

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF FRANKFORT) CASE NO. 2014-00254
ELECTRIC AND WATER PLANT BOARD)

FEWPB'S RESPONSE TO ATTORNEY GENERAL'S INITIAL DATA REQUESTS

1. What is the total revenue increase in dollars and by percentage that the Frankfort Plant Board ("FPB") is seeking from its wholesale water sales customers in this proceeding?

Witness(es): Paul R. Herbert, David Denton, Connie Heppenstall

Response: Attached

2. If granted, how would FPB's wholesale water rates compare to other wholesale water rates in the Commonwealth of Kentucky? Please provide any and all data and workpapers used to support this answer with data in all cells and rows fully intact and fully accessible.

Witness(es): David Billings

Response: Attached

3. Reference the June 2014 notices to each of the FPB wholesale customers that were tendered with FPB's Application in this proceeding. How did FPB establish the

“average monthly usage” for each wholesale customer? Please provide any and all data and workpapers used to support this finding with data in all cells and rows fully intact and fully accessible.

Witness(es): David Billings, David Denton, Taylor McDonald

Response: Attached

4. Reference KRS 278.015(2) and 807 KAR 5:068 Section 2. Confirm that if not for this proceeding, end-user ratepayers of the water districts affected by this wholesale rate increase would have no transparent and public mechanism for challenging the subsequent pass-through rate increases.

Witness(es): Herbbie Bannister, David Denton, David Billings

Response: Attached

5. Please provide a breakdown of the average bill for the pass-through residential customers of each affected water district using FPB’s **currently approved rates** as reflected by the purchased water adjustment under 807 KAR 5:068. Please include in this breakdown, the usage by the gallon along with any surcharges, etc., which make up the average customer’s monthly bill.

Witness(es): David Denton, David Billings

Response: Attached

6. Please provide a breakdown of the average bill for the pass-through residential customers of each affected water district **using the rates proposed by FPB** and the necessary calculation of the purchased water adjustment under 807 KAR 5:068. Please include in this breakdown, the usage

by the gallon along with any surcharges, etc., which make up the average customer's monthly bill.

Witness(es): David Denton, David Billings

Response: Attached

7. Please state whether any relative, by blood or marriage, of FPB's board of directors or executive management team holds, or will hold any type or sort of position, whether as employee, officer, board member, contractor, counsel or consultant, with FPB.

Witness(es): Herbbie Bannister

Response: Attached

8. Does FPB anticipate any changes in any existing contracts as a result of the proposed rate increase on wholesale water sales (e.g., engineering, information technology, maintenance, labor, etc.)?

Witness(es): Herbbie Bannister

Response: Attached

9. Does FPB maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to FPB's officers, members of its Board, its employees, its independent contractors or consultants? If yes:

a. Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last five (5) calendar years; and

b. Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.

Witness(es): Herbbie Bannister

Response: Attached

10. Does FPB have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.

Witness(es): Herbbie Bannister

Response: Attached

11. Does FPB employ the relatives of:

- a. Any FPB board member;
- b. Any FPB officer;
- c. Any FPB consultant; and/or
- d. Any other FPB employee?

Witness(es): Herbbie Bannister

Response: Attached

12. Has any member of FPB's Board ever served on the Board of any other business entity? If so, please state:

- a. The name and address of each such entity, and the nature of that business; and;
- b. The length of time they served on the other entity's board.

Witness(es): Herbbie Bannister

Response: Attached

13. Please state the test year customer deposit balance.

Witness(es): David Denton

Response: Attached

14. Please provide the Analysis of Salaries and Wages that is normally included in rate cases, for the years 2009 to date, together with any analysis of projected salaries and wages in future years.

Witness(es): David Denton

Response: Attached

15. State whether FPB intends to seek recovery of any performance bonus expenses for ratemaking purposes, and if so, provide:

a. A quantification of the amount; the recipient(s) if officers, directors, or management;

b. A quantification of how many union employees received a performance bonus; the amount for each recipient; and

c. A complete justification for recovering such expense.

Witness(es): Herbbie Bannister, David Denton

Response: Attached

16. Provide a detailed listing of any and all performance bonus expenses for ratemaking purposes for the individuals noted in the aforementioned question for each from 2009 to the present.

Witness(es): Herbbie Bannister, David Denton

Response: Attached

17. In the response to PSC 1-13, there appear to be some typographical or calculation errors. Specifically, the entries for 36" and 10" show that a greater mileage of mains is used to serve wholesale customers than Frankfort has in total for those size categories. Please review the response and provide a corrected table. If no correction is necessary, please explain in detail why.

Witness(es): David Billings

Response: Attached

18. Please provide an electronic spreadsheet file with the data provided in all cells and rows fully intact and fully accessible in the attachment to PSC Item 18.

Witness(es): Taylor McDonald, David Denton

Response: Attached

19. Please provide the "retail" consumption data in PSC Item 18 separately for the Residential and Commercial/Public customer classes, and provide the response in an electronic spreadsheet file with data in all cells and rows fully intact and fully accessible.

Witness(es): Taylor McDonald, David Denton

Response: Attached

20. Please provide the original electronic spreadsheet file(s) used to produce the Cost of Service Allocation Study as of June 30, 2013 and Proposed Customer Rates (attachment to PSC Item 22) with all formulas, links, references and data in all cells and rows fully intact and fully accessible and fully functioning.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

21. Reference: Cost of Service Study, Sch. B, pp. 3 and 4. Please explain in detail why both depreciation expense and debt service are included in the cost of service. In particular, explain why there is not a double recovery of costs associated with the repayment of principal on loans, which is a cost equivalent to depreciation expense.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

22. Reference: Cost of Service Study, Sch. B, p. 4.

a. Why are Debt Service on 2013 Bonds, Coverage on 2013 Bonds, and Debt Service on KIA Loans allocated using factor 2 instead of factor 17?

b. For each loan, please provide a workpaper showing separately interest expense, repayment (or amortization) of principal, and total debt service.

Witness(es): Paul R. Herbert, Connie Heppenstall, David Denton

Response: Attached

23. Reference: Cost of Service Study, Sch. C, p. 2. Please provide the specific calculations, data, and assumptions used to determine the maximum day ratio for each customer class. Please supply any and all spreadsheets and workpapers with data in all cells and rows fully intact and fully accessible.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

24. Reference: Cost of Service Study, Sch. C, p. 4. How was it determined that the maximum fire demand is 5,000 gallons per minute for a duration of four hours? Please provide any associated calculations, studies, and workpapers with data in all cells and rows fully intact and fully accessible.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

25. What is the retail water population – excluding wholesale customer populations - served by Frankfort?

Witness(es): David Billings

Response: Attached

26. Reference: Cost of Service Study, Sch. C, p. 6. Please provide the specific calculations, data, and assumptions used to determine the maximum hour ratio for each customer class.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

27. Reference: Cost of Service Study, Sch. C, p. 9. In developing the allocation of costs associated with mains, did Gannett Fleming consider the information provided in response to PSC Item 13? If so, please provide all analyses and workpapers prepared using that data. If not, please explain why not.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

28. Reference: Cost of Service Study, Sch. C, p. 9 and PSC Item 13. The data provided in PSC Item 13 shows total feet of mains 10" or less is 1,219,801.

This page in the Cost of Service Study shows total feet of mains 10" or less is 1,420,375. Please reconcile the difference and provide corrections where necessary. If there are mains smaller than 4" that were excluded from the response to PSC 1-13, please update PSC 1- 13 to provide the data for those smaller mains.

Witness(es): Paul R. Herbert, Connie Heppenstall, David Billings

Response: Attached

29. Reference: Cost of Service Study, Sch. C, p. 19.

a. Are the figures shown for Utility Plant in Service gross plant figures or net plant figures (that is, net of accrued depreciation and contributions)?

b. If they are gross plant figures, please provide comparable schedules showing accrued depreciation, customer contributions, and contributions in aid of construction. Please provide this information in an electronic spreadsheet file with data in all cells and rows fully intact and fully accessible.

c. If they are net plant figures, please provide an electronic workpaper with data in all cells and rows fully intact and fully accessible showing the calculation of net plant, taking into account gross plant, accrued depreciation, customer contributions, and contributions in aid of construction.

Witness(es): Paul R. Herbert, Connie Heppenstall, David Denton

Response: Attached

30. Reference Herbert Testimony page 4, lines 120-124. Why were no costs allocated to one or more industrial customer classes?

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

31. Reference Herbert Testimony page 4, lines 125-126. What other criteria are appropriate for consideration in designing customer rates to produce required revenue?

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

32. Reference Herbert Testimony page 5, lines 152-154.

a. What steps is FPB taking to minimize purchased electrical power costs?

b. What steps is FPB taking to minimize treatment chemical costs?

Witness(es): Paul R. Herbert, Connie Heppenstall, David Billings

Response: Attached

33. What specific steps has FPB taken to limit water loss since 2008?

Witness(es): David Billings

Response: Attached

34. What is the estimated annual amount of water loss on FPB's system in 2008, 2009, 2010, 2011, 2012, 2013, and 2014?

Witness(es): David Billings, David Denton

Response: Attached

35. Reference Herbert Testimony page 7, lines 186-192.

a. Does FPB use mains anywhere on its system larger than 10 inches for distribution? Where?

b. Does FPB use mains anywhere on its system 10 inches or smaller for transmission? Where?

Witness(es): Paul R. Herbert, Connie Heppenstall, David Billings

Response: Attached

36. Reference Herbert Testimony page 7, line 195 to page 8, line 199.

a. What was the rationale for weighting the allocation of services factor?

b. What was the rationale for using “the relative unit cost per foot by service size” as the method of weighting allocation of services?

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

37. Reference Herbert Testimony page 8. Confirm the reference to page numbers 26, 27, and 29 through 30 is a reference to the cost of service study found at FPB’s response to PSC item 22.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

38. Reference Herbert Testimony page 9, lines 227-235. Please provide the specific calculations, data, sources, and assumptions used to determine the ratios.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

39. Reference Herbert Testimony page 9, lines 236-242. Please provide the specific calculations, data, sources, and assumptions used to determine the estimated demands used for the customer classifications in the development of factors 2, 3, and 4.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

40. Reference FPB response to Item 22, page 4. If the proposed rates will produce \$2,066,483 in revenue, but FPB asserts that the cost of service for the class is \$2,233,855, then why has FPB not proposed a revenue increase sufficient to cover the full cost of service for the class?

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

41. Reference FPB response to PSC item 14. During calendar year 2013, how much water did the Frankfort water treatment plant treat per day, on average?

a. How much water does FPB estimate the plant will treat per day, on average, in 2014?

Witness(es): David Billings

Response: Attached

42. Provide the cost of service study conducted by Gannett Fleming for FPB in 2013.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

43. Confirm that the 2013 cost of service study was prepared by Connie Heppenstall.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

44. Confirm that the 2013 cost of service and rate design study included in its analysis wholesale water customers.

a. If the analysis did not include wholesale water customers, please explain why.

Witness(es): Paul R. Herbert, Connie Heppenstall, David Billings

Response: Attached

45. Explain the \$2,000 difference in cost between the 2013 cost of service study and the 2014 cost of service study.

Witness(es): Paul R. Herbert, Connie Heppenstall, David Billings

Response: Attached

46. Confirm that Mr. Herbert, not Ms. Heppenstall, prepared the 2014 cost of service study.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

47. Explain why Ms. Heppenstall was the individual who presented the 2014 cost of service study to the FPB Board and to representatives of the wholesale customers.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

CERTIFICATION

I, Hance Price, certify that I am the attorney supervising the preparation of these Responses on behalf of the Frankfort Electric and Water Plant Board and that the Responses and attachments thereto are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.

Respectfully Submitted,

Hance Price

Hance Price
317 West Second Street
Frankfort, Kentucky 40601

Attorney for Frankfort Electric and
Water Plant Board

This the 2nd day of September 2014.

CERTIFICATE OF SERVICE

I, Hance Price, certify that on the 2nd day of September, 2014 an original and six (6) copies of FEWPB's Response to the Attorney General's Initial Data Requests dated August 19, 2014 was served by hand delivery to:

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

And served by hand delivery of one (1) copy of the Response to:

Kentucky Attorney General's Office
Hon. Jennifer Black Hans
Hon. Gregory T. Dutton
Assistant Attorneys General
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601

Counsel further certifies that true and accurate copies of the Response were served by mail to:

Hon. Donald T. Prather
500 Main Street, Suite 5
Shelbyville, KY 40065

Hon. Raymond Edelman
148 South Main Street
Lawrenceburg, KY 40342

Hance Price
Hance Price

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 1

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 1: What is the total revenue increase in dollars and by percentage that the Frankfort Plant Board ("FPB") is seeking from its wholesale water sales customers in this proceeding?

Response: The total revenue increase that the FPB is seeking from its non-water producers wholesale water sales customers is \$633,054 or 44.8%.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 2

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 2: If granted, how would FPB's wholesale water rates compare to other wholesale water rates in the Commonwealth of Kentucky? Please provide any and all data and workpapers used to support this answer with data in all cells and rows fully intact and fully accessible.

Response: FPB's rates are not based on other wholesale rates. FPB does not maintain records of water rates throughout the State. The Bluegrass Area Development District does however publish an annual rate book that can be found at (<http://www.bgadd.org/pdf/RateBook2013complete.pdf>) which details several wholesale water rates for the region.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 3

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 3: Reference the June 2014 notices to each of the FPB wholesale customers that were tendered with FPB's Application in this proceeding. How did FPB establish the "average monthly usage" for each wholesale customer? Please provide any and all data and workpapers used to support this finding with data in all cells and rows fully intact and fully accessible.

Response: FPB used the most recent data available when the Notice was produced and calculated an average three (3) months usage for March through May of 2014. Spreadsheet attached.

Customer	Account #	Mar-14	Apr-14	May-14	3 Month Usage (March - May 2014)	Average Monthly Usage	Rate (\$2.01 per 1000 gallons)	Rate (\$2.91 per 1000 gallons)	Increase
ELKHORN WATER DIST	31429	5,517,000	5,094,200	4,912,200	15,523,400	5,174,467	\$10,400.68	\$15,057.70	\$4,657.02
FARMDALE WATER DISTRICT	28221	0	2,700	0	2,700	900	\$1.81	\$2.62	\$0.81
FARMDALE WATER DISTRICT	28222	0	0	0	0	0	\$0.00	\$0.00	\$0.00
FARMDALE WATER DISTRICT	28378	1,672,000	2,107,000	2,836,000	6,615,000	2,205,000	\$4,432.05	\$6,416.55	\$1,984.50
FARMDALE WATER DISTRICT	33036	490,100	175,600	104,300	770,000	256,667	\$515.90	\$746.90	\$231.00
FARMDALE WATER DISTRICT	106675	19,355,000	17,005,000	17,780,000	54,140,000	18,046,667	\$36,273.80	\$52,515.80	\$16,242.00
NORTH SHELBY WATER C	28808	13,655,000	11,170,000	12,475,000	37,300,000	12,433,333	\$24,991.00	\$36,181.00	\$11,190.00
PEAKSMILL WATER DIST	28600	7,324,400	6,835,400	6,940,800	21,100,600	7,033,533	\$14,137.40	\$20,467.58	\$6,330.18
PEAKSMILL WATER DIST	30329	82,100	66,200	72,500	220,800	73,600	\$147.94	\$214.18	\$66.24
SOUTH ANDERSON WATER DIST	31379	1,680,800	1,306,400	1,589,600	4,576,800	1,525,600	\$3,066.46	\$4,439.50	\$1,373.04
US 60 WATER DISTRICT	32489	15,127,200	13,982,500	14,117,300	43,227,000	14,409,000	\$28,962.09	\$41,930.19	\$12,968.10
US 60 WATER DISTRICT	32715	1,943,000	1,766,000	1,900,000	5,609,000	1,869,667	\$3,758.03	\$5,440.73	\$1,682.70

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 4

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 4: Reference KRS 278.015(2) and 807 KAR 5:068 Section 2. Confirm that if not for this proceeding, end-user ratepayers of the water districts affected by this wholesale rate increase would have no transparent and public mechanism for challenging the subsequent pass-through rate increases.

