COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LAUREL COUNTY WATER DISTRICT NO. 2 FOR RATE ADJUSTMENT PURSUANT TO 807 KAR 5:076	)))	CASE NO. 2015-00341

NOTICE OF FILING OF COMMISSION STAFF REPORT

Notice is hereby given that, in accordance with the Commission's Order of December 1, 2015, the attached report containing the findings of Commission Staff regarding the proposed rate adjustment for Laurel County Water District #2 has been filed in the record of the above-styled proceeding. Pursuant to the Commission's December 1, 2015 Order, Laurel County Water District No. 2 is required to file written comments regarding the findings of Commission Staff no later than 14 days from the date of this report.

Aaron D. Greenwell for

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

DATED FEB 10 2016

cc: Parties of Record

STAFF REPORT

ON

LAUREL COUNTY WATER DISTRICT NO. 2

CASE NO. 2015-00341

Laurel County Water District No. 2 ("Laurel No. 2"), a water district organized pursuant to KRS Chapter 74, provides retail water service to approximately 5,939 customers that reside in the Kentucky counties of Knox and Laurel.[1] On October 13, 2015, Laurel No. 2 tendered an application ("Application") to the Commission requesting to increase its water service rates pursuant to 807 KAR 5:076. The Application was deemed filed on November 6, 2015, when Laurel No. 2 cured all filing deficiencies.

As required by 807 KAR 5:076, Laurel No. 2 based its requested rates on a historic test period that coincides with the reporting period shown in its Annual Report for the calendar year ended December 31, 2014, its most recent on file with the Commission. Laurel No. 2 presents financial exhibits in its Application demonstrating that it could have requested rates that would increase annual water sales revenues by $486,222, a 22.95 percent increase to test-year water sales revenues in the amount of $2,119,044. These exhibits are summarized below in condensed form:

[1] *Annual Report of Laurel No. 2 Water District to the Public Service Commission for the Calendar Year Ended December 31, 2014* ("*Annual Report*") at 12 and 53.

Pro Forma Operating Expenses	$2,123,083
Plus: Average Annual Principal and Interest Payments on Current Debts	580,759
Additional Working Capital	116,152
Overall Revenue Requirement	2,819,994
Less: Other Operating Revenue	(206,684)
Non-operating Revenue	(6,000)
Interest Income	(2,044)
Revenue Required From Rates	2,605,266
Less: Pro Forma Present Rate Service Revenues	(2,119,044)
Required Revenue Increase	$ 486,222
Percent Increase	22.95%

Laurel No. 2 did not request rates that would generate $486,222 in additional annual revenues. Instead, it requested rates that would increase annual revenues by $323,097, a 15 percent increase. Laurel No. 2 did not explain why it requested the lower amount. Laurel No. 2's requested rates would increase the monthly bill of a typical residential customer[2] from $25.00 to $28.75, an increase of $3.75, or 15 percent.

To determine the reasonableness of the rates requested by Laurel No. 2, Staff performed a limited financial review of Laurel No. 2's test-year operations. The scope of the review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable changes to test-year operations were identified, and adjustments were made when their effects were deemed to be material. Insignificant and immaterial discrepancies were not pursued or addressed.

[2] A typical residential customer purchases 4,600 gallons of water per month through a 5/8- x 3/4-inch meter.

Staff's findings are summarized in this report. David Foster reviewed the calculation of Laurel No. 2's Overall Revenue Requirements. Eddie Beavers reviewed Laurel No. 2's reported revenues and rate design.

Summary of Findings

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Debt Service Coverage ("DSC") method, as generally accepted by the Commission, Staff found that Laurel No. 2's Overall Revenue Requirement is $2,613,480 and that a $246,429 revenue increase, or 11.45 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Water Service Rates. Laurel No. 2 proposes to increase its current water service rates by 15 percent evenly across the board. Laurel No. 2 has not performed a cost-of-service study. The Commission has previously found that an across-the-board increase is an appropriate and equitable method of cost allocation in the absence of a cost-of-service study. Staff finds that an across-the-board increase is the appropriate means to allocate the increased revenue requirement. The rates set forth in Attachment A of this report are based upon the revenue requirement as calculated by Staff and will produce sufficient revenues from water sales to recover the $2,398,752 determined by Staff, an approximate 11.45 percent increase.

3. Depreciable Lives. As discussed in Attachment B of this report, Staff revised the depreciable lives assigned to some of Laurel No. 2's assets for ratemaking purposes. The revised lives should be used for accounting purposes in all future reporting periods. They better match the life expectancy of Laurel No. 2's assets and will better match depreciation expense to the revenues generated by the water rates

approved in this proceeding. No adjustment to accumulated depreciation or retained earnings should be made to account for the effect of this change in accounting estimate.

Pro Forma Operating Statement

Laurel No. 2's Pro Forma Operating Statement for the test year ended December 31, 2014, as determined by Staff, appears below:

	Test Year	Adjustment	(Ref.)	Pro Forma
Operating Revenues				
Sales of Water	$ 2,119,044	$ 33,279	(A)	$ 2,152,323
Other Water Revenue	206,684			206,684
Total Operating Revenues	2,325,728	33,279		2,359,007
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	590,066	(26,403)	(B)	563,663
Salaries and Wages - Commissioners	18,000			18,000
Employee Pensions and Benefits	361,427	35,699	(C)	397,126
Purchased Water	2,361	(17)	(D)	2,344
Utilities				
Purchased Power for Pumping	167,145	(1,236)	(D)	165,909
Other	31,210			31,210
Chemicals	64,848	(479)	(D)	64,369
Materials and Supplies	98,206			98,206
Contractual Services	26,514			26,514
Water Testing	21,391			21,391
Rents	1,218			1,218
Transportation Expenses	37,919			37,919
Insurance	25,223			25,223
Bad Debt Expense	20,194			20,194
Misc. Expense	47,077			47,077
Total Operation and Maintenance Expenses	1,512,799	7,563		1,520,362
Depreciation Expense	521,656	(88,792)	(E)	432,864
Amortization Expense	2,018	(2,018)	(F)	0
Taxes Other Than Income	52,582	(2,020)	(G)	50,562
Total Operating Expenses	2,089,055	(85,268)		2,003,787
Net Operating Income	236,673	118,547		355,220
Nonutility Rental Income	6,000			6,000
Interest Income	2,044			2,044
Income Available to Service Debt	$ 244,717	$ 118,547		$ 363,264

(A) Billing Analysis Adjustment. Laurel No. 2 provided a billing analysis with its Application that calculated water sales revenue of $2,152,323 for all customers. Water Sales revenue as reported in the 2014 Annual Report was adjusted by $33,279. During its review, Staff found that the rates charged to several apartment complexes were by special contract. Staff was unable to locate these contracts in the files of the Commission. Laurel No. 2 filed amended contracts in this case to show the current rates and the rate schedules charged these various apartment complexes. Laurel No. 2 should, once the Commission issues its final Order in this rate case, file all special contracts and amendments reflecting the rates authorized by the Commission to be included in Laurel No.2's tariff on file with the Commission.

