

AGREEMENT

Sale of Treated Water to Rural Water District No. 2 of Douglas County, Kansas from City of Lawrence, Kansas

1.0 PROVISIONS

- 1.10 General.** This agreement for the treatment and transmission of water entered into this 15th day of September, 2011, by and between the City of Lawrence, Douglas County, Kansas, a municipal corporation of the first class, hereinafter referred to as "City;" and Rural Water District No. 2, Douglas County, Kansas, hereinafter referred to as "District."

Whereas, the District has contracted for an allotment of water from the Clinton Reservoir, Douglas County, Kansas, as administered by the Kansas Water Office; and

Whereas, the District is organized and established under the provisions of K.S.A. 82a-612 *et seq.* for the purpose of operating a water supply distribution system serving water users within the area defined in this agreement, and the District requests a supply of treated water; and

Whereas, the City owns and operates a water supply treatment and distribution system with a current and projected capacity capable of serving the District's needs as defined in this agreement; and

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, the details of this agreement are as follows:

2.0 DEFINITIONS

For the purposes of this Agreement the following definitions shall be applicable:

Average Day Demand shall mean the total annual volume of water divided by 365 days.

City shall mean the City of Lawrence, Kansas.

Capacity Factor shall mean the ratio of peak rate of demand to the average rate of demand over a specified period of time.

District shall mean Rural Water District No. 2, Douglas County, Kansas.

gpd = gallons per day

gpm = gallons per minute

KWO shall mean the Kansas Water Office

Maximum Day Demand shall mean the maximum water use demand over a 24-hour period.

Maximum Hourly Demand shall mean the maximum usage over a one (1) hour period.

mg/l = milligram per liter

QUANTITY

2.10 Exclusive Supplier of Water. The City and the District agree that the City shall be the exclusive supplier of treated water to the District during the first fifteen (15) years of the term of this Agreement except for less than approximately 5% that is supplied from Douglas County Rural Water District No. 5 for system pressure due to lack of sufficient infrastructure in the District distribution system. The City and the District agree that the City shall be the exclusive supplier of at least fifty (50) percent of the treated water to the District during the last five (5) years of the term of this agreement. If the District chooses to purchase treated water from another source other than the City during the last five (5) years of the contract, the City shall not be bound to the rate of return described in Section 6.10. However, the billing rate increase described in Section 6.10 shall not be affected.

2.20 Agreement Amount. The maximum quantity of water the City agrees to treat under this contract is 125,500,000 gallons per year. The parties agree that in order for the City to treat and deliver the quantity of water the District seeks pursuant to this Agreement, accurate projections of the District's annual quantities are needed from the District. On or before the 15th day of January of each year this Agreement is in effect, the District agrees to provide to the City a five-year projection of the annual quantities of water it seeks the City to treat and deliver to the District. If after receiving the annual updated five-year projection, the City determines it cannot treat and deliver the quantity of water in the District's projection, the City shall so notify the District in writing within 60 days of receipt of the annual quantity projection. The parties may then negotiate a revision to the projection. If the City does not notify the District that it cannot treat and deliver the quantity of water in the District's projection as provided herein, the District's projection of annual quantities shall be deemed accepted by the City and the Projection of Quantities Table shall be attached to this Agreement as an Exhibit and incorporated by reference.

The City agrees to treat and deliver the annual quantity of water to the District as set forth in the table below, and as annually updated by the District and accepted by the City as provided in this Section. The parties agree that the City shall not only treat and deliver an annual quantity of water but shall also treat and deliver maximum day and maximum hour demands. The capacity factors established in the City water rate model for maximum day and maximum hour demands shall be used to determine the maximum day and the maximum hour demands that the District shall not exceed. The capacity factors are calculated using the methodology from the American Water Works Association (AWWA) M1 – Principles of Water Rates, Fees, and Charges Manual, Appendix A.

Year	Annual Demand (gallons)
2011	46,355,000
2012	48,180,000
2013	49,640,000
2014	51,575,000
2015	53,586,000

Wholesale Capacity Factors	
Maximum Day	235%
Maximum Hour	340%

In January of each calendar year, the City shall calculate the maximum day and maximum hour demands for the previous year using the January through December billed volume and the wholesale capacity factors. Hourly meter data from the previous year will be compared to the calculated maximum day and maximum hour demands. If the District withdrew quantities at a rate in excess of the maximum day and/or maximum hour demands, defined below, the City shall charge the District a surcharge, per 1,000 gallons, for the excess quantities for maximum day and/or maximum hour in addition to the regular billing rate.

