

Hardin County Water District No. 1

Serving Radcliff and Hardin County for Over 60 Years

1400 Rogersville Road
Radcliff, KY. 40160

October 15, 2013

Mr. Jeff Derouen
Executive Director - Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40620-0615

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OCT 15 2013
PUBLIC SERVICE
COMMISSION

**SUBJECT: Filing of Response to Data Request No. 3
Case 2013-00050**

Dear Director Derouen,

Enclosed please find an original and eight copies of our pre-filed testimony along with exhibits to be considered part of our application for the above general rate case filing.

The deadline for this response was October 15, 2013, as set forth in the Commission's order requesting its third data request, dated September 24, 2013.

If you have any questions, please do not hesitate to call me or our attorney, Mr. David Wilson II (Phone: 270-351-4404).

Sincerely,



Jim Bruce, General Manager

Cf; Mr. David Wilson II, HCWD1 Attorney

Encl.

VERIFICATION


The undersigned, Mr. James S. Bruce, General Manager of the Hardin County Water District No.1, hereby verifies that he has personal knowledge of the matters set forth in the response to Data Request No. 3, to PSC General Rate Case 2013-00050, and that he is duly designated by the Board of Commissioners of the Hardin County Water District No. 1 to sign and submit this information its behalf.

Hardin County Water District No. 1

By 
James S. Bruce, General Manager

CERTIFICATION

This is to certify that a true and correct copy of the foregoing was delivered on or about the 15th day of October, 2013 to Mr. Jeff Derouen, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, KY. 40601-8204 and to Hon. Gregory T. Dutton, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, KY. 40601-8204


Mr. David T. Wilson II, ESQ.
Attorney for Hardin County Water District No. 1

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 15th day of October, 2013, personally appeared before me, James S. Bruce and David T. Wilson, II, who being by me first sworn, subscribed to and acknowledged that they both represent the Hardin County Water District No. 1, a Kentucky Corporation, that they have signed the foregoing document as General Manager and Attorney of the Corporation.


NOTARY PUBLIC, STATE OF KENTUCKY

My Commission Expires; 10/12/2015

1. In response to Commission Staff's First Request for information ("Staff's First Request"), Item 14, Hardin District stated that "[w]ithout knowing the method or seeing the calculation the Commission staff used to develop its own 2012 revenues, it is not possible to comment on whether the Commission number is more or less accurate." Commission Staff used information provided in the application at Appendix E, Schedules from Rate and Cost of Service Model (Page 161). Using the numbers provided by Hardin District, Commission Staff calculates numbers that are slightly different from those shown in the last three columns. For example, Hardin District's calculations for the line starting with 2,000 show:

From	To	Average Usage	Account	Bills	Minimum Charge	Volume Charge for Average Use	Monthly Charge for Average Use	Calculated Revenue from Minimum Charge	Calculated Revenue from Volume Charge for Average Use	Calculated Total Revenue
2,000	2,999	2,500	1431	17,172	17.11	2.79	19.9	293,804	47,861	341,665

Commission Staff's calculations for the same line appear below and show a difference of \$57.80.

From	To	Average Usage	Account	Bills	Minimum Charge	Volume Charge for Average Use	Monthly Charge for Average Use	Calculated Revenue from Minimum Charge	Calculated Revenue from Volume Charge for Average Use	Calculated Total Revenue
2,000	2,999	2,500	1431	17,172	17.11	2.79	19.9	293,812.92	47,909.88	341,722.80

- a. As stated in the original question, using the information from this exhibit, Commission Staff calculated total revenue as \$3,412,312.52. In Exhibit E, Page 161 of the Application, Hardin District calculated total revenue as \$3,406,387. In response to Staff's First Request, item 13, you have restated a Total Rate Year Revenue from Existing Rates and Charges (Calculated) equaling \$3,373,632 (page 197). Explain the discrepancies in the revenues calculated from information provided by Hardin District.

Commissioner Staff Calculated Revenue	\$3,412,312.52
Hardin District Calculated Revenue Application Exhibit E	\$3,406,387.00
Hardin District Calculated Revenue Response to Item 13	\$3,373,632.00

ANSWER 1:

- a. The difference between the revenue calculated by Commission Staff compared to revenue calculated in Exhibit E, Page 161 of the Application, is rounding. As noted in Hardin District's response to question 13b in the First Request for Information, customer accounts reported in 2011 were reduced by 1.5% to align more closely with actual revenue; this resulted in fractional bills. Additionally, the column for average usage is not rounded to the nearest whole number. For example, average usage between 2,000 and 2,999 gallons is 2,499.50. Combined, these two differences account for the revenue calculation discrepancy.

Hardin District acknowledges that it is appropriate to round both accounts and average usage to the nearest whole number. Exhibit 1 provides a revised calculation of revenue of \$3,412,312.52 that is consistent with the Commissioner Staff Calculated Revenue identified above. However, as noted in our response to Question 13a and Question 14 in Data Request #1, the purpose of the billing analysis based on average usage was to verify the reasonableness of the account and billing data per usage block only. Hardin District wishes to continue reporting test year revenue of \$3,371,082 as a basis for determining additional revenue needs.

WITNESS: Bart Kreps, Rate Consultant

From	To	Average Usage	Accounts	Bills	Minimum Charge (1)	Volume Charge for Average Use	Monthly Charge for Average Use	Calculated Revenue From Minimum Charge	Calculate Revenue from Volume Charge for Avg. Use	Calculated Total Revenue
0	0	0	788	9,456	\$ 17.11	\$ -	\$ 17.11	\$ 161,792	\$ -	\$ 161,792
0	999	500	958	11,497	\$ 17.11	\$ -	\$ 17.11	\$ 196,714	\$ -	\$ 196,714
1,000	1,999	1,500	1406	16,871	\$ 17.11	\$ -	\$ 17.11	\$ 288,663	\$ -	\$ 288,663
2,000	2,999	2,500	1431	17,172	\$ 17.11	\$ 2.79	\$ 19.90	\$ 293,813	\$ 47,910	\$ 341,723
3,000	3,999	3,500	1213	14,560	\$ 17.11	\$ 8.37	\$ 25.48	\$ 249,122	\$ 121,867	\$ 370,989
4,000	4,999	4,500	940	11,274	\$ 17.11	\$ 13.95	\$ 31.06	\$ 192,898	\$ 157,272	\$ 350,170
5,000	5,999	5,500	622	7,468	\$ 17.11	\$ 19.53	\$ 36.64	\$ 127,777	\$ 145,850	\$ 273,628
6,000	6,999	6,500	403	4,840	\$ 17.11	\$ 25.11	\$ 42.22	\$ 82,812	\$ 121,532	\$ 204,345
7,000	7,999	7,500	248	2,976	\$ 17.11	\$ 30.69	\$ 47.80	\$ 50,919	\$ 91,333	\$ 142,253
8,000	8,999	8,500	161	1,927	\$ 17.11	\$ 36.27	\$ 53.38	\$ 32,971	\$ 69,892	\$ 102,863
9,000	9,999	9,500	106	1,272	\$ 17.11	\$ 41.85	\$ 58.96	\$ 21,764	\$ 53,233	\$ 74,997
10,000	10,999	10,500	70	834	\$ 17.11	\$ 47.43	\$ 64.54	\$ 14,270	\$ 39,557	\$ 53,826
11,000	11,999	11,500	47	558	\$ 17.11	\$ 53.01	\$ 70.12	\$ 9,547	\$ 29,580	\$ 39,127
12,000	12,999	12,500	36	435	\$ 17.11	\$ 58.59	\$ 75.70	\$ 7,443	\$ 25,487	\$ 32,930
13,000	13,999	13,500	27	318	\$ 17.11	\$ 64.17	\$ 81.28	\$ 5,441	\$ 20,406	\$ 25,847
14,000	14,999	14,500	23	278	\$ 17.11	\$ 69.75	\$ 86.86	\$ 4,757	\$ 19,391	\$ 24,147
15,000	24,999	20,000	91	1,094	\$ 17.11	\$ 94.89	\$ 112.00	\$ 18,718	\$ 103,810	\$ 122,528
25,000	34,999	30,000	30	357	\$ 17.11	\$ 139.59	\$ 156.70	\$ 6,108	\$ 49,834	\$ 55,942
35,000	44,999	40,000	20	244	\$ 17.11	\$ 184.29	\$ 201.40	\$ 4,175	\$ 44,967	\$ 49,142
45,000	54,999	50,000	13	158	\$ 17.11	\$ 228.99	\$ 246.10	\$ 2,703	\$ 36,180	\$ 38,884
55,000	64,999	60,000	8	100	\$ 17.11	\$ 273.69	\$ 290.80	\$ 1,711	\$ 27,369	\$ 29,080
65,000	74,999	70,000	6	75	\$ 17.11	\$ 318.39	\$ 335.50	\$ 1,283	\$ 23,879	\$ 25,163
75,000	84,999	80,000	3	40	\$ 17.11	\$ 363.09	\$ 380.20	\$ 684	\$ 14,524	\$ 15,208
85,000	94,999	90,000	3	33	\$ 17.11	\$ 407.79	\$ 424.90	\$ 565	\$ 13,457	\$ 14,022
95,000	104,999	100,000	2	27	\$ 17.11	\$ 452.49	\$ 469.60	\$ 462	\$ 12,217	\$ 12,679
105,000	114,999	110,000	2	27	\$ 17.11	\$ 497.19	\$ 514.30	\$ 462	\$ 13,424	\$ 13,886
115,000	124,999	120,000	2	23	\$ 17.11	\$ 541.89	\$ 559.00	\$ 394	\$ 12,463	\$ 12,857
125,000	134,999	130,000	2	18	\$ 17.11	\$ 586.59	\$ 603.70	\$ 308	\$ 10,559	\$ 10,867
135,000	144,999	140,000	2	22	\$ 17.11	\$ 631.29	\$ 648.40	\$ 376	\$ 13,888	\$ 14,265
145,000	154,999	150,000	2	20	\$ 17.11	\$ 675.99	\$ 693.10	\$ 342	\$ 13,520	\$ 13,862
155,000	164,999	160,000	1	12	\$ 17.11	\$ 720.69	\$ 737.80	\$ 205	\$ 8,648	\$ 8,854
165,000	174,999	170,000	1	13	\$ 17.11	\$ 765.39	\$ 782.50	\$ 222	\$ 9,950	\$ 10,173
175,000	184,999	180,000	1	12	\$ 17.11	\$ 810.09	\$ 827.20	\$ 205	\$ 9,721	\$ 9,926
185,000	194,999	190,000	1	10	\$ 17.11	\$ 854.79	\$ 871.90	\$ 171	\$ 8,548	\$ 8,719
195,000	204,999	200,000	0	5	\$ 17.11	\$ 899.49	\$ 916.60	\$ 86	\$ 4,497	\$ 4,583
205,000	214,999	210,000	1	10	\$ 17.11	\$ 944.19	\$ 961.30	\$ 171	\$ 9,442	\$ 9,613
215,000	224,999	220,000	0	4	\$ 17.11	\$ 988.89	\$ 1,006.00	\$ 68	\$ 3,956	\$ 4,024
225,000	234,999	230,000	0	5	\$ 17.11	\$ 1,033.59	\$ 1,050.70	\$ 86	\$ 5,168	\$ 5,254
235,000	244,999	240,000	0	5	\$ 17.11	\$ 1,078.29	\$ 1,095.40	\$ 86	\$ 5,391	\$ 5,477
245,000	254,999	250,000	0	4	\$ 17.11	\$ 1,122.99	\$ 1,140.10	\$ 68	\$ 4,492	\$ 4,560
255,000	264,999	260,000	0	2	\$ 17.11	\$ 1,167.69	\$ 1,184.80	\$ 34	\$ 2,335	\$ 2,370
265,000	274,999	270,000	0	4	\$ 17.11	\$ 1,212.39	\$ 1,229.50	\$ 68	\$ 4,850	\$ 4,918
275,000	284,999	280,000	1	8	\$ 17.11	\$ 1,257.09	\$ 1,274.20	\$ 137	\$ 10,057	\$ 10,194
285,000	294,999	290,000	0	5	\$ 17.11	\$ 1,301.79	\$ 1,318.90	\$ 86	\$ 6,509	\$ 6,595
295,000	304,999	300,000	0	5	\$ 17.11	\$ 1,346.49	\$ 1,363.60	\$ 86	\$ 6,732	\$ 6,818
305,000	314,999	310,000	1	7	\$ 17.11	\$ 1,391.19	\$ 1,408.30	\$ 120	\$ 9,738	\$ 9,858
315,000	324,999	320,000	0	3	\$ 17.11	\$ 1,435.89	\$ 1,453.00	\$ 51	\$ 4,308	\$ 4,359
325,000	334,999	330,000	1	7	\$ 17.11	\$ 1,480.59	\$ 1,497.70	\$ 120	\$ 10,364	\$ 10,484
335,000	344,999	340,000	0	4	\$ 17.11	\$ 1,525.29	\$ 1,542.40	\$ 68	\$ 6,101	\$ 6,170
345,000	354,999	350,000	0	0	\$ 17.11	\$ 1,569.99	\$ 1,587.10	\$ -	\$ -	\$ -
355,000	374,999	365,000	0	4	\$ 17.11	\$ 1,637.04	\$ 1,654.15	\$ 68	\$ 6,548	\$ 6,617
375,000	384,999	380,000	0	2	\$ 17.11	\$ 1,704.09	\$ 1,721.20	\$ 34	\$ 3,408	\$ 3,442
385,000	404,999	395,000	0	3	\$ 17.11	\$ 1,771.14	\$ 1,788.25	\$ 51	\$ 5,313	\$ 5,365
405,000	424,999	415,000	0	1	\$ 17.11	\$ 1,860.54	\$ 1,877.65	\$ 17	\$ 1,861	\$ 1,878
425,000	464,999	445,000	0	5	\$ 17.11	\$ 1,994.64	\$ 2,011.75	\$ 86	\$ 9,973	\$ 10,059
465,000	624,999	545,000	1	13	\$ 17.11	\$ 2,441.64	\$ 2,458.75	\$ 222	\$ 31,741	\$ 31,964
625,000	654,999	640,000	0	2	\$ 17.11	\$ 2,866.29	\$ 2,883.40	\$ 34	\$ 5,733	\$ 5,767
655,000	714,999	685,000	1	8	\$ 17.11	\$ 3,067.44	\$ 3,084.55	\$ 137	\$ 24,540	\$ 24,676
715,000	844,999	780,000	2	22	\$ 17.11	\$ 3,492.09	\$ 3,509.20	\$ 376	\$ 76,826	\$ 77,202
845,000	900,000	872,500	0	0	\$ 17.11	\$ 3,905.57	\$ 3,922.68	\$ -	\$ -	\$ -

