

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SYMSONIA WATER AND)	CASE NO.
SEWER DISTRICT FOR RATE ADJUSTMENT)	2017-00371
PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING OF STAFF REPORT

Notice is hereby given that, in accordance with the Commission's Order of December 12, 2017, the attached report containing the findings of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's October 10, 2017 Order, Symsonia Water District is required to file written comments regarding the findings of Commission Staff no later than 14 days from the date of this report.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATE JAN 03 2018

cc: Parties of Record

STAFF REPORT
ON
SYMSONIA WATER AND SEWER DISTRICT
CASE NO. 2017-00371

Symsonia Water and Sewer District (“Symsonia”) is a water district organized pursuant to KRS Chapter 74 that provides water service to approximately 322 residential and commercial customers residing in Graves County, Kentucky.¹ Its sewer division owns and operates sewage facilities in Graves County, Kentucky, that serve approximately 261 residential customers.²

On September 7, 2017, Symsonia tendered an application (“Application”) to the Commission requesting to adjust its water and sewer rates pursuant to 807 KAR 5:076. To ensure the orderly review of the Application, the Commission established a procedural schedule by Order dated October 10, 2017. Finding in its December 6, 2017 Order that the Commission Staff required additional time to complete its report on Symsonia’s application, the Commission, on its own motion extended the date the Staff Report would be issued from December 7, 2017, to January 3, 2018.

On September 20, 2017, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), requested full intervention into this proceeding. The Commission granted the AG’s request by Order dated December 7, 2017.

¹ *Annual Report of Symsonia Water and Sewer District Water Division to the Public Service Commission for the Calendar Year Ended December 31, 2016* at 9 and 26.

² *Id.* at 9 and 25.

To comply with the requirements of 807 KAR 5:076, Section 9,³ Symsonia used the calendar year ended December 31, 2016, as the basis for its Application.

Using its pro forma test-year operations, Symsonia determined that its water division required additional operating revenues of \$56,599, or 62.3 percent, over test-year water revenues of \$90,853, as shown in the table below.⁴ The water rates requested by Symsonia would increase the monthly bill of a typical residential water customer using 4,000 gallons of water per month by \$14.40, from \$23.11 to \$37.51, or approximately 62.3 percent.⁵

<u>Revenue Requirement Determination - Water Division</u>	
Pro Forma Operating Expenses	\$ 134,193
Plus: Average Annual Debt Service	20,031
Depreciation Reserve Payment	<u>800</u>
 Total Revenue Requirement	 155,024
Less: Other Operating Revenue	(7,454)
Interest Income	<u>(119)</u>
 Revenue Required from Rates	 147,451
Less: Normalized Revenues from Water Sales	<u>(90,853)</u>
 Required Revenue Increase/(Decrease)	 <u>\$ 56,598</u>

Using its pro forma test-year operations, Symsonia determined that its sewer division required additional revenues of \$40,397, or 43.6 percent, over test-year sewer

³ The reasonableness of the proposed rates shall be determined using a twelve (12) month historical test period, adjusted for known and measureable changes, that coincides with the reporting period of the applicant's annual report for the immediate past year.

⁴ Application, Attachment 4, Schedule of Adjusted Operations, Symsonia Water District, Water Division, Revenue Requirements at 1.

⁵ *Id.* Attachment 1.a., Customer Notice.

Staff's findings are contained in this report. Mark Frost and Travis Leach reviewed the calculation of Symsonia's Overall Revenue Requirement. Eddie Beavers reviewed Symsonia's reported revenues and rate design.

Summary of Findings

Water Division

1) Overall Revenue Requirement and Required Revenue Increase By applying the Debt Service Coverage Method ("DSC"), as generally accepted by the Commission, Staff found that the Overall Revenue Requirement for the water division to be \$153,404. A revenue increase of \$54,978, or 60.5 percent, is necessary to generate the water division's Overall Revenue Requirement.

