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Revenue Requirements Updated Schedules
Rate Case 2007-00135
Prepared By: Black & Veatch
Exhibit N
Witness: McKinley



BLACK & VEATCH
Building a world of difference.

May 22, 2007

Mr. Ron Lovan
President/CEO
Northern Kentucky Water District
2835 Crescent Springs Road
Erlanger, KY 41018-0640

Dear Mr. Lovan:

We are pleased to present herewith our *Report on Revenue Requirements and Rate Design* for the Northern Kentucky Water District. An executive summary of the principal findings and recommendations and introduction precede the detailed text of the report.

Ms. Anna White of our organization has been responsible for the detail preparation of the report.

We appreciate this opportunity to be of service to the District and will be glad to discuss the report with you at your convenience.

Very truly yours,

BLACK & VEATCH CORPORATION

J. Rowe McKinley
Vice President
Enterprise Management Solutions

amw
Enclosure

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Executive Summary

Black & Veatch has prepared this report for the Northern Kentucky Water District (the "District") to summarize the District's rate case filing, Case No. 2007-00135, with the Kentucky Public Service Commission ("PSC"). The District's case-in-chief will be filed with the PSC on or before May 31, 2007 and will be available at the District's office.

This report reviews the District's financial planning projections and evaluates the rate development activities of the Utility. The specific goals of the study were to:

- Review the District's projections for revenues under existing rates and projected revenue requirements; and
- Develop a suitable schedule of water rates which will produce revenues adequate to meet financial needs on a basis which recognizes PSC requirements and local policy considerations.

Summary of Findings

The financial condition of the District is influenced by a number of factors. Rates charged for service should, at a minimum, be adequate to cover operating costs, to cover repair and replacement costs, and to meet outstanding debt covenant requirements. Sound financial operation also recommends maintaining a capital reserve to address unplanned and emergency capital requirements.

Adjustments in water rates should be designed for retail and wholesale service customers in accord with PSC requirements and local policy consideration.

The Northern Kentucky Water District has engaged Black & Veatch to conduct a review of revenue requirements and to design water rates that recover the overall cost of service. The principal findings and recommendations of the studies are summarized herein.

In conducting our analyses and in forming an opinion of the projection of future operations summarized in this report, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. The methodology utilized by Black & Veatch in performing the analysis follows generally accepted practices for such projections. Such assumptions and methodologies are summarized in this report and are reasonable and appropriate for the purpose for which they are used. While Black & Veatch believes the assumptions are reasonable and the projection methodology valid, actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that actually occur.

Revenue Requirements

- The existing water rates are shown as Appendix A of this report. The District's last rate adjustment was approved under Case No. 2005-00148 (the "2005 Order") and became effective in April 2006.
- Financial projections for the current rate case are based on the period from January 1, 2006 through December 31, 2006. Test year revenues and expenses

have been adjusted to reflect known and measurable changes over the study period. A summary of the test year revenues and revenue requirements is shown in Schedule A.

- Total revenue requirements, adjusted for known and measurable changes, for the test year total \$44,856,324. Revenue requirements include \$21,828,354 of operation and maintenance expense, \$14,435,068 of debt service, \$5,797,324 for depreciation, and \$2,795,578 for debt service coverage.
- Debt service includes the average principal and interest payments that will be due for the first four years for \$29,580,000 of proposed revenue bonds (“2008 Bonds”).
- As part of this rate filing, the District has included its 5-year capital improvement program.
- Revenues under existing rates during the test year total \$39,568,908. Revenues include \$1,727,018 of non-operating income, \$2,188,668 of operating revenue not subject to rate increase, \$438,584 from the amortization of the Boone & Florence settlement and early termination payment, and \$35,214,639 of water sales revenues adjusted for a full year of the last rate adjustment and volume normalization due to the impact of abnormal rainfall in the test year.
- In order to meet test year revenue requirements, water sales revenues must increase by \$5,287,415. The overall increase in water sales revenues required to meet test year revenue requirements is 15.0 percent.

Proposed Water Rates

- A rate schedule to meet the overall test year revenue requirements from rates that follows the 2005 Order’s cost-of-service methodology is proposed herein and summarized in Schedule B.
- The proposed rates recover 100 percent of system revenue requirements to be met from rate revenue.
- Water bills for “typical” customers under the existing and proposed rate schedules are illustrated in Schedule C.
- The typical bill for a residential customer using 18,000 gallons per quarter increases \$12.52 or 15.0 percent.

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE A
SUMMARY OF TEST YEAR REVENUE REQUIREMENTS
TEST YEAR 2007

<u>Line No.</u>		<u>Total</u>	<u>Reference</u>
		\$	
1	Operation & Maintenance Expense	21,828,354	Schedule 2
2	Debt Service Requirements	14,435,068	Schedule 3
3	Depreciation Expense	5,797,324	Schedule 4
4	Debt Service Coverage	<u>2,795,578</u>	Schedule 3
5	Total Revenue Requirements	44,856,324	
6	Less: Operating Revenue not Subject to Rate Increase	(2,188,668)	Schedule 5
7	Less: Non-Operating Revenue	(1,727,018)	Schedule 6
8	Less: Boone & Florence	<u>(438,584)</u>	Schedule 6
9	Net Revenue Requirements	40,502,054	
10	Revenues Under Existing Rates	<u>(35,214,639)</u>	Schedule 7
11	Revenue Increase Required	5,287,415	
12	Percentage Revenue Increase Required	15.0%	

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE B
PROPOSED RATES
EFFECTIVE**

<u>MeterSize</u>	<u>Monthly</u>	<u>Quarterly</u>
	\$	\$
Fixed Service Charge - \$/bill		
5/8"	12.22	18.50
3/4"	12.64	19.49
1"	13.80	22.41
1 1/2"	15.54	26.40
2"	19.63	37.12
3"	47.40	115.51
4"	59.37	145.00
6"	87.92	213.99
8"	118.73	292.35
10"	157.90	381.75

Monthly Volume Charge - \$/Ccf

First 1,500 cubic feet	3.23
Next 163,500 cubic feet	2.80
Over 165,000 cubic feet	2.48

Quarterly Volume Charge - \$/Ccf

First 4,500 cubic feet	3.23
Next 490,500 cubic feet	2.80
Over 495,000 cubic feet	2.48

Wholesale Volume Charge - \$/Ccf

Bullock Pen Water District	2.17
City of Walton	2.17
Pendleton County	2.17

Ccf - Hundred Cubic Feet

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE C
 COMPARISON OF TYPICAL WATER BILLS
 UNDER EXISTING AND PROPOSED RATES
 TEST YEAR 2007

(1) Meter Size	(2) Monthly Usage		(3)-(6) Monthly				(7) Monthly Usage		(8)-(11) Quarterly			
	Ccf	Mgal	Existing Rates	Proposed Rates	Increase	Increase	Ccf	Mgal	Existing Rates	Proposed Rates	Increase	Increase
			\$	\$	\$	%			\$	\$	\$	%
5/8"	0.00	0	10.63	12.22	1.59	15.0%	0.00	0	16.09	18.50	2.41	15.0%
5/8"	2.67	2	18.13	20.84	2.71	15.0%	8.02	6	38.63	44.40	5.78	15.0%
5/8"	6.68	5	29.40	33.80	4.40	15.0%	20.05	15	72.43	83.26	10.83	15.0%
5/8"	8.02	6	33.17	38.12	4.96	15.0%	24.06	18	83.70	96.21	12.52	15.0%
5/8"	13.37	10	48.20	55.41	7.21	14.9%	40.10	30	128.77	148.02	19.25	15.0%
5/8"	20.05	15	65.05	74.81	9.76	15.0%	60.16	45	179.38	206.30	26.92	15.0%
5/8"	26.74	20	81.31	93.54	12.23	15.0%	80.21	60	228.10	262.44	34.34	15.1%
5/8"	40.10	30	113.77	130.95	17.18	15.1%	120.31	90	325.54	374.72	49.17	15.1%
5/8"	66.84	50	178.75	205.82	27.07	15.1%	200.52	150	520.45	599.31	78.85	15.2%
5/8"	133.68	100	341.17	392.97	51.80	15.2%	401.04	300	1,007.72	1,160.76	153.04	15.2%
3/4"	40.10	30	114.13	131.37	17.24	15.1%	120.31	90	326.40	375.71	49.30	15.1%
3/4"	66.84	50	179.11	206.24	27.13	15.1%	200.52	150	521.31	600.30	78.98	15.2%
3/4"	133.68	100	341.53	393.39	51.86	15.2%	401.04	300	1,008.58	1,161.75	153.17	15.2%
1"	26.74	20	82.68	95.12	12.44	15.1%	80.21	60	231.50	266.35	34.85	15.1%
1"	66.84	50	180.12	207.40	27.28	15.1%	200.52	150	523.85	603.22	79.36	15.1%
1"	133.68	100	342.54	394.55	52.01	15.2%	401.04	300	1,011.12	1,164.67	153.55	15.2%
1 1/2"	133.68	100	344.05	396.29	52.24	15.2%	401.04	300	1,014.59	1,168.66	154.07	15.2%
1 1/2"	334.20	250	831.32	957.75	126.43	15.2%	1,002.60	750	2,476.38	2,853.03	376.65	15.2%
1 1/2"	668.40	500	1,643.42	1,893.51	250.09	15.2%	2,005.21	1,500	4,912.72	5,660.34	747.62	15.2%
2"	334.20	250	834.88	961.84	126.96	15.2%	1,002.60	750	2,485.70	2,863.75	378.05	15.2%
2"	668.40	500	1,646.98	1,897.60	250.62	15.2%	2,005.21	1,500	4,922.04	5,671.06	749.02	15.2%
2"	1,336.81	1,000	3,271.22	3,769.15	497.93	15.2%	4,010.42	3,000	9,794.70	11,285.65	1,490.95	15.2%
3"	668.40	500	1,671.13	1,925.37	254.24	15.2%	2,005.21	1,500	4,990.20	5,749.45	759.25	15.2%
3"	1,336.81	1,000	3,295.37	3,796.92	501.55	15.2%	4,010.42	3,000	9,862.86	11,364.04	1,501.18	15.2%
3"	2,673.61	2,000	6,267.42	7,212.40	944.99	15.1%	8,020.83	6,000	18,779.03	21,610.52	2,831.49	15.1%
4"	1,336.81	1,000	3,305.78	3,808.89	503.11	15.2%	4,010.42	3,000	9,888.51	11,393.53	1,505.02	15.2%
4"	2,673.61	2,000	6,277.83	7,224.37	946.55	15.1%	8,020.83	6,000	18,804.68	21,640.01	2,835.33	15.1%
4"	6,684.03	5,000	14,940.33	17,170.21	2,229.88	14.9%	20,052.08	15,000	44,792.18	51,477.51	6,685.33	14.9%
6"	2,673.61	2,000	6,302.65	7,252.92	950.28	15.1%	8,020.83	6,000	18,864.67	21,709.00	2,844.33	15.1%
6"	6,684.03	5,000	14,965.15	17,198.76	2,233.61	14.9%	20,052.08	15,000	44,852.17	51,546.50	6,694.33	14.9%
6"	13,368.05	10,000	29,402.64	33,775.13	4,372.50	14.9%	40,104.16	30,000	88,164.67	101,275.66	13,110.99	14.9%
8"	6,684.03	5,000	14,991.94	17,229.57	2,237.63	14.9%	20,052.08	15,000	44,920.31	51,624.86	6,704.55	14.9%
8"	13,368.05	10,000	29,429.43	33,805.94	4,376.52	14.9%	40,104.16	30,000	88,232.81	101,354.02	13,121.21	14.9%
8"	26,736.11	20,000	58,304.44	66,958.73	8,654.30	14.8%	80,208.33	60,000	174,857.81	200,812.36	25,954.55	14.8%
10"	13,368.05	10,000	29,463.49	33,845.11	4,381.63	14.9%	40,104.16	30,000	88,310.55	101,443.42	13,132.87	14.9%
10"	26,736.11	20,000	58,338.50	66,997.90	8,659.41	14.8%	80,208.33	60,000	174,935.55	200,901.76	25,966.21	14.8%
10"	66,840.27	50,000	144,963.48	166,456.22	21,492.74	14.8%	200,520.82	150,000	434,810.53	499,276.73	64,466.20	14.8%

Ccf - Hundred Cubic Feet
 Mgal - Thousand Gallons

Introduction

This report was prepared for the Northern Kentucky Water District (the “District”) to summarize the District’s financial planning projections and develop rates for the District’s Water Utility. The specific goals of the study were to:

- Review the District’s projections for revenues under existing rates and projected revenue requirements; and
- Develop a suitable schedule of water rates which will produce revenues adequate to meet financial needs on a basis which recognizes PSC requirements and local policy considerations.

General Background

The District’s Water System consists of three treatment facilities and over 1,000 miles of installed mains. The Fort Thomas Water Treatment Plant (“FTTP”) is the primary source of finished water for the District and is a conventional settling/filtration plant that treats surface water from the Ohio River. The original plant was constructed in 1891, with numerous expansions over the years to improve treatment capability and capacity. The current plant capacity is 44 million gallons per day (“mgd”). The Taylor Mill Water Treatment Plant (“TMTP”) is also a conventional settling/filtration facility with a capacity of 10 mgd. Source water for the Taylor Mill plant is the Licking River. The Taylor Mill plant also serves as a critical pumping facility for the District, taking water produced both at Taylor Mill and Fort Thomas (which flows by gravity to Taylor Mill) and transferring it to the distribution system. The third treatment plant, Memorial Parkway Water Treatment Plant (“MPTP”), came under the District’s operation in June 2002 through the District’s acquisition of the Newport Water Works. The Memorial Parkway facility uses a process of ballasted flocculation to treat water from the Ohio River. MPTP is currently capable of reliably treating 10 mgd.

Following the March 2004 purchase of the Taylor Mill water system, and conversion of those customers from a wholesale to a retail level of service, the District provides services to over 80,000 customers including residential, commercial, and industrial accounts. In addition, the utility currently provides wholesale services to three neighboring communities.

The District is operated and maintained as a self-supporting enterprise. As such, the District’s water rates are developed to provide sufficient levels of revenue to meet all operation and maintenance expenses of the system, debt service requirements, routine annual extensions and replacements of capital improvements to be funded from current revenues, and other specific bond ordinance and revenue requirements. Water rates are developed for retail and wholesale customers by determining the total overall costs of service and the system service requirements.

Purpose

The purpose of this report is to present a summary of the District’s rate case filing, Case No. 2007-00135, before the PSC. The District’s case-in-chief will be filed with the PSC on or

before May 31, 2007. This report presents a summary of that filing which will be available at the District's offices.

Scope

The rate case filing includes detailed financial summaries of water utility operations and the development of water rates. This report presents the primary schedules from the filing that presents both the justification of the need for additional revenues and the proposed rates. A cost of service study by customer class was not conducted as a part of this study. Rather, an across-the-board increase adequate to recover the overall increase in cost of service required from existing water rates has been applied. This will retain the cost of service recovery by customer class which is reflected in the existing schedule of water rates which were approved under Case No. 2005-00148 ("2005 Order").

Rate calculation details are included in Appendix C of this report. Testimony from the filing has been adapted to report format and supplemented to provide additional information for readers that are not familiar with rate case procedures and revenue requirements studies.

Revenues and Revenue Requirements

Summary

A summary of the test year revenues and revenue requirements are presented in Schedule 1 on the following page. The test year is for the period January 1, 2006 through December 31, 2006. Test year revenue requirements are adjusted for known and measurable changes over the study period, including annualizing known salary increases, increases in employee benefits and health insurance costs, and other adjustments. Revenue requirements include operation and maintenance expense, debt service costs, depreciation expenses, and debt service coverage. Test year revenue requirements total \$44,856,324.

Test year revenues include water sales revenues, other operating revenues that are not subject to the rate increase, and non-operating revenues. In addition, because the rate adjustment approved by the PSC under the 2005 Order became effective in April 2006, water sale revenues have been adjusted to reflect a full year of the rate adjustment. Finally, analysis of water consumption and climatological data indicated rainfall in 2006 was abnormally high, which has the effect of reducing water consumption, primarily for the residential class. Residential consumption has been normalized for the current test year based on average consumption from 2000, a year in which normal rainfall levels during the growing season was experienced. As indicated in Schedule 1, test year revenues from the sale of water total \$35,214,639. In order to meet test year revenue requirements, water sales revenues must be increased by \$5,287,415, an increase of 15.0 percent over test year water sales revenues.

Revenue Requirements

Operation and Maintenance Expense Projections

Schedule 2 summarizes the District's test year operation and maintenance expense. Initial actual test year operation and maintenance expense totals \$20,831,914.

Test year operation and maintenance expense is adjusted for known and measurable changes for the study period. These adjustments include increases related to 2007 salary increases and benefits (primarily health and pension) expenses, electric costs, and gas costs. In addition, per the 2005 Order, an adjustment for amortization of the 2007 Rate Case is included. Total known and measurable adjustments for the test year total \$996,440. The resulting test year operation and maintenance expense is \$21,828,354.

Debt Service

The revenue requirement for debt service consists of the average debt service for the five-year period beginning January 1, 2007 and is shown on Schedule 3.

Debt service includes the debt service on the District's existing revenue bonds (Series 1997 through 2006), the proposed 2008 Bonds ("2008 Bonds"), the proposed 2007 Drinking

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 1
SUMMARY OF TEST YEAR REVENUE REQUIREMENTS
TEST YEAR 2007

<u>Line No.</u>		<u>Total</u>	<u>Reference</u>
		\$	
1	Operation & Maintenance Expense	21,828,354	Schedule 2
2	Debt Service Requirements	14,435,068	Schedule 3
3	Depreciation Expense	5,797,324	Schedule 4
4	Debt Service Coverage	<u>2,795,578</u>	Schedule 3
5	Total Revenue Requirements	44,856,324	
6	Less: Operating Revenue not Subject to Rate Increase	(2,188,668)	Schedule 5
7	Less: Non-Operating Revenue	(1,727,018)	Schedule 6
8	Less: Boone & Florence	<u>(438,584)</u>	Schedule 6
9	Net Revenue Requirements	40,502,054	
10	Revenues Under Existing Rates	<u>(35,214,639)</u>	Schedule 7
11	Revenue Increase Required	5,287,415	
12	Percentage Revenue Increase Required	15.0%	

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 2
 TEST YEAR OPERATION AND MAINTENANCE EXPENSE
 TEST YEAR 2007

Line No.		
1	UNADJUSTED TEST YEAR OPERATION AND MAINTENANCE EXPENSE Operation and Maintenance Expense	20,831,914
2	ADJUSTMENTS FOR KNOWN AND MEASURABLE CHANGES Salary Increases @ 4%	309,960
3	Pension & Benefit Increases @ 14.1% (a)	168,372
4	Health Insurance Increases @ 12.4%	210,229
5	Electric Cost Increases @ 17%	289,264
6	Gas Cost Increases @ 17%	26,156
7	Rate Case Amortization	(7,541)
8	Total Adjustments for Known and Measurable	996,440
9	Total Test Year Operation and Maintenance Expense	21,828,354

(a) Includes \$2,209 for 401-457 match.

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 3
DEBT SERVICE

Year	Existing		Proposed 2008		Total Revenue Bonds		Proposed 2007		Taylor Mill Purchase Financing		Total
	Revenue	Bonds	Revenue	Bonds	Revenue	Bonds	SRF Loan				
	\$		\$		\$		\$		\$		\$
2007	12,262,241				12,262,241		160,500		250,000		12,672,741
2008	12,747,095		754,236		13,501,331		275,100		250,000		14,026,431
2009	12,748,138		1,965,304		14,713,442		275,100		175,000		15,163,542
2010	12,742,139		1,964,319		14,706,458		275,100		175,000		15,156,558
2011	12,744,149		1,961,821		14,705,970		275,100		175,000		15,156,070
5-Year Average					13,977,888						14,435,068
Debt Service Coverage @ 20%					2,795,578						

Water State Revolving Fund ("SRF") Loan, and the 14 year note payable related to the purchase of Taylor Mill water assets in March 2004. The average debt service for the five-year period totals \$14,435,068.

The District proposes to issue \$29,580,000 of bonds tentatively scheduled for sale in January 2008. The 2008 Bonds will be used to discharge the Series 2007 Bond Anticipation Notes and fund new project improvements. The District also proposes to issue \$4,000,000 of SRF loans in 2007 to finance improvements to the Memorial Parkway Treatment Plant chemical building. The 2007 SRF loan and the Taylor Mill notes payable are considered subordinate to the existing and proposed revenue bonds. Debt service coverage is based on 20 percent of the five-year average debt service on revenue bonds, as shown on Schedule 3.

Depreciation Expense

The District annually makes water system extensions and replacements from revenues. The test year revenue requirement for depreciation totals \$5,797,324 and is shown on Schedule 4. A depreciation study is currently being conducted to evaluate depreciation practices of the utility. The results of that study are not reflected in this rate filing.

Revenue Projections

The District finances its activities primarily through user charges for water service provided to the customers of the Utility and connection charges for new meters and services as new customers connect to the system. Income is also generated through a variety of other miscellaneous revenue sources. A summary of the current water rates is included as Appendix A.

Revenues Not Subject to Rate Increase

The District receives operating revenues that are not subject to the rate increase. These revenues include charges for services such as forfeited discounts, turning meters on, rents from property, and surcharge revenues. Schedule 5 shows that the test year operating revenues not subject to a rate increase total \$2,188,668.

Non-Operating Income

The District also receives revenues that are classified as non-operating revenues. These revenues include gains or losses on the disposition of property, interest income, and other miscellaneous revenues. The Boone & Florence settlement reserve and early termination payment are also considered non-operating income. In accordance with the 2002 Order, the amounts of Boone & Florence settlement and the early termination payment included in this rate case have been amortized over 10 years. Schedule 6 shows that the test year non-operating revenues total \$2,165,602.

Water Sales Revenues

Water sales revenues include revenue from the actual sale of water. Known and measurable adjustments included in Schedule 7 are the normalization of billable water usage

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 4
DEPRECIATION EXPENSE
TEST YEAR 2007

Line No.	Plant Account	(1)	(2)	(3)
		Dec. 31, 2006 Depreciation	Change in Current Assets	Test Year Depreciation
		\$	\$	\$
				(1) + (2)
	Source of Supply & Pumping			
1	Land & Land Rights	0	0	0
2	Structures & Improvements	270,935	21,976	292,911
3	Lake River & Other Intakes	75,733	0	75,733
4	Supply Mains	23,312	2,584	25,895
5	Pumping Equipment	379,886	(29,215)	350,671
6	Subtotal	749,866	(4,656)	745,210
	Water Treatment Plant			
7	Land & Land Rights	0	0	0
8	Structures & Improvements	785,381	(9,093)	776,287
9	Water Treatment Equipment	386,442	(27,790)	358,652
10	Subtotal	1,171,822	(36,883)	1,134,939
	Transmission & Distribution			
11	Land & Land Rights	0	0	0
12	Structures & Improvements	203,582	37,466	241,048
13	Distribution Reservoirs & Standpipes	133,754	(0)	133,754
14	Transmission & Distribution Mains	1,239,489	166,083	1,405,572
15	Transmission & Distribution Services	431,065	17,620	448,686
16	Meters & Meter Installation	173,089	4,679	177,768
17	Hydrants	104,437	6,134	110,571
18	Other Plant & Misc. Equipment	303,599	(16,049)	287,551
19	Subtotal	2,589,016	215,934	2,804,950
	General Plant			
20	Land & Land Rights	0	0	0
21	Structures & Improvements	490,720	23,227	513,946
22	Office Equipment	239,345	(11,484)	227,861
23	Transportation Equipment	233,831	7,526	241,357
24	Tools, Shop & Garage Equipment	2,947	(926)	2,021
25	Power Operated Equipment	89,256	31,831	121,088
26	Other Tangible Plant	12,254	(6,303)	5,951
27	Subtotal	1,068,353	43,871	1,112,224
28	Total Plant Investment	5,579,057	218,267	5,797,324

NORTHERN KENTUCKY WATER DISTRICT**SCHEDULE 5
REVENUES NOT SUBJECT TO RATE INCREASE
TEST YEAR 2007**

<u>Line</u> <u>No.</u>		<u>2007</u>
		\$
	Other Operating Revenue	
1	Forfeited Discounts	713,273
2	Rent from Water Property (a)	396,716
3	Rent from Water Property - Newport	1,200
4	Fire Protection	42,637
5	Meter Tests	717
6	Income Turn On Fees	398,335
7	Income Turn on Fees - Taylor Mill	330
8	Returned Check Charge	13,820
9	Current Surcharge Revenues	563,353
10	Proposed Sub-District F Revenues	16,604
11	Proposed Sub-District G Revenues	41,683
12	Total Other Operating Revenue	<u>2,188,668</u>

(a) Represents a reduction of \$95,878.20 due to loss of 2008 rental income at central facility.

NORTHERN KENTUCKY WATER DISTRICT**SCHEDULE 6
NON-OPERATING INCOME
TEST YEAR 2007**

<u>Line No.</u>		<u>2007</u>
		\$
	Non-Operating Revenues	
1	Sale of Fixed Assets	6,799
2	Income Miscellaneous	77,571
3	Lab Test Fees	29,964
4	Commission on Sales Tax	5,430
5	Material Sold	34,624
6	Interest Income	1,567,820
7	Miscellaneous Income	4,810
8	Boone & Florence Reserve	<u>438,584</u>
9	Total Non-Operating Revenues	2,165,602

**NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 7
REVENUES UNDER CURRENT RATES
TEST YEAR 2007**

Line No.	Metered Sales			Bulk	Total
	Retail	Wholesale			
	\$	\$	\$	\$	\$
1	2006 Revenues	31,528,505	921,897	6,954	32,457,356
2	Plus Volume Normalization (a)	1,726,541	0		1,726,541
3	Plus New Connections (b)	276,222	0		276,222
4	Plus Prior Rate Increase (c)	739,640	14,880		754,520
5	2007 Revenues	34,270,908	936,777	6,954	35,214,639

- (a) Adjustment to normalize for abnormally low billable water usage due to rainy weather in 2006.
- (b) Extensions are expected to result in approximately 868 new connections.
- (c) Adjustment for Rate Increase approved in PSC Order 2005-00148.

resulting from abnormally high rainfall in 2006 and the annualizing of the rate adjustment approved in the 2005 Order. In addition, revenues from new customers due to the extension of service and system growth are also included as a revenue adjustment.

Proposed Rates

The initial consideration in the derivation of rate schedules for utility service is the establishment of equitable charges to the customers commensurate with the cost of providing that service. While the cost of service allocations to customer classes should not be construed as literal or exact determinations, they offer a guide to the necessity for, and the extent of, rate adjustments. Practical considerations sometimes modify rate adjustments by taking into account additional factors such as the extent of change from previous rate levels, existing contracts, and past local policies and practices.

PSC-Compliant Cost-of-Service Rates

The rates proposed herein are the same for all retail ratepayers whether they are from Campbell or Kenton County or the City of Newport (i.e., the rates are unified). The rates for water service include a monthly service charge by meter size and a three-step declining block commodity charge. Proposed rates, presented in Schedule 8, represent an across-the-board increase of 15.0 percent over existing rates, which were approved under Case No. 2005-00148 and which were, in part, based upon the cost of service study presented by the District in that proceeding.

Revenue Sufficiency

Adequacy of Existing Rates to Meet Cost of Service

Presented in Schedule 9 is a comparison of the total cost of service and revenue under existing rates and proposed rates for the system in total. Column 4 indicates that the proposed rates will recover revenues equal to the cost of service. The last column in the table indicates that an overall water revenue increase of 15.0 percent is required for the test year.

Typical Bills

Typical bills are shown in Schedule 10. The average residential customer using approximately 18,000 gallons per quarter may expect their average quarterly water bill to increase from \$83.70 under existing rates to \$96.21 under the proposed rates.

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE 8
PROPOSED RATES
EFFECTIVE**

<u>MeterSize</u>	<u>Monthly</u>	<u>Quarterly</u>
	\$	\$
Fixed Service Charge - \$/bill		
5/8"	12.22	18.50
3/4"	12.64	19.49
1"	13.80	22.41
1 1/2"	15.54	26.40
2"	19.63	37.12
3"	47.40	115.51
4"	59.37	145.00
6"	87.92	213.99
8"	118.73	292.35
10"	157.90	381.75

Monthly Volume Charge - \$/Ccf

First 1,500 cubic feet	3.23
Next 163,500 cubic feet	2.80
Over 165,000 cubic feet	2.48

Quarterly Volume Charge - \$/Ccf

First 4,500 cubic feet	3.23
Next 490,500 cubic feet	2.80
Over 495,000 cubic feet	2.48

Wholesale Volume Charge - \$/Ccf

Bullock Pen Water District	2.17
City of Walton	2.17
Pendleton County	2.17

Ccf - Hundred Cubic Feet

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 9
 COMPARISON OF ADJUSTED COST OF SERVICE
 WITH REVENUE UNDER PROPOSED RATES
 TEST YEAR 2007

Line No.	Customer Class	(1) Cost of Service \$	(2) Revenue Under Existing Rates \$	(3) Revenue Under Proposed Rates \$	(4) Proposed Revenue as a Percent of Cost of Service %	(5) Indicated Increase Over Existing Rates
<i>Monthly</i>						
1	Residential/Multi Family		944,348	1,086,039		15.0%
2	Commercial		143,705	165,489		15.2%
3	Industrial		536,803	616,923		14.9%
4	Public Authority		<u>724,633</u>	<u>834,762</u>		15.2%
5	Subtotal		2,349,490	2,703,213		15.1%
<i>Quarterly</i>						
6	Residential/Multi Family		23,781,503	27,343,323		15.0%
7	Commercial		5,226,194	6,016,748		15.1%
8	Industrial		2,046,245	2,355,201		15.1%
9	Public Authority		<u>867,476</u>	<u>998,904</u>		15.2%
10	Subtotal		31,921,418	36,714,176		15.0%
11	Total Retail		34,270,908	39,417,389		15.0%
12	Wholesale		<u>936,777</u>	<u>1,075,565</u>		14.8%
13	Total System	40,502,054	35,207,685	40,492,954	100.0%	15.0%

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 10
COMPARISON OF TYPICAL WATER BILLS
UNDER EXISTING AND PROPOSED RATES
TEST YEAR 2007

(1) Meter Size	(2) Monthly Usage Ccf Mgal		(3)-(6) Monthly				(7) Monthly Usage Ccf Mgal		(8)-(11) Quarterly			
			Existing Rates	Proposed Rates	Increase	Increase			Existing Rates	Proposed Rates	Increase	Increase
			\$	\$	\$	%			\$	\$	\$	%
5/8"	0.00	0	10.63	12.22	1.59	15.0%	0.00	0	16.09	18.50	2.41	15.0%
5/8"	2.67	2	18.13	20.84	2.71	15.0%	8.02	6	38.63	44.40	5.78	15.0%
5/8"	6.68	5	29.40	33.80	4.40	15.0%	20.05	15	72.43	83.26	10.83	15.0%
5/8"	8.02	6	33.17	38.12	4.96	15.0%	24.06	18	83.70	96.21	12.52	15.0%
5/8"	13.37	10	48.20	55.41	7.21	14.9%	40.10	30	128.77	148.02	19.25	15.0%
5/8"	20.05	15	65.05	74.81	9.76	15.0%	60.16	45	179.38	206.30	26.92	15.0%
5/8"	26.74	20	81.31	93.54	12.23	15.0%	80.21	60	228.10	262.44	34.34	15.1%
5/8"	40.10	30	113.77	130.95	17.18	15.1%	120.31	90	325.54	374.72	49.17	15.1%
5/8"	66.84	50	178.75	205.82	27.07	15.1%	200.52	150	520.45	599.31	78.85	15.2%
5/8"	133.68	100	341.17	392.97	51.80	15.2%	401.04	300	1,007.72	1,160.76	153.04	15.2%
3/4"	40.10	30	114.13	131.37	17.24	15.1%	120.31	90	326.40	375.71	49.30	15.1%
3/4"	66.84	50	179.11	206.24	27.13	15.1%	200.52	150	521.31	600.30	78.98	15.2%
3/4"	133.68	100	341.53	393.39	51.86	15.2%	401.04	300	1,008.58	1,161.75	153.17	15.2%
1"	26.74	20	82.68	95.12	12.44	15.1%	80.21	60	231.50	266.35	34.85	15.1%
1"	66.84	50	180.12	207.40	27.28	15.1%	200.52	150	523.85	603.22	79.36	15.1%
1"	133.68	100	342.54	394.55	52.01	15.2%	401.04	300	1,011.12	1,164.67	153.55	15.2%
1 1/2"	133.68	100	344.05	396.29	52.24	15.2%	401.04	300	1,014.59	1,168.66	154.07	15.2%
1 1/2"	334.20	250	831.32	957.75	126.43	15.2%	1,002.60	750	2,476.38	2,853.03	376.65	15.2%
1 1/2"	668.40	500	1,643.42	1,893.51	250.09	15.2%	2,005.21	1,500	4,912.72	5,660.34	747.62	15.2%
2"	334.20	250	834.88	961.84	126.96	15.2%	1,002.60	750	2,485.70	2,863.75	378.05	15.2%
2"	668.40	500	1,646.98	1,897.60	250.62	15.2%	2,005.21	1,500	4,922.04	5,671.06	749.02	15.2%
2"	1,336.81	1,000	3,271.22	3,769.15	497.93	15.2%	4,010.42	3,000	9,794.70	11,285.65	1,490.95	15.2%
3"	668.40	500	1,671.13	1,925.37	254.24	15.2%	2,005.21	1,500	4,990.20	5,749.45	759.25	15.2%
3"	1,336.81	1,000	3,295.37	3,796.92	501.55	15.2%	4,010.42	3,000	9,862.86	11,364.04	1,501.18	15.2%
3"	2,673.61	2,000	6,267.42	7,212.40	944.99	15.1%	8,020.83	6,000	18,779.03	21,610.52	2,831.49	15.1%
4"	1,336.81	1,000	3,305.78	3,808.89	503.11	15.2%	4,010.42	3,000	9,888.51	11,393.53	1,505.02	15.2%
4"	2,673.61	2,000	6,277.83	7,224.37	946.55	15.1%	8,020.83	6,000	18,804.68	21,640.01	2,835.33	15.1%
4"	6,684.03	5,000	14,940.33	17,170.21	2,229.88	14.9%	20,052.08	15,000	44,792.18	51,477.51	6,685.33	14.9%
6"	2,673.61	2,000	6,302.65	7,252.92	950.28	15.1%	8,020.83	6,000	18,864.67	21,709.00	2,844.33	15.1%
6"	6,684.03	5,000	14,965.15	17,198.76	2,233.61	14.9%	20,052.08	15,000	44,852.17	51,546.50	6,694.33	14.9%
6"	13,368.05	10,000	29,402.64	33,775.13	4,372.50	14.9%	40,104.16	30,000	88,164.67	101,275.66	13,110.99	14.9%
8"	6,684.03	5,000	14,991.94	17,229.57	2,237.63	14.9%	20,052.08	15,000	44,920.31	51,624.86	6,704.55	14.9%
8"	13,368.05	10,000	29,429.43	33,805.94	4,376.52	14.9%	40,104.16	30,000	88,232.81	101,354.02	13,121.21	14.9%
8"	26,736.11	20,000	58,304.44	66,958.73	8,654.30	14.8%	80,208.33	60,000	174,857.81	200,812.36	25,954.55	14.8%
10"	13,368.05	10,000	29,463.49	33,845.11	4,381.63	14.9%	40,104.16	30,000	88,310.55	101,443.42	13,132.87	14.9%
10"	26,736.11	20,000	58,338.50	66,997.90	8,659.41	14.8%	80,208.33	60,000	174,935.55	200,901.76	25,966.21	14.8%
10"	66,840.27	50,000	144,963.48	166,456.22	21,492.74	14.8%	200,520.82	150,000	434,810.53	499,276.73	64,466.20	14.8%

Ccf - Hundred Cubic Feet
Mgal - Thousand Gallons

Appendix A
Existing Rates

Appendix A

Existing Rates

The following is a summary of the rates that are currently being charged to Northern Kentucky Water District customers.

