice of OMU's intention to expand shall be given to the DISTRICT as provided in Section 13.1 hereof. The DISTRICT'S minimum share of the fixed costs of the additional treatment facility shall be the District Growth Quantity for the most recent Fiscal Year then available divided by the New Plant Usage.

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ARTICLE 10  
FORCE MAJEURE

PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

BY: *[Signature]*  
FORT LEE, KY

10.1 Definition of "Force Majeure"

The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or other labor disturbances, acts of the public enemy, orders of any kind of the Government of the United States or the Commonwealth of Kentucky or any military authority, insurrection, riots, epidemics, landslides, earthquake, fires, storms, hurricanes, floods, washouts, droughts, arrests and restraints of government and people, civil disturbances, explosions, breakage or damage to machinery, canals, tunnels or pipelines, partial or entire failure of water system, and inability by OMU to furnish water hereunder or the DISTRICT to receive water hereunder for any reason or cause not reasonably within the control of the Party claiming such inability.

10.2 Notice of "Force Majeure"

If by reason of force majeure either party hereto shall be rendered unable, wholly or in part, to carry out its obligations under this Contract, then such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after the event or cause relied on, the obligation of the party giving such notices, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch, provided however, that this Section 10.2 shall not apply to failures by OMU or the DISTRICT to make payments or credits for service rendered as specified under Article 8.

10.3 Responsibility and Indemnification

Each Party shall be solely responsible for the construction, operation, and maintenance of its respective water systems. Each Party, to the extent permitted by law, hereto expressly agrees to indemnify and save harmless and defend the other Party to this Agreement against all claims, demands, cost, or expense asserted by third parties and proximately caused by the negligence or willful misconduct of such indemnifying Party in connection with the construction, operation, and maintenance of its respective water system.

PUBLIC SERVICE COMMISSION  
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SEP 22 1994

PURSUANT TO 807 KAR 501T,  
SECTION 9(1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

ARTICLE 11

DEFAULT, REMEDY, DISPUTED BILL

11.1 Events of Default

The DISTRICT agrees to pay all monies as described in Article 8 when due and both Parties hereby agree to carry out all other duties and obligations to be performed by them pursuant to all of the terms and conditions set forth and contained in this Agreement. The failure of either Party to perform any of its duties or obligations contained herein shall be an event of default by that Party.

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11.2 Notice of Default

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Upon the occurrence of an event of default, the nondefaulting Party may promptly notify the defaulting Party, in writing pursuant to Section 13.1, of the existence and nature of the event of default.

PURSUANT TO 807 KAR 5011,  
SECTION 9 (1)  
BY: \_\_\_\_\_  
FORT COLLINS, CO

11.3 Curing of Default, Termination and Remedy

(a) Within fifteen (15) days after written notice of the event of default has been given, the defaulting Party shall cure such default.

(b) The failure of OMU to comply with any water quality standards of any governmental entity shall not constitute an event of default if OMU undertakes to cure such failure as soon as practicable and within 15 days of OMU's receipt of notice thereof and continues in good faith to cure the failure.

(c) Should the defaulting Party fail to cure the default within 15 days after written notice has been given to it, or within the time reasonably necessary to cure the default by the exercise of due diligence, or within the time specified in Section 11.4, infra, then the nondefaulting Party may, at its option, immediately terminate this Agreement and recover from the defaulting Party any and all damages to which it may be entitled under applicable law.

(d) Notwithstanding the foregoing provisions, neither Party shall have the right to terminate this Agreement unless the event of default constitutes a breach of a material term or condition of this Agreement.

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11.4 Suspension of Services After Nonpayment

PURSUANT TO 807 KAR 5011,  
SECTION 4(1)

Should an act of default by the DISTRICT in payment of monies under this Contract continue for a period of thirty (30) days from the giving of written notice without having been cured by the DISTRICT, then OMU may, by written notice, suspend the right of the DISTRICT to receive any or all of its water supply from OMU. If the default in payment continues for 30 days or more after suspension, OMU may terminate this Agreement and recover from the DISTRICT any and all damages to which it may be entitled under applicable law.