8,680 104,159

\$ 1,782,160 \$ 1,630,152 \$ 3,412,313

Test Year Revenues \$ 3,371,082

Revenues from Billing Analysis

Base Charge \$ 1,782,160

Volume Charge 1,630,152

Total \$ 3,412,312.52

Error in Billing Analysis 1.2%

(1) Includes first 2,000 gallons of flow.

2. Refer to Excel Spreadsheet titled HCWD1_Radcliff_Rate 2013 Model_Final, in the tab marked Wholesale. The rate calculated is calculated using only the Wastewater Treated by the Radcliff plant for your current customer base. In the Application, Appendix E, Schedules from Rate and Cost of Service Model, Section V, page 93, you state that "HCWD1 participated in preliminary discussions with a potential customer related to provided waste water conveyance and treatment services on a wholesale basis."
- a. Why is the revenue and expense for the treatment of the anticipated wastewater of the potential wholesale customer not included in the calculations?
 - b. What is the status of the discussions with the potential wholesale customer?
 - c. If you should have included an estimated amount to be treated, update this information and calculate the rate.

ANSWER 2:

- a. The projected revenue and expense for the treatment of wastewater from the potential wholesale customer is not included in the calculation because the discussions are preliminary and no wholesale contract exists. There is a high degree of uncertainty related to future timing, level of demand and existence of a wholesale customer, which created challenges in terms of identifying reasonable assumptions to be used in the rate calculation. At this point, it does not appear that any potential wastewater treated on a wholesale basis would be material. However, in order to provide for efficiencies and responsiveness if wholesale service is requested, it was determined that it was reasonable to develop a wholesale rate methodology based on existing conditions with no adjustments for prospective revenues and expenses associated with providing wholesale service.
- b. See the attached letter provided by Hardin County Water District No. 2 providing an update (Exhibit No. 2).
- c. Hardin District did not intend to include an estimate for the amount to be treated for the reasons identified above.

WITNESS: Mr. Bart Kreps, Rate Consultant

Mr. Jim Bruce, HCWD1 General Manager



Hardin County Water District No. 2

360 Ring Road • P.O. Box 970 • Elizabethtown, KY 42702

Telephone (270) 737-1056 • Fax (270) 737-2301 • www.hardincountywater2.org

Board of Commissioners: Mike Bell, Cordell Tabb, John Effinger, Morris Miller, Tim Davis

General Manager: James Jeffries

September 26, 2013

Hardin County Water District No. 1
1400 Rogersville Road
Radcliff, KY 40160

SUBJECT: Response to Status Update – Wholesale Water Use

Dear Mr. Bruce:

We are pleased to provide your requested update on possible future wholesale sewer treatment flows, from HCWD2 to HCWD1. HCWD2 has received BRAC grant funding to expand public sewer service into unincorporated parts of Hardin County. We have used these funds to design two major projects known as the "Rineyville Wastewater Collection Project" and the "Nolin River Wastewater Project". The Nolin River Wastewater project is on schedule to be bid mid-2014. The Rineyville project is the one we have discussed with you as requiring sewer treatment provided by HCWD1. That project is currently on hold. We have completed the detailed design. Our immediate focus is the Glendale project, as we have had positive response and clear interest in connecting existing homes and businesses to these new lines and system. Those flows will be treated by the City of Elizabethtown through a wholesale treatment arrangement.

Since 2006, you and I have participated in meetings held by Hardin County Planning & Development, at the request of Judge Executive Harry Berry. This effort has been to develop a new county sewer use ordinance and regulations to be used for new development in Hardin County. That effort is near the public meeting and hearing phase. Should this result in new county development regulations, this will result in homes or subdivisions near existing public sewer systems to connect to those systems, if they lie within so many feet of the sewer system entry point. As both our districts have also had sewer service areas approved by Fiscal Court, there are certainly areas that fall within HCWD2's service area, that we would request the flows be treated by HCWD1. We anticipate that if the new ordinance and regulations are passed this year, it will be more likely that HCWD2 will be requesting wholesale sewer service from HCWD1, for those parcels impacted by the new county regulations.

We would hope that the Public Service Commission will approve your proposed wholesale rate, which you have shared with us. We have no plans to intervene or protest your proposed rate, as it was filed.

Best Regards,

James Jeffries

Your Water Professionals
An Equal Opportunity Provider and Employer

Exhibit 2

3. In response to the Commission Staff's Second information Request ("Staff's Second Request"), item 1(a), page 5, Hardin District provided an Organizational Chart for 2013 updated to include the two newest Board of Commissioner members. Explain in detail why the Fort Knox Storm Water Division is not listed in the Organizational Chart.

ANSWER 3: The Ft. Knox Storm Water division does not require dedicated staff, supervision, equipment or treatment facilities to operate. Veolia Water estimated its efforts annually, which amounts are used in the annual fee to the Government. In 2012, this division only accounted for 3.3% of total Hardin District's consolidated operating revenues and about 2% of its consolidated physical plant asset value. Because of its comparatively lesser effort to operate, Hardin District does not show this division as a separate operational division on the Organizational Chart.

WITNESS: Mr. Jim Bruce, HCWD1 General Manager

4. Refer to the response to Staff's Second Request, item 1(c), page 2, and the Pre-filed Testimony, Exhibit 3, at 133 and 149. Hardin District states that funds for the vacant Customer Service Representative position have not been included in its 2013 budget and that it has no immediate plans to fill the position.
 - a. Refer to the Pre-Filed Testimony, page 133. Confirm that the costs for the Customer Service Representative position are not included in the Customer Service Labor for the test year of \$151,356.
 - b. Refer to the Pre-filed Testimony, page 149. Confirm that the costs for the Customer Service Representative position are included in the \$4,014 adjustment to the Customer Service Labor Expense.

ANSWER 4:

- a. Costs for the Customer Service Representative – Vacant position are not included in the Customer Service Labor for the test year of \$151,356 on page 133 of Exhibit E of Hardin District's Pre-Filed Testimony. Item 1(c), page 2 of the PSC's second request stated "...Provide budgeted wages and wage overheads for all vacant positions and the anticipated fill date for each position." Therefore, Hardin District supplied 2012 budgeted wages and overhead for this position as required.
- b. Costs for the Customer Service Representative vacant position have been removed from the adjustment to Customer Service Labor expense (see Exhibit 3, revised Schedule 16c). Previously, adjustments to Customer Service Labor Expense included additional costs for this position. However, as noted above and based on additional discussions with Hardin District staff, it was determined that Hardin District has no plans to fill this position in 2013, and related costs were not included in the 2013 Radcliff Utility Budget.

WITNESS: Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager
Mr. Bart Kreps, Rate Consultant