2) Monthly Service Rates In the Application, Symsonia proposed to increase all of its monthly water service rates evenly across the board by approximately 62.3 percent. Symsonia has not performed a cost-of-service study ("COSS"). The Commission has previously found that the allocation of a revenue increase evenly across the board to a utility's current rate design is appropriate when there has been no evidence entered into the record demonstrating that this method is unreasonable and in absence of a COSS. Finding no such evidence in this case, Staff followed the method proposed by Symsonia and allocated the \$54,978 revenue increase Staff found warranted evenly across the board to Symsonia's current monthly water service rates.

The monthly water service rates calculated by Staff are Shown in Attachment B to this report. These rates will increase a typical residential customer's monthly bill from \$23.11 to \$36.63, an increase of \$13.99, or 60.5 percent. Symsonia has proposed to add to its current rate schedule a rate for a customer requesting service through a 4-inch

meter. Staff concurs that if a 4-inch meter is requested by a customer, a rate should be specified in the proposed rate schedule. Staff accepts the change in rate schedule, and Staff's calculated rate based on a 4-inch meter is provided in Attachment A to this report.

Sewer Division

1) Overall Revenue Requirement and Required Revenue Increase By applying the Operating Ratio Method, as generally accepted by the Commission for utilities with little or no debt, Staff found that the Overall Revenue Requirement for the sewer division to be \$142,993. A revenue increase of \$41,308, or 42.5 percent, is necessary to generate the sewer division's Overall Revenue Requirement. If Symsonia wishes to request that the Commission approve a revenue increase of this amount for the sewer division, Symsonia should do so in its written responses to this report.

2) Monthly Service Rates In its Application, Symsonia proposed to increase all of its monthly sewer service rates through a COSS developed by Allen Vilienes, a Kentucky Rural Water Association staff member who also assisted Symsonia in the preparation of its Application. Mr. Vilienes used principles and guidelines set out in the American Water Works Association's M1 Manual to develop the proposed COSS. Staff finds the proposed COSS to be reasonable in its allocation of the costs of providing sewer service to Symsonia's customers.

Symsonia's current rate design is a flat monthly rate of \$28.21 per residential equivalent customer. Symsonia's proposed rate design consists of a monthly minimum bill and a per-1,000-gallon volumetric rate and is a rate design typically accepted by the Commission. Symsonia's method of calculation of the amount to be charged differs from that of past Commission practice. In past COSSs accepted by the Commission, a

demand factor in accordance with the AWWA M1 manual is applied to the costs allocated based upon a commodity demand factor to the allocation of the expenses among the declining block rate schedule. The proposed rate design calculates a service charge to recover the fixed costs of the system and a per-1,000-gallon volumetric rate to recover the variable costs. The calculation of the proposed monthly minimum bill includes 2,000 gallons of usage for Symsonia's customers and is the sum of the service charge and twice the per-1,000-gallon volumetric rate. The inclusion of 2,000 gallons of usage in the monthly minimum bill promotes revenue stability for the system.

Staff finds the proposed rate calculation and rate design appropriate for providing sewer service to Symsonia's customers.

Staff has allocated the \$41,308 revenue increase Staff found warranted utilizing the method as proposed by Symsonia.

The monthly sewer service rates calculated by Staff are shown in Attachment A to this report. These rates will increase a typical residential customer's monthly bill from \$28.21 to \$43.34, an increase of \$15.03, or 53.3 percent.

Allocation and Assignment of Costs Between the Divisions

In Case No. 2012-00517,⁸ Staff noted that Symsonia was allocating its shared operating expenses evenly between the two divisions. Throughout its report, Staff made numerous adjustments "to properly allocate many test-year transactions that were shared by the divisions."⁹ The Commission ordered that, "[i]n all future reporting periods,

⁸ Case No. 2012-00517, *Application of Symsonia Water District for Approval of a Certificate of Public Convenience and Necessity for Construction of Water Facilities, Financing and Increased Rates for Water and Sewer Service*, (Ky. PSC Nov. 07, 2014). ("November 7, 2013 Order").

⁹ *Id.* Staff Report issued April 1, 2013 at 5.