(B) Salaries and Wages – Employees. During the test year, Laurel No. 2 accrued $598,340 in total wages for all 18 full-time employees and one part-time employee. Laurel No. 2 expensed $590,066 of the accrued wages and capitalized the remaining $8,274 as a part of Utility Plant in Service.[3]

During its review, Staff noted that two full-time employees retired and another full-time employee resigned subsequent to the test year. Laurel No. 2 filled one of these positions by promoting the test-year part-time employee to a full-time position. It filled

[3] Laurel No. 2's test-year wage expense and capitalization ratios were 98.62 percent and 1.38 percent, respectively, as calculated below.

	Wages	Ratio
Payroll Expense	$ 590,066	98.62%
Capitalized	8,274	1.38%
Total	$ 598,340	100%

another position with a newly hired full-time employee. At the time of Staff's review, Laurel No. 2 stated that the promotion and new hire resulted in what it now considers a full staff of 17 full-time employees. It further stated that it would not seek to fill the test-year full-time or part-time positions that remain vacant or create new positions. In addition to the changes to Laurel No. 2's staffing levels, Staff noted that many changes had occurred to employee wages during and subsequent to the test year.

Staff finds that the changes to Laurel No. 2's test-year staffing levels and wage rates are known and measurable and, therefore, should be accounted for in the rates that are authorized by the Commission in this proceeding. To account for the effects of these changes, Staff decreased test-year employee wages expense by $26,403. The adjustment is summarized below:

Pro Forma Wage Expense	$ 563,663
Less: Test Year Wage Expense	(590,066)
Decrease	$ (26,403)

To determine the amount of pro forma wage expense, Staff applied the current hourly wage rates to the hours anticipated to be worked in pro forma operations by hourly employees. Actual hours worked during the test year were used for those employed during the entire test year. Estimated hours were used for all other employees. By adding the total pro forma hourly wages to the current wages of salaried employees, Staff determined that Laurel No. 2's total pro forma employee wages are $571,566. Staff then multiplied this amount by Laurel No. 2's test-year wage expense ratio, 98.62 percent, to determine pro forma wages expense to be $563,663. Staff's calculations are detailed below:

Employee	Current Wages Regular	Current Wages Overtime	Anticipated Hours Regular	Anticipated Hours Overtime	Total Wages
1	$ 12.00	18.00	2,246	24	$ 27,384
2	12.90	19.35	2,140	61	28,788
3	9.00	13.50	1,966	11	17,837
4	14.43	21.65	2,095		30,236
5	15.41	23.12	2,245	156	38,201
6	10.50	15.75	1,989	14	21,117
7	13.60	20.40	2,172	122	32,016
8	15.57	23.36	2,097		32,649
9	12.25	18.38	2,214	138	29,656
10	10.80	16.20	2,080		22,464
11	14.44	21.66	2,135	45	31,794
12	12.14	18.21	2,191	58	27,664
13	14.00	21.00	2,154	188	34,106
14	17.00	25.50	2,207	97	40,000
Total wages for hourly employees					413,912
15	Salaried				58,979
16	Salaried				57,075
17	Salaried				41,600
Pro Forma Wages					571,566
Times: Test-Year Expense Ratio					98.62%
Pro Forma Wage Expense					$ 563,663

(C) Employee Pensions and Benefits. Laurel No. 2 reported $361,427 for test-year Employee Pensions and Benefits expense. This amount included $153,605 for the cost of providing health insurance benefits to all qualifying full-time employees and to two members of Laurel No. 2's board of commissioners. Laurel No. 2 did not provide health benefits to its test-year part-time employee, pursuant to its unwritten employee policies, and it did not provide health benefits to the other three board members who received benefits from another provider.

In its Application, Laurel No. 2 proposed to increase the test-year health insurance expense by $34,028 "as a result of the premium increase for Anthem health insurance."[4] Laurel No. 2 did not show the calculation of its proposed adjustment.

Staff finds that Laurel No. 2's test-year health insurance expense should be increased by $35,699. As shown below, Staff calculated this amount by annualizing the most recent monthly premium paid on behalf of all full-time employees who were receiving health benefits at the time of Staff's review and subtracting the test-year expense from the annualized total.

Current Premium for Full-time Employees	$ 15,775
Times: 12 Months	12
Annualized	189,304
Less: Test Year	(153,605)
Increase	$ 35,699

Although Laurel No. 2 continues to provide health benefits to two board members, Staff did not include this cost in its adjustment. Recognizing that Laurel No. 2's employee policy is to deny health care coverage to part-time employees, Staff omitted the cost of the board members' health-care costs from Laurel No. 2's pro forma operations in order to be consistent with the Commission's historical practice.

The Commission has consistently found that a member of a water district board of commissioners is considered to be a part-time employee.[5] Further finding that

[4] Application, page 13 of 115 when downloaded from http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2015-00341.

[5] Case No. 2003-00224, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (PSC Ky. June 14, 2004), Order at 11.

"[d]istinctions between board officials and other district employees is contrary to law," the Commission has, for ratemaking purposes, eliminated the cost of fringe benefits provided to a board member when the benefit is not also provided to other part-time employees.[6]

It is important to note that Staff's review of the test-year health benefits paid on behalf of Laurel No. 2's board members was limited to determining whether or not rate recovery of these costs is reasonable. Staff's review did not include a determination of whether or not the test-year payments resulted in a violation of KRS 74.020(6).[7] Such a determination was beyond the scope of Staff's review in this proceeding.