	2012 Hourly Rate	Hours per Year (4)	2012		2013 Hourly Rates	Rate Year	% Capitalized	Net O&M	Allocation to Radcliff Utility	
			Test Year (3)	Adjustments					% Allocation	\$ Allocation
Salaries & Wages										
Accountant	\$ 21.47	2,080	\$ 44,932	\$ 1,348	\$ 22.14	\$ 46,280	25.0%	\$ 34,710	35.0%	\$ 12,148
PT Salaries (F&A Admin Intern) (1)	\$ -	350	\$ -	\$ 3,430	\$ 9.80	\$ 3,430	50.0%	\$ 1,715	35.0%	\$ 600
PT Salaries (Auto Cad Drafter) (2)	\$ -	624	\$ -	\$ 15,600	\$ 25.00	\$ 15,600	50.0%	\$ 7,800	30.0%	\$ 2,340
PT Salaries (GIS Intern) (1)	\$ -	405	\$ -	\$ 4,351	\$ 10.75	\$ 4,351	50.0%	\$ 2,176	42.5%	\$ 925
Accounting Specialist	\$ 18.02	2,080	\$ 38,888	\$ 1,167	\$ 18.57	\$ 40,054	25.0%	\$ 30,041	25.0%	\$ 7,510
Project Coordinator	\$ 21.81	2,080	\$ 45,886	\$ 1,377	\$ 22.37	\$ 47,262	33.0%	\$ 31,666	31.0%	\$ 9,816
General Manager	\$ 49.68	2,080	\$ 113,087	\$ 11,905	\$ 60.09	\$ 124,992	30.0%	\$ 99,994	25.0%	\$ 24,998
Finance & Accounting Manager	\$ 31.93	2,080	\$ 66,846	\$ 2,005	\$ 32.89	\$ 68,851	25.0%	\$ 51,638	25.0%	\$ 12,910
Engineering Manager	\$ 32.21	2,080	\$ 67,337	\$ 2,020	\$ 33.21	\$ 69,357	100.0%	\$ -	19.8%	\$ -
Executive Assistant	\$ 18.15	2,063	\$ 38,323	\$ 1,150	\$ 18.74	\$ 39,472	0.0%	\$ 39,472	32.0%	\$ 12,631
Operations Manager	\$ 33.54	2,080	\$ 71,032	\$ 2,131	\$ 34.51	\$ 73,162	50.0%	\$ 36,581	15.0%	\$ 5,487
WQ / Measurement Specialist	\$ 26.66	2,080	\$ 55,822	\$ 1,675	\$ 27.46	\$ 57,496	0.0%	\$ 57,496	0.0%	\$ -
Dist. System GIS/Planning Specialist	\$ 24.53	2,080	\$ 51,397	\$ 1,542	\$ 25.37	\$ 52,938	50.0%	\$ 26,469	42.5%	\$ 11,249
Overtime										
Accountant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25.0%	\$ -	35.0%	\$ -
PT Salaries (F&A Admin Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	35.0%	\$ -
PT Salaries (Auto Cad Drafter)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	30.0%	\$ -
PT Salaries (GIS Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	42.5%	\$ -
Accounting Specialist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25.0%	\$ -	25.0%	\$ -
Project Coordinator	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	33.0%	\$ -	31.0%	\$ -
General Manager	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20.0%	\$ -	25.0%	\$ -
Finance & Accounting Manager	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25.0%	\$ -	25.0%	\$ -
Engineering Manager	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ -	19.8%	\$ -
Executive Assistant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Operations Manager	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	15.0%	\$ -
WQ / Measurement Specialist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -
Dist. System GIS/Planning Specialist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	42.5%	\$ -
Health										
Accountant	\$ 6,304	\$ 231	\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	25.0%	\$ 4,901	35.0%	\$ 1,715
PT Salaries (F&A Admin Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	35.0%	\$ -
PT Salaries (Auto Cad Drafter)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	30.0%	\$ -
PT Salaries (GIS Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	42.5%	\$ -
Accounting Specialist	\$ 6,304	\$ 231	\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	25.0%	\$ 4,901	25.0%	\$ 1,225
Project Coordinator	\$ 6,304	\$ 231	\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	33.0%	\$ 4,378	31.0%	\$ 1,357
General Manager	\$ 12,723	\$ (232)	\$ 12,491	\$ (232)	\$ 12,491	\$ 12,491	20.0%	\$ 9,993	25.0%	\$ 2,498
Finance & Accounting Manager	\$ 4,488	\$ -	\$ 4,488	\$ -	\$ 4,488	\$ 4,488	25.0%	\$ 3,366	25.0%	\$ 842
Engineering Manager	\$ 4,488	\$ -	\$ 4,488	\$ -	\$ 4,488	\$ 4,488	100.0%	\$ -	19.8%	\$ -
Executive Assistant	\$ 4,488	\$ -	\$ 4,488	\$ -	\$ 4,488	\$ 4,488	0.0%	\$ 4,488	32.0%	\$ 1,436
Operations Manager	\$ 6,304	\$ 231	\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	50.0%	\$ 3,268	15.0%	\$ 490
WQ / Measurement Specialist	\$ 6,304	\$ 231	\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	0.0%	\$ -
Dist. System GIS/Planning Specialist	\$ 6,304	\$ 231	\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	50.0%	\$ 3,268	42.5%	\$ 1,389
W_Comp										
Accountant	\$ 81	\$ -	\$ 81	\$ -	\$ 81	\$ 81	25.0%	\$ 61	35.0%	\$ 21
PT Salaries (F&A Admin Intern)	\$ -	\$ 6	\$ -	\$ 6	\$ 6	\$ 6	50.0%	\$ 3	35.0%	\$ 1
PT Salaries (Auto Cad Drafter)	\$ -	\$ 7	\$ -	\$ 7	\$ 7	\$ 7	50.0%	\$ 4	30.0%	\$ 1
PT Salaries (GIS Intern)	\$ -	\$ 7	\$ -	\$ 7	\$ 7	\$ 7	50.0%	\$ 4	42.5%	\$ 1
Accounting Specialist	\$ 70	\$ -	\$ 70	\$ -	\$ 70	\$ 70	25.0%	\$ 53	25.0%	\$ 13
Project Coordinator	\$ 83	\$ -	\$ 83	\$ -	\$ 83	\$ 83	33.0%	\$ 56	31.0%	\$ 17
General Manager	\$ 204	\$ -	\$ 204	\$ -	\$ 204	\$ 204	20.0%	\$ 163	25.0%	\$ 41
Finance & Accounting Manager	\$ 120	\$ -	\$ 120	\$ -	\$ 120	\$ 120	25.0%	\$ 90	25.0%	\$ 23
Engineering Manager	\$ 364	\$ -	\$ 364	\$ -	\$ 364	\$ 364	100.0%	\$ -	19.8%	\$ -
Executive Assistant	\$ 69	\$ -	\$ 69	\$ -	\$ 69	\$ 69	0.0%	\$ 69	32.0%	\$ 22
Operations Manager	\$ 384	\$ -	\$ 384	\$ -	\$ 384	\$ 384	50.0%	\$ 192	15.0%	\$ 29
WQ / Measurement Specialist	\$ 1,429	\$ -	\$ 1,429	\$ -	\$ 1,429	\$ 1,429	0.0%	\$ 1,429	0.0%	\$ -
Dist. System GIS/Planning Specialist	\$ 1,316	\$ -	\$ 1,316	\$ -	\$ 1,316	\$ 1,316	50.0%	\$ 658	42.5%	\$ 280
Dental & Vision										
Accountant	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	25.0%	\$ 279	35.0%	\$ 98
PT Salaries (F&A Admin Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	35.0%	\$ -
PT Salaries (Auto Cad Drafter)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	30.0%	\$ -
PT Salaries (GIS Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	42.5%	\$ -
Accounting Specialist	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	25.0%	\$ 279	25.0%	\$ 70
Project Coordinator	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	33.0%	\$ 249	31.0%	\$ 77
General Manager	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	20.0%	\$ 298	25.0%	\$ 74
Finance & Accounting Manager	\$ 277	\$ 11	\$ 277	\$ 11	\$ 288	\$ 288	25.0%	\$ 216	25.0%	\$ 54
Engineering Manager	\$ 277	\$ 11	\$ 277	\$ 11	\$ 288	\$ 288	100.0%	\$ -	19.8%	\$ -
Executive Assistant	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	32.0%	\$ 119
Operations Manager	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	50.0%	\$ 186	15.0%	\$ 28
WQ / Measurement Specialist	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	0.0%	\$ -
Dist. System GIS/Planning Specialist	\$ 361	\$ 11	\$ 361	\$ 11	\$ 372	\$ 372	50.0%	\$ 186	42.5%	\$ 79
Life & LTD										
Accountant	\$ 499	\$ 80	\$ 499	\$ 80	\$ 579	\$ 579	25.0%	\$ 434	35.0%	\$ 152
PT Salaries (F&A Admin Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	35.0%	\$ -
PT Salaries (Auto Cad Drafter)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	30.0%	\$ -
PT Salaries (GIS Intern)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	\$ -	42.5%	\$ -
Accounting Specialist	\$ 420	\$ 64	\$ 420	\$ 64	\$ 484	\$ 484	25.0%	\$ 363	25.0%	\$ 91
Project Coordinator	\$ 509	\$ 75	\$ 509	\$ 75	\$ 584	\$ 584	33.0%	\$ 391	31.0%	\$ 121
General Manager	\$ 1,000	\$ 114	\$ 1,000	\$ 114	\$ 1,114	\$ 1,114	20.0%	\$ 891	25.0%	\$ 223
Finance & Accounting Manager	\$ 744	\$ 114	\$ 744	\$ 114	\$ 858	\$ 858	25.0%	\$ 644	25.0%	\$ 161
Engineering Manager	\$ 749	\$ 118	\$ 749	\$ 118	\$ 867	\$ 867	100.0%	\$ -	19.8%	\$ -
Executive Assistant	\$ 420	\$ 68	\$ 420	\$ 68	\$ 488	\$ 488	0.0%	\$ 488	32.0%	\$ 156
Operations Manager	\$ 782	\$ 110	\$ 782	\$ 110	\$ 892	\$ 892	50.0%	\$ 446	15.0%	\$ 67
WQ / Measurement Specialist	\$ 621	\$ 96	\$ 621	\$ 96	\$ 717	\$ 717	0.0%	\$ 717	0.0%	\$ -
Dist. System GIS/Planning Specialist	\$ 572	\$ 241	\$ 572	\$ 241	\$ 813	\$ 813	50.0%	\$ 407	42.5%	\$ 173

OASDI												
Accountant	\$	3,437	\$	103	\$	3,540	25.0%	\$	2,655	35.0%	\$	929
PT Salaries (F&A Admin Intern)	\$	-	\$	262	\$	262	50.0%	\$	131	35.0%	\$	46
PT Salaries (Auto Cad Drafter)	\$	-	\$	1,193	\$	1,193	50.0%	\$	597	30.0%	\$	179
PT Salaries (GIS Intern)	\$	-	\$	333	\$	333	50.0%	\$	166	42.5%	\$	71
Accounting Specialist	\$	2,975	\$	89	\$	3,064	25.0%	\$	2,298	25.0%	\$	575
Project Coordinator	\$	1,510	\$	105	\$	1,615	33.0%	\$	2,422	31.0%	\$	751
General Manager	\$	8,651	\$	911	\$	9,562	20.0%	\$	7,650	25.0%	\$	1,912
Finance & Accounting Manager	\$	5,114	\$	153	\$	5,267	25.0%	\$	3,950	25.0%	\$	988
Engineering Manager	\$	5,151	\$	155	\$	5,306	100.0%	\$	-	19.8%	\$	-
Executive Assistant	\$	2,932	\$	88	\$	3,020	0.0%	\$	3,020	32.0%	\$	966
Operations Manager	\$	5,434	\$	163	\$	5,597	50.0%	\$	2,798	15.0%	\$	420
WQ / Measurement Specialist	\$	4,270	\$	128	\$	4,398	0.0%	\$	4,398	0.0%	\$	-
Dist. System GIS/Planning Specialist	\$	3,932	\$	118	\$	4,050	50.0%	\$	2,025	42.5%	\$	861
Pension												
Accountant	\$	8,653	\$	-	\$	8,653	25.0%	\$	6,490	35.0%	\$	2,272
PT Salaries (F&A Admin Intern)	\$	-	\$	-	\$	-	50.0%	\$	-	35.0%	\$	-
PT Salaries (Auto Cad Drafter)	\$	-	\$	-	\$	-	50.0%	\$	-	30.0%	\$	-
PT Salaries (GIS Intern)	\$	-	\$	-	\$	-	50.0%	\$	-	42.5%	\$	-
Accounting Specialist	\$	7,489	\$	-	\$	7,489	25.0%	\$	3,617	25.0%	\$	1,404
Project Coordinator	\$	8,838	\$	-	\$	8,838	33.0%	\$	5,921	31.0%	\$	1,836
General Manager	\$	21,780	\$	-	\$	21,780	20.0%	\$	17,424	25.0%	\$	4,356
Finance & Accounting Manager	\$	12,874	\$	-	\$	12,874	25.0%	\$	9,655	25.0%	\$	2,414
Engineering Manager	\$	12,968	\$	-	\$	12,968	100.0%	\$	-	19.8%	\$	-
Executive Assistant	\$	7,380	\$	-	\$	7,380	0.0%	\$	7,380	32.0%	\$	2,362
Operations Manager	\$	13,680	\$	-	\$	13,680	50.0%	\$	6,840	15.0%	\$	1,026
WQ / Measurement Specialist	\$	10,750	\$	-	\$	10,750	0.0%	\$	10,750	0.0%	\$	-
Dist. System GIS/Planning Specialist	\$	9,899	\$	-	\$	9,899	50.0%	\$	4,949	42.5%	\$	2,103
Total Administration												
	\$	831,154	\$	55,866	\$	887,020		\$	581,992	\$	139,229	
			\$	13,365							23.9%	
			<i>Allocated to Radcliff</i>									

- (1) Actual costs incurred in 2013.
- (2) Based on 2013 budgeted hours.
- (3) Actual dollars per pay roll (includes overtime).
- (4) Actual annual hours (includes overtime).

HCWD1 - Radcliff Utility
PSC Case
Commissioner

Schedule 16b

	2012 Hourly Rate	Hours per Year	2012		2013 Hourly Rates	Rate Year	% Capitalized	Net O&M	Allocation to Radcliff Utility	
			Test Year (1)	Adjustments					% Allocation	\$ Allocation
Salaries and Wages										
Commissioner	\$ 57.69	104	\$ 6,000	\$ -	\$ 57.69	\$ 6,000	0.0%	\$ 6,000	32.0%	\$ 1,920
Commissioner	\$ 59.62	104	\$ 6,200	\$ -	\$ 59.62	\$ 6,200	0.0%	\$ 6,200	32.0%	\$ 1,984
Commissioner	\$ 57.69	104	\$ 6,000	\$ -	\$ 57.69	\$ 6,000	0.0%	\$ 6,000	32.0%	\$ 1,920
Commissioner	\$ 57.69	104	\$ 6,000	\$ -	\$ 57.69	\$ 6,000	0.0%	\$ 6,000	32.0%	\$ 1,920
Commissioner	\$ 57.69	104	\$ 6,000	\$ -	\$ 57.69	\$ 6,000	0.0%	\$ 6,000	32.0%	\$ 1,920
Overtime										
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Health										
Commissioner			\$ 1,680	\$ -	\$ 1,680	\$ 1,680	0.0%	\$ 1,680	32.0%	\$ 538
Commissioner			\$ 10,636	\$ -	\$ 10,636	\$ 10,636	0.0%	\$ 10,636	32.0%	\$ 3,404
Commissioner			\$ 1,680	\$ -	\$ 1,680	\$ 1,680	0.0%	\$ 1,680	32.0%	\$ 538
Commissioner			\$ 1,680	\$ -	\$ 1,680	\$ 1,680	0.0%	\$ 1,680	32.0%	\$ 538
Commissioner			\$ 9,143	\$ -	\$ 9,143	\$ 9,143	0.0%	\$ 9,143	32.0%	\$ 2,926
W_Camp										
Commissioner			\$ 11	\$ -	\$ 11	\$ 11	0.0%	\$ 11	32.0%	\$ 3
Commissioner			\$ 11	\$ -	\$ 11	\$ 11	0.0%	\$ 11	32.0%	\$ 4
Commissioner			\$ 11	\$ -	\$ 11	\$ 11	0.0%	\$ 11	32.0%	\$ 3
Commissioner			\$ 11	\$ -	\$ 11	\$ 11	0.0%	\$ 11	32.0%	\$ 3
Commissioner			\$ 11	\$ -	\$ 11	\$ 11	0.0%	\$ 11	32.0%	\$ 3
Dental & Vision										
Commissioner			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	32.0%	\$ 119
Commissioner			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	32.0%	\$ 119
Commissioner			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	32.0%	\$ 119
Commissioner			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	32.0%	\$ 119
Commissioner			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	32.0%	\$ 119
Life & LTD										
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
Commissioner			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	32.0%	\$ -
OASDI										
Commissioner			\$ 459	\$ 14	\$ 473	\$ 473	0.0%	\$ 473	32.0%	\$ 151
Commissioner			\$ 474	\$ 14	\$ 489	\$ 489	0.0%	\$ 489	32.0%	\$ 156
Commissioner			\$ 459	\$ 14	\$ 473	\$ 473	0.0%	\$ 473	32.0%	\$ 151
Commissioner			\$ 459	\$ 14	\$ 473	\$ 473	0.0%	\$ 473	32.0%	\$ 151
Commissioner			\$ 459	\$ 14	\$ 473	\$ 473	0.0%	\$ 473	32.0%	\$ 151
Pension										
Commissioner			\$ 1,155	\$ -	\$ 1,155	\$ 1,155	0.0%	\$ 1,155	32.0%	\$ 370
Commissioner			\$ 1,194	\$ -	\$ 1,194	\$ 1,194	0.0%	\$ 1,194	32.0%	\$ 382
Commissioner			\$ 1,155	\$ -	\$ 1,155	\$ 1,155	0.0%	\$ 1,155	32.0%	\$ 370
Commissioner			\$ 1,155	\$ -	\$ 1,155	\$ 1,155	0.0%	\$ 1,155	32.0%	\$ 370
Commissioner			\$ 1,155	\$ -	\$ 1,155	\$ 1,155	0.0%	\$ 1,155	32.0%	\$ 370
Total Commissioners			\$ 65,004	\$ 124	\$ 65,128	\$ 65,128		\$ 65,128		\$ 20,841
				\$ 40						\$ 32,000
				Allocated to Radcliff						

(1) Actual dollars per pay rol.