EXISTING RATES (EFFECTIVE APRIL 28, 2006)

<u>Meter Size</u>	<u>Monthly</u>	<u>Quarterly</u>
	\$	\$
Fixed Service Charge - \$/bill		
5/8"	10.63	16.09
3/4"	10.99	16.95
1"	12.00	19.49
1 1/2"	13.51	22.96
2"	17.07	32.28
3"	41.22	100.44
4"	51.63	126.09
6"	76.45	186.08
8"	103.24	254.22
10" and Larger	137.30	331.96
Monthly Service Rate - \$/Ccf		
First 1,500 cubic feet	2.81	
Next 163,500 cubic feet	2.43	
Over 165,000 cubic feet	2.16	
Quarterly Service Rate		
First 4,500 cubic feet		2.81
Next 490,500 cubic feet		2.43
Over 495,000 cubic feet		2.16
Wholesale - \$/Ccf		
Bullock Pen Water District	1.89	
City of Walton	1.89	
Pendleton County	1.89	
Ccf - Hundred cubic feet		

Appendix B

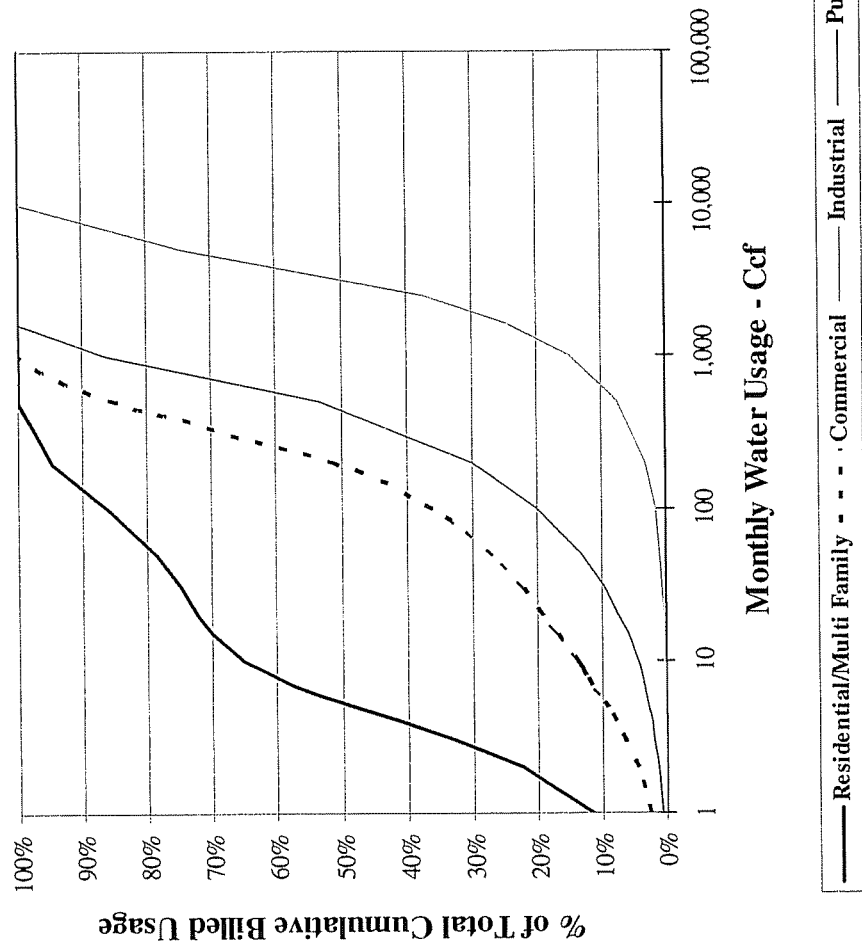
Bill Tabulation Analysis

Appendix B

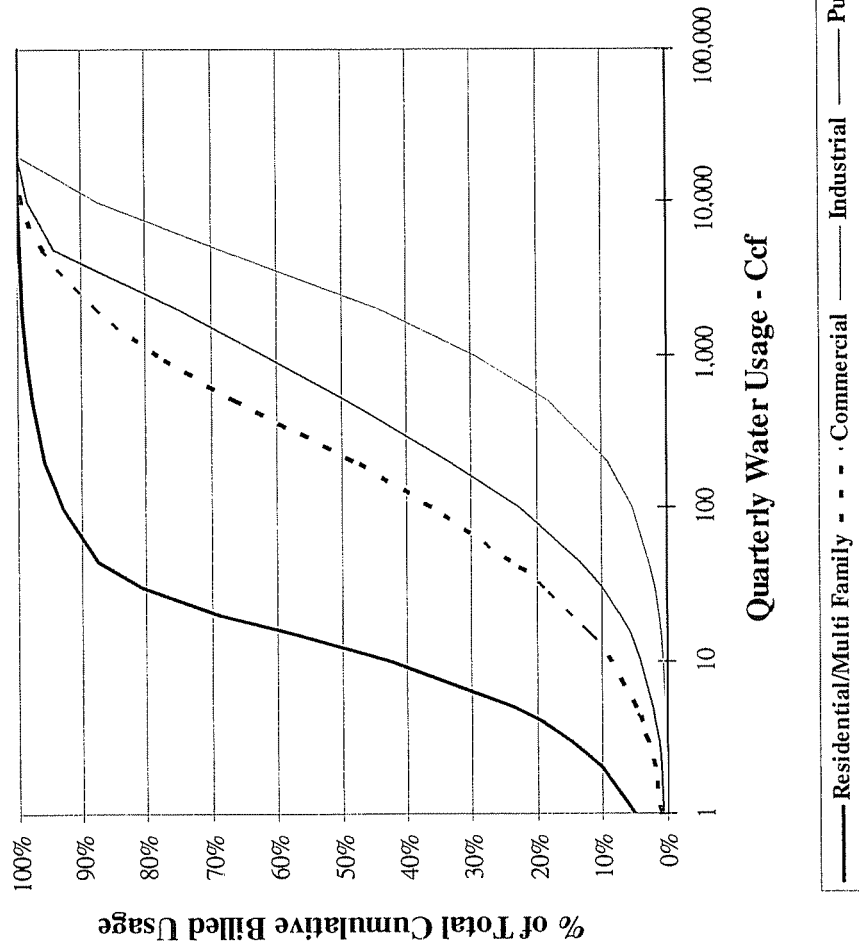
Bill Tabulation Analysis

The bill tabulation distribution figures that follow show the cumulative billed usage of monthly and quarterly retail water customers compared to the proposed rate block divisions. A declining block rate structure is typically designed such that the first block charge recovers most of the costs of serving domestic or residential customers that usually place the highest peak demands on the water system, with the next block designed to recover most of the costs of serving commercial and other mid-range peak users of the system, and the final block to recover most of the costs of serving industrial and other large users that typically place the smallest peak demands on the water system.

NKWD Bill Tab Analysis - Monthly Accounts



NKWD Bill Tab Analysis - Quarterly Accounts



CUMULATIVE MONTHLY CONSUMPTION

Usage Block Ending <u>Ccf</u>	<u>Residential Multi Family</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Authority</u>
0	0.000%	0.000%	0.000%	0.000%
1	11.638%	2.415%	0.016%	0.707%
2	22.563%	4.390%	0.032%	1.303%
3	32.442%	6.160%	0.048%	1.856%
4	40.978%	7.765%	0.065%	2.319%
5	47.956%	9.173%	0.081%	2.734%
6	53.447%	10.392%	0.097%	3.126%
7	57.666%	11.437%	0.113%	3.479%
8	60.854%	12.324%	0.129%	3.822%
9	63.288%	13.115%	0.145%	4.147%
10	65.127%	13.844%	0.161%	4.473%
15	69.976%	16.690%	0.242%	6.003%
20	72.185%	18.889%	0.323%	7.389%
30	74.833%	22.210%	0.484%	9.537%
50	78.499%	26.638%	0.807%	13.077%
100	86.105%	35.691%	1.599%	19.947%
200	94.697%	50.797%	3.088%	29.871%
500	99.965%	84.744%	7.557%	53.297%
1,000	100.000%	99.985%	15.006%	86.431%
1,650	100.000%	100.000%	24.688%	100.000%
2,500	100.000%	100.000%	37.350%	100.000%
5,000	100.000%	100.000%	74.591%	100.000%
10,000	100.000%	100.000%	100.000%	100.000%
25,000	100.000%	100.000%	100.000%	100.000%
50,000	100.000%	100.000%	100.000%	100.000%
100,000	100.000%	100.000%	100.000%	100.000%
200,000	100.000%	100.000%	100.000%	100.000%
500,000	100.000%	100.000%	100.000%	100.000%
1,000,000	100.000%	100.000%	100.000%	100.000%

CUMULATIVE QUARTERLY CONSUMPTION

Usage Block Ending <u>Ccf</u>	<u>Residential Multi Family</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Authority</u>
0	0.031%	0.002%	0.000%	0.002%
1	4.928%	0.998%	0.072%	0.473%
2	9.835%	1.948%	0.144%	0.915%
3	14.609%	2.853%	0.215%	1.342%
4	19.147%	3.721%	0.285%	1.756%
5	23.475%	4.553%	0.354%	2.153%
10	42.625%	8.273%	0.687%	3.982%
15	57.702%	11.429%	1.008%	5.629%
20	68.587%	14.178%	1.312%	7.139%
30	80.704%	18.714%	1.882%	9.861%
45	87.442%	23.924%	2.660%	13.336%
100	93.298%	35.968%	5.202%	22.690%
200	96.063%	48.161%	9.037%	33.608%
500	97.871%	65.705%	18.003%	49.169%
1,000	98.792%	77.887%	29.406%	61.761%
2,000	99.482%	87.408%	44.148%	74.849%
4,950	99.842%	96.093%	68.533%	94.262%
10,000	100.000%	99.339%	87.724%	98.508%
20,000	100.000%	100.000%	100.000%	100.000%
50,000	100.000%	100.000%	100.000%	100.000%
100,000	100.000%	100.000%	100.000%	100.000%
200,000	100.000%	100.000%	100.000%	100.000%
500,000	100.000%	100.000%	100.000%	100.000%
1,000,000	100.000%	100.000%	100.000%	100.000%

Appendix C

Rate Case Calculations

Appendix C

Rate Case Calculations

Presented in the following pages are the detailed calculations used to develop the proposed rates for Case No. 2007-00135.

A	B	C	D	E	F	G	H	I	J	K
FINAL - For Rate Filing Purposes Only										
May 21, 2007 12:57 p.m.										
Historical Unit Usage/Customer										
			2003	2004	2005	2006	PSC Filing 2006	2-Year Average	4-Year Average	USE (a)
			Ccf	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf	Ccf
227	B-4	B-6								
228		B-14								
230										
231										
233										
234	Monthly									
235	Residential/Multi Family		0.0	0.0	0.0	98.3	107.8	49.2	24.6	116.8
236	Commercial		0.0	0.0	12,336.0	807.9	885.0	6,571.9	3,286.0	885.0
237	Industrial		0.0	0.0	68,413.0	80,179.0	83,841.7	74,296.0	37,148.0	83,841.7
238	Public Authorities		0.0	0.0	89,979.0	2,807.7	3,088.8	46,393.3	23,196.7	3,088.8
240	Subtotal		0.0	0.0	65,176.7	321.7	352.7	32,749.2	16,374.6	
241	Quarterly									
242	Residential/Multi Family		0.0	0.0	0.0	82.8	90.8	41.4	20.7	99.8
243	Commercial		0.0	0.0	0.0	429.3	470.7	214.6	107.3	470.7
244	Industrial		0.0	0.0	0.0	7,512.9	8,210.0	3,756.5	1,878.2	8,210.0
245	Public Authorities		0.0	0.0	0.0	706.4	773.8	353.2	176.6	773.8
247	Subtotal		0.0	0.0	0.0	116.3	127.6	58.2	29.1	
248	Wholesale									
249	Bullock Pen		0.0	0.0	112,899.7	132,792.8	131,989.0	122,846.3	61,423.1	131,989.0
250	City of Walton		0.0	0.0	225,889.0	240,949.1	239,490.0	233,419.1	116,709.5	239,490.0
251	Pendleton County		0.0	0.0	65,117.6	60,459.6	60,093.5	62,788.6	31,394.3	60,093.5
253	Subtotal		0.0	0.0	117,256.0	123,665.2	0.0	120,460.6	60,230.3	
254	Fire Protection									
255	Private		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
257	Subtotal		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
258	Total System		0.0	0.0	2,143.8	127.8	139.7	1,135.8	567.9	
259										
260	(a)									
261										

Includes adjustment to Residential/Multi Family for Volume Normalization (B-14).

	A	B	C	D	E	F	G	H	I	J	
298	File: RateCase2007						FINAL - For Rate Filing Purposes Only			Ver 1a	
299	ER - Existing Water Rates						May 21, 2007 12:57 p.m.			B-9	
300	Input Reference BD-4										
301	Current Rates Effective			04/28/06		Previous Rates Effective			08/01/04		
302	Number of Months Effective in 2006			8		Number of Months Effective in 2006			4		
303	EXISTING RATES					PREVIOUS RATES					
304	(EFFECTIVE APRIL 28, 2006)					(EFFECTIVE AUGUST 01, 2004)					
305											
306											
307	Meter Size		Monthly		Quarterly		Meter Size		Monthly		Quarterly
308											
309			\$		\$				\$		\$
310											
311	Fixed Service Charge - \$/bill					Fixed Service Charge - \$/bill					
312											
313	5/8"		10.63		16.09		5/8"		10.33		15.37
314	3/4"		10.99		16.95		3/4"		10.68		16.16
315	1"		12.00		19.49		1"		11.61		18.53
316	1 1/2"		13.51		22.96		1 1/2"		13.05		21.72
317	2"		17.07		32.28		2"		16.38		30.36
318	3"		41.22		100.44		3"		38.84		93.42
319	4"		51.63		126.09		4"		48.63		117.14
320	6"		76.45		186.08		6"		72.03		172.60
321	8"		103.24		254.22		8"		97.18		235.61
322	10" and Larger		137.30		331.96		10" and Larger		129.43		307.44
323											
324	Monthly Volume Charge - \$/Ccf					Monthly Volume Charge - \$/Ccf					
325											
326	First 1,500 cubic feet		2.81				First 1,500 cubic feet		2.63		
327	Next 163,500 cubic feet		2.43				Next 163,500 cubic feet		2.23		
328	Over 165,000 cubic feet		2.16				Over 165,000 cubic feet		2.08		
329											
330	Quarterly Volume Charge - \$/Ccf					Quarterly Volume Charge - \$/Ccf					
331											
332	First 4,500 cubic feet				2.81		First 4,500 cubic feet				2.63
333	Next 490,500 cubic feet				2.43		Next 490,500 cubic feet				2.23
334	Over 495,000 cubic feet				2.16		Over 495,000 cubic feet				2.08
335											
336	Wholesale Volume Charge - \$/Ccf					Wholesale Volume Charge - \$/Ccf					
337											
338	Bullock Pen Water District		1.89				Bullock Pen Water District		1.80		
339	City of Walton		1.89				City of Walton		1.80		
340	Pendleton County		1.89				Pendleton County		1.80		
341											
342	Ccf - Hundred Cubic Feet					Ccf - Hundred Cubic Feet					
343											

A	B	C	D	E	F	G	H	I	J
FINAL - For Rate Filing Purposes Only									
May 21, 2007 12:57 p.m.									
387	File: RateCase2007								Ver Ia
388	DIST - Water Usage Distribution								B-11
389	Input Reference BD-14								
390	B-9								
391									
392									
394									
395									
397									
398	Monthly								
399	Residential/Multi Family								
400	Commercial								
401	Industrial								
402	Public Authorities								
403									
404	2006 Rates								
405	Current (In effect for 8 months)								
406	Previous (In effect for 4 months)								
407									
408									
409									
411									
412	Quarterly								
413	Residential/Multi Family								
414	Commercial								
415	Industrial								
416	Public Authorities								
417									
418	2006 Rates								
419	Current (In effect for 8 months)								
420	Previous (In effect for 4 months)								
421									
422									
423									
425									
426	Wholesale								
427									
428	2006 Rates								
429	Current (In effect for 8 months)								
430	Previous (In effect for 4 months)								
431									
Water Usage Distribution									
				First	Next	Over	Total		
				1500 cf	163,500 cf	165,000 cf			
								Average	
								Volume	
								Charge	
								\$/Ccf	
				69.976%	30.024%	0.000%	100.000%	2.63	2.70
				16.690%	83.310%	0.000%	100.000%	2.43	2.49
				0.242%	24.446%	75.312%	100.000%	2.19	2.23
				6.003%	93.997%	0.000%	100.000%	2.39	2.45
				2.81	2.43	2.16			
				2.63	2.23	2.08			
				First	Next	Over	Total		
				4500 cf	490,500 cf	495,000 cf			
				87.442%	12.400%	0.158%	100.000%	2.70	2.76
				23.924%	72.169%	3.907%	100.000%	2.45	2.51
				2.660%	65.873%	31.467%	100.000%	2.30	2.36
				13.336%	80.926%	5.738%	100.000%	2.40	2.47
				2.81	2.43	2.16			
				2.63	2.23	2.08			
				All					
				Usage					
				100.000%				1.86	1.89
				1.89					
				1.80					

A	B	C	D	E	F	G	H	I	J	K	L
515	File: RateCase2007										Ver 1a
516	WNOR - Weather Normalization Adjustment										B-14
517	Input Reference BD-15										
518											
519		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
520											
521											
522											
523											
524											
525											
526											
527											
528											
529											
530	2006	5,531,331	7,394,828	72,788	101.6	46.5	12%	11%	19%	2%	28%
531	2005	5,931,183	7,929,389	71,989	110.1	37.5	-10%	-9%	-1%	-20%	-5%
532	2004	4,196,478	5,610,265	67,712	82.9	48.3	16%	-1%	10%	13%	33%
533	2003	3,962,000	5,296,791	63,828	83.0	42.9	3%	24%	47%	34%	32%
534	2002	4,180,414	5,588,789	60,749	92.0	45.8	11%	-20%	-23%	5%	-4%
535	2001	4,325,146	5,782,281	57,494	100.6	46.6	13%	50%	67%	44%	84%
536	2000	4,610,418	6,163,660	56,003	110.1	45.8	12%	14%	13%	16%	0%
537	1999	4,441,128	5,937,337	54,433	109.1	32.5	-21%	-30%	-33%	-35%	-27%
538	1998	4,262,538	5,698,580	54,946	103.7	51.4	25%	26%	-19%	25%	-13%
539											
540	Adjustment Used (b)				9.0						
541											
542	(a)	Positive % of average indicates wet year.									
543	(b)	Adjustment based on unit usage in 2000.									
544	Mgal - Thousand gallons										
545	Ccf - Hundred cubic feet										
546											

Data for

Covington/Cincinnati, Ohio (CVG)

Residential Customer Class

A	B	C	D	E	F	G	H	I
595	File: RateCase2007							Ver 1a
596	CREV - Current Revenues							B-16
597	Input Reference BD-15							
598	B-17							
599								
600								
601								
602								
603								
604								
605	Line							
607	No.							
609								
610								
611	1	2006 Revenues		31,528,505	921,897	6,954	32,457,356	B-15
612	2	Plus Volume Normalization (a)		1,726,541	0		1,726,541	B-15
613	3	Plus New Connections (b)		276,222	0		276,222	B-15
614	4	Plus Prior Rate Increase (c)		739,640	14,880		754,520	B-15
616	5	2007 Revenues		34,270,908	936,777	6,954	35,214,639	
617								
618	(a)	Adjustment to normalize for abnormally low billable water usage due to rainy weather in 2006.						
619	(b)	Extensions are expected to result in approximately 868 new connections.						
620	(c)	Adjustment for Rate Increase approved in PSC Order 2005-00148.						
621								

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 7

REVENUES UNDER CURRENT RATES
TEST YEAR 2007

Metered Sales

Retail

Wholesale

Bulk

Total

Reference

	A	B	C	D	E	F
725	File: RateCase2007		FINAL - For Rate Filing Purpos Ver 1a			
726	TYOPR - Test Year Operating Revenue				May 21, 2007 12:58 p.m.	B-20
727	B-19					
728	NORTHERN KENTUCKY WATER DISTRICT					
729						
730	SCHEDULE 5					
731	REVENUES NOT SUBJECT TO RATE INCREASE					
732	TEST YEAR 2007					
733						
734	Line					
735	No.				2007	
737					\$	
738		Other Operating Revenue				
739	1	Forfeited Discounts			713,273	
740	2	Rent from Water Property (a)			396,716	
741	3	Rent from Water Property - Newport			1,200	
742	4	Fire Protection			42,637	
743	5	Meter Tests			717	
744	6	Income Turn On Fees			398,335	
745	7	Income Turn on Fees - Taylor Mill			330	
746	8	Returned Check Charge			13,820	
747	9	Current Surcharge Revenues			563,353	
748	10	Proposed Sub-District F Revenues			16,604	
749	11	Proposed Sub-District G Revenues			41,683	
751	12	Total Other Operating Revenue			2,188,668	
752						

	A	B	C	D	E	F
755	File: RateCase2007		FINAL - For Rate Filing Purpos Ver 1a			
756	TYNOPR - Test Year Non-Operating R May 21, 2007 12:58 p.m.				B-21	
757	B-19					
758	NORTHERN KENTUCKY WATER DISTRICT					
759						
760	SCHEDULE 6					
761	NON-OPERATING INCOME					
762	TEST YEAR 2007					
763						
764	Line					
765	No.				2007	
767					\$	
768		Non-Operating Revenues				
769	1	Sale of Fixed Assets			6,799	
770	2	Income Miscellaneous			77,571	
771		Damages			0	
772	3	Lab Test Fees			29,964	
773	4	Commission on Sales Tax			5,430	
774	5	Material Sold			34,624	
775	6	Interest Income			1,567,820	
776	7	Miscellaneous Income			4,810	
777	8	Boone & Florence Reserve			438,584	
779	9	Total Non-Operating Revenues			2,165,602	
780						

	L	M	N	O	P	Q	R	S	T	U	V	W	
22	File: RateCase2007											FINAL - For Rate Filing Purposes Only	Ver 1a
23	POM1 - Projected O&M Page 1											May 21, 2007 12:58 p.m.	C-3
24	Input Reference BD-1												
25	C-1												
5													
7													
29							Budget	Proposed	Projected				
31							TY 2007	TY 2007	2008	2009	2010	2011	2012
31							\$	\$	\$	\$	\$	\$	\$
32	Source of Supply												
33	Licking River Pump Station												
34	Labor												
35	Electric Cost												
36	Materials & Supplies												
37	Contractual Services												
39	Subtotal												
40	Ohio River Pump Station #1												
41	Labor												
42	Electric Cost												
43	Materials & Supplies												
44	Contractual Services												
45	All Other Expenses												
47	Subtotal												
48	Ohio River Pump Station #2 (Newport)												
49	Labor												
50	Electric Cost												
51	Materials & Supplies												
52	Contractual Services												
53	All Other Expenses												
55	Subtotal												
56	Source of Supply - General												
57	Labor												
58	Purchased Water (Newport)												
59	Chemicals												
60	Contractual Services												
61	All Other Expenses												
63	Subtotal												
64	Total Source of Supply												
65													

	L	M	N	O	P	Q	R	S	T	U	V	W	
66	File: RateCase2007						FINAL - For Rate Filing Purposes Only						Ver 1a
67	POM2 - Projected O&M Page 2						May 21, 2007 12:58 p.m.						C-5
68	Input Reference BD-1												
69	(C-1)												
70													
71							Budget	Proposed	Projected				
73							TY 2007	TY 2007	2008	2009	2010	2011	2012
75							\$	\$	\$	\$	\$	\$	\$
76	Water Quality and Production						Previous Year x Inflation Factor (C-1)						
77	Fort Thomas Treatment Plant												
78	Labor & Labor-Related Expenses												
79						986,559	932,350	969,600	1,008,400	1,048,700	1,090,600	1,134,200	
80						77,183	55,000	57,200	59,500	61,900	64,400	67,000	
81						179,000	231,100	249,600	269,600	291,200	314,500	339,700	
82						121,000	161,200	167,600	174,300	181,300	188,600	196,100	
83						60,000	80,000	83,200	86,500	90,000	93,600	97,300	
84						585,000	620,000	644,800	670,600	697,400	725,300	754,300	
85						60,500	94,500	97,300	100,200	103,200	106,300	109,500	
86						1,117,000	168,500	173,600	178,800	184,200	189,700	195,400	
87						88,000	115,400	121,200	127,300	133,700	140,400	147,400	
88						30,500	24,500	25,000	25,500	26,000	26,500	27,000	
90						3,304,742	2,482,550	2,589,100	2,700,700	2,817,600	2,939,900	3,067,900	
91	Taylor Mill Treatment Plant												
92	Labor & Labor-Related Expenses												
93						257,000	375,300	390,300	405,900	422,100	439,000	456,600	
94						20,000	32,000	33,300	34,600	36,000	37,400	38,900	
95						17,000	27,550	29,800	32,200	34,800	37,600	40,600	
96						27,300	58,230	60,600	63,000	65,500	68,100	70,800	
97						175,000	237,800	247,300	257,200	267,500	278,200	289,300	
98						35,000	28,500	29,400	30,300	31,200	32,100	33,100	
99						46,000	76,000	78,300	80,600	83,000	85,500	88,100	
100						26,000	30,600	32,100	33,700	35,400	37,200	39,100	
101						1,750	1,125	1,100	1,100	1,100	1,100	1,100	
103						605,050	867,105	902,200	938,600	976,600	1,016,200	1,057,600	
104	Memorial Parkway Treatment Plant (Newport)												
105	Labor & Labor-Related Expenses												
106						332,000	355,000	369,200	384,000	399,400	415,400	432,000	
107						5,000	27,300	28,400	29,500	30,700	31,900	33,200	
108						57,000	70,000	75,600	81,600	88,100	95,100	102,700	
109						41,400	41,260	42,900	44,600	46,400	48,300	50,200	
110						50,000	50,000	52,000	54,100	56,300	58,600	60,900	
111						220,000	260,000	270,400	281,200	292,400	304,100	316,300	
112						22,000	35,500	36,600	37,700	38,800	40,000	41,200	
113						49,000	36,100	37,200	38,300	39,400	40,600	41,800	
114						35,500	37,950	39,800	41,800	43,900	46,100	48,400	
115						3,500	3,000	3,100	3,200	3,300	3,400	3,500	
117						815,400	916,110	955,200	996,000	1,038,700	1,083,500	1,130,200	
118	Laboratory (includes Newport Lab)												
119	Labor & Labor-Related Expenses												
120						378,000	393,500	409,200	425,600	442,600	460,300	478,700	
121						29,000	30,250	31,500	32,800	34,100	35,500	36,900	
122						90,000	83,750	90,500	97,700	105,500	113,900	123,000	
123						47,900	67,380	70,100	72,900	75,800	78,800	82,000	
124								0	0	0	0	0	
125						83,000	92,000	94,800	97,600	100,500	103,500	106,600	
126						89,000	102,000	105,100	108,300	111,500	114,800	118,200	
127						9,500	11,000	11,600	12,200	12,800	13,400	14,100	
128						5,000	5,000	5,100	5,200	5,300	5,400	5,500	
130						731,400	784,880	817,900	852,300	888,100	925,600	965,000	
131	Instrumentation												
132	Labor & Labor-Related Expenses												
133						186,000	192,500	200,200	208,200	216,500	225,200	234,200	
134						15,000	15,000	15,600	16,200	16,800	17,500	18,200	
135						40,000	42,400	45,800	49,500	53,500	57,800	62,400	
136						23,000	36,350	37,800	39,300	40,900	42,500	44,200	
137						48,000	55,000	56,700	58,400	60,200	62,000	63,900	
138						8,000	6,700	6,900	7,100	7,300	7,500	7,700	
139						4,000	4,200	4,400	4,600	4,800	5,000	5,300	
140						9,850	9,850	10,000	10,200	10,400	10,600	10,800	
142						333,850	362,000	377,400	393,500	410,400	428,100	446,700	
143	Sludge												
144	Labor & Labor-Related Expenses												
145								0	0	0	0	0	
146								0	0	0	0	0	
147								0	0	0	0	0	
148								0	0	0	0	0	
149						2,500		0	0	0	0	0	
150						30,000	34,000	35,000	36,100	37,200	38,300	39,400	
151						60,000	67,000	69,000	71,100	73,200	75,400	77,700	
152								0	0	0	0	0	
153						75,000	50,000	51,000	52,000	53,000	54,100	55,200	
155						167,500	151,000	155,000	159,200	163,400	167,800	172,300	
156	Total Water Quality and Production						5,957,942	5,563,645	5,796,800	6,040,300	6,294,800	6,561,100	6,839,700
157													

	L	M	N	O	P	Q	R	S	T	U	V	W	
158	File: RateCase2007						FINAL - For Rate Filing Purposes Only					Ver 1a	
159	POM3 - Projected O&M Page 3						May 21, 2007 12:58 p.m.					C-7	
160	Input Reference BD-1												
161	C-1												
52													
53													
165							Budget	Proposed	Projected				
167							TY 2007	TY 2007	2008	2009	2010	2011	2012
167							\$	\$	\$	\$	\$	\$	\$
168	Pumping and Storage												
169	Booster Stations												
170	Labor & Labor-Related Expenses						0	0	0	0	0	0	0
171	Electric Cost						540,000	679,000	706,200	734,400	763,800	794,400	826,200
172	Chemicals & Gas						3,800	5,800	6,000	6,200	6,400	6,700	7,000
173	Materials & Supplies						0	0	0	0	0	0	0
174	Contractual Services						0	0	0	0	0	0	0
176	Subtotal						543,800	684,800	712,200	740,600	770,200	801,100	833,200
177	Taylor Mill Plant Station												
178	Labor & Labor-Related Expenses						0	0	0	0	0	0	0
179	Electric Cost						200,000	300,000	312,000	324,500	337,500	351,000	365,000
180	Materials & Supplies						0	0	0	0	0	0	0
181	Contractual Services						0	0	0	0	0	0	0
183	Subtotal						200,000	300,000	312,000	324,500	337,500	351,000	365,000
184	Water Towers												
185	Labor & Labor-Related Expenses						0	0	0	0	0	0	0
186	Electric Cost						7,000	8,500	8,800	9,200	9,600	10,000	10,400
187	Materials & Supplies						0	0	0	0	0	0	0
188	Contractual Services						322,000	417,500	430,000	442,900	456,200	469,900	484,000
189	All Other Expenses						0	0	0	0	0	0	0
191	Subtotal						329,000	426,000	438,800	452,100	465,800	479,900	494,400
192	Pumping - General												
193	Labor & Labor-Related Expenses												
194	Salaries						323,000	311,000	323,400	336,300	349,800	363,800	378,400
195	FICA						25,000	24,000	25,000	26,000	27,000	28,100	29,200
196	Health Insurance						76,000	86,000	92,900	100,300	108,300	117,000	126,400
97	Pensions & Other Benefits						42,900	67,500	70,200	73,000	75,900	78,900	82,100
.98	Electric Cost						3,500	2,000	2,100	2,200	2,300	2,400	2,500
199	Chemicals & Gas						0	0	0	0	0	0	0
200	Materials & Supplies						56,000	84,500	87,000	89,600	92,300	95,100	98,000
201	Contractual Services						100,000	102,000	105,100	108,300	111,500	114,800	118,200
202	Insurance						41,500	48,850	51,300	53,900	56,600	59,400	62,400
203	All Other Expenses						13,500	34,500	35,200	35,900	36,600	37,300	38,000
205	Subtotal						681,400	760,350	792,200	825,500	860,300	896,800	935,200
206	Total Pumping and Storage						1,754,200	2,171,150	2,255,200	2,342,700	2,433,800	2,528,800	2,627,800
207													