Symsonia District shall use reasonable allocation factors and allocate shared transactions and expenses between its water and sewer operations.”¹⁰

In reviewing the supporting financial records, Staff determined that Symsonia did not follow the Commission’s directive and continued to allocate its shared costs equally between the two divisions. Staff believes that a more equitable method to allocate the shared costs would be to use an allocation factor based on the number of customers that are served by each division (“Customer Allocation Factor”). The Customer Allocation Factor would result in allocating 54.9 percent of the shared costs to the water division and 45.1 percent to the sewer division.¹¹ Reallocating the shared costs results in an overall increase to the water division’s operating expenses of \$26,264 and an overall decrease of \$26,264 to the sewer division’s operating expenses, as calculated in Attachment C.

Staff finds that the Commission should direct Symsonia to make the necessary revisions to its accounting procedures and internal controls so that proper assignment and allocation of revenues and expenses are recorded in its books of original entry in all future reporting periods. Staff also finds that the Commission should require Symsonia to submit in writing its agreement to the above requirement, and to set a deadline for Symsonia to submit its revised accounting procedures and internal controls for the Commission to review.

¹⁰ November 7, 2013 Order at Ordering Paragraph 15.

¹¹ Customer Levels as of December 31, 2016

Water Division	318	54.9%
Sewer Division	261	45.1%
Totals	<u>579</u>	<u>100.0%</u>

Pro Forma Operating Statement

Water Division

The Pro Forma Operating Statement for the test year ended December 31, 2016, as determined by Staff, appears below for Symsonia's water division.

Staff's Pro Forma Income Statement - Water Division						
	2016 Annual Report	Reallocation Adjustments	Reallocated Operations	Pro Forma Adjustments	Adj. Ref.	Pro Forma Operations
Operating Revenues:						
Metered Water Sales	\$ 90,853		90,853			\$ 90,853
Other Water Revenues	9,317	0	9,317	(1,863)	A	7,454
Total Operating Revenues	100,170	0	100,170	(1,863)		98,307
Operating Expenses:						
Operation & Maintenance:						
Salaries & Wages - Employees	45,652	4,474	50,126			50,126
Purchased Power	5,628	0	5,628			5,628
Chemicals	6,727	0	6,727			6,727
Materials & Supplies	11,222	519	11,741	(2,635)	B	9,106
Contractual Services	2,689	80	2,769			2,769
Transportation	539	53	592			592
Insurance	5,713	591	6,304			6,304
Miscellaneous	5,774	528	6,302			6,302
Total Operation & Maintenance	83,944	6,245	90,189	(2,635)		87,554
Depreciation	13,197	2,288	15,485	26,328	C	41,813
Utility Operating Expenses	97,141	8,533	105,674	23,693		129,367
Net Utility Operating Income	\$ 3,029	\$ (8,533)	\$ (5,504)	\$ (25,556)		\$ (31,060)

(A) Other Water Revenues. Symsonia incorrectly recorded the sewer division's non-utility income of \$1,863 as an operating revenue for the water division. To correct this reporting error, Symsonia proposes to decrease the water division's other water revenue by \$1,863. Staff finds that Symsonia's proposed adjustment is correct and that it should be accepted.

(B) Materials and Supplies. Symsonia reported \$11,222 for test-year materials and supplies expense for its water division. The reallocation of the shared expenses in Attachment C increases the water division's materials and supplies expense to \$11,741.

Staff discovered in its review of the test-year invoices that Symsonia had incorrectly expensed \$4,800, the cost of a new office heat pump. Symsonia should depreciate this capital expenditure rather than record as an expense. Symsonia allocated the cost of the office heat pump between the two divisions.

Staff is reducing the water division's materials and supplies expense by \$2,635, its allocation of the cost of the office heat pump.¹² The discussion of the depreciation of the capital expenditure is in Section C below.

(C) Depreciation. Symsonia reported a test-year depreciation expense for its water division of \$13,197. The reallocation of the shared expenses in Attachment C increases the water division's depreciation expense to \$15,485.