Response: The regulations provide for the mechanism for wholesale rate increases and need no clarification by the FPB.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 5

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 5: Please provide a breakdown of the average bill for the pass-through residential customers of each affected water district using FPB's **currently approved rates** as reflected by the purchased water adjustment under 807 KAR 5:068. Please include in this breakdown, the usage by the gallon along with any surcharges, etc., which make up the average customer's monthly bill.

Response: FPB does not currently possess data to calculate the retail rate of each affected water district.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 6

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 6: Please provide a breakdown of the average bill for the pass-through residential customers of each affected water district **using the rates proposed by FPB** and the necessary calculation of the purchased water adjustment under 807 KAR 5:068. Please include in this breakdown, the usage by the gallon along with any surcharges, etc., which make up the average customer's monthly bill.

Response: FPB does not currently possess data to calculate the retail rate of each affected water district.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 7

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 7: Please state whether any relative, by blood or marriage, of FPB's board of directors or executive management team holds, or will hold any type or sort of position, whether as employee, officer, board member, contractor, counsel or consultant, with FPB.

Response: Objection. The terms "executive management team" and "relative" are vague. Without waiving this objection, FPB does not employ relatives of management staff or board members as employees or consultants.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 8

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 8: Does FPB anticipate any changes in any existing contracts as a result of the proposed rate increase on wholesale water sales (e.g., engineering, information technology, maintenance, labor, etc.)?

Response: No. FPB does not anticipate switching vendors for various services because of the wholesale rate increase.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 9

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 9: Does FPB maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to FPB's officers, members of its Board, its employees, its independent contractors or consultants? If yes:

- a. Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last five (5) calendar years; and
- b. Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.

Response: Objection. The data request is overly broad and unduly burdensome. FPB has no way of knowing whether one vendor is related to another vendor or to any one of approximately 220 employees. Moreover, the PSC does not regulate municipal nepotism. Without waiving these objections, to the best of FPB's knowledge it does not maintain contracts with vendors who are related by blood or marriage to FPB officers or board members.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 10

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 10: Does FPB have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.

Response: See attached anti-nepotism policy.

H. No Frankfort Electric & Water Plant Board Employee or Board Member shall be prohibited from making an inquiry for information or providing assistance on behalf of a user, if no fee, or award or other thing of value is promised to, given to or accepted in return therefore;

I. No Frankfort Electric & Water Plant Board Employee or Board Member shall be prohibited from representing himself before the Frankfort Electric & Water Plant Board in negotiations or proceedings concerning his own interests.

SECTION III - NEPOTISM

Effective January 1, 1995, an Immediate Family Member of a Frankfort Electric & Water Plant Board Employee or an Immediate Family Member or any person who is related within the third degree to any Board Member or to the General Manager (pursuant to KRS 96.172 (3) shall not be initially employed by the Frankfort Electric & Water Plant Board if such employment might be reasonably expected to create a conflict of interest. This provision shall not have retroactive application.

SECTION IV - ETHICS COMMITTEE

A. The Frankfort Electric & Water Plant Board's Ethics Committee shall consist of three (3) members appointed by the Board. Members of the Ethics Committee shall receive no compensation but may be reimbursed all necessary expenses. The terms of members shall be staggered and no longer than three (3) years.

B. The Ethics Committee shall have jurisdiction over the administration of this Ethics Code, receive and initiate complaints, conduct hearings, render advisory opinions, prepare forms required by this Ethics Code.

C. The Ethics Committee may investigate all sworn complaints within ten days after the Committee receives the complaint. Within 30 days the Ethics Committee shall forward a copy of the complaint and a general statement of the applicable law to the person alleged to have committed a violation of this Ethics Code. All Ethics Committee proceedings and recordings relating to a preliminary investigation shall be confidential and the Committee shall afford a person who is the subject of a preliminary investigation an opportunity to respond to the allegations and the complaint. The Committee shall confidentially inform the alleged violator of any potential violations and provide information to insure future compliance with the law. The Ethics Committee may immediately terminate any inquiry that does not constitute a violation of this Ethics Code. The Ethics Committee may issue confidential reprimands in writing to the alleged violator requiring the violator to cease and desist the violation. If the alleged violator does not cease and desist the violation or has committed an actual violation, the Ethics Committee shall forward all information concerning the violation to the Board of the Frankfort Electric & Water Plant Board for further action and to any other appropriate persons.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 11

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 11: Does FPB employ the relatives of:
a. Any FPB board member;
b. Any FPB officer;
c. Any FPB consultant; and/or
d. Any other FPB employee?

Response: Objection. The term "relative" is vague and overly broad. Without waiving this objection, to the best of its knowledge FPB does not employ the relative of board members or officers. However, FPB may employ the relatives of other FPB employees. For example, husband and wife may both work for FPB.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 12

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 12: Has any member of FPB's Board ever served on the Board of any other business entity? If so, please state:

- a. The name and address of each such entity, and the nature of that business; and;
- b. The length of time they served on the other entity's board.

Response: Ralph Ludwig, Dr. Scott Green, and Patricia B. Lynch have not served on the Board of any other business entity.

Rick Pogrotsky is currently serving as a Board member for the following business entities:

Red Cross Board, a non-profit agency located at 318 Washington Street, Frankfort, Kentucky. He has served from 2007-Present.

Blue Grass ADD, a quasi-government agency located at 699 Perimeter Park Drive, Frankfort, Kentucky. He has served from 2011-Present.

Arthur McKee is currently in his 4th term as a Board Member for the Salvation Army, 517 Greenup Avenue, Frankfort, Kentucky.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 13

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 13: Please state the test year customer deposit balance.

Response: Total FPB electric, water, and cable customer deposits for the year ended June 30, 2013 were \$1,667,596.08.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 14



Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 14: Please provide the Analysis of Salaries and Wages that is normally included in rate cases, for the years 2009 to date, together with any analysis of projected salaries and wages in future years.

Response: See each line item labeled payroll on Item 14 for FPB water division payroll data that is normally included in rate cases.

Frankfort Plant Board System
Income Statement Balance Comparison
FPB:WATER
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
OPERATIONAL SALES:						
461100	RESIDENTIAL CITY WATER	2,092,773	1,982,779	2,170,489	2,179,257	2,185,967
461200	RESIDENTIAL COUNTY WATER	1,258,390	1,165,613	1,315,654	1,294,418	1,304,416
461300	COMMERCIAL CITY WATER	1,646,969	1,533,728	1,746,627	1,607,389	1,623,070
461400	COMMERCIAL COUNTY WATER	757,934	741,246	882,424	939,376	991,052
462100	FIRE SPRINKLER SERVICE	114,927	116,170	136,154	161,024	166,679
462200	PRIVATE FIRE HYDRANTS	41,733	33,397	14,926	8,727	8,601
463100	CITY FIRE HYDRANTS	107,640	117,697	76,732	67,690	67,493
466100	WATER SALES RESALE	1,208,526	1,223,153	1,357,088	1,312,004	1,333,787
466200	WATER SALES RESALE-PROD	372,209	253,762	590,397	360,663	577,135
467100	WATER USED BY ELECTRIC DEPT	374	294	395	310	287
467200	WATER USED BY WATER DEPT	3,614	1,316	2,317	2,166	2,114
470100	WATER COLLECTION CHARGES	40,686	47,159	51,323	45,790	50,265
471100	WATER TAP FEE REVENUE	0	97,498	19,233	20,122	17,944
	TOTAL WATER	7,645,775	7,313,812	8,363,759	7,998,926	8,328,810
		7,645,775	7,313,812	8,363,759	7,998,926	8,328,810
OTHER INCOME:						
415100	SALES OF MATERIAL	1,632	1,208	5,355	1,141	993
415400	MAPPING INCOME	61	30	13	63	13
418200	RENTAL CLUBHOUSE	1,960	2,612	4,114	4,037	4,215
419050	INT CASH WORKING FUND	1	0	0	0	0
419100	INT CONTRACT FUND	18,693	12,806	12,238	5,134	3,598
419200	INT REVENUE BOND SINKING FUND	11,618	3,329	19,402	21,951	16,793
419250	INT REVENUE BOND INT & RED FUND	562	787	362	236	218
419300	INT DEPRECIATION FUND	3,933	2,322	2,080	1,574	1,068
419350	INT OPERATIONS AND MAINT	219	251	172	116	129
419400	INT REV FUND FARMERS BANK	676	848	1,271	359	171
419450	INT REVENUE FUND STATE NA	1,196	2,045	2,685	818	490
419500	INT CLUBHOUSE FUND	1,090	772	526	309	205
419550	INT REV FUND REPUBLIC BANK	1	2	2	1	1
419600	INT CONSTRUCTION ACCOUNT	0	0	0	0	2
419603	INT INCOME-RETIREMENT	0	0	0	6,393	6,227
421100	MISCELLANEOUS INCOME	165,080	110,533	89,662	112,040	125,179
421300	CAPITAL CONTRIBUTIONS	546,934	840,189	482,207	355,593	544,326
421350	CAPITAL CONTRIBUTIONS GENERAL	0	0	0	51	0
421400	AMORTIZATION OF BOND PREMIUM	0	6,194	12,389	12,389	12,389
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	0	0	0	0	7,361
419607	UNREALIZED GAIN/(LOSS)-RETIREMENT	0	0	0	6,519	(8,211)
419605	GAIN/(LOSS) ON SALE OF ASSETS-RETIREMTN	0	0	0	322	(143)
		753,656	983,928	632,478	529,046	715,024
	TOTAL REVENUE	8,399,431	8,297,740	8,996,237	8,527,972	9,043,834
CABLE COSTS AND EXPENSES:						
530560	SECURITY EXPENSE (FSN)	0	0	0	4,000	0
		0	0	0	4,000	0
ELECTRIC OPERATING EXPENSE:						
(599100 TO 599102)	ELECT DIST SEC LIGHT PR	0	0	0	0	171
	TOTAL OP&MAINT	0	0	0	0	171
WATER TREATMENT OPERATIONS & MAINTENANCE						
623000	PUMPING POWER	457,515	463,561	462,073	0	439,985
633000	PUMPING MAINTENANCE	99,101	43,635	76,379	120,990	66,195
641000	WATER TREATMENT CHEMICALS	444,648	387,458	396,914	292,591	406,881
(642000 TO 642002)	WATER TREATMENT LABOR	337,307	341,394	351,447	398,469	366,619
643000	MISC TREATMENT EXPENSE	74,112	27,044	30,245	20,945	17,419
644000	TREATMENT LAB EXPENSE	58,632	34,417	51,535	38,371	42,596
(644100 TO 644102)	TREATMENT LAB PAYROLL	42,319	43,016	43,019	0	0
652000	WATER TREAT MAINT	13,824	28,920	104,133	151,854	232,468
(652100 TO 652102)	WATER TREAT MAINT PAYROLL	82,741	69,199	87,273	142,348	139,793
		1,610,199	1,438,644	1,583,018	1,165,568	1,711,956
WATER DISTRIBUTION O & M						
677000	FIRE HYDRANTS	8,069	21,233	6,280	12,203	4,570
(677100 TO 677102)	FIRE HYDRANTS PAYROLL	44,555	37,653	44,046	69,064	64,932
678000	WATER DISTRIBUTION EXPENSES	347,800	293,449	532,091	461,752	224,265
(678100 TO 678102)	WATER DIST PAYROLL	844,728	782,458	890,279	968,693	961,031
		1,245,152	1,134,793	1,472,696	1,511,712	1,254,798
ENGINEERING DEPARTMENT EXPENSE:						
700000	ENGINEERING EXPENSE ACCOUNT	2,437	1,337	11,219	2,255	1,655
(700100 TO 700102)	ENGINEERING PAYROLL	233,567	216,452	208,484	264,034	266,111
		236,004	217,789	219,703	266,289	267,766
SUPPORT SERVICES DEPARTMENT:						
932110	SUPPORT SERVICES EXP	17,871	18,528	20,898	2,523	2,588
(932120 TO 932122)	SUPPORT SERVICES PAYROLL	91,339	90,329	95,544	103,787	101,153
932130	INVENTORY ADJUSTMENTS	2,988	(6,117)	9,415	8,500	11,182
932140	COST OF SALES CLEARING	913	591	1,323	818	590
932200	AUTO & TRUCK REPAIR EXP	68,153	57,766	62,427	54,131	79,222
(932210 TO 932212)	AUTO & TRUCK REPAIR PR	63,461	62,621	69,630	72,774	75,796
932220	AUTO & TRUCK GAS & OIL	97,488	83,411	113,547	119,392	112,819
		342,223	305,129	372,784	361,925	383,350
OFFICE DEPARTMENT EXPENSES:						
902000	READING EXPENSES	11,534	1,936	5,499	1,269	8,615
(902100 TO 902102)	METER READING PAYROLL	157,745	150,479	165,566	167,762	169,985
903000	CUST REC AND COLL EXP	3,545	4,091	4,217	60,571	63,447
903010	POSTAGE AND PRINTING	35,697	30,506	29,569	4,859	3,138
(903100 TO 903102)	CUST REC AND COLL PR	169,743	143,734	150,294	168,711	175,978
903200	CASH OVER AND SHORT	23	41	29	34	22

