

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WOOD CREEK WATER)
DISTRICT FOR APPROVAL OF A PROPOSED) CASE NO.
INCREASE IN RATES FOR WATER SERVICE) 2011-00209

NOTICE OF FILING OF COMMISSION STAFF REPORT

Notice is hereby given that, in accordance with the Commission's Order of September 6, 2011, the attached report containing the findings and recommendations of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding.



Jeff Derbuen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED OCT 10 2011

cc: Parties of Record

STAFF REPORT
ON
WOOD CREEK WATER DISTRICT
CASE NO. 2011-00209

Pursuant to a request by Wood Creek Water District ("Wood Creek") for assistance with the preparation of a rate application, Commission Staff ("Staff") performed a limited financial review of Wood Creek's test-period operations for the calendar year ending December 31, 2008. To show that its operating revenues and expenses have not dramatically changed since 2008, Wood Creek provided a comparison of the income statements for the calendar years 2008, 2009, and 2010.¹ Upon reviewing the income statement comparison, Staff recommends the Commission accept the calendar year 2008 as the test period in this proceeding.

The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed. Mark Frost and Sam Reid of the Commission's Division of Financial Analysis performed the limited review. This report summarizes Staff's review and recommendations. Mr. Reid is responsible for the pro forma revenue adjustment, the Cost-of-Service Study, and the calculation of the recommended rates. Mr. Frost is responsible for all pro forma expense adjustments, the revenue requirement determination, and the line-loss surcharge.

¹ Application, Exhibit 12, Income Statement Comparison for calendar years 2008, 2009, and 2010.

Upon completion of its limited review, Staff assisted Wood Creek in the preparation of its rate application, which Wood Creek filed with the Commission on August 10, 2011. Staff finds that Wood Creek's application accurately reports its test-period operations and the proposed pro forma adjustments meet the ratemaking criteria of known and measurable. Appendix A is Wood Creek's pro forma operating income statement. Appendix B contains an explanation of each pro forma adjustment accepted by Staff.

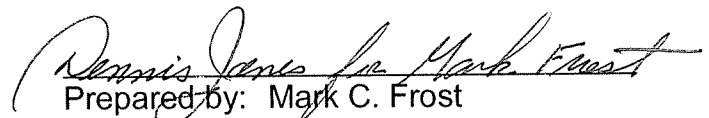
As shown in Table 1, Wood Creeks requested pro forma operations supports a revenue requirement from rates of \$4,810,329, an increase of \$989,657 or 25.9 percent above the normalized revenue from rates of \$3,820,672.

	Debt Service		Coverage		Revenue Requirement
Debt Service Coverage - KRWA Bonds	\$ 657,742	x	0.1	=	\$ 65,774
Debt Service Coverage - RD Bonds	540,267	x	0.2	=	108,053
Total Debt Service Coverage	<u>\$ 1,198,009</u>				\$ 173,827
Debt Service - KRWA & RD Bonds					1,198,009
Add: Pro Forma Operating Expenses					2,575,164
Depreciation					938,507
Taxes Other Than Income					72,346
Total Revenue Requirement					\$ 4,957,853
Less: Other Income & Deductions					59,879
Revenue Requirement from Operations					\$ 4,897,974
Less: Other Operating Revenues					87,645
Revenue Requirement from Water Sales					\$ 4,810,329
Less: Pro Forma Revenue - Water Sales					3,820,672
Requested Increase					\$ 989,657
Percentage Increase					25.903%

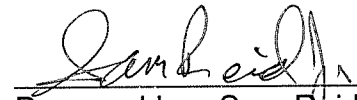
Staff's recommended revenue requirement from water sales will allow Wood Creek to cover its pro forma operating expenses, meet its debt service requirements, and provide for future equity growth. The rates proposed by Wood Creek, as set forth in Appendix C, are supported by a cost-of-service study. Based upon adjusted test-period

water sales, these rates will produce revenues of \$4,810,329. Therefore, Staff recommends that the Commission accept those rates.