In Case No. 2012-00517, the Commission granted Symsonia a Certificate of Public Convenience and Necessity to construct a new water treatment plant, but denied its proposed adjustment to include the associated depreciation, finding that the plant would not be placed into service until December 2013. Because the new plant is now operational, Symsonia is proposing to increase the water division's depreciation expense by \$26,211 to include depreciation of its new water treatment plant.

The Commission has historically relied upon the report published in 1979 by the National Association of Regulatory Utility Commissioners ("NARUC") titled Depreciation Practices for Small Water Utilities ("NARUC Study"). When no evidence exists to support a specific life that is inside or outside the NARUC ranges, the Commission has historically used the mid-point of the NARUC ranges to depreciate utility plant. Symsonia followed

¹² \$4,800 (Office Heat Pump) x 54.9% (Water Division Allocation Factor) = \$2,635.

the Commission’s historical practice by using the mid-point of the NARUC ranges to calculate the depreciation expense for the new treatment plant. Staff finds that Symsonia’s calculation is correct and reasonable, and, therefore finds that it should be accepted for ratemaking purposes.

Following the same NARUC principals, depreciating the office heat pump over 22.5 year increases the depreciation expense for the water division by \$117.¹³ Staff’s total increase to the water division’s depreciation expense is \$26,328.¹⁴

Sewer Division

The Pro Forma Operating Statement for the test year ended December 31, 2016, as determined by Staff, appears below for Symsonia’s sewer division.

Staff's Pro Forma Income Statement - Sewer Division						
	2016 Annual Report	Reallocation Adjustments	Reallocated Operations	Pro Forma Adjustments	Adj. Ref.	Pro Forma Operations
Operating Revenues:						
Sewer Service	\$ 92,660		\$ 92,660			\$ 92,660
Other Operating Revenues	2,590	0	2,590	1,863	A	4,453
Total Operating Revenues	95,250	0	95,250	1,863		97,113
Operating Expenses:						
Operation & Maintenance:						
Salaries & Wages - Employees	45,653	(4,474)	41,179			41,179
Purchased Power	17,506	0	17,506			17,506
Chemicals	9,943	0	9,943			9,943
Materials & Supplies	20,625	(519)	20,106	(12,067)	B	8,039
Contractual Services	13,251	(80)	13,171			13,171
Transportation	539	(53)	486			486
Insurance	6,036	(591)	5,445			5,445
Miscellaneous	8,105	(528)	7,577	(3,500)	C	4,077
Total Operation & Maintenance	121,658	(6,245)	115,413	(15,567)		99,846
Depreciation	26,432	(2,288)	24,144	761	D	24,905
Amortization				1,083	E	1,083
Utility Operating Expenses	148,090	(8,533)	139,557	(13,723)		125,834
Net Utility Operating Income	\$ (52,840)	\$ 8,533	\$ (44,307)	\$ 15,586		\$ (28,721)

¹³ \$2,635 (Allocated Cost of Heat Pump) ÷ 22.5 (Years) = \$117.

¹⁴ \$26,211 (New Treatment Plant) +\$117 (Office Heat Pump) = \$26,328.

(A) Other Operating Revenues. Symsonia incorrectly recorded the sewer division's non-utility income of \$1,863 as an operating revenue for the water division. To correct this reporting error, Symsonia proposes to increase the sewer division's miscellaneous service revenue by \$1,863. Staff finds that Symsonia's proposed adjustment is correct and that it should be accepted.

(B) Materials and Supplies. Symsonia reported \$20,625 test-year materials and supplies expense for its sewer division. The reallocation of the shared expenses in Attachment C reduces the sewer division's materials and supplies expense to \$20,106.

Staff discovered in its review of the test-year invoices that Symsonia incorrectly expensed the cost of a new office heat pump and baffle of \$4,800 and \$6,652, respectfully. Capital expenditures should be depreciated rather than recorded as an expense. The baffle was recorded as a direct expense of the sewer division, and the cost of the office heat pump was allocated between the two divisions.