The average day demand shall be calculated by dividing the January through December billed volume by the number of days billed and rounding to the nearest 500 gallons. The maximum day demand shall be calculated by multiplying the average day demand by the maximum day capacity factor and rounding to the nearest 500 gallons. The maximum hour demand, stated in gallons per minute, shall be calculated by multiplying the average day demand by the maximum hour capacity factor, dividing by 1,440 and rounding to the nearest 5 gallons.

See attached Exhibit A for an example of the calculation Maximum Day and Maximum Hour Demands.

The surcharge, per 1,000 gallons, for the maximum day excess quantities shall equal the annual billing rate times the ratio of the maximum day cost of service divided by the total cost of service from the Rural Water District Cost Allocation Table of the rate model for the year under review. The surcharge, per 1,000 gallons, for the maximum hour excess quantities shall be equal to the annual billing rate times the ratio of the maximum hour cost of service divided by the total cost of service from Rural Water District Cost Allocation Table of the rate model for the year under review. If a surcharge is due from the District for the previous year, the District shall have the option to make a single payment or to make 6 monthly payments.

See Exhibit B for the Rural Water District Cost Allocation Table and an example calculation of the Maximum Day and Maximum Hour Surcharges.

At the time of the execution of this agreement, the City shall not immediately implement the surcharges defined in this section. The parties recognize it is the City's intent to work with the District to avoid surcharges. However, once the City's water system maximum day reaches 80% of the treatment capacity of 36.5 MGD, or as adjusted in the future, surcharges for exceeding maximum day and/or maximum hour quantities will be charged to the District. The City, upon written notice to the District in January of any year, may implement the surcharges for that year and future years.

2.30 Reservoir Allotment. As the terms of this agreement reflect primarily the sale of water treatment and water-transmission, the District shall maintain its agreement with the KWO for purchase and security of water allotments. As of the date of the execution of this Agreement, the District's allotment with the Kansas Water Office is 80.782 million gallons per year.

The maximum quantity of water the City agrees to treat under Section 2.20 of this Agreement exceeds the District's allotment through its agreement with the Kansas Water Office. The City agrees to supplement the District's allotment with water the City has the legal authority to sell up to 125,500,000 gpy in accordance with Section 2.20, except the City shall have no duty to supplement the District's allotment if the KWO reduces either the District's or the City's allotment, or both, from Clinton Reservoir. In the event the KWO reduces the allotments of the District and/or the City, the parties hereto may renegotiate the maximum quantity provision of this Agreement.

The District shall advise the Lawrence City Manager in writing a minimum of 6 months prior to non-renewal of its water agreement through the KWO and its intent to modify this agreement to include purchase of raw water from the City in addition to the purchase of the already provided services of water treatment and water transmission.

3.00 BOUNDARIES

3.10 Service Area. The District shall be defined as that area inclusive of the boundaries of Rural Water District No. 2 as recorded with the Board of County Commissioners of Douglas County, Kansas, and any subsequent attachments as recorded by same.

Service Area Expansion Plans. The District shall annually provide the City with a Map of the District's boundaries and the number of meters in the District. When the District is considering expanding its boundaries, the District shall advise the City of the anticipated number of meters and average daily demand within the proposed District Boundaries.

4.00 METERING

- 4.10 Master Meter Location.** The master meter is located at 3434 Iowa St., Lawrence, Kansas. Structure and equipment shall be purchased, constructed, and maintained in accordance with City specifications, at the District's expense.

The necessary easements and rights-of-way shall be obtained by the District and shall not be vacated so long as they are required for a master meter location. The master meter valve immediately downstream of the master meter, meter strainer, and valve immediately upstream of the master meter, shall, upon acceptance by the City, be owned by the City. All further maintenance of the master meter, meter strainer, upstream valve, and downstream valve shall be the responsibility of the City. The remaining equipment and structure shall be maintained by the District, at the District's expense.

The City and the District acknowledge the possibility of the relocation of the master meter. The master meter may be relocated provided the City approves in writing the relocation and the District is responsible for all costs associated with the relocation and the new master meter and master meter location.

- 4.20 Master Meter Specifications.** Master meters shall meet applicable AWWA specifications and be of either the Turbine type, Compound type or Fire service type. The type of meter shall be determined by the City of Lawrence Utilities Department. For monthly water usage billing purposes, meter readings will be taken at the actual meter register. If master meters of other types are desired, prior approval must be obtained from the City.