HCWD1 - Radcliff Utility
PSC Case
Customer Service

Schedule 16c

	2012 Hourly Rate	Hours per Year (2)	2012		2013 Hourly Rate	Rate Year	% Capitalized	Net O&M	Allocation to Radcliff Utility	
			Test Year (4)	Adjustments					% Allocation	\$ Allocation
Salaries and Wages										
Customer Service Representative	\$ 15.98	2,084	\$ 33,915	\$ 1,017	\$ 16.42	\$ 34,933	0.0%	\$ 34,933	47.0%	\$ 16,418
Customer Service Manager	\$ 28.61	2,080	\$ 60,314	\$ 1,809	\$ 29.52	\$ 62,124	0.0%	\$ 62,124	46.0%	\$ 28,577
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	350	\$ -	\$ 3,430	\$ 9.80	\$ 3,430	0.0%	\$ 3,430	47.0%	\$ 1,612
Customer Service Representative (Temp) (3)	\$ 11.50	-	\$ 10,879	\$ (8,930)	\$ 11.50	\$ 1,949	0.0%	\$ 1,949	47.0%	\$ 916
Customer Service Representative	\$ 13.57	1,774	\$ 24,438	\$ 733	\$ 13.89	\$ 25,171	0.0%	\$ 25,171	47.0%	\$ 11,830
Customer Service Representative	\$ 16.54	1,311	\$ 21,980	\$ 659	\$ 17.04	\$ 22,639	0.0%	\$ 22,639	47.0%	\$ 10,640
Customer Service Representative	\$ 14.18	2,080	\$ 29,534	\$ 898	\$ 14.67	\$ 30,832	0.0%	\$ 30,832	47.0%	\$ 14,491
Utility Billing Specialist	\$ 18.82	2,080	\$ 40,520	\$ 1,216	\$ 19.36	\$ 41,735	0.0%	\$ 41,735	46.0%	\$ 19,198
Overtime										
Customer Service Representative	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Manager	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	46.0%	\$ -
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative (Temp) (3)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Utility Billing Specialist	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	46.0%	\$ -
Health										
Customer Service Representative	\$ -	-	\$ 4,488	\$ -	\$ -	\$ 4,488	0.0%	\$ 4,488	47.0%	\$ 2,109
Customer Service Manager	\$ -	-	\$ 6,304	\$ 231	\$ -	\$ 6,535	0.0%	\$ 6,535	46.0%	\$ 3,006
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative (Temp) (3)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ 6,304	\$ 231	\$ -	\$ 6,535	0.0%	\$ 6,535	47.0%	\$ 3,071
Customer Service Representative	\$ -	-	\$ 4,488	\$ -	\$ -	\$ 4,488	0.0%	\$ 4,488	47.0%	\$ 2,109
Customer Service Representative	\$ -	-	\$ 6,304	\$ 231	\$ -	\$ 6,535	0.0%	\$ 6,535	47.0%	\$ 3,071
Utility Billing Specialist	\$ -	-	\$ 6,304	\$ 231	\$ -	\$ 6,535	0.0%	\$ 6,535	46.0%	\$ 3,006
W. Comp										
Customer Service Representative	\$ -	-	\$ 61	\$ -	\$ -	\$ 61	0.0%	\$ 61	47.0%	\$ 29
Customer Service Manager	\$ -	-	\$ 109	\$ -	\$ -	\$ 109	0.0%	\$ 109	46.0%	\$ 50
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative (Temp) (3)	\$ -	-	\$ 20	\$ (17)	\$ -	\$ 3	0.0%	\$ 3	47.0%	\$ 2
Customer Service Representative	\$ -	-	\$ 44	\$ -	\$ -	\$ 44	0.0%	\$ 44	47.0%	\$ 21
Customer Service Representative	\$ -	-	\$ 40	\$ -	\$ -	\$ 40	0.0%	\$ 40	47.0%	\$ 19
Customer Service Representative	\$ -	-	\$ 54	\$ -	\$ -	\$ 54	0.0%	\$ 54	47.0%	\$ 25
Utility Billing Specialist	\$ -	-	\$ 73	\$ -	\$ -	\$ 73	0.0%	\$ 73	46.0%	\$ 34
Dental & Vision										
Customer Service Representative	\$ -	-	\$ 361	\$ 11	\$ -	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Customer Service Manager	\$ -	-	\$ 361	\$ 11	\$ -	\$ 372	0.0%	\$ 372	46.0%	\$ 171
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative (Temp) (3)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ 361	\$ 11	\$ -	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Customer Service Representative	\$ -	-	\$ 116	\$ (116)	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ 361	\$ 11	\$ -	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Utility Billing Specialist	\$ -	-	\$ 361	\$ 11	\$ -	\$ 372	0.0%	\$ 372	46.0%	\$ 171
Life & LTD										
Customer Service Representative	\$ -	-	\$ 373	\$ -	\$ -	\$ 429	0.0%	\$ 429	47.0%	\$ 202
Customer Service Manager	\$ -	-	\$ 666	\$ -	\$ -	\$ 771	0.0%	\$ 771	46.0%	\$ 355
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative (Temp) (3)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ 309	\$ -	\$ -	\$ 363	0.0%	\$ 363	47.0%	\$ 170
Customer Service Representative	\$ -	-	\$ 386	\$ -	\$ -	\$ 445	0.0%	\$ 445	47.0%	\$ 209
Customer Service Representative	\$ -	-	\$ 331	\$ -	\$ -	\$ 383	0.0%	\$ 383	47.0%	\$ 180
Utility Billing Specialist	\$ -	-	\$ 439	\$ -	\$ -	\$ 505	0.0%	\$ 505	46.0%	\$ 232
OASDI										
Customer Service Representative	\$ -	-	\$ 2,595	\$ 78	\$ -	\$ 2,673	0.0%	\$ 2,673	47.0%	\$ 1,256
Customer Service Manager	\$ -	-	\$ 4,614	\$ 138	\$ -	\$ 4,752	0.0%	\$ 4,752	46.0%	\$ 2,186
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	-	\$ -	\$ -	\$ -	\$ 42	0.0%	\$ 42	47.0%	\$ 20
Customer Service Representative (Temp) (3)	\$ -	-	\$ 832	\$ (683)	\$ -	\$ 149	0.0%	\$ 149	47.0%	\$ 70
Customer Service Representative	\$ -	-	\$ 1,870	\$ 56	\$ -	\$ 1,926	0.0%	\$ 1,926	47.0%	\$ 905
Customer Service Representative	\$ -	-	\$ 1,681	\$ 59	\$ -	\$ 1,732	0.0%	\$ 1,732	47.0%	\$ 814
Customer Service Representative	\$ -	-	\$ 2,290	\$ 69	\$ -	\$ 2,359	0.0%	\$ 2,359	47.0%	\$ 1,109
Utility Billing Specialist	\$ -	-	\$ 3,100	\$ 93	\$ -	\$ 3,193	0.0%	\$ 3,193	46.0%	\$ 1,469
Pension										
Customer Service Representative	\$ -	-	\$ 6,532	\$ -	\$ -	\$ 6,532	0.0%	\$ 6,532	47.0%	\$ 3,070
Customer Service Manager	\$ -	-	\$ 11,617	\$ -	\$ -	\$ 11,617	0.0%	\$ 11,617	46.0%	\$ 5,344
Customer Service Representative (Vacant) (2)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
CSR Admin/Intern (1)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative (Temp) (3)	\$ -	-	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Customer Service Representative	\$ -	-	\$ 4,719	\$ -	\$ -	\$ 4,719	0.0%	\$ 4,719	47.0%	\$ 2,218
Customer Service Representative	\$ -	-	\$ 4,200	\$ -	\$ -	\$ 4,200	0.0%	\$ 4,200	47.0%	\$ 1,974
Customer Service Representative	\$ -	-	\$ 5,765	\$ -	\$ -	\$ 5,765	0.0%	\$ 5,765	47.0%	\$ 2,710
Utility Billing Specialist	\$ -	-	\$ 7,804	\$ -	\$ -	\$ 7,804	0.0%	\$ 7,804	46.0%	\$ 3,590
Total Customer Service			\$ 318,617	\$ 1,528	\$ -	\$ 320,537		\$ 320,537		\$ 149,187
			\$ 711	\$ -						\$ 46,596
			Allocated to Radcliff							

(1) No costs were incurred for this position in 2012. Actual hourly rate in 2013 is \$9.80.
(2) No costs were incurred for this position in 2012. This position was not included in the 2013 Budget.
(3) This position incurred costs in 2012. Costs included in 2013 are based on actual dollars. Additional costs are not expected.
(4) Actual dollars per pay roll (includes overtime).
(5) Actual annual hours (includes overtime).