Signatures



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



Prepared by: Sam Reid
Rate Analyst, Communications, Water
and Sewer Rate Design Branch
Division of Financial Analysis

APPENDIX A
STAFF REPORT CASE NO. 2011-00209
PRO FORMA OPERATIONS

	Test-Period Operations	Pro Forma Adjustments	Adj. Ref	Pro Forma Operations
<i>Operating Revenues:</i>				
Revenues - Sales of Water	\$ 3,822,025	\$ (1,353)	(a)	\$ 3,820,672
<i>Other Operating Revenues:</i>				
Miscellaneous Service Revenues	87,645	0		87,645
Total Operating Revenues	\$ 3,909,670	\$ (1,353)		\$ 3,908,317
<i>Operating Expenses:</i>				
<i>Operation & Maintenance:</i>				
Salaries & Wages - Employees	\$ 1,349,525	\$ (545,144)	(b)	\$ 804,381
Salaries & Wages - Officers	0	6,750	(c)	6,750
Employee Pension & Benefits	0	405,172	(d)	405,172
Purchased Power	376,969	0		376,969
Chemicals	300,513	0		300,513
Materials & Supplies	552,517	(154,747)	(e)	397,770
Contractual Services - Accounting	12,000	0		12,000
Contractual Services - Legal	4,050	0		4,050
Contractual Services - Water Testing	10,678	0		10,678
Transportation	103,566	0		103,566
Insurance - Vehicle	22,991	(12,291)	(f)	10,700
Insurance - Gen. Liability	25,039	(3,233)	(g)	21,806
Insurance - Worker's Compensation	41,650	(20,388)	(h)	21,262
Insurance - Other	23,515	11,390	(i)	34,905
Bad Debt	17,838	0		17,838
Miscellaneous	46,804	0		46,804
Total Operation & Maintenance	\$ 2,887,655	\$ (312,491)		\$ 2,575,164
Depreciation	757,539	180,968	(j)	938,507
<i>Taxes Other Than Income:</i>				
Public Service Com. Assessment	6,752	0		6,752
Payroll Taxes	0	64,708	(k)	64,708
Other Taxes and Licenses	886	0		886
Utility Operating Expenses	\$ 3,652,832	\$ (66,815)		\$ 3,586,017
Net Utility Operating Income	\$ 256,838	\$ 65,462		\$ 322,300
<i>Other Income & Deductions:</i>				
Merchandising Revenues	1,772,280	0		1,772,280
Merchandising Expenses	(1,763,623)	0		(1,763,623)
Interest Income	51,222	0		51,222
Total Other Income & Deductions	\$ 59,879	\$ 0		\$ 59,879
Net Income Available for Debt Service	\$ 316,717	\$ 65,462		\$ 382,179

APPENDIX B
STAFF REPORT CASE NO. 2011-00209
PRO FORMA ADJUSTMENTS

(a) **Revenue from Water Sales:** This adjustment reflects the results of Commission Staff's billing analysis and the current rates.

	<u>Customers</u>	<u>Gallons</u>	<u>Amount</u>
Normalized Revenue from Water Sales - Existing	5,182	1,151,065,087	\$ 3,820,672
Less: Reported Revenue from Water Sales			<u>3,822,025</u>
Pro Forma Adjustment			<u>\$ (1,353)</u>

(b) **Salaries & Wages - Employees:** This adjustment reflects the test period actual hours and the pay rates that became effective in 2008 and 2009. Capitalized wages were eliminated and 52 percent of the total wages are allocated to other operations.