(D) Purchased Water and Purchased Power, Water Loss. Pursuant to 807 KAR 5:066 Section (6)3, Laurel No. 2's water loss is limited to 15 percent for ratemaking purposes unless it can demonstrate that an alternative level is reasonable. Laurel No. 2 reported test-year water loss at 15.74 percent,[8] or .74 percent above the amount

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[6] *Id.*

[7] KRS 74.020(6) limits the "annual salary" that may be paid to a water district commissioner to $3,600 unless a commissioner meets certain educational requirements, which increases the limit to $6,000. Health insurance coverage is not generally considered compensation and therefore is not subject to constitutional or statutory salary limitations; however, they may be considered compensation or salary if "some scheme were devised to raise the salary of a particular official through the subterfuge of paying certain benefits for him not uniformly available to similarly situated officials (*Caldwell County Fiscal Court v. Paris,* 945 S.W.2d 952, 954 (Ky. App. 1997)). The table below summarizes the cost of the benefit package received by each member of Laurel No. 2's board of commissioners during the test year.

Board Member	Salary	Health Insurance	Total
1	$ 3,600	$ 11,091	$ 14,691
2	3,600	5,546	9,146
3	3,600		3,600
4	3,600		3,600
5	3,600		3,600

[8] *Annual Report* at 61.

allowed. It did not attempt to demonstrate that the amount of the excess water loss is reasonable. To comply with the regulation, Staff removed the expenses incurred during the test year to purchase, pump, and treat the water loss that was in excess of the allowable amount. Staff's calculations are shown below:

	Test Year	Excess Water Loss Percentage	Decrease
Purchased Water	$ 2,361	-0.74%	$ (17)
Purchased Power for Pumping	167,145	-0.74%	(1,236)
Chemicals	64,848	-0.74%	(479)

(E) Depreciation. Laurel No. 2 reported $521,656 for test-year depreciation expense. It calculated the test-year amount using the whole-life, straight-line method, pursuant to which an asset's depreciable basis is divided by its estimated useful life. The estimated useful lives that Laurel No. 2 assigned to each asset were reviewed by the Commission's Division of Engineering ("Engineering"). A summary of Engineering's review is found in this report at Attachment B. To account for the effects of Engineering's findings, Staff decreased test-year depreciation expense by $88,792. This calculation is shown in Attachment C.

(F) Amortization of Debt Issuance Costs. Laurel No. 2 incorrectly reported amortization of debt issuance costs of $2,018 in account 407, Amortization Expense. This account is to be used only for the amortization of limited term plant, property losses, other utility plant, regulatory assets, and regulatory liabilities.[9] The amortization of debt issuance costs is properly reported to account 428, Amortization of Debt

[9] Uniform System of Accounts for Class A/B Water Districts and Associations at 81–82.

Discount and Expense,[10] which is not includable in the determination of Laurel No. 2's Net Operating Income or its Income Available to Service Debt. Accordingly, Staff removed the amortization of debt issuance costs from Laurel No. 2's test-year operations.

(G) Taxes Other Than Income. As discussed in reference Item (B), Staff determined that Laurel No. 2's test-year employee wages will decrease by $26,403 due to changes made to Laurel No. 2's test-year employee roster and wage rates. Laurel No. 2's test-year FICA taxes will also decrease as a result of these changes. As calculated below, Staff determined that the decrease to test-year FICA taxes will be $2,020. Accordingly, Staff decreased test-year Taxes Other Than Income by $2,020.

Decrease to Employee Wages Expense	$ (26,403)
Times: 7.65% FICA Tax Rate	7.65%
FICA Tax Rate Decrease	$ (2,020)

Overall Revenue Requirement and Required Revenue Increase

The Commission has historically applied a DSC method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of: 1) cash-related pro forma operating expenses; 2) recovery of depreciation

[10] *Id.* at 86.

expense, a non-cash item, to provide working capital;[11] 3) the average annual principal and interest payments on all long-term debts, and 4) working capital that is in addition to depreciation expense.

A comparison of Laurel No. 2's and Staff's calculation of Laurel No. 2's Overall Revenue Requirement and Required Revenue Increase using the DSC method is shown below:

	Laurel No. 2	Staff	(Ref.)
Pro Forma Operating Expenses	$2,123,083	$2,003,787	
Plus: Average Annual Principal and Interest Payments	580,759	508,077	(1)
Additional Working Capital	116,152	101,615	(2)
Overall Revenue Requirement	2,819,994	2,613,480	
Less: Other Operating Revenue	(206,684)	(206,684)	
Nonutility Rental Income	(6,000)	(6,000)	
Interest Income	(2,044)	(2,044)	
Revenue Required From Rates	2,605,266	2,398,752	
Less: Pro Forma Present Rate Water Sales	(2,119,044)	(2,152,323)	
Required Revenue Increase	$ 486,222	$ 246,429	
Percent Increase	22.95%	11.45%	

[11] The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. *See Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky.1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. *See* Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

(1) Average Annual Principal and Interest Payments. Laurel No. 2 has three outstanding bond series payable to the United States Department of Agriculture Rural Development ("RD"), two loans payable to Kentucky Infrastructure Authority ("KIA"), a loan payable to GMAC Commercial Mortgage Corporation ("GMAC"), and a loan payable to the First National Bank of London ("FNBL").

Laurel No. 2 requested to recover $580,759 annually for the principal and interest payments to be made on these debt instruments. In its Application, Laurel No. 2 stated that this amount represents the three-year average of payments to be made on all debts during the years 2015, 2016, and 2017, but it did not provide the calculation of the amount.

Staff finds that Laurel No. 2's annual debt service requirement should be set equal to the five-year average principal and interest payments that will become due for all debts on and after January 1, 2016. This five-year period better matches Laurel No. 2's debt payments with the period of time that the rates authorized in this proceeding are anticipated to remain in effect than the three-year average requested by Laurel No. 2.[12] As shown below, Staff calculated the five-year average to be $508,077.

[12] Generally, the anticipated life of a utility's service rates is based on the frequency of the utility's previous rate case filings, but no longer than five years since rates tend to become obsolete due to changes that will likely occur to the utility's cost of service in a five-year period.

Laurel No. 2's three most-recent rate case filings were made in Case No. 1997-00274, *In the Matter of the Application of Laurel County Water District No. 2 of Laurel County, Kentucky, for a Certificate of Public Convenience and Necessity to Construct Finance and Increase Rates Pursuant to KRS 278.023* (Ky. PSC June 23, 1997); Case No. 2010-00126, *Application of Laurel County Water District No. 2 of Laurel County, Kentucky for a Certificate of Public Convenience and Necessity to Construct, Finance and Increase Rates Pursuant to KRS 278.023* (Ky. PSC Mar. 23, 2010); and Case No. 2015-00341, *Application of Laurel County Water District No. 2 for Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Nov. 6, 2015). Since the average elapsed time between these cases is approximately 9 years, or four years longer than the five-year maximum, Staff anticipates that the life of the rates approved in this proceeding will be five years.