Symsonia recorded as an expense for its sewer division the \$3,250 cost to recondition a pump motor. For ratemaking purposes, such an expenditure is a nonrecurring cost that should be removed from the sewer division's materials and supplies expense and amortized over its estimated useful life.

Staff is reducing the sewer division's materials and supplies expense by \$12,067¹⁵ to remove the capital and nonrecurring expenditures. The discussion of the amortization

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Industrial Maint. and Eng. Corp. - Reconditioned Pump Motor	\$ (3,250)
Engineered Textile Products - Installed a new Baffle	(6,652)
Rick Scott - Installed New Office Heat Pump	<u>(2,165)</u>
Pro Forma Adjustments	<u>\$ (12,067)</u>

of the nonrecurring expenditure is in Section E below and the discussion of the depreciation of the capital expenditures is in Section D below.

(C) Miscellaneous. During the test year, Symsonia’s sewer division payed a \$3,500 fine to the Division of Water (“DOW”) for its cited failure to comply with the effluent limitations contained in its Kentucky Pollutant Discharge Elimination System Permit.¹⁶ Staff finds that a penalty paid for violating a statute or regulation should not be included in the calculation of Symsonia's revenue requirements. Accordingly, Staff removed the \$3,500 DOW penalty from the sewer division's test-year operations.

(D) Depreciation. Symsonia reported test-year depreciation expense for its sewer division of \$26,432. The reallocation of the shared expenses in Attachment C reduces the sewer division’s depreciation expense to \$24,144.

Following the same NARUC principals, depreciating the office heat pump over 22.5 year and the sewer baffle over ten years increases the depreciation expense for the sewer division by \$761¹⁷

(E) Amortization. Staff is increasing the sewer division’s operating expenses by \$1,083 to reflect amortizing the cost of the reconditioned pump motor of \$3,250 over three years.

¹⁶ Case No. DOW 160026, Agreed Order between Symsonia WWTP and the Energy and Environment Cabinet, Division of Enforcement dated Dec. 15, 2016, Exhibit A.

¹⁷

	Amount	Depreciation		Water 54.9%	Sewer 45.1%
		Life	Expense		
Installed New Office Heat Pump	\$ 4,800	22.5	\$ 213	\$ 117	\$ 96
Installed a new Baffle - Sewer	\$ 6,652	10.0	\$ 665		665
Pro Forma Adjustments				\$ 117	\$ 761

Overall Revenue Requirement and
Required Revenue Increase

Water Division

The Commission has historically applied a DSC method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of: 1) cash related pro forma operating expenses; 2) recovery of depreciation expense, a non-cash item, to provide working capital; 3) the average annual principal and interest payments on all long-term debts; and 4) working capital that is in addition to depreciation expense.

A comparison of Symsonia's and Staff's calculations of the Overall Revenue Requirement and Required Revenue Increase using the DSC method is shown below:

	<u>Sysonia Water Division</u>	<u>Staff</u>
Pro Forma Operating Expenses	\$ 134,193	\$ 129,367
Plus: Average Annual Debt Service	20,031	20,031
Depreciation Reserve Payment	800	4,006
	<hr/>	<hr/>
Total Revenue Requirement	155,024	153,404
Less: Other Operating Revenue	(7,454)	(7,454)
Interest Income	(119)	(119)
	<hr/>	<hr/>
Revenue Required from Rates	147,451	145,831
Less: Normalized Revenues from Water Sales	(90,853)	(90,853)
	<hr/>	<hr/>
Required Revenue Increase/(Decrease)	<u>\$ 56,598</u>	<u>\$ 54,978</u>
Percentage Increase	<u>62.3%</u>	<u>60.5%</u>

(1) Average Annual Principal and Interest Payments. The water division has one outstanding long-term debt payable to the Kentucky Infrastructure Authority. In its Application, Symsonia requested recovery of the five-year average principal and interest

payments due in calendar years 2017 through 2021. Staff agrees that the \$59,873 requested by Symsonia represents, in all material respects, the average annual debt payments that will be made in each year that the water rates approved by the Commission in this proceeding will be in effect.

