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DAMON R. TALLEY

ATTORNEY AT LAW

March 14, 2005

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED

MAR 14 2005

PUBLIC SERVICE  
COMMISSION

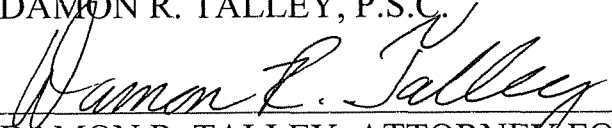
RE: Case No. 2004-00511  
Grayson County Water District  
(General Rates)

Dear Ms. O'Donnell:

Enclosed is the original and ten (10) copies of the Application of the Grayson County Water District for an adjustment of its rates and charges.

Grayson plans to implement the proposed rates and charges on April 18, 2005.

Yours truly,  
DAMON R. TALLEY, P.S.C.

  
DAMON R. TALLEY, ATTORNEY FOR  
GRAYSON COUNTY WATER DISTRICT

DRT:ln

Enclosures

cc: David Edward Spenard, Assistant Attorney General  
Grayson County Water District

RECEIVED

MAR 14 2005

PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

THE APPLICATION OF GRAYSON	)	
COUNTY WATER DISTRICT FOR	)	
A GENERAL RATE ADJUSTMENT,	)	CASE NO. 2004-00511
TO INCREASE NON-RECURRING	)	HISTORIC TEST
CHARGES, TO INCREASE TAP FEES,	)	YEAR UTILIZED
AND TO REVISE ITS TARIFF	)	
PURSUANT TO THE PROVISIONS	)	
OF KRS 278.030, 278.0152, 807 KAR 5:001	)	
and 807 KAR 5:011	)	

\*\*\* \*\* \*\*\* \*\* \*\*\* \*\* \*\*\* \*\* \*\*\*

**PETITION**

The Applicant, GRAYSON COUNTY WATER DISTRICT ("Grayson"), acting by and through its Board of Commissioners, respectfully tenders this Petition and Application, pursuant to KRS 278.030, KRS 278.0152, 807 KAR 5:001, 807 KAR 5:011, and all other applicable laws and regulations, and requests that the Public Service Commission of Kentucky (the "PSC") enter an Order: (1) approving the proposed adjustment of water rates and charges to be levied and collected by Grayson; (2) approving the

proposed adjustment to its non-recurring charges; (3) approving the proposed increase to its meter connection (tap) fees; and (4) approving its revised tariff. In support of this Petition and Application, and in conformity with the rules of the PSC, Grayson states as follows:

### OVERVIEW

1. Grayson requests the PSC to take the following actions:
  - A. To approve the proposed adjustment of water rates and charges to all customers. The proposed rate adjustment should produce approximately **\$290,231** in additional revenues. This is an increase of approximately **14%** over adjusted test year water sale revenues;
  - B. To approve the proposed adjustment to Grayson's special, non-recurring charges;
  - C. To approve the proposed increase to Grayson's meter connection (tap) fees; and
  - D. To approve the completely revised, comprehensive tariff which Grayson has proposed.
  
2. Grayson plans to implement the proposed water service rates, non-recurring charges, meter connection (tap) fees and the revised tariff on April 18, 2005.

## GENERAL INFORMATION

3. Grayson was established by Order of the County Court of Grayson County on July 1, 1974, pursuant to the provisions of KRS 74.010. Grayson is now, and has been since its inception, regulated by the PSC. All records and proceedings of the PSC with reference to Grayson are incorporated into this Application by reference.

4. Grayson is a public body corporate. It has the power to make contracts in furtherance of its lawful and proper purposes as provided in KRS 74.070 and all other applicable laws.

5. The governing body of Grayson is its Board of Commissioners. The present members of the Board of Commissioners, and their respective offices, are as follows: Edwin Nichols, Chairman; Kirby Johnson, Secretary-Treasurer; Meade Sharp, Commissioner; John R. Tomes, Commissioner; and Malcolm Purcell, Commissioner.

6. The mailing address of Grayson is as follows:

Grayson County Water District.  
113 S. Lee Avenue  
P.O. Box 217  
Leitchfield, Kentucky 42755  
Attn: Kevin Shaw, Manager

Telephone: (270) 259-2917

7. Grayson is engaged in the business of providing an adequate supply of potable water for domestic, agricultural, commercial and industrial use to a large portion of Grayson County.

8. Grayson owns, operates and maintains a water treatment plant and water distribution system which serves approximately 5,750 customers (as of 12/31/03) and one (1) wholesale customer, the City of Caneyville.