11.5 Disputed Bill

If a portion of any bill is in a bona fide dispute, the undisputed amount shall be paid when due. In the event either Party is entitled to all or any portion of the disputed amount,

such Party shall also be entitled to interest on such amount at 12% per annum. In any dispute relating to the payment of money, the prevailing Party shall be reimbursed by the nonprevailing Party for the reasonable costs of resolving such disputes, including reasonable attorney and consulting fees. Use of the above procedure shall not be deemed an event of default under this Agreement.

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ARTICLE 12

SEP 22 1994

ACCOUNTING

PURSUANT TO 807 KAR 5:011,  
SECTION 9(1)

12.1 General Accounting Provisions

BY: *[Signature]*  
FOR SECRETARY

OMU shall maintain its accounting records in accordance with the Uniform System of Accounts. Nothing in this Agreement shall require OMU to change, or otherwise affect, the accounting practices, and procedures used by it. All accounting practices, procedures, and records necessary to obtain a proper allocation of costs under this Agreement may be maintained independently of OMU's accounting records. The manner in which accounts are kept pursuant to this Agreement is not intended to be determinative of the manner in which they are treated in the separate books of the Parties.

12.2 Annual Independent Audit

OMU shall cause its accounts to be audited by a firm of certified public accountants at annual intervals. A copy of the certified public accountant's audit report and opinion shall be supplied to the DISTRICT.

12.3 Additional Audits

Any payment made by the DISTRICT pursuant to this Agreement shall not constitute a waiver of any right of the DISTRICT to question or contest the correctness of any charge by OMU. The DISTRICT may cause the accuracy of any costs charged to it to be verified, at its own expense, by an examination of the accounts and records kept by OMU either by the DISTRICT'S designated accounting personnel or by an independent certified public accountant, and OMU shall make such accounts and records available at its office at reasonable times for such purposes. However, the DISTRICT may not have an independent certified public accountant conduct such an examination of OMU'S accounts and records except on at least thirty (30) days prior written notice to OMU, and may not conduct any such examination more than once in any 12-month period. OMU recognizes that audits may be conducted more frequently if warranted by special circumstances.

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ARTICLE 13

MISCELLANEOUS

SEP 22 1994

PURSUANT TO 807 KAR 5.011,  
SECTION 4(1)

BY: *[Signature]*  
FOR THE

13.1 Notices

If at any time either Party desires or is required to give notice to the other Party pursuant to the terms of this Agreement, such notice shall be in writing and shall be hand-delivered or mailed by certified mail return receipt requested. Notice shall be effective upon receipt. Notices shall be given to

the Parties at the following addresses or such other place or other person as each party shall designate by similar notice:

(a) As to OMU:

Owensboro Municipal Utilities  
115 East 4th Street  
Owensboro, Kentucky 42303  
Attention: General Manager

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(b) As to the DISTRICT:

West Daviess County Water District  
3400 Bittel Road  
Owensboro, KY 42301  
Attention: General Manager

SEP 22 1994

PURSUANT TO 807 KAR 5011,  
SECTION 9(1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

### 13.2 Response to Notices

At any time either Party desires or is required to respond to any notice given pursuant to Section 12.1, such response shall be made in the manner prescribed by Section 12.1 and be given within fifteen (15) days after receipt of the notice unless otherwise provided in this Agreement.

### 13.3 Governing Law

This Agreement shall be governed by the laws of the Commonwealth of Kentucky.

### 13.4 Entire Agreement; Severability

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter contained herein. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon either Party unless and until it is reduced to writing and signed by both Parties. Should any provision of this Agreement be

declared to be invalid or unenforceable by a Court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect unless such invalid or unenforceable provision substantially alters the benefits of the Agreement for either Party.

### 13.5 Waivers

Any waiver at any time by any Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with this Contract shall not be considered a waiver of any such rights or matters at any subsequent time.

### 13.6 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement shall not be assigned by either Party without the written consent of the other Party, which consent shall not be unreasonably withheld, unless such assignment or transfer is to a successor in the operation of its properties by reason of a merger, consolidation, sale, or foreclosure where substantially all such properties are acquired by such a successor empowered by law and financially able to effect the purposes of this Agreement which it must assume and, thereafter be exclusively responsible for the performance of the terms of this Contract to be performed by either Party hereunder.

PUBLIC SERVICE COMMISSION  
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SEP 22 1994

PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: *[Signature]*  
FOR THE

13.7 Section Headings Not to Affect Meanings

The descriptive headings of the various Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions thereof.