Frankfort Plant Board System
Income Statement Balance Comparison
FPB:WATER
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
903921	OFFICE SUPPLIES EXPENSE	9,575	6,810	8,010	11,155	12,684
904000	BAD DEBTS EXPENSE	15,705	49,973	33,547	55,745	69,420
(905100 TO 905102)	INFO TECH PAYROLL	94,996	105,079	108,617	112,321	117,728
905200	GIS EXPENSES	8,964	8,745	8,179	10,823	9,905
905210	CIS EXPENSES	33,763	35,799	37,147	1,432	33
905300	COMPUTER EXPENSE	28,408	25,167	32,078	10,592	21,852
905400	SOFTWARE SERVICES	0	0	0	55,072	55,998
		<u>569,698</u>	<u>562,360</u>	<u>572,752</u>	<u>660,346</u>	<u>708,805</u>
ADMINISTRATIVE EXPENSES:						
913000	PUBLISHING EXPENSE	5,350	915	3,959	11,470	1,278
930101	ADMIN PIO EXPENSE	0	0	0	2,646	279
920000	ADMINISTRATIVE EXPENSE	52,166	43,154	49,069	4,070	4,783
920060	DUES AND SUBSCRIPTIONS	12,390	10,094	17,197	19,198	23,419
920070	CELL PHONE EXPENSE	0	0	0	11,317	14,031
(920100 TO 920102)	ADMINISTRATIVE PAYROLL	163,179	145,621	180,209	222,209	208,295
920200	CLEARING ACCOUNT	753	14	35	83	(224)
920400	SAFETY EXPENSE	8,895	6,738	13,895	13,784	13,249
920700	TRAVEL AND TRAINING EXP	34,275	29,286	26,050	34,961	24,329
920810	BOARD EXPENSES	297	11	2,318	182	46
920820	BOARD PAYROLL	1,128	1,100	1,103	1,094	1,154
920910	SOCIAL SECURITY EXPENSE	211,840	209,131	223,788	220,461	220,612
923300	LEGAL RETAINER FEES	6,522	6,441	5,854	6,428	6,434
923400	OTHER CONSULTING FEES	26,815	7,965	29,495	45,400	39,780
923500	OTH LEGAL AND ACCOUNTING	35,791	283,975	23,572	6,131	21,736
923700	OTHER SERVICES	0	0	0	15,106	17,635
924000	INSURANCE EXPENSE	250,369	262,054	239,854	284,586	274,150
		<u>809,570</u>	<u>1,006,497</u>	<u>816,398</u>	<u>899,106</u>	<u>870,986</u>
GENERAL EXPENSES:						
930100	GENERAL EXPENSES	2,959	3,265	3,237	1,630	1,856
930110	MAINTENANCE EXPENSES	10,095	7,302	11,738	12,107	11,856
930120	MAINTENANCE CONTRACT EXP	0	0	0	146	0
930130	MAINTENANCE SUPPLIES	0	0	0	19,552	21,141
930300	UTILITIES	0	0	0	612,135	271,283
930401	AMORTIZATION BOND DISC/EXP	16,047	167,155	0	0	0
930403	DEPRECIATION EXPENSE	1,040,837	1,108,760	1,189,851	1,437,865	1,467,012
930408	IN-LIEU-OF TAX CITY	30,906	31,226	3,494	0	0
930409	IN-LIEU-OF TAX COUNTY	14,228	14,375	0	0	0
930424	INTEREST EXPENSE ON KIA LOAN	0	22,990	61,399	67,029	65,139
930426	INTEREST ON BAN	85,157	40,362	6,162	12,352	35,787
930427	INTEREST ON BONDS	495,410	384,013	286,077	267,585	248,710
930431	INTEREST CUST DEPOSITS	14,069	14,586	15,326	13,509	765
930435	CASH CONTR TO CITY	2,865	2,815	2,810	2,437	2,670
		<u>1,712,573</u>	<u>1,796,849</u>	<u>1,580,094</u>	<u>2,446,347</u>	<u>2,126,219</u>
EMPLOYEE BENEFITS:						
926000	UNEMPLOYMENT INSURANCE	1,712	3,606	2,814	2,096	1,318
926060	VACATION BENEFITS EXP	170,182	164,264	165,930	26,793	10,604
926070	SICK BENEFITS EXPENSE	94,631	94,370	84,286	322	2,065
926100	EMPLOYEES WELFARE EXP	488,851	551,781	663,535	1,403	1,570
926300	EMPLOYEE HEALTH INSURANCE	0	0	0	726,683	708,743
926310	EMPLOYEE LIFE INSURANCE	0	0	0	16,477	19,465
926400	CLUBHOUSE EXPENSE	4,039	3,237	3,262	6,634	4,299
926450	EMPLOYEE ACTIVITY EXP	9,899	5,435	9,353	1,786	2,608
926460	UNIFORM EXPENSE	0	0	0	30,710	20,869
926470	EMPLOYEE ASSISTANCE EXP	834	713	772	689	609
926500	CO CONTRI TO EMP PEN	395,555	472,643	527,478	583,924	606,716
926600	OTH CO PAID PENSION EXP	0	0	921	3,666	3,637
		<u>1,165,703</u>	<u>1,296,049</u>	<u>1,458,351</u>	<u>1,401,183</u>	<u>1,382,503</u>
	TOTAL EXPENSES	<u>7,691,122</u>	<u>7,758,110</u>	<u>8,075,796</u>	<u>8,716,476</u>	<u>8,706,554</u>
	NET MARGINS	<u>708,309</u>	<u>539,630</u>	<u>920,441</u>	<u>(188,604)</u>	<u>337,280</u>

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 15

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 15: State whether FPB intends to seek recovery of any performance bonus expenses for ratemaking purposes, and if so, provide:

- a. A quantification of the amount; the recipient(s) if officers, directors, or management;
- b. A quantification of how many union employees received a performance bonus; the amount for each recipient; and
- c. A complete justification for recovering such expense.

Response: FPB does not award performance bonus expenses for ratemaking purposes.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 16

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 16: Provide a detailed listing of any and all performance bonus expenses for ratemaking purposes for the individuals noted in the aforementioned question for each from 2009 to the present.

Response: FPB does not award performance bonus expenses for ratemaking purposes.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 17

Frankfort Electric and Water Plant Board
 Response to Attorney General's Initial Data Requests dated August 19, 2014
 Case No. 2014-00254

ITEM 17: In the response to PSC 1-13, there appear to be some typographical or calculation errors. Specifically, the entries for 36" and 10" show that a greater mileage of mains is used to serve wholesale customers than Frankfort has in total for those size categories. Please review the response and provide a corrected table. If no correction is necessary, please explain in detail why.

Response: FPB inadvertently provided data from its 2010 rate case in its Response to the Commission's Order of July 23, 2014. Below is a comprehensive table containing the most current data regarding FPB's mains that are used to serve its wholesale customers. The total feet and miles of line were derived from FPB's mapping database, considered to be the most accurate data available, when the statistics were requested for the COS study. The miles of line used to serve FPB's wholesale customers were derived from FPB's hydraulic model, a totally separate database, and several months later when the statistics were requested for the PSC data request.

Water Main Size	Total Feet of Line	Total Miles of Line	Miles of Line Used by the Plant Board to Serve its Wholesale Customers
48"	2941.35	0.56	0.55
42"	1723.85	0.33	0.1
36"	5368.12	1.02	1.02
30"	3365.55	0.64	0.64
24"	40914.82	7.75	7.74
20"	48044.78	9.10	9.03
18"	137.56	0.03	0.03
16"	55725.64	10.55	7.37
14"	15317.87	2.90	2.84
12"	215102.94	40.74	33.86
10"	4498.64	0.85	0.85
8"	326156.03	61.77	40.89
6"	750141.12	142.07	61.76
4"	139005.09	26.33	1.85
3"	65376.9	12.38	N/A
2 1/4"	71265.94	13.50	N/A
2"	45591.01	8.63	N/A
1.50"	1695.51	0.32	N/A
1.25"	749.22	0.14	N/A
1"	15805.66	2.99	N/A
3/4"	89.42	0.02	N/A

FPB suspects the discrepancies noted in earlier table on 36" and 10" lines were a result of slightly different values between the two databases utilized. The table above contains updated values of 36" and 10" lines to serve wholesale customers and the most current data for all lines.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 18

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 18: Please provide an electronic spreadsheet file with the data provided in all cells and rows fully intact and fully accessible in the attachment to PSC Item 18.

Response: See attached disc.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 19

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 19: Please provide the "retail" consumption data in PSC Item 18 separately for the Residential and Commercial/Public customer classes, and provide the response in an electronic spreadsheet file with data in all cells and rows fully intact and fully accessible.

Response: See attached disc at Item 18.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 20

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 20: Please provide the original electronic spreadsheet file(s) used to produce the Cost of Service Allocation Study as of June 30, 2013 and Proposed Customer Rates (attachment to PSC Item 22) with all formulas, links, references and data in all cells and rows fully intact and fully accessible and fully functioning.

Response: See attached disc.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 21

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 21: Reference: Cost of Service Study, Sch. B, pp. 3 and 4. Please explain in detail why both depreciation expense and debt service are included in the cost of service. In particular, explain why there is not a double recovery of costs associated with the repayment of principal on loans, which is a cost equivalent to depreciation expense.

Response: In PSC Order related to Case No. 2008-00250, FPB was directed to include depreciation expense in lieu of capital project expenses or renewal and replacements. See Order, Case No. 2008-00250, page 5, paragraph 2. The inclusion of depreciation expense in the revenue requirements is a substitute for the expense of renewals and replacements and does not create a double recovery of costs. Debt service is included in revenue requirements for cash flow purposes as FPB must meet its payment obligation.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 22

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 22: Reference: Cost of Service Study, Sch. B, p. 4.

- a. Why are Debt Service on 2013 Bonds, Coverage on 2013 Bonds, and Debt Service on KIA Loans allocated using factor 2 instead of factor 17?
- b. For each loan, please provide a workpaper showing separately interest expense, repayment (or amortization) of principal, and total debt service.

Response: a. The purpose of the 2013 bond issue and KIA Loans were to fund improvements to the Water Treatment Plant and are allocated using Factor 2 in the same manner as other costs related to Water Treatment. Factor 2 is used to allocate costs associated with facilities service base and maximum day extra capacity functions such as water treatment facilities.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 23

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 23: Reference: Cost of Service Study, Sch. C, p. 2. Please provide the specific calculations, data, and assumptions used to determine the maximum day ratio for each customer class. Please supply any and all spreadsheets and workpapers with data in all cells and rows fully intact and fully accessible.

Response: There are no specific calculations used to determine the maximum day extra capacity ratios for each customer class. The ratios were based on judgment which considered results of demand studies conducted for other water utilities, the system maximum day ratio, monthly usage data, and generally accepted maximum day ratios.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 24

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 24: Reference: Cost of Service Study, Sch. C, p. 4. How was it determined that the maximum fire demand is 5,000 gallons per minute for a duration of four hours? Please provide any associated calculations, studies, and workpapers with data in all cells and rows fully intact and fully accessible.

Response: The amount referenced of 5,000 GPM for 4 hours was based on judgment using a formula from the National Board of Fire Underwriters that considers the population of the area served and the duration based on the municipal services grading schedule.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 25

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 25: What is the retail water population – excluding wholesale customer populations - served by Frankfort?

Response: The approximate retail water population served by FPB is 43,598. This is determined by multiplying the number of service connections (approximately 15,682) by a factor of 2.78.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 26

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 26: Reference: Cost of Service Study, Sch. C, p. 6. Please provide the specific calculations, data, and assumptions used to determine the maximum hour ratio for each customer class.

Response: There are no specific calculations used to determine the maximum hour extra capacity ratios for each customer class. The ratios were based on judgment which considered results of demand studies conducted for other water utilities, the system maximum day ratio, monthly usage data, and generally accepted maximum hour ratios.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 27

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 27: Reference: Cost of Service Study, Sch. C, p. 9. In developing the allocation of costs associated with mains, did Gannett Fleming consider the information provided in response to PSC Item 13? If so, please provide all analyses and workpapers prepared using that data. If not, please explain why not.

Response: The allocation of the costs associated with mains was performed in the same manner as approved in the Commission Order for Case No. 2008-00250. The current Cost of Service Study allocates 22.04% of the cost of all mains (transmission and distribution) to the Wholesale Customers (Non-Water Producers Sales for Resale). The response to PSC Item 13, as revised in response to AG-17, indicates that the Wholesale Customers (Non-Water Producers Sales for Resale) use 49.2% of all mains in the system.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 28

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 28: Reference: Cost of Service Study, Sch. C, p. 9 and PSC Item 13. The data provided in PSC Item 13 shows total feet of mains 10" or less is 1,219,801. This page in the Cost of Service Study shows total feet of mains 10" or less is 1,420,375. Please reconcile the difference and provide corrections where necessary. If there are mains smaller than 4" that were excluded from the response to PSC 1-13, please update PSC 1- 13 to provide the data for those smaller mains.

Response: See updated table provided in response to Item 17.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 29

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 29: Reference: Cost of Service Study, Sch. C, p. 19.

- a. Are the figures shown for Utility Plant in Service gross plant figures or net plant figures (that is, net of accrued depreciation and contributions)?
- b. If they are gross plant figures, please provide comparable schedules showing accrued depreciation, customer contributions, and contributions in aid of construction. Please provide this information in an electronic spreadsheet file with data in all cells and rows fully intact and fully accessible.
- c. If they are net plant figures, please provide an electronic workpaper with data in all cells and rows fully intact and fully accessible showing the calculation of net plant, taking into account gross plant, accrued depreciation, customer contributions, and contributions in aid of construction.

Response:

- a. The figures are net plant figures.
- b. N/A
- c. See attached schedule.

FRANKFORT ELECTRIC AND WATER PLANT BOARD - RATE BASE

Account	Description	Original Cost	Accumulated Depreciation	Net Plant in Service	Percentage To Water	Water Assets
101310	SOURCE OF SUPPLY LAND	21,925	-	21,924.72	100.000%	21,924.72
101311	SOURCE OF SUPPLY STRUCT & IMP.	347,807	(224,527)	123,279.73	100.000%	123,279.73
101313	SOURCE OF SUPPLY RIVER INTAKES	1,153,592	(784,629)	368,962.68	100.000%	368,962.68
101315	SOURCE OF SUPPLY GALLERIES & T	125,904	(96,425)	29,479.05	100.000%	29,479.05
101316	SOURCE OF SUPPLY SUPPLY MAINS	32,322	(5,908)	26,414.72	100.000%	26,414.72
101320	PUMPING PLANT LAND	2,436	-	2,436.08	100.000%	2,436.08
101321	PUMPING STRUCTURES & IMPROVEME	225,607	(127,232)	98,374.59	100.000%	98,374.59
101325	PUMPING EQUIPMENT	3,450,404	(872,884)	2,577,519.61	100.000%	2,577,519.61
101330	TREATMENT PLANT LAND	14,077	-	14,076.65	100.000%	14,076.65
101331	TREATMENT STRUCTURES AND IMPRO	9,701,232	(2,370,114)	7,331,117.74	100.000%	7,331,117.74
101332	TREATMENT EQUIPMENT	7,047,273	(2,590,027)	4,457,245.32	100.000%	4,457,245.32
101340	DISTRIBUTION PLANT LAND	168,082	-	168,082.36	100.000%	168,082.36
101341	DISTRIBUTION STRUCTURES AND IM	584,940	(89,717)	495,223.17	100.000%	495,223.17
101342	DISTRIBUTION RESERVOIRS & STAN	8,560,421	(3,034,426)	5,525,994.77	100.000%	5,525,994.77
101343	DISTRIBUTION TRANSMISSION & DI	27,778,536	(10,193,559)	17,584,977.80	100.000%	17,584,977.80
101344	DISTRIBUTION FIRE MAINS	167,133	(108,464)	58,669.08	100.000%	58,669.08
101345	DISTRIBUTION SERVICES	2,377,901	(400,294)	1,977,606.96	100.000%	1,977,606.96
101346	DISTRIBUTION METERS	1,438,472	(791,311)	647,160.44	100.000%	647,160.44
101347	DISTRIBUTION METER INSTILLATIO	64,227	(18,028)	46,199.14	100.000%	46,199.14
101348	DISTRIBUTION HYDRANTS	879,213	(341,279)	537,933.81	100.000%	537,933.81
101349	OTHER DISTRIBUTION PLANT	110,629	(111,871)	-1,242.24	100.000%	(1,242.24)
101389	GENERAL LAND	195,681	-	195,681.04	26.558%	51,968.89
101390	GENERAL STRUCTURES AND IMPROVE	2,997,319	(2,101,420)	895,898.80	30.331%	271,731.18
101391	GENERAL OFFICE EQUIPMENT	7,083,527	(6,554,336)	529,190.79	44.022%	232,958.35
101392	GENERAL TRANSPORT EQUIPMENT	5,157,005	(3,095,799)	2,061,206.40	24.714%	509,398.94
101393	GENERAL STORES EQUIPMENT	55,667	(47,719)	7,948.69	23.218%	1,845.55
101394	GENERAL TOOLS SHOP & GARAGE EQ	384,636	(371,827)	12,808.61	36.712%	4,702.25
101395	GENERAL LABORATORY EQUIPMENT	55,637	(52,967)	2,669.37	100.000%	2,669.37
101396	GENERAL POWER OPERATED EQUIPME	2,660,293	(2,181,794)	478,499.20	22.143%	105,952.27
101397	GENERAL COMMUNICATIONS EQUIPME	348,748	(334,591)	14,156.86	81.094%	11,480.32
101398	GENERAL MISCELLANEOUS EQUIPMEN	1,059,859	(783,214)	276,644.13	19.377%	53,605.79
101399	GENERAL COMPUTER EQUIPMENT	2,587,848	(2,029,797)	558,051.23	20.802%	116,085.22
TOTAL		86,838,353	(39,714,162)	47,124,191.30		43,453,834.31

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 30

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 30: Reference Herbert Testimony page 4, lines 120-124. Why were no costs allocated to one or more industrial customer classes?