#### **REASONS FOR RATE INCREASE**

9. During the past few years Grayson's financial condition has deteriorated because of operating losses. The losses were caused because of increased operating and maintenance expenses. Because of these losses, Grayson has been forced to use reserve funds to make the annual principal payments on its long term indebtedness. Grayson cannot be operated on a sound financial basis in this manner.

10. A rate adjustment to the water service rates will be necessary:

- A. To meet the increased costs of operations;
- B. To enable Grayson to pay its annual principal payments on its existing long term debts from water revenues rather than from reserve funds;

- C. To enable Grayson to meet the coverage requirements (120%) set forth in its existing debt instruments;
- D. To restore Grayson to a sound financial condition;
- E. To enable Grayson to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151; and
- F. To enable Grayson to continue to provide adequate service.

11. On December 20, 2004 Grayson filed a Notice of Intent to file a general rate application. A copy of the notice is appended hereto as **Exhibit**

1. The Notice was filed pursuant to 807 KAR 5:001, Section 10(2). Grayson proposes to use the twelve consecutive calendar months ending December 31, 2003 as the historical test year (the "Test Year").

12. The PSC'S letter of December 20, 2004, which acknowledged receipt of Grayson's Notice of Intent and assigned Case No. 2004-00511 to this case, is appended hereto as **Exhibit 2**.

### FINANCIAL INFORMATION

13. It is hereby certified that Grayson's annual reports, including the report for the 2003 calendar year, are on file with the PSC in accordance

with 807 KAR 5:006, Section 3(1). It is anticipated that the annual report for the 2004 calendar year will be prepared and filed with the PSC on or before March 31, 2005.

14. The following additional exhibits are appended hereto in compliance with 807 KAR 5:001, Section 10:

<u>EXHIBIT #</u>	<u>DESCRIPTION</u>
3	Income Statement
4	Balance Sheet
5	Utility Plant in Service (Property Schedule)
6	Audit Report for 2003
7	Billing Analysis

15. The provisions of 807 KAR 5:001, Section 10(1)(b)(3) through 10(1)(b)(5) are not applicable because Grayson is neither a corporation nor a limited partnership.

16. Grayson does not operate under an assumed name. Consequently, the filing of an assumed name certificate, as required by 807 KAR 5:001, Section 10(1)(b)(6), is not necessary.

17. Grayson's existing annual principal and interest payments for the next three (3) years are detailed in **Exhibit 8**. The existing annual debt

service requirements for Grayson, based upon a three-year average, is \$665,816.

### **RATE ADJUSTMENT**

18. For the reasons stated in paragraphs 9 and 10, a rate adjustment that will generate approximately \$290,135 in additional water sale revenues will be necessary. This represents an increase of approximately 14% over adjusted test year water sale revenues.

19. Grayson understands that it could make adjustments to Test Year income and expenses for any known and measurable changes that have occurred since the end of the Test Year. Nevertheless, it has decided to forego any adjustments because of the magnitude of the proposed rate increase. It has attempted, however, to normalize the Test year income and expenses to reflect the 290 new customers that were added during the Test Year. These adjustments, together with a detailed narrative explanation, are set forth in **Exhibit 9**.

20. Rather than increase all usage blocks by a uniform percentage to generate the required revenue, Grayson has prepared a comprehensive Cost of Service Study which is appended hereto as **Exhibit 10**.



21. Grayson proposes to use the twelve consecutive calendar months ending December 31, 2003 as the Test Year.

22. **Exhibit 11** shows that the amount of income available for debt service will be \$ 375,681 before the proposed rate increase.

23. **Exhibit 12, REVENUE REQUIREMENTS**, shows that Grayson needs to increase its revenues by **\$290,135**. This means Grayson needs to generate revenues of approximately \$2,312,373 from the proposed water service rates and charges.

24. The revenues expected to be generated by the proposed rates were determined by modifying the Billing Analysis to include the additional customers that were added during the test year and applying the proposed rates. **Exhibit 13** sets forth the revenues projected to be generated by each customer class (meter connection size).

25. Adjusting all the retail rates in accordance with the Cost of Service Study (See Table 4 of Exhibit 10) will generate revenues of approximately \$2,312,469, as depicted in **Exhibits 13 and 14**, which are appended hereto.

26. **Exhibit 14, Verification of Proposed Rates**, demonstrates that the proposed rates will generate the required revenues.

27. **Exhibit 15** is a cash flow summary. This summary estimates that Grayson's total revenue will be \$2,389,922 when interest income and other miscellaneous income items are added to the revenue projected to be generated by the proposed rates.