13.8 Cooperation

The Parties agree to confer periodically regarding projected demand for water and the implementation and administration of this Agreement.

13.9 Exhibits

Exhibits A, A-1, A-2, B, B-1, C, D, E, F, G, H, I and J attached to this Agreement are incorporated herein by reference.

13.10 Effective Date

This Agreement shall become effective upon proper execution by both of the Parties and approval of the Agreement by the City of Owensboro.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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13.11 Prior Contracts Superseded

As of the effective date of this Agreement, the November 6, 1966, Contract, and all supplemental contracts, addenda or amendments thereto, shall be superseded.

PURSUANT TO 807 KAR 5011  
SECTION 4(1)  
FOR THE PUBLIC SERVICE COMMISSION

IN WITNESS WHEREOF, the Parties hereto, acting under the authority of their respective governing bodies, have caused this

Agreement to be duly executed in multiple counterparts, each of which shall constitute an original.

OMU:  
OWENSBORO MUNICIPAL UTILITIES

BY: William R. Cavin  
William R. Cavin  
Chairman

ATTEST:

Daisy M. James  
Daisy James  
Secretary

DISTRICT:  
WEST DAVIESS COUNTY WATER DISTRICT

By: Joseph C. Riney  
Joseph C. Riney  
Chairman

ATTEST:

Charles E. Smith  
Charles E. Smith  
Secretary

PUBLIC SERVICE COMMISSION  
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PURSUANT TO 807 KAR 5011,  
SECTION 3 (1)

BY: Andrew J. Bell  
FOR THE PUBLIC SERVICE COMMISSION

LIST OF EXHIBITS

- A EXISTING DELIVERY POINTS
- A-1 FUTURE DELIVERY POINTS
- A-2 EXISTING WHOLESALE CUSTOMERS
- B BILLING DETERMINANTS
- B-1 DETERMINATION OF DISTRICT PERCENTAGE OF RESPONSIBILITY FOR COSTS
- C TRANSMISSION O & M EXPENSE
- D WATER SUPPLY & TREATMENT O & M EXPENSE
- E ALLOCATION OF REVENUE BOND DEBT SERVICE
- F ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES
- G SUMMARY OF ANNUAL FIXED AND VARIABLE EXPENSES
- H DEVELOPMENT OF CHARGES TO DISTRICTS
- I EFFECTIVE UNIT RATE
- J DISTRICT & SYSTEM DATA

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PURSUANT TO 807 KAR 5011,  
SECTION 2(1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

EXHIBIT A

EXISTING DELIVERY POINTS  
FOR  
WEST DAVIESS COUNTY WATER DISTRICT

LOCATION	LINE SIZE	MAXIMUM FLOW RATE (GALLONS/MINUTE)
1. Parrish Avenue Pumping Station	12"	1,300
2. U.S. 431 Pumping Station	12"	700

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PURSUANT TO 807 KAR 5.011,  
SECTION 4(1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

EXHIBIT A-1

FUTURE DELIVERY POINTS OR CHANGES TO DELIVERY POINTS  
FOR  
WEST DAVIESS COUNTY WATER DISTRICT

<u>LOCATION</u>	<u>ANTICIPATED DATE NEEDED</u>	<u>LINE SIZE</u>	<u>MAXIMUM FLOW RATE (GAL./MIN.)</u>
1. Carter Road South of Southtown Blvd.	May, 1994	12"	2,200
2. U.S. 60 West @ Gilles Ditch	May, 1996	12"	1,800
3. Parrish Avenue Pumping Station		12"	Upgrade to 2,200
4. U.S. 431 Pumping Station		12"	Upgrade to 1,500

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PURSUANT TO 807 KAR 5011,  
SECTION 19 (1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

EXHIBIT A-2  
EXISTING WHOLESALE CUSTOMERS  
OF  
WEST DAVIESS COUNTY WATER DISTRICT

<u>NAME</u>	<u>MAXIMUM AMOUNT (GALLONS/DAY)</u>
1. North McLean Water District	200,000
2. Beech Grove Water Association	100,000
3. Grandview Water System	30,000

PUBLIC SERVICE COMMISSION  
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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)  
BY: *Judith A. ...*  
FOR THE PUBLIC SERVICE COMMISSION