Year of Payment	RD 1997	RD 2010 A	RD 2010 B	KIA 1996	KIA 2004	GMAC	FNBL	Total
2016	$29,748	$311,014	$100,630	$19,303	$62,019	$29,750	$92,500	$ 644,963
2017	29,708	311,044	99,500	19,270	29,086	28,000		516,608
2018	29,645	311,429	99,375	19,237				459,686
2019	29,560	311,191	99,720	19,204				459,675
2020	29,453	311,309	99,520	19,170				459,452
Five-Year Total								2,540,384
Divide by: Five Years								5
Five-Year Average								$ 508,077

(2) Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In this case, Staff calculated the amount to be $101,615 for Laurel No. 2.[13]

[13] The RD bond resolutions require Laurel No. 2 to assess rates for water service that produce net revenues that are equal to at least 120 percent of the average annual RD bond principal and interest payments as well as all principal and interest payments on any debts that are on par with the RD bonds. The DSC ratio measures an entity's ability to pay its cash related operating expenses and to pay debt principal and interest. RD calculates the ratio by dividing net revenues by the entity's average annual debt principal and interest payments. Net revenues are equal to total revenues less cash related expenses. Depreciation expense, a noncash operating expense, is excluded from the determination of net revenues. As shown below, the required DSC ratio is met with or without including the additional working capital in Laurel No. 2's overall revenue requirement.

	With Additional Working Capital	Without Additional Working Capital
Overall Revenue Requirement	$ 2,613,480	$ 2,511,864
Less: Operating and Maintenance Expense	(1,520,362)	(1,520,362)
Taxes Other Than Income	(50,562)	(50,562)
Net Revenues	1,042,556	940,940
Divided by: Average Annual Debt Payments	508,077	508,077
DSC Ratio	205%	185%

Average Annual Principal and Interest	$ 508,077
Times: DSC Ratio	120%
Total Net Revenues Required	609,692
Less: Average Annual Principal and Interest Payments	(508,077)
Additional Working Capital	$ 101,615

Signatures

Prepared by: David P. Foster
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis

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

ATTACHMENT A

STAFF REPORT, CASE NO. 2015-00341

Staff Calculated Monthly Water Rates

5/8-Inch Meter				
First	1,000	gallons	$ 11.10	Minimum bill
Next	99,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons
1-Inch Meter				
First	5,000	gallons	$ 29.72	Minimum bill
Next	95,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons
1 1/2-Inch Meter				
First	10,000	gallons	$ 53.02	Minimum bill
Next	90,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons
2-Inch Meter				
First	20,000	gallons	$ 99.60	Minimum bill
Next	80,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons
3-Inch Meter				
First	30,000	gallons	$ 146.19	Minimum bill
Next	70,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons
4-Inch Meter				
First	50,000	gallons	$ 239.36	Minimum bill
Next	50,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons
Campground Heights Buildings 1–8				
1-Inch Meter				
First	4,000	gallons	$ 44.36	Minimum bill
Next	96,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons

Campground Heights Building 9
1-Inch Meter

First	5,000	gallons	$ 29.72	Minimum bill
Next	95,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons

Benelly Investments, LLC (dba Mt. Hill Apartments)
2-Inch Meter

First	22,000	gallons	$ 243.97	Minimum bill
Next	78,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons

Emma's Place Apartments
2-Inch Meter

First	49,000	gallons	$ 543.38	Minimum bill
Next	51,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons

Pinegrove #2 Apartments
2-Inch Meter

First	26,000	gallons	$ 288.33	Minimum bill
Next	74,000	gallons	4.66	per 1,000 gallons
Over	100,000	gallons	4.03	per 1,000 gallons

Greater Corbin Manor
4-Inch Meter

First	200,000	gallons	$ 875.74	Minimum bill
Over	200,000	gallons	4.03	per 1,000 gallons

ATTACHMENT B

STAFF REPORT, CASE NO. 2015-00341

LAUREL COUNTY WATER DISTRICT NO. 2
CASE NO. 2015-00341

ENGINEERING DIVISION'S
ANALYSIS OF ASSET SERVICE LIVES
FOR WATER SYSTEMS

Historically, the Commission has relied on the *Depreciation Practices for Small Water Utilities* by the National Association of Regulatory Utility Commissioners ("NARUC"), Washington, DC, August 15, 1979 ("Study"), page 11, to evaluate the reasonableness of a utility's depreciation practices. This Study outlines expected service life ranges for various asset groups designed, installed, and maintained in accordance with good water utility practices. Typically, an adjustment is made when the Commission finds that a utility is proposing to use a service life that falls outside of the range, while service lives falling within these ranges are generally accepted.

Certain asset service lives proposed in this case were found to be outside the Commission's established guidelines or as otherwise previously adopted by the Commission:

NARUC Account Number	Type of Asset	NARUC Average Service Life (Years)	Submitted Service Life/Lives (Months)	Recommended Staff Report Service Life/Lives (Months)	(Years)
311	Structures and Improvements	35-40	300	420	35
			480	480	40
			180	420	35
317	Other Source of Water Supply Plant	30-40	180	360	30
321	Structures and Improvements	35-40	300	420	35
			240	420	35
324-7	Pumping Equipment	20	60	240	20
331	Structures and Improvements	35-40	300	420	35
332	Water Treatment Equipment	20-35	300	300	25
			120	240	20
341	Structures and Improvements	35-40	240	420	35
			480	480	40
			120	420	35
342	Reservoirs and Tanks	30-60	480	480	40
			120	360	30
343	Transmission and Distribution Mains	50-75	120	600	50
			480	600	50
			360	600	50
			240	600	50

NARUC Account Number	Type of Asset	NARUC Average Service Life (Years)	Submitted Service Life/Lives (Months)	Recommended Staff Report Service Life/Lives (Months)	(Years)
345	Services	30-50	240	360	30
346	Meters	35-45	240	420	35
			60	420	35
347	Meter Installations	40-50	240	480	40
348	Hydrants	40-60	240	480	40
390	Structures and Improvements	35-40	180	420	35
			240	420	35
			120	420	35
			480	480	40
			300	420	35
391	Office Furniture and Equipment	20-25	120	240	20
			60	240	20
			240	240	20
392	Transportation Equipment	7	60	84	7
394	Tools, Shop & Garage Equipment	15-20	60	180	15
			120	180	15
395	Laboratory Equipment	15-20	120	180	15
396	Power Operated Equipment	10-15	120	120	10
			180	180	15
			60	120	10
397	Communications Equipment	10	120	120	10
			60	120	10

NOTE: Some Types of Asset had more than one service life submitted. In these cases, service life/lives that were within the NARUC range should remain unchanged.