<u>TITLE</u>	<u>Wage Rates</u>	<u>2008 HOURS WORKED</u>		<u>Pro Forma Salaries</u>
		<u>Reg.</u>	<u>O-TIME</u>	
Plant Operator	\$ 18.52	2,087	184	\$ 43,763
Chief Plant Operator	\$ 25.75	2,128	40	56,341
Foreman over Meter Readers	\$ 21.62	2,083	86	47,823
Maintenance	\$ 23.14	2,162	41	51,452
Superintendent	\$ 31.01	2,082	0	64,563
Asst. Superintendent, Maint. Dir.	\$ 26.86	2,082	0	55,923
Plant Operator	\$ 12.96	1,917	118	27,138
Maintenance	\$ 13.27	1,873	7	24,994
Foreman at Boat Dock	\$ 17.78	2,202	0	39,152
Maintenance Foreman	\$ 20.45	2,168	78	46,729
Plant Operator	\$ 17.02	2,145	170	40,848
Plant Operator	\$ 19.30	2,107	140	44,718
Maintenance / Warehouse	\$ 17.43	2,082	10	36,550
Maintenance	\$ 19.93	2,121	18	42,810
Office Manager	\$ 26.68	2,081	0	55,521
Customer Service & Accounting	\$ 18.62	2,081	0	38,748
Customer Service	\$ 9.86	2,081	0	20,519
Customer Service	\$ 17.40	2,083	0	36,244
Customer Service	\$ 12.31	2,081	0	25,617
Customer Service	\$ 14.17	2,081	0	29,488
Customer Service	\$ 15.08	2,081	0	31,381
Asst. Office Mgr. & CPA	\$ 26.73	2,081	0	55,625
Maintenance	\$ 15.74	2,082	250	38,674

Customer Service	\$	10.65	2,136	0	22,748
Meter Reader	\$	16.13	2,122	114	36,986
Engineering & Project Coord.	\$	19.83	2,082	24	42,000
Meter Reader	\$	11.95	2,140	274	30,484
Maintenance	\$	17.01	2,076	46	36,487
Maintenance & Meter Testing	\$	17.00	2,173	102	39,542
Maintenance	\$	15.22	2,122	29	32,959
Plant Operator	\$	15.65	2,067	118	35,119
Maintenance Foreman	\$	23.45	2,207	206	59,000
Maintenance	\$	12.78	2,061	134	28,909
Maintenance	\$	14.46	2,018	6	29,310
Maintenance & GPS Mapping	\$	16.35	2,082	114	36,837
Valve Maintenance	\$	16.27	2,171	102	37,811
Maintenance	\$	18.20	2,104	115	41,433
Meter Reader	\$	11.14	2,082	27	23,644
Meter Reader	\$	11.41	2,098	41	24,640
Laboratory	\$	18.72	2,096	0	39,237
Plant Operator	\$	11.44	2,081	104	25,592
Meter Reader	\$	13.99	2,122	17	30,044
Meter Reader	\$	10.41	2,082	18	21,955
Maintenance	\$	14.82	2,088	199	35,368
Meter Reader	\$	9.84	2,084	45	21,171
Maintenance	\$	8.00	644	7	5,236
Maintenance	\$	8.00	492	8	4,032
Boat Dock Operations	\$	8.00	257	0	2,056
Boat Dock Operations	\$	8.00	1,145	0	9,160
Boat Dock Operations	\$	8.00	1,098	0	8,784
Boat Dock Operations	\$	8.00	1,080	0	8,640
Boat Dock Operations	\$	8.00	544	0	4,352
Boat Dock Operations	\$	8.00	26	0	208
Total Pro Forma Payroll					\$ 1,728,365
Less: Capitalized Wages					(19,012)
Allocated Payroll - Other Operations					(904,972)
Pro Forma Salaries & Wages					804,381
Less: Test-Period Salaries & Wages					(1,349,525)
Pro Forma Adjustment					\$ (545,144)

(c)

Salaries & Wages - Officers: This adjustment reflects the annual salary paid to the District's Commissioners.