Line			FY 1991 Amount	FY 1991 Reference	Inflation Factor	Growth Factor	Compounded Adjustment Factor 4 years	Estimated FY 1995 Amount
1.000								
1.001								
1.002								
1.003								
1.004								
1.005								
1.006	Water System Demands and Usage							
1.007	-----							
1.008	System Annual Quantity	Mil. Gal.	4,846	+S10.051	0%	3%	1.126	5,457
1.009								
1.010	District Annual Quantity							
1.011	Southeast Davies	Mil. Gal.	532	+S10.040	0%	4%	1.170	622
1.012	West Davies	Mil. Gal.	345	+S10.040	0%	4%	1.170	404
1.013	East Davies	Mil. Gal.	154	+S10.040	0%	4%	1.170	180
1.014								
1.015	Maximum Day Quantity							
1.016	Southeast Davies	mgd	1.99	+S10.041	0%	4%	1.170	2,328
1.017	West Davies	mgd	1.38	+S10.041	0%	4%	1.170	1,612
1.018	East Davies	mgd	0.61	+S10.041	0%	4%	1.170	0,716
1.019								
1.020	System Maximum Day Quantity	mgd	16.91	+S10.046	0%	3%	1.126	19,041
1.021								
1.022	Operation and Maintenance Expense							
1.023	-----							
1.024	Transmission and Dist. Expense	\$	269,521	(a)	4%	0%	1.170	315,340
1.025	Source of Supply Expense	\$	121,068	(a)	4%	0%	1.170	141,650
1.026	Existing Treatment Plant Expense							
1.027	Chemicals	\$	198,132	(a)	4%	3%	1.311	259,751
1.028	Other	\$	405,493	(a)	4%	0%	1.170	474,427
1.029	New Treatment Plant Expense	\$						155,000 (b)
1.030	Pumping Expense							
1.031	Electric Power	\$	240,191	(a)	4%	3%	1.311	314,890
1.032	Other	\$	8,840	(a)	4%	0%	1.170	10,343
1.033								
1.034	Administrative Expenses	\$	689,980	(a)	4%	0%	1.170	807,277
1.035	Billing, Records & Collection	\$	176,825	(a)	4%	0%	1.170	206,885
1.036								
1.037	(a) FY 1991 financial statements.							
1.038	(b) Estimated from prior study.							
1.039								
1.040	Debt Service Payments							
1.041	-----							
1.042	Existing Plant	\$	487,100		0%	0%	1.000	487,100
1.043	New Plant (c)	\$						2,074,000
1.044								
1.045	(c) Based on about \$23 million revenue bonds. (b)							
1.046								
1.047								
1.048								
1.049								

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PURSUANT TO 807 KAR 5011,  
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BY: *[Signature]*  
 FOR THE PUBLIC SERVICE COMMISSION

Schedule 2  
 Determine District Percentage  
 Responsibility for Costs

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92  
 N:\17656010\FY1995E.WK1 Range: RNG\  
 Analysis: Proforma Charges to Wholesale Customers  
 Fiscal Year Ending May 31, 1995