The Recommended Staff Report Service Life/Lives should be used for the purpose of the Commission Staff Report unless specific and verifiable evidence supports using alternative service lives.

Prepared January 25, 2016

Mark Rasche

Mark Rasche, P.E.
Manager, Water and Sewer Branch

ATTACHMENT C

STAFF REPORT, CASE NO. 2015-00341

Laurel No. 2's Plant Ledger			NARUC		Current		Proposed by Staff		
Asset Group	Item No.	Asset Title	Acct. #	Cost	Life	Depreciation	Life	Depreciation	Difference
3038, Plant Improve.	11	Plant Improvement	311	$ 1,320,229	25	$ 52,809	35	$ 37,721	$ (15,088)
	14	1998 Additions	311	25,369	25	1,015	35	725	(290)
	17	1999 Additions	311	6,911	25	276	35	197	(79)
	18	Plant Improvements	311	4,276	20	214	35	122	(92)
	19	Other Plant Equipment	317	2,668	15	178	30	89	(89)
	20	Fencing - Plant Improvement	311	3,825	15	255	35	109	(146)
	21	Plant Improvements	311	1,576	15	105	35	45	(60)
	24	Alsin Tank Fence-Plant Improvement	341	5,000	20	250	35	143	(107)
	27	Plant Improvements	311	15,534	25	621	35	444	(178)
	364	Plant Improvements	311	32,676	25	1,307	35	934	(373)
	381	Plant Improvements	311	3,961	25	158	35	113	(45)
	485	Cabinets	391	1,600	10	160	20	80	(80)
	486	Furnace/AC Unit	390	6,300	15	420	35	180	(240)
	487	Electrical Wiring	390	1,534	20	77	35	44	(33)
	488	Concrete	390	222	10	22	35	6	(16)
	489	Door	390	462	20	23	35	13	(10)
	491	Paint (Ceiling)	390	160	10	16	35	5	(11)
	493	Paint for Walls	390	339	10	34	35	10	(24)
	494	Tile/Wallboard/Supplies	390	1,908	20	95	35	55	(41)
	495	Electrical System	390	2,088	20	104	35	60	(45)
	496	Glass	390	131	10	13	35	4	(9)
	498	Plumbing Supplies	390	430	20	21	35	12	(9)
	499	Sweeps/Thresholds/Supplies	390	166	10	17	35	5	(12)
	500	Furnace Hookup	390	300	25	12	35	9	(3)
	501	Plumbing/Electrical Supplies	390	112	20	6	35	3	(2)
	502	Floor - Strip - Wax	390	350	20	18	35	10	(8)
	503	Sink - Door Stop - Tape	390	222	10	22	35	6	(16)
	528	Misc. Fittings/Paint/Cplgs	390	380	10	38	35	11	(27)
	560	3 Ton Heat Pump System	390	6,600	15	440	35	189	(251)
	561	12" Dezurick Bttfly Valve	343	6,800	10	680	50	136	(544)
	594	Awning	341	4,590	20	230	35	131	(98)
	595	Hand Rail	341	2,980	20	149	35	85	(64)
	629	Raw Water Valve	343	7,596	10	760	50	152	(608)
	631	Bronze Plaque	390	845	20	42	35	24	(18)
Total for 3038						60,587		41,870	(18,717)
3040, Office Bldg.	48	Stucture and Improvement	390	4,074	25	163	35	116	(47)
	59	Other Trans & Dist Prt	340	1,083	20	54	35	31	(23)
	61	1997 Additions	390	632	20	32	35	18	(14)
	62	1998 Additions	390	26,927	25	1,077	35	769	(308)
	64	1999 Additions	390	1,776	25	71	35	51	(20)
	65	1999 Additions	390	2,844	20	142	35	81	(61)
	66	1999 Additions	390	294	25	12	35	8	(3)
	67	Other Improvements	390	3,336	20	167	35	95	(71)
	68	Office Improvements	390	2,205	20	110	35	63	(47)
	69	Other Improvements	390	810	15	54	35	23	(31)
	70	Office Renovation	390	5,071	15	338	35	145	(193)
	71	New Flooring	390	4,231	15	282	35	121	(161)
	72	Wood Trim	390	204	15	14	35	6	(8)
	73	Heating Unit	390	6,175	15	412	35	176	(235)
	396	AC Unit	390	3,800	15	253	35	109	(145)
	506	Furnace	390	1,750	20	88	35	50	(38)
	597	Paving and Wheel Stops	390	5,484	10	548	35	157	(392)
	632	Security Gates - Front Office	390	2,975	20	149	35	85	(64)
	633	Fence	390	3,750	20	188	35	107	(80)
Total for 3040						4,153		2,212	(1,941)
3041, Smith Prop.	634	9 Windows - Smith House	390	2,750	20	138	35	79	(59)
3092, Mains	559	Supply Main	343	3,252,206	40	81,305	50	65,044	(16,261)
	622	Pressure Reducing Valve Pit (Hwy 25)	343	56,833	40	1,421	50	1,137	(284)
Total for 3092						82,726		66,181	(16,545)
3112, Pump Equip.	84	1998 Additions	321	2,252	25	90	35	64	(26)
	85	1999 Additions	321	6,542	20	327	35	187	(140)
	86	Pumping Equipment	321	1,790	25	72	35	51	(20)
	87	Pumping Equipment	321	227	25	9	35	6	(3)
	88	Pumping Equipment	321	1,157	25	46	35	33	(13)
	508	Raw Water Pump	321	2,596	25	104	35	74	(30)
Total for 3112						648		416	(232)

