

ELKHORN WATER DISTRICT

7165 U.S.127 North
Frankfort, Kentucky 40601

Michael Dudgeon,
Chairman

(502) 695-4431

December 12, 2018

RECEIVED

Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

re: Elkhorn Water District
Case No. 2018-00145

DEC 17 2018

PUBLIC SERVICE
COMMISSION

To the COMMISSION:

We are in receipt of the Staff Report in the above case. We have reviewed the staff report and have comments regarding the pro forma adjustment of the PWA case filed in the test year.

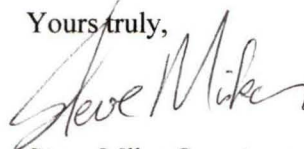
The staff disallowed the expenses of the rate adjustment case and amortized the cost over three years. The staff failed to go back to the previous years and pick up the amortized expenses of the previous purchased water adjustment cases.

For 2015, the expenses of the attorney were \$1,476.12 for intervening in the PWA case. Amortizing that for three years should add \$490.37 to the pro-forma adjustments. Additionally, the staff disallowed \$8,438.00 of prior year engineering fees. Of those fees, \$900.00 was associated with the PWA case in 2015. Amortizing that over three years gives an additional \$300.00 to the pro forma adjustments. For 2016, expenses for the PWA case were \$1,500.00. Amortizing that for three years should add \$500.00 to the pro forma adjustments. This gives a total added expense of \$1,290.37 to the test year.

The result of this adjustment to the operating expenses is a revenue increase of \$24,329 or 7.81% is needed to generate the Overall Revenue Requirement.

Thank you for your attention in this matter.

Yours truly,



Steve Mika, Secretary
Elkhorn Water District

SM:pac

cc: Warner Broughman, III, Engineer
Office of the Attorney General