Response: The FPB does not classify any customers as industrial customers.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 31

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 31: Reference Herbert Testimony page 4, lines 125-126. What other criteria are appropriate for consideration in designing customer rates to produce required revenue?

Response: Please refer to page 10 of Herbert Testimony, lines 261 to 264.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 32

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 32: Reference Herbert Testimony page 5, lines 152-154.

- a. What steps is FPB taking to minimize purchased electrical power costs?
- b. What steps is FPB taking to minimize treatment chemical costs?

Response:

- a. FPB has past and ongoing projects at the water treatment plant and distribution pumping stations involving electrical/efficiency improvements.
- b. FPB made major improvements to its chemical feed facilities resulting in improved dosing efficiency. In addition, FPB has purchased chemicals via reverse auction process that has resulted in lower overall chemical costs.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 33

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 33: What specific steps has FPB taken to limit water loss since 2008?

Response: FPB aggressively repairs water main breaks to restore service. In addition, FPB has an active leak detection program searching for and repairing unknown subsurface leaks.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 34

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 34: What is the estimated annual amount of water lose on FPB's system in 2008, 2009, 2010, 2011, 2012, 2013, and 2014?

Response: The water loss percentages are as follows:

FY08	11.6%
FY09	16.38%
FY10	15.3%
FY11	14.94%
FY12	17.99%
FY13	14.86%
FY14	14.42%

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 35

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 35: Reference Herbert Testimony page 7, lines 186-192.

- a. Does FPB use mains anywhere on its system larger than 10 inches for distribution? Where?
- b. Does FPB use mains anywhere on its system 10 inches or smaller for transmission? Where?

Response: Please see the portion of the PSC's Order Dated April 6, 2009 issued in Case No. 2008-00250 attached hereto that explains the rationale for the allocation of 10 inch lines.

The expenses for water mains were allocated based on Factor 6 in the Gannett Fleming Study.²⁷ This factor is based on the weighting of maximum daily consumption and the maximum hour consumption for each customer classification. In addition, the consumption factors are further weighted by the proportional footage of transmission mains (identified as lines greater than 10 inches in diameter) and distribution mains (identified as lines 10 inches and smaller in diameter). Transmission mains represent approximately 21.3 percent of the Plant Board's water mains; and because maximum daily consumption is most closely related to these larger lines, the maximum daily consumption allocation factor is multiplied by 21.3 percent. Similarly, the maximum hourly consumption is most closely related to the smaller distribution lines, and that consumption allocation factor is multiplied by the remainder, 78.7 percent. The addition of these two products results in the total allocation factor for costs associated with main expenses.

Because Factor 6 of the Gannett Fleming Study is weighted based on the ratio of footage for transmission and distribution mains in the Plant Board's system, the Commission finds that it is not unreasonable to allocate to the wholesale customers the costs associated with mains that are less than 10 inches in diameter and that do not directly serve the wholesale customers.

In addition, there is evidence in the record that water mains smaller than 10 inches in diameter benefit the wholesale customers. Most notably, some of the wholesale customers are directly served through meters connected to lines smaller than

²⁷ *Id.* at 20.

10 inches in diameter.²⁸ In addition, David Billings testified that looped lines (generally 10 inches and smaller in diameter) in the Plant Board's system increase the delivery capabilities, increase the water quality by limiting dead ends, and increase the reliability of service.²⁹

The difference in methodology in the cost-of-service study relied on in the *Pikeville* rate case and the present case provides a clear, distinguishing line between the two cases. The Commission recognizes that it has required expenses for mains smaller than 10 inches in diameter to be eliminated from base-extra capacity method studies.³⁰ The AWWA M1 Manual provides several factors to consider when determining the relative demand factor. It states, "*depending on specific circumstances, the cost analyst may determine that costs for some of the small distribution mains should not be allocated to the wholesale customer.*"³¹ In the present case, Paul Herbert suggested that the Gannett Fleming Study considered the various factors and allocated a portion of the distribution main expenses to the Plant Board's wholesale customers.³² Because specific circumstances are different in this case, the Commission's findings are not inconsistent with prior cases.

²⁸ Plant Board's Response to Commission Staff's Third Set of Information Requests, Item 3, Ex. 5 (filed Feb. 2, 2009); Transcript at 79-80.

²⁹ Transcript at 56-57.

³⁰ See Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) An Adjustment of Rates; (B) A Certificate of Convenience and Necessity for Improvements to Water Facilities If Necessary; and (C) Issuance of Bonds* (Ky. PSC Apr. 30, 2003); Case No. 1994-00056, *Application of Kenton County Water District No. 1: (A) For Authority to Issue Parity Revenue Bonds in the Approximate Principal Amount of \$7,315,000 for the Purpose of Refunding Bond Anticipation Notes and for Other Needs; and (B) Notice of an Adjustment in Water Rates: An Increase of Approximately \$1,834,000 Effective May 1, 1994*, at 15 (Ky. PSC Jan. 24, 1995).

³¹ AWWA M1 Manual, *supra*, note 23, at 235 (emphasis added).

³² Transcript at 121.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 36

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 36: Reference Herbert Testimony page 7, line 195 to page 8, line 199.

- a. What was the rationale for weighting the allocation of services factor?
- b. What was the rationale for using "the relative unit cost per foot by service size" as the method of weighting allocation of services?

Response: The weighting of the allocation of services is appropriate as the cost of installation, or relative unit cost per foot by service size, of larger service lines is greater than the cost to install ¾-inch service lines. The weighting allocates more costs to those customers with larger service lines. Without weighting, each customer would be allocated the same costs without consideration as to the size of the service line.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 37

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 37: Reference Herbert Testimony page 8. Confirm the reference to page numbers 26, 27, and 29 through 30 is a reference to the cost of service study found at FPB's response to PSC item 22.

Response: Confirmed

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 38

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 38: Reference Herbert Testimony page 9, lines 227-235. Please provide the specific calculations, data, sources, and assumptions used to determine the ratios.

Response: Response: Please refer to the table below for the system delivery (gallons) for the last three years which supports the use of a 1.80 maximum day ratio. The system maximum hour ratio was based on a multiplier of 1.4 times the maximum day ratio. ($1.80 \times 1.4 = 2.5$).

Year	Avg. Day	Peak Day	Ratio
2011	8,134,387	13,684,000	1.68
2012	7,626,329	13,728,385	1.80
2013	8,493,000	14,713,000	1.73

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 39

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 39: Reference Herbert Testimony page 9, lines 236-242. Please provide the specific calculations, data, sources, and assumptions used to determine the estimated demands used for the customer classifications in the development of factors 2, 3, and 4.

Response: Please refer to the responses to Items 23 and 26.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 40

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 40: Reference FPB response to Item 22, page 4. If the proposed rates will produce \$2,066,483 in revenue, but FPB asserts that the cost of service for the class is \$2,233,855, then why has FPB not proposed a revenue increase sufficient to cover the full cost of service for the class?

Response: Although the FPB could have requested a larger increase to reflect the full cost of service from the non-water producers wholesale class, the FPB decided to limit the increase to approximately 45% in the interest of gradualism.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 41

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 41: Reference FPB response to PSC item 14. During calendar year 2013, how much water did the Frankfort water treatment plant treat per day, on average?

a. How much water does FPB estimate the plant will treat per day, on average, in 2014?

Response: During calendar year 2013, FPB's water treatment plant treated an average of 7,977,214 gallons per day. To date, in 2014, FPB's water treatment plant has treated an average of 8,084,545 gallons per day.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 42

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 42: Provide the cost of service study conducted by Gannett Fleming for
FPB in 2013.

Response: Attached

THE ELECTRIC AND WATER PLANT BOARD
OF THE CITY OF FRANKFORT, KENTUCKY

WATER DIVISION

COST OF SERVICE ALLOCATION STUDY

AS OF JUNE 30, 2012

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania



Excellence Delivered As Promised

May 21, 2013

Frankfort Plant Board
317 West Second Street
Frankfort, KY 40602

Attention David Billings
Chief Water Engineer

Ladies and Gentlemen:

Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements estimated for the test year ended June 30, 2012, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.
Valuation and Rate Division

A handwritten signature in cursive script that reads "Paul R. Herbert".

PAUL R. HERBERT
President

A handwritten signature in cursive script that reads "Constance E. Heppenstall".

CONSTANCE E. HEPPENSTALL
Project Manager, Rate Studies

PRH/km

056863

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PART I. INTRODUCTION

THE ELECTRIC AND WATER PLANT BOARD
OF THE CITY OF FRANKFORT, KENTUCKY
WATER DIVISION

COST OF SERVICE ALLOCATION STUDY
AS OF JUNE 30, 2012
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of June 30, 2012, prepared for The Electric and Water Plant Board of the City of Frankfort, Kentucky (The Frankfort Plant Board), Water Division. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth the proposed rate structure.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and customer accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2012 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The

customer costs were allocated on the bases of the relative cost of meters and services, the number of meter readings and the number of bills.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were assigned directly to Public Fire Protection. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

RESULTS OF STUDY

The data summarized in Schedule A, "Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended June 30, 2012," constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Allocation of Cost of Service to Customer Classifications for the Twelve Months Ended June 30, 2012". The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 3 to the cost of service by account in column 4. The bases of the allocation factors are presented in Schedule C.

DESIGN OF PROPOSED RATES

The results of the cost of service allocation study were discussed with the Frankfort Plant Board management in order that it be afforded the opportunity of performing its role in the oversight of designing rates that are consistent with the cost of providing service to

each customer class. Using class cost of service as the guideline, the proposed rate design continues the move of each class with the exception of the Non-Water Producers, to its relative cost of service, including the rates for city and county customers, which have comparable service costs. The total revenue from proposed rates of \$9,438,440 is \$709,301 less than the cost of service of \$10,147,741. The \$709,267 difference is the increase in costs required to serve the Non Water Producers. The proposed rates do not recover this increased cost from the other classifications. The rates for the Non Water Producers are subject to Kentucky Public Service Commission approval. In Case 2010-00485, the Water Board agreed to a three year phase in of rates for this class. The rate reflected in Schedule H is the final rate of the three year phase and will be effective on April 1, 2013. The Water Board cannot raise the rates for this class until after March 31, 2014.

The proposed rate structure, as presented in Part III, Proposed Customer Rates, Schedule E, consists of customer charges and volumetric rates. The rate structure has been modified to replace the minimum charge, which included a 2,000 gallon per month allowance for all customers, with a customer charge which varies with meter size and includes no monthly allowance. The consumption charges were increased by varying percentages to move revenues closer to cost of service. The proposed rate structure also combined the existing second and third rate blocks (the next 20,000 gallons and the next 175,000 gallons) into a new second block for the next 195,000 gallons. The revenues resulting from the proposed rate structure are shown in columns 6 and 7 of Schedule A, and the increase and percentage increase in columns 8 and 9.

FRANKFORT ELECTRIC AND WATER PLANT BOARD

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2012

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 3,988,225	51.1%	\$ 3,473,675	52.5%	\$ 4,018,253	51.5%	\$ 544,577	15.7%
Commercial	2,769,179	35.5%	2,501,995	37.8%	2,945,283	37.8%	443,288	17.7%
Public	59,480	0.8%	50,680	0.8%	59,215	0.8%	8,535	16.8%
Water Producers	641,356	8.2%	360,633	5.4%	486,840	6.2%	126,207	35.0%
Private Fire Service	271,808	3.5%	169,751	2.6%	220,539	2.8%	50,788	29.9%
Public Fire Service	67,883	0.9%	61,779	0.9%	67,883	0.9%	6,104	9.9%
Total Sales	7,797,931	100.0%	6,618,514	100.0%	7,798,013	100.0%	1,179,499	17.8%
Non Water Producers	2,147,410		1,438,026		1,438,026		-	0.0%
Other Revenues	202,400		201,839		202,400		561	0.3%
Total	\$ 10,147,741		\$ 8,258,380		\$ 9,438,440		\$ 1,180,060	14.3%

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PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

FRANKFORT ELECTRIC AND WATER PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2012, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Sales for Resale			Sales for Resale		Fire Protection			
			Residential (4)	Commercial (5)	Public (6)	Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)		
OPERATION AND MAINTENANCE EXPENSES											
POWER AND PUMPING EXPENSES											
530560		SECURITY EXPENSE	2	4,000	\$ 1,106	\$ 1,268	\$ 29	\$ 1,192	\$ 392	\$ 3	\$ 10
823000	20	PUMPING POWER	1	447,400	\$ 119,501	\$ 150,908	\$ 3,490	\$ 141,871	\$ 28,902	\$ 671	\$ 2,058
833000	20	PUMPING MAINTENANCE	2	120,990	33,468	38,342	883	36,043	11,845	97	315
TOTAL POWER AND PUMPING EXPENSES				572,389	154,073	190,517	4,402	179,105	41,139	771	2,383
WATER TREATMENT EXPENSE											
841000	20	WATER TREATMENT CHEMICALS	1	389,600	104,062	131,412	3,039	123,542	25,168	584	1,792
842000	20	WATER TREATMENT LABOR	2	431,500	119,353	138,742	3,150	129,544	42,244	345	1,122
843000	20	MISCELLANEOUS TREATMENT EXPENSE	2	20,945	5,793	6,837	153	6,239	2,050	17	54
844000	20	TREATMENT LABORATORY EXPENSE	2	38,371	10,813	12,160	280	11,431	3,757	31	100
844100	20	TREATMENT LABORATORY PAYROLL	2	-	0	0	0	0	0	0	0
852000	20	WATER TREATMENT MAINTENANCE	2	151,854	42,003	48,123	1,109	45,237	14,667	121	395
852100	20	WATER TREATMENT MAINT PAYROLL	2	96,300	29,637	30,517	703	28,888	9,428	77	250
TOTAL WATER TREATMENT EXPENSE				1,128,570	308,481	365,592	8,433	343,681	97,513	1,178	3,713
TRANSMISSION AND DISTRIBUTION											
877000	20	FIRE HYDRANTS	7	12,203	0	0	0	0	0	1,517	10,888
877100	20	FIRE HYDRANTS PAYROLL	7	71,400	0	0	0	0	0	8,875	82,525
878000	20	WATER DISTRIBUTION EXPENSES - GENERAL	10	23,242	6,952	5,332	118	4,274	1,278	1,171	4,118
878000	20	WATER DISTRIBUTION EXPENSES - MAINS	6	325,858	70,450	78,499	1,792	75,957	22,388	19,193	57,579
878000	20	WATER DISTRIBUTION EXPENSES - PUMPING	2	25,545	7,068	8,095	188	7,810	2,501	20	68
878000	20	WATER DISTRIBUTION EXPENSES - METERS	8	63,116	45,128	10,416	271	934	366	0	0
878000	20	WATER DISTRIBUTION EXPENSES - SERVICES	9	19,308	15,775	2,707	33	27	8	757	0
878000	20	WATER DISTRIBUTION EXPENSES - SLUDGE REMC	2	4,888	1,298	1,485	34	1,398	459	4	12
878100	20	WATER DIST PAYROLL - GENERAL MAINTENANCE	10	44,400	13,280	10,185	222	8,165	2,442	2,238	7,888
878100	20	WATER DIST PAYROLL - MAINS	6	622,408	134,584	149,959	3,424	145,104	42,765	38,865	109,995
878100	20	WATER DIST PAYROLL - PUMPING	2	48,800	13,498	15,465	358	14,538	4,778	39	127
878100	20	WATER DIST PAYROLL - METERS	8	120,572	89,209	31,361	518	1,784	699	0	0
878100	20	WATER DIST PAYROLL - SERVICES	9	38,880	30,135	5,171	63	52	15	1,448	0
878100	20	WATER DIST PAYROLL - SLUDGE REMOVAL	2	8,952	2,478	2,837	65	2,887	878	7	23
930300	20	DISTRIBUTION POWER	3	180,000	45,774	52,452	1,224	49,302	18,200	3,782	11,288
700000	20	ENGINEERING EXPENSE ACCOUNT	10	2,255	675	517	11	415	124	114	400
700100	20	ENGINEERING PAYROLL	10	283,800	84,885	85,104	1,419	52,191	15,809	14,304	50,289
TOTAL TRANSMISSION AND DISTRIBUTION				1,893,510	558,181	445,585	9,738	384,416	110,507	90,111	314,975