Laurel No. 2's Plant Ledger			NARUC		Current		Proposed by Staff		
Asset Group	Item No.	Asset Title	Acct. #	Cost	Life	Depreciation	Life	Depreciation	Difference
3203, Treat. Eq.	105	1997 Additions	331	13,366	25	535	35	382	(153)
	106	1997 Additions	331	1,379	25	55	35	39	(16)
	107	1998 Additions	331	1,218	25	49	35	35	(14)
	108	1998 Additions	331	2,520	25	101	35	72	(29)
	109	1999 Additions	331	412	25	16	35	12	(5)
	110	1999 Additions	331	197	25	8	35	6	(2)
	366	Water Treatment Equipment	332	2,053	10	205	20	103	(103)
Total for 3203						969		648	(321)
3314, Mains	136	Transmission and Distribution Mains	343	32,658	40	816	50	653	(163)
	137	Transmission and Distribution Mains	343	23,612	40	590	50	472	(118)
	138	Transmission and Distribution Mains	343	408,560	40	10,214	50	8,171	(2,043)
	139	Transmission and Distribution Mains	343	841	40	21	50	17	(4)
	140	Transmission and Distribution Mains	343	42,389	40	1,060	50	848	(212)
	141	Transmission and Distribution Mains	343	46,932	40	1,173	50	939	(235)
	143	Transmission and Distribution Mains	343	568	40	14	50	11	(3)
	144	Transmission and Distribution Mains	343	64	40	2	50	1	(0)
	145	Transmission and Distribution Mains	343	5,874	40	147	50	117	(29)
	146	Transmission and Distribution Mains	343	263	40	7	50	5	(1)
	147	Transmission and Distribution Mains	343	110,788	40	2,770	50	2,216	(554)
	148	Transmission and Distribution Mains	343	84,379	40	2,109	50	1,688	(422)
	149	Transmission and Distribution Mains	343	22,087	40	552	50	442	(110)
	150	Transmission and Distribution Mains	343	35,375	40	884	50	708	(177)
	151	Transmission and Distribution Mains	343	60,870	40	1,522	50	1,217	(304)
	152	Transmission and Distribution Mains	343	65,148	40	1,629	50	1,303	(326)
	153	Transmission and Distribution Mains	343	51,382	40	1,285	50	1,028	(257)
	154	Transmission and Distribution Mains	343	3,846	40	96	50	77	(19)
	155	Transmission and Distribution Mains	343	61,509	40	1,538	50	1,230	(308)
	156	Transmission and Distribution Mains	343	12,870	40	322	50	257	(64)
	157	Transmission and Distribution Mains	343	91,468	40	2,287	50	1,829	(457)
	158	Transmission and Distribution Mains	343	51,606	40	1,290	50	1,032	(258)
	159	Transmission and Distribution Mains	343	56,838	40	1,421	50	1,137	(284)
	160	Transmission and Distribution Mains	343	91,618	40	2,290	50	1,832	(458)
	161	Transmission and Distribution Mains	343	13,951	40	349	50	279	(70)
	162	Transmission and Distribution Mains	343	80,360	40	2,009	50	1,607	(402)
	163	Transmission and Distribution Mains	343	14,832	30	494	50	297	(198)
	164	Transmission and Distribution Mains	343	15,406	30	514	50	308	(205)
	165	Transmission and Distribution Mains	343	97,303	40	2,433	50	1,946	(487)
	166	Transmission and Distribution Mains	343	23,591	40	590	50	472	(118)
	167	Transmission and Distribution Mains	343	11,336	30	378	50	227	(151)
	168	Transmission and Distribution Mains	343	9,016	30	301	50	180	(120)
	169	Transmission and Distribution Mains	343	11,743	20	587	50	235	(352)
	170	Transmission and Distribution Mains	343	6,894	20	345	50	138	(207)
	171	Transmission and Distribution Mains	343	23,392	20	1,170	50	468	(702)
	172	Transmission and Distribution Mains	343	6,873	20	344	50	137	(206)
	173	Transmission and Distribution Mains	343	46,098	20	2,305	50	922	(1,383)
	174	Transmission and Distribution Mains	343	10,049	20	502	50	201	(301)
	175	Transmission and Distribution Mains	343	21,874	20	1,094	50	437	(656)
	176	Transmission and Distribution Mains	343	8,303	20	415	50	166	(249)
	367	TDM Additions	343	82,067	20	4,103	50	1,641	(2,462)
	368	Capital Labor	343	8,270	20	413	50	165	(248)
	383	Trans and Dist Mains	343	8,593	20	430	50	172	(258)
	384	Capital Labor	343	5,100	20	255	50	102	(153)
	393	Capital Labor	343	1,951	20	98	50	39	(59)
	398	Trans and Dist Mains	343	12,359	20	618	50	247	(371)
	405	Capital Labor	343	4,740	20	237	50	95	(142)
	478	Stock Ordered - 2009	343	7,370	40	184	50	147	(37)
	481	Capital Labor	343	1,622	20	81	50	32	(49)
	509	Stock - 2010	343	17,411	40	435	50	348	(87)
	529	CAPITALIZED PAYROL - T&D	343	1,518	20	76	50	30	(46)
	535	TRANSMISSION & DIST MAINS	343	13,636	40	341	50	273	(68)
	536	CAPITALIZED PAYROLL	343	2,534	20	127	50	51	(76)
	556	Transmission and Distribution Mains	343	104,847	40	2,621	50	2,097	(524)
	557	Transmission and Distribution Mains	343	177,474	40	4,437	50	3,549	(887)
	563	Transmission and Distribution Mains	343	11,173	40	279	50	223	(56)
	564	Capitalized Payroll	343	4,043	20	202	50	81	(121)
	598	Transmission and Distribution Mains	343	8,214	40	205	50	164	(41)
	599	Capitalized Payroll	343	1,548	20	77	50	31	(46)
	627	Transmission and Distribution Mains Hwy :	343	823,712	40	20,593	50	16,474	(4,119)
	638	Transmission and Distribution Mains	343	29,359	40	734	50	587	(147)
	639	Capitalized Payroll	343	4,723	20	236	50	94	(142)
Total for 3314						84,650		61,897	(22,753)