- 4.30 Master Meter Testing.** Testing shall be performed annually by the City on master meters, with a copy to the District. Accuracy of the meters will be determined by the accuracy limits established by the latest edition of the AWWA M-6 Water Meters – Selection, Installation, Testing and Maintenance Manual for the type and size of master meter installed. Should any master meter be found registering inaccurately, adjustments in billing shall be made to the District by the City for water metered during the previous six (6) months.

- 4.40 Master Meter Reading.** The City shall read the District's master meter once per month. The City shall have the authority to install, maintain, remove, and otherwise operate remote reading devices at the meter location. The City shall grant the District no allowances for loss of water due to repairs, main breaks, or similar system disruption. The City shall read the District's master meters during the week respective of the City's established meter-reading schedule. The District shall be billed from the City's established billing cycle.

5.00 BACKFLOW PREVENTION

- 5.10 Devices.** The master meter location shall contain backflow prevention devices, approved by the City, in accordance with the City's Cross-Connection Control Code (City of Lawrence, Kansas Code Section 19-701 *et. seq.* and amendments thereto). Devices shall be installed at the District's expense. The devices shall be adequately protected from freezing, and maintain adequate drainage to prevent submergence.

- 5.20 Testing.** Backflow prevention devices shall be tested at the time of installation, at the District's expense, by a licensed and certified backflow device technician. Devices shall be tested annually, at the District's expense, by a licensed and certified backflow device technician. ~~Devices shall be rebuilt every five years, at the District's expense, by a licensed and certified~~

backflow device technician. Completed test records shall be sent to the City and maintained on file.

- 5.30 Accountability.** The District shall provide the City, to be kept on file with the City, a copy of the District's Public Water Supplier's Permit. The District shall also, in accordance with the City's Cross-Connection Control Code, provide the City with the District's cross-connection control plan, to be kept on file with the City. The City shall provide its Public Water Supplier's Permit and its Backflow Prevention and Cross-Connection Control Plan to the District.

6.00 RATES

- 6.10 Billing Rate and Annual Review.** The City shall bill the District monthly for treatment and transmission services registered at the master meter location. Beginning on January 1, 2011, the billing rate is \$3.64 per 1,000 gallons purchased, providing the City a rate of return of seven percent (7%). City shall promptly re-calculate the invoices issued to the District for service since January 1, 2011 utilizing the billing rate described above and issue an appropriate credit. Beginning in 2012, and for each subsequent year until 2014, the billing rate shall yield a rate of return to the City that is one percent less than the previous year's rate of return. The annual rate of return through 2014 shall be as follows:

Year	Billing Rate/1000 gallons purchased	City's Rate of Return
2011	\$3.64	7%
2012	To be determined	6%
2013	To be determined	5%
2014	To be determined	4%

After 2014, the City's rate of return will be based upon the average interest rate on the City's latest water and sewer revenue bond issue. If the City has not issued any revenue bonds in the previous year, the rate of return will be based upon the rate on tax exempt bonds of the same maturity and rating as the City of Lawrence.

Beginning in 2012, and for each subsequent year thereafter, the City shall establish the billing rate as set forth herein, provided that notwithstanding any other provisions of this Agreement, in no event shall the District's billing rate increase after 2011 at a rate greater than the percentage rate of increase assessed to residential water customers within the Lawrence city limits using 3,000 gallons per month. For example, if the residential customer inside the City of Lawrence city limits is increased 2% over said customer's previous billing rate, the District's billing rate increase shall not exceed 2%. If the City does not adjust the billing rate, the last-established rate shall remain in effect until adjusted by the City.

The billing rate after 2011 shall be determined by the City based on the following:

The rate shall be based on the reasonable projected cost of service for the wholesale customer class, which shall include but not be limited to the cost of service for peak demand service, administrative cost of service and rate of return on City investment, and related reasonable capital improvement costs associated with providing water service.

The cost of service for the District service shall not include the cost of City distribution lines of eight (8) inches or less in size, costs of City water usage, City public fire protection related costs, or any raw water costs associated with City's water agreement with the KWO so long as the District maintains its water agreement with the KWO.