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FRANKFORT ELECTRIC AND WATER PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2012, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Public (6)	Sales for Resale		Fire Protection		
						Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)	
CUSTOMER ACCOUNTING AND COLLECTING EXPENSE										
902000	20	METER READING EXPENSES	1,269	1,097	170	2	1	0	0	0
902100	20	METER READING PAYROLL	167,782	144,846	22,430	252	117	17	0	0
903000	20	CUSTOMER RECORDS AND COLLECTION	60,571	51,479	7,071	91	42	6	969	12
903010	20	POSTAGE AND PRINTING	4,859	4,130	639	7	3	0	78	1
903100	20	CUSTOMER RECORDS AND COLLECTION PAYROLL	168,711	143,387	22,202	253	118	17	2,699	34
903200	20	CASH OVER AND SHORT	34	29	4	0	0	0	1	0
904000	20	BAD DEBTS EXPENSE	55,745	47,378	7,339	84	39	6	892	11
TOTAL CUSTOMER ACCOUNTING AND COLLECTING EXPENSE			458,950	392,445	60,753	688	321	46	4,639	58
ADMINISTRATIVE AND GENERAL EXPENSES										
903921	20	OFFICE SUPPLIES EXPENSE	11,155	4,128	2,705	58	2,157	677	331	1,100
905100	20	INFORMATION TECHNOLOGIES PAYROLL	112,321	41,548	27,238	584	21,723	6,818	3,338	11,075
905200	20	GIS EXPENSES	10,623	4,003	2,625	56	2,093	657	321	1,067
905210	20	CIS EXPENSES	1,432	530	347	7	277	87	43	141
905300	20	COMPUTER EXPENSE	10,692	3,918	2,508	55	2,048	643	315	1,044
905400	20	SOFTWARE SERVICES	55,072	20,371	13,355	268	10,651	3,343	1,638	5,430
913000	20	PUBLISHING EXPENSE	11,470	4,243	2,781	60	2,218	896	341	1,131
920000	20	ADMINISTRATIVE EXPENSE	4,070	1,506	987	21	787	247	121	401
		COST OF SERVICE STUDY	27,000	9,172	6,031	151	5,843	1,744	737	2,422
920060	20	DUES AND SUBSCRIPTIONS	10,198	7,101	4,656	100	3,713	1,165	570	1,893
920070	20	CELL PHONE EXPENSE	11,317	4,168	2,744	59	2,189	687	336	1,116
920100	20	ADMINISTRATIVE PAYROLL	222,209	82,195	53,888	1,155	42,975	13,488	6,600	21,910
920200	20	CLEARING ACCOUNT	83	31	20	0	18	5	2	8
920400	20	SAFETY EXPENSE	13,784	5,099	3,343	72	2,668	837	409	1,359
920700	20	TRAVEL AND TRAINING EXPENSE	34,961	12,832	8,478	182	6,761	2,122	1,038	3,447
920810	20	BOARD EXPENSES	182	60	39	1	31	10	5	16
920820	20	BOARD PAYROLL	1,094	405	265	6	212	66	32	106
920910	20	SOCIAL SECURITY EXPENSE	220,481	81,549	53,482	1,146	42,637	13,382	6,548	21,737
923300	20	LEGAL RETAINER FEES	6,428	2,378	1,559	33	1,243	390	191	634
923400	20	OTHER CONSULTING FEES	45,400	16,793	11,010	238	8,780	2,758	1,348	4,476
923500	20	OTHER LEGAL AND ACCOUNTING	6,131	2,268	1,487	32	1,186	372	182	605
923700	20	OTHER SERVICES	15,108	5,588	3,663	79	2,922	917	449	1,489
924000	20	INSURANCE EXPENSE	284,588	105,268	69,012	1,480	55,039	17,274	8,452	28,060
926000	20	UNEMPLOYMENT INSURANCE	2,096	800	490	10	380	118	66	220
926060	20	VACATION BENEFITS EXPENSE	26,793	10,232	6,269	134	4,863	1,514	840	2,631
928070	20	SICK BENEFITS EXPENSE	322	123	75	2	59	18	10	35

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FRANKFORT ELECTRIC AND WATER PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2012, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential			Commercial		Public		Sales for Resale Non Water Prod. (7)	Sales for Resale Water Prod. (8)	Fire Protection	
			(4)	(5)	(6)	(7)	(8)	(9)	(10)				
926100	20	EMPLOYEES WELFARE EXPENSE	15	1,403	538	328	7	255	79	44	154		
926300	20	EMPLOYEE INSURANCE	15	726,683	277,520	170,044	3,633	131,893	41,058	23,036	79,499		
926310	20	EMPLOYEE LIFE INSURANCE	15	16,477	8,292	3,856	82	2,990	831	522	1,803		
926400	20	CLUBHOUSE EXPENSE	15	8,634	2,534	1,552	33	1,204	375	210	720		
926450	20	EMPLOYEE ACTIVITY EXPENSE	15	1,786	682	418	9	324	101	57	195		
926460	20	UNIFORM EXPENSE	15	30,710	11,728	7,186	154	5,574	1,735	973	3,360		
926470	20	EMPLOYEE ASSISTANCE EXP	15	889	263	161	3	125	39	22	75		
926500	20	COMPANY CONTRIBUTION TO EMP PENSION	15	583,924	223,091	138,838	2,920	105,982	32,992	18,510	63,881		
926600	20	OTHER CO PAID PENSION EXPENSES	15	3,668	1,400	858	18	665	207	118	401		
930100	20	GENERAL EXPENSES	14	1,830	603	395	8	315	69	48	181		
930101	20	PUBLIC INFORMATION EXPENSE	14	2,646	979	642	14	512	161	79	261		
930100	20	REPAIR AND MAINTENANCE EXPENSES	14	31,805	11,765	7,713	165	6,151	1,931	945	3,136		
930300	20	UTILITIES	14	43,772	16,191	10,815	228	8,485	2,657	1,300	4,310		
930435	20	CASH CONTRIBUTIONS TO CITY	14	2,437	902	591	13	471	148	72	240		
932110	20	SUPPORT SERVICES EXP	14	2,523	933	612	13	488	153	75	249		
932120	20	SUPPORT SERVICES PAYROLL	14	103,787	38,391	25,168	540	20,072	6,300	3,082	10,233		
932130	20	INVENTORY ADJUSTMENTS	14	8,500	3,144	2,061	44	1,644	516	252	638		
932140	20	COST OF SALES CLEARING	14	818	303	188	4	158	50	24	81		
932200	20	AUTO & TRUCK REPAIR EXPENSE	14	54,131	20,023	13,127	281	10,469	3,266	1,608	5,337		
932210	20	AUTO & TRUCK REPAIR PAYROLL	14	72,774	26,919	17,648	378	14,075	4,417	2,161	7,176		
932220	20	AUTO & TRUCK GAS & OIL	14	110,392	44,183	28,953	621	23,090	7,247	3,546	11,772		
		TOTAL ADMINISTRATIVE AND GENERAL EXPENSES		2,970,251	1,114,695	708,759	15,176	558,393	174,515	90,954	307,759		
		TOTAL OPERATION AND MAINTENANCE		7,023,071	2,527,855	1,771,206	38,436	1,445,917	423,718	187,650	628,869		
DEPRECIATION EXPENSE													
302	101311	SOURCE OF SUPPLY STRUCT & IMP.	2	6,738	1,863	2,135	49	2,007	659	5	18		
310	101313	SOURCE OF SUPPLY RIVER INTAKES	2	22,341	6,179	7,080	163	6,655	2,187	18	58		
320	101315	SOURCE OF SUPPLY GALLERIES & T	2	2,438	674	773	18	726	239	2	6		
330	101316	SOURCE OF SUPPLY SUPPLY MAINS	2	626	173	198	5	188	81	1	2		
389	101321	PUMPING STRUCTURES & IMPROVEME	2	4,369	1,209	1,385	32	1,302	428	3	11		
311	101325	PUMPING EQUIPMENT	2	85,093	18,005	20,628	475	19,391	8,373	52	189		
321	101331	TREATMENT STRUCTURES AND IMPRO	2	167,887	51,970	59,541	1,372	55,972	18,394	150	489		
321	101332	TREATMENT EQUIPMENT	2	110,346	30,522	34,989	808	32,872	10,603	88	287		
331	101341	DISTRIBUTION STRUCTURES AND IM	6	6,809	1,472	1,640	37	1,587	488	401	1,203		
331	101342	DISTRIBUTION RESERVOIRS & STAN	5	160,997	42,278	46,889	1,063	45,828	12,944	3,107	9,290		
331	101343	DISTRIBUTION TRANSMISSION & DI	6	363,523	78,594	87,573	1,999	84,737	24,974	21,412	64,235		
331	101344	DISTRIBUTION FIRE MAINS	7	2,769	0	0	0	0	0	344	2,425		
331	101345	DISTRIBUTION SERVICES	9	36,450	29,783	5,110	62	51	15	1,420	0		
341	101346	DISTRIBUTION METERS	8	27,118	19,388	7,053	117	401	157	0	0		
341	101347	DISTRIBUTION METER INSTILLATIO	8	914	653	238	4	14	5	0	0		
390.1	101348	DISTRIBUTION HYDRANTS	7	16,132	0	0	0	0	0	2,005	14,127		
390.1	101349	OTHER DISTRIBUTION PLANT	6	1,387	300	334	8	323	95	82	245		
390	101390	GENERAL STRUCTURES AND IMPROVE	14	48,067	17,780	11,656	250	9,296	2,918	1,428	4,730		
390.3	101391	GENERAL OFFICE EQUIPMENT	14	83,140	23,356	15,311	328	12,211	3,633	1,875	6,228		
312	101392	GENERAL TRANSPORT EQUIPMENT	14	100,037	37,004	24,259	520	19,347	6,072	2,971	9,884		
313	101393	GENERAL STORES EQUIPMENT	14	499	185	121	3	97	30	15	49		
314	101394	GENERAL TOOLS SHOP & GARAGE EQ	14	1,472	544	357	8	285	89	44	145		
316	101395	GENERAL LABORATORY EQUIPMENT	2	113	31	36	1	34	11	0	0		

May 21, 2013 Board Package - Water Cost of Service Study (Tab 2)

Schedule B
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FRANKFORT ELECTRIC AND WATER PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2012, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account		Factor Ref.	Cost of Service	Sales for Resale			Sales for Resale		Fire Protection			
(1)	(2)			(3)	Residential (4)	Commercial (5)	Public (6)	Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)	
318	101306		GENERAL POWER OPERATED EQUIPME	14	40,030	15,140	9,925	213	7,018	2,484	1,216	4,038
318	101307		GENERAL COMUNICATIONS EQUIPME	14	6,143	2,272	1,490	32	1,188	373	182	606
318	101308		GENERAL MISCELLANEOUS EQUIPMEN	14	8,591	3,178	2,083	45	1,861	521	255	847
318	101309		GENERAL COMPUTER EQUIPMENT	14	152,921	58,665	37,093	795	29,575	9,282	4,542	15,078
TOTAL DEPRECIATION EXPENSE					1,437,846	439,118	377,668	8,403	333,461	103,417	41,627	134,163
DEBT SERVICE AND INTEREST PAYABLE												
930426	20		INTEREST ON BAN	17	50,750	14,428	13,687	310	12,495	3,882	1,451	4,617
930427	20		DEBT SERVICE ON BONDS	17	1,604,484	456,149	432,724	9,787	395,019	122,100	45,888	142,797
			COVERAGE ON BONDS	17	17,500	4,975	4,720	107	4,309	1,332	501	1,558
930431	20		INTEREST ON CUSTOMER DEPOSITS	12	13,509	11,482	1,778	20	9	1	218	3
TOTAL DEBT SERVICE AND INTEREST PAYABLE					1,698,224	487,034	452,909	10,224	411,832	127,295	48,058	148,874
TOTAL COST OF SERVICE					10,147,741	3,454,007	2,601,782	57,062	2,191,209	654,431	277,333	911,918
LESS OTHER WATER REVENUES			18		202,400	88,755	51,956	1,133	43,799	13,075	5,526	18,155
TOTAL OTHER WATER REVENUES					202,400	88,755	51,956	1,133	43,799	13,075	5,526	18,155
TOTAL COST OF SERVICE RELATED TO SALES OF WATER					<u>\$ 9,945,341</u>	<u>\$ 3,385,252</u>	<u>\$ 2,540,826</u>	<u>\$ 65,929</u>	<u>\$ 2,147,410</u>	<u>\$ 641,356</u>	<u>\$ 271,808</u>	<u>\$ 893,761</u>
REALLOCATION OF PUBLIC FIRE			19			602,973	219,353	3,551	0	0	0	(825,878)
Total					<u>\$ 9,945,341</u>	<u>\$ 3,988,225</u>	<u>\$ 2,760,179</u>	<u>\$ 69,480</u>	<u>\$ 2,147,410</u>	<u>\$ 641,356</u>	<u>\$ 271,808</u>	<u>\$ 87,883</u>

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	1,657	0.2671
Commercial	2,092	0.3373
Public	49	0.0078
Sales for Resale - Non Water Prod.	1,967	0.3171
Sales for Resale - Water Prod.	401	0.0646
Private Fire Protection	10	0.0015
Public Fire Protection	29	0.0046
Total	6,203	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.5556	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.4444	
Residential	0.2671	0.1484	0.2885	0.1282	0.2766
Commercial	0.3373	0.1874	0.2913	0.1295	0.3169
Public	0.0078	0.0043	0.0068	0.0030	0.0073
Sales for Resale - Non Water Prod.	0.3171	0.1762	0.2739	0.1217	0.2979
Sales for Resale - Water Prod.	0.0646	0.0359	0.1395	0.0620	0.0979
Private Fire Protection	0.0015	0.0008			0.0008
Public Fire Protection	0.0046	0.0026			0.0026
Total	1.0000	0.5556	1.0000	0.4444	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Maximum Day Extra Capacity	
			Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,657	1.0	1,657	0.2885
Commercial	2,092	0.8	1,673	0.2913
Public	49	0.8	39	0.0068
Sales for Resale - Non Water Prod.	1,967	0.8	1,573	0.2739
Sales for Resale - Water Prod.	401	2.0	801	0.1395
Total	6,165		5,743	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The weighting of the factors is based on the maximum day ratio of 1.80, based on a review of maximum day ratios experienced during the period 1999 through 2012

	Maximum Day Ratio	Weight
Average Day	1.00	0.5556
Maximum Day Extra Capacity	0.80	0.4444
Total	1.80	1.0000

* Ratio of maximum day to average day minus 1.0.