Asset Group	Laurel No. 2's Plant Ledger Item No.	Asset Title	NARUC Acct. #	Cost	Current Life	Current Depreciation	Proposed by Staff Life	Proposed by Staff Depreciation	Difference
3334, Services	190	Services	345	19,773	20	989	30	659	(330)
	191	1997 Additions	345	20,815	20	1,041	30	694	(347)
	192	1998 Additions	345	34,546	20	1,727	30	1,152	(576)
	193	Capitalized Labor	345	10,890	20	545	30	363	(182)
	194	1999 Additions	345	15,826	20	791	30	528	(264)
	195	Capitalized Labor	345	9,917	20	496	30	331	(165)
	196	Capitalized Labor	345	9,400	20	470	30	313	(157)
	197	Services	345	4,384	20	219	30	146	(73)
	198	Capitalized Labor	345	9,220	20	461	30	307	(154)
	199	Services	345	11,757	20	588	30	392	(196)
	200	Capitalized Labor	345	7,477	20	374	30	249	(125)
	201	SVCS Additions	345	21,859	20	1,093	30	729	(364)
	202	Services	345	5,788	20	289	30	193	(96)
	203	Capitalized Labor	345	7,522	20	376	30	251	(125)
	204	Capitalized Labor	345	5,260	20	263	30	175	(88)
	205	Services	345	17,270	20	864	30	576	(288)
	206	Services	345	1,202	20	60	30	40	(20)
	207	Services	345	15,513	20	776	30	517	(259)
	208	Capitalized Labor	345	6,319	20	316	30	211	(105)
	369	Services	345	14,451	20	723	30	482	(241)
	370	Capital Labor	345	4,147	20	207	30	138	(69)
	385	Services	345	15,129	20	756	30	504	(252)
	394	Capital Labor	345	4,349	20	217	30	145	(72)
	399	Services	345	15,471	20	774	30	516	(258)
	406	Capital Labor	345	4,341	20	217	30	145	(72)
	479	Stock Ordered - 2009	345	5,815	20	291	30	194	(97)
	482	Capital Labor	345	1,603	20	80	30	53	(27)
	510	Stock - 2010	345	12,322	20	616	30	411	(205)
	530	CAPITALIZED PAYROLL - SERVICES	345	1,874	20	94	30	62	(31)
	537	SERVICES	345	7,424	20	371	30	247	(124)
	538	CAPITALIZED PAYROLL - SERVICES	345	1,722	20	86	30	57	(29)
	565	Services	345	11,181	20	559	30	373	(186)
	568	Capitalzed Payroll	345	1,290	20	64	30	43	(21)
	600	Services	345	9,590	20	480	30	320	(160)
	601	CAPITALIZED PAYROLL - SERVICES	345	1,325	20	66	30	44	(22)
	640	Services	345	21,698	20	1,085	30	723	(362)
	641	Capitalized Payroll	345	2,498	20	125	30	83	(42)
Total for 3334						18,548		12,366	(6,183)
3344, Meters and Installations	219	Meters	346	54,114	20	2,706	35	1,546	(1,160)
	220	1997 Additions	346	19,722	20	986	35	563	(423)
	221	1998 Additions	346	18,280	20	914	35	522	(392)
	222	Capitalized Labor	347	3,944	20	197	40	99	(99)
	223	1999 Meters	346	19,066	20	953	35	545	(409)
	224	Capitalized Labor	347	6,499	20	325	40	162	(162)
	225	Capitalized Labor	347	4,599	20	230	40	115	(115)
	226	Meter Installations	347	11,114	20	556	40	278	(278)
	227	Meter Installations	347	11,795	20	590	40	295	(295)
	228	Meter Installations	347	2,221	20	111	40	56	(56)
	229	Capitalized Labor	347	5,030	20	252	40	126	(126)
	230	Meter Installations	347	11,581	20	579	40	290	(290)
	231	Capital Labor	347	4,145	20	207	40	104	(104)
	233	Capital Labor	347	4,088	20	205	40	102	(102)
	234	Meter Installations	347	11,638	20	582	40	291	(291)
	235	Meter Installations	347	4,949	20	247	40	124	(124)
	236	Meter Installations	347	9,222	20	461	40	231	(231)
	237	Meter Installations	347	28,386	20	1,419	40	710	(710)
	238	Capital Labor	347	5,310	20	266	40	133	(133)
	371	Meter Installations	347	22,838	20	1,142	40	571	(571)
	372	Capital Labor	347	3,693	20	185	40	92	(92)
	386	Meter Installations	347	10,104	20	505	40	253	(253)
	395	Capital Labor	347	3,316	20	166	40	83	(83)
	400	Meter Installations	347	9,609	20	480	40	240	(240)
	407	Capital Labor	347	4,324	20	216	40	108	(108)
	480	Meters	346	4,328	20	216	35	124	(93)
	483	Capital Labor	347	3,211	20	161	40	80	(80)
	511	Stock - 2010	346	16,154	20	808	35	462	(346)
	531	CAPITALIZED PAYROLL - METERS &	347	5,978	20	299	40	149	(149)
	539	METERS	346	11,133	20	557	35	318	(239)
	540	CAPITALIZED PAYROLL	347	5,424	20	271	40	136	(136)
	567	Meters	346	7,239	20	362	35	207	(155)
	568	Capitalized Payroll	347	2,088	20	104	40	52	(52)
	602	Meters and Meter Installations	347	61,729	20	3,086	40	1,543	(1,543)
	603	Capitalized Payroll	347	1,226	20	61	40	31	(31)
	642	Meters and Meter Installations	347	83,420	20	4,171	40	2,085	(2,085)
	643	Capitalized Payroll	347	1,053	20	53	40	26	(26)
Total for 3344						24,629		12,850	(11,779)