	2012 Hourly Rate	Hours req. Year (3)	2012		2013 Hourly Rates	Rate Year	% Capitalized	Net O&M	Allocation to Radcliff Utility	
			Test Year (1)	Adjustments					% Allocation	\$ Allocation
Salaries and Wages										
Distribution Operator - III	\$ 17.15	2,150	\$ 38,011	\$ 1,140	\$ 17,60	\$ 39,151	0.0%	\$ 39,151	47.0%	\$ 18,401
Distribution Operator - I or II	\$ 13.97	2,213	\$ 30,993	\$ 930	\$ 14,39	\$ 31,922	0.0%	\$ 31,922	47.0%	\$ 15,004
Distribution Operator - I or II	\$ 17.55	2,147	\$ 38,618	\$ 1,159	\$ 18,21	\$ 39,777	0.0%	\$ 39,777	47.0%	\$ 18,695
Distribution Operator - I or II	\$ 16.65	2,261	\$ 37,814	\$ 1,134	\$ 17,07	\$ 38,948	0.0%	\$ 38,948	47.0%	\$ 18,306
Distribution Operator - I or II	\$ 13.00	1,918	\$ 23,956	\$ 719	\$ 13,43	\$ 24,675	0.0%	\$ 24,675	47.0%	\$ 11,597
Distribution Supervisor	\$ 27.52	1,920	\$ 50,379	\$ 1,511	\$ 28,39	\$ 51,891	0.0%	\$ 51,891	1.5%	\$ 778
Overtime										
Distribution Operator - III			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Distribution Operator - I or II			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Distribution Operator - I or II			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Distribution Operator - I or II			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Distribution Operator - I or II			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	47.0%	\$ -
Distribution Supervisor			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	1.5%	\$ -
Health										
Distribution Operator - III			\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	47.0%	\$ 3,071
Distribution Operator - I or II			\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	47.0%	\$ 3,071
Distribution Operator - I or II			\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	47.0%	\$ 3,071
Distribution Operator - I or II			\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	47.0%	\$ 3,071
Distribution Operator - I or II			\$ 5,254	\$ 1,281	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	47.0%	\$ 3,071
Distribution Supervisor			\$ 5,254	\$ 1,281	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	1.5%	\$ 98
W_Comp										
Distribution Operator - III			\$ 973	\$ -	\$ 973	\$ 973	0.0%	\$ 973	47.0%	\$ 457
Distribution Operator - I or II			\$ 793	\$ -	\$ 793	\$ 793	0.0%	\$ 793	47.0%	\$ 373
Distribution Operator - I or II			\$ 70	\$ -	\$ 70	\$ 70	0.0%	\$ 70	47.0%	\$ 33
Distribution Operator - I or II			\$ 968	\$ -	\$ 968	\$ 968	0.0%	\$ 968	47.0%	\$ 455
Distribution Operator - I or II			\$ 613	\$ -	\$ 613	\$ 613	0.0%	\$ 613	47.0%	\$ 288
Distribution Supervisor			\$ 1,290	\$ -	\$ 1,290	\$ 1,290	0.0%	\$ 1,290	1.5%	\$ 19
Dental & Vision										
Distribution Operator - III			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Distribution Operator - I or II			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Distribution Operator - I or II			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Distribution Operator - I or II			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Distribution Operator - I or II			\$ 301	\$ 71	\$ 372	\$ 372	0.0%	\$ 372	47.0%	\$ 175
Distribution Supervisor			\$ 301	\$ 71	\$ 372	\$ 372	0.0%	\$ 372	1.5%	\$ 6
Life & LTD										
Distribution Operator - III			\$ 401	\$ 58	\$ 459	\$ 459	0.0%	\$ 459	47.0%	\$ 216
Distribution Operator - I or II			\$ 313	\$ 62	\$ 375	\$ 375	0.0%	\$ 375	47.0%	\$ 176
Distribution Operator - I or II			\$ 409	\$ 66	\$ 475	\$ 475	0.0%	\$ 475	47.0%	\$ 223
Distribution Operator - I or II			\$ 367	\$ 79	\$ 446	\$ 446	0.0%	\$ 446	47.0%	\$ 210
Distribution Operator - I or II			\$ 256	\$ 44	\$ 300	\$ 300	0.0%	\$ 300	47.0%	\$ 141
Distribution Supervisor			\$ 561	\$ 180	\$ 741	\$ 741	0.0%	\$ 741	1.5%	\$ 11
OASDI										
Distribution Operator - III			\$ 2,908	\$ 87	\$ 2,995	\$ 2,995	0.0%	\$ 2,995	47.0%	\$ 1,408
Distribution Operator - I or II			\$ 2,371	\$ 71	\$ 2,442	\$ 2,442	0.0%	\$ 2,442	47.0%	\$ 1,148
Distribution Operator - I or II			\$ 2,954	\$ 89	\$ 3,043	\$ 3,043	0.0%	\$ 3,043	47.0%	\$ 1,430
Distribution Operator - I or II			\$ 2,893	\$ 87	\$ 2,980	\$ 2,980	0.0%	\$ 2,980	47.0%	\$ 1,400
Distribution Operator - I or II			\$ 1,833	\$ 55	\$ 1,888	\$ 1,888	0.0%	\$ 1,888	47.0%	\$ 887
Distribution Supervisor			\$ 3,854	\$ 116	\$ 3,970	\$ 3,970	0.0%	\$ 3,970	1.5%	\$ 60
Pension										
Distribution Operator - III			\$ 7,322	\$ -	\$ 7,322	\$ 7,322	0.0%	\$ 7,322	47.0%	\$ 3,441
Distribution Operator - I or II			\$ 5,971	\$ -	\$ 5,971	\$ 5,971	0.0%	\$ 5,971	47.0%	\$ 2,806
Distribution Operator - I or II			\$ 7,435	\$ -	\$ 7,435	\$ 7,435	0.0%	\$ 7,435	47.0%	\$ 3,494
Distribution Operator - I or II			\$ 7,286	\$ -	\$ 7,286	\$ 7,286	0.0%	\$ 7,286	47.0%	\$ 3,425
Distribution Operator - I or II			\$ 4,625	\$ -	\$ 4,625	\$ 4,625	0.0%	\$ 4,625	47.0%	\$ 2,174
Distribution Supervisor			\$ 9,729	\$ -	\$ 9,729	\$ 9,729	0.0%	\$ 9,729	1.5%	\$ 146
Total Collection System			\$ 323,736	\$ 11,258	\$ 334,993	\$ 334,993		\$ 334,993		\$ 123,537
			\$ 4,152							\$ 36.9%
			<i>Allocated to Radcliff</i>							

HCWD1 - Radcliff Utility
PSC Case
Legal

Schedule 16e

2012 Hourly Rates	Hours per Year	2012		2013 Hourly Rates	Rate Year	% Capitalized	Net O&M	Allocation to Radcliff Utility	
		Test Year (1)	Adjustments					% Allocation	\$ Allocation
		\$ 25,720	\$ 1,869		\$ 27,589	0.0%	\$ 27,589	30.2%	\$ 8,332
Salaries and Wages Attorney (Professional Services)									
Total Legal		\$ 25,720	\$ 1,869		\$ 27,589		\$ 27,589		\$ 8,332 30.2%
			\$ 564						
			Allocated to Radcliff						

HCWD1 - Radcliff Utility
 PSC Case
 Operation & Maintenance

Schedule 16f

	2012 Hourly Rate	Hours per Year (2)	2012		2013 Hourly Rates	Rate Year	% Capitalized	Net O&M	Allocation to Radcliff Utility	
			Test Year (1)	Adjustments					% Allocation	\$ Allocation
Salaries and Wages										
Maint. & Control Specialist	\$ 25.45	2376.75	\$ 60,523	\$ 1,816	\$ 26.17	\$ 62,339	0.0%	\$ 62,339	0.0%	\$ -
Overtime										
Maint. & Control Specialist			\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -
Health										
Maint. & Control Specialist			\$ 6,304	\$ 231	\$ 6,535	\$ 6,535	0.0%	\$ 6,535	0.0%	\$ -
W_Comp										
Maint. & Control Specialist			\$ 1,549	\$ -	\$ 1,549	\$ 1,549	0.0%	\$ 1,549	0.0%	\$ -
Dental & Vision										
Maint. & Control Specialist			\$ 361	\$ 11	\$ 372	\$ 372	0.0%	\$ 372	0.0%	\$ -
Life & LTD										
Maint. & Control Specialist			\$ 592	\$ -	\$ 683	\$ 683	0.0%	\$ 683	0.0%	\$ -
OASDI										
Maint. & Control Specialist			\$ 4,630	\$ 139	\$ 4,769	\$ 4,769	0.0%	\$ 4,769	0.0%	\$ -
Pension										
Maint. & Control Specialist			\$ 11,662	\$ -	\$ 11,662	\$ 11,662	0.0%	\$ 11,662	0.0%	\$ -
Total Maintenance			\$ 85,621	\$ 2,197	\$ -	\$ 87,909		\$ 87,909		\$ -
				\$ -						0.0%

(1) Actual dollars per pay roll (includes overtime).
 (2) Actual annual hours (includes overtime).

Allocated to Radcliff

5. Refer to the response to Staff's Second Request, Item 1(b), and the Pre-Filed Testimony, Exhibit 3, pages 146-151.
- a. Are the hourly rates listed in the "Current Hourly Rate" column of Exhibit 3, pages 146-151, being paid in 2013 as shown in response to Staff's Second Request, Item 1 (b), page 6?
 - b. Is Hardin District multiplying the wage rates in the "Current Hourly Rate" column of Exhibit 3, pages 146-151, by 2,080 regular hours to calculate the 2012 test-year salaries?
 - c. Identify the hourly rates that Hardin District is using to calculate the salaries in the column "Rate Year" in Exhibit 3, pages 146-151.

ANSWER 5:

- a. Based on a review of the hourly rates identified in the "Current Hourly Rate" column of Exhibit 3 attached with answer 4.b., pages 146-151, it was determined that these rates need to be revised to reflect hourly rates for the test year, 2012 (see Exhibit 3, revised Schedule 16a through Schedule 16f). Previously, these hourly rates were associated with personnel costs being incurred in 2013. The costs for salaries and wages in the test year, 2012, have also been updated to reflect actual payroll costs including both regular and overtime hours. Additionally, several minor changes were made to reflect appropriate adjustments for administrative and customer service personnel costs allocated to the Radcliff Utility. Of particular note, it was determined that no costs were incurred for three part-time administrative personnel positions (F&A Admin Intern, Auto Cad Drafter, and GIS Intern) in the test year, 2012. However, these positions were included in the 2013 Radcliff Utility Budget and now identified as an adjustment to the test year. For reference, in Pre-Filed Testimony, Exhibit 3, attached with answer 4.b, page 146, costs for these positions were combined under PT Salaries. Customer Service personnel expenses reflect additional adjustments for two positions: CSR Admin/Intern and CSR Temp. No costs were included for the CSR Admin/Intern in 2012; adjustments reflect all costs incurred for this position in 2013. Costs were incurred for the CSR Temp position in 2012, with more limited costs incurred in 2013, which are reflected in Exhibit 2, Schedule 16c. Hardin District does not expect to incur additional costs for this position in 2013 or in subsequent years.

The net impact of all changes decrease pro forma adjustments for salaries and benefits from \$19,387 to \$18,831 or by \$555.

	Submitted	Revised	\$ Change
Increase in Wages and Benefits for Collection System Employees	\$ 3,145	\$ 4,152	\$ 1,007
Increase in Wages and Benefits for Customer Service Employees	4,014	711	(3,303)
Increase in Wages and Benefits for Administrative Employees	12,227	13,969	1,742
Total	\$ 19,387	\$ 18,831	\$ (555)

- b. The "Current Hourly Rate" column was updated to reflect 2012 hourly rates. Exhibit 3, attached with answer 4.b, revised Schedule 16a through Schedule 16f, provides the revised annual hours and hourly rates for both 2012 (test year) and 2013 (Rate Year).
- c. The hourly rates for 2013 (Rate Year) have been identified in Exhibit 3, attached with answer 4.b, revised Schedule 16a through Schedule 16f.

WITNESS: Mr. Bart Kreps, Rate Consultant

6. Refer to the Pre-Filed Testimony, Exhibit 3, pages 133, 146, and 151.

a. Provide detailed reconciliations for each of the following expense account balances.

	Expense Title	2012 Test Year Page 133	\$ Allocation Pages 146-151
(1)	Administrative Labor	\$ 102,927	\$ 150,399
(2)	Customer Service Labor	\$ 151,356	\$ 166,557
(3)	Collection System Labor	\$ 91,059	\$ 129,473

b. Are the amounts listed in the column "2012 Test Year" on Exhibit 3, page 133, the actual expenses incurred by Hardin District in the calendar year 2012?

c. If the response to 6(b) is no, provide the actual 2012 expenses.

d. Identify each adjustment listed in the "Adjustments" column on Exhibit 3, page 133, that is based upon the 2013 or 2014 budgets.

ANSWER 6:

a. The personnel costs identified under the column 2012 Test Year (Pre Filed Testimony, page 133) are actual costs (see Pre Filed Testimony, page 96). The \$ Allocation costs listed on Pre Filed Testimony, pages 141-151, which have been updated in Exhibit 3, attached with answer 4.b, revised Schedule 16a through Schedule 16f, are now based on actual salaries and wages adjusted to reflect a full 12 months of approved salary adjustments (salary and OAISD) of 3%; other salary adjustments for specific personnel, as noted in the response to Question 5a, and other anticipated changes in benefits included in the 2013 Radcliff Utility Budget. It should be noted that since salary increases were not effective until February of 2013, the Radcliff Utility Budget includes salary adjustments of 2.75% for consistency with incremental cash needs for 11 months. In both Pre-Filed Testimony, page 133, and Exhibit 3, revised Schedule 16a through Schedule 16f, the \$ Allocation costs are used to calculate the portion of personnel costs that are not capitalized and allocated to the Radcliff Utility. This portion (percentage) is then multiplied by the adjustments in personnel expenses, to determine the Radcliff Utility's portion of these known and measurable incremental costs.

b. Yes. The amounts listed in column "2012 Test Year" in the Pre-Filed Testimony, Exhibit 3, page 133, are the actual audited expenses of Radcliff Sewer as based upon direct and allocated costs incurred by Hardin District for calendar year 2012.

c. N/A

d. Adjustments based on 2013 Radcliff Utility Budget include: Management Fee – Veolia; Adjustment for Fort Knox; and Gain on Sale of Assets.

As noted previously, Collection Labor, Customer Service Labor, and Administrative Labor are based on a combination of actual costs escalated to reflect salary increases and other adjustments described in responses to Question 5a and Question 6a.

WITNESS: Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager
Mr. Bart Kreps, Rate Consultant

7. Refer to the response to Staff's Second Request, Item 1 (b) and Item 3.
- a. There is a discrepancy between the health insurance premium Hardin District reports for its general manager and those of the rest of its employees. Is the General Manager receiving family health insurance coverage (spouse and/or dependents)?
 - b. If the response to 7(a) is no, provide a detailed explanation for the difference between the premiums.
 - c. In the December 21, 2000 Board of Commissioners meeting minutes, the board authorized a flex-benefit payment to each employee of \$100 per month, but in the employee schedule filed in response to item 1(b), the flex benefit payment for 2012 is listed as \$1,680 (\$140 per month) per employee. Provide the minutes of the Board of Commissioner meeting authorizing the \$140 per month flex-benefit payment to each employee.