Employee Position	Monthly	Pro Forma Salaries & Wages		
	Fee	Regular	Overtime	Totals
Chairman	\$ 300	\$ 2,250	\$ 0	\$ 2,250
Treasurer	\$ 300	2,250	0	2,250
Secretary	\$ 300	2,250	0	2,250
Pro Forma Payroll Totals		<u>\$ 6,750</u>	<u>\$ 0</u>	<u>\$ 6,750</u>
Pro Forma Payroll - Employees				\$ 6,750
Less: Reported Wages & Salaries				0
Pro Forma Adjustment				<u>\$ 6,750</u>

(d)

Employee Pensions & Benefits: This adjustment reflects the current retirement contribution rate and the employee insurance premiums. Capitalized pensions & benefits were eliminated and 52 percent of the total has been allocated to other operations.

Employee Position	Employee Health Insurance		CERS	Totals
	Employer Cost	Annual Expense	0.1616	
Plant Operator	\$ 1,137	\$ 13,644	\$ 7,072	\$ 20,716
Chief Plant Operator	0	0	9,105	9,105
Foreman over Meter Readers	108	1,296	7,728	9,024
Maintenance	108	1,296	8,315	9,611
Superintendent	1,193	14,321	10,433	24,754
Asst. Superintendent, Maint. Dir.	1,677	20,124	9,037	29,161
Plant Operator	1,677	20,124	4,386	24,510
Maintenance	1,677	20,124	4,039	24,163
Foreman at Boat Dock	108	1,296	6,327	7,623
Maintenance Foreman	1,137	13,644	7,551	21,195
Plant Operator	1,137	13,644	6,601	20,245
Plant Operator	1,137	13,644	7,226	20,870
Maintenance / Warehouse	1,137	13,644	5,906	19,550
Maintenance	1,137	13,644	6,918	20,562
Office Manager	164	1,973	8,972	10,945
Customer Service & Accounting	1,677	20,124	6,262	26,386
Customer Service	598	7,176	3,316	10,492
Customer Service	1,137	13,644	5,857	19,501

Customer Service	598	7,176	4,140	11,316
Customer Service	598	7,176	4,765	11,941
Customer Service	1,137	13,644	5,071	18,715
Asst. Office Mgr. & CPA	1,677	20,124	8,989	29,113
Maintenance	1,677	20,124	6,250	26,374
Customer Service	598	7,176	3,676	10,852
Meter Reader	1,137	13,644	5,977	19,621
Engineering & Project Coord.	1,677	20,124	6,787	26,911
Meter Reader	598	7,176	4,926	12,102
Maintenance	1,677	20,124	5,896	26,020
Maintenance & Meter Testing	1,677	20,124	6,390	26,514
Maintenance	1,137	13,644	5,326	18,970
Plant Operator	1,677	20,124	5,675	25,799
Maintenance Foreman	1,137	13,644	9,534	23,178
Maintenance	1,677	20,124	4,672	24,796
Maintenance	1,677	20,124	4,736	24,860
Maintenance & GPS Mapping	598	7,176	5,953	13,129
Valve Maintenance	598	7,176	6,110	13,286
Maintenance	1,137	13,644	6,696	20,340
Meter Reader	1,137	13,644	3,821	17,465
Meter Reader	1,677	20,124	3,982	24,106
Laboratory	1,677	20,124	6,341	26,465
Plant Operator	598	7,176	4,136	11,312
Meter Reader	1,137	13,644	4,855	18,499
Meter Reader	1,677	20,124	3,548	23,672
Maintenance	1,137	13,644	5,715	19,359
Meter Reader	598	7,176	3,421	10,597
Maintenance	0	0	846	846
Maintenance	0	0	652	652
Boat Dock Operations	0	0	332	332
Boat Dock Operations	0	0	1,480	1,480
Boat Dock Operations	0	0	1,419	1,419
Boat Dock Operations	0	0	1,396	1,396
Boat Dock Operations	0	0	703	703
Boat Dock Operations	0	0	34	34
TOTALS	<u>\$ 49,274</u>	<u>\$ 591,286</u>	<u>\$ 279,301</u>	<u>\$ 870,587</u>

Total Pro Forma Payroll

\$ 870,587

Less: Capitalized Wages
Allocated Payroll - Other Operations
Pro Forma Salaries & Wages

(9,576)
(455,839)

\$ 405,172

(e) **Materials & Supplies:** This adjustment removes capital and nonrecurring expenditures that were incorrectly expensed and allocates 50 percent of the billing expenses to the sewer division.