28. A schedule of the current rates in effect and the proposed rates is set forth in comparative form in **Exhibit 16**. The dollar amount of increase and the percentage of increase for each usage block and meter size are also shown in **Exhibit 16**.

29. The effect of the proposed rate adjustment on the average consumer's bill is shown in **Exhibit 17**. The average residential consumer should experience a 14.2% increase.

30. Grayson's proposed tariff, in a form which complies with 807 KAR 5:011 and 807 KAR 5:001, Section 10(1)(b)(7), is appended hereto as **Exhibit 18**. As stated in paragraph two (2) of this Petition, Grayson proposes to implement these proposed rates on April 18, 2005.

31. Grayson's present and proposed tariff, in a comparative form which complies with 807 KAR 5:011 and 807 KAR 5:001 Section 10(1)(b)(8), is appended hereto as **Exhibit 19**.

32. Grayson has published and posted the required customer notice

in compliance with subsections (3) and (4) of 807 KAR 5:001, Section 10 and 807 KAR 5:011, Section 8. A copy of the Public Notice of Proposed Adjustment of Water Rates and Charges is appended hereto as **Exhibit 20**. The Public Notice was published in a prominent manner in a newspaper of general circulation in Grayson's service area on March 10, 2005. The Public Notice will be published in the same newspaper for the next two (2) consecutive weeks (making a total of three (3) consecutive weeks). Newspaper tear sheets and the publisher's Affidavit evidencing publication in the newspaper will be forwarded to the PSC as soon as they have been received. They will be appended to the Petition as **Exhibit 21**.

33. Grayson does not plan to support the application with prepared testimony. It respectfully requests the PSC staff to perform a field review of Grayson's test-period financial records and issue a staff report just as the staff routinely does in general rate cases filed by water districts.

34. Grayson is not a local exchange company within the meaning of 807 KAR 5:001, Section 10(6)(f).

35. The Billing Analysis required by 807 KAR 5:001, Section 10(6)(g) is appended as **Exhibit 7**.

36. The independent auditor's annual opinion report required by

807 KAR 5:001, Section 10(6)(k) for the calendar year ending December 31, 2003 is appended hereto as **Exhibit 6**. The audit for the year ending December 31, 2004 will be filed as soon as it is completed by the auditor.

37. The list of the computer software used in developing the schedules and work papers associated with the filing of Grayson's application is as follows: Microsoft Word and Excel.

38. The monthly managerial reports as required by 807 KAR 5:001, Section 10(6)(r) are appended hereto as **Exhibit 22**.

39. Since Grayson has not proposed any pro forma adjustments, it is not necessary to file a capital construction budget as would otherwise be required by 807 KAR 5:001, Section 10(7)(b).

40. Furthermore, Grayson states that it has not adopted a capital construction budget concerning any future additions or improvements to its plant.

41. In the alternative, Grayson moves for a deviation from, or a waiver of, the requirement that it file its most recent capital construction budget as required by 807 KAR 5:001, Section 10(7)(b). No such capital construction budget exists. Grayson, like most smaller water districts and associations, does not normally provide for or maintain a capital

construction budget. Any new construction occurs on a case-by-case project basis and will usually be funded by federal funds or state grants. This motion for a deviation, or a request for a waiver, is being filed pursuant to 807 KAR 5:001, Section 14.

42. The proposed rates are fair, just and reasonable and are necessary for Grayson (a) to continue providing adequate, reliable service to its customers; (b) to enable Grayson to pay its annual principal payments on its existing long term debts from water revenues rather than from reserves; (c) to enable Grayson to meet the coverage requirements set forth in its existing debt instruments; (d) to restore Grayson to a sound financial condition; and (e) to enable Grayson to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

#### **NON-RECURRING CHARGES**

43. Grayson proposes to adjust its special, non-recurring charges so that each charge reflects the actual cost of providing that service. Page 2 of **Exhibit 16** provides a list of the current and proposed charge for each non-recurring charge.

44. The proposed amount of each non-recurring charge is also set

forth on Sheet No. 7 of the proposed Tariff (**Exhibit 18**).

45. Specific cost justification worksheets for the proposed non-recurring charges are appended as **Exhibit 23**.

46. The proposed charges are equal to the expenses incurred by Grayson in providing the associated service. Hence, implementation of the proposed non-recurring charges will be revenue neutral.

47. Grayson is currently losing money each time it performs any of these services.

48. The only customers that will be impacted by these non-recurring charges will be the customers who request these services or whose actions require the District to incur the associated expense.