A	B	C	D	E	F	G	H	I	J
208	File: RateCase2007				FINAL - For Rate Filing Purposes Only				Ver 1a
209	HOM4 - Historical O&M Page 4				May 21, 2007 12:58 p.m.				C-8
210	Input Reference BD-1, DD-10								
211									
212								Rate Case	Rate Case
213					Actual	Actual	Actual	Test Year	Test Year
215					2004	2005	2006	Adjustments	2007
217					\$	\$	\$	\$	\$
218	Engineering and Distribution								
219	030	Engineering							
220		Labor & Labor-Related Expenses							
221		Salaries		0	672,263	710,666	28,427		739,092
222		FICA Taxes		58,813	56,906	60,092			60,092
223		Health Insurance		130,595	158,753	182,034	22,572		204,606
224		Pensions & Other Benefits		76,929	94,418	128,255	19,233		147,489
225		Materials & Supplies							
226		Auto Gas & Oil			17,838	20,295			20,295
227		All Other Materials & Supplies		12,291	12,902	20,242			20,242
228		Contractual Services							
229		Communications			15,256	9,063			9,063
230		Utilities			8,787	5,300			5,300
231		Contract Computer Svc.							0
232		All Other Contractual Services		170,478	109,100	56,218			56,218
233		Insurance		77,049	86,861	69,897			69,897
234		All Other Expenses		24,249	8,152	5,919			5,919
236		Subtotal		550,404	1,241,236	1,267,983	70,232		1,338,215
237	031	Distribution							
238		NOTE: IF LINES ARE ADDED TO DISTRIBUTION, THEY NEED TO BE AT							
239		Labor & Labor-Related Expenses							
240		Salaries							
241		Labor - Maint. Supervision		1,637,055	218,636	222,808	8,912		231,720
242		Labor - Operations			(2,244)	58,773	2,351		61,124
243		Labor - Clerk			59,460	61,984	2,479		64,464
244		Labor - Benefits - PTO, Sick, Holiday							0
245		Labor - Structure & Impr.							0
246		Labor - Maint. of Mains			1,037,815	1,097,069	43,883		1,140,952
247		Labor - Maint. of Services			218,534	196,021	7,841		203,862
248		Labor - Maint. of Meters							0
249		Labor - Maint. of Hydrants			53,599	93,037	3,721		96,759
250		Labor - Maint. of Misc. Plant			261				0
251		Labor - Mainline Cleaning & Lining			20,962	21,090	844		21,934
252		Labor - Vehicle Maint.			92,192	75,521	3,021		78,542
253		Labor - Tractor/Compressor							0
254		Labor - Grounds Maint.							0
255		Labor - Flushing							0
256		Labor - Leak Detection							0
257		Labor - Taylor Mill Maint of Mains			3,074	389	16		405
258		Labor - Taylor Mill Maint of Services			451	173	7		180
259		Labor - Taylor Mill Maint of Hydrants			147				0
260		Labor - Newport							0
261		Vacation/Paid Time Off							0
262		Sick Leave							0
263		Holiday							0
264		FICA Taxes		116,639	133,563	131,427			131,427
265		Health Insurance		310,979	329,451	424,016	52,578		476,594
266		Pensions & Other Benefits		136,609	172,635	256,617	40,040		296,657
267		Materials & Supplies							
268		Materials & Supplies - Office		664,861	9,648	18,464			18,464
269		Materials & Supplies - Shop & Tools			48,197	59,675			59,675
270		Materials & Supplies - Safety			21,359	23,378			23,378
271		Materials & Supplies - Computer							0
272		Materials & Supplies - Struct. & Impr.			40,902	19,229			19,229
273		Materials & Supplies - Maint of Mains			390,423	371,933			371,933
274		Materials & Supplies - Services			160,743	168,078			168,078
275		Materials & Supplies - Meters			21,150	16,080			16,080
276		Materials & Supplies - Hydrants			34,804	89,813			89,813
277		Materials & Supplies - Maint of Misc. Plant			3,410	3,596			3,596
278		Materials & Supplies - Cleaning & Lining			56,355	62,493			62,493
279		Inventory Adjustment			17,463	7,956			7,956
280		Materials & Supplies - Hydrant Meters							0
281		Materials & Supplies - Flushing							0
282		Materials & Supplies - Maintenance of Mains TM			(409)				0
283		Materials & Supplies - Maintenance of Hydrants TM			230				0
284		Materials & Supplies - Newport							0
285		Auto Gas & Oil			96,593	125,139			125,139
286		Contractual Services							
287		Contract Serv. - Engineering		1,302,050	15,765				0
288		Contract Serv. - Mgt Fees							0
289		Contract Serv. Other - Ops.			5,568	50,368			50,368
290		Communications			11,367	7,278			7,278
291		Utilities			29,748	24,540			24,540
292		Contract Computer Svc.							0
293		Contract Serv. Other - Maint.			1,293	874			874
294		Contract Serv. - Grounds Maint.			20,100	10,362			10,362
295		Contract Serv. - Struct. & Impr.			2,612	2,030			2,030
296		Contract Serv. - Maint. of Mains			334,358	173,424			173,424
297		Contract Serv. - Contractors							0
298		Contract Serv. - Maint. of Meters							0
299		Contract Serv. - Hydrants							0
300		Contract Serv. - Maint. of Misc. Plant			5,115				0
301		Contract Serv. - Blow Off Charges			50,940	56,675			56,675
302		Contract Serv. - Main Clean & Lining			750,917	856			856
303		Contractual Legal - Distribution			682				0
304		Contract Serv. - Flushing							0
305		Contract Serv. - Maint of Mains - TM			4,420	4,276			4,276
306		Contract Serv. - Maint of Services			58,639	74,554			74,554
307		Contract Serv. - Maint of Services - TM			825	1,205			1,205
308		Contract Serv. - Newport							0
309		Insurance							
310		Insurance - Auto		116,134	28,308	19,243			19,243
311		Insurance - GL			54,308	44,854			44,854
312		Insurance - Workers Comp.			45,119	36,272			36,272
313		Insurance Expense - Other				21			21
314		All Other Expenses							
315		Vehicle Maint.		173,214	107,234	103,909			103,909
316		Tractor/Compressor			40,350	43,768			43,768
317		Uniforms			8,402	10,407			10,407
318		Miscellaneous Expenses			(69)				0
319		Subtotal		4,457,541	4,815,505	4,269,674	165,692		4,435,366
320	Total Engineering and Distribution				5,007,946	6,056,741	5,537,657	235,924	5,773,581
321									

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208	File: RateCase2007						FINAL - For Rate Filing Purposes Only						Ver 1a
209	POM4 - Projected O&M Page 4						May 21, 2007 12:58 p.m.						C-9
210	Input Reference BD-1												
211	(C-1)												
212													
213													
214													
215													
216													
217													
218	Engineering and Distribution												
219	Engineering												
220	Labor & Labor-Related Expenses												
221	Salaries												
222	FICA Taxes												
223	Health Insurance												
224	Pensions & Other Benefits												
225	Materials & Supplies												
226	Auto Gas & Oil												
227	All Other Materials & Supplies												
228	Contractual Services												
229	Communications												
230	Utilities												
231	Contract Computer Svc.												
232	All Other Contractual Services												
233	Insurance												
234	All Other Expenses												
235	Subtotal												
236	CATH Distribution												
237	Labor & Labor-Related Expenses												
238	Salaries												
239	Labor - Maint. Supervision												
240	Labor - Operations												
241	Labor - Clerk												
242	Labor - Benefits - PTO, Sick, Holi												
243	Labor - Structure & Impr.												
244	Labor - Maint. of Mains												
245	Labor - Maint. of Services												
246	Labor - Maint. of Meters												
247	Labor - Maint. of Hydrants												
248	Labor - Maint. of Misc. Plant												
249	Labor - Mainline Cleaning & Lini												
250	Labor - Vehicle Maint.												
251	Labor - Tractor/Compressor												
252	Labor - Grounds Maint.												
253	Labor - Flushing												
254	Labor - Leak Detection												
255	Labor - Taylor Mill Maint of Mains												
256	Labor - Taylor Mill Maint of Services												
257	Labor - Taylor Mill Maint of Hydrants												
258	Labor - Newport												
259	Vacation/Paid Time Off												
260	Sick Leave												
261	Holiday												
262	FICA Taxes												
263	Health Insurance												
264	Pensions & Other Benefits												
265	Materials & Supplies												
266	Materials & Supplies - Office												
267	Materials & Supplies - Shop & Tools												
268	Materials & Supplies - Safety												
269	Materials & Supplies - Computer												
270	Materials & Supplies - Struct. & Imp												
271	Materials & Supplies - Maint of Main												
272	Materials & Supplies - Services												
273	Materials & Supplies - Meters												
274	Materials & Supplies - Hydrants												
275	Materials & Supplies - Maint of Misc												
276	Materials & Supplies - Cleaning & L												
277	Inventory Adjustment												
278	Materials & Supplies - Hydrant Meters												
279	Materials & Supplies - Flushing												
280	Materials & Supplies - Maintenance of Mains TM												
281	Materials & Supplies - Maintenance of Hydrants TM												
282	Materials & Supplies - Newport												
283	Auto Gas & Oil												
284	Contractual Services												
285	Contract Serv. - Engineering												
286	Contract Serv. - Mgt Fees												
287	Contract Serv. Other - Ops.												
288	Communications												
289	Utilities												
290	Contract Computer Svc.												
291	Contract Serv. Other - Maint.												
292	Contract Serv. - Grounds Maint.												
293	Contract Serv. - Struct. & Impr.												
294	Contract Serv. - Maint. of Mains												
295	Contract Serv. - Contractors												
296	Contract Serv. - Maint. of Meters												
297	Contract Serv. - Hydrants												
298	Contract Serv. - Maint. of Misc. Plant												
299	Contract Serv. - Blow Off Charges												
300	Contract Serv. - Main Clean & Lini												
301	Contractual Legal - Distribution												
302	Contract Serv. - Flushing												
303	Contract Serv. - Maint of Mains - TM												
304	Contract Serv. - Maint of Services												
305	Contract Serv. - Maint of Services - TM												
306	Contract Serv. - Newport												
307	Insurance												
308	Insurance - Auto												
309	Insurance - G/L												
310	Insurance - Workers Comp.												
311	Insurance Expense - Other												
312	All Other Expenses												
313	Vehicle Maint.												
314	Tractor/Compressor												
315	Uniforms												
316	Miscellaneous Expenses												
317	Subtotal												
318	Total Engineering and Distribution												
319													
320													
321													

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322	File: RateCase2007						FINAL - For Rate Filing Purposes Only					Ver 1a
323	POM5 - Projected O&M Page 5						May 21, 2007 12:58 p.m.					C-11
324	Input Reference BD-1											
325	C-1											
326												
327												
328												
329												
330												
331												
332	Customer Service						Previous Year x Inflation Factor (C-1)					
333	Meter Reading											
334	Labor & Labor-Related Expenses											
335						202,837	205,956	214,200	222,800	231,700	241,000	250,600
336						15,500	15,756	16,400	17,100	17,800	18,500	19,200
337						56,400	54,708	56,900	61,500	66,400	71,700	77,400
338						26,800	37,099	38,600	40,100	41,700	43,400	45,100
339						16,250	18,800	19,600	20,200	20,800	21,400	22,000
340						7,450	6,500	6,800	7,000	7,200	7,400	7,600
341						17,700	16,700	17,400	18,300	19,200	20,200	21,200
342						1,700	1,650	1,700	1,700	1,700	1,700	1,700
344						344,637	357,169	371,500	388,700	406,500	425,300	444,800
345	Field Service											
346	Labor & Labor-Related Expenses											
347						532,048	547,832	569,700	592,500	616,200	640,800	666,400
348						35,000	41,909	43,600	45,300	47,100	49,000	51,000
349						108,831	99,688	107,700	116,300	125,600	135,600	146,400
350						59,535	89,573	93,200	96,900	100,800	104,800	109,000
351						64,800	70,500	72,600	74,800	77,000	79,300	81,700
352						5,000	5,000	5,200	5,400	5,600	5,800	6,000
353						21,400	19,400	20,400	21,400	22,500	23,600	24,800
354						6,100	6,000	6,100	6,200	6,300	6,400	6,500
356						832,714	879,902	918,500	958,800	1,001,100	1,045,300	1,091,800
357	Courier & Maintenance Labor											
358	Labor & Labor-Related Expenses											
359						35,300	36,502	38,000	39,500	41,100	42,700	44,400
360						2,700	2,792	2,900	3,000	3,100	3,200	3,300
361						13,800	14,900	16,100	17,400	18,800	20,300	21,900
362						3,600	5,512	5,700	5,900	6,100	6,300	6,600
363						3,200	3,850	4,000	4,100	4,200	4,300	4,400
364								0	0	0	0	0
365						2,450	2,400	2,500	2,600	2,700	2,800	2,900
366						250	250	300	300	300	300	300
368						61,300	66,206	69,500	72,800	76,300	79,900	83,800
369	Account Service											
370	Labor & Labor-Related Expenses											
371						746,000	741,372	771,000	801,800	833,900	867,300	902,000
372						57,000	58,367	60,700	63,100	65,600	68,200	70,900
373						173,500	198,849	214,800	232,000	250,600	270,600	292,200
374						103,000	139,597	145,200	151,000	157,000	163,300	169,800
375						243,000	203,000	209,100	215,400	221,900	228,600	235,500
376						186,500	285,000	293,600	302,400	311,500	320,800	330,400
377						26,900	24,000	25,200	26,500	27,800	29,200	30,700
378						7,800	7,800	8,000	8,200	8,400	8,600	8,800
380						1,543,700	1,657,985	1,727,600	1,800,400	1,876,700	1,956,600	2,040,300
381	Flushing											
382	Labor & Labor-Related Expenses											
383						179,653		0	0	0	0	0
384						13,700		0	0	0	0	0
385						61,400		0	0	0	0	0
386						19,400		0	0	0	0	0
387						18,150		0	0	0	0	0
388						1,950		0	0	0	0	0
389						9,900		0	0	0	0	0
390						2,550		0	0	0	0	0
392						306,703	0	0	0	0	0	0
393	Meter Shop											
394	Labor & Labor-Related Expenses											
395						184,634	218,709	227,500	236,600	246,100	255,900	266,100
396						14,125	16,731	17,400	18,100	18,800	19,600	20,400
397						42,036	50,391	54,400	58,800	63,500	68,600	74,100
398						24,925	38,225	39,800	41,400	43,100	44,800	46,600
399						50,500	41,500	42,700	44,000	45,300	46,700	48,100
400						14,000	2,000	2,100	2,200	2,300	2,400	2,500
401						10,000	9,700	10,200	10,700	11,200	11,800	12,400
402						4,500	4,750	4,800	4,900	5,000	5,100	5,200
404						344,720	382,006	398,900	416,700	435,300	454,900	475,400
405	Customer Service - General											
406	Labor & Labor-Related Expenses											
407								0	0	0	0	0
408								0	0	0	0	0
409								0	0	0	0	0
410								0	0	0	0	0
411								0	0	0	0	0
412						22,000		0	0	0	0	0
413						28,000	26,650	28,000	29,400	30,900	32,400	34,000
414						550,000	550,000	577,500	606,400	636,700	668,500	701,900
415						15,000	15,000	15,300	15,600	15,900	16,200	16,500
417						615,000	591,650	620,800	651,400	683,500	717,100	752,400
418						4,048,774	3,934,918	4,106,800	4,288,800	4,479,400	4,679,100	4,888,500
419												

	A	B	C	D	E	F	G	H	I	J
420	File: RateCase2007					FINAL - For Rate Filing Purposes Only				Ver 1a
421	HOM6 - Historical O&M Page 6					May 21, 2007 12:58 p.m.				C-12
422	Input Reference BD-1, BD-10									
423										
424									Rate Case	Rate Case
425						Actual	Actual	Actual	Test Year	Test Year
427						2004	2005	2006	Adjustments	2007
429						\$	\$	\$	\$	\$
430	Administration									
431	072	Executive Management								
432		Labor & Labor-Related Expenses								
433		Salaries				371,381	326,436	324,179	12,967	337,146
434		FICA				19,818	17,817	15,800		15,800
435		Health Insurance				27,125	26,992	13,683	1,697	15,380
436		Pensions & Other Benefits				60,571	50,940	83,640	8,137	91,778
437		Materials & Supplies				6,621	4,730	1,930		1,930
438		Contractual Services				15,770	76,054	77,866		77,866
439		Insurance				4,872	8,324	4,042		4,042
440		All Other Expenses				15,853	14,184	7,095		7,095
442		Subtotal				522,012	525,477	528,234	22,801	551,035
443	074	Accounting/HR/Info Systems/Safety								
444	078	Labor & Labor-Related Expenses								
445		Salaries				614,968	640,208	741,353	29,654	771,007
446		FICA				40,279	46,170	51,958		51,958
447		Health Insurance				68,057	108,328	161,090	19,975	181,065
448		Pensions & Other Benefits				93,787	110,761	127,327	13,542	140,869
449		Materials & Supplies				71,896	70,059	98,976		98,976
450		Contractual Services				373,135	306,828	494,615		494,615
451		Insurance				16,726	17,868	14,243		14,243
452		All Other Expenses				9,520	13,062	13,818		13,818
454		Subtotal				1,288,367	1,313,284	1,703,380	63,171	1,766,552
455	076	Board of Commissioners								
456		Labor & Labor-Related Expenses								
457		Salaries				36,000	36,000	36,000	1,440	37,440
458		FICA				2,508	2,315	2,367		2,367
459		Health Insurance				37,296	40,565	43,562	5,402	48,964
460		Pensions & Other Benefits				11,377	14,386	5,940		5,940
461		Insurance				23,200	26,215	28,259		28,259
462		All Other Expenses				3,931	2,329	3,018		3,018
464		Subtotal				114,312	121,810	119,145	6,842	125,987
465		Administration - Other								
466	079	Labor & Labor-Related Expenses								
467		Salaries				83,280	5,304	9,090	364	9,454
468		FICA					383	679		679
469		Health Insurance								0
470		Pensions & Other Benefits					804	(5,146)		(5,146)
471		Electric Cost					108,344	162,449	27,616	190,065
472		Materials & Supplies				96,408	148,079	106,722		106,722
473		Contractual Services				261,952	410,041	309,395		309,395
474		Insurance				140,522	99,470	86,362		86,362
475		PSC Expense Rate Case						134,619	(7,541)	127,078
476		PSC Annual Assessment Fee						56,323		56,323
477		All Other Expenses				305,935	301,210	102,625		102,625
479		Subtotal				888,097	1,073,635	963,119	20,439	983,558
480	Total Administration					2,812,789	3,034,206	3,313,878	113,253	3,427,131
481										
482	TOTAL OPERATIONS & MAINTENANCE					19,255,015	21,023,241	20,831,914	996,440	21,828,354
483	Check with Input Reference BD-1						21,023,241	20,831,914		
484	Difference						0	0		
485	Total O&M less purchased power					18,695,608	20,370,839	20,008,298		20,895,884
486	Annual Growth						109.2%	99.1%		
487										

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420	File: RateCase2007						FINAL - For Rate Filing Purposes Only					Ver 1a	
421	POM6 - Projected O&M Page 6						May 21, 2007 12:58 p.m.					C-13	
422	Input Reference BD-1												
423	C-1												
424													
425													
427							Budget	Proposed	Projected				
							TY 2007	TY 2007	2008	2009	2010	2011	2012
429							\$	\$	\$	\$	\$	\$	\$
430	Administration												
431	Executive Management												
432	Labor & Labor-Related Expenses												
433							360,253	385,646	401,100	417,100	433,800	451,200	469,200
434							17,800	17,787	18,500	19,200	20,000	20,800	21,600
435							41,400	31,878	34,400	37,200	40,200	43,400	46,900
436							42,250	78,263	81,400	84,700	88,100	91,600	95,300
437							2,000	2,000	2,100	2,200	2,300	2,400	2,500
438							50,000	50,000	51,500	53,000	54,600	56,200	57,900
439							5,000	3,750	3,900	4,100	4,300	4,500	4,700
440							14,000	2,700	2,800	2,900	3,000	3,100	3,200
442	Subtotal						532,703	572,024	595,700	620,400	646,300	673,200	701,300
443	Accounting/HR/Info Systems/Safety												
444	Labor & Labor-Related Expenses												
445							756,000	771,838	802,700	834,800	868,200	902,900	939,000
446							58,800	57,687	60,000	62,400	64,900	67,500	70,200
447							146,000	171,556	185,300	200,100	216,100	233,400	252,100
448							147,230	187,576	195,100	202,900	211,000	219,400	228,200
449							66,350	81,750	84,200	86,700	89,300	92,000	94,800
450							557,850	634,450	653,500	673,100	693,300	714,100	735,500
451							18,900	19,500	20,500	21,500	22,600	23,700	24,900
452							18,400	19,445	19,800	20,200	20,600	21,000	21,400
454	Subtotal						1,769,530	1,943,802	2,021,100	2,101,700	2,186,000	2,274,000	2,366,100
455	Board of Commissioners												
456	Labor & Labor-Related Expenses												
457							36,000	36,000	37,400	38,900	40,500	42,100	43,800
458							2,754	2,754	2,900	3,000	3,100	3,200	3,300
459							47,000	40,000	43,200	46,700	50,400	54,400	58,800
460							12,110	6,500	6,800	7,100	7,400	7,700	8,000
461							12,500	12,500	13,100	13,800	14,500	15,200	16,000
462							3,000	3,500	3,600	3,700	3,800	3,900	4,000
464	Subtotal						113,364	101,254	107,000	113,200	119,700	126,500	133,900
465	Administration - Other												
466	Labor & Labor-Related Expenses												
467							82,500	10,000	10,400	10,800	11,200	11,600	12,100
468							1,000	500	500	500	500	500	500
469									0	0	0	0	0
470									0	0	0	0	0
471							125,000	150,000	156,000	162,200	168,700	175,400	182,400
472							127,700	118,000	121,500	125,100	128,900	132,800	136,800
473							315,000	220,000	226,600	233,400	240,400	247,600	255,000
474							96,000	89,850	94,300	99,000	104,000	109,200	114,700
475													
476													
477	All Other Expenses						373,500	306,500	312,600	318,900	325,300	331,800	338,400
479	Subtotal						1,120,700	894,850	921,900	949,900	979,000	1,008,900	1,039,900
480	Total Administration						3,536,297	3,511,930	3,645,700	3,785,200	3,931,000	4,082,600	4,241,200
481													
482	TOTAL OPERATIONS & MAINTENANCE						22,213,599	21,909,461	22,810,300	23,753,500	24,739,900	25,771,700	26,850,800
483	Check with Input Reference BD-1						22,213,597	21,909,464					
484	Difference						2	(3)					
485	Total O&M less purchased power						22,008,299	21,639,501	22,529,600	23,461,600	24,436,300	25,455,900	26,522,400
486	Annual Growth						106.6%	98.6%	104.1%	104.1%	104.2%	104.2%	104.2%
487													

	A	B	C	D	E	F	G	H	I	J	
488	File: RateCase2007						FINAL - For Rate Filing Purposes Only			Ver 1a	
489	OMSUM - Detailed O&M Summary						May 21, 2007 12:58 p.m.			C-14	
490	C-2	C-8									
491	C-4	C-10									
492	C-6	C-12									
493									Rate Case	Rate Case	
494	Line					Actual	Actual	Actual	Test Year	Test Year	
495	No.					2004	2005	2006	Adjustments	2007	
497						\$	\$	\$	\$	\$	
498		Source of Supply									
499	1	Labor				24,535	46	213	9	221	
500	2	Purchased Water (Newport)				0	0	0	0	0	
501	3	Electric Cost				612,287	609,258	553,559	94,105	647,664	
502	4	Chemicals				335	0	0	0	0	
503	5	Materials & Supplies				18,927	29,684	11,462	0	11,462	
504	6	Contractual Services				26,197	138,219	109,971	0	109,971	
505	7	All Other Expenses				0	174	0	0	0	
507	8	Total Source of Supply				682,280	777,381	675,205	94,114	769,318	
508						OK	OK	OK	OK	OK	
509		Water Quality and Production									
510		Labor & Labor-Related Expenses									
511	9	Salaries				2,026,862	2,042,475	2,080,883	83,235	2,164,119	
512	10	FICA				140,608	135,259	126,549	0	126,549	
513	11	Health Insurance				302,012	358,738	413,439	51,266	464,706	
514	12	Pensions & Other Benefits				190,325	241,904	308,121	43,139	351,260	
515	13	Electric Cost				136,250	228,277	28,935	4,919	33,854	
516	14	Chemicals & Gas				934,900	1,163,528	1,281,197	24,442	1,305,639	
517	15	Materials & Supplies				326,992	312,903	383,137	0	383,137	
518	16	Contractual Services				545,988	566,786	477,886	0	477,886	
519	17	Insurance				174,327	196,406	170,931	0	170,931	
520	18	All Other Expenses				363,079	184,329	163,671	0	163,671	
522	19	Total Water Quality and Production				5,141,343	5,430,605	5,434,750	207,001	5,641,751	
523						OK	OK	OK	OK	OK	
524		Pumping and Storage									
525		Labor & Labor-Related Expenses									
526	20	Salaries				328,565	318,721	374,343	14,974	389,317	
527	21	FICA				22,841	22,563	25,775	0	25,775	
528	22	Health Insurance				72,648	82,456	87,518	10,852	98,370	
529	23	Pensions & Other Benefits				32,277	41,239	60,451	9,856	70,307	
530	24	Electric Cost				929,813	1,044,727	956,608	162,623	1,119,231	
531	25	Chemicals & Gas				8,084	2,969	10,086	1,715	11,800	
532	26	Materials & Supplies				93,544	78,507	180,163	0	180,163	
533	27	Contractual Services				568,782	565,301	180,825	0	180,825	
534	28	Insurance				43,568	49,488	40,849	0	40,849	
535	29	All Other Expenses				54,380	20,117	432,371	0	432,371	
537	30	Total Pumping and Storage				2,154,503	2,226,088	2,348,989	200,019	2,549,008	
538						OK	OK	OK	OK	OK	
539		Engineering and Distribution									
540		Labor & Labor-Related Expenses									
541	31	Salaries				1,637,055	2,375,150	2,537,532	101,501	2,639,033	
542	32	FICA				175,453	190,469	191,519	0	191,519	
543	33	Health Insurance				441,574	488,204	606,050	75,150	681,200	
544	34	Pensions & Other Benefits				213,538	267,053	384,873	59,273	444,146	
545	35	Materials & Supplies				677,152	931,608	1,006,369	0	1,006,369	
546	36	Contractual Services				1,472,528	1,425,492	477,023	0	477,023	
547	37	Insurance				193,183	214,696	170,288	0	170,288	
548	38	All Other Expenses				197,464	164,069	164,003	0	164,003	
550	39	Total Engineering and Distribution				5,007,946	6,056,741	5,537,657	235,924	5,773,581	
551						OK	OK	OK	OK	OK	
552		Customer Service									
553		Labor & Labor-Related Expenses									
554	40	Salaries				1,669,571	1,723,942	1,645,418	65,817	1,711,235	
555	41	FICA				113,164	122,975	114,271	0	114,271	
556	42	Health Insurance				349,761	389,903	370,051	45,886	415,937	
557	43	Pensions & Other Benefits				145,069	189,255	232,431	34,425	266,857	
558	44	Materials & Supplies				265,350	293,228	295,800	0	295,800	
559	45	Contractual Services				266,103	117,022	234,513	0	234,513	
560	46	Insurance				99,279	103,319	84,698	0	84,698	
561	47	Bad Debt				431,210	524,536	509,700	0	509,700	
562	48	All Other Expenses				116,647	34,040	34,554	0	34,554	
564	49	Total Customer Service				3,456,154	3,498,220	3,521,436	146,128	3,667,564	
565						OK	OK	OK	OK	OK	
566		Administration									
567		Labor & Labor-Related Expenses									
568	50	Salaries				1,105,629	1,007,948	1,110,622	44,425	1,155,047	
569	51	FICA				62,605	66,685	70,803	0	70,803	
570	52	Health Insurance				132,478	175,885	218,335	27,074	245,408	
571	53	Pensions & Other Benefits				165,735	176,891	211,761	21,679	233,441	
572	54	Electric Cost				0	108,344	162,449	27,616	190,065	
573	55	Materials & Supplies				174,925	222,868	207,628	0	207,628	
574	56	Contractual Services				650,857	792,923	881,875	0	881,875	
575	57	Insurance				185,320	151,877	132,907	0	132,907	
576	58	PSC Expense Rate Case				0	0	134,619	(7,541)	127,078	
577	59	PSC Annual Assessment Fee				0	0	56,323	0	56,323	
578	60	All Other Expenses				335,239	330,785	126,555	0	126,555	
580	61	Total Administration				2,812,789	3,034,206	3,313,878	113,253	3,427,131	
581						OK	OK	OK	OK	OK	

	A	B	C	D	E	F	G	H	I	J	K	L
73	File: RateCase2007		FINAL - For Rate Filing Purposes Only									Ver 1a
74	PDEBT - Proposed Debt Service		May 21, 2007 12:58 p.m.									E-2
75	Input Reference BD-6											
76												
77	Ref.					2006	2007	2008	2009	2010	2011	2012
80	Revenue Bonds											
81	Amount of Issue - \$					0	0	29,060,000	0	0	0	0
82	Month Issued					10	1	1	1	1	1	1
83	Bond Interest Rate - %					5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
84	Bond Term - years					20	20	20	20	20	20	20
85	Equal Annual Debt Service - \$					0	0	2,431,700	0	0	0	0
86						1.50% of amount issued						
87	Bond Issuance Expense - \$					0	0	435,900	0	0	0	0
88	Bond Reserve Fund Requirement - \$					0	0	2,431,700	0	0	0	0
89												
90	Series 2007 Revenue Bonds (From proposed or actual debt service schedule)											
91	Actual											
92	Accrued											
93	Actual						0	0	0	0	0	0
94	Accrued						0	0	0	0	0	0
95												
96	Series 2008 Revenue Bonds (From proposed or actual debt service schedule)											
97	Actual						754,236	1,965,304	1,964,319	1,961,821	1,962,642	
98	Accrued						1,920,893	1,977,660	1,976,142	1,977,500	1,977,647	
99	Actual						754,236	1,965,304	1,964,319	1,961,821	1,962,642	
100	Accrued						1,920,893	1,977,660	1,976,142	1,977,500	1,977,647	
101												
102	Series 2009 Revenue Bonds (From proposed or actual debt service schedule)											
103	1-12	Actual										
104	Accrued											
105	Actual							0	0	0	0	
106	Accrued							0	0	0	0	
107												
108	Proposed Revenue Bond Debt Service											
109	2006					0	0	0	0	0	0	0
110	2007						0	0	0	0	0	0
111	2008						1,920,900	1,977,700	1,976,100	1,977,500	1,977,600	
112	2009							0	0	0	0	
113	2010								0	0	0	
114	2011									0	0	
115	2012										0	
117	Total (Accrued)					0	0	1,920,900	1,977,700	1,976,100	1,977,500	1,977,600
118	Total Proposed (Actual)											
119	Maximum Annual Debt Service (Existing & Propo					12,953,939	12,953,939	15,385,639	15,385,639	15,385,639	15,385,639	15,385,639
120												
121	DWSRLF											
122	Amount of Issue - \$					0	4,000,000	0	0	0	0	0
123	Month Issued					6	6	6	6	6	6	6
124	Bond Interest Rate - %					5.5%	3.3%	5.5%	5.5%	5.5%	5.5%	5.5%
125	Bond Term - years					20	20	20	20	20	20	20
126	Equal Annual Debt Service - \$					0	275,100	0	0	0	0	0
127						1.50% of amount issued						
128	Bond Issuance Expense - \$					0	0	0	0	0	0	0
129												
130	Proposed DWSRLF Debt Service											
131	2006					0	0	0	0	0	0	0
132	2007						160,500	275,100	275,100	275,100	275,100	275,100
133	2008						0	0	0	0	0	0
134	2009							0	0	0	0	0
135	2010								0	0	0	0
136	2011									0	0	0
137	2012										0	0
139	Total (Accrued)					0	160,500	275,100	275,100	275,100	275,100	275,100
140	Total Proposed (Actual)					0	65,000	275,100	275,100	275,100	275,100	275,100
141												

	A	B	C	D	E	F	G	H
7	File: RateCase2007				FINAL - For Rate Filing Purposes Only			Ver 1a
8	INPUT - PPE Input Data				May 21, 2007 12:58 p.m.			F-1
9	Input Reference BD-2							
10			(1)	(2)	(3)	(4)	(5)	(6)
11								
12			Original	2006	Accumulated	2006	2007	2007
13	Func.		Cost	Depreciation	Depreciation	OCLD	OCLD	Depreciation
15			\$	\$	\$	\$	\$	\$
16								
17								
18	1	303-0001-000	29,200	0	0	29,200	29,200	0
19	6	303-0002-000	72,496	0	0	72,496	72,496	0
20	9	303-0003-000	205,403	0	0	205,403	205,403	0
21	17	303-0004-000	2,601,317	0	0	2,601,317	2,601,317	0
22	2	304-0001-000	16,869,144	270,935	3,080,624	13,788,520	13,517,609	270,911
23	7	304-0002-000	30,614,603	591,019	5,985,318	24,629,285	24,040,634	588,651
24	10	304-0003-000	7,661,242	200,897	2,269,775	5,391,467	5,191,090	200,377
25	18	304-0004-000	12,277,957	490,720	2,454,405	9,823,552	9,309,606	513,946
26	10	304-0005-000	43,828	2,685	12,307	31,521	28,849	2,672
27	7	304-0006-000	5,516,737	194,361	935,160	4,581,577	4,398,941	182,636
28	3	306-0001-000	1,463,171	75,733	738,144	725,026	649,294	75,733
29	4	309-0001-000	2,563,634	23,312	386,037	2,177,598	2,151,702	25,895
30	5	311-0001-000	3,261,818	112,397	1,001,242	2,260,576	2,142,568	118,008
31	5	311-0002-000	875,982	75,777	483,274	392,708	310,644	82,065
32	5	311-0003-000	5,377,155	191,712	2,680,674	2,696,481	2,545,884	150,598
33	8	320-0001-000	10,015,705	360,966	3,376,311	6,639,394	6,296,765	342,629
34	8	320-0002-000	189,790	25,476	128,106	61,685	45,662	16,023
35	11	330-0001-000	7,440,741	132,754	2,807,167	4,633,574	4,500,820	132,754
36	11	330-0003-000	60,000	1,000	2,750	57,250	56,250	1,000
37	12	331-0001-000	112,275,624	1,142,934	13,540,616	98,735,007	97,488,990	1,246,017
38	12	331-0002-000	6,201,497	72,756	333,465	5,868,032	5,795,276	72,756
39	12	331-0003-000	2,356,141	23,799	65,448	2,290,692	2,266,893	23,799
40	13	333-0001-000	20,675,354	421,315	6,639,262	14,036,092	13,597,157	438,936
41	13	333-0003-000	390,000	9,750	26,813	363,188	353,438	9,750
42	14	334-0001-000	7,501,468	171,641	1,820,160	5,681,308	5,504,988	176,320
43	14	334-0002-000	10,987	1,448	6,637	4,350	2,902	1,448
44	15	335-0001-000	5,161,575	101,437	1,229,033	3,932,542	3,824,971	107,571
45	15	335-0003-000	150,000	3,000	8,250	141,750	138,750	3,000
46	16	339-0001-000	3,374,686	300,840	1,757,812	1,616,875	1,331,471	285,403
47	16	339-0002-000	20,201	2,759	14,092	6,110	3,963	2,147
48	19	340-0001-000	2,215,374	238,387	1,313,718	901,656	674,754	226,903
49	19	340-0002-000	16,700	958	4,392	12,309	11,351	958
50	20	341-0001-000	2,650,499	233,831	1,968,586	681,914	440,557	241,357
51	20	341-0002-000	31,074	0	31,074	0	0	0
52	21	342-0001-000	284,376	2,947	280,007	4,368	2,347	2,021
53	22	343-0001-000	110,084	17,323	26,867	83,217	65,365	17,852
54	22	344-0001-000	66,086	17,394	23,313	42,774	25,631	17,142
55	22	345-0001-000	760,725	54,539	487,685	273,040	186,946	86,093
56	23	346-0001-000	296,424	12,158	285,839	10,585	4,730	5,855
57	23	346-0002-000	611	0	611	0	0	0
58	23	347-0001-000	593,361	96	591,834	1,528	1,432	96
60		Total	272,282,773	5,579,057	56,796,806	215,485,968	209,816,644	5,669,324
61							209,816,644	90,267