Asset Group	Laurel No. 2's Plant Ledger Item No.	Asset Title	NARUC Acct. #	Cost	Current Life	Current Depreciation	Proposed by Staff Life	Proposed by Staff Depreciation	Difference
3354, Hydrants	249	Hydrants	348	5,153	20	258	40	129	(129)
	250	Hydrants	348	1,395	20	70	40	35	(35)
	251	Hydrants	348	7,888	20	394	40	197	(197)
	252	Hydrants	348	6,790	20	340	40	170	(170)
	253	Hydrants	348	1,159	20	58	40	29	(29)
	254	Hydrants	348	222	20	11	40	6	(6)
	255	Hydrants	348	7,141	20	357	40	179	(179)
	256	Hydrants	348	1,926	20	96	40	48	(48)
	373	Hydrants	348	5,772	20	289	40	144	(144)
	541	HYDRANTS	348	702	20	35	40	18	(18)
	558	HYDRANTS	348	18,150	20	908	40	454	(454)
	623	2 Fire Hydrants	348	6,550	20	328	40	164	(164)
Total for 3354						3,142		1,571	(1,571)
3394, Plant & Misc.	374	8 - 1550 Gallon Tanks	342	9,062	10	906	30	302	(604)
	375	Misc. Equipment	390	2,396	10	240	35	68	(171)
	401	Misc. Equipment	390	4,385	10	438	35	125	(313)
	512	table/4 chairs	391	40	10	4	20	2	(2)
	513	desk/file cabinet	391	100	10	10	20	5	(5)
	542	WET DRY VAC	394	87	5	17	15	6	(12)
	543	STIHL FS90 WEEDEATER	394	310	5	62	15	21	(41)
	544	LAPTOP COMPUTER	397	1,048	5	210	10	105	(105)
	545	TV LCD 27'	391	430	5	86	20	21	(64)
	546	200 GAL VERTICAL STORAGE TANK	342	613	10	61	30	20	(41)
	572	Time Clock	391	500	10	50	20	25	(25)
	573	Laser Fax/Copier	391	221	10	22	20	11	(11)
	574	FS 90 Trimmer	394	320	10	32	15	21	(11)
	576	Microsoft Software	397	150	5	30	10	15	(15)
	577	Filing Cabinet	391	179	10	18	20	9	(9)
	604	Pressure Washer	394	219	5	44	15	15	(29)
	605	MinutemenAuto Scrubber	394	1,700	5	340	15	113	(227)
	606	26HP Kohler Riding Lawnmower	394	2,704	5	541	15	180	(360)
	607	Signs	394	1,776	10	178	15	118	(59)
	644	Chemical Mixer	394	1,224	5	245	15	82	(163)
	645	Air Tank Cylinder	394	398	5	80	15	27	(53)
	646	Fire Extinguisher	394	292	5	58	15	19	(39)
Total 3394						3,672		1,312	(2,360)
3405, Office	320	Office Furniture	391	4,370	10	437	20	219	(219)
	378	Office Furniture	391	4,397	10	440	20	220	(220)
	389	Office Furniture	391	1,042	10	104	20	52	(52)
	402	Office Furniture	391	7,828	10	783	20	391	(391)
	414	3 - Desks	391	585	10	58	20	29	(29)
	415	flag	391	98	10	10	20	5	(5)
	416	chair and stool	391	163	10	16	20	8	(8)
	417	L-shaped desk/hutch	391	1,875	10	188	20	94	(94)
	418	computer/chair	391	563	10	56	20	28	(28)
	458	table top/folding table	391	129	10	13	20	6	(6)
	461	2-tables	391	88	10	9	20	4	(4)
	519	letter opener - electric	391	2,000	10	200	20	100	(100)
	521	cash drawer	391	325	10	33	20	16	(16)
	547	3 1/2 TON A/C UNIT	391	2,900	10	290	35	83	(207)
	549	2 BLACK FILING CABINETS	391	460	10	46	20	23	(23)
	550	BUNN COFFEE POT	391	220	10	22	20	11	(11)
	551	ROUTER E2500	397	116	5	23	10	12	(12)
	582	Shredder	391	150	5	30	20	7	(22)
	583	5 Filing Cabinets	391	1,300	10	130	20	65	(65)
	609	Mapping Software	397	1,236	5	247	10	124	(124)
	613	3 Desks - Front Office	391	908	10	91	20	45	(45)
	615	(2) 6 Shelf File Cabinets	391	1,580	10	158	20	79	(79)
	617	Blinds - Front Office	391	360	10	36	20	18	(18)
	647	4 Desk Chairs	391	365	10	36	20	18	(18)
	648	Dell Tablet	397	300	5	60	10	30	(30)
	649	Dell Laptop computer	397	351	5	70	10	35	(35)
Total for 3405						3,586		1,723	(1,863)
3415, Transport.	584	2012 Ford F-150 Truck	392	26,400	5	5,280	7	3,771	(1,509)
	618	2013 Ford F-150 w/ light bar	392	16,007	5	3,201	7	2,287	(915)
	653	Restoration - 88 Chevy C70 Rollback	392	7,233	5	1,447	7	1,033	(413)
Total for 3415						9,928		7,091	(2,837)

Laurel No. 2's Plant Ledger			NARUC		Current		Proposed by Staff		
Asset Group	Item No.	Asset Title	Acct. #	Cost	Life	Depreciation	Life	Depreciation	Difference
3435, Tools/Shop	379	Tools, Shop Equipment	394	2,434	10	243	15	162	(81)
	390	Tools, Shop Equipment	394	222	10	22	15	15	(7)
	403	Hammerhead Mole	394	2,340	10	234	15	156	(78)
	522	weedeater	394	129	10	13	15	9	(4)
	523	raiker 5 x 8	394	500	10	50	15	33	(17)
	552	KOBALT SAWW ALL	394	85	5	17	15	6	(11)
	585	Push mower	394	158	5	32	15	11	(21)
	586	13 Amp Saw	394	159	5	32	15	11	(21)
	587	48" Pipe Wrench	394	125	5	25	15	8	(17)
	588	2" Water/Trash Pump	324-7	971	5	194	20	49	(146)
	619	Tool Box	394	525	10	53	15	35	(18)
	654	Lawn Mower	394	144	5	29	15	10	(19)
	655	Hammer Head Mole	394	3,661	10	366	15	244	(122)
	656	Code Reader for Trucks	397	140	5	28	10	14	(14)
	657	Honda Dewatering Pump	324-7	428	5	86	20	21	(64)
	658	Tubes for Reading Meters	346	166	5	33	35	5	(29)
	659	Honda Dewatering Pump	324-7	428	5	86	20	21	(64)
	660	Push mower	394	364	5	73	15	24	(48)
Total for 3435						1,615		833	(781)
3445, Lab. Equip.	351	Lab Equipment	395	549	10	55	15	37	(18)
	391	Maintenance Program	395	2,498	10	250	15	166	(83)
	569	Top Stirrer	395	379	10	38	15	25	(13)
	570	DR 3900 Spectrometer	395	3,832	10	383	15	255	(128)
	571	Lab Turbidmeter	395	3,353	10	335	15	224	(112)
Total for 3445						1,061		707	(354)
3455, Power Eq.	590	Hammer Drill	396	132	5	26	10	13	(13)
3465, Comm. Eq.	354	Radio Tower	390	7,929	20	396	35	227	(170)
	554	MOTOROLA PHONE (OTIS)	397	70	5	14	10	7	(7)
Total for 3465						410		234	(177)
3480, Other	624	Utility Lines to Aisin Tank	341	4,303	10	430	35	123	(307)
Total Adjustment						$ 300,919		$ 212,126	$ (88,792)

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