49. Grayson proposes to implement the proposed non-recurring charges on April 18, 2005.

#### **METER CONNECTION (TAP) FEES**

50. Grayson proposes to adjust its meter connection (tap) fees so that the tap fee for each meter connection size reflects the actual cost of installing that particular meter size. Page 2 of **Exhibit 16** provides a list of the current and proposed cost for each meter connection size.

51. The proposed amount for each meter connection size is also set

forth on Sheet No. 6 of the proposed Tariff (**Exhibit 18**).

52. Specific cost justification worksheets for installing a 5/8 inch meter connection are appended as **Exhibit 24**.

53. The proposed amount for each size meter is equal to the expenses incurred by Grayson in installing that particular size meter. Hence, implementation of the proposed tap fees will be revenue neutral.

54. Grayson is currently losing money each time it installs a meter.

55. The only persons that will be impacted by these tap fees will be those persons who request a meter installation.

56. Grayson proposes to implement the proposed meter connection (tap) fees on April 18, 2005.

### **REVISED TARIFF**

57. Grayson proposes to adopt a new, comprehensive tariff which is patterned after the model or sample tariff which the PSC staff has promoted at various training sessions and distributed to water utilities during the past few years. The proposed tariff is appended hereto as **Exhibit 25**.

58. Grayson's existing tariff was developed in a "piecemeal" process over the last 30 years. Rather than revise or replace numerous sections of its current tariff, Grayson proposes to replace its entire current

tariff with the new tariff appended hereto as **Exhibit 25**. It should be noted, however, that Grayson's existing Water Shortage Plan, which is attached to its current tariff, will remain in effect.

59. The proposed tariff, **Exhibit 25**, contains not only the new water rates, non-recurring charges and meter connection (tap) fees proposed by Grayson in this Application, but it also contains all of Grayson's rules and regulations affecting its customers.

60. Grayson proposes to implement its proposed tariff on April 18, 2005.

### **MISCELLANEOUS**

61. In order to comply with all applicable rules and regulations of the PSC, all Exhibits contained in the Exhibit Addendum attached hereto are incorporated herein by reference.

62. A copy of this Petition and Application, together with all exhibits, has been delivered to the Office of Rate Intervention of the Office of the Attorney General as required by 807 KAR 5:011, Section 10(1)(b).



63. A Filing Requirement Index, which shows the location of all documents required by the applicable administrative regulations, or explains the reason for the absence of any documents, is included with the Application.

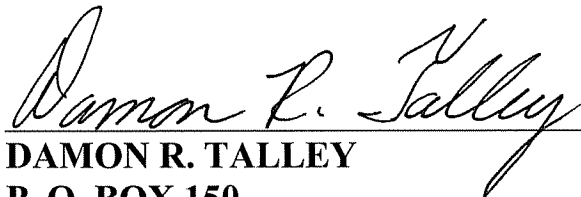
WHEREFORE, Grayson respectfully requests that the PSC take the following actions:

- A. Approve the proposed adjustment of water rates and charges to all customers;
- B. Approve the proposed adjustment to Grayson's non-recurring charges;
- C. Approve the proposed increase to Grayson's meter connection (tap) fees;
- D. Approve Grayson's revised tariff;
- E. Grant Grayson a deviation from, or a waiver of, the requirement that it file a capital construction budget as required by 807 KAR 5:001, Section 10(7)(b); and
- F. Grant Grayson any and all other proper relief.

This 11<sup>th</sup> day of March, 2005.

Respectfully submitted,

**GRAYSON COUNTY WATER  
DISTRICT**



**DAMON R. TALLEY**

**P. O. BOX 150**

**HODGENVILLE, KY 42748**

**(270) 358-3187**

**FAX: (270) 358-9560**

**COUNSEL FOR GRAYSON**

**VERIFICATION**

I, **EDWIN NICHOLS**, being first duly sworn according to law, state that I am Chairman of the Board of Commissioners of the **GRAYSON COUNTY WATER DISTRICT**; that I have read the foregoing Petition and Application; and that the statements of fact set forth therein are true and accurate to the best of my knowledge and belief.

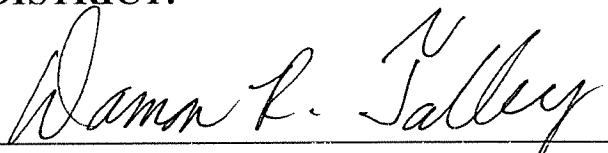
WITNESS my signature this 11<sup>th</sup> day of March, 2005.