In the event the District does not maintain or renew its water agreement with the KWO or withdraws in excess of the annual allotment in its water agreement with the KWO, a raw water charge shall be added to the rate. The raw water charge shall be based on the City's average

cost per 1,000 gallons of raw water from Clinton Reservoir, the Kansas River and any future raw water secured by the City for the previous calendar year.

See Exhibit C for an example calculation of the average raw water cost.

The City agrees to provide to the District annually a copy of the City's approved Capital Improvement Projects and Cost of Service Analysis.

6.20 DEMAND CONTRACT CHARGE

The City and the District acknowledge that the City has and is expending substantial resources to ensure the orderly and timely provision of water service to the District, including fixed capital costs which would be idled or of reduced need if the District should cease to use water. The District agrees to pay a sum equal to the total revenue paid by the District to the City for the three (3) years immediately preceding the effective date of the early termination of the Agreement. Said payment shall be made by the District within 45 days of the effective date of the early termination. In the event of termination of this Agreement by the City with less than the required notice provided in Section 14.20, the City agrees to pay a sum equal to the total revenue paid by the District to the City for the one (1) year immediately preceding the effective date of the early termination of the Agreement. Said payment shall be made by the City within 45 days of the effective date of the early termination.

All warranties, representations, indemnifications, covenants and agreements between the City and the District contained in this Agreement, including but not limited to the Demand Contract Charge, shall survive the termination or the expiration of this Agreement. Provided, that if termination occurs as the result of notification thereof made by the City, pursuant to paragraph 14.20, then the District shall have no further liability for the Demand Contract Charge after termination. Further provided, that if termination occurs as the result of notification or default of the terms of the contract by the District, pursuant to paragraph 14.20, then the City shall have no further liability for the Demand Contract Charge after termination.

7.00 WATER QUALITY

7.10 Raw Water. The City shall draw raw water from the Clinton Reservoir, the Kansas (Kaw) River, an alluvial well field immediately adjacent to the Kaw River and any future source locations secured by the City. Water pursuant to this Agreement shall be treated by either the Kaw River Water Treatment Plant or the Clinton Reservoir Water Treatment Plant. The source of all water delivered under this agreement up to the District's agreement amount with the KWO will be considered to be withdrawn from Clinton Reservoir. The source of all water delivered above the District's agreement amount with the KWO shall not be designated to be supplied from a specified source. Nothing in this Agreement shall be interpreted as a limitation on the source of supply the City provides the District pursuant to this Agreement.

The City acknowledges that any water the District has under agreement with the KWO shall be paid by the District. The City will not assess a raw water charge except as specified in section 6.10 of this agreement.

7.20 Treated Water. Source water shall be treated by means of conventional water treatment techniques by the City. Finished, treated water shall meet all federal, state, and local regulations, as defined by the U.S. Environmental Protection Agency (EPA), and the Kansas Department of Health and Environment (KDHE). Water delivered at the master meter shall have a total combined chlorine residual of not less than 2.0 mg/l. Water processed by the City's two water treatment plants shall be pumped in the City's distribution system.

7.30 Water Transmission. Water being pumped from the City's two treatment plants shall not be segregated, or otherwise delivered to specific areas of the City's system. Source water from the

Kaw River may be treated and delivered to the District in amounts as defined in this Agreement. Differentiation between water originally drawn from the Kansas River and treated water originally drawn from the Clinton Reservoir shall not be made.

8.00 PRESSURE

- 8.10 Minimum Supply Pressure.** Water shall be supplied by the City from water lines feeding the master meter location. Supply pressures at the meter location shall be approximately 45-50 psi (pounds per square inch) and reasonably constant under normal conditions.

9.00 AREAS OF RESPONSIBILITY

- 9.10 Point of Responsibility.** The City shall deliver water, treated in accordance with all regulatory requirements, and to the best of its abilities to the master meter location. This location shall serve as the point in which ownership shall be transferred from the City to the District.
- 9.20 Indemnification and Liability.** The District shall at all times save and hold harmless the City from all liability, costs, damages, and expenses of any kind, for the payment of which the City may become liable to any person, firm, or corporation by reason of any claim or damages arising from the failure of the District, its employees, agents, or servants to exercise due care and diligence in the operation of the District's water distribution system.