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X	(4)	(5)=(4) X	(6)	(7)=(6) X	(8)=(3)+(5)+(7)
		0.5109		0.4087		0.0804	
Residential	0.2671	0.1364	0.2885	0.1179			0.2543
Commercial	0.3373	0.1723	0.2913	0.1191			0.2914
Public	0.0078	0.0040	0.0068	0.0028			0.0068
Sales for Resale - Non Water Prod.	0.3171	0.1620	0.2739	0.1119			0.2739
Sales for Resale - Water Prod.	0.0646	0.0330	0.1395	0.0570			0.0900
Private Fire Protection	0.0015	0.0008			0.2500	0.0201	0.0209
Public Fire Protection	0.0046	0.0024			0.7500	0.0603	0.0627
Total	1.0000	0.5109	1.0000	0.4087	1.0000	0.0804	1.0000

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.8 and the average daily system sendout for 2011/2012 of 7.6 MGD. The system demand for fire protection is 5,000 Gallons per minute for 4 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	7,626,329	0.5109
Maximum Day Extra Capacity	<u>0.80</u>	<u>6,101,063</u>	<u>0.4087</u>
Subtotal	<u>1.80</u>	13,727,392	0.9196
Fire Protection		<u>1,200,000</u>	<u>0.0804</u>
Total		<u>14,927,392</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule D).

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2905	(5)	(6)=(5) X 0.4355	(7)	(8)=(7) X 0.2740	(9)=(4)+(6)+(8)
Residential	69.1	0.2675	0.0778	0.2947	0.1283			0.2061
Commercial	87.2	0.3373	0.0980	0.2975	0.1296			0.2276
Public	2.0	0.0077	0.0022	0.0068	0.0030			0.0052
Sales for Resale - Non Water Prod.	81.9	0.3168	0.0920	0.2993	0.1303			0.2223
Sales for Resale - Water Prod.	16.7	0.0646	0.0188	0.1017	0.0443			0.0631
Private Fire Protection	0.4	0.0015	0.0004			0.2500	0.0685	0.0689
Public Fire Protection	1.2	0.0046	0.0013			0.7500	0.2055	0.2068
Total	258.5	1.0000	0.2905	1.0000	0.4355	1.0000	0.2740	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

FRANKFORT PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2011/2012 of 7.6 MGD. The system demand for fire protection is 5,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	5,296	0.2905
Maximum Hour Extra Capacity	1.50	7,944	0.4355
Subtotal	2.50	13,240	0.7260
Fire Protection		5,000	0.2740
Total		18,240	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification (1)	Average Hourly Consumption Thousand Gal. (2)	Maximum Hour Extra Capacity		
		Factor* (3)	1,000 Gallons Per Hour (4)=(2)x(3)	Allocation Factor (5)
Residential	69.1	3.5	241.9	0.2947
Commercial	87.2	2.8	244.2	0.2975
Public	2.0	2.8	5.6	0.0068
Sales for Resale - Non Water Prod.	81.9	3.0	245.7	0.2993
Sales for Resale - Water Prod.	16.7	5.0	83.5	0.1017
Total	256.9		820.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule D).

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.3701	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.5552	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.0747	
Residential	69.1	0.2675	0.0991	0.2947	0.1635			0.2626
Commercial	87.2	0.3373	0.1248	0.2975	0.1652			0.2900
Public	2.0	0.0077	0.0028	0.0068	0.0038			0.0066
Sales for Resale - Non Water Prod.	81.9	0.3168	0.1172	0.2993	0.1662			0.2834
Sales for Resale - Water Prod.	16.7	0.0646	0.0239	0.1017	0.0565			0.0804
Private Fire Protection	0.4	0.0015	0.0006			0.2500	0.0187	0.0193
Public Fire Protection	1.2	0.0046	0.0017			0.7500	0.0560	0.0577
Total	258.5	1.0000	0.3701	1.0000	0.5552	1.0000	0.0747	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{5,000 \text{ GPM} \times 60 \text{ Min.} \times 4 \text{ Hrs.}}{16,067,000 \text{ Gallons}} = 0.0747$$

$$\text{General Service Weight} = 1.0000 - 0.0747 = 0.9253$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3701
Extra Capacity Maximum Hour	<u>1.50</u>	<u>60.00</u>	<u>0.5552</u>
Total	<u><u>2.50</u></u>	<u><u>100.00</u></u>	<u><u>0.9253</u></u>

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X	(4)	(5)=(4)X	(6)=(3)+(5)
		0.2091		0.7909	
Residential	0.2543	0.0532	0.2061	0.1630	0.2182
Commercial	0.2914	0.0809	0.2276	0.1800	0.2409
Public	0.0068	0.0014	0.0052	0.0041	0.0055
Sales for Resale - Non Water Prod.	0.2739	0.0573	0.2223	0.1758	0.2331
Sales for Resale - Water Prod.	0.0900	0.0188	0.0631	0.0499	0.0687
Private Fire Protection	0.0209	0.0044	0.0689	0.0545	0.0589
Public Fire Protection	0.0627	0.0131	0.2068	0.1638	0.1767
Total	1.0000	0.2091	1.0000	0.7909	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains (greater than 10")	379,323	0.2091
Distribution Mains (10" and smaller)	1,434,571	0.7909
Total	1,813,893	1.0000

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

<u>Customer Classification</u> (1)	<u>Number of Hydrants</u>	<u>Allocation Factor</u> (2)
Private Fire Protection	219	0.1243
Public Fire Protection	<u>1,545</u>	<u>0.8757</u>
Total	1,764	<u><u>0.8757</u></u>

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>5/8" Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	14,282	0.7150
Commercial	5,195	0.2601
Public	85	0.0043
Sales for Resale - Non Water Prod.	295	0.0148
Sales for Resale - Water Prod.	115	0.0058
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>19,972</u></u>	<u><u>1.0000</u></u>

FRANKFORT PLANT BOARD

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Equivalent (2)	Residential		Commercial		Public		Sales for Resale Non Water Producing		Sales for Resale Water Producing		Total	
		Number of Meters (3)	Weighting (4)=(2)x(3)	Number of Meters (5)	Weighting (6)=(2)x(5)	Number of Meters (7)	Weighting (8)=(2)x(7)	Number of Meters (9)	Weighting (10)=(2)x(9)	Number of Meters (11)	Weighting (12)=(2)x(11)	Number of Meters (13)	Weighting (14)
5/8	1.0	13,508	13,508	1,331	1,331	12	12	0	0	0	0	14,851	14,851
3/4	1.5	5	8	30	45	0	0	0	0	0	0	35	53
1	2.5	288	720	420	1,050	5	13	0	0	0	0	713	1,783
1-1/2	5.0	6	30	168	840	1	5	0	0	0	0	175	875
2	8.0	2	16	148	1,164	5	40	0	0	0	0	155	1,240
3	15.0	0	0	28	420	1	15	3	45	0	0	32	480
4	25.0	0	0	11	275	0	0	6	150	0	0	17	425
6	50.0	0	0	1	50	0	0	2	100	0	0	3	150
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0
10	115.0	0	0	0	0	0	0	0	0	1	115	1	115
Total		13,809	14,282	2,137	5,195	24	85	11	285	1	115	16,982	19,972

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>3/4" Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	13,870	0.8171
Commercial	2,380	0.1402
Public	29	0.0017
Sales for Resale - Non Water Prod.	23	0.0014
Sales for Resale - Water Prod.	6	0.0004
Private Fire Protection	<u>665</u>	<u>0.0392</u>
Total	<u><u>16,973</u></u>	<u><u>1.0000</u></u>

FRANKFORT PLANT BOARD

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Equivalent (2)	Residential		Commercial		Public		Sales for Resale Non Water Producing		Sales for Resale Water Producing		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)x(3)	Number of Services (5)	Weighting (6)=(2)x(5)	Number of Services (7)	Weighting (8)=(2)x(7)	Number of Services (9)	Weighting (10)=(2)x(9)	Number of Services (11)	Weighting (12)=(2)x(11)	Number of Services (13)	Weighting (14)=(2)x(13)	Number of Services (15)	Weighting (16)
3/4	1.00	13,513	13,513	1,361	1,361	12	12	0	0	0	0	0	0	14,886	14,886
1	1.20	288	346	420	504	5	6	0	0	0	0	0	0	713	858
1-1/2	1.30	6	8	168	218	1	1	0	0	0	0	0	0	175	227
2	1.50	2	3	148	222	5	8	0	0	0	0	5	8	160	241
3	1.70	0	0	28	48	1	2	3	5	0	0	4	6	36	81
4	2.20	0	0	11	24	0	0	6	13	0	0	75	165	92	202
6	2.50	0	0	1	3	0	0	2	5	0	0	138	345	141	353
8	3.20	0	0	0	0	0	0	0	0	0	0	30	97	30	97
10	5.60	0	0	0	0	0	0	0	0	1	6	6	44	9	50
Total		13,809	13,870	2,137	2,380	24	29	11	23	1	6	260	665	16,242	16,973

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF TRANSMISSION AND DISTRIBUTION ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Transmission & Distribution Operating Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 406,616	0.2991
Commercial	311,995	0.2294
Public	6,744	0.0050
Sales for Resale - Non Water Prod.	250,069	0.1839
Sales for Resale - Water Prod.	74,853	0.0550
Private Fire Protection	68,523	0.0504
Public Fire Protection	241,014	0.1772
Total	<u>1,359,813</u>	<u>1.0000</u>

FACTOR 11. ALLOCATION OF EXPENSES FOR SALES FOR RESALE CUSTOMERS NON WATER PRODUCING

Costs are assigned directly to Sales for Resale Non Water Producing Customers.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (2)
Sales for Resale - Non Water Prod.	1.0000

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	13,809	0.8499
Commercial	2,137	0.1316
Public	24	0.0015
Sales for Resale - Non Water Prod.	11	0.0007
Sales for Resale - Water Prod.	1	0.0001
Private Fire Protection	260	0.0160
Public Fire Protection	3	0.0002
 Total	 <u>16,245</u>	 <u>1.0000</u>

FACTOR 13. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

<u>Customer Classification</u> (1)	<u>Total Metered Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	13,809	0.8640
Commercial	2,137	0.1337
Public	24	0.0015
Sales for Resale - Non Water Prod.	11	0.0007
Sales for Resale - Water Prod.	1	0.0001
 Total	 <u>15,982</u>	 <u>1.0000</u>

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$1,189,598	0.3699
Commercial	780,126	0.2425
Public	16,731	0.0052
Sales for Resale - Non Water Prod.	622,110	0.1934
Sales for Resale - Water Prod.	195,134	0.0607
Private Fire Protection	95,441	0.0297
Public Fire Protection	<u>317,279</u>	<u>0.0986</u>
Total	<u>\$3,216,420</u>	<u>1.0000</u>

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification <u>(1)</u>	Direct Labor Expense <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$959,592	0.3819
Commercial	587,691	0.2340
Public	12,445	0.0050
Sales for Resale - Non Water Prod.	455,654	0.1815
Sales for Resale - Water Prod.	141,883	0.0565
Private Fire Protection	79,623	0.0317
Public Fire Protection	<u>274,717</u>	<u>0.1094</u>
Total	<u>\$2,511,605</u>	<u>1.0000</u>

FACTOR 16. NOT USED IN THIS ALLOCATION.

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 17. ALLOCATION OF TAXES AND DEBT SERVICE COSTS

Factors are based on the allocation of the original cost measure of value rate base as shown on the following page and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$10,509,373	0.2843
Commercial	9,968,560	0.2697
Public	224,354	0.0061
Sales for Resale - Non Water Prod.	9,097,551	0.2462
Sales for Resale - Water Prod.	2,812,052	0.0761
Private Fire Protection	1,056,876	0.0286
Public Fire Protection	<u>3,289,807</u>	<u>0.0890</u>
Total	<u>\$36,958,573</u>	<u>1.0000</u>

FACTOR 18. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$3,370,339	0.3397
Commercial	2,546,013	0.2567
Public	55,864	0.0056
Sales for Resale - Non Water Prod.	2,146,417	0.2164
Sales for Resale - Water Prod.	640,462	0.0646
Private Fire Protection	270,615	0.0273
Public Fire Protection	<u>889,637</u>	<u>0.0897</u>
Total	<u>\$9,919,347</u>	<u>1.0000</u>

FRANKFORT ELECTRIC AND WATER PLANT BOARD

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2012, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential			Sales for Resale		Sales for Resale		Fire Protection	
			Residential (4)	Commercial (5)	Public (6)	Non Water Prod. (7)	Water Prod. (8)	Private (9)	Public (10)		
RATE BASE											
101310	01	\$ 21,925	\$ 6,064	\$ 8,948	\$ 160	\$ 6,531	\$ 2,146	\$ 18	\$ 57		
101311	01	130,375	38,082	41,310	852	38,839	12,784	104	339		
101313	01	392,494	108,564	124,381	2,865	116,924	38,425	314	1,020		
101315	01	32,047	8,864	10,156	234	9,547	3,137	26	83		
101316	01	27,074	7,489	8,580	198	8,065	2,851	22	70		
101320	01	2,436	674	772	18	726	238	2	6		
101321	01	102,977	28,483	32,833	752	30,877	10,081	82	268		
101325	01	2,656,817	707,216	810,255	18,665	761,676	250,312	2,045	6,648		
101330	01	14,077	3,894	4,481	103	4,193	1,378	11	37		
101331	01	7,529,506	2,082,661	2,386,101	54,665	2,243,040	737,139	6,024	19,577		
101332	01	3,224,041	891,770	1,021,699	23,535	960,442	315,634	2,579	8,383		
101340	01	168,082	36,339	40,491	924	39,180	11,547	9,900	29,700		
101341	01	278,261	80,160	87,033	1,530	84,863	19,117	16,390	49,169		
101342	01	5,665,047	1,487,878	1,643,125	37,395	1,605,729	455,542	109,353	326,025		
101343	01	12,458,900	2,893,614	3,001,349	68,524	2,964,170	855,926	733,829	2,201,488		
101344	01	41,175	0	0	0	0	0	5,118	36,057		
101345	01	1,589,480	1,282,422	220,041	2,668	2,197	628	61,524	0		
101346	01	874,071	481,961	175,328	2,899	9,976	3,910	0	0		
101347	01	31,344	22,411	8,153	135	484	182	0	0		
101348	01	530,498	0	0	0	0	0	65,941	464,558		
101349	01	(36,906)	(7,979)	(8,891)	(203)	(8,603)	(2,635)	(2,174)	(6,521)		
101389	01	38,829	14,363	9,416	202	7,510	2,357	1,153	3,820		
101390	01	189,418	70,066	45,034	985	36,033	11,480	5,628	18,677		
101391	01	132,145	48,680	32,045	887	25,557	8,021	3,925	13,029		
101392	01	699,400	258,708	169,604	3,637	135,264	42,454	20,772	68,961		
101393	01	1,091	404	285	6	211	66	32	108		
101394	01	1,015	375	246	5	199	62	30	100		
101395	01	3,014	834	955	22	898	295	2	8		
101396	01	285,749	105,698	89,294	1,488	55,264	17,345	6,487	28,175		
101397	01	6,077	2,248	1,474	32	1,175	369	180	599		
101398	01	37,796	13,881	9,166	197	7,310	2,294	1,123	3,727		
101399	01	149,417	55,269	36,234	777	26,897	9,070	4,438	14,733		
Total Utility Plant In Service		38,956,573	10,509,373	9,968,560	224,354	9,097,551	2,812,052	1,056,876	3,289,807		

May 21, 2013 Board Package - Water Cost of Service Study (Tab 2)

FRANKFORT ELECTRIC AND WATER PLANT BOARD

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 19. REALLOCATION OF PUBLIC FIRE COSTS

The factors are based on the allocation of the total cost of service, excluding those items being