line

		Wholesale Customers				OMU	Total
		-----	-----	-----	-----	-----	-----
	Units	Southeast Davies	West Davies	East Davies	Subtotal	Retail Customers	OMU System
2.000							
2.001							
2.002							
2.003							
2.004							
2.005	District Responsibility for Variable Expenses						
2.006							
2.007	FY 1995 System Annual Quantity	Mil. gal.					5,457 +\$1,008
2.008	FY 1995 District Annual Quantity	Mil. gal.	622	404	180	1,206 +\$1,013	
2.009							
2.010	District Responsibility for Variable Expenses	11.40%	7.40%	3.30%	22.10%	@ROUND(+\$2,008/\$2,007,4)	
2.011							
2.012							
2.013	District Responsibility for Fixed Costs of Existing Facilities						
2.014							
2.015	FY 1989 District Base Quantity	mgd	2.38	1.94	0.594	4.911 +\$10,011	
2.016	FY 1989 Plant Usage (Base)	mgd					17.54 +\$10,022
2.017	District Responsibility for Fixed Costs of Existing Facilities						
2.018	Percent	13.56%	11.05%	3.39%	28.00%	@ROUND(+\$2,015/\$2,016,4)	
2.019							
2.020							
2.021	District Responsibility for Fixed Costs of Existing Transmission Facilities						
2.022							
2.023	FY 1995 District Maximum Day Quantity		2.328	1.612	0.716	4.656 +\$1,018	
2.024	FY 1995 System Maximum Day Quantity						19.04 +\$1,020
2.025							
2.026	District Responsibility for Fixed Costs of Existing Transmission Facilities						
2.027	Percent	12.23%	8.47%	24.46%	@ROUND(+\$2,023/\$2,024,4)		
2.028							
2.029							
2.030	District Responsibility for Fixed Costs of New Facilities						
2.031							
2.032	FY 1995 System Maximum Day Quantity	mgd					19.04 +\$1,020
2.033	less Base Year Plant Usage	mgd					17.54 Contract
2.034							
2.035	New Plant Capacity	mgd					10.00 Input
2.036	FY 1995 New Plant Usage	mgd					1.50 +\$2,032-\$2,03
2.037	FY 1995 New Plant Usage	mgd					1.50 @IF(\$2,036<0,
2.038	FY 1995 Reserve Capacity	mgd					8.50 +\$2,035-\$2,03
2.039							
2.040	FY 1995 Maximum Day Quantity	mgd	2.328	1.612	0.716	4.656 +\$2,023	
2.041	FY 1989 District Base Quantity	mgd	2.378	1.939	0.594	4.911 +\$10,011	
2.042	District Growth Quantity	mgd	-0.050	-0.327	0.122	+ \$2,040-\$2,041	
2.043	But not less than zero	mgd	0.000	0.000	0.122	@IF(\$2,042<0,0,+ \$2,042)	
2.044							
2.045	District Growth Ratio	percent	0.00%	0.00%	8.13%	+ \$2,043/\$2,037	
2.046							
2.047	Ratio New Plant Usage / New Plant Capacity						
2.048							
2.049	Factor	percent	0.00%	0.00%	1.22%	1.22% @ROUND(\$2,043/\$2,035,4)	
2.050							
2.051							
2.052	Minimum District Responsibility	percent	12.75%	8.25%	4.00%	25.00% (a)	
2.053							
2.054	District Responsibility for Fixed Costs of New Facilities						
2.055	Amount	percent	12.75%	8.25%	4.00%	25.00% @MAX(\$2,049,\$2,052)	
2.056	(a) From Districts' attorney.						
2.057							

PUBLIC SERVICE COMMISSION  
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PURSUANT TO 807 KAR 5.011,  
 SECTION 9(1)

BY: *[Signature]*  
 (but not less than zero)

Line				
-----				
3.000				
3.001				
3.002				
3.003	FY 1995 annual trans. & dist. expense	\$315,340	+\$1.024	(a)
3.004				
3.005	Beginning of year inch-feet of transmission and distribution system			
3.006				
3.007	Distribution mains (less than 8 inch)			
3.008				
3.009	Transmission mains ( 8 inch & over)			
3.010				
3.011	Total			
3.012				
3.013	Transmission portion	36.63%	FY 1986 data used as proxy.	
3.014				
3.015	Calculated Transmission O&M Expense	\$115,509	ROUND(\$3.003*\$3.013,0)	
3.016				
3.017	Net Distribution O&M Expense	\$199,831	+\$3.003-\$3.015	
3.018				
3.019				
3.020				
3.021				
3.022	(a) Total water trans. & dist. expense less maintenance of services,			
3.023	meters, hydrants and misc. plant.			
3.024				
3.025				

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

SEP 22 1994

PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION

Schedule 4  
 Exhibit D for FY 1995  
 Water Supply & Treatment O&M Expense

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92  
 - N:\17656010\FY1995E.WK1 Range: RNG4\  
 Analysis: Proforma Charges to Wholesale Customers  
 Fiscal Year Ending May 31, 1995

Line			
4.000			
4.001		FY 1995	
4.002		-----	
4.003		\$	
4.004	Source of Supply Expense	141,650	+S1.025
4.005			
4.006	Water Treatment		
4.007	Existing Plant		
4.008			
4.009	Chemicals	259,751	+S1.027
4.010	Other	474,427	+S1.028
4.011			
4.012	New Plant	155,000	+S1.029
4.013			
4.014	Pumping Expense		
4.015			
4.016	Electric Power	314,890	+S1.031
4.017	Other	10,343	+S1.032
4.018			
4.019	Variable Expenses		
4.020	Electric Power	314,890	+S4.016
4.021	Chemicals	259,751	+S4.009
4.022	Other	0	
4.023	Total Variable Expenses	574,641	@SUM(S4.020..S4.022)
4.024			
4.025			
4.026			
4.027			