10.00 WATER QUALITY PROTECTION

- 10.10 System Protection.** Both the City and the District shall maintain their respective distribution systems pursuant to EPA and KDHE requirements. Systems shall be kept in a good state of repair, including all lines, meters, pumps, storage tanks, and other appropriate equipment.
- 10.20 Disinfectant Residual.** The City shall provide adequate disinfectant residual to the master meter location in accordance with EPA and KDHE requirements and in accordance with Section 7.20. Since disinfectant residuals may dissipate from the water while in the District's distribution system, the District shall ensure adequate disinfectant residuals throughout their system. All provisions necessary for re-disinfection shall be provided at the District's expense.
- 10.30 Contamination Protection.** Should contamination be suspected with either system, including positive coliform tests, rapid dissipation of disinfection residual, evidence of bacteriological or viral organisms, or other external forms of contamination, the owner of such system shall notify the other party immediately. All efforts shall be made to ensure water quality integrity within respective distribution systems.

11.00 DIMINISHED CAPACITY

- 11.10 Emergency Failures.** Diminished pressure or supply due to main breaks, power failure, flood, fires, drought, earthquake, or other such disasters shall be restored as expediently as is reasonably possible. Nothing in this Agreement shall be interpreted as providing the District with preferential treatment or special rights in relation to the orderly restoration of service to the District versus other City water supply responsibilities.
- 11.20 Excessive Demand.** Heavy demands on the City's system may result in diminished pressure or supply to the District without prior warning or notification. All reasonable efforts shall be made by the City to restore service as expediently as possible.
- 11.30 Water Emergencies.** The parties agree that the City now has the capacity of producing treated water in a quantity sufficient to meet the normal demands of its users, including the District. The City agrees to make every reasonable effort to provide an adequate supply of water at all times pursuant to the terms of this Agreement, but both parties understand that the City's water supply

might, by reason of unforeseen emergency, catastrophe, extended drought, disaster, or other acts of God, become inadequate to meet the needs of the inhabitants of the City, and all other customers. Should such an emergency occur, the City shall not incur any liability to the District because of any need to curtail or interrupt the provision of water to the District. The District agrees to adopt, observe, and enforce conservation measures that achieve an equivalent percentage of water conservation as the conservation measures in effect at the time in the City of Lawrence. Normal service shall be resumed under the terms and conditions of this Agreement, at the termination of the emergency as determined by the City.

12.00 RESALE

12.10 Resale Prohibited. The City shall provide treatment and transmission services to the District for water to remain in the District's area as described in Section 3.10, unless otherwise agreed by the City in writing. Water delivered to the District by the City shall be sold to District customers only, except for (a) sales to Douglas County Rural Water District No. 5; and (b) isolated sales, such as sales to the contractor for the Highway 59 improvements and local fire departments. Both parties further agree that connections between public water supplies for the temporary delivery of water during emergencies is acknowledged.

13.00 ACCOUNTABILITY

13.10 End of the Year Reporting. The District shall submit to the City an annual usage report. Reports shall include the District's records of monthly flow, peak hour demand, peak day demand, and current number of service connections. This report shall be submitted to the City by February 15th, following the reporting year.

14.00 AGREEMENT TERMS

14.10 Agreement Length. This Agreement, between the City and the District, shall expire on December 31, 2031 and on such date shall be of no further force and effect. Provided, this Agreement may be renewed or extended upon such terms as the parties may agree.

14.20 Termination. As the City and District recognize rapidly changing technology, as well as regulations, this Agreement may be terminated by either the City or the District, given sixty (60) months written notification.

All warranties, representations, indemnifications, covenants, and agreements between the City and the District contained in this agreement, including but not limited to the demand contract charge, shall survive the termination or expiration of this agreement. Provided, that if termination occurs as the result of notification thereof by the City, then the District shall have no further liability for the Demand Contract Charge after termination. Further provided, that if termination occurs as the result of notification or default of the terms of the contract by the District, then the City shall have no further liability for the Demand Contract Charge after termination.

14.30 Assignment. This Agreement may not be assigned without the written consent of both the District and the City. This Agreement is and shall be binding and obligatory upon the successors and assigns of the parties hereto.

14.40 Repeal of Earlier Agreements. Those certain agreements entered into on or about December 29, 1981, June 8, 1999, and February 16, 2010 between the City and the District are hereby repealed. It is the intent of the City and the District that this Agreement succeeds the earlier agreements.

14.50 Agreement Not Severable. The provisions of this Agreement are not severable. If a court of competent jurisdiction rules that any provision or term of this Agreement is invalid or in violation of any local, state or federal law, this Agreement shall be null and void.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of the respective governing bodies, have caused this Agreement to be executed in triplicate, each of which shall constitute an original.