ANSWER 7:

- a. The health insurance is paid in accordance with the employment contract in effect for the General Manager. Exhibit 4 provides the section from the contract which explains how health insurance will be provided and paid for. Exhibit 5 show the most recent calculation showing the difference between the General Manager using Hardin District's insurance plan, versus using his spouses plan provided by the Hardin County School Board.
- b. See answer to "a" above.
- c. See Exhibit No. 6 showing the minutes where these changes were approved.

WITNESS: Mr. Jim Bruce, HCWD1 General Manager

retirement or, in the alternative, the automobile then being operated by Employee pursuant to this agreement at a price equal to 75% of the then Kelly Blue Book trade-in value using a "good" condition rating.

9. **HEALTH INSURANCE BENEFITS:** Family health insurance shall be provided for Employee at no monthly premium costs to the Employee and shall be for the benefit of the Employee and his family members. The health insurance and retirement benefits provided to Employee shall be the same as provided to the current Hardin County Water District No. 1 employees. Alternatively, in lieu of employer's family health insurance premium, Employee may elect to obtain family health insurance from an alternative source, such as his spouse's employment. The Employee reserves the right at his sole discretion to make the determination as to which health insurance benefit from some other source, the District agrees to reimburse Employee for the cost of said health insurance provided the cost of the alternative health insurance does not exceed the cost a similar policy provided by the Employer. This provision and 9(a) is subject to clause 9(b). As of the date of this Agreement, Employee and his family members receive health insurance benefits through the Hardin County Board of Education.
- a. **Benefit Credit Account:** Employer will provide a monthly payment into a Benefit Credit Account for the benefit of Employee in the amount of \$234 per month. This payment shall comply with all tax regulations of the Internal Revenue Service, Section 125 or other regulations requiring uses of payments which are tax exempt. The Employer will provide a program administrator for all its employees who will administer the program and approve

improvements from the account in accordance with IRS and the Employer's program guidelines. The employee understands that if he does not have proper and acceptable claims for out of pocket health insurance claims, that amount paid into the account shall revert to the Employer.

- b. The Employer shall retain the right to stop any reimbursement payments to the Employee and require the Employee to again enroll with the Employer's group health insurance plan and the Employer will again pay for this benefit directly to the health insurance provider. Likewise, Employer agrees that if Employee's spouse or employer, then the Employer will allow the Employee to again enroll in the Employer's health insurance plan and agree to pay the premiums of both the Employee and his family.
- c. The Employee agrees that if his dependents no longer require health insurance, or by health insurance company policies or law are no longer eligible to receive health insurance, or if he no longer needs to cover his spouse and family, that he will notify the Employer as soon as this change takes affect and that amount paid into the account by the Employer will be reduced accordingly, or the Employer may choose to require enrollment by the Employee to the Employer's plan as provided to other employees of the Employer.

10. **OTHER BENEFITS:** As of the execution of this Contract, Employee provided various benefits to all of its employees including life insurance in an amount equal to three times the employee's annual income. Employer will provide the same life insurance benefit to employee. Additionally, to the extent Employer

Comparison of Using HCWD1 or HCSB for JB Family Health Insurance:

On HCSB Plan: On HCWD1 Plan:

\$394.92	\$404.62	JB's Health Insurance
\$125.68	\$526.01	Spouse Health Insurance
\$146.29	\$0.00	Add back tax burden on JB's pay to pay to compensate for reimb added to inc
\$666.89	\$930.63	TOTAL MONTHLY
	-\$263.74	Monthly savings using HCSB insurance
	-\$3,165	Annual savings using HCSB insurance

Continued

employees by changing the plans and deductibles. Secretary Straney then made a motion to offer the higher deductible plan as the new base plan for employees, or to allow employees to purchase a plan with the current deductibles as a new "high option" by paying \$20/month. The motion was seconded by Commissioner Hockman and passed (Unan.)

Mr. Bruce then reviewed a request to increase the employee monthly Flexible Benefit amount from \$100 to \$117. Commissioner Hockman made a motion to approve this change effective in January 2004. The motion was seconded by Treasurer Gossett and passed (Unan.)

Mr. Bruce then reviewed a recommendation by TDA to switch life insurance underwriting companies. Secretary Straney then made a motion to authorize the change, and to add Board members under the same terms as employees if possible under the terms of the plan, effective January, 2004. The motion was seconded by Treasurer Gossett and passed (Unan.)

Mr. Bruce then reviewed a plan and recommendation presented by TDA to allow the General Manager to waive District provided health insurance, and all other employees who may be eligible to also waive coverage, and to replace said coverage with a \$234 monthly benefit credit to be paid to and administered by TDA, and also to amend Mr. Bruce's employment contract to provide a reimbursement for family health insurance premiums paid by his spouse for a plan provided by his spouses employer, and to authorize TDA to set up a voluntary Section 125 Medical Savings Reimbursement program for all employees. This amended contract agreement with Mr. Bruce was estimated to save the District approximately \$6,000/year in health insurance costs plus \$1,600/year in savings for each other employee that waived District provided health insurance coverage. Commissioner Hockman made a motion to authorize the changes for these programs and authorize the Chairperson to execute the amendment to Mr. Bruce's employment contract. The motion was seconded by Commissioner Duggins and passed (Unan.)

Chairperson Petties then asked the Board to review the list of Capital and One Time expenses proposed by staff for 2004. Commissioner Hockman made a motion to approve the list, with the exception that items 1, 2 and 3 related to the staffing and re-organization changes be changed to amounts previously approved earlier during the meeting to an amount not to exceed \$55,000, and to approve all other items on list as requested. The motion was seconded and passed (Unan. The final approved list included 20 items and totaled \$122,123).

Mr. Bruce then reviewed proposed changes to the District Pay Plan and pay grades to adjust for market and inflation changes that had occurred since October, 1999, when most of the pay grades had last been adjusted and also moving the Accounting Specialist from Grade 3 to 4. Commissioner Hockman made a motion to approve the changes to the Pay Plan, with the exception of the new pay grade S1 for the Customer Service Manager which had been set by a previous motion and vote earlier during the meeting. The motion was seconded by Commissioner Duggins and passed (Unan.)

Chairperson Petties then asked for comments from the Board regarding the proposed 2004 Operations and Maintenance budget. There were several questions for Mr. Bruce regarding certain line accounts. Secretary Straney then made a motion to adopt the 2004 O&M Budget with changes as directed. The motion was seconded by Commissioner Hockman and passed (Unan. The final approved budget amounts were: Estimated revenues = \$3,575,341, Approved O&M expenses = \$3,148,610, Net Income = \$426,731).

**Minutes of February 11, 2009 Special Meeting
HCWD1 Board of Commissioners**

Continued

At this time, Chairman Rissel thanked the Veolia staff for their excellent work and efforts during the January 27th ice storm, and the Board applauded those in attendance. At this time, the Veolia representatives excused themselves from the meeting.

Mr. Bruce then began to review the operations section of the budget. There were several questions about the increase for salaries, and a proposed increase in the monthly Flex Benefit from \$117 to \$140. Mr. Bruce answered the questions. Commissioner Hockman asked to review the method to increase the pay grades, and questioned whether this was needed each year. Mr. Bruce reviewed the Board's decision at the December 18, 2007 meeting, which adjusted all pay grades by 3%, as a method to provide an inflation adjustment for all employees, regardless of performance evaluation results. Mr. Bruce noted that it was his recommendation at that time to make this an annual adjustment, and that for 2009, his recommendation was to move pay grades 2.5%, and provide a total of 3% for all performance based increases.

There were several other questions about the overall budget, and assumptions used. Chairman Rissel asked for the Board's comments or concerns. Commissioner Hockman stated that he had three main concerns which were; 1) the need for the District to competitively re-bid its liability insurance services, 2) the need to re-bid yard repairs, and 3) that he felt that the District had committed to lower Radcliff sewer rates a full 15%. Mr. Bruce responded that he agreed that items 1 and 2 were needed, and staff was already working on item 2. There was further discussion on how a rate decrease for Radcliff sewer could be made, and the process that needed to be followed in order to submit a rate case to the PSC for consideration. Mr. Bruce stated that his budget estimate was only a rough estimate, and the actual amount would not be known until the 2008 audit were complete, and a rate study were completed and submitted to the PSC, and the PSC made a final ruling on the case. Mr. Bruce also suggested that the final amount may not be known until late, 2009 or early 2010.

Commissioner Hockman then made a motion to approve the 2009 Budget as presented, including the requested increases to pay grades, and the amount for performance increases, and the \$140 monthly Flex Benefit amount. The motion was seconded by Treasurer Gossett and passed.


(The final approved budget amounts are in table below);

ITEM	Water	Ft. Knox Sewer	Radcliff Sewer	Consolidated
Capital Request List	\$808,794	\$376,358	\$502,349	\$1,687,501
Other Capital Projects / Uses	\$6,657,044	\$3,538,213	\$1,575,513	\$11,770,770
Operations Budget	\$3,719,805	\$2,754,045	\$3,400,245	\$9,874,095
Total >	\$11,185,643	\$6,668,616	\$5,478,107	\$23,332,366

Adjourn: Being no further business before the Board, Chairman Rissel made a motion to adjourn at 12:55 pm and it was seconded by Secretary Tindall and passed.

(Minutes submitted by Mr. Jim Bruce)

MEMORANDUM
Hardin County Water District No. 1

DATE: January 27, 2009
TO: HCWD1 Board of Commissioners
FROM: Jim Bruce 
SUBJECT: 2009 Budget Capital / Equipment Request List

Board;

Here is the supplemental request list to review with the 09 Budget. For the past several years, the Board has approved a final list after cutting any items, and then included full funding for approved items, but split the list with a line. Items above the line are pre-approved for staff to proceed when able, those below the line must be brought back to Board for more discussion and approval before proceeding.

Some highlights and key items;

- ✓ FK-Sewer Vac Truck - These are very expensive to buy, but are also very expensive to maintain. Veolia spent over \$10,000 just on seals and hoses alone when we took over in 2005. This is a key piece of equipment, used almost daily at FK to clean sewer lines. It is used for both sanitary and storm sewer systems. We maintain 718,000 feet of sewer mains, 2,127 sanitary manholes, and 2,875 storm curb inlets or manholes with this equipment. The current truck was bought by Army, but was custom made with a camera station in rear of cab, which makes wheelbase longer and harder to maneuver. We depreciate over 10 years. One vendor told us the value of the old truck might be \$15,000, which we did not include in purchase cost. We would have to competitively specify / bid this truck as KY State bid list no longer includes these.
- ✓ Radcliff Sewer Camera System - Another key piece of equipment used almost daily. Veolia in their contract has to maintain a CCTV program. We have many miles of Radcliff sewer lines that have not been inspected, or the City did not keep summary records of their past CCTV work. The system provided by the City is discontinued and the manufacturer no longer supports this model.
- ✓ Water Main Replacements - A total of \$657,600 is included for replacing aging water mains with an increasing history of breaks. All of these are in Radcliff, where some mains are 40 to 50 years old. Most of these are undersized, or cast iron and are rusting more as coating wears off. All of these would need to be designed and bid and the installation costs will be high, as most of these require working around existing utilities, yards, curb & gutter and road repairs.
- ✓ Flex Benefit Increase \$23/month - This is the only request related to benefits. This would allow us to increase the monthly Flex Benefit from \$117 to \$140. Employees can choose what benefit to purchase with this amount. Since our family health insurance

8. Refer to the response to Staff's Second Request, item 3(b). Explain why, in light of the holding of *Caldwell County Fiscal Court v. Paris*, 945 S.W.2d. 952 (Ky.App. 1997), the cost of health insurance coverage provided to members of Hardin District's Board of Commissioner in excess of the level of coverage provided to other Hardin District employees should not be considered as salary in excess of the amount authorized by Hardin County Fiscal Court and by KRS 74.020(6).

ANSWER 8: First, Hardin District would submit that the variation in the health insurance benefit packages afforded to the Commissioners does not rise to the level of a "scheme . . . devised to raise the salary of a particular official through the subterfuge of paying certain benefits for him not uniformly available to similarly situated officials . . . ". *Caldwell County Fiscal Court vs. Paris*, 945 S.W.2d 952, 955 (Ky.App. 1997). Secondly, HCWD1 would submit that the Commissioners of HCWD1 are not "similarly situated" to the employees of HCWD1. The Commissioners are appointed by the Judge Executive for a limited duration term, they can only be removed by the Judge Executive as authorized by statute, and they are ultimately responsible for the proper supervision, vision, and guidance of the District. As such, the Commissioners take on significant responsibility with a salary of perhaps \$6,000 per year. In short, there are no employees of the District who are "similarly situated" to the Commissioners of HCWD1. Consequently, the District contends that the modest differentiation between health insurance benefits provided the Board of Commissioners as opposed to the regular employees of the District is well within the confines of the parameters set forth in *Caldwell County Fiscal Court*.