Account #	Vendor	Description	Amount
620-4	Southern Sales Company	6 - 6" Valves for Treatment Plant	\$ (12,120)
620-4	Delaney & Associates	Rotor for Treatment Plant	(1,055)
620-4	USA Bluebook	Re-work Chemical Feed at Treatment Plant	(1,487)
620-4	Charter Machine Company	Sludge Press	(2,977)
620-4	Hinkle Contracting	Lay Block at Treatment Plant	(1,110)
620-4	Baily Excavating	Work on Sludge Pond at Treatment Plant	(3,645)
620-4	USA Bluebook	Polymer System at Treatment Plant	(6,130)
620-4	Dezurik Water Controls	Valve for Treatment Plant	(1,875)
620-5	Amburgey Alarm Sales & Serv.	Security System at Tanks	(2,818)
620-5	Kentucky Steel & Utility	Aluminum Hatches	(1,172)
620-3	Bundy Maytag	Appliances at Treatment Plant	(1,287)
620-3	Tri County Industrial Supply	2 Pressure Washers	(2,088)
620-3	Cornerstone Controls	Controls at Treatment Plant	(1,941)
620-3	Windstream	New Telephone at Treatment Plant	(9,060)
620-3	Fisher Scientific	Lab Materials	(19,223)
620-3	Fisher Scientific	Lab Materials	(202)
620-3	Fisher Scientific	Lab Materials	(6,426)
620-3	Fisher Scientific	Lab Materials	(3,228)
620-3	MasterCard	Replacement Blower at Treatment Plant	(2,361)
620-3	Delaney & Associates	Pump & Motor	(2,148)
620-3	Jones Excavating	Channel Liner at Treatment Plant	(1,029)
620-3	Fisher Scientific	Lab Materials	(2,678)
620-6	Stauffer Pump & Supply	Replace Pump at Pump Station	(1,394)
620-6	Anthony Smith	Settlement Payment - Damages in Accident	(1,725)
620-6	Dixie Truss	Trusses to repair Damaged Building	(3,367)
620-6	Stauffer Pump & Supply	Replace Pump at Pump Station	(1,704)
620-6	MasterCard	Pressure Washer	(3,953)
620-6	Price Backhoe Service	65 Foot 12" Bore	(5,460)
620-6	Master Stripers, LLC	Repair and Paint Building	(14,550)

620-6	Rush's Steel Fab. Shop	4 Pieces of 12" Pipe	(6,050)
620-6	Smiths Gutters & Siding	Repair Gutters at Warehouse	(3,420)
620-6	Stauffer Pump & Supply	Valve for Water Tank	(4,551)
620-6	Ferguson Waterworks	Materials for Meter Testing Bench	(3,520)
Pro Forma Adjustment			<u>\$ (135,754)</u>

Customer Billing Expense	\$ 37,985
Multiplied by: Sewer Allocation Factor	<u>50.000%</u>
Allocation of Billing Expenses	<u>(18,993)</u>
Pro Forma Adjustment	<u><u>\$ (154,747)</u></u>

(f) **Insurance - Vehicle:** This adjustment reflects the current premium for vehicle insurance adjusted to remove a capitalized amount and staff allocated 52 percent of the premium to other operations.

Insurance	Policy Period		Premium
	From	To	
Premium	07/01/09	07/01/10	\$ 22,991
Less: Capitalized Vehicle			(253)
Allocated Vehicle - Other Operations			<u>(12,038)</u>
Pro Forma Insurance - Vehicle			\$ 10,700
Less: Reported Insurance - Vehicle			22,991
Pro Forma Adjustment			<u><u>\$ (12,291)</u></u>

(g) **Insurance - General Liability:** This adjustment reflects the current premiums for general liability insurance.