	A	B	C	D	E	F	G	H	I	J	
62	File: RateCase2007		FINAL - For Rate Filing Purposes Only							Ver 1a	
63	PPE - Property, Plant & Equipment		May 21, 2007 12:58 p.m.							F-2	
64	E-1										
65											
			12/31/06								
			Original								
68	Func.	Plant Account			Cost	Depreciation	Accumulated Depreciation	12/31/06 OCLD	12/31/07 OCLD	2007 Depreciation	
70					\$	\$	\$	\$	\$	\$	
71											
72	Source of Supply & Pumping										
73	1	Land & Land Rights			29,200	0	0	29,200	29,200	0	
74	2	Structures & Improvements			16,869,144	270,935	3,080,624	13,788,520	13,517,609	270,911	
75	3	Lake River & Other Intakes			1,463,171	75,733	738,144	725,026	649,294	75,733	
76	4	Supply Mains			2,563,634	23,312	386,037	2,177,598	2,151,702	25,895	
77	5	Pumping Equipment			9,514,956	379,886	4,165,190	5,349,766	4,999,096	350,671	
79		Subtotal			30,440,105	749,866	8,369,995	22,070,110	21,346,900	723,210	
80	Water Treatment Plant										
81	6	Land & Land Rights			72,496	0	0	72,496	72,496	0	
82	7	Structures & Improvements			36,131,340	785,381	6,920,478	29,210,862	28,439,574	771,287	
83	8	Water Treatment Equipment			10,205,495	386,442	3,504,417	6,701,079	6,342,427	358,652	
85		Subtotal			46,409,331	1,171,822	10,424,895	35,984,436	34,854,497	1,129,939	
86	Transmission & Distribution										
87	9	Land & Land Rights			205,403	0	0	205,403	205,403	0	
88	10	Structures & Improvements			7,705,070	203,582	2,282,083	5,422,988	5,219,939	203,048	
89	11	Distribution Reservoirs & Standpipes			7,500,741	133,754	2,809,917	4,690,824	4,557,070	133,754	
90	12	Transmission & Distribution Mains			120,833,262	1,239,489	13,939,530	106,893,732	105,551,160	1,342,572	
91	13	Transmission & Distribution Services			21,065,354	431,065	6,666,074	14,399,280	13,950,594	448,686	
92	14	Meters & Meter Installation			7,512,455	173,089	1,826,796	5,685,659	5,507,891	177,768	
93	15	Hydrants			5,311,575	104,437	1,237,283	4,074,292	3,963,721	110,571	
94	16	Other Plant & Misc. Equipment			3,394,888	303,599	1,771,903	1,622,984	1,335,434	287,551	
96		Subtotal			173,528,748	2,589,016	30,533,586	142,995,162	140,291,212	2,703,950	
97	General Plant										
98	17	Land & Land Rights			2,601,317	0	0	2,601,317	2,601,317	0	
99	18	Structures & Improvements			12,277,957	490,720	2,454,405	9,823,552	9,309,606	513,946	
100	19	Office Equipment			2,232,074	239,345	1,318,109	913,965	686,104	227,861	
101	20	Transportation Equipment			2,681,573	233,831	1,999,660	681,914	440,557	241,357	
102	21	Tools, Shop & Garage Equipment			284,376	2,947	280,007	4,368	2,347	2,021	
103	22	Power Operated Equipment			936,895	89,256	537,865	399,031	277,943	121,088	
104	23	Other Tangible Plant			890,396	12,254	878,283	12,113	6,162	5,951	
106		Subtotal			21,904,589	1,068,353	7,468,329	14,436,260	13,324,035	1,112,224	
108	Total Plant Investment				272,282,773	5,579,057	56,796,806	215,485,968	209,816,644	5,669,324	
109	Check with Input Reference BD-2				0	0	0	0	0	0	
110											

	A	B	C	D	E	F	G
163	File: RateCase2007			FINAL - For Rate Filing Purposes Only			Ver 1a
164	DEPR - Depreciation Expense			May 21, 2007 12:58 p.m.			F-4
165							
166	NORTHERN KENTUCKY WATER DISTRICT						
167							
168	SCHEDULE 4						
169	DEPRECIATION EXPENSE						
170	TEST YEAR 2007						
171							
172					(1)	(2)	(3)
173							
174	Line				Dec. 31, 2006	Change in	Test Year
175	No.	Plant Account			Depreciation	Current Assets	Depreciation
177					\$	\$	\$
178					F-2		(1) + (2)
179	Source of Supply & Pumping						F-3
180	1	Land & Land Rights			0	0	0
181	2	Structures & Improvements			270,935	21,976	292,911
182	3	Lake River & Other Intakes			75,733	0	75,733
183	4	Supply Mains			23,312	2,584	25,895
184	5	Pumping Equipment			379,886	(29,215)	350,671
186	6	Subtotal			749,866	(4,656)	745,210
187	Water Treatment Plant						
188	7	Land & Land Rights			0	0	0
189	8	Structures & Improvements			785,381	(9,093)	776,287
190	9	Water Treatment Equipment			386,442	(27,790)	358,652
192	10	Subtotal			1,171,822	(36,883)	1,134,939
193	Transmission & Distribution						
194	11	Land & Land Rights			0	0	0
195	12	Structures & Improvements			203,582	37,466	241,048
196	13	Distribution Reservoirs & Standpipes			133,754	(0)	133,754
197	14	Transmission & Distribution Mains			1,239,489	166,083	1,405,572
198	15	Transmission & Distribution Services			431,065	17,620	448,686
199	16	Meters & Meter Installation			173,089	4,679	177,768
200	17	Hydrants			104,437	6,134	110,571
201	18	Other Plant & Misc. Equipment			303,599	(16,049)	287,551
203	19	Subtotal			2,589,016	215,934	2,804,950
204	General Plant						
205	20	Land & Land Rights			0	0	0
206	21	Structures & Improvements			490,720	23,227	513,946
207	22	Office Equipment			239,345	(11,484)	227,861
208	23	Transportation Equipment			233,831	7,526	241,357
209	24	Tools, Shop & Garage Equipment			2,947	(926)	2,021
210	25	Power Operated Equipment			89,256	31,831	121,088
211	26	Other Tangible Plant			12,254	(6,303)	5,951
213	27	Subtotal			1,068,353	43,871	1,112,224
215	28	Total Plant Investment			5,579,057	218,267	5,797,324
216							

	A	B	C	D	E	F	G	
7	File: RateCase2007					FINAL - For Rate Filing Purposes Only		Ver 1a
8	TTRR - Test Year Revenue Requireme					May 21, 2007 12:58 p.m.		H-1
9								
10	NORTHERN KENTUCKY WATER DISTRICT							
11								
12	SCHEDULE 1							
13	SUMMARY OF TEST YEAR REVENUE REQUIREMENTS							
14	TEST YEAR 2007							
15								
16	Line							
17	<u>No.</u>					<u>Total</u>	<u>Reference</u>	
19						\$		
20								
21	1	Operation & Maintenance Expense				21,828,354	Schedule 2	
22								
23	2	Debt Service Requirements				14,435,068	Schedule 3	
24								
25	3	Depreciation Expense				5,797,324	Schedule 4	
26								
27	4	Debt Service Coverage				2,795,578	Schedule 3	
28								
29	5	Total Revenue Requirements				44,856,324		
30								
31	6	Less: Operating Revenue not Subject to Rate Increase				(2,188,668)	Schedule 5	
32								
33	7	Less: Non-Operating Revenue				(1,727,018)	Schedule 6	
34								
35	8	Less: Boone & Florence				(438,584)	Schedule 6	
36								
37	9	Net Revenue Requirements				40,502,054		
38								
39	10	Revenues Under Existing Rates				(35,214,639)	Schedule 7	
40								
41	11	Revenue Increase Required				5,287,415		
42								
43	12	Percentage Revenue Increase Required				15.0%		
44								

	A	B	C	D	E	F	G
147	File: RateCase2007			FINAL - For Rate Filing Purposes Only		Ver 1a	
148	PRATES - Proposed Rates			May 21, 2007 12:58 p.m.		I-5	
149	Alternative 3 is currently selected.						
150	I-1						
151	NORTHERN KENTUCKY WATER DISTRICT						
152							
153	SCHEDULE 8						
154	PROPOSED RATES						
155	EFFECTIVE						
156							
157	<u>MeterSize</u>		<u>Monthly</u>		<u>Quarterly</u>		
159			\$		\$		
160	Fixed Service Charge - \$/bill						
161							
162	5/8"		12.22		18.50		
163	3/4"		12.64		19.49		
164	1"		13.80		22.41		
165	1 1/2"		15.54		26.40		
166	2"		19.63		37.12		
167	3"		47.40		115.51		
168	4"		59.37		145.00		
169	6"		87.92		213.99		
170	8"		118.73		292.35		
171	10"		157.90		381.75		
172							
173	Monthly Volume Charge - \$/Ccf						
174							
175	First 1,500 cubic feet		3.23				
176	Next 163,500 cubic feet		2.80				
177	Over 165,000 cubic feet		2.48				
178							
179	Quarterly Volume Charge - \$/Ccf						
180							
181	First 4,500 cubic feet				3.23		
182	Next 490,500 cubic feet				2.80		
183	Over 495,000 cubic feet				2.48		
184							
185	Wholesale Volume Charge - \$/Ccf						
186							
187	Bullock Pen Water District				2.17		
188	City of Walton				2.17		
189	Pendleton County				2.17		
190							
191	Ccf - Hundred Cubic Feet						
192							

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
File: RateCase2007													FINAL - For Rate Filing Purposes Only		Ver 1a
TBILL - Typical Bill													May 21, 2007 12:58 p.m.		I-7
Blocks:			15	1.635		1,650				45		4,905	4,950		
NORTHERN KENTUCKY WATER DISTRICT															
SCHEDULE 10															
COMPARISON OF TYPICAL WATER BILLS															
UNDER EXISTING AND PROPOSED RATES															
TEST YEAR 2007															
(1)	(2)		(3)	(4)	(5)	(6)		(7)		(8)	(9)	(10)	(11)		
Monthly							Quarterly								
Meter Size	Monthly Usage		Existing Rates	Proposed Rates	Increase	Increase		Monthly Usage		Existing Rates	Proposed Rates	Increase	Increase		
	Ccf	Mgal	\$	\$	\$	%		Ccf	Mgal	\$	\$	\$	%		
5/8"	0.00	0	10.63	12.22	1.59	15.0%		0.00	0	16.09	18.50	2.41	15.0%		
5/8"	2.67	2	18.13	20.84	2.71	15.0%		8.02	6	38.63	44.40	5.78	15.0%		
5/8"	6.68	5	29.40	33.80	4.40	15.0%		20.05	15	72.43	83.26	10.83	15.0%		
5/8"	8.02	6	33.17	38.12	4.96	15.0%		24.06	18	83.70	96.21	12.52	15.0%		
5/8"	13.37	10	48.20	55.41	7.21	14.9%		40.10	30	128.77	148.02	19.25	15.0%		
5/8"	20.05	15	65.05	74.81	9.76	15.0%		60.16	45	179.38	206.30	26.92	15.0%		
5/8"	26.74	20	81.31	93.54	12.23	15.0%		80.21	60	228.10	262.44	34.34	15.1%		
5/8"	40.10	30	113.77	130.95	17.18	15.1%		120.31	90	325.54	374.72	49.17	15.1%		
5/8"	66.84	50	178.75	205.82	27.07	15.1%		200.52	150	520.45	599.31	78.85	15.2%		
5/8"	133.68	100	341.17	392.97	51.80	15.2%		401.04	300	1,007.72	1,160.76	153.04	15.2%		
3/4"	40.10	30	114.13	131.37	17.24	15.1%		120.31	90	326.40	375.71	49.30	15.1%		
3/4"	66.84	50	179.11	206.24	27.13	15.1%		200.52	150	521.31	600.30	78.98	15.2%		
3/4"	133.68	100	341.53	393.39	51.86	15.2%		401.04	300	1,008.58	1,161.75	153.17	15.2%		
1"	26.74	20	82.68	95.12	12.44	15.1%		80.21	60	231.50	266.35	34.85	15.1%		
1"	66.84	50	180.12	207.40	27.28	15.1%		200.52	150	523.85	603.22	79.36	15.1%		
1"	133.68	100	342.54	394.55	52.01	15.2%		401.04	300	1,011.12	1,164.67	153.55	15.2%		
1 1/2"	133.68	100	344.05	396.29	52.24	15.2%		401.04	300	1,014.59	1,168.66	154.07	15.2%		
1 1/2"	334.20	250	831.32	957.75	126.43	15.2%		1,002.60	750	2,476.38	2,853.03	376.65	15.2%		
1 1/2"	668.40	500	1,643.42	1,893.51	250.09	15.2%		2,005.21	1,500	4,912.72	5,660.34	747.62	15.2%		
2"	334.20	250	834.88	961.84	126.96	15.2%		1,002.60	750	2,485.70	2,863.75	378.05	15.2%		
2"	668.40	500	1,646.98	1,897.60	250.62	15.2%		2,005.21	1,500	4,922.04	5,671.06	749.02	15.2%		
2"	1,336.81	1,000	3,271.22	3,769.15	497.93	15.2%		4,010.42	3,000	9,794.70	11,285.65	1,490.95	15.2%		
3"	668.40	500	1,671.13	1,925.37	254.24	15.2%		2,005.21	1,500	4,990.20	5,749.45	759.25	15.2%		
3"	1,336.81	1,000	3,295.37	3,796.92	501.55	15.2%		4,010.42	3,000	9,862.86	11,364.04	1,501.18	15.2%		
3"	2,673.61	2,000	6,267.42	7,212.40	944.99	15.1%		8,020.83	6,000	18,779.03	21,610.52	2,831.49	15.1%		
4"	1,336.81	1,000	3,305.78	3,808.89	503.11	15.2%		4,010.42	3,000	9,888.51	11,393.53	1,505.02	15.2%		
4"	2,673.61	2,000	6,277.83	7,224.37	946.55	15.1%		8,020.83	6,000	18,804.68	21,640.01	2,835.33	15.1%		
4"	6,684.03	5,000	14,940.33	17,170.21	2,229.88	14.9%		20,052.08	15,000	44,792.18	51,477.51	6,685.33	14.9%		
6"	2,673.61	2,000	6,302.65	7,252.92	950.28	15.1%		8,020.83	6,000	18,864.67	21,709.00	2,844.33	15.1%		
6"	6,684.03	5,000	14,965.15	17,198.76	2,233.61	14.9%		20,052.08	15,000	44,852.17	51,546.50	6,694.33	14.9%		
6"	13,368.05	10,000	29,402.64	33,775.13	4,372.50	14.9%		40,104.16	30,000	88,164.67	101,275.66	13,110.99	14.9%		
8"	6,684.03	5,000	14,991.94	17,229.57	2,237.63	14.9%		20,052.08	15,000	44,920.31	51,624.86	6,704.55	14.9%		
8"	13,368.05	10,000	29,429.43	33,805.94	4,376.52	14.9%		40,104.16	30,000	88,232.81	101,354.02	13,121.21	14.9%		
8"	26,736.11	20,000	58,304.44	66,958.73	8,654.30	14.8%		80,208.33	60,000	174,857.81	200,812.36	25,954.55	14.8%		
10"	13,368.05	10,000	29,463.49	33,845.11	4,381.63	14.9%		40,104.16	30,000	88,310.55	101,443.42	13,132.87	14.9%		
10"	26,736.11	20,000	58,338.50	66,997.90	8,659.41	14.8%		80,208.33	60,000	174,935.55	200,901.76	25,966.21	14.8%		
10"	66,840.27	50,000	144,963.48	166,456.22	21,492.74	14.8%		200,520.82	150,000	434,810.53	499,276.73	64,466.20	14.8%		
Ccf - Hundred Cubic Feet															
Mgal - Thousand Gallons															

	B	C	D	E	F	G	H	I	J
152	File: RateCase2007					FINAL - For Rate Filing Purposes Only			Ver 1a
153	ISSUE3 - Revenue Bond Issue 3					May 21, 2007 12:58 p.m.			J-3
154	Days Interest on First Payment				Beginning Month of Fiscal Year 1				
155	First Year in Schedule 2005			Month (1 to 12) of Principal Payment (Pm) 5					
156									
157	Northern Kentucky Water District								
158	Water Revenue Bonds								
159	USDA 2000 Series								
160					Fiscal Year		Transfers to	Fiscal Total	Average
161					Total		P&I Fund	Interest	Interest
162	Date	Principal	Coupon	Interest	Total Period	Total	P&I Fund	Interest	Rate
164		\$		\$	\$	\$	\$	\$	\$
165									
166	5/01/05				0.00	0.00	35,633.33	0.00	0.00%
167	11/01/05								
168	5/01/06	26.000		54.900.00	80,900.00				
169	11/01/06			54.250.00	54,250.00	135,150.00	135,600.00	109,150.00	0.00%
170	5/01/07	27.000		54.250.00	81,250.00				
171	11/01/07			53.575.00	53,575.00	134,825.00	135,266.67	107,825.00	0.00%
172	5/01/08	28.000		53.575.00	81,575.00				
173	11/01/08			52.875.00	52,875.00	134,450.00	135,550.00	106,450.00	0.00%
174	5/01/09	30.000		52.875.00	82,875.00				
175	11/01/09			52.125.00	52,125.00	135,000.00	135,416.67	105,000.00	0.00%
176	5/01/10	31.000		52.125.00	83,125.00				
177	11/01/10			51.350.00	51,350.00	134,475.00	135,550.00	103,475.00	0.00%
178	5/01/11	33.000		51.350.00	84,350.00				
179	11/01/11			50.525.00	50,525.00	134,875.00	135,266.67	101,875.00	0.00%
180	5/01/12	34.000		50.525.00	84,525.00				
181	11/01/12			49.675.00	49,675.00	134,200.00	135,250.00	100,200.00	0.00%
182	5/01/13	36.000		49.675.00	85,675.00				
183	11/01/13			48.775.00	48,775.00	134,450.00	135,483.33	98,450.00	0.00%
184	5/01/14	38.000		48.775.00	86,775.00				
185	11/01/14			47.825.00	47,825.00	134,600.00	135,616.67	96,600.00	0.00%
186	5/01/15	40.000		47.825.00	87,825.00				
187	11/01/15			46.825.00	46,825.00	134,650.00	135,650.00	94,650.00	0.00%
188	5/01/16	42.000		46.825.00	88,825.00				
189	11/01/16			45.775.00	45,775.00	134,600.00	135,583.33	92,600.00	0.00%
190	5/01/17	44.000		45.775.00	89,775.00				
191	11/01/17			44.675.00	44,675.00	134,450.00	135,416.67	90,450.00	0.00%
192	5/01/18	46.000		44.675.00	90,675.00				
193	11/01/18			43.525.00	43,525.00	134,200.00	135,816.67	88,200.00	0.00%
194	5/01/19	49.000		43.525.00	92,525.00				
195	11/01/19			42.300.00	42,300.00	134,825.00	135,750.00	85,825.00	0.00%
196	5/01/20	51.000		42.300.00	93,300.00				
197	11/01/20			41.025.00	41,025.00	134,325.00	135,900.00	83,325.00	0.00%
198	5/01/21	54.000		41.025.00	95,025.00				
199	11/01/21			39.675.00	39,675.00	134,700.00	135,583.33	80,700.00	0.00%
200	5/01/22	56.000		39.675.00	95,675.00				
201	11/01/22			38.275.00	38,275.00	133,950.00	135,483.33	77,950.00	0.00%
202	5/01/23	59.000		38.275.00	97,275.00				
203	11/01/23			36.800.00	36,800.00	134,075.00	135,583.33	75,075.00	0.00%
204	5/01/24	62.000		36.800.00	98,800.00				
205	11/01/24			35.250.00	35,250.00	134,050.00	135,533.33	72,050.00	0.00%
206	5/01/25	65.000		35.250.00	100,250.00				
207	11/01/25			33.625.00	33,625.00	133,875.00	135,333.33	68,875.00	0.00%
208	5/01/26	68.000		33.625.00	101,625.00				
209	11/01/26			31.925.00	31,925.00	133,550.00	135,650.00	65,550.00	0.00%
210	5/01/27	72.000		31.925.00	103,925.00				
211	11/01/27			30.125.00	30,125.00	134,050.00	135,450.00	62,050.00	0.00%
212	5/01/28	75.000		30.125.00	105,125.00				
213	11/01/28			28.250.00	28,250.00	133,375.00	135,416.67	58,375.00	0.00%
214	5/01/29	79.000		28.250.00	107,250.00				
215	11/01/29			26.275.00	26,275.00	133,525.00	135,533.33	54,525.00	0.00%
216	5/01/30	83.000		26.275.00	109,275.00				
217	11/01/30			24.200.00	24,200.00	133,475.00	135,450.00	50,475.00	0.00%
218	5/01/31	87.000		24.200.00	111,200.00				
219	11/01/31			22.025.00	22,025.00	133,225.00	135,833.33	46,225.00	0.00%
220	5/01/32	92.000		22.025.00	114,025.00				
221	11/01/32			19.725.00	19,725.00	133,750.00	135,650.00	41,750.00	0.00%
222	5/01/33	96.000		19.725.00	115,725.00				
223	11/01/33			17.325.00	17,325.00	133,050.00	136,250.00	37,050.00	0.00%
224	5/01/34	102.000		17.325.00	119,325.00				
225	11/01/34			14.775.00	14,775.00	134,100.00	136,583.33	32,100.00	0.00%
226	5/01/35	107.000		14.775.00	121,775.00				
227	11/01/35			12.100.00	12,100.00	133,875.00	136,316.67	26,875.00	0.00%
228	5/01/36	112.000		12.100.00	124,100.00				
229	11/01/36			9.300.00	9,300.00	133,400.00	136,466.67	21,400.00	0.00%
230	5/01/37	118.000		9.300.00	127,300.00				
231	11/01/37			6.350.00	6,350.00	133,650.00	136,666.67	15,650.00	0.00%
232	5/01/38	124.000		6.350.00	130,350.00				
233	11/01/38			3.250.00	3,250.00	133,600.00	136,566.67	9,600.00	0.00%
234	5/01/39	130.000		3.250.00	133,250.00				
235	11/01/39				0.00	133,250.00	45,500.00	3,250.00	0.00%
236	5/01/40				0.00			0.00	0.00%
237	11/01/40				0.00	0.00			0.00%
239	Total	2,196.000		2,363,600.00	4,559,600.00	4,559,600.00	4,559,600.00	2,363,600.00	
240									

Cost of Service Analysis
Prepared By: Black & Veatch
Exhibit N
Witness: McKinley

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Executive Summary

Black & Veatch has prepared this report for the Northern Kentucky Water District (the “District”) to summarize the District’s rate case filing, Case No. 2005-00148, with the Kentucky Public Service Commission (“PSC”). The District’s case-in-chief will be filed with the PSC on or before May 31, 2005 and will be available at the District’s office.

This report reviews the District’s financial planning projections and evaluates the rate development activities of the Utility. The specific goals of the study were to:

- Review the District’s projections for revenues under existing rates and projected revenue requirements;
- Allocate Test Year revenue requirements to the various customer classes in accordance with the respective service requirements;
- Develop a suitable schedule of water rates which will produce revenues adequate to meet financial needs on a basis which recognizes customer costs of service, PSC requirements, and local policy considerations; and,
- Identify procedures for equitable management of revenue requirements and associated rates for subsequent test years.

Summary of Findings

The financial condition of the District is influenced by a number of factors. Rates charged for service should, at a minimum, be adequate to cover operating costs, to cover repair and replacement costs, and to meet outstanding debt covenant requirements. Sound financial operation also recommends maintaining a capital reserve to address unplanned and emergency capital requirements.

The costs of providing water service should be identified for each group of customers and type of service based on consideration of utility revenue needs and projected customer service requirements. Adjustments in water rates should be designed for retail and wholesale service customers in accord with allocated costs of service, PSC requirements, and local policy consideration.

The Northern Kentucky Water District has engaged Black & Veatch to conduct a cost of service analysis and to design water rates that equitably recover the cost to service the various customer classes. The principal findings and recommendations of the studies are summarized herein.

In conducting our analyses and in forming an opinion of the projection of future operations summarized in this report, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. The methodology utilized by Black & Veatch in performing the analysis follows generally accepted practices for such projections. Such assumptions and methodologies are summarized in this report and are reasonable and appropriate for the purpose for which they are used. While Black & Veatch believes the assumptions are reasonable and the projection methodology valid, actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that actually occur.

Revenue Requirements

- The existing water rates are shown as Appendix A of this report. The District’s last rate adjustment was approved under Case No. 2003-00224 (the “2003 Order”) and became effective in August 2004.
- Financial projections for the current rate case are based on the period from January 1, 2004 through December 31, 2004. Test year revenues and expenses have been adjusted to reflect known and measurable changes over the study period. A summary of the test year revenues and revenue requirements is shown in Schedule A.

Schedule A
Summary of Test Year Revenue Requirements

Line No.			
1	OPERATION & MAINTENANCE	\$20,375,306	Schedule 2
2	DEBT SERVICE	12,541,807	Schedule 3
3	DEPRECIATION	5,328,876	Schedule 4
4	DEBT SERVICE COVERAGE	<u>2,458,361</u>	Schedule 3
5	TOTAL REVENUE REQUIREMENTS	40,704,350	
6	LESS: OPERATING REVENUES NOT SUBJECT TO RATE INCREASE	(1,873,546)	Schedule 5
7	LESS: NON-OPERATING INCOME	(952,600)	Schedule 6
8	LESS: BOONE & FLORENCE RESERVE AND EARLY TERMINATION	<u>(443,685)</u>	Schedule 6
9	NET REVENUE REQUIREMENTS	37,434,519	
10	REVENUES AT CURRENT RATES	<u>(34,059,199)</u>	Schedule 7
11	NET INCREASE REQUIRED	3,375,320	
12	PERCENTAGE INCREASE IN REVENUE	9.91%	

- Total revenue requirements, adjusted for known and measurable changes, for the test year total \$40,704,350. Revenue requirements include \$20,375,306 of operation and maintenance expense, \$12,541,807 of debt service, \$5,328,876 for depreciation, and \$2,458,361 for debt service coverage.
- Debt service includes the average principal and interest payments that will be due for the first four years for \$29,000,000 of proposed revenue bonds (“2006 Bonds”).
- As part of this rate filing, the District has included its 5-year capital improvement program. Capital improvements totaling \$21,510,000 (the “Projects”) will be funded via the 2006 Bonds. In addition, the 2006 Bonds will retire 2004 Notes of \$3,650,000 used to purchase the Central Facility.
- Revenues under existing rates during the test year total \$37,329,030. Revenues include \$952,600 of non-operating income, \$1,873,546 of operating revenue not subject to rate increase, \$443,685 from the amortization of the Boone & Florence settlement and early termination payment, and \$34,059,199 of water sales revenues adjusted for a full year of the last rate adjustment, the conversion of Taylor Mill customers to retail service, and volume normalization due to the impact of abnormal rainfall in the test year.
- In order to meet test year revenue requirements, water sales revenues must increase by \$3,375,320. The overall increase in water sales revenues required to meet test year revenue requirements is 9.91 percent.

Cost of Service Allocations

- Test year revenue requirements are allocated in this rate study in accordance with the American Water Works Association’s (“AWWA’s”) recommended methodology which endorses a cost-causative approach for allocating revenue requirements to customer classes, with the exception of the delineation between transmission and distribution mains which follows the directives of the 2002 Order.
- A summary of the cost allocations to customer classes based on the service requirements of each customer class is presented in Schedule B.

Cost-of-Service Water Rates

- A rate schedule that follows the 2002 Order’s cost-of-service methodology is proposed herein and summarized in Schedule C.
- The proposed rates recover 100 percent of system revenue requirements.

Schedule B

Comparison of Revenues under Existing Rates and Allocated Cost of Service

Line No.	Description	Allocated Cost of Service	Adjusted Cost of Service	Revenue Under Existing Rates	Indicated Percent Change
		\$	\$	\$	%
Retail					
Monthly					
1	Residential/Multi Family	908,075	924,909	818,221	13.04%
2	Commercial	134,789	137,288	121,660	12.85%
3	Industrial	455,099	463,536	425,883	8.84%
4	Public Authority	901,169	917,875	836,361	9.75%
5	Total Retail - Monthly	2,399,132	2,443,608	2,202,125	10.97%
Quarterly					
6	Residential/Multi Family	25,541,135	26,014,625	23,700,663	9.76%
7	Commercial	5,096,859	5,191,346	4,677,054	11.00%
8	Industrial	1,856,160	1,890,570	1,753,065	7.84%
9	Public Authority	1,037,701	1,056,938	956,596	10.49%
10	Total Retail - Quarterly	33,531,855	34,153,480	31,087,378	9.86%
11	Total Retail	35,930,987	36,597,088	33,289,503	9.94%
12	Wholesale	837,431	837,431	769,696	8.80%
Fire Protection^(a)					
13	Public	611,852	0	0	0.00%
14	Private	54,249	0	0	0.00%
15	Total Fire Protection	666,101	0	0	0.00%
16	Total System	37,434,519	37,434,519	34,059,199	9.91%

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

(a) Private fire protection revenues applied as a credit against total fire protection costs.

Schedule C
Proposed PSC-Compliant Rates

Service Charge

Meter Size	Monthly	Quarterly
	Service Charge	Service Charge
5/8"	11.76	17.24
3/4"	12.13	18.10
1"	13.15	20.67
1 1/2"	14.75	24.16
2"	18.39	33.58
3"	42.91	102.29
4"	53.66	128.15
6"	79.35	188.64
8"	106.92	257.34
10" and larger	142.39	335.72

Commodity Charges

	Monthly Block	Quarterly Block	
	ccf	ccf	
First	15	45	\$2.86 per ccf
Next	1,635	4,905	\$2.48 per ccf
Over	1,650	4,950	\$2.32 per ccf
Wholesale			\$1.94 per ccf

- Water bills for “typical” customers under the existing and proposed rate schedules are illustrated in Schedule D.
- The typical bill for a residential customer using 18,000 gallons per quarter increases \$7.40 or 9.4 percent.

Schedule D
Typical Water Bills under Existing and Proposed Rates

Meter Size	Monthly Usage		Existing Rates	Proposed		
	Ccf	1,000 gallons	\$	Rates \$	Increase \$	Increase %
Monthly						
5/8"	0	0	10.33	11.76	1.43	13.8%
5/8"	3	2	17.35	19.40	2.05	11.8%
5/8"	7	5	27.90	30.86	2.96	10.6%
5/8"	8	6	31.42	34.70	3.28	10.4%
5/8"	13	10	45.49	50.00	4.51	9.9%
5/8"	20	15	61.04	67.18	6.14	10.1%
5/8"	27	20	75.96	83.78	7.82	10.3%
5/8"	40	30	105.75	116.91	11.16	10.6%
5/8"	67	50	165.38	183.22	17.84	10.8%
5/8"	134	100	314.44	348.99	34.55	11.0%
3/4"	40	30	106.10	117.28	11.18	10.5%
3/4"	67	50	165.73	183.59	17.86	10.8%
3/4"	134	100	314.79	349.36	34.57	11.0%
1"	27	20	77.24	85.17	7.93	10.3%
1"	67	50	166.66	184.61	17.95	10.8%
1"	134	100	315.72	350.38	34.66	11.0%
1 1/2"	134	100	317.16	351.98	34.82	11.0%
1 1/2"	334	250	764.32	849.27	84.95	11.1%
1 1/2"	668	500	1,509.58	1,678.08	168.50	11.2%
2"	334	250	767.65	852.91	85.26	11.1%
2"	668	500	1,512.91	1,681.72	168.81	11.2%
2"	1,337	1,000	3,003.47	3,339.38	335.91	11.2%
3"	668	500	1,535.37	1,706.24	170.87	11.1%
3"	1,337	1,000	3,025.93	3,363.90	337.97	11.2%
3"	2,674	2,000	5,853.45	6,515.39	661.94	11.3%
4"	1,337	1,000	3,035.72	3,374.65	338.93	11.2%
4"	2,674	2,000	5,863.24	6,526.14	662.90	11.3%
4"	6,684	5,000	14,204.91	15,830.31	1,625.40	11.4%
6"	2,674	2,000	5,886.64	6,551.83	665.19	11.3%
6"	6,684	5,000	14,228.31	15,856.00	1,627.69	11.4%
6"	13,368	10,000	28,131.07	31,362.93	3,231.86	11.5%
8"	6,684	5,000	14,253.46	15,883.57	1,630.11	11.4%
8"	13,368	10,000	28,156.22	31,390.50	3,234.28	11.5%
8"	26,736	20,000	55,961.79	62,404.40	6,442.61	11.5%
10"	13,368	10,000	28,188.47	31,425.97	3,237.50	11.5%
10"	26,736	20,000	55,994.04	62,439.87	6,445.83	11.5%
10"	66,840	50,000	139,410.69	155,481.52	16,070.83	11.5%

Schedule D (continued)
Typical Water Bills under Existing and Proposed Rates

Meter Size	Quarterly Usage		Existing Rates	Proposed		
	Ccf	1,000 gallons	\$	Rates \$	Increase \$	Increase %
Quarterly						
5/8"	0	0	15.37	17.24	1.87	12.2%
5/8"	8	6	36.46	40.18	3.72	10.2%
5/8"	20	15	68.10	74.58	6.48	9.5%
5/8"	24	18	78.65	86.05	7.40	9.4%
5/8"	40	30	120.83	131.93	11.10	9.2%
5/8"	60	45	167.53	183.54	16.01	9.6%
5/8"	80	60	212.24	233.26	21.02	9.9%
5/8"	120	90	301.66	332.71	31.05	10.3%
5/8"	201	150	480.53	531.63	51.10	10.6%
5/8"	401	300	927.69	1,028.92	101.23	10.9%
3/4"	120	90	302.45	333.57	31.12	10.3%
3/4"	201	150	481.32	532.49	51.17	10.6%
3/4"	401	300	928.48	1,029.78	101.30	10.9%
1"	80	60	218.59	236.69	18.10	8.3%
1"	201	150	486.88	535.06	48.18	9.9%
1"	401	300	934.04	1,032.35	98.31	10.5%
1 1/2"	401	300	942.68	1,035.84	93.16	9.9%
1 1/2"	1,003	750	2,284.16	2,527.71	243.55	10.7%
1 1/2"	2,005	1,500	4,519.98	5,014.18	494.20	10.9%
2"	1,003	750	2,347.22	2,537.13	189.91	8.1%
2"	2,005	1,500	4,583.04	5,023.60	440.56	9.6%
2"	4,010	3,000	9,054.66	9,996.52	941.86	10.4%
3"	2,005	1,500	4,606.76	5,092.31	485.55	10.5%
3"	4,010	3,000	9,219.31	10,065.23	845.92	9.2%
3"	8,021	6,000	17,560.97	19,519.72	1,958.75	11.2%
4"	4,010	3,000	9,274.77	10,091.09	816.32	8.8%
4"	8,021	6,000	17,616.43	19,545.58	1,929.15	11.0%
4"	20,052	15,000	42,641.43	47,458.08	4,816.65	11.3%
6"	8,021	6,000	17,679.44	19,606.07	1,926.63	10.9%
6"	20,052	15,000	42,704.44	47,518.57	4,814.13	11.3%
6"	40,104	30,000	84,412.76	94,039.40	9,626.64	11.4%
8"	20,052	15,000	42,776.27	47,587.27	4,811.00	11.2%
8"	40,104	30,000	84,484.59	94,108.09	9,623.50	11.4%
8"	80,208	60,000	167,901.27	187,149.77	19,248.50	11.5%
10"	40,104	30,000	84,177.15	94,186.48	10,009.33	11.9%
10"	80,208	60,000	167,593.83	187,228.15	19,634.32	11.7%
10"	200,521	150,000	417,843.81	466,353.13	48,509.32	11.6%

Revenue Requirements for Subsequent Test Years

- Schedule E presents revenue requirements for subsequent test years in categories and format similar to Schedule A. For comparative purposes the current test year is included as well.
- Total revenue requirements are projected to increase from \$40,704,350 in the current test year to \$49,874,169 by 2009.
- Operation and maintenance expense is projected to increase 4% annually from the current test year projection of \$20,375,306 based on historical experience and management judgment regarding expected expense trends.
- Debt service for each test year is projected as the 5 year average of each test period, which includes as applicable subsequent revenue bond proceeds of \$13,155,000 in 2007 (“2007 Bonds”); \$13,150,000 in 2008 (“2008 Bonds”); \$13,155,000 in 2009 (“2009 Bonds”); and \$13,160,000 in 2010 (“2010 Bonds”). Proposed revenue bond proceeds reflect the 5 year capital plan and a balance of BANs and Bonds to produce level bond sales and mitigate dramatic changes in requirements over time.
- Coverage requirements, established as 1.20 times debt service, are projected to increase consistent with projected increases in debt.
- Revenue under existing rates is developed based on the current test year revenues, and assumes indicated increases are implemented January 1 of each subsequent test year. Based on a 5 year average of new customer installations, growth of 900 residential accounts per year is assumed. No changes are anticipated during the study period for non-operating income, operating revenue not subject to rate increase, or the Boone & Florence settlement and early termination payment.
- Revenue increases required to meet test year revenue requirements are shown in Table E, and range from 4.0% to 5.86% during the study period.
- Table F shows the annual incremental changes across the elements of Table E for each test year.