City of Lawrence, Kansas
A Municipal Corporation

Aron E. Cromwell, Mayor

ATTEST:

Jonathan M. Douglass, City Clerk

STATE OF KANSAS)
DOUGLAS COUNTY)

BE IT REMEMBERED, that on this _____ day of _____, 2011, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Aron E. Cromwell, Mayor, City of Lawrence, Kansas, who is personally known to me to be the same person who executed the above Agreement, and such person duly acknowledged the execution of the same to be his free and voluntary act and deed.

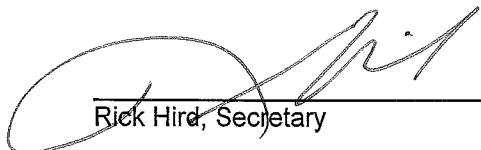
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last mentioned.

Notary Public

My appointment expires:

Rural Water District No. 2
Douglas County, Kansas,
A Quasi-Municipal Corporation

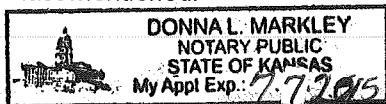

Arthur Miles, Chairman

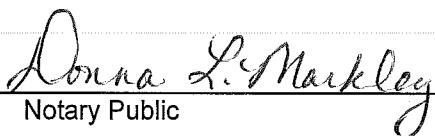

Rick Hird, Secretary

STATE OF KANSAS)
DOUGLAS COUNTY)

BE IT REMEMBERED, that on this 15th day of September, 2011, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Arthur Miles, Chairman, and Rick Hird, Secretary of Rural Water District No. 2, Douglas County, Kansas, who is personally known to me to be the same persons who executed the above Agreement, and such person duly acknowledged the execution of the same to be his/her free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last mentioned.




Notary Public

My appointment expires:
7.7.2015

Exhibit A

Example Calculation of Maximum Day and Maximum Hour Demands

Year	Annual Demand (gallons)	Average Day Demand (gdp)	Maximum Day Demand Shall Not Exceed (gpd)	Maximum Hour Demand Shall Not Exceed (gpm)
2010	29,877,100	82,000	192,500	195

Wholesale Capacity Factors	
Maximum Day	235%
Maximum Hour	340%

Exhibit B

Example Calculation of Maximum Day and Maximum Hour Surcharges

2010 Wholesale Water Rate	2010 Total Allocated Cost of Service	2010 Maximum Day Allocated Cost of Service	2010 Maximum Hour Allocated Cost of Service	2010 Surcharge for Maximum Day Excess Quantities	2010 Surcharge for Maximum Hour Excess Quantities
\$ 3.83	\$ 1,631,600	\$ 611,400	\$ 218,100	\$ 1.44	\$ 0.51

Table 14a
Water Utility
Allocated Costs of Service to Rural Water Districts
Test Year 2010

Common to All

Extra Capacity

Line No.		Total	Base	Maximum Day	Maximum Hour	Meter Reading & Billing
		\$				
	Unit Cost of Service - \$/unit					
1	Operation & Maintenance Expense		1.06666	132.98403	81.18791	1.67833
2	Depreciation Expense		0.16572	38.65815	13.02160	
3	Return on Investment		0.64915	177.35016	55.16215	
4	Total		1.88154	348.99233	149.37167	1.67833
5	Units of Service		426,300	1,752	1,460	0
			Mg	Mgd	Mgd	Equiv. Bills
	Allocated Cost of Service - \$					
6	Operation & Maintenance Expense	806,400	454,800	233,000	118,600	0
7	Depreciation Expense	157,300	70,600	67,700	19,000	0
8	Return on Investment	667,900	276,700	310,700	80,500	0
9	Total	1,631,600	802,100	611,400	218,100	0
10	Less Billing Costs	0				
11	Volume Related Costs	1,631,600				
12	Billable Volume	426,300	Mg			
13	Proposed Volume Charge	3.83	/Mg			

Mg - 1,000 gallons

Mgd - 1,000 gallons per day

Exhibit C

Example Calculation of Average Cost of Raw Water

	2010 Clinton Lake	2010 Kansas River	Total
Raw Water Cost	\$ 310,227	\$ 24,093	\$ 334,320
Raw Water Diverted (1,000 gallons)	2,006,198	1,588,356	3,594,554
Average Raw Water Cost/1,000 gallons			\$ 0.09301