Insurance	Premium
Commercial Property	\$ 5,607
General Liability	6,334
Comm. Liability Insurance	2,135
Business Auto	8,978
Encroachment Bond	633
Invoice Total	<u>152</u>
	\$ 23,839
Less: Reported Insurance - Other	<u>27,072</u>
Pro Forma Adjustment	<u><u>\$ (3,233)</u></u>

(h)

Insurance - Workers Compensation: This adjustment reflects the current premiums for workers compensation insurance. Capitalized premiums were eliminated and 52 percent of the total premiums are allocated to other operations.

Insurance	Policy Period		Premium
	From	To	
Premium	07/01/09	07/01/10	\$ 45,687
Less: Capitalized Workers' Comp.			(503)
Allocated Workers Comp. - Other Operations			(23,922)
Pro Forma Workers' Comp.			\$ 21,262
Less: Reported Workers' Comp Ins.			41,650
Pro Forma Adjustment			\$ (20,388)

(i)

Insurance - Other: This adjustment reflects allocating 86 percent of the commercial property insurance to the water division based upon the ratio of UPIS.

Insurance Commercial Property	Policy Period		Premium
	From	To	
Water Division - Allocation Percentage			\$ 40,537
Water Division - Commercial Property Premium			86.106%
Less: Reported Insurance - Other			\$ 34,905
Pro Forma Adjustment			23,515
			\$ 11,390
Water Division - Net Utility Plant In Service			\$ 29,867,676
Sewer Division - Net Utility Plant In Service			4,819,284
Total - Net Utility Plant In Service			\$ 34,686,960
			\$ 29,867,676
Water Division - Net Utility Plant In Service			34,686,960
Total - Net Utility Plant In Service			86.106%
Water Division - Allocation Percentage			

(j)

Depreciation: This adjustment includes: (1) full year depreciation on test-period plant additions; and (2) depreciation for the capital items removed from test-period operations.

	Test Period	Original	Pro Forma Depreciation		
	Dep. Exp.	Cost	Life	Expense	Adjustment
(1) Normalized Depreciation (Full Year):					
New Water Treatment Plant	\$ 61,459	\$ 6,145,882	50	\$ 122,918	\$ 61,459
Cabinets at Plant	\$ 185	\$ 8,900	40	\$ 223	38
3 Ton HP/Duct PTS/Lab	\$ 93	\$ 4,480	40	\$ 112	19
Plant & Office Shelving	\$ 29	\$ 1,400	40	\$ 35	6
Warehouse Heat Pump	\$ 37	\$ 2,000	40	\$ 50	13
Roof Storage Building	\$ 47	\$ 2,800	40	\$ 70	23
Road to sludge Dump	\$ 0	\$ 7,036	20	\$ 352	352
Top Soil Bin	\$ 0	\$ 23,279	40	\$ 582	582
Water Treatment Equip - New Plant	\$ 77,370	\$ 6,189,620	40	\$ 154,741	77,371
Transmission & Distribution Mains	\$ 18,098	\$ 1,809,866	50	\$ 36,197	18,099
Services	\$ 1,511	\$ 60,436	20	\$ 3,022	1,511
Meters	\$ 527	\$ 21,073	20	\$ 1,054	527
Hydrants	\$ 159	\$ 6,350	20	\$ 318	159
Chairs	\$ 398	\$ 5,308	10	\$ 531	133
Office Copier	\$ 101	\$ 3,039	10	\$ 304	203
2008 Dodge Ram Pickup	\$ 4,910	\$ 26,186	4	\$ 6,547	1,637
2008 Dodge Ram Pickup	\$ 4,910	\$ 26,186	4	\$ 6,547	1,637
Dump Truck	\$ 0	\$ 56,880	10	\$ 5,688	5,688
Warehouse Alarm	\$ 380	\$ 4,557	10	\$ 456	76
LCD Monitor	\$ 45	\$ 273	5	\$ 55	10
Overbilt Trailer	\$ 1,061	\$ 25,457	10	\$ 2,546	1,485
(2) Depreciation - Capital Items Expensed in 2008:					
6 - 6" Valves for Treatment Plant			\$ 12,120	27	449
Rotor for Treatment Plant			\$ 1,055	27	39
Re-work Chemical Feed at Treatment Plant			\$ 1,487	27	55
Sludge Press			\$ 2,977	27	110
Lay Block at Treatment Plant			\$ 1,110	37	30
Work on Sludge Pond at Treatment Plant			\$ 3,645	5	729
Polymer System at Treatment Plant			\$ 6,130	27	227
Valve for Treatment Plant			\$ 1,875	27	69
Security System at Tanks			\$ 2,818	12	235