PUBLIC SERVICE COMMISSION  
 OF KENTUCKY  
 EFFECTIVE

SEP 22 1994

PURSUANT TO 807 KAR 5011,  
 SECTION 9(1)

BY: *[Signature]*

FOR THE COMMISSIONER

Schedule 5  
 Exhibit E for FY 1995  
 Allocation of Revenue Bond Debt Service

Black & Veatch Project: 17656.010 - 5-6-92  
 Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92  
 - N:\17656010\FY1995E.WK1 Range: RNG5\  
 Analysis: Proforma Charges to Wholesale Customers  
 Fiscal Year Ending May 31, 1995

ine			
5.000			
5.001		FY 1995	
5.002		-----	
5.003		\$	
5.004	Existing Revenue Bonds		
5.005	Total Debt Service		
5.006	Principal		
5.007	Interest		
5.008	Total	487,100	+S1.042
5.009			
5.010	Allocation	(b)	
5.011	Water Supply & Treatment	66.28% 322,850	@ROUND(\$5.008*\$5.011,0)
5.012	Transmission Mains	33.72% 164,250	@ROUND(\$5.008*\$5.012,0)
5.013	Total	100.00% 487,100	+S5.011+S5.012
5.014			
5.015	New Revenue Bonds		
5.016			
5.017			
5.018	Annual P & I	2,074,000	
5.019			
5.020			
5.021	Debt Service Summary		
5.022	Exiting Treatment Facility	322,850	+S5.011
5.023	New Treatment Facility	2,074,000	+S5.018
5.024	Transmission Facilities	164,250	+S5.012
5.025			
5.026			
5.027	(a) FY 1991 Expenditure Summary		
5.028	(b) Exhibit E, Contract		
5.029			
5.030			
5.031			

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Allocation of Admin. and General Expenses

line			
-----			
6.000			
6.001		FY 1995	
6.002		-----	
6.003		\$	
6.004			
6.005	Administrative and General Expenses	807,277	+S1.034
6.006			
6.007	Basis of Allocation - Supervised Expenses (b)		
6.008	Existing Treatment Facility	626,420	+S4.004+S4.010+S4.017
6.009			
6.010	New Treatment Facility	155,000	+S4.012
6.011			
6.012	Transmission System	115,509	+S3.015
6.013			
6.014	Distribution System	199,831	+S3.017
6.015			
6.016	Billing, Records & Collection	206,885	+S1.035
6.017			
6.018	Total Above	1,303,645	@SUM(\$6.008..\$6.016)
6.019			
6.020	Allocation Of Admin. & Gen. Expense		
6.021	Existing Treatment Facility	387,908	@ROUND(+S6.005*S6.008/S6.018,0)
6.022			
6.023	New Treatment Facility	95,983	@ROUND(+S6.005*S6.010/S6.018,0)
6.024			
6.025	Transmission System	71,528	@ROUND(+S6.005*S6.012/S6.018,0)
6.026			
6.027			
6.028			
6.029	(b) Excludes expenses which vary with the quantity of water produced.		
6.030			
6.031			

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Schedule 7  
 Exhibit G for FY 1995  
 Summary of Annual Fixed and Variable Costs

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92  
 - N:\17656010\FY1995E.WK1 Range: RNG7\  
 Analysis: Proforma Charges to Wholesale Customers  
 Fiscal Year Ending May 31, 1995