Cost of Service Allocations and Water Rates for Subsequent Test Years

- Revenue requirements identified for each subsequent test year are allocated on the distribution of current test year revenue requirements.
- Rates are designed to increase proportionately in the subsequent test years based on the current test year cost of service rate design and the increase required to meet each year’s revenue requirements. Proposed rates are shown in Table G.

Schedule E
Revenue Requirements for Subsequent Test Years

Line No.		2005 (a)	2006	2007	2008	2009
1	OPERATION & MAINTENANCE	\$20,375,306	\$21,190,318	\$22,037,931	\$22,919,448	\$23,836,226
2	DEBT SERVICE	12,541,807	13,298,361	14,422,828	15,551,344	16,679,856
3	DEPRECIATION	5,328,876	5,461,298	5,898,104	6,154,693	6,022,115
4	DEBT SERVICE COVERAGE	<u>2,458,361</u>	<u>2,659,672</u>	<u>2,884,566</u>	<u>3,110,269</u>	<u>3,335,971</u>
5	TOTAL REVENUE REQUIREMENTS	40,704,350	42,609,649	45,243,429	47,735,755	49,874,169
6	LESS: OPERATING REVENUES NOT SUBJECT TO RATE INCREASE	(1,873,546)	(1,873,546)	(1,873,546)	(1,873,546)	(1,873,546)
7	LESS: NON-OPERATING INCOME	(952,600)	(952,600)	(952,600)	(952,600)	(952,600)
8	LESS: BOONE & FLORENCE RESERVE AND EARLY TERMINATION	<u>(443,685)</u>	<u>(443,685)</u>	<u>(443,685)</u>	<u>(443,685)</u>	<u>(443,685)</u>
9	NET REVENUE REQUIREMENTS	37,434,519	39,339,818	41,973,598	44,465,924	46,604,338
10	REVENUES AT CURRENT RATES	(34,059,199)	(37,434,519)	(39,339,818)	(41,973,598)	(44,465,924)
11	CUMULATIVE GROWTH IN ACCOUNTS	<u>0</u>	<u>(296,835)</u>	<u>(309,489)</u>	<u>(327,631)</u>	<u>(344,397)</u>
12	NET INCREASE REQUIRED	3,375,320	1,608,464	2,324,291	2,164,695	1,794,017
13	PERCENTAGE INCREASE IN REVENUE	9.91%	4.26%	5.86%	5.12%	4.00%

(a) Reflects January 1 to December 31, 2004 actuals plus known and measurable adjustments.

Schedule F
Incremental Revenue Requirements for Subsequent Test Years

Line No.		2006	2007	2008	2009
1	PRIOR TEST YEAR REVENUE REQUIREMENTS	37,434,519	39,339,818	41,973,598	44,465,924
2	CHANGE IN OPERATION & MAINTENANCE EXPENSE	815,012	847,613	881,517	916,778
3	CHANGE IN DEBT SERVICE	756,554	1,124,468	1,128,516	1,128,512
4	CHANGE IN DEPRECIATION	132,422	436,806	256,589	(132,578)
5	CHANGE IN DEBT SERVICE COVERAGE	<u>201,311</u>	<u>224,894</u>	<u>225,703</u>	<u>225,702</u>
6	TOTAL TEST YEAR REVENUE REQUIREMENTS	39,339,818	41,973,598	44,465,924	46,604,338
7	LESS: CHANGE IN OPERATING REVENUES NOT SUBJECT TO RATE INCREASE	0	0	0	0
8	LESS: CHANGE IN NON-OPERATING INCOME	0	0	0	0
9	LESS: CHANGE IN BOONE & FLORENCE RESERVE AND EARLY TERMINATION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
10	NET REVENUE REQUIREMENTS	39,339,818	41,973,598	44,465,924	46,604,338
11	REVENUES AT CURRENT RATES	(37,731,354)	(39,649,307)	(42,301,229)	(44,810,321)
12	NET INCREASE REQUIRED	1,608,464	2,324,291	2,164,695	1,794,017
13	PERCENTAGE INCREASE IN REVENUE	4.26%	5.86%	5.12%	4.00%

Schedule G
Proposed Rates for Subsequent Test Years

	Effective Jan 1, 2007		Effective Jan 1, 2008	
	Monthly	Quarterly	Monthly	Quarterly
	\$	\$	\$	\$
Service Charge				
5/8"	12.26	17.97	12.98	19.03
3/4"	12.65	18.87	13.39	19.98
1"	13.71	21.55	14.51	22.81
1 1/2"	15.38	25.19	16.28	26.67
2"	19.17	35.01	20.30	37.06
3"	44.74	106.65	47.36	112.90
4"	55.95	133.61	59.23	141.45
6"	82.73	196.68	87.58	208.21
8"	111.48	268.31	118.01	284.04
10"	148.46	350.03	157.16	370.55
Volume Charge				
	\$/ccf	\$/1,000 gal	\$/ccf	\$/1,000 gal
First 15 ccf	2.98	3.99	3.16	4.22
Next 1,635 ccf	2.59	3.46	2.74	3.66
Over 1,650 ccf	2.42	3.23	2.56	3.42
Wholesale	2.02	2.70	2.14	2.86

	Effective Jan 1, 2009		Effective Jan 1, 2010	
	Monthly	Quarterly	Monthly	Quarterly
	\$	\$	\$	\$
Service Charge				
5/8"	13.64	20.00	14.19	20.80
3/4"	14.07	21.00	14.64	21.84
1"	15.26	23.98	15.87	24.94
1 1/2"	17.11	28.03	17.80	29.15
2"	21.34	38.96	22.19	40.52
3"	49.79	118.68	51.78	123.43
4"	62.26	148.68	64.75	154.64
6"	92.06	218.87	95.75	227.63
8"	124.05	298.57	129.02	310.53
10"	165.21	389.51	171.82	405.11
Volume Charge				
	\$/ccf	\$/1,000 gal	\$/ccf	\$/1,000 gal
First 15 ccf	3.32	4.44	3.45	4.61
Next 1,635 ccf	2.88	3.85	2.99	4.00
Over 1,650 ccf	2.69	3.60	2.80	3.74
Wholesale	2.25	3.01	2.34	3.13

Introduction

This report was prepared for the Northern Kentucky Water District (the “District”) to summarize the District’s financial planning projections and develop rates for the District’s Water Utility. The specific goals of the study were to:

- Review the District’s projections for revenues under existing rates and projected revenue requirements;
- Allocate Test Year revenue requirements to the various customer classes in accordance with the respective service requirements;
- Develop a suitable schedule of water rates which will produce revenues adequate to meet financial needs on a basis which recognizes customer costs of service, PSC requirements, and local policy considerations; and,
- Identify procedures for equitable management of revenue requirements and associated rates for subsequent test years.

General Background

The District’s Water System consists of three treatment facilities and over 1,000 miles of installed mains. The Fort Thomas Water Treatment Plant (“FTTP”) is the primary source of finished water for the District and is a conventional settling/filtration plant that treats surface water from the Ohio River. The original plant was constructed in 1891, with numerous expansions over the years to improve treatment capability and capacity. The current plant capacity is 44 million gallons per day (“mgd”). The Taylor Mill Water Treatment Plant (“TMTP”) is also a conventional settling/filtration facility with a capacity of 10 mgd. Source water for the Taylor Mill plant is the Licking River. The Taylor Mill plant also serves as a critical pumping facility for the District, taking water produced both at Taylor Mill and Fort Thomas (which flows by gravity to Taylor Mill) and transferring it to the distribution system. The third treatment plant, Memorial Parkway Water Treatment Plant (“MPTP”), came under the District’s operation in June 2002 through the District’s acquisition of the Newport Water Works. The Memorial Parkway facility uses a process of ballasted flocculation to treat water from the Ohio River. MPTP is currently capable of reliably treating 10 mgd.

Following the March 2004 purchase of the Taylor Mill water system, and conversion of those customers from a wholesale to a retail level of service, the District provides services to over 78,000 customers including residential, commercial, and industrial accounts. In addition, the utility currently provides wholesale services to three neighboring communities.

The District is operated and maintained as a self-supporting enterprise. As such, the District's water rates are developed to provide sufficient levels of revenue to meet all operation and maintenance expenses of the system, debt service requirements, routine annual extensions and replacements of capital improvements to be funded from current revenues, and other specific bond ordinance and revenue requirements. Water rates are developed for retail and wholesale customers by determining the total costs of service and service requirements.

Purpose

The purpose of this report is to present a summary of the District's rate case filing, Case No. 2005-00148, before the PSC. The District's case-in-chief will be filed with the PSC on or before May 31, 2005. This report presents a summary of that filing which will be available at the District's offices.

Scope

The rate case filing includes detailed financial summaries of water utility operations and the detailed development of cost of service water rates. This report presents the primary schedules from the filing that presents both the justification of the need for additional revenues and the cost of service analysis used to set proposed rates. Rate calculation details are included in Appendix C of this report. Testimony from the filing has been adapted to report format and supplemented to provide additional information for readers that are not familiar with rate case procedures and cost of service studies.

Revenues and Revenue Requirements

Summary

A summary of the test year revenues and revenue requirements are presented in Schedule 1. The test year is for the period January 1, 2004 through December 31, 2004. Test year revenue requirements are adjusted for known and measurable changes over the study period, including annualizing known salary increases and increases in insurance costs. Revenue requirements include operation and maintenance expense, debt service, depreciation, and debt service coverage. Test year revenue requirements total \$40,704,350.

Schedule 1

Summary of Test Year Revenue Requirements

Line No.			
1	OPERATION & MAINTENANCE	\$20,375,306	Schedule 2
2	DEBT SERVICE	12,541,807	Schedule 3
3	DEPRECIATION	5,328,876	Schedule 4
4	DEBT SERVICE COVERAGE	<u>2,458,361</u>	Schedule 3
5	TOTAL REVENUE REQUIREMENTS	40,704,350	
6	LESS: OPERATING REVENUES NOT SUBJECT TO RATE INCREASE	(1,873,546)	Schedule 5
7	LESS: NON-OPERATING INCOME	(952,600)	Schedule 6
8	LESS: BOONE & FLORENCE RESERVE AND EARLY TERMINATION	<u>(443,685)</u>	Schedule 6
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11	NET INCREASE REQUIRED	3,375,320	
12	PERCENTAGE INCREASE IN REVENUE	9.91%	

Test year revenues include water sales revenues, other operating revenues that are not subject to the rate increase, and non-operating revenues. In addition, because the rate adjustment approved by the PSC under Case No. 2003-00224 ("2003 Order") became effective in August 2004, water sale revenues have been adjusted to reflect a full year of the rate adjustment. Additionally, the conversion of Taylor Mill from a wholesale to a retail customer, which began in April 2004, resulted in increased revenues as the customers from the Taylor Mill system converted to a retail rate structure. Water sales revenues have been adjusted to reflect a full year of the retail sales rate structure. Finally, analysis of water consumption and climatological data indicated rainfall in 2004 was abnormally high, which has the effect of reducing water consumption, primarily for the residential class. Residential consumption has been normalized for the current test year based on average consumption from 2000 to 2002, prior to the abnormally high rainfall levels. As indicated in Schedule 1, test year revenues from the sale of water total \$34,059,199. In order to meet test year revenue requirements, water sales revenues must be increased by \$3,375,320, an increase of 9.91 percent over test year water sales revenues.

Revenue Requirements

Operation and Maintenance Expense Projections

Schedule 2 summarizes the District's test year operation and maintenance expense. Initial test year operation and maintenance expense totals \$19,949,359.

Schedule 2

Test Year Operation and Maintenance Expense

<u>Line No.</u>		
	UNADJUSTED TEST YEAR OPERATION AND MAINTENANCE EXPENSE	
1	Operation and Maintenance Expense - per Books	19,949,359
	ADJUSTMENTS FOR KNOWN AND MEASURABLE CHANGES	
2	Salary, Wage & FICA Increases @ 0.5%	43,240
3	Rate Case Amortization	41,384
4	Pension & Benefit Increases @ 16.7%	<u>341,323</u>
5	Total Adjustments for Known and Measurable	425,947
6	Total Test Year Operation and Maintenance Expense	20,375,306

Test year operation and maintenance expense is adjusted for known and measurable changes for the study period. These adjustments include increases related to 2005 salary increases and benefits (primarily health and pension) expenses. In addition,

per the 2002 Order, an adjustment for amortization of the 2005 Rate Case is included. Known and measurable adjustments for the test year total \$425,947. The resulting test year operation and maintenance expense is \$20,375,306.

Debt Service

The revenue requirement for debt service consists of the average debt service for the five-year period beginning January 1, 2005 and is shown on Schedule 3.

**Schedule 3
Debt Service**

Line No.	Year	Existing Bonds	2006 Bonds (estimated)		Total Bonded	Note Payable	Total (a)
		Total Debt Service	Interest	Principal	Debt	Taylor Mill	
1	2005	\$10,851,980	797,500		\$11,649,480	\$250,000	\$11,899,480
2	2006	10,868,344	1,595,000	0	12,463,344	250,000	12,713,344
3	2007	10,853,608	1,595,000	0	12,448,608	250,000	12,698,608
4	2008	10,854,051	1,595,000	0	12,449,051	250,000	12,699,051
5	2009	10,853,551	1,595,000	0	12,448,551	250,000	12,698,551
Average 2005 to 2009					12,291,807	250,000	12,541,807
Debt Service Coverage @ 20%					2,458,361	0	2,458,361

(a) Represents required deposits during year (accrued basis).

Debt service includes the debt service on the District’s existing revenue bonds (Series 1997 through 2004), the proposed 2006 Bonds (“2006 Bonds”) and the 14 year note payable related to the purchase of Taylor Mill water assets in March 2004. The average debt service for the five-year period totals \$12,541,807.

The District proposes to issue \$29,000,000 of bonds tentatively scheduled for sale in February 2006. The 2006 Bonds are needed to help finance \$21,510,000 of new project improvements, and to retire the 2004 Note of \$3,650,000 used to purchase the Central Facility.

Depreciation Expense

The District annually makes water system extensions and replacements from revenues. The test year revenue requirement for depreciation totals \$5,328,876 and is shown on Schedule 4. A depreciation study is currently being conducted to evaluate depreciation practices of the utility.

**Schedule 4
Depreciation Expense**

Line No.	Plant Account	12/31/04 Depreciation	Change in Current Assets	Test Year Total
		\$	\$	\$
	Source of Supply & Pumping			
1	Land & Land Rights	0	0	0
2	Structures & Improvements	269,426	1,582	271,007
3	Lake River & Other Intakes	77,488	(0)	77,488
4	Supply Mains	23,312	0	23,312
5	Pumping Equipment	381,934	5,815	387,750
6	Total	752,159	7,397	759,556
	Water Treatment Plant			
7	Land & Land Rights	0	0	0
8	Structures & Improvements	804,794	(10,228)	794,565
9	Water Treatment Equipment	421,478	(30,424)	391,054
10	Total	1,226,272	(40,653)	1,185,619
	Transmission & Distribution			
11	Land & Land Rights	0	0	0
12	Structures & Improvements	200,346	2,876	203,222
13	Distribution Reservoirs & Standpipes	133,504	250	133,754
14	Transmission & Distribution Mains	1,139,203	94,413	1,233,616
15	Transmission & Distribution Services	375,998	15,736	391,734
16	Meters & Meter Installation	152,590	5,272	157,862
17	Hydrants	86,660	4,483	91,143
18	Other Plant & Misc. Equipment	220,126	105,877	326,003
19	Total	2,308,427	228,907	2,537,333
	General Plant			
20	Land & Land Rights	0	0	0
21	Structures & Improvements	323,967	35,536	359,503
22	Office Equipment	226,866	(13,785)	213,080
23	Transportation Equipment	226,860	(12,163)	214,697
24	Tools, Shop & Garage Equipment	3,569	(221)	3,348
25	Power Operated Equipment	33,680	3,369	37,049
26	Other Tangible Plant	25,064	(6,373)	18,691
27	Total	840,005	6,362	846,368
28	Total Depreciation Expense	5,126,863	202,013	5,328,876

Revenue Projections

The District finances its activities primarily through user charges for water service provided to the customers of the Utility and connection charges for new meters and services as new customers connect to the system. Income is also generated through a variety of other miscellaneous revenue sources. A summary of the current water rates is included as Appendix A.

Revenues Not Subject to Rate Increase

The District receives operating revenues that are not subject to the rate increase. These revenues include charges for services such as forfeited discounts, turning meters on, rents from property, and surcharge revenues. Schedule 5 shows that the test year operating revenues not subject to a rate increase total \$1,873,546.

Schedule 5 Revenues Not Subject to Rate Increase

Line No.	Forfeited Discounts	Rents from Property	Turn On Fees	Private Fire Protection ^(a)	Surcharge Revenues	Total
1 Test Year	\$621,870	\$452,661	\$258,818	\$58,730	\$481,467	\$1,873,546

(a) Used to credit public fire protection costs.

Non-Operating Income

The District also receives revenues that are classified as non-operating revenues. These revenues include gains or losses on the disposition of property, interest income, and other miscellaneous revenues. The Boone & Florence settlement reserve and early termination payment are also considered non-operating income. In accordance with the 2002 Order, the amounts of Boone & Florence settlement and the early termination payment included in this rate case have been amortized over 10 years. Schedule 6 shows that the test year non-operating revenues total \$1,396,285.

**Schedule 6
Non-Operating Income**

Line No.	Misc. Income	Boone & Florence		Interest Income	Total
		Reserve	Early Termination ^(a)		
1 2004	\$161,195	\$375,101	\$68,584	\$791,405	\$1,396,285

(a) The Boone/Florence early termination penalty payment was recorded as \$685,842 in 2002. In accordance with PSC Order 2002-0105, the penalty payment is amortized over 10 years.

Water Sales Revenues

Water sales revenues include revenue from the actual sale of water. Known and measurable adjustments included in Schedule 7 are the conversion of Taylor Mill to retail service, normalization of billable water usage resulting from abnormally high rainfall in 2004, and the rate adjustment approved in the 2003 Order. In addition, revenues from new customers due to the extension of service and system growth are also included as a revenue adjustment.

**Schedule 7
Test Year Revenues under Existing Rates**

Line No.		Metered Sales		Bulk	Total
		Retail	Wholesale		
1	2004	\$29,915,559	\$952,550	\$5,081	\$30,873,190
2	Plus Taylor Mill conversion to retail ^(a)	611,109	(206,668)	0	404,441
3	Plus Volume Normalization ^(b)	1,820,339			1,820,339
4	Plus New Connections ^(c)	296,835	0	0	296,835
5	Plus Prior Rate Increase ^(d)	632,245	32,150	0	664,395
6	Test Year	33,276,086	778,032	5,081	34,059,199

- (a) Adjustment to reflect Taylor Mill becoming a retail customer of the District beginning in April 2004.
- (b) Adjustment to normalize for abnormally low billable water usage due to rainy weather in 2004.
- (c) Extensions are expected to result in approximately 900 new connections.
- (d) Adjustment for Rate Increase approved in PSC Order 2003-00224.

Cost of Service Allocations

The total revenue requirements to be derived from charges for water service are synonymous with, and are the definition of, the total cost of service. In developing equitable rate structures, revenue requirements are allocable to the various customer classifications according to service rendered. Allocations of these requirements to customer classes should take into account the quantity of water use, relative peak capacity requirements placed on the system, the number and size of services to customers, proprietary interest in the system investment, and other relevant factors. The cost of service methodology used in the preparation of this rate study follows the guidelines of the American Water Works Association (“AWWA”)¹ except where compliance with the 2002 Order is required.

Cost of Service to be Allocated

The cost of service considered for allocation to customer classes consists of the total revenue requirements for the test year less income received from charges not subject to the rate case increase and non-operating revenues. The test year cost of service totaling \$40,704,350 consists of \$20,375,306 of operating expense, \$5,328,876 of depreciation expense, \$12,541,807 for debt service, and \$2,458,361 for debt service coverage. The development of the cost of service to be allocated is shown in Schedule 8.

Schedule 8 Revenue Requirements

Line No.		
	Total Revenue Requirement	
1	Total Revenue Requirement	\$40,704,350
2	Less: Non-Operating Income	(952,600)
3	Less: Private Fire Protection Revenues	(58,730)
4	Less: Boone & Florence Reserve and Early Termination	(443,685)
5	Less: Other Revenues Not Subject to Rate Increase	<u>(1,814,816)</u>
6	Total Revenue Required from Water Sales	37,434,519
	Operation & Maintenance Expense from Water Sales Revenues	
7	Operation & Maintenance Expense	20,375,306
8	Less: Non-Operating Income	(98,797)
9	Less: Private Fire Protection Revenues	(58,730)
10	Less: Other Revenues Not Subject to Rate Increase	<u>(1,814,816)</u>
11	Net Operation & Maintenance Expense	18,402,963
	Capital Costs	
12	Depreciation Expense	5,328,876
13	Debt Service	12,541,807
14	Debt Service Coverage	2,458,361
15	Less: Non-Operating Income	(853,803)
16	Less: Boone & Florence Reserve and Early Termination	<u>(443,685)</u>
17	Net Capital Costs	19,031,556

¹ *Principles of Water Rates, Fees, & Charges – MI Manual*, American Water Works, 5th Edition, 2000.

Cash Basis/Utility Basis

There are two general methods commonly utilized to define revenue requirements for municipal utilities: the *cash basis* and the *utility basis*. The cash basis requirements are those that have been discussed in the previous section and include operation and maintenance expense, reserve fund deposits, and cash requirements necessary to support capital investment in the utility, such as debt service and revenue financed capital. Under the utility basis the operation and maintenance element remains the same as determined in the cash basis. The difference between the two bases is in the determination of capital costs. With the utility basis approach, capital costs are defined in terms of two elements: depreciation expense and return on rate base.

Depreciation is the loss, not restored by current maintenance, which occurs in plant due to decay, inadequacy, and obsolescence. Depreciation accounting is usually based on annual percentage allowances of plant investment by type of plant adequate to return the investment during the useful life of the facility. The total annual depreciation allowance is not customarily accrued as a cash reserve, but is used to meet principal payments for long-term debt or is reinvested in extensions, replacements, and additions to plant facilities. Unless an amount equal to annual depreciation expense is reinvested in the system or is accrued for future investment, the original investment is gradually depleted.

The utility basis recognizes a return on investment made in facilities to provide utility service as an appropriate revenue requirement to be recovered from utility rates. Return on utility rate base is defined as the balance of the total cost of service to be derived from rates for capital costs over and above the allowance for depreciation. In order to keep a system “whole”, the return on investment should be positive. Negative returns indicate a gradual depletion of assets. Positive returns allow for investment in improvements and/or expansions.

The total revenue requirements to be recovered from utility rates are the same under either the cash or utility basis. The difference is in how capital costs are stated and allocated to customers. The PSC allows non-profit rate petitioners, such as water districts, to claim operation and maintenance expense, depreciation expense, debt service, and debt service coverage when using the cash-basis approach to determine revenue requirements.

Return on Equity

Other capital costs, or debt service in this rate case, may be expressed in terms of the percentage return on net plant investment. Public Service Commissions set rates so that private utilities can earn a reasonable return on their investment. While this rate case does not use rate of return as an element of the revenue requirement, Schedule 9 is provided to show that, if the District is granted the requested rate increase, then the rate of return that is earned is reasonable. Schedule 9 shows that the overall pro forma return on utility plant assuming the requested rates is 7.60 percent. The return on equity in the water system is 12.49 percent. The rate of return of 7.60 percent is only slightly higher than the District's embedded cost of debt and is considered less than a reasonable rate of return for a privately owned utility.

Schedule 9 Return on Utility Plant and Return on Equity

Line No.					
	Return on Utility Plant				
1	Net Depreciated Plant			\$205,274,916	
2	Less: Contribution in Aid of Construction			<u>(40,195,514)</u>	
3	Net Plant			165,079,402	
	Pro Forma Operating Revenues				
	Revenues				
4	Operating Revenue Not Subject to Rate Increase			1,873,546	
5	Non-Operating Revenue			952,600	
6	Boone & Florence Reserve and Early Termination			443,685	
7	Revenues at Current Rates			34,059,199	
8	Increased Revenue with Requested Rate Increase			<u>3,375,320</u>	
9	Total Pro Forma Revenue			40,704,350	
10	Less: Operation & Maintenance Expense			(20,375,306)	
11	Less: Depreciation Expense			(5,328,876)	
12	Less: Debt Service Coverage			<u>(2,458,361)</u>	
13	Total Pro Forma Operating Revenue			12,541,807	
14	Pro Forma Return on Utility Plant			7.60%	
	Imbedded Interest Rate as of December 31, 2004				
		<u>Principal</u>	<u>Annual Interest</u>	<u>Average Interest Rate</u>	
15	1997 Bonds	7,080,000	316,990	4.48%	
16	1998 Bonds	10,045,000	480,836	4.79%	
17	2001 Bonds	15,565,000	733,100	4.71%	
18	SubDistrict C	2,220,000	111,000	5.00%	
19	2002A Bonds	44,790,000	2,176,540	4.86%	
20	2002B Bonds	9,585,000	356,706	3.72%	
21	2003A Bonds	1,580,000	65,078	4.12%	
22	2003B Bonds	29,445,000	1,039,150	3.53%	
23	2003C Bonds	22,360,000	747,944	3.35%	
24	2004 Bonds	<u>10,455,000</u>	<u>303,323</u>	2.90%	
25	Total Existing Bonds	153,125,000	6,330,667	4.13%	
26	2006 Bonds	<u>29,000,000</u>	<u>1,595,000</u>	<u>5.50%</u>	
27	Total Bonds	182,125,000	7,925,667	4.35%	
	Return on Equity				
			<u>Capital Structure</u>	<u>Capital Structure</u>	<u>Cost of Capital</u>
28	Outstanding Principal on Revenue Bonds as of December 31, 2004 (Line 25)		153,125,000	60.10%	4.13% (a)
29	Net System Equity as of December 31, 2004		<u>101,641,347</u>	<u>39.90%</u>	<u>12.49%</u> (b)
30	Total		254,766,347	100.00%	7.60% (c)
	(a) Line 28				
	(b) Calculated				
	(c) Line 14				

Functional Cost Components

The various cost elements of water service are assigned to functional cost components as the first step in the subsequent distribution of the costs of service to customer classes. In this analysis, costs are separated to the basic functional components of Base, Extra Capacity, and Customer Costs (Meters and Billing), and Direct Fire Protection. The separation of costs of service into these principal categories provides the means of further allocating such costs to the customer classes based on the service requirements of each class.

Base costs are those which vary directly with the total quantity of water used, as well as those costs associated with serving customers under average load conditions without the elements necessary to meet water use variations or peak demands. Base costs include operating costs of supply, treatment, pumping and distribution facilities, and a portion of administrative and general costs, as well as capital costs on water plant investment associated with serving customers to the extent required for a constant, or average annual rate of use.

Extra Capacity costs include operating costs incurred due to demands in excess of average load conditions and capital costs for additional plant and system capacity beyond that required for the average rate of use. Maximum Day Extra Capacity costs are incurred in meeting demands in excess of average day requirements. Maximum Hour Extra Capacity costs are incurred in meeting demands in excess of maximum day use.

Customer costs are defined as costs that tend to vary in proportion to the number of customers connected to the system. Customer costs are further classified as: (1) billing related costs, including meter reading, billing, collecting and accounting, and related administrative and general costs, and (2) meter related costs, including maintenance and capital charges associated with meters and services. Direct Fire Protection costs include maintenance and capital-related expenditures associated with public fire hydrants in the retail service area.

Allocation to Cost Components

Each element of cost is allocated to functional cost components on the basis of the parameter or parameters having the most significant influence on the magnitude of that element of cost. The District's Water System is comprised of various facilities; each designed and operated to fulfill a given function. In order to provide adequate service to its customers at all times, the system must be capable of meeting not only volume requirements, but also the maximum rates of demand placed on the system. Because all customers do not exert maximum demand at the same time, capacities of the various

system components are required to meet the maximum coincidental demand of all classes of customers. The capacities of certain facilities, such as the water treatment plants, are established based on anticipated maximum day system demands. Other facilities, such as distribution mains, must have the capacities to meet maximum hour demands.

The two types of capacity requirements result in different ratios of maximum capacity to average demand. The maximum day demands can be expected to amount to as much as 157.4 percent of average day demand levels. On this basis, 63.5 percent of the capacity of facilities designed to meet maximum day demands is required for average or base use and the remaining 36.5 percent is required for maximum day extra capacity demands. Similarly, maximum hour demands can be expected to amount to 236.1 percent of average day demands. Therefore, of the capacity of facilities designed to meet maximum hour demands, 42.4 percent is required for average rates of use, 24.3 percent is required to meet maximum day extra capacity requirements, and 33.3 percent is required to meet maximum hour extra capacity requirements.

Allocation of Depreciation Expense

The allocation of depreciation expense to functional cost components is shown in Schedule 10. The various items of depreciation expense are allocated to cost components on the same basis as is the investment for the corresponding system element. In accordance with the 2002 Order, water mains with a diameter less than 12 inches have been classified as “distribution” and are allocated on the basis of Base/Maximum Day/Maximum Hour. Transmission mains (12-inches and larger) are allocated on the basis of Base/Maximum Day.

Schedule 10
Allocation of Depreciation Expense

Line No.	Description	Common to All Customers				Distribution System Customers Only(*)				Fire Protection
		Total	Base	Max Day	Max Hour	Billing	Base	Max Day	Max Hour	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
	Source of Supply & Pumping									
1	Land & Land Rights	0	0							
2	Structures & Improvements	271,007	172,089	98,918						
3	Lake River & Other Intakes	77,488	49,205	28,283						
4	Supply Mains	23,312	14,803	8,509						
5	Pumping Equipment	387,750	246,221	141,529						
6	Total	759,556	482,317	277,239	0	0	0	0	0	0
	Water Treatment Plant									
7	Land & Land Rights	0	0	0						
8	Structures & Improvements	794,565	504,549	290,016						
9	Water Treatment Equipment	391,054	248,319	142,735						
10	Total	1,185,619	752,868	432,751	0	0	0	0	0	0
	Transmission & Distribution									
11	Land & Land Rights	0	0							
12	Structures & Improvements	203,222	39,398	22,636	4,507	55,619	0	30,459	17,457	23,922
13	Distribution Reservoirs & Standpipes	133,754	56,712	32,502	44,540					
	Transmission & Distribution Mains									
14	Large Mains	523,762	332,589	191,173				300,978	172,495	236,382
15	Small Mains	709,855								
16	Transmission & Distribution Services	391,734				391,734				
17	Meters & Meter Installation	157,862				157,862				
18	Hydrants	91,143								91,143
19	Other Plant & Misc. Equipment	326,003	32,081	18,432	3,670	45,289	160,524	24,802	14,215	19,479
20	Total	2,537,333	460,779	264,743	52,717	650,503	160,524	356,239	204,167	279,783
	General Plant									
21	Land & Land Rights	0	0	0	0	0	0	0	0	0
22	Structures & Improvements	359,503	136,019	78,175	4,228	52,171	12,874	28,571	16,374	22,439
23	Office Equipment	213,080	80,619	46,335	2,506	30,922	7,631	16,934	9,705	13,300
24	Transportation Equipment	214,697	81,230	46,686	2,525	31,157	7,689	17,063	9,779	13,401
25	Tools, Shop & Garage Equipment	3,348	1,267	728	39	486	120	266	152	209
26	Power Operated Equipment	37,049	14,018	8,056	436	5,377	1,327	2,944	1,687	2,312
27	Other Tangible Plant & Routine Annual	18,691	7,073	4,064	220	2,712	669	1,485	851	1,167
28	Total	846,368	320,226	184,044	9,954	122,825	30,310	67,263	38,548	52,828
29	Total Depreciation Expense	5,328,876	2,016,190	1,138,777	62,671	773,328	190,834	423,502	242,715	332,611
30	Distribution	100.0%	37.8%	21.7%	1.2%	14.5%	3.6%	7.9%	4.6%	6.2%

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

Allocation of Net Plant Investment

The estimated net investment in water system facilities is allocated to appropriate cost components as a basis for the further distribution of capital related costs to the cost components as a basis for the further distribution of capital related costs to the various customer classes. Schedule 11 shows the allocation of estimated plant investment serving water customers for the Test Year. The total estimated net plant investment of \$205,274,916 shown on Line 30 represents the estimated Test Year original cost less accumulated depreciation of plant in service, and adjusted for construction work in progress as allowed in the 2002 Order. Line 30 excludes estimated depreciated contributions resulting from Federal and State grants, customers, and other sources.

The allocation of specific items of investment to the cost categories, as shown on Schedule 11, is made on the basis previously described. For example, water supply reservoirs are designed on the basis of average annual, or base, water demands. Other facilities such as the water treatment plants are designed to meet maximum day demands. Still other facilities, such as high service pumping, filtered water storage, and distribution mains, are designed to meet maximum hourly rates of water use. As noted earlier, following the directions of the 2002 Order, the delineation between distribution and transmission mains has been drawn at 12-inches.

The total rate base on which the District may earn a return is the sum of net plant in service (Line 30) plus a working capital allowance, construction work in progress, and capitalized items from annual routine repair and replacement activities, less the book value of contributed capital. These elements of rate base are shown on Lines 31 through 35 of Schedule 11 and are allocated to cost components on the basis of net plant in service.

Allocation of Debt Service and Debt Service Coverage

The allocation of Test Year debt service is shown on Lines 38 through 41 of Schedule 11. In this rate study, debt service is allocated based on net plant investment. Using this approach helps to minimize rate fluctuations to the ratepayer. The debt service coverage requirement is also allocated on the basis of net plant investment.