(2) Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. Symsonia's additional working capital is \$4,006, as calculated in the table below:

Additional Working Capital	
Annual Debt Service Payments	\$ 20,031
Multiplied by: DSC Coverage Ratio	1.20
Required Net Revenues	24,037
Less: Annual Debt Service	(20,031)
Allowance for Additional Working Capital	\$ 4,006

Sewer Division

Symsonia proposes to use the DSC methodology to calculate the revenue requirement for its sewer division. Because, Symsonia's sewer division does not have any outstanding long-term debt, Staff proposes to use the operating ratio method,¹⁸ as

¹⁸ An operating ratio measures the difference between operating revenues and operating expenses. It is defined by the following equation.

$$\text{Operating Ratio} = \frac{\text{Operation \& Maintenance Exp. + Depreciation + Taxes}}{\text{Gross Revenues}}$$

The Commission has found that the operating ratio is a reasonable and necessary alternative to the rate-of-return method for calculating the allowable net operating income for small sewer investor-owned utilities. Specifically, it has found that the rate-of return-method cannot be used because there is "no basis" upon which to determine a rate of return for these utilities, Administrative Case No. 95-236, *Application of Thelma Waste Control, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC).

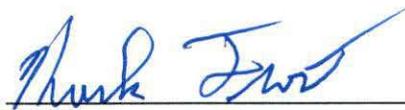
historically accepted by the Commission. This approach is generally used to determine a utility's revenue requirement when no basis for a rate-of-return determination exists, the utility's plant is fully or largely funded through contributions, or the DSC methodology fails to produce a revenue requirement sufficient to support the utility's operations.

Using the operating ratio method, Staff determined that Symsonia's sewer division requires an overall revenue requirement of \$142,993. As shown below, a revenue increase of \$41,308, or 42.5 percent, is necessary to generate the sewer division's Overall Revenue Requirement.

Apr. 15, 1996) at 6. Further, it has found that the operating ratio method is appropriate when plant investment is low and operating expenses are high, Case No. 7982, *Notice of Application of Fern Lake Company* (Ky. PSC. Aug. 27, 1981) at 3.

Operating Expenses	\$ 125,834
Divided by: Operating Ratio	<u>88%</u>
Overall Revenue Requirement	142,993
Less: Other Operating Revenue	(4,453)
Interest Income	<u>(119)</u>
Revenue Requirement - Sewer Rates	138,421
Less: Normalized Revenue from Sewer Service	<u>(97,113)</u>
Recommnded Revenue Increase	<u>\$ 41,308</u>
% Increase	<u>42.5%</u>

Signatures:



Prepared by: Mark Frost
 Financial Analyst, Water and Sewer
 Revenue Requirements Branch
 Division of Financial Analysis



Prepared by: Travis Leach
 Financial Analyst, Water and Sewer
 Revenue Requirements Branch
 Division of Financial Analysis



Prepared by: Eddie Beavers
 Rate Analyst, Water and Sewer
 Rate Design Branch
 Division of Financial Analysis

ATTACHMENT A
STAFF REPORT, CASE NO. 2017-00371
RATES CALCULATED BY STAFF

Staff Calculated
Monthly Water Rates

5/8- x 3/4-Inch Meter

First 2,000 Gallons	\$24.74	Minimum Bill
Next 3,000 Gallons	6.18	per 1,000 Gallons
Next 5,000 Gallons	4.77	per 1,000 Gallons
Over 3,000 Gallons	4.01	per 1,000 Gallons

2-Inch Meter

First 20,000 Gallons	\$107.23	Minimum Bill
Over 20,000 Gallons	4.01	per 1,000 Gallons

4-Inch Meter

First 40,000 Gallons	\$187.43	Minimum Bill
Over 40,000 Gallons	4.01	per 1,000 Gallons