WITNESS: Mr. David Wilson, Attorney for HCWD1

9. Refer to the Response to Staff's Second Request, item 4(b).
- a. Explain why a Commissioner who chooses to receive health insurance benefits is not allowed to participate in the Flex 140 plan.
 - b. Explain Hardin District's policy on providing its part-time employees with employee benefits.
 - c. How many hours in a calendar year do the members of the Board of Commissioners spend performing duties for Hardin District?

ANSWER 9:

- a. This was what the Board chose to do and passed in their motion when adding health insurance benefits for Board members.
- b. If a part time employee exceeds an average monthly worked hours of 100, averaged over a year, then he/she is enrolled in the CERS pension program. Also, Hardin District's Worker's Compensation policy would cover part time employees. Other than these, there are no other benefits paid for part time employees. Exhibit 7 shows Hardin District's personnel policy No. 35 which shows benefits for part time employees.
- c. As Board members are considered exempt, salaried employees, they do not keep record of hours worked, nor turn in time sheets. Also see Exhibit 9 to Question 4.d of the responses to Data Request 2.

WITNESS: Mr. Jim Bruce, HCWD1 General Manager

Subject: EMPLOYMENT STATUS

No. 35
Page 1 of 2
Effective 02/19/96
Supersedes 08/01/94

I. Regular Employee

A. Definition

An employee filling a year-round position that amounts to 35 or more hours of work each week (on average). The position must appear on the District's approved Organization table.

B. Benefits

A regular employee may participate in any District Benefit Plan when they have met the Plan's qualifying length of service requirement.

II. Part-Time Employee

A. Definition

An employee filling a year-round position that, on average, amounts to less than 35 hours of work each week.

B. Benefits

A part-time employee, at his or her own expense, is eligible to participate in any of the District's benefits programs to the extent that said programs allow part-time employee participation.

III. Probationary Employee

A. Definition

An employee who has not completed their Probationary period.

B. Benefits

A Probationary employee may participate in the Group Insurance Plan.

A Probationary employee may not participate in other benefit programs, including leave or retirement.

IV. Reinstated Employee

10. Refer to the response to Staff's Second Request, item 9(c).
 - a. Identify the members of Hardin District's management who participated in the decision not to allocate to Fort Knox Storm Water and Fort Knox Water depreciation of the assets listed on pages 476 and 477 of the Application.
 - b. Explain in detail why Hardin District's management decided not to allocate any of the depreciation to Fort Knox Water after it took ownership on February 1, 2012.
 - c. Prior to the ownership transfer that took place on February 1, 2012, was depreciation being allocated to Fort Knox Water?

ANSWER 10:

- a. The members of Hardin District's management team who participated in the decision not to allocate Depreciation to Fort Knox Storm Water and Fort Knox Water were Mr. Jim Bruce, General Manager; Mr. Brett Pyles, Operations Manager and Mr. Scott Schmuck, Finance & Accounting Manager.
- b. The Ft. Knox Water fund is charged approximately \$360,000 (for 2013 budget year) as "General & Administrative" (G&A) expenses which is then allocated as a credit to the four other funds. (See also answer 11.b in response to data request 1). This amount was an estimate and the Government required that Hardin District include it in its proposals (from 2008 to 2011) and show its G&A costs. Hardin District, as it continues to refine and update its allocations, will eventually allocate some shared assets to the Ft. Knox Water fund as well. Depreciation expense will then begin showing on the Ft. Knox Water calculated depreciation schedule and result in a credit to the other funds.
- c. Since Hardin District did not take ownership of the Fort Knox Water system until February 1, 2012, no costs, including depreciation expense, were allocated to this utility prior to this date.

WITNESS: Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager
Mr. Jim Bruce, HCWD1 General Manager

11. In the response to Staff's Second Request, item 14(a), Hardin District provided copies of the city of Radcliff's financial statements. Financial information for the Radcliff Sewer is listed in the below table for the years 2006-2008. The 2009 and 2010 financial information for the Radcliff Sewer is provided in the annual audits Hardin District submitted to the Commission. Provide a description of what occurred between 2008 and 2009 that caused such a drastic shift in operating revenues and operating expenses.

	2006	2007	2008	2009	2010
Operating Revenue Less Grants	\$ 3,391,461	\$ 3,406,649	\$ 2,629,542	\$ 3,413,421	\$ 3,566,605
Less Operating Expenses	2,742,962	2,667,001	2,380,280	3,409,056	3,369,592
Income from Operations	648,499	739,648	249,262	4,365	197,013
Non-Operating Revenue and Expenses	(100,790)	(1,226)	(85,853)	(52,631)	(28,305)
Income (Loss) Before Contributions	547,709	738,422	163,409	(48,266)	168,708

ANSWER 11: In the annual audit report for year ending 2008 filed with the Commission, page one of the Management's Discussion and Analysis letter, the fourth paragraph (See Exhibit 8), states that the Radcliff Sewer Fund only included eight months of operations (May through December). Therefore, the 2008 year expenses only include 8/12ths (67%) of a full year as reported on Hardin District's financial reports and audit.

WITNESS: Mr. Jim Bruce, HCWD1 General Manager

Hardin County Water District No. 1

Serving Radcliff and Hardin County for Over 50 Years

1400 Rogersville Road
Radcliff, KY. 40160

April 28, 2009

TO: Hardin County Water District No. 1
Board of Commissioners

SUBJECT: 2008 Annual Report & Managements's Discussion and Analysis

This report is a joint effort of our staff and Ray, Foley, Hensley & Co, PLLC, Certified Public Accountants. This is the fourth year we have retained this firm to complete our annual audit. This report includes the Management Analysis, the Independent Auditor's Report and the basic financial statements of the District.

I would like to recognize our accounting staff comprised of Ms. Karen Brown, Accounting Specialist; Ms. Jenny Huff, Accountant and Mr. Scott Schmuck, Finance & Accounting Manager for their efforts assisting the auditors in preparing this information. Mr. Bradley Hayes, CPA, was the lead auditor for the firm and spent many hours performing the audit and field work required to complete the audit and understand our operations.

Financial Performance & Highlights

Radcliff Sewer Utility Acquisition: After over two years of studying and planning, the District acquired the Radcliff Sanitary Sewer Utility from the City of Radcliff. The District took over ownership on April 20th, and Veolia Water, North America, South, LLC ("Veolia") began operating that system in addition to our Ft. Knox Sanitary and Storm Sewer systems. The District traded several real estate parcels it owned with the City. Veolia agreed to hire all the City's sewer department employees. The Public Service Commission ("PSC") approved the transfer, which included the District becoming responsible for the City's outstanding sewer debt, and the City transferred its sewer funds, which totaled about \$3.5 million.

The Radcliff Sewer Fund (RSF) ended the year (May through December) with a net operating income (after debt interest and depreciation expense) of \$163,409 (6.2% of total revenues). Operating Revenues exceeded Operating Expenditures by \$822,313. At year-end, the combined balance of our various funds was \$3.509 million of which 80% was un-restricted or available for current operations or capital needs. In early 2009, the Governor's BRAC (Base Re-alignment And Closure) Task Force approved \$3.75 million of grants for the Radcliff sewer system which can be used for lift station improvements and inflow and infiltration ("I&P") reduction projects.

Water Utility: The water fund ended the year with a net operating income (after debt interest and depreciation expense) of \$578,224 (+421% [all +/- percentages in parentheses represent change from 2007]). Operating Revenues exceeded Operating Expenditures by \$1,637,621 (+22%). At year-end, the combined balance of our various funds was \$3.091 million (-6.4%) of which 47% (+24%) was un-restricted or available for current operations or capital needs. A total of \$3,389,362 (+79%) was expended for non-operating expenses which included capital equipment, construction projects and debt

12. Provide a schedule of the number of customers served by the Radcliff Sewer for the years 2004 through 2013.

ANSWER 12: The following table illustrates the number of Radcliff Sewer customers as of December for the years 2004 through 2012. The number of customers for 2013 is as of August 2013, Hardin Districts most recent data.

Year	Number of Customers
Dec 2004	8,250
Dec 2005	8,364
Dec 2006	8,666
Dec 2007	8,697
Dec 2008	8,753
Dec 2009	8,982
Dec 2010	9,065
Dec 2011	8,871
Dec 2012	8,939
Aug 2013	8,883

WITNESS: Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager

13. Refer to the response to Staff's First Request, item 6.
- a. Using the rate case costs outlined in the response, provide an itemized calculation of the projected rate case cost, which includes costs for this filing that were incurred in prior years.
 - b. Identify the rate case amortization that Hardin District is requesting to recover in this proceeding.

ANSWER 13:

- a. Exhibit 9, titled Radcliff Sewer Rate Study Project, shows all costs incurred as of September 24, 2013 totaling \$130,987. These costs are broken out by rate consultant fees, legal fees, labor costs and supply costs.

Per question 6.c of data request one, Hardin District has included an additional \$27,100 as estimated total costs to prosecute this case to completion, bringing the total to \$158,087.

- b. Hardin District anticipates that between now and the final approval of this case, it could incur additional costs not included in its actual or estimated costs. Hardin District plans to bring all revenue requirement adjustments (increases and decreases) to its Board prior to the planned informal staff conference with the Commission. The Board will be asked to authorize a total amount to ask the Commission for as an additional adjustment, for changes that have occurred or become known since its initial filing in June, 2013.

WITNESS: Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager

Raddliff Sewer Rate Study Project													
C.J.P #4-1086-9999													
DR3, Question 13.a													
PSC Case #2013-00050													
Date	Referral's	Service	Skretovs, Bennett, Wilson & Pike	Service	Labor	Service	Labor - Customer Notices/Data Requests	Service	Supplies	Service	Misc	Service	Yearly Totals
2009													
Jan													
Feb													
March													
April													
May													
June											\$ 112.80	Misc Ad for Rate Consultant	
July									\$ 92.75	Rate Design Book			
August	\$ 9,416.47	Rate Consultant							\$ 168.50	Misc Supplies & Postage			
Sept	\$ 6,435.00	Rate Consultant							\$ 20.25	Misc Supplies & Postage			
Oct	\$ 12,496.76	Rate Consultant									\$ 33.89	Rate Study Mtgs	
Nov													
Dec													
2009 Total	\$ 28,348.23		\$ -		\$ -		\$ -		\$ 281.50		\$ 146.69		\$ 28,776.82
2010													
Jan	\$ 2,110.00	Rate Consultant											
Feb													
March	\$ 5,413.00	Rate Consultant											
April													
May	\$ 2,116.25	Rate Consultant											
June	\$ 5,879.75	Rate Consultant											
July	\$ 4,532.00	Rate Consultant											
August	\$ 6,862.85	Rate Consultant											
Sept	\$ 1,730.00	Rate Consultant											
Oct	\$ 1,254.25	Rate Consultant											
Nov													
Dec													
2010 Total	\$ 29,898.10		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 29,898.10
2011													
Jan													
Feb	\$ 562.25	Rate Consultant			\$ 89.00	Admin Labor							
March					\$ 46.00	Admin Labor							
April	\$ 1,859.75	Rate Consultant			\$ 44.00	Admin Labor							
May	\$ 1,383.75	Rate Consultant			\$ 70.00	Admin Labor							
June	\$ 656.25	Rate Consultant			\$ 85.00	Admin Labor							
July	\$ 5,468.75	Rate Consultant			\$ 64.50	Admin Labor							
August	\$ 1,443.75	Rate Consultant			\$ 14.00	Admin Labor							
Sept													
Oct					\$ 97.00	Admin Labor							
Nov													
Dec													
2011 Total	\$ 11,374.50		\$ -		\$ 509.50		\$ -		\$ -		\$ -		\$ 11,884.00