  
EDWIN NICHOLS, CHAIRMAN

STATE OF KENTUCKY

COUNTY OF GRAYSON

SUBSCRIBED AND SWORN TO before me this 11<sup>th</sup> day of March, 2005, by **EDWIN NICHOLS** in his capacity as Chairman of the Board of Commissioners of the **GRAYSON COUNTY WATER DISTRICT**.

  
NOTARY PUBLIC, State at Large

MY COMMISSION EXPIRES: 6-9-2007

## Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application – Page No. 1 and Paragraph 6
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications have been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application – Paragraphs 9 & 10
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application – Paragraph 13
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Not applicable
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – Grayson is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – Grayson has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit No. 18
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Exhibit No. 19
807 KAR 5:001 Section 10(1)(b)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Application – Paragraph 32 & Exhibit No. 20

## Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Exhibits No. 1 & 2
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit No. 9
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	Grayson does not intend to submit prepared testimony. See Paragraph 33 of Application
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Application – Paragraph 1
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit No. 17
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A – Grayson is a Water District
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit No 7
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	Exhibit No. 12
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service.

## Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	Not applicable
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	The 2003 Audit Report is attached as Exhibit 6.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A – Grayson is a Water District
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A – Grayson is a Water District.
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit No. 5 The annual report shows depreciation schedules. There are no other studies of depreciation available to Grayson.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Excel Word
807 KAR 5:001 Section 10 (6)(p)	Prospectuses of most recent stock or bond offerings.	N/A – Grayson is a Water District
807 KAR 5:001 Section 10 (6)(q)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.	N/A – Grayson is a Water District

## Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(r)	Monthly managerial reports providing financial results for 12 months in test period.	Exhibit No. 22
807 KAR 5:001 Section 10 (6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A – Grayson is a Water District
807 KAR 5:001 Section 10 (6)(t)	<p>If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:</p> <ol style="list-style-type: none"> <li>1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment;</li> <li>2. Explanation of how allocator for the test period was determined; and</li> <li>3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable;</li> </ol>	N/A – There are no affiliate allocations.

**Filing Requirement Index  
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	Exhibit No. 10
807 KAR 5:001 Section 10 (6)(v)	<p>Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file:</p> <ol style="list-style-type: none"> <li>1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and</li> <li>2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access:                             <ol style="list-style-type: none"> <li>(a) Based on current and reliable data from a single time period; and</li> <li>(b) Using generally recognized fully allocated, embedded, or incremental cost principles.</li> </ol> </li> </ol>	N/A – Grayson is a Water District
807 KAR 5:001 Section 10 (7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	Exhibit No. 9, no adjustments to 2003 actual have been made
807 KAR 5:001 Section 10 (7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	N/A – Grayson is not proposing any pro forma adjustment for plant additions.



## Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(c)	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> <li>1. Starting date of the construction of each major component of plant;</li> <li>2. Proposed in-service date;</li> <li>3. Total estimated cost of construction at completion;</li> <li>4. Amount contained in construction work in progress at end of test period;</li> <li>5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement;</li> <li>6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions;</li> <li>7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and</li> <li>8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements;</li> </ol>	N/A – Grayson is not proposing any pro forma adjustment for plant additions.
807 KAR 5:001 Section 10 (7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	Exhibit No. 13. Billing analysis for proposed rates. No new customers have been added

## **EXHIBIT LIST**

### **GRAYSON COUNTY WATER DISTRICT**

1. Notice of Intent to File Application for Rate Adjustment
2. PSC Acknowledgment Letter
3. Income Statement
4. Balance Sheet
5. Utility Plant in Service (Property Schedule)
6. Audit Report for 2003
7. Billing Analysis
8. Three Year Average Annual Debt Service Requirement
9. Income and Expense Adjustments
10. Cost of Service Study
  - Table 1 Allocation of Plant Value
  - Table 2 Allocation of Depreciation
  - Table 3 Allocation of Expenses
  - Table 4 Cost Distribution to Rate Blocks
11. Income Available for Debt Service

12. Revenue Requirements
13. Projected Revenues from Proposed Rates
14. Verification of Proposed Rates
15. Cash Flow Summary (Projected)
16. Comparison of Current and Proposed Rates
17. Effect of Proposed Rates on Average Consumer Bill
18. Proposed Tariff
19. Proposed Tariff in Comparative Form
20. Notice to Customers
21. Affidavit of Publication & Tear Sheets
22. Monthly Managerial Reports
23. Non-Recurring Cost Justification
24. Average Meter Connection Expense Cost Justification
25. Complete Proposed Tariff