Aluminum Hatches	\$	1,172	37	32
Appliances at Treatment Plant	\$	1,287	5	257
2 Pressure Washers	\$	2,088	5	418
Controls at Treatment Plant	\$	1,941	27	72
New Telephone at Treatment Plant	\$	9,060	5	1,812
Lab Materials	\$	19,223	17	1,131
Lab Materials	\$	202	17	12
Lab Materials	\$	6,426	17	378
Lab Materials	\$	3,228	17	190
Replacement Blower at Treatment Plant	\$	2,361	27	87
Pump & Motor	\$	2,148	27	80
Channel Liner at Treatment Plant	\$	1,029	27	38
Lab Materials	\$	2,678	17	158
Replace Pump at Pump Station	\$	1,394	20	70
Settlement Payment - Damages in Accident	\$	1,725	5	345
Trusses to repair Damaged Building	\$	3,367	37	91
Replace Pump at Pump Station	\$	1,704	20	85
Pressure Washer	\$	3,953	5	791
65 Foot 12" Bore	\$	5,460	27	202
Repair and Paint Building	\$	14,550	27	539
4 Pieces of 12" Pipe	\$	6,050	50	121
Repair Gutters at Warehouse	\$	3,420	5	684
Valve for Water Tank	\$	4,551	27	169
Materials for Meter Testing Bench	\$	3,520	15	235
Pro Forma Adjustment				<u>\$ 180,968</u>

(k) **Payroll Taxes:** This adjustment computes payroll taxes using the normalized payroll.

TITLE	Pro Forma Payroll	St. Unemp. \$ 7,000 0.80%	Fed. Unemp \$ 8,000 1.00%	FICA \$ 76,000 7.65%	Total Payroll Taxes
Plant Operator	\$ 43,763	\$ 56	\$ 80	\$ 3,348	\$ 3,484
Chief Plant Operator	56,341	56	80	4,310	4,446
Foreman over Meter Readers	47,823	56	80	3,658	3,794
Maintenance	51,452	56	80	3,936	4,072
Superintendent	64,563	56	80	4,939	5,075
Asst. Superintendent, Maint. Dir.	55,923	56	80	4,278	4,414
Plant Operator	27,138	56	80	2,076	2,212