<u>Customer Classification</u> (1)	<u>5/8th Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	14,282	0.7301
Commercial	5,195	0.2656
Public	85	0.0043
Sales for Resale - Non Water Prod.	0	0.0000
Sales for Resale - Water Prod.	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	<u>0</u>	<u>0.0000</u>
 Total	 <u><u>19,562</u></u>	 <u>1.0000</u>

FRANKFORT PLANT BOARD

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00	5	20	
3 -inch	9.00	4	32	
4 -inch	16.00	75	1,200	
6 -inch	36.00	138	4,962	
8 -inch	64.00	30	1,947	
10 -inch	100.00	8	783	
Private Hydrants	30.25	219	6,630	
Total Private Fire Protection		<u>478.8333</u>	<u>15,574</u>	0.2500
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1- 5,5"	30.25	1,545	46,726
Total Public Fire Protection			<u>1,545</u>	<u>46,726</u>
Total Fire Protection			<u><u>2,024</u></u>	<u><u>62,300</u></u>
				<u><u>1.0000</u></u>

PART III. PROPOSED CUSTOMER RATES

FRANKFORT ELECTRIC AND WATER PLANT BOARD
WATER DIVISION RATES
COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES

Rate	Present Rates	Proposed Rates	Percentage Increase
City Customers			
Minimum with 2,000 gallon allowance	\$ 10.12		
Customer Charge Per Month:			
5/8 Inch		\$ 6.00	
3/4 Inch		9.00	
1 Inch		15.00	
1 1/2 Inch		30.00	
2 Inch		48.00	
3 Inch		90.00	
4 Inch		150.00	
6 Inch		300.00	
8 Inch		480.00	
Consumption Charges, Per Thousand Gallons			
Up to 5,000	\$ 5.06	\$ 4.75	-6.13%
Next 20,000	3.89	3.89	0.00%
Next 175,000	3.21	3.89	21.18%
Next 800,000	2.41	2.41	0.00%
Over 1,000,000	1.90	1.90	0.00%
Average Residential bill at 4,000 gallons/ Month	\$ 20.24	\$ 25.00	23.52%
County Customers			
Minimum with 2,000 gallon allowance	\$ 14.26	-	
Customer Charge Per Month:			
5/8 Inch		\$ 6.00	
3/4 Inch		9.00	
1 Inch		15.00	
1 1/2 Inch		30.00	
2 Inch		48.00	
3 Inch		90.00	
4 Inch		150.00	
6 Inch		300.00	
8 Inch		480.00	
Consumption Charges			
Up to 5,000	\$ 7.13	\$ 6.49	-8.98%
Next 20,000	3.89	3.89	0.00%
Next 175,000	3.21	3.89	21.18%
Next 800,000	2.41	2.41	0.00%
Over 1,000,000	1.90	1.90	0.00%
Average Residential bill at 4,000 gallons	28.52	31.96	12.06%

FRANKFORT ELECTRIC AND WATER PLANT BOARD
WATER DIVISION RATES
COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES

Rate	Present Rates	Proposed Rates	Percentage Increase
<u>Resale - Non Water Producers</u>			
Minimum Charge	-	-	
Consumption Charge Per Thousand Gallons (as of 3/12/2012)	2.01	2.01	0.00%
<u>Resale - Water Producers</u>			
Minimum Charge	-	-	
Consumption Charge Per Thousand Gallons	2.47	3.33	35.00%
<u>Gratis</u>			
Minimum Charge	-	-	
Consumption Charge Per Thousand Gallons	0.652	0.773	18.58%
<u>Water Loading</u>			
Minimum Charge	-	-	
Consumption Charge Per Thousand Gallons	5.06	6.00	18.58%
<u>Fire Service, Per Month</u>			
Public Hydrants	3.34	3.67	9.88%
Private Hydrants	3.34	3.67	9.88%
Private Fire Lines			
2" Line	7.88	10.32	30.96%
3" Line	15.74	20.62	31.00%
4" Line	29.46	38.59	30.99%
6" Line	58.90	77.16	31.00%
8" Line	78.52	102.86	31.00%
10" Line	98.17	128.60	31.00%
Fire Sales (per 1000 gallons)	5.06	4.75	-6.13%

FRANKFORT ELECTRIC AND WATER PLANT BOARD

SUMMARY OF PROFORMA REVENUES UNDER PROPOSED RATES FOR THE TWELVE MONTHS ENDED JUNE 30, 2012
AND THE CALCULATION OF THE REVENUE INCREASE UNDER PROPOSED RATES

Customer Classification (1)	Pro Forma Revenues, Present Rates (Schedule G) (2)	Bill Analysis Revenues, Proposed Rates (Schedule H) (3)	Adjustment Factor (Sch. G, col 4) (4)	Revenues, Proposed Rates (5)=(4)X(3)	Proposed Increase (6)=(5)-(2)	Percent Increase (9)
City Customers						
Residential	\$2,179,257	\$2,612,619	0.99249761	\$2,593,018	\$413,761	19.0%
Commercial	1,562,787	1,874,059	0.99574689	1,866,089	303,301	19.4%
Municipal	50,513	59,397	0.99574689	59,144	8,631	17.1%
Resale - Non Water Producers	1,438,026	1,442,907	0.99681732	1,438,026	0	0.0%
Resale - Water Producers	360,633	486,861	0.99991585	486,840	126,207	35.0%
Private Fire	169,751	223,144	0.98832665	220,539	50,788	29.9%
Public Fire	61,779	68,027	0.99788129	67,883	6,104	9.9%
Total Metered Sales	\$5,822,746	\$6,767,034		\$6,731,539	\$908,793	15.6%
County Customers						
Residential	\$1,294,418	\$1,439,637	0.98999533	\$1,425,234	\$130,816	10.1%
Commercial	939,208	1,099,421	0.98160309	1,079,195	139,987	14.9%
Municipal	168	73	0.98160309	71	-97	-57.5%
Subtotal Unmetered Sales	2,233,794	2,539,131		2,504,500	270,706	12.1%
Total Sales of Water	\$8,056,540	\$9,306,165		\$9,236,039	\$1,179,499	14.6%
Other Operating Revenues	201,839	202,400		202,400	202,400	
Total	\$8,258,380	\$9,508,565		\$9,438,440	\$1,381,899	16.7%

FRANKFORT ELECTRIC AND WATER PLANT BOARD

SUMMARY OF REVENUE UNDER PRESENT RATES AND PRO FORMA REVENUES UNDER PRESENT RATES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

Customer Classification (1)	Adjusted Revenues, Per Books Present Rates 6/30/2012 (2)	Bill Analysis Revenues, Present Rates (Schedule H) (3)	Adjustment Factor (4)=(2)/(3)	Revenues Under Present Rates (5)=(4)X(3)	Pro Forma Adjustments Present Rates (6)	Total Pro Forma Revenue Present Rates (7)=(5)+(6)
City Customers						
Residential	\$2,179,257	\$2,195,730	0.99249761	\$2,179,257		\$2,179,257
Commercial	1,562,787	1,569,462	0.99574689	1,562,787		1,562,787
Municipal	50,513	50,728	0.99574689	50,513		50,513
Resale - Non Water Producers	1,312,004	1,316,457	0.99661732	1,312,004	126,022	1,438,026
Resale - Water Producers	360,633	360,663	0.99991585	360,633		360,633
Private Fire	169,751	171,756	0.98832665	169,751		169,751
Public Fire	61,779	61,910	0.99788129	61,779		61,779
Total Metered Sales	\$5,696,724	\$5,726,708		\$5,696,724	\$126,022	\$5,822,746
County Customers						
Residential	\$1,294,418	\$1,307,499	0.98999533	\$1,294,418		\$1,294,418
Commercial	939,208	956,810	0.98160309	939,208		939,208
Municipal	168	171	0.98160309	168		168
Subtotal Unmetered Sales	2,233,794	2,264,481		2,233,794	0	2,233,794
Total Sales of Water	\$7,930,518	\$7,991,189		\$7,930,518	\$126,022	\$8,056,540
Other Operating Revenues	201,839	201,839		201,839	0	201,839
Total	\$8,132,358	\$8,193,028		\$8,132,358	\$126,022	\$8,258,380

FRANKFORT ELECTRIC AND WATER PLANT BOARD
APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS - WATER DIVISION
YEAR ENDED JUNE 30, 2012

CITY CUSTOMERS								
Rate Block 100 Gallons (1)	Number Of Bills (2)	Present Consumption (3)	Present Rate (4)	Revenue (5)	Number Of Bills (6)	Proposed Consumption (7)	Proposed Rate (8)	Proposed Revenue (9)
<u>Residential - Monthly</u>								
Minimums/Customer Charge								
Minimum with 2,000 gallon allowance	120,691	2,002,290	10.12	1,221,393		0		0
5/8 inch					120,046		6.00	720,276
3/4 inch					50		9.00	450
1 inch					571		15.00	8,565
1 1/2 inch					12		30.00	360
2 inch					12		48.00	576
							90.00	0
Subtotal	120,691	2,002,290		1,221,393	120,691	0		730,227
Consumption Charge								
Up to 50	0	1,457,832	0.5060	737,663	0	3,460,122	0.4750	1,643,558
Next 200	0	581,758	0.3890	226,304	0	581,758	0.3890	226,304
Next 1750	0	31,766	0.3210	10,197	0	31,766	0.3890	12,357
Next 8,000	0	720	0.2410	174	0	720	0.2410	174
Over 10,000	0	0	0.1900	0	0	0	0.1900	0
Subtotal	0	2,072,076		974,337	0	4,074,366		1,882,392
Total	120,691	4,074,366		2,195,730	120,691	4,074,366		2,612,619
<u>Commercial - Monthly</u>								
Minimums/Customer Charge								
Minimum with 2,000 gallon allowance	19,582	277,817	10.12	198,170	0	0	0.00	0
5/8 inch					12,980	0	6.00	77,880
3/4 inch					331	0	9.00	2,979
1 inch					3,475	0	15.00	52,125
1 1/2 inch					1,162	0	30.00	34,860
2 inch					1,297	0	48.00	62,256
3 inch					285	0	90.00	23,850
4 inch					72	0	150.00	10,800
						0	300.00	0
Subtotal	19,582	277,817		198,170	19,582	0		264,750
Consumption Charge								
Up to 50	0	299,792	0.5060	151,895	0	577,609	0.4750	274,364
Next 200	0	914,453	0.3890	355,722	0	914,453	0.3890	355,722
Next 1750	0	1,698,283	0.3210	544,507	0	1,698,283	0.3890	659,854
Next 8,000	0	1,181,251	0.2410	284,681	0	1,181,251	0.2410	284,681
Over 10,000	0	182,564	0.1900	34,687	0	182,564	0.1900	34,687
Subtotal	0	4,274,343		1,371,292	0	4,552,160		1,609,309
Total	19,582	4,552,160		1,569,462	19,582	4,552,160		1,874,059
<u>Municipal - Monthly</u>								
Minimums/Customer Charge								
Minimum with 2,000 gallon allowance	276	3,471	10.12	2,793	0		0.00	0
5/8 inch					132		6.00	792
1 inch					60		15.00	900
1 1/2 inch					12		30.00	360
2 inch					60		48.00	2,880
4 inch					12		150.00	1,800
Subtotal	276	3,471		2,793	276	0		6,732
Consumption Charge								
Up to 50	0	3,593	0.5060	1,818	0	7,064	0.4750	3,355
Next 200	0	16,768	0.3890	6,523	0	16,768	0.3890	6,523
Next 1750	0	46,939	0.3210	15,067	0	46,939	0.3890	18,259
Next 8,000	0	82,945	0.2410	19,990	0	82,945	0.2410	19,990
Over 10,000	0	23,881	0.1900	4,537	0	23,881	0.1900	4,537
Subtotal	0	174,126		47,935	0	177,597		52,665
Total	276	177,597		50,728	276	177,597		59,397

FRANKFORT ELECTRIC AND WATER PLANT BOARD
APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS - WATER DIVISION
YEAR ENDED JUNE 30, 2012

CITY CUSTOMERS

Rate Block 100 Gallons (1)	Number Of Bills (2)	Present Consumption (3)	Present Rate (4)	Revenue (5)	Number Of Bills (6)	Proposed Consumption (7)	Proposed Rate (8)	Proposed Revenue (9)
<u>Resale - Non Water Producers</u>								
Minimums/Customer Charge Minimum Charge	132	0	0.00	0	132	0	0.00	0
Subtotal	132	0		0	132	0		0
Consumption Charge (4/1/2013) Subtotal	0	7,178,841	0.2010	1,442,907	0	7,178,841	0.2010	1,442,907
Total	132	7,178,841		1,442,907	132	7,178,841		1,442,907
<u>Resale - Water Producers</u>								
Minimums/Customer Charge Minimum Charge	12	0	0.00	0	12	0	0.00	0
Subtotal	12	0		0	12	0		0
Consumption Charge Subtotal	0	1,462,544	0.2466	360,663	0	1,462,544	0.3329	486,881
Total	12	1,462,544		360,663	12	1,462,544		486,881
<u>Grass</u>								
Minimums/Customer Charge Minimum Charge	192	0	0.0000	0	192	0	0.0000	0
Subtotal	192	0		0	192	0		0
Consumption Charge Subtotal	0	39,979	0.0652	2,605	0	39,979	0.0773	3,090
Total	192	39,979		2,605	192	39,979		3,090
<u>Water Loading</u>								
Minimums/Customer Charge Minimum Charge	72	0	0.00	0	72	0	0.00	0
Subtotal	72	0		0	72	0		0
Consumption Charge Subtotal	0	818	0.5060	414	0	818	0.6000	491
Total	72	818		414	72	818		491
Total City Customers	140,957	17,486,105		5,622,511	140,957	17,486,105		6,479,443

FRANKFORT ELECTRIC AND WATER PLANT BOARD
APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS - WATER DIVISION
YEAR ENDED JUNE 30, 2012

COUNTY CUSTOMERS								
Rate Block 100 Gallons (1)	Number Of Bills (2)	Present Consumption (3)	Present Rate (4)	Revenue (5)	Number Of Bills (6)	Proposed Consumption (7)	Proposed Rate (8)	Proposed Revenue (9)
<u>Residential - Monthly</u>								
Minimums/Customer Charge								
Minimum with 2,000 gallon allowance	45,021	785,769	14.26	641,999		0	0.00	0
5/8 Inch					42,055		6.00	252,330
3/4 Inch					12		9.00	108
1 Inch					2,882		15.00	43,230
1 1/2 Inch					60		30.00	1,800
2 Inch					12		48.00	576
Subtotal	45,021	785,769		641,999	45,021	0		298,044
Consumption Charge								
Up to 50	0	853,385	0.7130	465,864	0	1,439,154	0.6490	934,011
Next 200	0	413,111	0.3890	160,700	0	413,111	0.3890	160,700
Next 1750	0	116,847	0.3210	37,508	0	116,847	0.3890	45,453
Next 8,000	0	5,929	0.2410	1,429	0	5,929	0.2410	1,429
Over 10,000	0	0	0.1900	0	0	0	0.1900	0
Subtotal	0	1,189,272		665,500	0	1,975,041		1,141,593
Total	45,021	1,975,041		1,307,499	45,021	1,975,041		1,439,637
<u>Commercial - Monthly</u>								
Minimums/Customer Charge								
Minimum with 2,000 gallon allowance	6,051	85,973	14.26	88,287		0	0.00	0
5/8 Inch					2,994		6.00	17,964
3/4 Inch					24		9.00	216
1 Inch					1,560		15.00	23,400
1 1/2 Inch					848		30.00	25,440
2 Inch					480		48.00	23,040
3 Inch					72		90.00	6,480
4 Inch					61		150.00	9,150
6 Inch					12		300.00	3,600
Subtotal	6,051	85,973		88,287	6,051	0		109,290
Consumption Charge								
Up to 50	0	85,074	0.7130	67,788	0	181,047	0.6490	117,500
Next 200	0	369,826	0.3890	143,862	0	369,826	0.3890	143,862
Next 1750	0	1,027,875	0.3210	329,948	0	1,027,875	0.3890	399,843
Next 8,000	0	848,384	0.2410	204,461	0	848,384	0.2410	204,461
Over 10,000	0	855,078	0.1900	124,485	0	855,078	0.1900	124,485
Subtotal	0	2,996,237		870,523	0	3,082,210		990,131
Total	6,051	3,082,210		956,810	6,051	3,082,210		1,099,421
<u>Municipal - Monthly</u>								
Minimums/Customer Charge								
Minimum with 2,000 gallon allowance	12	1	14.26	171		0		0
5/8 Inch					12		6.00	72
Subtotal	12	1		171	12	0		72
Up to 50	0	0	0.6290	0	0	1	0.6490	1
Next 200	0	0	0.3660	0	0	0	0.3890	0
Next 1750	0	0	0.3020	0	0	0	0.3890	0
Next 8,000	0	0	0.2270	0	0	0	0.2410	0
Over 10,000	0	0	0.1790	0	0	0	0.1900	0
Subtotal	0	0		0	0	1		1
Total	12	1		171	12	1		73
Total County Customers	51,084	5,057,252		2,264,481		5,057,252		2,539,131