Schedule 11
Allocation of Net Plant Investment, Debt Service and Debt Service Coverage

Line No.	Description	Common to All Customers						Distribution System Customers Only(*)				Fire Protection
		Total	Base	Extra Capacity		Metering	Billing	Base	Max Day	Max Hour	Fire Protection	
				Max Day	Max Hour							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
	Source of Supply & Pumping											
1	Land & Land Rights	29,200	29,200									
2	Structures & Improvements	14,059,455	8,927,754	5,131,701								
3	Lake River & Other Intakes	845,441	536,855	308,586								
4	Supply Mains	1,945,128	1,235,156	709,972								
5	Pumping Equipment	5,604,215	3,558,677	2,045,538								
6	Total	22,483,440	14,287,643	8,195,797	0	0	0	0	0	0	0	0
	Water Treatment Plant											
7	Land & Land Rights	72,496	46,035	26,461								
8	Structures & Improvements	29,959,532	19,024,303	10,935,229								
9	Water Treatment Equipment	6,249,173	3,968,225	2,280,948								
10	Total	36,281,201	23,038,563	13,242,638	0	0	0	0	0	0	0	0
	Transmission & Distribution											
11	Land & Land Rights	205,403	205,403									
12	Structures & Improvements	5,633,978	1,368,001	781,030	70,079	761,256	0	1,064,719	610,205	836,206	142,482	
13	Distribution Reservoirs & Standpipes	4,824,579	2,045,621	1,172,373	1,606,585							
14	Transmission & Distribution Mains											
15	Large Mains ^(a)	45,843,911	29,110,884	16,733,027				24,409,061	13,989,156	19,170,325		
16	Small Mains	57,568,542										
17	Transmission & Distribution Services	12,562,670										
18	Meters & Meter Installation	4,889,386										
19	Hydrants	3,266,449										
20	Other Plant & Miscellaneous Equipment ^(b)	1,904,439	131,114	74,857	6,717	72,962	1,364,455	102,047	58,485	80,146	3,266,449	
21	Total	136,699,357	32,861,023	18,761,287	1,683,381	18,286,274	1,364,455	25,575,827	14,657,846	20,086,677	3,422,587	

Schedule 11 (continued)
Allocation of Net Plant Investment, Debt Service, and Debt Service Coverage

Line No.	Description	Common to All Customers				Distribution System Customers Only(*)				
		Total	Base		Metering	Billing	Base	Extra Capacity		Fire Protection
			Max Day	Max Hour				Max Day	Max Hour	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
22	General Plant	298,317	107,119	2,569	27,909	2,082	39,034	22,371	30,656	5,224
23	Land & Land Rights	8,527,679	3,062,120	73,442	797,791	59,528	1,115,819	639,491	876,339	149,320
24	Structures & Improvements	383,198	137,599	3,300	35,849	2,675	50,140	28,736	39,379	6,710
25	Office Equipment	464,186	166,680	3,998	43,426	3,240	60,737	34,809	47,702	8,128
26	Transportation Equipment	7,315	2,627	63	684	51	957	549	752	128
27	Tools, Shop & Garage Equipment	107,019	38,428	922	10,012	747	14,003	8,025	10,998	1,874
28	Power Operated Equipment	23,204	152	4	39	22,787	55	31	43	7
29	Other Tangible Plant & Routine Annual ^(b)	9,810,918	3,514,725	84,298	915,710	91,110	1,280,745	734,012	1,005,869	171,391
30	Total	205,274,916	73,701,954	1,767,679	19,201,984	1,455,564	26,856,572	15,391,858	21,092,546	3,593,978
31	Net Plant Investment	0	0	0	0	0	0	0	0	0
32	Construction Work In Progress	0	0	0	0	0	0	0	0	0
33	Annual Repairs & Replacements	0	0	0	0	0	0	0	0	0
34	Plus: Working Capital	0	0	0	0	0	0	0	0	0
35	Plus: Inventory	(40,195,514)	0	0	0	0	(17,042,898)	(9,767,510)	(13,385,106)	0
36	Total Plant Investment	165,079,402	73,701,954	1,767,679	19,201,984	1,455,564	9,813,674	5,624,348	7,707,440	3,593,978
37	Distribution	100.00%	44.65%	25.57%	11.63%	0.88%	5.94%	3.41%	4.67%	2.18%
38	Total Debt Service	12,541,807	5,599,462	3,207,090	1,458,859	110,586	745,588	427,306	585,568	273,050
39	Less: Other Revenues	(853,803)	(381,192)	(218,328)	(99,314)	(7,528)	(50,757)	(29,090)	(39,863)	(18,588)
40	Interest Income	(443,685)	(202,498)	(4,857)	(52,758)	(3,999)	(26,963)	(15,453)	(21,176)	0
41	Boone & Florence Reserve and Early Termination	11,244,319	5,015,772	2,872,781	1,306,787	99,059	667,868	382,763	524,529	254,462
42	Total Adjusted Debt Service	2,458,361	1,097,569	628,632	285,956	21,676	146,145	83,758	114,779	53,522
	Debt Service Coverage									

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

(a) Where known, CWIP costs associated with Small or Large Mains are allocated directly to either Common-to-All or Distribution System Customers Only.

(b) Amounts allocated directly to billing represent the District's Billing System Replacement Project.

Allocation of Operation and Maintenance Expense

The allocation of operation and maintenance expense to cost functions is shown in Schedule 12. The methodology used to allocate Test Year operation and maintenance expense is similar to that used to allocate depreciation expense and net plant investment. In some instances, expenses are allocated to cost functions on bases which either directly or indirectly influence the magnitude of the expense. In particular, individual components of administrative and general expense are allocated in this manner. For example, employer social security taxes and group hospitalization costs are allocated on total Water Utility salaries and wages. Other components, such as legal and professional services and travel expense are allocated on the subtotal of all other operation and maintenance exclusive of purchased power and chemical expenses. Electric costs are allocated to Base (90 percent) and Max Day (10 percent) because these costs vary with peak electric demands. Flushing costs are primarily incurred because of the need to clean water mains and verify that they are working properly. As such, a portion of flushing costs (75 percent) is allocated to Base and the remainder to Public Fire Protection.

Distribution of Costs to Customer Classes

The total cost responsibility of each class of service may be established by developing unit costs of service for each cost function and assigning those costs to the customer classes based on the respective service requirements of each.

Customer Classification

For the purposes of the rate case, the District customers are separated into different categories. Each class represents a particular type of service requirement and load on the water system with characteristic daily and hourly demands. Included in the customer classes are the retail classifications of Residential, Commercial, Industrial, and Public Authority accounts. All of these customer classes receive full water service. Residential accounts include both single family residences and all types of multi-family residences. Wholesale customers provide their own water distribution systems.

Schedule 12
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers				Distribution System Customers Only(*)				Public Fire Protection
		Total	Base	Extra Capacity	Max Hour	Base	Extra Capacity	Max Hour	Max Hour	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Source of Supply										
Licking River Pump Station										
1	Labor	997	633	364						
2	Electric Cost	42,104	37,894	4,210						
3	Materials & Supplies	2,393	1,519	874						
4	Contractual Services	12,664	8,042	4,622						
5	Total	58,158	48,088	10,070	0	0	0	0	0	0
Ohio River Pump Station #1										
6	Labor	7,000	4,445	2,555						
7	Electric Cost	521,942	469,748	52,194						
8	Materials & Supplies	9,600	6,096	3,504						
9	Contractual Services	20,034	12,722	7,312						
10	All Other Expenses	0								
11	Total	558,577	493,012	65,565	0	0	0	0	0	0
Ohio River Pump Station #2										
12	Labor	4,812	3,056	1,756						
13	Electric Cost	48,240	43,416	4,824						
14	Materials & Supplies	6,934	4,403	2,531						
15	Contractual Services	5,588	3,548	2,040						
16	All Other Expenses	0								
17	Total	65,574	54,423	11,151	0	0	0	0	0	0
18	Total Source of Supply	682,309	595,522	86,787	0	0	0	0	0	0
Water Quality and Production										
Fort Thomas Treatment Plant										
19	Labor & Labor-Related Expenses	1,211,673	769,413	442,260						
20	Electric Cost	71,251	64,126	7,125						
21	Chemicals & Gas	579,060	579,060							
22	Materials & Supplies	80,405	51,057	29,348						
23	Contractual Services	155,030	98,444	56,586						
24	Insurance	98,407	98,407							
25	All Other Expenses	22,995	14,602	8,393						
26	Total	2,218,820	1,675,108	543,712	0	0	0	0	0	0

Schedule 12 (continued)
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers			Distribution System Customers Only(*)			Public Fire Protection
		Total	Base	Extra Capacity	Base	Max Day	Max Hour	
27	Taylor Mill Treatment Plant							
28	Labor & Labor-Related Expenses	331,707	210,634	121,073				
29	Chemicals & Gas	140,787	140,787					
30	Materials & Supplies	43,368	27,539	15,829				
31	Contractual Services	169,899	107,886	62,013				
32	Insurance	27,057	27,057					
33	All Other Expenses	1,189	755	434				
	Total	714,006	514,657	199,349	0	0	0	0
34	Memorial Parkway Treatment Plant							
35	Labor & Labor-Related Expenses	475,219	301,764	173,455				
36	Electric Cost	64,999	58,499	6,500				
37	Chemicals & Gas	207,778	207,778					
38	Materials & Supplies	42,497	26,986	15,511				
39	Contractual Services	81,024	51,450	29,574				
40	Insurance	33,851	33,851					
	All Other Expenses	3,521	2,236	1,285				
	Total	908,890	682,565	226,325	0	0	0	0
41	Laboratory	493,653	493,653					
42	Chemicals & Gas	0	0					
43	Materials & Supplies	87,596	87,596					
44	Contractual Services	87,824	87,824					
45	Insurance	11,061	11,061					
46	All Other Expenses	4,481	4,481					
47	Total	684,615	684,615	0	0	0	0	0
48	Instrumentation							
49	Labor & Labor-Related Expenses	241,491	153,347	88,144				
50	Materials & Supplies	31,979	20,307	11,672				
51	Contractual Services	6,394	4,060	2,334				
52	Insurance	3,951	3,951					
	All Other Expenses	9,621	6,109	3,512				

Schedule 12 (continued)
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers			Distribution System Customers Only(*)			Public Fire Protection
		Total	Base	Extra Capacity	Base	Max Day	Max Hour	
		\$	\$	\$	\$	\$	\$	\$
54	Sludge	163	163					
55	Labor & Labor-Related Expenses	7,275	7,275					
56	Chemicals & Gas	39,293	39,293					
57	Materials & Supplies	368,927	368,927					
58	Contractual Services	0	0					
59	Insurance	16	16					
60	All Other Expenses	415,675	415,675	0	0	0	0	0
61	Total	5,235,443	4,160,395	1,075,048	0	0	0	0
	Total Water Quality and Production							
	Pumping and Storage							
	Booster Stations							
62	Labor & Labor-Related Expenses	254	161	93				
63	Electric Cost	655,458	589,912	65,546				
64	Chemicals & Gas	2,950	2,950					
65	Materials & Supplies	4,190	2,661	1,529				
66	Contractual Services	5,942	3,773	2,169				
67	Total	668,795	599,457	69,337	0	0	0	0
	Taylor Mill Plant Station							
68	Labor & Labor-Related Expenses	0	0	0				
69	Electric Cost	264,688	238,219	26,469				
70	Materials & Supplies	0	0	0				
71	Contractual Services	0	0	0				
72	Total	264,688	238,219	26,469	0	0	0	0
	Water Towers							
73	Labor & Labor-Related Expenses	0	0	0				
74	Electric Cost	5,969	2,530	1,451	1,988			
75	Materials & Supplies	24	10	6	8			
76	Contractual Services	401,690	170,316	97,611	133,763			
77	Total	407,684	172,857	99,068	135,759	0	0	0
	Pumping - General							
78	Labor & Labor-Related Expenses	475,535	301,965	173,570				
79	Electric Cost	3,698	3,328	370				

Schedule 12 (continued)
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers						Distribution System Customers Only(*)					
		Total	Base	Extra Capacity		Metering	Billing	Base	Extra Capacity		Public Fire Protection		
				Max Day	Max Hour				Max Day	Max Hour			
80	Chemicals & Gas	5,134	5,134										
81	Materials & Supplies	89,331	56,725	32,606									
82	Contractual Services	196,255	124,622	71,633									
83	Insurance	43,568	43,568										
84	All Other Expenses	19,275	12,240	7,035									
85	Total	832,795	547,581	285,214	0	0	0	0	0	0	0	0	0
86	Total Pumping and Storage	2,173,961	1,558,114	480,088	135,759	0	0	0	0	0	0	0	0
	Engineering and Distribution												
87	Engineering	336,577	142,709	81,788	112,080								
88	Labor - Operations	56,612	24,003	13,757	18,852								
89	Labor - Clerk	289,992	122,957	70,468	96,567								
90	Vacation/Paid time Off	0	0	0	0								
91	Sick Leave	0	0	0	0								
92	Holiday	12,504	5,302	3,038	4,164								
93	Labor - Cleaning & Lining	0	0	0	0								
94	Labor - Structure & Impr.	210	89	51	70								
95	Labor - Maintenance of Mains	0	0	0	0								
96	Labor - Newport	61,829	26,216	15,024	20,589								
97	FICA Taxes	74,545	31,607	18,114	24,824								
98	Pension	152,443	64,636	37,044	50,763								
99	Health Insurance	15,253	6,467	3,707	5,079								
100	Education/ Recreation	0	0	0	0								
101	Misc. Benefits	4,202	1,782	1,021	1,399								
102	Materials & Supplies - Eng.	6,565	2,784	1,595	2,186								
103	Materials & Supplies - Shop/Tools	1,416	600	344	472								
104	Materials & Supplies - Safety	108	46	26	36								
105	Materials & Supplies - Struct & Impr.	65,894	27,939	16,012	21,943								
106	Contract Engineering - Ops.	2,919	1,238	709	972								
107	Contract Engineering - Maint.	22,765	9,652	5,532	7,581								
108	Contract Serv. - Legal	50,813	21,544	12,348	16,921								
109	Contract Serv. Other - Ops.	15,878	15,878										
110	Communications	9,053											
111	Utilities												

Schedule 12 (continued)
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers						Distribution System Customers Only(*)					
		Total	Base		Extra Capacity		Metering	Billing	Base	Extra Capacity		Public Fire Protection	
			\$	\$	\$	\$				\$	\$		\$
112	Contract Serv. Other - Maint.	359	152	87	120								
113	Contract Serv. - Struct. & Impr.	2,797	1,186	680	931								
114	Auto Gas & Oil	15,731	15,731										
115	Vehicle Maint. - Contractors	529	225	128	176								
116	Vehicle Maint. - Supplies	3,864	1,638	939	1,287								
117	Insurance - Auto	8,284	3,512	2,013	2,759								
118	Insurance - G/L	46,374	19,663	11,269	15,442								
119	Insurance - Workers Comp.	22,391	9,494	5,441	7,456								
120	Miscellaneous Expenses	922	391	224	307								
121	Uniforms	3,204	1,358	779	1,067								
122	Total	1,284,032	567,851	302,138	414,043	0	0	0	0	0	0	0	
	Distribution							32,214					
123	Labor - Operations	55,982	23,769										
124	Labor - Clerk	55,198	55,198										
125	Labor - Vehicle Maint.	66,904	28,367	16,258	22,279								
126	Labor - Tractor/ Compressor	0	0	0	0								
127	Labor - Grounds Maint.	0	0										
128	Labor - Maint. Supervision	218,022	47,473	27,208	37,285	(298)	0	40,774	23,368	32,023	10,189		
129	Labor - Structure & Impr.	0	0										
130	Labor - Maint. of Mains	855,440	153,995	88,257	120,945			208,711	119,615	163,917			
131	Labor - Maint. of Services	212,309	90,019	51,591	70,699	(1,552)							
132	Labor - Maint. of Meters	(1,552)										52,988	
133	Labor - Maint. of Hydrants	52,988											
134	Labor - Maint. Of Misc. Plant	931	395	226	310								
135	Labor - Newport	35	15	8	12								
136	Labor - Mainline Cleaning & Lining	13,630	2,453	1,406	1,927			3,326	1,906	2,612			
137	Sick Leave	110,821	29,097	13,398	18,360	(134)	0	20,646	10,495	14,383	4,576		
138	Holiday	0	0	0	0	0	0	0	0	0	0		
139	Vacation/Paid Time Off	0	0	0	0	0	0	0	0	0	0		
140	FICA Taxes	122,620	32,194	14,824	20,314	(148)	0	22,845	11,613	15,914	5,064		
141	Pension	153,603	40,330	18,570	25,447	(186)	0	28,617	14,547	19,935	6,343		
142	Misc. Benefits	89	22	11	15	0	0	17	8	12	4		
143	Health Insurance	363,004	95,311	43,885	60,139	(439)	0	67,629	34,378	47,111	14,990		
	Education/Recreation	5,772	1,516	698	956	(7)	0	1,075	547	749	238		

Schedule 12 (continued)
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers						Distribution System Customers Only(*)												
		Total	Base	Extra Capacity		Metering	Billing	Base	Extra Capacity		Public Fire Protection									
				Max Day	Max Hour				Max Day	Max Hour										
144	Materials & Supplies - Office	\$ 7,994	\$ 7,994																	
145	Materials & Supplies - Shop & Tools	47,867	47,867																	
146	Materials & Supplies - Safety	18,120	18,120																	
147	Materials & Supplies - Computer	0	0																	
148	Materials & Supplies - Struct. & Impr.	2,885	1,225																	
149	Materials & Supplies - Maint of Mains	324,290	58,380																	
150	Materials & Supplies - Services	173,051				173,051														
151	Materials & Supplies - Meters	3,763				3,763														
152	Materials & Supplies - Hydrants	45,221																		
153	Materials & Supplies - Maint of Misc. Plant	5,316	2,254																	
154	Materials & Supplies - Maint of Misc. Plant	55,275	23,436																	
155	Materials & Supplies - Cleaning & Lining	(20,054)	(20,054)																	
155	Inventory Adjustment	6,366	2,699																	
156	Contract Serv. - Engineering	13,846	5,870																	
157	Contract Serv. Other - Ops.	11,217	11,217																	
158	Communications	23,351	23,351																	
159	Utilities	0	0																	
160	Contract Computer Svc.	1,966	1,966																	
161	Contract Serv. Other - Maint.	3,191	3,191																	
162	Contract Serv. - Grounds Maint.	4,523	815																	
163	Contract Serv. - Struct. & Impr.	305,048	54,915																	
164	Contract Serv. - Maint. of Mains	53,347	22,619																	
165	Contract Serv. - Contractors	2,431																		
166	Contract Serv. - Maint. of Hydrants	1,333	565																	
167	Contract Serv. - Maint. of Misc. Plant	83,407	83,407																	
168	Contract Serv. - Blow Off Charges	793,157	142,784																	
169	Contract Serv. - Main Clean & Lining	71,230	71,230																	
170	Auto Gas & Oil	27,560	27,560																	
171	Vehicle Maint. - Contractors	44,214	44,214																	
172	Vehicle Maint - Supplies	8,367	8,367																	
173	Tractor/Compressor Gas & Oil	4,259	4,259																	
174	Tractor/Compressor Maint. - Contractors	8,237	8,237																	
175	Tractor/Compressor Maint. - Supplies	27,613	27,613																	
176	Insurance - Auto	46,374	46,374																	
177	Insurance - G/L																			

Schedule 12 (continued)
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers						Distribution System Customers Only(*)					
		Total	Base	Extra Capacity		Metering	Billing	Base	Extra Capacity		Public Fire Protection		
				Max Day	Max Hour				Max Day	Max Hour			
178	Insurance - Workers Comp.	\$ 42,148	\$ 11,094	\$ 5,099	\$ 6,987	\$ (51)	\$ 0	\$ 7,835	\$ 3,977	\$ 5,450	\$ 1,757		
179	Miscellaneous Expenses	45	19	11	15								
180	Uniforms	9,302	3,944	2,260	3,098								
181	Total	4,542,056	1,345,685	463,860	635,661	173,999	0	783,513	419,991	575,546	143,800		
182	Total Engineering and Distribution	5,826,088	1,913,537	765,998	1,049,704	173,999	0	783,513	419,991	575,546	143,800		
	Customer Service												
	Meter Reading												
183	Labor & Labor-Related Expenses	266,062					266,062						
184	Materials & Supplies	6,107					6,107						
185	Contractual Services	8,455					8,455						
186	Insurance	15,663					15,663						
187	All Other Expenses	12,863					12,863						
188	Total	309,150	0	0	0	0	309,150	0	0	0	0		
	Field Service												
189	Labor & Labor-Related Expenses	634,736					634,736						
190	Materials & Supplies	12,804					12,804						
191	Contractual Services	3,715					3,715						
192	Insurance	17,900					17,900						
193	All Other Expenses	39,180					39,180						
194	Total	708,335	0	0	0	0	708,335	0	0	0	0		
	Account Service												
195	Labor & Labor-Related Expenses	924,478					924,478						
196	Materials & Supplies	156,208					156,208						
197	Contractual Services	241,898					241,898						
198	Insurance	22,391					22,391						
199	All Other Expenses	6,745					6,745						
	Total	1,351,720	0	0	0	0	1,351,720	0	0	0	0		
	Flushing												
200	Labor & Labor-Related Expenses	272,838	204,628								68,210		
201	Materials & Supplies	8,364	6,273								2,091		
202	Contractual Services	2,875	2,156								719		
203	Insurance	8,950	6,713								2,237		
204	All Other Expenses	16,549	12,412								4,137		
205	Total	309,577	232,182	0	0	0	0	0	0	0	77,395		

Schedule 12 (continued)
Allocation of Operation and Maintenance Expense

Line No.	Description	Common to All Customers				Distribution System Customers Only(*)				Public Fire Protection	
		Total	Base	Extra Capacity		Billing	Base	Extra Capacity			Protection
				Max Day	Max Hour			Max Day	Max Hour		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
206	Customer Service - General	23,187	12,148	4,492	2,362	347	0	1,564	838	1,149	287
207	Insurance	431,210	225,919	83,535	43,927	6,458	0	29,082	15,589	21,363	5,337
208	Bad Debt	69,205	36,258	13,406	7,050	1,037	0	4,667	2,502	3,428	857
209	All Other Expenses	523,601	274,324	101,433	53,339	7,842	0	35,313	18,929	25,940	6,481
210	Total										
211	Courier & Maintenance Labor	52,597					52,597				
212	Labor & Labor-Related Expenses	108					108				
213	Materials & Supplies	920					920				
214	Insurance	2,011					2,011				
215	All Other Expenses	55,635					55,635				
216	Total										
217	Meter Shop	220,484					220,484				
218	Labor & Labor-Related Expenses	45,528					45,528				
219	Materials & Supplies	10,980					10,980				
220	Contractual Services	8,950					8,950				
221	Insurance	4,672					4,672				
222	All Other Expenses	290,614					290,614				
223	Total	3,548,632	506,506	101,433	53,339	298,456	2,424,841	35,313	18,929	25,940	83,876
224	Administration										
225	Executive Management	495,412	186,126	79,282	41,876	12,811	110,497	25,058	12,738	17,456	9,568
226	Labor & Labor-Related Expenses	6,621	2,878	1,027	540	206	1,059	357	192	263	99
227	Materials & Supplies	15,770	6,857	2,446	1,286	491	2,521	851	456	625	237
228	Contractual Services	4,872	2,118	756	397	152	779	263	141	193	73
229	Insurance	15,853	6,890	2,459	1,293	494	2,535	856	459	629	238
230	All Other Expenses	538,528	204,869	85,970	45,392	14,154	117,391	27,385	13,986	19,166	10,215
231	Total	847,604	368,475	131,448	69,123	26,405	135,520	45,763	24,530	33,616	12,724
232	Accounting/HR/Info Systems/Safety	71,896	31,255	11,150	5,863	2,240	11,495	3,882	2,081	2,851	1,079
233	Labor & Labor-Related Expenses	373,135	162,211	57,866	30,430	11,624	59,659	20,146	10,799	14,798	5,602
234	Materials & Supplies	16,726	7,272	2,594	1,364	521	2,674	903	484	663	251
235	Contractual Services	9,520	4,138	1,476	776	297	1,522	514	276	378	143
236	Insurance	1,318,881	573,351	204,534	107,556	41,087	210,870	71,208	38,170	52,306	19,799
237	All Other Expenses										
238	Total										

**Schedule 12 (continued)
Allocation of Operation and Maintenance Expense**

Line No.	Description	Total \$	Common to All Customers						Distribution System Customers Only(*)				Public Fire Protection \$
			Base \$	Extra Capacity		Metering \$	Billing \$	Base \$	Extra Capacity		Public Fire Protection \$		
				Max Day \$	Max Hour \$				Max Day \$	Max Hour \$			
235	Board of Commissioners	95,533	41,531	7,791	2,976	15,274	5,158	2,765	3,789	1,434			
236	Labor & Labor-Related Expenses	23,200	10,086	1,892	723	3,709	1,253	671	920	348			
237	Insurance	3,931	1,709	321	122	628	212	114	156	59			
238	All Other Expenses	122,664	53,326	19,023	3,821	19,611	6,623	3,550	4,865	1,841			
	Total												
239	Administration - Other	9,111	3,960	743	284	1,457	492	264	361	137			
240	Labor & Labor-Related Expenses	96,408	41,912	7,862	3,003	15,414	5,205	2,790	3,824	1,447			
241	Materials & Supplies	261,952	113,879	40,624	8,160	41,882	14,143	7,581	10,389	3,932			
242	Contractual Services	140,522	61,088	21,792	4,378	22,467	7,587	4,067	5,573	2,110			
243	Insurance	420,807	182,935	65,260	13,109	67,281	22,720	12,179	16,689	6,317			
244	All Other Expenses	928,801	403,775	144,040	28,934	148,501	50,147	26,881	36,836	13,943			
245	Total	2,908,874	1,235,321	453,567	87,996	496,373	155,363	82,587	113,173	45,798			
246	Total Administration	20,375,306	9,969,394	2,962,921	1,477,498	2,921,214	974,189	521,507	714,659	273,474			
	Total Operation & Maintenance Expense												
247	Less: Other Income	(1,814,816)	(1,011,242)	(300,543)	(149,870)	(296,312)	0	0	0	(58,730)			
248	Other Operating Revenue	(58,730)	0	0	0	0	0	0	0	0			
249	Fire Protection Revenue	(98,797)	(50,113)	(18,208)	(3,444)	(17,952)	0	0	0	0			
250	Other Non-Operating Revenue	18,402,963	8,908,039	2,644,170	500,158	2,606,950	974,189	521,507	714,659	214,744			
251	Total Adjusted O&M Expense	100,0%	48.4%	14.4%	7.2%	14.2%	5.3%	2.8%	3.9%	1.2%			
	Distribution												

The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

Units of Service

The number of units of service required by each customer class provides a means for the proportionate distribution of costs previously allocated to respective cost categories. Schedule 13 is a summary of the estimated units of service for the various customer classes.

The cost of service responsibility for Base costs varies with the volume of water used and may be distributed to customer classes on that basis. Extra Capacity costs are those associated with meeting peak rates of water use, and is distributed to customer classes on the basis of the respective class capacity requirements in excess of average rates of use.

Meter costs are those associated with providing meters and service connections. Meter costs are allocated based on the number of equivalent meters. Equivalent meters are based on the relative costs of different sized meters. Customer costs, which consist of billing, collection and accounting costs, are allocated to the various classes on the basis of the number of bills.

Extra Capacity factors are relative estimates that reflect the differing usage characteristics of different customer classes. These factors are expressed as a percentage of average daily use and are intended to show the relative use of the system on maximum days and maximum hours. Non-coincidental maximum day and maximum hour capacity requirements of customer classes provide the basis for distribution of total system extra capacity costs. Estimates of the capacity factors, that is, the ratios of peak demands to average demands, are based upon an analysis of historical patterns of water use of the District and from experience with other waterworks systems. The ratio of non to coincidental demand (diversity factor) for the system is 1.11 which is within the typical range of 1.10 to 1.40 for utilities recommended by AWWA.

Based on billing data for the test year, a bill tabulation analysis was performed as part of this rate study. Provided in Appendix B are graphs that illustrate cumulative water consumption by customer class. As can be seen in the graphs, the consumption pattern for each customer class is similar whether the account is billed monthly or quarterly.

Customer meter requirements are allocated on the basis of the number of equivalent 5/8-inch meters serving each customer class. Customer billing requirements are distributed to classes on the basis of the number of bills for each class of customer. Direct Public Fire Protection requirements are allocated based on the number of 6-inch equivalent public fire connections.

Schedule 13
Units of Service for Rate Case Year

Line No.	Customer Class	Total Annual Usage ^(a) ccf	Average Day ccf/d	Maximum Day			Maximum Hour			Total Accounts ^(a)	Number of Bills		Equivalent	
				Capacity Factor %	Total Capacity ccf/d	Extra Capacity ccf/d	Capacity Factor %	Total Capacity ccf/d	Extra Capacity ccf/d		Monthly	Quarterly	5/8 Inch Meters	Equivalent Hydrants
1	Retail Monthly													
2	Residential/Multi Family	227,500	623	182%	1,134	511	300%	1,869	735	2,031	24,369	0	2,098	
3	Commercial	50,700	139	167%	232	93	250%	348	116	42	506	0	102	
4	Industrial	196,800	539	157%	846	307	200%	1,078	232	4	42	0	87	
5	Public Authority	388,100	1,063	157%	1,669	606	200%	2,126	457	20	244	0	234	
	Total Retail Monthly	863,100	2,365		3,881	1,517		5,421	1,540	2,097	25,161	0	2,521	
6	Quarterly													
7	Residential/Multi Family	7,495,429	20,535	182%	37,374	16,839	300%	61,605	24,231	71,708	0	286,834	73,362	
8	Commercial	1,884,800	5,164	167%	8,624	3,460	250%	12,910	4,286	4,263	0	17,049	6,869	
9	Industrial	797,100	2,184	157%	3,429	1,245	200%	4,368	939	113	0	451	645	
10	Public Authority	395,600	1,084	160%	1,734	650	250%	2,710	976	440	0	1,760	1,532	
11	Total Retail Quarterly	10,572,929	28,967		51,161	22,194		81,593	30,432	76,523	0	306,094	82,408	
	Total Retail	11,436,029	31,332		55,042	23,711		87,014	31,972	78,620	25,161	306,094	84,929	
12	Wholesale													
13	Bullock Pen	106,700	292	157%	458	166	200%	584	126	1	12	0	21	
14	City of Walton	208,800	572	157%	898	326	200%	1,144	246	1	12	0	14	
15	Pendleton County Water District	110,500	303	157%	476	173	200%	606	130	1	12	0	35	
	Total Wholesale	426,000	1,167		1,832	665		2,334	502	3	36	0	70	
16	Fire Protection													
17	Public	0	0		0	0		0	0	0	0	0	0	8,272
18	Private	0	0		0	0		0	0	432	0	1,726	0	529
19	Total Fire Protection	0	0		0	0		0	0	432	0	1,726	0	8,801
	Total System	11,862,029	32,499		56,874	24,376		89,348	32,474	79,054	25,197	307,820	84,999	8,801

(a) Adjusted by bill tabulation adjustment factors for each customer class. Bill tabulation adjustment factor for overall system is 98.4%.

Customer Class Costs of Service

Dividing the total cost allocated to each functional cost component by the total applicable units of service develops unit costs of service. The development of the total unit costs of service for each functional cost component is shown in Schedule 14.

The customer class responsibility for service is obtained by applying the unit costs of service to the number of units for which the customer class is responsible. This process is illustrated in Schedule 15, in which the unit costs of service from Schedule 13 are applied to the customer class units of service from Schedule 14. Individual elements are summed for each customer class to result in the total allocated Test Year cost of service.

**Schedule 14
Unit Costs of Service for Rate Case Year**

Line No.	Customer Class	Total Cost of Service \$	Common to All Customers						Distribution System Customers Only(*)						
			Base Ccf	Max Day Ccf/day	Extra Capacity Ccf/day	Metering Eq. Meters	Billing Bills	Base \$	Max Day \$	Extra Capacity \$	Max Hour \$	Public Fire Protection Eq. Hydrants			
Number of Units															
1	Retail		11,436,029	31,972	84,929	331,255	11,436,029	23,711	31,972	84,929	331,255	11,436,029	23,711	31,972	0
2	Wholesale		426,000	502	70	36									0
3	Fire Protection														
4	Public														8,272
5	Private														529
6	Total		11,862,029	32,474	84,999	333,017	11,436,029	23,711	31,972	84,999	333,017	11,436,029	23,711	31,972	8,801
Costs of Service															
Net Operation and Maintenance Expense															
7	Total Cost	18,402,963	8,908,039	2,644,170	1,318,548	2,606,950	974,189	521,507	714,659	214,744					
8	Unit Cost - \$/Unit		0.75097	108.47431	40.60319	7.82828	0.08519	21.99431	22.35265	24.40009					
Depreciation Expense															
9	Total Cost	5,328,876	2,016,190	62,671	773,328	190,834	423,502	242,715	332,611	128,248					
10	Unit Cost - \$/Unit		0.16997	47.53762	1.92988	0.57305	0.03703	10.23639	10.40320	14.57210					
Debt Service															
11	Total Cost	11,244,319	5,015,772	2,872,781	120,298	99,059	667,868	382,763	524,529	254,462					
12	Unit Cost - \$/Unit		0.42284	117.85285	3.70444	0.29746	0.05840	16.14285	16.40589	28.91307					
Debt Service Coverage															
13	Total Cost	2,248,864	1,097,569	628,632	26,324	21,676	146,145	83,758	114,779	53,522					
14	Unit Cost - \$/Unit		0.09253	25.78897	0.81062	0.06509	0.01278	3.53245	3.58998	6.08140					
15	Total Unit Cost - \$/unit		1.43631	299.65375	47.04813	8.76388	0.19340	51.90600	52.75172	73.96666					
Total Cost of Service - \$															
16	Retail	35,930,985	16,425,702	7,105,090	1,504,223	2,903,077	2,211,703	1,230,743	1,686,578	0					
17	Wholesale	837,432	611,868	199,270	23,618	315	0	0	0	0					
18	Fire Protections	611,852	0	0	0	0	0	0	0	0					611,852
19	Public	54,250	0	0	0	15,126	0	0	0	0					39,123
20	Private														
	Total Cost of Service	37,434,519	17,037,570	7,304,360	1,527,841	2,918,519	2,211,703	1,230,743	1,686,578	650,976					

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

Schedule 15
Distribution of Costs to Customer Classes

Line No.	Customer Class	Total Cost of Service \$	Common to All Customers						Distribution System Customers Only ^(*)								
			Base			Metering			Billing			Base			Extra Capacity		
			Ccf	Ccf/day	Eq. Meters	Eq. Meters	Bills	Ccf	Ccf/day	Max Hour	Max Hour	Ccf/day	Ccf/day	Max Day	Max Hour	Max Hour	Public Fire Protection Eq. Hydrants
	Unit Cost of Service - \$/unit																
1	Retail		1,436,310	299,653,750	47,048,130	33,720,820	8,763,880	0.19340	51,906,600	52,751,172	73,966,660						
2	Wholesale		1,436,310	299,653,750	47,048,130	33,720,820	8,763,880	0.19340	51,906,600	52,751,172	73,966,660						
	Retail																
	Monthly																
3	<i>Residential/Multi Family</i>																
4	Units of Service		227,500	511	735	2,098	24,369	227,500	511	735	0						
5	Allocated Cost - \$	908,075	326,761	153,123	34,580	70,748	213,567	43,999	26,524	38,773	0						
	Commercial																
6	Units of Service	134,789	50,700	93	116	102	506	50,700	93	116	0						
7	Allocated Cost - \$		72,821	27,868	5,458	3,456	4,435	9,805	4,827	6,119	0						
	Industrial																
8	Units of Service		196,800	307	232	87	42	196,800	307	232	0						
9	Allocated Cost - \$	455,099	282,666	91,994	10,915	2,922	368	38,061	15,935	12,238	0						
	Public Authority																
10	Units of Service		388,100	606	457	234	244	388,100	606	457	0						
11	Allocated Cost - \$	901,169	557,432	181,590	21,501	7,886	2,138	75,059	31,455	24,108	0						
12	Total Retail - Monthly	2,399,132	1,239,680	454,575	72,454	85,012	220,508	166,924	78,741	81,238	0						
	Quarterly																
	<i>Residential/Multi Family</i>																
13	Units of Service		7,495,429	16,839	24,231	73,362	286,834	7,495,429	16,839	24,231	0						
14	Allocated Cost - \$	25,541,135	10,765,778	5,045,869	1,140,024	2,473,823	2,513,778	1,449,591	874,045	1,278,226	0						
	Commercial																
15	Units of Service		1,884,800	3,460	4,286	6,869	17,049	1,884,800	3,460	4,286	0						
16	Allocated Cost - \$	5,096,859	2,707,157	1,036,802	201,648	231,628	149,415	364,520	179,595	226,094	0						
	Industrial																
17	Units of Service		797,100	1,245	939	645	451	797,100	1,245	939	0						
18	Allocated Cost - \$	1,856,160	1,144,883	373,069	44,178	21,761	3,953	154,159	64,623	49,534	0						

Schedule 15 (continued)
Distribution of Costs to Customer Classes

Line No.	Customer Class	Total Cost of Service \$	Common to All Customers						Distribution System Customers Only(*)							
			Base			Extra Capacity			Base			Extra Capacity				
			Ccf	Ccf/day	Max Hour	Eq. Meters	Bills	Ccf	Ccf/day	Max Hour	Eq. Meters	Bills	Ccf	Ccf/day	Max Hour	Eq. Hydrants
	Unit Cost of Service - \$/unit															
1	Retail		1,43631	299,65375	47,04813	33,72082	8,76388	0,19340	51,90600	52,75172	73,96666					
2	Wholesale		1,43631	299,65375	47,04813	33,72082	8,76388	0,19340	51,90600	52,75172	73,96666					
	Public Authority															
19	Units of Service		395,600	650	976	1,532	1,760	395,600	650	976	0					
20	Allocated Cost - \$	1,037,701	568,204	194,775	45,919	51,645	15,424	76,509	33,739	51,486	0					
21	Total Retail - Quarterly	33,531,855	15,186,022	6,650,515	1,431,769	2,778,857	2,682,570	2,044,779	1,152,002	1,605,340	0					
22	Total Retail	35,930,987	16,425,702	7,105,090	1,504,223	2,863,869	2,903,078	2,211,703	1,230,743	1,686,578	0					
	Wholesale															
23	Units of Service		426,000	665	502	70	36				0					
24	Allocated Cost - \$	837,431	611,868	199,270	23,618	2,360	315				0					
	Fire Protection															
	Public															
25	Units of Service		0	0	0	0	0	0	0	0	8,272					
26	Allocated Cost - \$	611,852	0	0	0	0	0	0	0	0	611,852					
	Private															
27	Units of Service		0	0	0	0	1,726				529					
28	Allocated Cost - \$	54,249	0	0	0	0	15,126				39,123					
29	Total Fire Protection	666,101	0	0	0	0	15,126				650,975					
30	Total System	37,434,519	17,037,570	7,304,360	1,527,841	2,866,229	2,918,519	2,211,703	1,230,743	1,686,578	650,976					

The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

Proposed Rates

The initial consideration in the derivation of rate schedules for utility service is the establishment of equitable charges to the customers commensurate with the cost of providing that service. While the cost of service allocations to customer classes should not be construed as literal or exact determinations, they offer a guide to the necessity for, and the extent of, rate adjustments. Practical considerations sometimes modify rate adjustments by taking into account additional factors such as the extent of change from previous rate levels, existing contracts, and past local policies and practices.