Maintenance	24,994	56	80	1,912	2,048
Foreman at Boat Dock	39,152	56	80	2,995	3,131
Maintenance Foreman	46,729	56	80	3,575	3,711
Plant Operator	40,848	56	80	3,125	3,261
Plant Operator	44,718	56	80	3,421	3,557
Maintenance / Warehouse	36,550	56	80	2,796	2,932
Maintenance	42,810	56	80	3,275	3,411
Office Manager	55,521	56	80	4,247	4,383
Customer Service & Accounting	38,748	56	80	2,964	3,100
Customer Service	20,519	56	80	1,570	1,706
Customer Service	36,244	56	80	2,773	2,909
Customer Service	25,617	56	80	1,960	2,096
Customer Service	29,488	56	80	2,256	2,392
Customer Service	31,381	56	80	2,401	2,537
Asst. Office Mgr. & CPA	55,625	56	80	4,255	4,391
Maintenance	38,674	56	80	2,959	3,095
Customer Service	22,748	56	80	1,740	1,876
Meter Reader	36,986	56	80	2,829	2,965
Engineering & Project Coord.	42,000	56	80	3,213	3,349
Meter Reader	30,484	56	80	2,332	2,468
Maintenance	36,487	56	80	2,791	2,927
Maintenance & Meter Testing	39,542	56	80	3,025	3,161
Maintenance	32,959	56	80	2,521	2,657
Plant Operator	35,119	56	80	2,687	2,823
Maintenance Foreman	59,000	56	80	4,514	4,650
Maintenance	28,909	56	80	2,212	2,348
Maintenance	29,310	56	80	2,242	2,378
Maintenance & GPS Mapping	36,837	56	80	2,818	2,954
Valve Maintenance	37,811	56	80	2,893	3,029
Maintenance	41,433	56	80	3,170	3,306
Meter Reader	23,644	56	80	1,809	1,945
Meter Reader	24,640	56	80	1,885	2,021
Laboratory	39,237	56	80	3,002	3,138
Plant Operator	25,592	56	80	1,958	2,094
Meter Reader	30,044	56	80	2,298	2,434
Meter Reader	21,955	56	80	1,680	1,816
Maintenance	35,368	56	80	2,706	2,842
Meter Reader	21,171	56	80	1,620	1,756

Maintenance	5,236	42	52	401	495
Maintenance	4,032	32	40	308	380
Boat Dock Operations	2,056	16	21	157	194
Boat Dock Operations	9,160	56	80	701	837
Boat Dock Operations	8,784	56	80	672	808
Boat Dock Operations	8,640	56	80	661	797
Boat Dock Operations	4,352	35	44	333	412
Boat Dock Operations	208	2	2	16	20
Pro Forma Totals	<u>\$ 1,728,365</u>	<u>\$ 2,815</u>	<u>\$ 3,999</u>	<u>\$ 132,223</u>	<u>\$ 139,037</u>
Total Pro Forma Payroll				\$	139,037
Less: Capitalized Wages					(1,529)
Allocated Payroll - Other Operations					(72,800)
Pro Forma Payroll Taxes				\$	<u>64,708</u>

APPENDIX C
 STAFF REPORT CASE NO. 2011-00209
 STAFF'S RECOMMENDED
 RATES

5/8 Inch x 3/4 Inch Meter:

First	2,000 gallons	\$	20.69	Minimum bill
Next	1,500 gallons	\$	6.58	per 1,000 gallons
Next	1,500 gallons	\$	5.87	per 1,000 gallons
Next	2,500 gallons	\$	4.94	per 1,000 gallons
Over	7,500 gallons	\$	3.90	per 1,000 gallons

1 Inch Meter:

First	5,000 gallons	\$	39.36	Minimum bill
Next	2,500 gallons	\$	4.94	per 1,000 gallons
Over	7,500 gallons	\$	3.90	per 1,000 gallons

1 1/2 Inch Meter:

First	10,000 gallons	\$	61.42	Minimum bill
Over	10,000 gallons	\$	3.90	per 1,000 gallons

2 Inch Meter:

First	20,000 gallons	\$	100.32	Minimum bill
Over	20,000 gallons	\$	3.90	per 1,000 gallons

3 Inch Meter:

First	30,000 gallons	\$	139.22	Minimum bill
Over	30,000 gallons	\$	3.90	per 1,000 gallons

6 Inch Meter:

First	100,000 gallons	\$	411.55	Minimum bill
Over	100,000 gallons	\$	3.90	per 1,000 gallons

Wholesale User Rates:

East Laurel Water District		\$	2.92	per 1,000 gallons
West Laurel Water Association		\$	2.92	per 1,000 gallons
City Of Livingston		\$	2.92	per 1,000 gallons

Honorable Larry G Bryson, P.S.C.
318 West Dixie Street
London, KENTUCKY 40741

Donta Evans
Superintendent
Wood Creek Water District
P.O. Box 726
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