Raddiff Sewer Rate Study Project													
C.I.P #4-1085-9999													
DR3, Question 13.a													
PSC Case #2013-00050													
Date	Reffals	Service	Skeetors, Bennett, Wilson & Pike	Service	Labor	Service	Labor - Customer Notices/Data Requests	Service	Supplies	Service	Misc	Service	Yearly Totals
2012													
Jan													
Feb	\$ 2,793.75	Rate Consultant			\$ 241.62	Admin Labor							
March	\$ 2,005.00	Rate Consultant			\$ 193.16	Admin Labor							
April	\$ 2,542.50	Rate Consultant			\$ 78.00	Admin Labor							
May	\$ 476.25	Rate Consultant			\$ 242.00	Admin Labor							
June													
July													
August	\$ 7,096.26	Rate Consultant			\$ 87.19	Admin Labor					\$ 13.86	Rate Study Mtgs	
Sept													
Oct	\$ 778.75	Rate Consultant			\$ 19.00	Admin Labor							
Nov													
Dec													
2012 Total	\$ 15,692.51		\$ -		\$ 860.97		\$ -		\$ -		\$ 13.86		\$ 16,567.34
2013													
Jan													
Feb	\$ 4,671.25	Rate Consultant			\$ 520.35	Admin Labor							
March					\$ 54.42	Admin Labor					\$ 43.89	Rate Study Mtgs	
April	\$ 3,383.75	Rate Consultant	\$ 2,952.00	Legal Svc	\$ 347.39	Admin Labor			\$ 16.35	Postage, Paper, Envelopes, Binders, Tabs for DR's & Cust Notifications			
May	\$ 1,697.50	Rate Consultant			\$ 119.89	Admin Labor							
June	\$ 2,703.75	Rate Consultant	\$ 4,578.00	Legal Svc	\$ 1,612.00	Admin Labor	\$ 2,447.90	Stuff Cust Notices	\$ 5,802.14	Postage, Paper, Envelopes, Binders, Tabs for DR's & Cust Notifications	\$ 9.31	Rate Study Mtgs	
July	\$ 3,657.50	Rate Consultant			\$ 268.00	Admin Labor	\$ 1,593.25	Stuff Cust Notices	\$ 184.60	Postage, Paper, Envelopes, Binders, Tabs for DR's & Cust Notifications			
August			\$ 1,084.50	Legal Svc	\$ 67.00	Admin Labor	\$ 2,569.93	Data Request Assembly	\$ 514.50	Postage, Paper, Envelopes, Binders, Tabs for DR's & Cust Notifications	\$ 33.20	Rate Study Mtgs	
Sept	\$ 2,441.25	Rate Consultant					\$ 296.23	Data Request Assembly	\$ 190.77	Postage, Paper, Envelopes, Binders, Tabs for DR's & Cust Notifications			
Oct													
Nov													
Dec													
2013 Total	\$ 18,555.00		\$ 8,614.50		\$ 2,989.05		\$ 6,907.31		\$ 6,708.36		\$ 86.40		\$ -
Total Costs as of Sept 25, 2013	\$ 103,868.34		\$ 8,614.50		\$ 4,359.52		\$ 6,907.31		\$ 6,990.26		\$ 246.95		\$ 130,986.88
Estimated Cost to Complete Study	\$ 5,100.00		\$ 19,000.00		\$ 1,000.00		\$ 1,500.00		\$ 500.00				\$ 27,100.00
Total Costs - Ind Estimated	\$ 108,968.34		\$ 27,614.50		\$ 5,359.52		\$ 8,407.31		\$ 7,490.26		\$ 246.95		\$ 158,086.88

14. Refer to the response to Staff's First Request, item 10(d) in Case No. 2001-00211,¹ the Commission made the following finding regarding Hardin District's budgetary adjustments:

Where an applicant bases its application upon a historical test period, It must provide a "complete description and quantified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment." That support should, at a minimum, include some documentary evidence to demonstrate the certainty of some expected change or event.

- a. Given that 2013 has yet to be completed, explain how Hardin District's \$79,931 adjustment to reflect contract overages meets the above standard.
- b. Provide the documentation to support Hardin District's proposed adjustment for contract overages.

ANSWER 14:

- a. As explained in response 10.a, paragraph three of data request one, Hardin District's overages for the years 2010, 2011, and 2012 were \$113,274, \$186,596 and \$142,324, respectively (Exhibit 13.b of data request one). Based upon this known and measurable data, Hardin District accrues \$125,000 annually - \$100,000 for electric overage and \$25,000 for repair & maintenance overage.

In its initial filing, Hardin District requested an adjustment of \$79,391 to Contracted Services. However, based upon actual data through August 31, 2013, it is projected that the actual overage amount will be approximately \$116,082. Please refer to Exhibit 10 titled Veolia Management Fee & Overage.

- b. Please refer to response 10 of data request one, pages 141 – 156 as well as Exhibit 10 titled Veolia Management Fee & Overage.

WITNESS: Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager

Veolia Management Fee & Overage							
A14.a, DR3							
PSC Case #2013-00050							
		2012	2013	Adjustment to Test Year			
O&M Fee		\$ 1,617,634.92	\$ 1,657,966.90	\$ 40,331.98			
R&M		\$ 193,200.00	\$ 193,200.00	\$ -			
Electric		\$ 190,764.00	\$ 190,764.00	\$ -			
Odor Control		\$ 15,000.00	\$ 15,000.00	\$ -			
Total Veolia Fee		\$ 2,016,598.92	\$ 2,056,930.90	\$ 40,331.98			
		Overages	Overages (Note 1)				
R&M		\$ 90,080.30	\$ 89,728.41	\$ (351.90)			
Electric		\$ 66,103.35	\$ 126,562.83	\$ 60,459.48			
Odor Control		\$ (13,859.68)	\$ (9,482.55)	\$ 4,377.13			
Total Overages		\$ 142,323.97	\$ 206,808.69	\$ 64,484.72			
Less Capitalized from R&M		\$ (56,383.00)	\$ (45,117.72)	\$ 11,265.28			
Total Veolia Contractual Services		\$ 2,102,539.89	\$ 2,218,621.87	\$ 116,081.98			
Note 1: Limit Account balances as of August 31, 2013 were as follows:							
		Actual	Annualized	Limit Allowance	Projected Overage		
R&M		\$ 201,952.27	\$ 302,928.41	\$ 193,200.00	\$ 89,728.41	**Factored out \$40,000 for Aug	
Electric		\$ 211,551.22	\$ 317,326.83	\$ 190,764.00	\$ 126,562.83		
Odor Control		\$ 3,678.30	\$ 5,517.45	\$ 15,000.00	\$ (9,482.55)		
Total Overages		\$ 417,181.79	\$ 625,772.69	\$ 398,964.00	\$ 206,808.69		
**August R&M was \$64,796. January through July average is approximately \$20,000 per month.							

Exhibit 10

Summary all Limits			
	Actual	Budget	
\$	37,059.85	\$(33,247.00)	\$ 3,812.85
\$	45,181.08	\$(33,247.00)	\$ 11,934.08
\$	53,114.11	\$(33,247.00)	\$ 19,867.11
\$	35,678.59	\$(33,247.00)	\$ 2,731.59
\$	95,109.20	\$(33,247.00)	\$ 31,892.20
\$	46,087.29	\$(33,247.00)	\$ 12,840.29
\$	44,564.28	\$(33,247.00)	\$ 11,317.28
\$	60,087.59	\$(33,247.00)	\$ 58,840.59
\$	-	\$(33,247.00)	
\$	-	\$(33,247.00)	
\$	-	\$(33,247.00)	
\$	-	\$(33,247.00)	
\$	-	\$(33,247.00)	
\$	417,181.79	\$(388,864.00)	\$ 151,205.79
	Total Due after Payments	\$	181,205.79
	Total Due after 100% Budget & Pmts	\$	18,217.79
	Total Due after Budget & Pmts	\$	18,217.79
	Payments Billed		
		\$	-
		\$	-
		\$	-
		105%	

Radcliff R & M Budget 2013			
	ACTUAL	BUDGETED	Monthly Running Tot
Jan-13	12,339.41	\$(18,100.00)	(3,760.59)
Feb-13	17,585.74	\$(18,100.00)	1,485.74
Mar-13	23,563.83	\$(18,100.00)	7,483.63
Apr-13	10,621.76	\$(18,100.00)	(5,478.24)
May-13	35,888.73	\$(18,100.00)	18,768.73
Jun-13	17,786.49	\$(18,100.00)	1,868.49
Jul-13	19,392.95	\$(18,100.00)	3,292.95
Aug-13	64,785.58	\$(18,100.00)	48,595.58
Sep-13	-	\$(18,100.00)	
Oct-13	-	\$(18,100.00)	
Nov-13	-	\$(18,100.00)	
Dec-13	-	\$(18,100.00)	
Total	\$ 201,952.27	\$(193,200.00)	\$ 73,152.27
Total Due after Payments		\$	73,152.27
Total Due after 100% Budget			
Total Due after Budget & Pmts	\$	8,752.27	
Payments Billed			
% Budget Spent	105%		

Radcliff Electric Budget 2013			
	ACTUAL	BUDGETED	Monthly Running Tot
Jan-13	24,720.24	\$(15,897.00)	8,823.24
Feb-13	27,595.34	\$(15,897.00)	11,698.34
Mar-13	26,550.46	\$(15,897.00)	13,853.46
Apr-13	25,358.83	\$(15,897.00)	8,459.83
May-13	28,799.72	\$(15,897.00)	12,802.72
Jun-13	27,018.70	\$(15,897.00)	11,118.70
Jul-13	23,218.88	\$(15,897.00)	7,322.88
Aug-13	25,282.03	\$(15,897.00)	8,395.03
Sep-13	-	\$(15,897.00)	
Oct-13	-	\$(15,897.00)	
Nov-13	-	\$(15,897.00)	
Dec-13	-	\$(15,897.00)	
Total	\$ 211,551.22	\$(190,764.00)	\$ 84,376.22
Total Due after Payments		\$	84,376.22
Total Due after 100% Budget			
Total Due after Budget & Pmts	\$	20,787.22	
Payments Billed			
% Budget Spent	111%		

Radcliff Odor Control Budget 2013			
	ACTUAL	BUDGETED	Monthly Running Tot
Jan-13	-	\$(1,250.00)	(1,250.00)
Feb-13	-	\$(1,250.00)	(1,250.00)
Mar-13	-	\$(1,250.00)	(1,250.00)
Apr-13	-	\$(1,250.00)	(1,250.00)
May-13	442.75	\$(1,250.00)	(807.25)
Jun-13	1,284.10	\$(1,250.00)	34.10
Jul-13	1,951.45	\$(1,250.00)	701.45
Aug-13	-	\$(1,250.00)	(1,250.00)
Sep-13	-	\$(1,250.00)	(1,250.00)
Oct-13	-	\$(1,250.00)	-
Nov-13	-	\$(1,250.00)	-
Dec-13	-	\$(1,250.00)	-
Total	\$ 3,678.30	\$(15,000.00)	\$ (8,321.70)
Total Due after Payments		\$	(8,321.70)
Total Due after 100% Budget	\$	(11,321.70)	
Total Due after Budget & Pmts	\$	(11,321.70)	
Payments Billed			
% Budget Spent	25%		

15. Refer to the response to First Request, item 16 .

- a. If contract overages are allowed on a routine basis, explain the incentive for Veolia North America-South LLC to control its operating costs.
- b. Provide instances where a repair and maintenance cost was questioned and deemed not to be included in the repair and maintenance limit account.
- c. Who pays for an expense that is questioned and is not included in the limit account?

ANSWER 15:

- a. See answer 27 in Hardin District's pre-filed testimony. Veolia does not keep any of the limit account overages, but all amounts are paid to other vendors. Also, Hardin District reviews monthly spreadsheets showing charges to limit account overages.
- b. Since 2005, Veolia has submitted monthly invoices for base fees and limit account amounts. The Operations Manager recalls very few times when a charge on the overage spreadsheet should have been included in the base charge. This has been corrected by a phone call to question the charge. Hardin District has no documentation or records showing these corrections, but the Operations Manager can testify that those instances have occurred.
- c. If this were to occur, an expense originally charged to a limit account and then moved back to the base fee would be paid as part of the regular monthly payment for the fixed fee, base services, paid by Hardin District.

WITNESS: Mr. Jim Bruce, HCWD1 General Manager

Mr. Brett Pyles, HCWD1 Operations Manager.

16. Refer to the response to Staff's First Request, item 23(b). How is Hardin District's revenue requirement impacted by the July 1, 2013 retirement contribution rate of 18.89 percent?

ANSWER 16: Actual benefit costs in the test year, 2012, were based on a blended retirement contribution rate from January 1 through June 30 of 18.96% and from July 1 through December 31 of 19.55%. The 2013 Radcliff Utility Budget assumed the retirement contribution rate would increase by 1.6%. Since the July 1, 2013 retirement contribution rate is 18.89%, the 1.6% increase has been removed (see Exhibit 3, attached with answer 4.b, revised Schedule 16a through Schedule 16f). Although the blended rate for the 2012 test year is higher than the current rate, it was deemed reasonable to leave pension costs unchanged, as costs in 2014 will be impacted by a new rate, effective July 1, 2014, that is unknown at this time. The net result decreases projected revenue needs by \$1,020. This reduction has already been reflected in the revised personnel costs provided in response to Question 5a.

WITNESS: Mr. Bart Kreps, Rate Consultant