FRANKFORT ELECTRIC AND WATER PLANT BOARD
APPLICATION OF PRESENT RATES AND PROPOSED RATES
FIRE SERVICE

	<u>Number Of Bills</u>	<u>Present Monthly Rates</u>	<u>Present Annual Revenue</u>	<u>Proposed Number Of Bills</u>	<u>Proposed Monthly Rates</u>	<u>Proposed Annual Revenue</u>
Private Fire						
Hydrants	2,630	3.34	8,784	2,630	3.67	9,652
2" Line	60	7.88	473	60	10.32	619
3" Line	43	15.74	677	43	20.62	887
4" Line	900	29.46	26,514	900	38.59	34,731
6" Line	1654	58.90	97,421	1,654	77.16	127,623
8" Line	365	78.52	28,660	365	102.86	37,544
10" Line	94	98.17	9,228	94	128.60	12,088
Total Sprinkler	3,116		162,972	3,116		213,492
Total Private Fire			171,756			223,144
Public Fire						
Hydrants	18,536	3.34	61,910	18,536	3.67	68,027
Total Fire Revenue			233,666			291,171

FRANKFORT ELECTRIC AND WATER PLANT BOARD

BILL COMPARISONS - WATER CUSTOMERS

CITY CUSTOMERS - 5/8-INCH MONTHLY BILL

Consumption Gallons	Under Present Rates	Under Proposed Rates	Difference	Percentage Increase/ (Decrease)
-	\$ 10.12	\$ 6.00	\$ (4.12)	-41%
1,000	10.12	10.75	0.63	6%
2,000	10.12	15.50	5.38	53%
3,000	15.18	20.25	5.07	33%
4,000	20.24	25.00	4.76	24%
5,000	25.30	29.75	4.45	18%
6,000	29.19	33.64	4.45	15%
7,000	33.08	37.53	4.45	13%
8,000	36.97	41.42	4.45	12%
9,000	40.86	45.31	4.45	11%
10,000	44.75	49.20	4.45	10%
11,000	48.64	53.09	4.45	9%
12,000	52.53	56.98	4.45	8%
13,000	56.42	60.87	4.45	8%
14,000	60.31	64.76	4.45	7%
15,000	64.20	68.65	4.45	7%
20,000	83.65	88.10	4.45	5%
25,000	103.10	107.55	4.45	4%
30,000	119.15	127.00	7.85	7%
35,000	135.20	146.45	11.25	8%
40,000	151.25	165.90	14.65	10%
50,000	183.35	204.80	21.45	12%
60,000	215.45	243.70	28.25	13%
70,000	247.55	282.60	35.05	14%
80,000	279.65	321.50	41.85	15%
90,000	311.75	360.40	48.65	16%
100,000	343.85	399.30	55.45	16%
150,000	504.35	593.80	89.45	18%
200,000	664.85	788.30	123.45	19%
250,000	785.35	908.80	123.45	16%
300,000	905.85	1,029.30	123.45	14%
500,000	1,387.85	1,511.30	123.45	9%
1,000,000	2,592.85	2,716.30	123.45	5%
1,250,000	3,067.85	3,191.30	123.45	4%

FRANKFORT ELECTRIC AND WATER PLANT BOARD

BILL COMPARISONS - WATER CUSTOMERS

COUNTY CUSTOMERS - 5/8-INCH MONTHLY BILL

Consumption Gallons	Under Present Rates	Under Proposed Rates	Difference	Percentage Increase/ (Decrease)
-	\$ 14.26	\$ 6.00	\$ (8.26)	-58%
1,000	14.26	12.49	(1.77)	-12%
2,000	14.26	18.98	4.72	33%
3,000	21.39	25.47	4.08	19%
4,000	28.52	31.96	3.44	12%
5,000	35.65	38.45	2.80	8%
6,000	39.54	42.34	2.80	7%
7,000	43.43	46.23	2.80	6%
8,000	47.32	50.12	2.80	6%
9,000	51.21	54.01	2.80	5%
10,000	55.10	57.90	2.80	5%
11,000	58.99	61.79	2.80	5%
12,000	62.88	65.68	2.80	4%
13,000	66.77	69.57	2.80	4%
14,000	70.66	73.46	2.80	4%
15,000	74.55	77.35	2.80	4%
20,000	94.00	96.80	2.80	3%
25,000	113.45	116.25	2.80	2%
30,000	129.50	135.70	6.20	5%
35,000	145.55	155.15	9.60	7%
40,000	161.60	174.60	13.00	8%
50,000	193.70	213.50	19.80	10%
60,000	225.80	252.40	26.60	12%
70,000	257.90	291.30	33.40	13%
80,000	290.00	330.20	40.20	14%
90,000	322.10	369.10	47.00	15%
100,000	354.20	408.00	53.80	15%
150,000	514.70	602.50	87.80	17%
200,000	675.20	797.00	121.80	18%
250,000	795.70	917.50	121.80	15%
300,000	916.20	1,038.00	121.80	13%
500,000	1,398.20	1,520.00	121.80	9%
1,000,000	2,603.20	2,725.00	121.80	5%
1,250,000	3,078.20	3,200.00	121.80	4%

FRANKFORT ELECTRIC AND WATER PLANT BOARD

BILL COMPARISONS - WATER CUSTOMERS

CITY CUSTOMERS - 1-INCH MONTHLY BILL

Consumption Gallons	Under Present Rates	Under Proposed Rates	Difference	Percentage Increase/ (Decrease)
-	\$ 10.12	\$ 15.00	\$ 4.88	48%
1,000	10.12	19.75	9.63	95%
2,000	10.12	24.50	14.38	142%
3,000	15.18	29.25	14.07	93%
4,000	20.24	34.00	13.76	68%
5,000	25.30	38.75	13.45	53%
6,000	29.19	42.64	13.45	46%
7,000	33.08	46.53	13.45	41%
8,000	36.97	50.42	13.45	36%
9,000	40.86	54.31	13.45	33%
10,000	44.75	58.20	13.45	30%
11,000	48.64	62.09	13.45	28%
12,000	52.53	65.98	13.45	26%
13,000	56.42	69.87	13.45	24%
14,000	60.31	73.76	13.45	22%
15,000	64.20	77.65	13.45	21%
20,000	83.65	97.10	13.45	16%
25,000	103.10	116.55	13.45	13%
30,000	119.15	136.00	16.85	14%
35,000	135.20	155.45	20.25	15%
40,000	151.25	174.90	23.65	16%
50,000	183.35	213.80	30.45	17%
75,000	263.60	311.05	47.45	18%
100,000	343.85	408.30	64.45	19%
250,000	785.35	917.80	132.45	17%
300,000	905.85	1,038.30	132.45	15%
500,000	1,387.85	1,520.30	132.45	10%
750,000	1,990.35	2,122.80	132.45	7%
1,000,000	2,592.85	2,725.30	132.45	5%
2,000,000	4,492.85	4,625.30	132.45	3%
3,000,000	6,392.85	6,525.30	132.45	2%
4,000,000	8,292.85	8,425.30	132.45	2%

FRANKFORT ELECTRIC AND WATER PLANT BOARD

BILL COMPARISONS - WATER CUSTOMERS

COUNTY CUSTOMERS - 1-INCH MONTHLY BILL

Consumption Gallons	Under Present Rates	Under Proposed Rates	Difference	Percentage Increase/ (Decrease)
-	\$ 14.26	\$ 15.00	\$ 0.74	5%
1,000	14.26	21.49	7.23	51%
2,000	14.26	27.98	13.72	96%
3,000	21.39	34.47	13.08	61%
4,000	28.52	40.96	12.44	44%
5,000	35.65	47.45	11.80	33%
6,000	39.54	51.34	11.80	30%
7,000	43.43	55.23	11.80	27%
8,000	47.32	59.12	11.80	25%
9,000	51.21	63.01	11.80	23%
10,000	55.10	66.90	11.80	21%
11,000	58.99	70.79	11.80	20%
12,000	62.88	74.68	11.80	19%
13,000	66.77	78.57	11.80	18%
14,000	70.66	82.46	11.80	17%
15,000	74.55	86.35	11.80	16%
20,000	94.00	105.80	11.80	13%
25,000	113.45	125.25	11.80	10%
30,000	129.50	144.70	15.20	12%
35,000	145.55	164.15	18.60	13%
40,000	161.60	183.60	22.00	14%
50,000	193.70	222.50	28.80	15%
75,000	273.95	319.75	45.80	17%
100,000	354.20	417.00	62.80	18%
250,000	795.70	926.50	130.80	16%
300,000	916.20	1,047.00	130.80	14%
500,000	1,398.20	1,529.00	130.80	9%
750,000	2,000.70	2,131.50	130.80	7%
1,000,000	2,603.20	2,734.00	130.80	5%
2,000,000	4,503.20	4,634.00	130.80	3%
3,000,000	6,403.20	6,534.00	130.80	2%
4,000,000	8,303.20	8,434.00	130.80	2%

FRANKFORT ELECTRIC AND WATER PLANT BOARD

BILL COMPARISONS - WATER CUSTOMERS

CITY CUSTOMERS - 3-INCH MONTHLY BILL

Consumption Gallons	Under Present Rates	Under Proposed Rates	Difference	Percentage Increase/ (Decrease)
-	\$ 10.12	\$ 90.00	\$ 79.88	789%
1,000	10.12	94.75	84.63	836%
2,000	10.12	99.50	89.38	883%
3,000	15.18	104.25	89.07	587%
4,000	20.24	109.00	88.76	439%
5,000	25.30	113.75	88.45	350%
6,000	29.19	117.64	88.45	303%
7,000	33.08	121.53	88.45	267%
8,000	36.97	125.42	88.45	239%
9,000	40.86	129.31	88.45	216%
10,000	44.75	133.20	88.45	198%
11,000	48.64	137.09	88.45	182%
12,000	52.53	140.98	88.45	168%
13,000	56.42	144.87	88.45	157%
14,000	60.31	148.76	88.45	147%
15,000	64.20	152.65	88.45	138%
20,000	83.65	172.10	88.45	106%
25,000	103.10	191.55	88.45	86%
30,000	119.15	211.00	91.85	77%
35,000	135.20	230.45	95.25	70%
40,000	151.25	249.90	98.65	65%
50,000	183.35	288.80	105.45	58%
75,000	263.60	386.05	122.45	46%
100,000	343.85	483.30	139.45	41%
250,000	785.35	992.80	207.45	26%
300,000	905.85	1,113.30	207.45	23%
500,000	1,387.85	1,595.30	207.45	15%
750,000	1,990.35	2,197.80	207.45	10%
1,000,000	2,592.85	2,800.30	207.45	8%
2,000,000	4,492.85	4,700.30	207.45	5%
3,000,000	6,392.85	6,600.30	207.45	3%
4,000,000	8,292.85	8,500.30	207.45	3%

FRANKFORT ELECTRIC AND WATER PLANT BOARD

BILL COMPARISONS - WATER CUSTOMERS

COUNTY CUSTOMERS - 3-INCH MONTHLY BILL

Consumption Gallons	Under Present Rates	Under Proposed Rates	Difference	Percentage Increase/ (Decrease)
-	\$ 14.26	\$ 90.00	\$ 75.74	531%
1,000	14.26	96.49	82.23	577%
2,000	14.26	102.98	88.72	622%
3,000	21.39	109.47	88.08	412%
4,000	28.52	115.96	87.44	307%
5,000	35.65	122.45	86.80	243%
6,000	39.54	126.34	86.80	220%
7,000	43.43	130.23	86.80	200%
8,000	47.32	134.12	86.80	183%
9,000	51.21	138.01	86.80	169%
10,000	55.10	141.90	86.80	158%
11,000	58.99	145.79	86.80	147%
12,000	62.88	149.68	86.80	138%
13,000	66.77	153.57	86.80	130%
14,000	70.66	157.46	86.80	123%
15,000	74.55	161.35	86.80	116%
20,000	94.00	180.80	86.80	92%
25,000	113.45	200.25	86.80	77%
30,000	129.50	219.70	90.20	70%
35,000	145.55	239.15	93.60	64%
40,000	161.60	258.60	97.00	60%
50,000	193.70	297.50	103.80	54%
75,000	273.95	394.75	120.80	44%
100,000	354.20	492.00	137.80	39%
250,000	795.70	1,001.50	205.80	26%
300,000	916.20	1,122.00	205.80	22%
500,000	1,398.20	1,604.00	205.80	15%
750,000	2,000.70	2,206.50	205.80	10%
1,000,000	2,603.20	2,809.00	205.80	8%
2,000,000	4,503.20	4,709.00	205.80	5%
3,000,000	6,403.20	6,609.00	205.80	3%
4,000,000	8,303.20	8,509.00	205.80	2%

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 43

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 43: Confirm that the 2013 cost of service study was prepared by Connie Heppenstall.

Response: The Cost of Service Study was prepared by Mr. Herbert who supervised Ms. Heppenstall. Both Mr. Herbert and Ms. Heppenstall signed the report.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 44

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 44: Confirm that the 2013 cost of service and rate design study included in its analysis wholesale water customers.

- a. If the analysis did not include wholesale water customers, please explain why.

Response: The 2013 Cost of Service Study includes the allocation of costs to the Non-Water Producers (Wholesale customers).

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 45

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 45: Explain the \$2,000 difference in cost between the 2013 cost of service study and the 2014 cost of service study.

Response: The additional \$2,000 for the 2013 cost of service related to the additional scope which included the cost of service for billing services.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 46

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 46: Confirm that Mr. Herbert, not Ms. Heppenstall, prepared the 2014 cost of service study.

Response: Mr. Herbert prepared the 2014 Cost of Service Study in conjunction with Ms. Heppenstall. Both Mr. Herbert and Ms. Heppenstall executed the report.

RESPONSE TO ATTORNEY GENERAL'S

INITIAL DATA REQUESTS

DATED AUGUST 19, 2014

PSC CASE NO. 2014-00254

ITEM 47

Frankfort Electric and Water Plant Board
Response to Attorney General's Initial Data Requests dated August 19, 2014
Case No. 2014-00254

ITEM 47: Explain why Ms. Heppenstall was the individual who presented the 2014 cost of service study to the FPB Board and to representatives of the wholesale customers.

Response: Ms. Heppenstall presented the 2014 Cost of Service to the FPB Board and to representatives of the wholesale customers under the supervision of Mr. Herbert who also attended both meetings.