Staff Calculated
Monthly Sewer Rates

All Customers

First 2,000 Gallons	\$33.72	Minimum Bill
Over 2,000 Gallons	4.76	per 1,000 Gallons

ATTACHMENT B
STAFF REPORT, CASE NO. 2017-00371
REALLOCATION OF SHARED EXPENSES

	Reallocation of Shared Expenses between the Water and Sewer Divisions						
	Shared Expenses	Water Division Reallocations			Water Division Reallocations		
		Reallocated Expenses 54.9%	Less: Test-Year Allocated Expenses	Allocation Adjustments	Reallocated Expenses 45.1%	Less: Test-Year Allocated Expenses	Allocation Adjustments
Operation & Maintenance:							
Salaries & Wages - Employees	91,305	50,126	(45,652)	4,474	41,179	(45,653)	(4,474)
Salaries & Wages - Commissioners	0	0	0	0	0	0	0
Employee Pension & Benefits	0	0	0	0	0	0	0
Purchased Water	0	0	0	0	0	0	0
Purchased Power	0	0	0	0	0	0	0
Chemicals	0	0	0	0	0	0	0
Materials & Supplies	10,598	5,818	(5,299)	519	4,780	(5,299)	(519)
Contractual Services	1,627	893	(813)	80	734	(814)	(80)
Water Testing	0	0	0	0	0	0	0
Transportation	1,078	592	(539)	53	486	(539)	(53)
Insurance - Gen Liability	9,728	5,341	(4,864)	477	4,387	(4,864)	(477)
Insurance - Workers Comp.	2,190	1,202	(1,095)	107	988	(1,095)	(107)
Insurance - Other	152	83	(76)	7	69	(76)	(7)
Miscellaneous - Bank Charges	8,889	4,880	(4,352)	528	4,009	(4,537)	(528)
Total Operation & Maintenance	125,567	68,935	(62,690)	6,245	125,567	(62,877)	(6,245)
Depreciation	7,741	4,250	(1,962)	2,288	3,491	(5,779)	(2,288)
Utility Operating Expenses	\$ 133,308	\$ 73,185	\$ (64,652)	\$ 8,533	\$ 129,058	\$ (68,656)	\$ (8,533)

Determination of Shared Operation and Maintenance Expenses

	Reported Operating Expenses			Direct Operating Expenses		Shared Expenses
	Water Division	Sewer Division	Total	Water Division	Sewer Division	
Operation & Maintenance:						
Salaries & Wages - Employees	45,652	45,653	91,305			91,305
Salaries & Wages - Commissioners			0			0
Employee Pension & Benefits			0			0
Purchased Water			0			0
Purchased Power	5,628	17,506	23,134	(5,628)	(17,506)	0
Chemicals	6,727	9,943	16,670	(6,727)	(9,943)	0
Materials & Supplies	11,222	20,625	31,847	(5,923)	(15,326)	10,598
Contractual Services	2,689	13,251	15,940	(1,876)	(12,437)	1,627
Water Testing			0			0
Transportation	539	539	1,078			1,078
Insurance - Gen Liability	4,864	4,864	9,728			9,728
Insurance - Workers Comp.	773	1,095	1,868	322		2,190
Insurance - Other	76	76	152			152
Miscellaneous	5,686	8,190	13,876	(1,334)	(3,653)	8,889
Total Operation & Maintenance	83,856	121,742	205,598	(21,166)	(58,865)	125,567

	Depreciation Shared Plant		
	Test-Year Expense	Test-Year Allocations	
		Water	Sewer
Administrative			
Office	\$ 603		\$ (603)
Office Improvements	148	(74)	(74)
Field			
Warehouse	3,621		(3,621)
Power Operated Equipment	1,264	(1,264)	
Other Tangible Plant	45	(45)	
Tools and Shop	79	(79)	
Trencher	1,000	(500)	(500)
Aphalt	458		(458)
Power Equipment	367		(367)
Store Equipment	24		(24)
Shop	132		(132)
Totals	<u>\$ 7,741</u>	<u>\$ (1,962)</u>	<u>\$ (5,779)</u>

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