Line		FY 1995	
7.000			
7.001			
7.002			
7.003		\$	
7.004	Existing Treatment Facility Fixed Costs		
7.005	Debt Service	322,850	+S5.011
7.006			
7.007	O&M Expense	626,420	+S4.004+S4.010+S4.017
7.008			
7.009	Replacements & Improvements	128,222	@ROUND(0.025*S7.045,0)
7.010			
7.011	Admin. & General Expense	387,908	+S6.021
7.012			
7.013	Total Existing Treatment Facility Fixed Costs	1,465,400	@SUM(S7.005..S7.011)
7.014			
7.015			
7.016	New Treatment Facility Fixed Costs		
7.017			
7.018	Debt Service	2,074,000	+S1.043
7.019			
7.020	O&M Expense	155,000	+S1.029
7.021			
7.022	Replacements & Improvements	46,250	@ROUND(0.0025*S7.047,0)
7.023			
7.024	Admin. & General Expense	95,983	+S6.023
7.025			
7.026	Total New Treatment Facility Fixed Costs	2,371,233	+S7.023+S7.024
7.027			
7.028	Transmission Facility Fixed Costs		
7.029	Debt Service	164,250	+S5.012
7.030			
7.031	O&M Expense	115,509	+S3.015
7.032			
7.033	Replacements & Improvements	131,000	+S7.052
7.034			
7.035	Admin. & General Expense	71,528	+S6.025
7.036			
7.037	Total Transmission Facility Fixed Costs	482,287	@SUM(S7.029..S7.035)
7.038			
7.039			
7.040	Variable Expenses		
7.041	Total Amount	574,641	+S4.023
7.042			
7.043			
7.044	Estimated Plant Investment		
7.045	Existing Treatment Facilities	5,128,861	(a)
7.046			
7.047	New Treatment Facilities	18,500,000	(b)
7.048			
7.049	Transmission Facilities	7,400,000	(c)
7.050	Existing	5,000,000	2.50% 125,000
7.051	New	2,400,000	0.25% 6,000
7.052			131,000
7.053	(a) From financial statement.		
7.054	(b) Per Tom Ratzki - see April 29, 1992 memo		
7.055	(c) Estimated \$5 million existing plant plus \$2.4 million for new plant. (b)		
7.056			

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Line	Total System Costs	Wholesale Customers				Subtotal
		Southeast Davies	West Davies	East Davies		
8.000						
8.001						
8.002						
8.003						
8.004						
8.005						
8.006						
8.007 Existing Treatment Facility						
8.008 Total Costs	1,465,400	+S7.013				
8.009						
8.010 District Responsibility						
8.011 Percent		13.56%	11.05%	3.39%	28.00%	+S2.018
8.012 Amount		198,708	161,927	49,677	410,312	@ROUND(S8.008*S8.011,0)
8.013						
8.014						
8.015 New Treatment Facility						
8.016 Total Costs	2,371,233	+S7.026				
8.017						
8.018 District Responsibility						
8.019 Percent		12.75%	8.25%	4.00%	25.00%	+S2.055
8.020 Amount		302,332	195,627	94,849	592,808	@ROUND(S8.016*S8.019,0)
8.021						
8.022						
8.023 Transmission Facilities						
8.024 Total Costs	482,287	+S7.037				
8.025						
8.026 District Responsibility						
8.027 Percent		12.23%	8.47%	3.76%	24.46%	+S2.027
8.028 Amount		58,984	40,850	18,134	117,968	@ROUND(S8.024*S8.027,0)
8.029						
8.030						
8.031 Variable Expenses						
8.032 Total Costs	574,641	+S7.041				
8.033						
8.034 District Responsibility						
8.035 Percent		11.40%	7.40%	3.30%	22.10%	+S2.010
8.036 Amount		65,509	42,523	18,963	126,995	@ROUND(S8.032*S8.035,0)
8.037						
8.038						
8.039 Total Charges to Districts for FY 1995		625,533	440,927	181,623	1,248,083	+S8.039+S8.039+S8.039
8.040						
8.041						
8.042 Effective Unit Charge						
8.043 Existing Treatment Facility		0.326	0.410	0.281	0.347	@ROUND(+S8.012/(S9.009*1000),3)
8.044 New Treatment Facility		0.496	0.495	0.536	0.502	@ROUND(+S8.020/(1000*S9.009),3)
8.045 Transmission Facilities		0.097	0.103	0.102	0.100	@ROUND(+S8.028/(1000*S9.009),3)
8.046 Variable Expenses		0.107	0.108	0.107	0.107	@ROUND(+S8.036/(1000*S9.009),3)
8.047		-----	-----	-----	-----	
8.048		1.026	1.116	1.026	1.056	@SUM(S8.043..S8.047)

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 FOR THE COMMISSIONER

Exhibit H