PSC-Compliant Cost-of-Service Rates

The PSC-compliant cost-of-service rates proposed herein are the same for all retail ratepayers whether they are from Campbell or Kenton County or the City of Newport (i.e., the rates are unified). A summary of the proposed water rates is shown in Schedule 16. The rates for water service include a monthly service charge by meter size and a three-step declining block commodity charge. The service charge consists only of a charge to recover billing and meter related costs; and has no volume allowance in it.

Schedule 16

Proposed Cost of Service Rates

Service Charge	Monthly	Quarterly
	Service Charge	Service Charge
Meter Size		
5/8"	11.76	17.24
3/4"	12.13	18.10
1"	13.15	20.67
1 1/2"	14.75	24.16
2"	18.39	33.58
3"	42.91	102.29
4"	53.66	128.15
6"	79.35	188.64
8"	106.92	257.34
10" and larger	142.39	335.72

Commodity Charges

	Monthly Block	Quarterly Block	
	ccf	ccf	
First	15	45	\$2.86 per ccf
Next	1,635	4,905	\$2.48 per ccf
Over	1,650	4,950	\$2.32 per ccf
Wholesale			\$1.94 per ccf

Revenue Sufficiency

Adequacy of Existing Rates to Meet Cost of Service

Presented in Schedule 17 is a comparison of the allocated cost of service and revenue under existing rates by individual customer class and for the system in total. The last column in the table indicates the approximate adjustment rate levels necessary to recover 100 percent of the allocated costs of service.

Schedule 17

Comparison of Revenues under Existing Rates and Allocated Cost of Service

Line No.	Description	Allocated Cost of Service \$	Adjusted Cost of Service \$	Revenue Under Existing Rates \$	Indicated Percent Change %
Retail					
Monthly					
1	Residential/Multi Family	908,075	924,909	818,221	13.04%
2	Commercial	134,789	137,288	121,660	12.85%
3	Industrial	455,099	463,536	425,883	8.84%
4	Public Authority	901,169	917,875	836,361	9.75%
5	Total Retail - Monthly	2,399,132	2,443,608	2,202,125	10.97%
Quarterly					
6	Residential/Multi Family	25,541,135	26,014,625	23,700,663	9.76%
7	Commercial	5,096,859	5,191,346	4,677,054	11.00%
8	Industrial	1,856,160	1,890,570	1,753,065	7.84%
9	Public Authority	1,037,701	1,056,938	956,596	10.49%
10	Total Retail - Quarterly	33,531,855	34,153,480	31,087,378	9.86%
11	Total Retail	35,930,987	36,597,088	33,289,503	9.94%
12	Wholesale	837,431	837,431	769,696	8.80%
Fire Protection^(a)					
13	Public	611,852	0	0	0.00%
14	Private	54,249	0	0	0.00%
15	Total Fire Protection	666,101	0	0	0.00%
16	Total System	37,434,519	37,434,519	34,059,199	9.91%

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

(a) Private fire protection revenues applied as a credit against total fire protection costs.

Comparison of Revenues under Proposed Rates and Allocated Cost of Service

Presented in Schedule 18 is a comparison of Test Year allocated cost of service with revenues generated under cost-of-service water rates. Schedule 18 indicates that, within practical limits, the proposed rates result in the full recovery of allocated cost of service from each customer class.

Schedule 18

Comparison of Revenues under Proposed Rates and Allocated Cost of Service

Line No.		Adjusted Allocated Cost of Service	Projected Revenues Under Proposed Rates	Proposed Revenue As % of Allocated Cost of Service
		\$	\$	%
	Retail			
	Monthly			
1	Residential/Multi Family	924,909	907,400	98.1%
2	Commercial	137,288	135,100	98.4%
3	Industrial	463,536	470,700	101.5%
4	Public Authority	917,875	931,800	101.5%
5	Total Retail - Monthly	2,443,608	2,445,000	100.1%
	Quarterly			
6	Residential/Multi Family ^(a)	26,014,625	25,988,500	99.9%
7	Commercial	5,191,346	5,177,300	99.7%
8	Industrial	1,890,570	1,950,800	103.2%
9	Public Authority	1,056,938	1,060,800	100.4%
10	Total Retail - Quarterly	34,153,480	34,177,400	100.1%
11	Total Retail	36,597,088	36,622,400	100.1%
12	Wholesale	837,431	829,600	99.1%
	Fire Protection			
13	Public	0	0	0.0%
14	Private	0	0	0.0%
15	Total Fire Protection	0	0	0.0%
16	Total System	37,434,519	37,452,000	100.0%

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

Typical Bills

Typical bills are shown in Schedule 19. The average residential customer using approximately 18,000 gallons per quarter may expect their average quarterly water bill to increase from \$78.65 under existing rates to \$86.05 under the proposed rates.

Schedule 19

Typical Customer Water Bills under Existing and Proposed Rates

Meter Size	Monthly Usage		Existing	Proposed		
	Ccf	1,000 gallons	Rates \$	Rates \$	Increase \$	Increase %
Monthly						
5/8"	0	0	10.33	11.76	1.43	13.8%
5/8"	3	2	17.35	19.40	2.05	11.8%
5/8"	7	5	27.90	30.86	2.96	10.6%
5/8"	8	6	31.42	34.70	3.28	10.4%
5/8"	13	10	45.49	50.00	4.51	9.9%
5/8"	20	15	61.04	67.18	6.14	10.1%
5/8"	27	20	75.96	83.78	7.82	10.3%
5/8"	40	30	105.75	116.91	11.16	10.6%
5/8"	67	50	165.38	183.22	17.84	10.8%
5/8"	134	100	314.44	348.99	34.55	11.0%
3/4"	40	30	106.10	117.28	11.18	10.5%
3/4"	67	50	165.73	183.59	17.86	10.8%
3/4"	134	100	314.79	349.36	34.57	11.0%
1"	27	20	77.24	85.17	7.93	10.3%
1"	67	50	166.66	184.61	17.95	10.8%
1"	134	100	315.72	350.38	34.66	11.0%
1 1/2"	134	100	317.16	351.98	34.82	11.0%
1 1/2"	334	250	764.32	849.27	84.95	11.1%
1 1/2"	668	500	1,509.58	1,678.08	168.50	11.2%
2"	334	250	767.65	852.91	85.26	11.1%
2"	668	500	1,512.91	1,681.72	168.81	11.2%
2"	1,337	1,000	3,003.47	3,339.38	335.91	11.2%
3"	668	500	1,535.37	1,706.24	170.87	11.1%
3"	1,337	1,000	3,025.93	3,363.90	337.97	11.2%
3"	2,674	2,000	5,853.45	6,515.39	661.94	11.3%
4"	1,337	1,000	3,035.72	3,374.65	338.93	11.2%
4"	2,674	2,000	5,863.24	6,526.14	662.90	11.3%
4"	6,684	5,000	14,204.91	15,830.31	1,625.40	11.4%
6"	2,674	2,000	5,886.64	6,551.83	665.19	11.3%
6"	6,684	5,000	14,228.31	15,856.00	1,627.69	11.4%
6"	13,368	10,000	28,131.07	31,362.93	3,231.86	11.5%
8"	6,684	5,000	14,253.46	15,883.57	1,630.11	11.4%
8"	13,368	10,000	28,156.22	31,390.50	3,234.28	11.5%
8"	26,736	20,000	55,961.79	62,404.40	6,442.61	11.5%
10"	13,368	10,000	28,188.47	31,425.97	3,237.50	11.5%
10"	26,736	20,000	55,994.04	62,439.87	6,445.83	11.5%
10"	66,840	50,000	139,410.69	155,481.52	16,070.83	11.5%

Schedule 19 (continued)
Typical Customer Water Bills under Existing and Proposed Rates

Meter Size	Quarterly Usage		Existing Rates	Proposed		
	Ccf	1,000 gallons	\$	Rates \$	Increase \$	Increase %
Quarterly						
5/8"	0	0	15.37	17.24	1.87	12.2%
5/8"	8	6	36.46	40.18	3.72	10.2%
5/8"	20	15	68.10	74.58	6.48	9.5%
5/8"	24	18	78.65	86.05	7.40	9.4%
5/8"	40	30	120.83	131.93	11.10	9.2%
5/8"	60	45	167.53	183.54	16.01	9.6%
5/8"	80	60	212.24	233.26	21.02	9.9%
5/8"	120	90	301.66	332.71	31.05	10.3%
5/8"	201	150	480.53	531.63	51.10	10.6%
5/8"	401	300	927.69	1,028.92	101.23	10.9%
3/4"	120	90	302.45	333.57	31.12	10.3%
3/4"	201	150	481.32	532.49	51.17	10.6%
3/4"	401	300	928.48	1,029.78	101.30	10.9%
1"	80	60	218.59	236.69	18.10	8.3%
1"	201	150	486.88	535.06	48.18	9.9%
1"	401	300	934.04	1,032.35	98.31	10.5%
1 1/2"	401	300	942.68	1,035.84	93.16	9.9%
1 1/2"	1,003	750	2,284.16	2,527.71	243.55	10.7%
1 1/2"	2,005	1,500	4,519.98	5,014.18	494.20	10.9%
2"	1,003	750	2,347.22	2,537.13	189.91	8.1%
2"	2,005	1,500	4,583.04	5,023.60	440.56	9.6%
2"	4,010	3,000	9,054.66	9,996.52	941.86	10.4%
3"	2,005	1,500	4,606.76	5,092.31	485.55	10.5%
3"	4,010	3,000	9,219.31	10,065.23	845.92	9.2%
3"	8,021	6,000	17,560.97	19,519.72	1,958.75	11.2%
4"	4,010	3,000	9,274.77	10,091.09	816.32	8.8%
4"	8,021	6,000	17,616.43	19,545.58	1,929.15	11.0%
4"	20,052	15,000	42,641.43	47,458.08	4,816.65	11.3%
6"	8,021	6,000	17,679.44	19,606.07	1,926.63	10.9%
6"	20,052	15,000	42,704.44	47,518.57	4,814.13	11.3%
6"	40,104	30,000	84,412.76	94,039.40	9,626.64	11.4%
8"	20,052	15,000	42,776.27	47,587.27	4,811.00	11.2%
8"	40,104	30,000	84,484.59	94,108.09	9,623.50	11.4%
8"	80,208	60,000	167,901.27	187,149.77	19,248.50	11.5%
10"	40,104	30,000	84,177.15	94,186.48	10,009.33	11.9%
10"	80,208	60,000	167,593.83	187,228.15	19,634.32	11.7%
10"	200,521	150,000	417,843.81	466,353.13	48,509.32	11.6%

Appendix A

Existing Rates

Appendix A Existing Rates

The following is a summary of the rates that are currently being charged to Northern Kentucky Water District customers.

Existing Rates

		Effective Aug 1, 2004	
		Monthly	Quarterly
		\$	\$
Service Charge			
	5/8"	10.33	15.37
	3/4"	10.68	16.16
	1"	11.61	18.53
	1 1/2"	13.05	21.72
	2"	16.38	30.36
	3"	38.84	93.42
	4"	48.63	117.14
	6"	72.03	172.60
	8"	97.18	235.61
	10"	129.43	307.44
 Volume Charge			
		\$/ccf	\$/1,000 gal
	First 15 ccf	2.63	3.52
	Next 1,635 ccf	2.23	2.98
	Over 1,650 ccf	2.08	2.78
	Wholesale	1.80	2.41

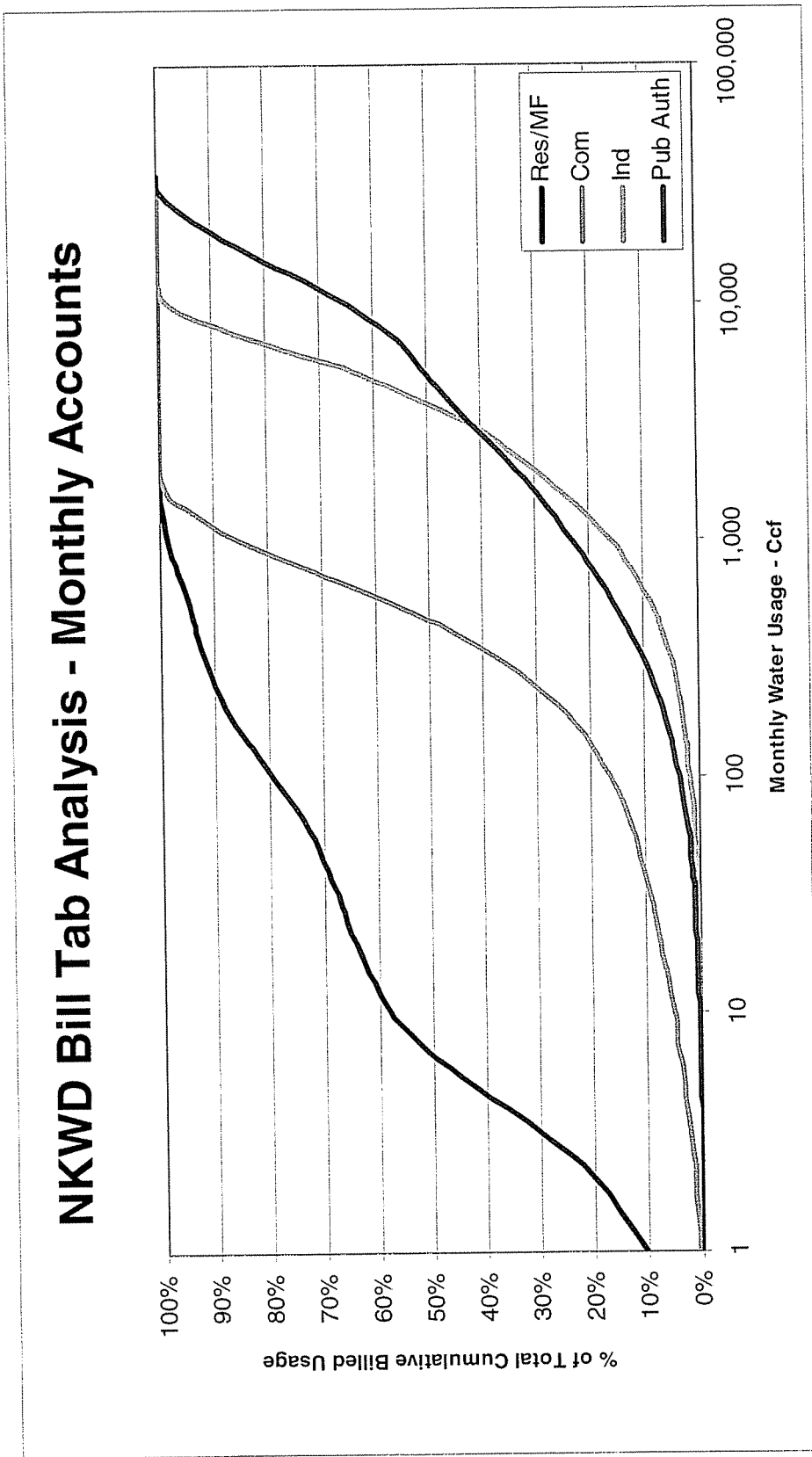
Appendix B

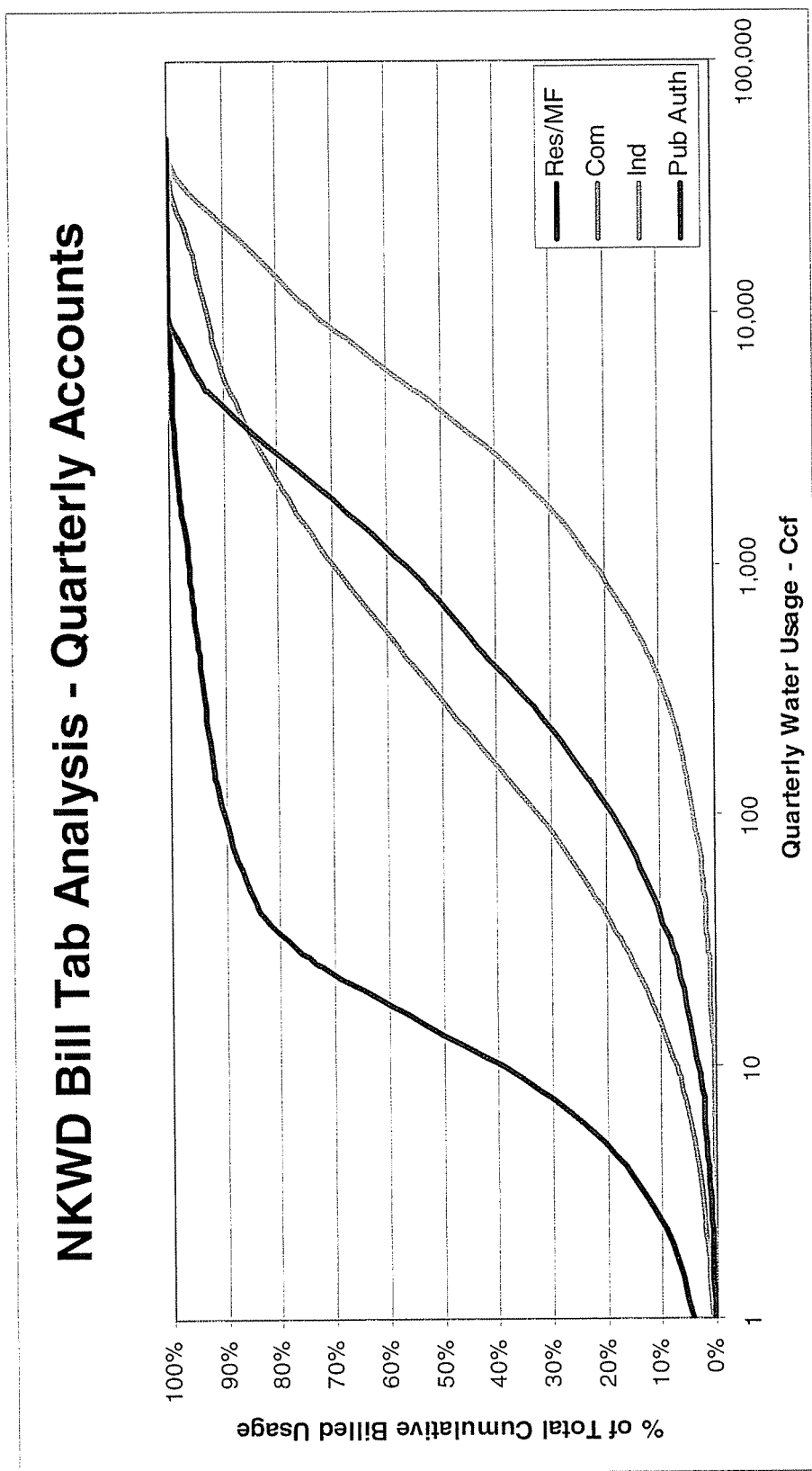
Bill Tabulation Analysis

Appendix B

Bill Tabulation Analysis

The bill tabulation distribution figures that follow show the cumulative billed usage of monthly and quarterly retail water customers compared to the proposed rate block divisions. A declining block rate structure is typically designed such that the first block charge recovers most of the costs of serving domestic or residential customers that usually place the highest peak demands on the water system, with the next block designed to recover most of the costs of serving commercial and other mid-range peak users of the system, and the final block to recover most of the costs of serving industrial and other large users that typically place the smallest peak demands on the water system.





Cumulative Monthly Consumption

	Res/MF	Com	Ind	Pub Auth
0	0.01%	0.00%	0.00%	0.00%
1	10.26%	0.82%	0.02%	0.03%
2	19.93%	1.53%	0.03%	0.08%
3	28.64%	2.18%	0.05%	0.13%
4	36.17%	2.74%	0.07%	0.17%
5	42.33%	3.25%	0.08%	0.21%
6	47.19%	3.70%	0.10%	0.26%
7	50.98%	4.11%	0.12%	0.30%
8	53.85%	4.48%	0.13%	0.34%
9	56.04%	4.81%	0.15%	0.38%
10	57.70%	5.12%	0.16%	0.42%
15	62.20%	6.41%	0.25%	0.62%
20	64.41%	7.46%	0.33%	0.81%
25	65.93%	8.31%	0.41%	1.00%
30	67.12%	9.04%	0.49%	1.18%
40	69.11%	10.24%	0.66%	1.55%
50	70.94%	11.31%	0.82%	1.92%
60	72.71%	12.33%	0.98%	2.29%
75	75.28%	13.83%	1.22%	2.82%
100	79.14%	16.32%	1.62%	3.67%
125	82.23%	18.78%	2.02%	4.47%
150	84.69%	21.19%	2.42%	5.25%
200	88.18%	25.99%	3.22%	6.77%
300	91.53%	35.59%	4.82%	9.73%
400	93.12%	44.72%	6.42%	12.45%
500	94.19%	53.39%	8.02%	14.68%
750	96.67%	71.55%	12.03%	19.21%
1,000	98.45%	84.99%	16.03%	23.07%
1,500	100.00%	97.90%	23.77%	29.03%
1,650	100.00%	98.86%	25.90%	30.47%
2,000	100.00%	100.00%	30.11%	33.48%
2,500	100.00%	100.00%	35.54%	37.43%
3,000	100.00%	100.00%	40.88%	40.91%
5,000	100.00%	100.00%	62.23%	49.82%
6,000	100.00%	100.00%	72.78%	52.81%
7,500	100.00%	100.00%	85.72%	57.29%
10,000	100.00%	100.00%	97.74%	64.75%
12,500	100.00%	100.00%	100.00%	72.21%
15,000	100.00%	100.00%	100.00%	79.67%
20,000	100.00%	100.00%	100.00%	89.68%
25,000	100.00%	100.00%	100.00%	96.02%
30,000	100.00%	100.00%	100.00%	99.68%
35,000	100.00%	100.00%	100.00%	100.00%

Cumulative Quarterly Consumption

	Res/MF	Com	Ind	Pub Auth
0	0.00%	0.00%	0.00%	0.00%
1	4.27%	0.86%	0.05%	0.37%
2	8.48%	1.68%	0.11%	0.72%
3	12.64%	2.47%	0.16%	1.06%
4	16.72%	3.24%	0.21%	1.40%
5	20.73%	3.98%	0.26%	1.72%
6	24.63%	4.69%	0.31%	2.04%
7	28.42%	5.37%	0.37%	2.34%
8	32.08%	6.04%	0.42%	2.64%
9	35.61%	6.68%	0.47%	2.93%
10	39.00%	7.30%	0.52%	3.22%
15	53.77%	10.15%	0.75%	4.58%
20	64.72%	12.65%	0.98%	5.82%
25	72.29%	14.82%	1.19%	6.98%
30	77.32%	16.73%	1.40%	8.07%
40	82.89%	19.99%	1.79%	10.05%
45	84.46%	21.42%	1.97%	10.96%
50	85.62%	22.75%	2.16%	11.81%
75	88.73%	28.27%	3.02%	15.58%
100	90.27%	32.61%	3.85%	18.76%
125	91.28%	36.14%	4.61%	21.55%
150	92.00%	39.07%	5.34%	24.07%
200	92.93%	43.72%	6.68%	28.26%
300	93.96%	50.42%	9.11%	35.19%
400	94.61%	55.24%	11.32%	40.41%
500	95.07%	58.87%	13.40%	44.28%
750	95.90%	65.28%	17.92%	51.00%
1,000	96.53%	69.56%	21.55%	56.41%
1,500	97.49%	75.31%	27.79%	65.18%
2,000	98.14%	79.08%	33.04%	71.74%
3,000	98.84%	83.85%	42.03%	81.86%
4,950	99.37%	88.81%	54.50%	92.87%
5,000	99.38%	88.90%	54.78%	93.00%
7,500	99.73%	91.84%	65.21%	97.48%
10,000	99.94%	92.95%	73.01%	99.90%
20,000	100.00%	96.34%	87.16%	100.00%
30,000	100.00%	99.25%	96.00%	100.00%
40,000	100.00%	100.00%	99.55%	100.00%
50,000	100.00%	100.00%	100.00%	100.00%

Appendix C

Rate Case Calculations

Appendix C Rate Case Calculations

Presented in the following pages are the detailed calculations used to develop the proposed rates for Case No. 2005-00148.

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 1
SUMMARY OF TEST YEAR REVENUE REQUIREMENTS

Line No.			
1	OPERATION & MAINTENANCE	\$20,375,306	Schedule 2
2	DEBT SERVICE	12,541,807	Schedule 3
3	DEPRECIATION	5,328,876	Schedule 4
4	DEBT SERVICE COVERAGE	<u>2,458,361</u>	Schedule 3
5	TOTAL REVENUE REQUIREMENTS	40,704,350	
6	LESS: OPERATING REVENUES NOT SUBJECT TO RATE INCREASE	(1,873,546)	Schedule 5
7	LESS: NON-OPERATING INCOME	(952,600)	Schedule 6
8	LESS: BOONE & FLORENCE RESERVE AND EARLY TERMINATION	<u>(443,685)</u>	Schedule 6
9	NET REVENUE REQUIREMENTS	37,434,519	
10	REVENUES AT CURRENT RATES	<u>(34,059,199)</u>	Schedule 7
11	NET INCREASE REQUIRED	3,375,320	
12	PERCENTAGE INCREASE IN REVENUE	9.91%	

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 2
TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Line
No.

1	UNADJUSTED TEST YEAR OPERATION AND MAINTENANCE EXPENSE Operation and Maintenance Expense - per Books	19,949,359	Schedule 2.1
ADJUSTMENTS FOR KNOWN AND MEASURABLE CHANGES			
2	Salary, Wage & FICA Increases @ 0.5%	43,240	Schedule 2.2
3	Rate Case Amortization	41,384	Per PSC Order 2002-00105
4	Pension & Benefit Increases @ 16.7%	<u>341,323</u>	Schedule 2.2
5	Total Adjustments for Known and Measurable	425,947	
6	Total Test Year Operation and Maintenance Expense	20,375,306	

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 2.1
DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1)	(2)	(3)	
			Unadjusted Test Year	Test Year Adjustments	Adjusted Test Year	
Fort Thomas Treatment Plant						Fort Thomas Treatment Plant
1	601-3100	Labor - Ops.	\$670,746	\$1,497	\$672,243	Labor & Labor-Related Expenses
	601-3101	Labor - Operators Overtime	12,760	28	\$12,788	Salaries
	601-3102	Labor - Security	32,860	73	\$32,933	FICA
	601-3103	Labor - Facilities	21,708	48	\$21,757	Health Insurance
	601-4100	Labor - Maint.	134,417	300	\$134,717	Pensions & Other Benefits
	699-3000	FICA Expense - Ops	49,509	2,538	\$52,048	Electric Cost
	699-4000	FICA Expense - Maint	13,824	709	\$14,533	Chemicals & Gas
	604-3300	Pension - Ops	54,449	9,109	\$63,558	Materials & Supplies
	604-3400	Health Ins. - Ops	142,099	23,772	\$165,871	Contractual Services
	604-3500	Education/Recreation - Ops	18,631	3,117	\$21,748	Insurance
	604-4300	Pension - Maint.	14,600	2,443	\$17,043	All Other Expenses
	604-4500	Education/Recreation - Maint	2,084	349	\$2,433	
	615-3000	Electric Cost	71,251		\$71,251	
	616-3000	Gas Cost	49,800		49,800	
	618-3000	Chemicals	529,259		529,259	
	620-3000	Materials & Supplies - Ops.	3,721		3,721	
	620-3001	Office Supplies	9,698		9,698	
	620-3002	Safety Supplies - Ops	1,036		1,036	
	620-4000	Materials & Supplies - Maint	62,513		62,513	
	620-4001	Materials & Supplies - Building	3,437		3,437	
	620-4002	Housekeeping Supplies	28		28	
	620-4003	Safety Supplies - Maint	1,810		1,810	
	631-3000	Contract Serv. Eng. - Ops.	21,283		21,283	
	633-3000	Legal Contractual Services	6,121		6,121	
	635-3001	Contract Serv. Other - Ops	20,798		20,798	
	635-3002	Snow Removal	8,638		8,638	
	635-3003	Grounds Keeping	15,595		15,595	
	635-3005	Security	8,379		8,379	
	635-3007	Contract Svc - Antenna Rental	5,592		5,592	
	635-4000	Contract Serv. Other - Maint.	68,624		68,624	
	650-3000	Transportation Exp - Ops.	18,562		18,562	
	650-4000	Transportation Exp - Maint.	76		76	
	656-3000	Insurance - Auto	10,125		10,125	
	657-3000	Insurance - G/L	32,451		32,451	
	658-3000	Insurance - Workers Comp	25,351		25,351	
	659-3000	Insurance - Pollution	30,480		30,480	
	675-3002	Uniforms	2,413		2,413	
	675-4000	Misc Expense - Maint	107		107	
01 Total			2,174,836	43,985	2,218,820	
Taylor Mill Treatment Plant						Taylor Mill Treatment Plant
2	601-3100	Labor - Ops.	\$142,455	318	\$142,773	Labor & Labor-Related Expenses
	601-3101	Labor - Overtime Operators	300	1	\$301	Salaries
	601-3103	Labor - Facilities	38,558	86	\$38,644	FICA
	601-4100	Labor - Maint.	73,912	165	\$74,077	Health Insurance
	699-3000	FICA Expense - Ops.	10,595	543	\$11,138	Pensions & Other Benefits
	699-4000	FICA Expense - Facilities	6,497	333	\$6,830	Chemicals & Gas
	604-3300	Pension - Ops	13,455	2,251	\$15,707	Materials & Supplies
	604-3400	Health Ins. - Ops.	35,949	6,014	\$41,964	Contractual Services
	604-3500	Education/Recreation - Ops	235	39	\$274	Insurance
	616-3000	Gas Cost	29,931		\$29,931	All Other Expenses
	618-3000	Chemicals	110,856		110,856	
	620-3000	Materials & Supplies - Ops	3,279		3,279	
	620-4000	Materials & Supplies - Maint.	39,176		39,176	
	620-4001	Materials & Supplies - Building	912		912	
	631-3000	Contract Serv. Eng. - Ops.	3,021		3,021	
	635-3001	Contract Serv. Other - Ops.	28,370		28,370	
	635-3002	Snow Removal	8,639		8,639	
	635-3003	Grounds Keeping	10,962		10,962	
	635-3004	Contract Serv. - Carbon Lease	25,513		25,513	
	635-4001	Contract Serv. - Painting	39,968		39,968	
	635-4000	Contract Serv. Other - Maint.	53,426		53,426	
	642-4000	Rental Expense - Maint.	383		383	
	656-3000	Insurance - Auto	920		920	
	657-3000	Insurance - G/L	20,868		20,868	
	658-3000	Insurance - Workers Comp	5,268		5,268	
	675-3002	Uniforms	806		806	
02 Total			704,256	9,751	714,006	

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 2.1 CONTINUED
 DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1) Unadjusted Test Year	(2) Test Year Adjustments	(3) Adjusted Test Year	
Memorial Parkway Treatment Plant						Memorial Parkway Treatment Plant
29	601-3100	Labor	\$271,942	607	\$272,549	Labor & Labor-Related Expenses
	601-3101	Labor - Overtime	1,963	4	\$1,967	Salaries 364,113
	601-3103	Labor - Facilities	29,678	66	\$29,744	FICA 24,518
	601-4100	Labor - Maint	59,719	133	\$59,853	Health Insurance 58,293
	699-3000	FICA - Ops	16,519	847	\$17,366	Pensions & Other Benefits 28,295
	699-4000	FICA - Facilities	6,803	349	\$7,152	Electric 64,999
	604-3300	Pension - Ops	21,928	3,668	\$25,597	Chemicals & Gas 207,778
	604-3400	Health Insurance	49,939	8,354	\$58,293	Materials & Supplies 42,497
	604-3500	Education/Recreation	2,311	387	\$2,698	Contractual Services 81,024
	615-3000	Electric Service	64,999		\$64,999	Insurance 33,851
	616-3000	Gas Cost	46,608		46,608	All Other Expenses 3,521
	618-3000	Chemicals	161,170		161,170	908,890
	620-3000	Materials & Supplies	3,055		3,055	
	620-3002	Safety Supplies	2,212		2,212	
	620-4000	Materials & Supplies - Maint	34,336		34,336	
	620-4001	Materials & Supplies - Building	2,263		2,263	
	620-4003	Safety Supplies	310		310	
	620-6000	Materials & supplies MPTP Pumping	321		321	
	635-3001	Contractual Services Other - Ops	2,083		2,083	
	635-3003	Groundskeeping	1,840		1,840	
	635-3004	Safety Training	23,087		23,087	
	635-3005	Contractual Services - Security	12,839		12,839	
	635-3006	Snow Removal	8,636		8,636	
	635-4000	Contractual Services Other - Maint	32,352		32,352	
	635-4001	Contractual Services - Safety - Maint	186		186	
	642-4000	Rental Expense - Maint	60		60	
	650-3000	Transportation Expense - Ops	2,209		2,209	
	650-4000	Transportation Expense - Maint	0		0	
	656-3000	Insurance - Auto	2,761		2,761	
	657-3000	Insurance - G/L	23,187		23,187	
	658-3000	Insurance - Workers Comp	7,903		7,903	
	675-3002	Uniforms	1,253		1,253	
29 Total			894,473	14,417	908,890	
Laboratory						Laboratory
3	601-3100	Labor	\$361,860	808	\$362,668	Labor & Labor-Related Expenses
	699-3000	FICA Taxes	24,991	1,281	\$26,272	Salaries 362,668
	604-3300	Pension	27,931	4,673	\$32,604	FICA 26,272
	604-3400	Health Insurance	51,566	8,627	\$60,192	Health Insurance 60,192
	604-3500	Education/Recreation	10,208	1,708	\$11,916	Pensions & Other Benefits 44,520
	620-3000	Materials & Supplies	83,967		\$83,967	Chemicals & Gas
	620-3001	Materials & Supplies	3,420		\$3,420	Materials & Supplies 87,596
	620-3006	Safety Supplies	209		209	Contractual Services 87,824
	635-3001	Contract Serv. Other - Ops	84,678		84,678	Insurance 11,061
	635-3002	Contract Serv. - Research	0		0	All Other Expenses 4,481
	635-4000	Contract Serv Other - Maint	3,146		3,146	684,615
	650-3000	Transportation Expense	3,730		3,730	
	656-3000	Insurance - Auto	1,841		1,841	
	658-3000	Insurance - Workers Comp	9,220		9,220	
	675-3002	Uniforms	752		752	
03 Total			667,518	17,096	684,615	
Bristow Road Station						Booster Stations
5	601-6100	Labor				Labor & Labor-Related Expenses 254
	615-5000	Electric Cost	9,270		9,270	Electric Cost 655,458
	620-6000	Materials & Supplies			0	Chemicals & Gas 2,950
	635-6000	Contract Serv. Other			0	Materials & Supplies 4,190
05 Total			9,270	0	9,270	Contractual Services 5,942
Bromley Station						668,795
6	601-6100	Labor				
	615-5000	Electric Cost	24,683		24,683	
	620-6000	Materials & Supplies			0	
	635-6000	Contract Serv. Other	1,006		1,006	
06 Total			25,689	0	25,689	

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 2.1 CONTINUED
DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1) Unadjusted Test Year	(2) Test Year Adjustments	(3) Adjusted Test Year	
Carothers Road Station						
10	601-6100	Labor				
	615-5000	Electric Cost	23,523		23,523	
	616-5000	Gas Cost	1,578		1,578	
	620-6000	Materials & Supplies	4,190		4,190	
	635-6000	Contract Serv. Other	10		10	
10 Total			29,301	0	29,301	
Dudley Station						
8	601-6100	Labor	254	1	\$254	
	615-5000	Electric Cost	200,896		200,896	
	620-6000	Materials & Supplies			0	
	635-6000	Contract Serv. Other	1,486		1,486	
08 Total			202,636	1	202,636	
Hands Pike Station						
9	601-6100	Labor				
	615-5000	Electric Cost	17,106		17,106	
	620-6000	Materials & Supplies			0	
	635-6000	Contract Serv. Other	780		780	
09 Total			17,887	0	17,887	
Latania Station						
11	601-6100	Labor				
	615-5000	Electric	28,051		28,051	
	616-5000	Gas Cost	492		492	
	620-6000	Materials & Supplies			0	
	635-6000	Contractual Serv. Other	642		642	
11 Total			29,185	0	29,185	
West Covington Station						
12	601-6100	Labor			0	
	615-5000	Electric	6,367		6,367	
	620-6000	Materials & Supplies			0	
	635-6000	Contractual Serv. Other	642		642	
12 Total			7,009	0	7,009	
Taylor Mill Plant Station						
14	601-6100	Labor				
	615-5000	Electric	264,688		264,688	
	620-6000	Materials & Supplies			0	
	631-5000	Contract Serv. Engineering			0	
	635-6000	Contract Serv. Other			0	
14 Total			264,688	0	264,688	
Licking River Pump Station						
15	601-2100	Labor	994	2	\$997	
	615-1000	Electric Cost	42,104		42,104	
	620-1000	Materials and Supplies - Ops			0	
	620-2000	Materials and Supplies - Maint	2,393		2,393	
	635-1000	Contractual Services - Ops	40		40	
	635-2000	Contractual Services - Maint	12,624		12,624	
15 Total			58,156	2	58,158	
Waterworks Station						
16	601-6100	Labor				
	615-5000	Electric	26,729		26,729	
	616-5000	Gas	880		880	
	620-6000	Materials & Supplies			0	
	635-6000	Contract Serv. Other	654		654	
16 Total			28,262	0	28,262	
Richardson Road Station						
17	601-6100	Labor				
	615-5000	Electric	131,080		131,080	
	620-6000	Materials & Supplies			0	
	635-6000	Contract Serv. Other	722		722	
17 Total			131,802	0	131,802	
Ripple Creek Station						
18	601-6100	Labor			0	
	615-5000	Electric	16,050		16,050	
	620-6000	Materials & Supplies			0	
	631-5000	Contract Serv. Engineering			0	
	635-6000	Contract Serv. Other			0	
18 Total			16,050	0	16,050	
Instrumentation						
20	601-4100	Labor	173,833	388	\$174,221	
	699-4000	FICA Tax	11,859	608	\$12,467	
	604-4300	Pension	18,661	3,122	\$21,783	
	604-4400	Health Insurance	22,459	3,757	\$26,217	
	604-4500	Education/Recreation	5,829	975	\$6,804	
	620-3000	Materials & Supplies - Ops	5,383		\$5,383	
	620-4000	Materials & Supplies - Maint	26,596		26,596	
	635-3000	Contract Service Other - Ops	4,527		4,527	
	635-4000	Contract Service Other - Maint	1,867		1,867	
	650-3000	Transportation Exp. - Ops	8,746		8,746	
	650-4000	Transportation Exp. - Ops	79		79	
	658-3000	Insurance - Workers Comp.	3,951		3,951	
	675-3002	Uniforms	796		796	
20 Total			284,587	8,850	293,437	

Taylor Mill Plant Station	
Labor & Labor-Related Expense	0
Electric Cost	264,688
Materials & Supplies	0
Contractual Services	0
	<u>264,688</u>

Licking River Pump Station	
Labor	997
Electric Cost	42,104
Materials & Supplies	2,393
Contractual Services	<u>12,664</u>
	58,158

Instrumentation	
Labor & Labor-Related Expenses	
Salaries	174,221
FICA	12,467
Health Insurance	26,217
Pensions & Other Benefits	28,587
Materials & Supplies	31,979
Contractual Services	6,394
Insurance	3,951
All Other Expenses	<u>9,621</u>
	293,437

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 2.1 CONTINUED
DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1) Unadjusted Test Year	(2) Test Year Adjustments	(3) Adjusted Test Year		
		Sludge				Sludge	
22	601-3101	Labor	151	0	\$152	Labor & Labor-Related Expenses	
	699-3001	FICA Tax	11	1	\$12	Salaries	152
	601-3400	Sick Leave		0	0	FICA	12
	601-3500	Holiday		0	0	Health Insurance	
	604-3300	Pension		0	0	Pensions & Other Benefits	0
	604-3700	Misc. Benefits		0	0	Chemicals & Gas	7,275
	618-3000	Chemicals	7,275		7,275	Materials & Supplies	39,293
	620-3000	Materials & Supplies	39,293		39,293	Contractual Services	368,927
	620-3002	Uniforms	16		16	Insurance	0
	631-3000	Contract Serv. Engineering	2,395		2,395	All Other Expenses	16
	635-3000	Contract Serv. - FTTP Hauling	86,042		86,042		415,675
	635-3001	Contract Serv. - TMTP Hauling	1,994		1,994		
	635-3003	TMTP Discharge to Sanitary	278,497		278,497		
22 Total			415,674	1	415,675		
		US 27 Station					
24	601-6100	Labor					
	615-5000	Electric	171,704		171,704		
	620-6000	Materials & Supplies			0		
	631-5000	Contract Serv. Engineering			0		
	635-6000	Contract Serv. Other			0		
24 Total			171,704	0	171,704		
		Source of Supply - General				Source of Supply - General	
25	601-2100	Labor			0	Labor	\$0
	610-1000	Water Purchased - Newport, Ky			0	Purchased Water (Newport)	0
	615-1000	Electric Cost - Newport Pump Station			0	Electric Cost - Newport PS	0
	618-1000	Chemicals			0	Chemicals	0
	635-1000	Contract Svc. Other - Ops.			0	Contractual Services	0
	635-2000	Contractual Services			0	All Other Expenses	0
25 Total			0	0	0		0
		Pumping - General				Pumping - General	
25	601-6100	Labor	328,311	733	\$329,044	Labor & Labor-Related Expenses	
	699-6000	FICA Taxes	22,720	1,165	\$23,885	Salaries	329,044
	699-6001	FICA Taxes - Carothers Rd	121	6	\$127	FICA	24,012
	604-6300	Pension	30,781	5,149	\$35,930	Health Insurance	84,802
	604-6400	Health Insurance	72,648	12,154	\$84,802	Pensions & Other Benefits	37,676
	604-6500	Education/Recreation	1,496	250	\$1,746	Electric Cost	3,698
	615-5000	Electric	3,698		3,698	Chemicals & Gas	5,134
	618-6000	Chemicals	5,134		5,134	Materials & Supplies	89,331
	620-5001	Safety Supplies	3,449		3,449	Contractual Services	196,255
	620-6000	Materials & Supplies - Maint	74,874		74,874	Insurance	43,568
	620-6001	Mat. & Supp. - Oil & Lubrication	8,624		8,624	All Other Expenses	19,275
	620-6002	Materials & Supplies - Regulators	2,384		2,384		832,795
	635-5000	Contract Serv. Other - Ops	62,974		62,974		
	635-5001	Annual Maint. Contract - Cinery	0		0		
	635-5003	Grounds Keeping - Pumping	24,995		24,995		
	635-5004	Contract Serv. Pumping - Safety Training	10,110		10,110		
	635-6000	Contract Serv. Other - Maint	93,686		93,686		
	635-6001	Contract Serv. - Painting	4,490		4,490		
	650-5000	Transportation Exp. - Ops	11,536		11,536		
	650-6000	Transportation Exp. - Maint.	2,495		2,495		
	656-5000	Insurance - Auto	5,523		5,523		
	657-5000	Insurance - G/L	30,143		30,143		
	658-5000	Insurance - Workers Comp.	7,903		7,903		
	675-5000	Miscellaneous Expenses	2,400		2,400		
	675-5002	Uniforms - Pumping	2,844		2,844		
25 Total			813,338	19,457	832,795		
		Ohio River Pump Station #1				Ohio River Pump Station #1	
26	601-2100	Labor	6,985	16	\$7,000	Labor	7,000
	615-1000	Electric Cost	521,942		\$521,942	Electric Cost	521,942
	620-2000	Materials and Supplies - Maint.	9,600		\$9,600	Materials & Supplies	9,600
	631-1000	Eng. Cost - Ohio River Station	11,755		11,755	Contractual Services	20,034
	635-1000	Contractual Services - Ops	774		774	All Other Expenses	0
	635-2000	Contractual Services - Maint.	7,506		7,506		558,577
	675-1000	Misc. Expense - Ops			0		
26 Total			558,561	16	558,577		
		Ohio River Pump Station #2				Ohio River Pump Station #2	
101	601-2100	Labor	4,801	11	\$4,812	Labor	4,812
	615-1000	Electric Cost	48,240		48,240	Electric Cost	48,240
	620-1000	Materials and Supplies - Ops			0	Materials & Supplies	6,934
	620-2000	Materials and Supplies - Maint.	6,934		6,934	Contractual Services	5,588
	635-1000	Contractual Services - Ops.			0	All Other Expenses	0
	635-2000	Contractual Services - Maint.	5,588		5,588		65,574
	675-1000	Misc. Expense - Ops			0		
101 Total			65,563	11	65,574		
		Water Towers				Water Towers	
27	601-6100	Labor	0		0	Labor & Labor-Related Expense	0
	615-5000	Electric	5,969		5,969	Electric Cost	5,969
	620-6000	Materials & Supplies	24		24	Materials & Supplies	24
	635-6000	Contract Serv. Other	10,943		10,943	Contractual Services	401,690
	635-6001	Contract Serv. Water Tower Painting	390,747		390,747	All Other Expenses	0
	675-5002	Uniforms			0		407,684
27 Total			407,684	0	407,684		
		Engineering					
30	601-5101	Labor - Operations	335,827	750	\$336,577		
	601-5102	Labor - Clerk	56,486	126	\$56,612		
	601-5103	Labor - Operations Supervision	289,346	646	\$289,992		
	601-5104	Labor - Cleaning & Lining	12,476	28	\$12,504		
	601-5300	Vacation/Paid time Off			\$0		
	601-5400	Sick Leave			\$0		
	601-5500	Holiday			\$0		
	601-6103	Labor - Structure & Impr			\$0		
	601-6104	Labor - Maintenance of Mains	209	0	\$210		
	601-6105	Labor - Newport			\$0		
	699-5000	FICA Taxes	58,813	3,015	\$61,829		
	604-5300	Pension	63,861	10,684	\$74,545		
	604-5400	Health Insurance	130,595	21,848	\$152,443		
	604-5500	Education/Recreation	13,067	2,186	\$15,253		
	604-5700	Misc. Benefits		0	0		

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 2.1 CONTINUED
DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1) Unadjusted Test Year	(2) Test Year Adjustments	(3) Adjusted Test Year
Engineering (continued)					
	620-5001	Materials & Supplies - Eng	4,202		4,202
	620-5002	Materials & Supplies - Shop/Tools	6,565		6,565
	620-5003	Materials & Supplies - Safety	1,416		1,416
	620-6001	Materials & Supplies - Struct & Impr	108		108
	631-5000	Contract Engineering - Ops	65,894		65,894
	631-6000	Contract Engineering - Maint	2,919		2,919
	633-5000	Contract Serv. - Legal	22,765		22,765
	635-5001	Contract Serv. Other - Ops	50,813		50,813
	635-5002	Communications	15,878		15,878
	635-5003	Utilities	9,053		9,053
	635-6001	Contract Serv. Other - Maint	359		359
	635-6002	Contract Serv. - Struct. & Impr	2,797		2,797
	650-5001	Auto Gas & Oil	15,731		15,731
	650-5002	Vehicle Maint. - Contractors	529		529
	650-5003	Vehicle Maint. - Supplies	3,864		3,864
	656-5000	Insurance - Auto	8,284		8,284
	657-5000	Insurance - G/L	46,374		46,374
	658-5001	Insurance - Workers Comp	22,391		22,391
	675-5000	Miscellaneous Expenses	922		922
	675-5001	Uniforms	3,204		3,204
30 Total			1,244,749	39,283	1,284,032
Distribution					
31	601-5101	Labor - Operations	55,858	125	\$55,982
32	601-5102	Labor - Clerk	55,075	123	\$55,198
	601-5105	Labor - PTO, Sick, Holiday, Funeral	110,574	247	\$110,821
	601-5500	Holiday	0	0	\$0
	601-6101	Labor - Vehicle Maint.	66,755	149	\$66,904
	601-6102	Labor - Tractor/ Compressor	0	0	\$0
	601-6103	Labor - Grounds Maint	0	0	\$0
	601-6104	Labor - Maint. Supervision	217,536	486	\$218,022
	601-6105	Labor - Structure & Impr	0	0	\$0
	601-6106	Labor - Maint of Mains	853,535	1,906	\$855,440
	601-6107	Labor - Maint of Services	211,836	473	\$212,309
	601-6108	Labor - Maint. of Meters	(1,548)	(3)	(\$1,552)
	601-6109	Labor - Maint of Hydrants	52,870	118	\$52,988
	601-6110	Labor - Maint Of Misc. Plant	929	2	\$931
	601-6111	Labor - Newport	35	0	\$35
	601-6112	Labor - Mainline Cleaning & Lining	13,600	30	\$13,630
	601-6300	Vacation/Paid Time Off	0	0	\$0
	699-6000	FICA Taxes	116,639	5,980	\$122,620
	604-5300	Pension	131,589	22,014	\$153,603
	604-5700	Misc. Benefits	76	13	\$89
	604-6400	Health Insurance	310,979	52,025	\$363,004
	604-6500	Education/Recreation	4,945	827	\$5,772
	620-5001	Materials & Supplies - Office	7,994		7,994
	620-5002	Materials & Supplies - Shop & Tools	47,867		47,867
	620-5003	Materials & Supplies - Safety	18,120		18,120
	620-5004	Materials & Supplies - Computer	0		0
	620-6001	Materials & Supplies - Struct & Impr	2,885		2,885
	620-6002	Materials & Supplies - Maint of Mains	324,290		324,290
	620-6003	Materials & Supplies - Services	173,051		173,051
	620-6004	Materials & Supplies - Meeters	3,763		3,763
	620-6005	Materials & Supplies - Hydrants	45,221		45,221
	620-6006	Materials & Supplies - Maint of Misc. Plant	5,316		5,316
	620-6007	Materials & Supplies - Cleaning & Lining	55,275		55,275
	620-6009	Inventory Adjustment	(20,054)		(20,054)
	631-6000	Contract Serv. - Engineering	6,366		6,366
	635-5001	Contract Serv. Other - Ops	13,846		13,846
	635-5002	Communications	11,217		11,217
	635-5003	Utilities	23,351		23,351
	635-5004	Contract Computer Svc	0		0
	635-6001	Contract Serv. Other - Maint	1,966		1,966
	635-6002	Contract Serv. - Grounds Maint	3,191		3,191
	635-6003	Contract Serv. - Struct. & Impr	4,523		4,523
	635-6004	Contract Serv. - Maint. of Mains	305,048		305,048
	635-6005	Contract Serv. - Contractors	53,347		53,347
	635-6007	Contractual Other - Distr, Hydrants	2,431		2,431
	635-6008	Contract Serv. - Maint. of Misc. Plant	1,333		1,333
	635-6009	Contract Serv. - Blow Off Charges	83,407		83,407
	635-6012	Contract Serv. - Main Clean & Lining	793,157		793,157
	650-6001	Auto Gas & Oil	71,230		71,230
	650-6002	Vehicle Maint. - Contractors	27,560		27,560
	650-6003	Vehicle Maint. - Supplies	44,214		44,214
	650-6004	Tractor/Compressor Gas & Oil	8,367		8,367
	650-6005	Tractor/Compressor Maint. - Contractors	4,259		4,259
	650-6006	Tractor/Compressor Maint. - Supplies	8,237		8,237
	656-5000	Insurance - Auto	27,613		27,613
	657-5000	Insurance - G/L	46,374		46,374
	658-5001	Insurance - Workers Comp	42,148		42,148
	675-6000	Miscellaneous Expenses	45		45
	675-6001	Uniforms	9,302		9,302
31 Total			4,457,541	84,514	4,542,056

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 2.1 CONTINUED
DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1) Unadjusted Test Year	(2) Test Year Adjustments	(3) Adjusted Test Year	
						Meter Reading
50	601-7101	Labor - Meter Reading	143,539	320	\$143,860	Labor & Labor-Related Expenses
	601-7103	Meter Change Out Labor	44,509	99	\$44,609	Salaries 188,262
	601-7104	Labor - Vehicle Maint		0	\$0	FICA 9,799
	601-7105	Labor - Meter Reading Newport	(206)	(0)	(\$207)	Health Insurance 50,219
	601-7300	Vacation/Paid Time Off		0	\$0	Pensions & Other Benefits 17,782
	601-7400	Sick Leave		0	\$0	Materials & Supplies 6,107
	699-7000	FICA Taxes	9,312	477	\$9,789	Contractual Services 8,455
	699-7001	FICA Taxes Newport	9	0	\$10	Insurance 15,663
	604-7300	Pension	13,728	2,297	\$16,025	All Other Expenses 12,863
	604-7400	Health Insurance	43,022	7,197	\$50,219	
	604-7500	Education/Recreation	1,505	252	\$1,757	
	604-7700	Miscellaneous Benefits		0	\$0	
	620-7001	Materials & Supplies			0	
	620-7002	Materials & Supplies - Shop & Tools	4,474		4,474	
	620-7003	Materials & Supplies - Ludlow			0	
	620-7004	Materials & Supplies - Safety	1,472		1,472	
	620-7005	Materials & Supplies - Newport	162		162	
	635-7000	Contract Svc - Legal			0	
	635-7001	Contract Svc - Other	8,455		8,455	
	650-7001	Auto Gas & Oil	10,683		10,683	
	650-7002	Vehicle Maint - Contract			0	
	650-7003	Vehicle Maint - Supplies	0		0	
	656-7000	Insurance - Auto	6,443		6,443	
	658-7000	Insurance - Workers Comp	9,220		9,220	
	675-7001	Miscellaneous Expenses	565		565	
	675-7002	Uniforms	1,615		1,615	
50 Total			298,507	10,643	309,150	
						Field Services
51	601-7101	Labor - Field	453,916	1,013	\$454,929	Labor & Labor-Related Expenses
	601-7102	Labor - Delinquent Accounts		0	\$0	Salaries 454,929
	601-7103	Labor - Vehicle Maintenance		0	\$0	FICA 33,139
	601-7104	Labor - Newport		0	\$0	Health Insurance 101,262
	601-7300	Vacation/Paid Time Off		0	\$0	Pensions & Other Benefits 45,405
	601-7400	Sick Leave		0	\$0	Materials & Supplies 12,804
	601-7500	Holiday		0	\$0	Contractual Services 3,715
	699-7000	FICA Taxes	31,523	1,616	\$33,139	Insurance 17,900
	604-7300	Pension	37,068	6,201	\$43,269	All Other Expenses 39,180
	604-7400	Health Insurance	86,749	14,513	\$101,262	
	604-7500	Education/Recreation	1,830	306	\$2,136	
	604-7700	Miscellaneous Benefits		0	0	
	620-7001	Materials & Supplies	680		680	
	620-7002	Materials & Supplies - Shop & Tools	8,456		8,456	
	620-7003	Safety	3,668		3,668	
	635-7001	Communications	3,715		3,715	
	650-7001	Auto Gas & Oil	34,432		34,432	
	650-7002	Contract Maint			0	
	650-7003	Vehicle Maint - Supplies	2,269		2,269	
	656-7000	Insurance - Auto	7,363		7,363	
	658-7000	Insurance - Workers Comp	10,537		10,537	
	675-7001	Miscellaneous Expenses			0	
	675-7002	Uniforms	2,478		2,478	
51 Total			684,685	23,650	708,335	
						Account Services
52	601-7101	Labor	650,628	1,453	\$652,080	Labor & Labor-Related Expenses
	601-7101	Labor		0	\$0	Salaries 652,080
	601-7102	Labor - Newport		0	\$0	FICA 47,280
	601-7300	Vacation/Paid Time Off		0	\$0	Health Insurance 155,586
	601-7300	Vacation/Paid time Off		0	\$0	Pensions & Other Benefits 69,531
	601-7301	PTO - Newport		0	\$0	Materials & Supplies 156,208
	601-7400	Sick Leave		0	\$0	Contractual Services 241,898
	601-7400	Sick Leave		0	\$0	Insurance 22,391
	601-7500	Holiday		0	\$0	All Other Expenses 6,745
	601-7500	Holiday		0	\$0	
	601-7501	Holiday - Newport		0	\$0	
	699-7000	FICA Taxes	44,974	2,306	\$47,280	
	699-7000	FICA Taxes		0	\$0	
	604-7300	Pension	54,297	9,084	\$63,381	
	604-7300	Pension		0	\$0	
	604-7400	Health Insurance	133,288	22,298	\$155,586	
	604-7500	Education/Recreation	5,269	881	\$6,151	
	604-7700	Miscellaneous Benefits		0	\$0	
	620-7001	Materials & Supplies	26,273		\$26,273	
	620-7004	Materials & Supplies	85		85	
	620-7002	Postage	129,850		129,850	
	620-7003	Safety			0	
	635-7001	Contract Serv. - Other	179,642		179,642	
	635-7002	Communications	1,820		1,820	
	635-7003	Contract Serv - Sanitation Billing			0	
	635-7005	Temporary Employees - Newport	18,316		18,316	
	635-7006	Contract Serv. - CIS	42,120		42,120	
	650-7001	Auto Gas & Oil			0	
	656-7000	Insurance - Auto			0	
	658-7000	Insurance - Workers Comp	22,391		22,391	
	675-7001	Miscellaneous Expenses	5,376		5,376	
	675-7002	Uniforms			0	
	675-7003	Uniforms	1,369		1,369	
52 Total			1,315,698	36,022	1,351,720	

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 2.I CONTINUED
DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1) Unadjusted Test Year	(2) Test Year Adjustments	(3) Adjusted Test Year	
		Flushing				Flushing
53	601-7101	Labor - Flushing	126,581	283	\$126,864	Labor & Labor-Related Expenses
	601-7102	Labor - Leak Detection	23,497	52	\$23,550	Salaries
	601-7103	Labor - Field Service	28,522	64	\$28,586	FICA
	601-7104	Labor - Flushing Newport	0	0	\$0	Health Insurance
	601-7105	Labor - Leak Detection Newport	650	1	\$652	Pensions & Other Benefits
	601-7400	Sick Leave	0	0	\$0	Materials & Supplies
	699-7000	FICA Taxes	15,942	817	\$16,759	Contractual Services
	699-7001	FICA Taxes Newport	10	1	\$11	Insurance
	604-7300	Pension	14,981	2,506	\$17,488	All Other Expenses
	604-7400	Health Insurance	49,684	8,312	\$57,996	
	604-7500	Education/Recreation	799	134	\$933	
	604-7700	Miscellaneous Benefits	0	0	\$0	
	620-7001	Materials & Supplies	0	0	\$0	
	620-7002	Materials & Supplies - Shop & Tools	6,299		6,299	
	620-7003	Materials & Supplies - Leak Detection	271		271	
	620-7004	Safety	1,795		1,795	
	635-7001	Contract Svc. - Other	2,875		2,875	
	635-7002	Communication	0		0	
	650-7001	Auto Gas & Oil	13,810		13,810	
	650-7002	Vehicle Maint. - Contract	0		0	
	650-7003	Vehicle Maint. - Supplies	1,575		1,575	
	656-7000	Insurance - Auto	3,682		3,682	
	658-7000	Insurance - Workers Comp.	5,268		5,268	
	675-7001	Miscellaneous Expenses	0		0	
	675-7002	Uniforms	1,164		1,164	
53 Total			297,407	12,170	309,577	
		Customer Service - General				Customer Services - General
54	601-7101	Labor - Account Service TM	14,735	33	\$14,768	Insurance
	601-7105	Labor - Field Svc. TM	14,417	32	\$14,449	Bad Debt
	699-7001	Fica Taxes - Account Svc. TM	1,039	53	\$1,092	All Other Expenses
	699-7005	FICA - Field Svc. TM	935	48	\$983	
	620-7001	Promotional Materials & Supplies	820		820	
	620-7003	Materials & Supplies - Field Svc. TM	1,118		1,118	
	633-7000	Legal Fees- Dps	7,930		7,930	
	635-7001	Contract Serv - Building	6,964		6,964	
	635-7002	Collections	3,756		3,756	
	635-7003	Utilities	9,214		9,214	
	635-7010	Communications - Customer Service	7,567		7,567	
	657-7000	Insurance - GIL	23,187		23,187	
	670-7000	Bad Debt Expense	431,210		431,210	
	675-7001	Uniforms - Account Svc. TM	200		200	
	675-7002	Uniforms - Field Svc. TM	243		243	
54 Total			523,435	166	523,601	
		Courier & Maintenance Labor				Courier & Maintenance Labor
55	601-7101	Labor - Courier	34,096	76	\$34,172	Labor & Labor-Related Expense
	699-7000	FICA Taxes - Courier	1,293	66	\$1,359	Materials & Supplies
	604-7300	Pension - Courier	2,747	460	\$3,207	Insurance
	604-7400	Health Insurance - Courier	10,744	1,797	\$12,541	All Other Expenses
	620-7001	Materials & Supplies - Courier	108		108	
	650-7001	Auto Gas and Oil- Courier	2,011		\$2,011	
	656-7000	Auto Insurance - Courier	920		920	
	658-7000	Workers Comp Insurance - Courier	1,317		\$1,317	
	675-7002	N/A	0		0	
			53,236	2,399	55,635	
		Meter Shop				Meter Shop
56	601-7101	Labor - Meter Shop	163,838	366	\$164,204	Labor & Labor-Related Expense
	699-7000	FICA - Meter Shop	10,100	518	\$10,618	Materials & Supplies
	604-7300	Pension - Meter Shop	11,143	1,864	\$13,009	Contractual Services
	604-7400	Health Insurance - Meter Shop	26,274	4,396	\$30,670	Insurance
	604-7500	Education/Recreation - Meter Shop	1,700	284	\$1,984	All Other Expenses
	620-7001	Material & Supplies - Office	15		15	
	620-7002	Materials & Supplies - Shops & Tools	43,528		43,528	
	620-7003	Safety - Meter Shop	1,985		1,985	
	635-7001	Contract Services - Other	10,980		10,980	
	650-7001	Auto Gas & Oil - Meter Shop	3,390		3,390	
	656-7000	Insurance - Auto Meter Shop	3,682		3,682	
	658-7000	Insurance - Workers Comp.	5,268		5,268	
	675-7002	Uniforms - Meter Shop	1,281		1,281	
			283,186	7,428	290,614	
		Executive Management				Executive Management
72	601-8100	Salaries	371,381	829	\$372,210	Labor & Labor-Related Expenses
	601-8100	Vacation/Paid Time Off	0	0	\$0	Salaries
	601-8400	Sick Leave	0	0	\$0	FICA
	601-8300	Holiday	0	0	\$0	Health Insurance
	699-8000	FICA Taxes	19,818	1,016	\$20,834	Pensions & Other
	604-8300	Pension	29,524	4,939	\$34,463	Materials & Supplies
	604-8400	Health Insurance	27,125	4,538	\$31,663	Contractual Services
	604-8500	Education/Recreation	15,953	2,669	\$18,622	Insurance
	604-8700	Miscellaneous Benefits	15,095	2,525	\$17,620	All Other Expenses
	620-8000	Materials & Supplies	6,621		6,621	
	633-8000	Contract Serv. - Legal	4,181		4,181	
	634-8000	Contract Serv. - Mgt. Fees	0		0	
	635-8000	Contract Serv. - Other	11,589		11,589	
	642-8000	Rental Expense	9,567		9,567	
	650-8000	Transportation Expense	2,546		2,546	
	656-8000	Insurance - Auto	920		920	
	658-8000	Insurance - Workers Comp.	3,951		3,951	
	675-8000	Miscellaneous Expenses	3,740		3,740	
72 Total			522,012	16,516	538,528	
		Accounting				Accounting/HR/Info Systems
74	601-8100	Labor	171,051	382	\$171,432	Labor & Labor-Related Expenses
	601-8300	Vacation/Paid Time Off	0	0	\$0	Salaries
	601-8400	Sick Leave	0	0	\$0	FICA
	601-8500	Holiday	0	0	\$0	Health Insurance
	699-8000	FICA Taxes	12,301	631	\$12,931	Pensions & Other
	604-8300	Pension	11,798	1,974	\$13,772	Materials & Supplies
	604-8400	Health Insurance	12,218	2,044	\$14,262	Contractual Services
	604-8500	Education/Recreation	1,435	240	\$1,675	Insurance
	604-8700	Miscellaneous Benefits	94	16	\$110	All Other Expenses
	620-8000	Materials & Supplies	4,603		4,603	
	632-8000	Contract Accounting/Audit	15,875		15,875	
	635-8000	Contract Serv. - Other	26,753		26,753	
	635-8001	Contract Serv. - Network/Computers	280		280	
	650-8000	Transportation Expenses	6		6	
	658-8000	Insurance - Workers Comp.	5,268		5,268	
	675-8000	Miscellaneous Expenses	100		100	
74 Total			261,782	5,286	267,068	
		Board of Commissioners				Board of Commissioners
76	601-8100	Salaries	36,000	80	\$36,080	Labor & Labor-Related Expenses
	699-8000	FICA Taxes	2,508	129	\$2,637	Salaries
	604-8400	Health Insurance	37,296	6,239	\$43,536	FICA
	604-8500	Education/Recreation	11,127	1,861	\$12,988	Health Insurance
	604-8700	Miscellaneous Benefits	250	42	\$292	Pensions & Other Benefits
	658-8000	Insurance - Other	0		0	Insurance
	659-8000	Insurance - Public Officials	23,200		23,200	All Other Expenses
	675-8000	Miscellaneous Expenses	3,921		3,921	
76 Total			114,312	8,352	122,664	

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 2.1 CONTINUED
 DETAIL TEST YEAR OPERATION AND MAINTENANCE EXPENSE

Dept	Account	Description	(1)	(2)	(3)	
			Unadjusted Test Year	Test Year Adjustments	Adjusted Test Year	
	HR/Information Systems/Safety					
78	601-8100	Labor	443,917	991	\$444,908	
	601-8300	Vacation/PTO		0	\$0	
	699-8000	FICA Taxes	27,978	1,434	\$29,413	
	604-8300	Pension	31,252	5,228	\$36,480	
	604-8400	Health Insurance	55,839	9,342	\$65,180	
	604-8500	Education/Recreation	22,744	3,805	\$26,549	
	604-8700	Miscellaneous Benefits	26,464	4,427	\$30,891	
	620-8000	Materials & Supplies	8,088		\$8,088	
	620-8001	Computer Supplies	49,824		\$49,824	
	620-8002	Safety Supplies	9,380		9,380	
	633-8000	Legal Fees	1,113		1,113	
	634-8000	Contract Mgt. Fees - Surveys	1,511		1,511	
	635-8000	Contract Expenses	146,702		146,702	
	635-8001	Contract Computer Expenses	174,265		174,265	
	635-8002	Contract Services Safety	6,636		6,636	
	650-8000	Transportation	1,774		1,774	
	656-8000	Auto Insurance-HR/Info/Safety	920		920	
	658-8000	Insurance	10,537		10,537	
	675-8000	Miscellaneous	7,641		7,641	
78 Total			1,026,585	25,228	1,051,813	
	Administration - Other					
79	604-8700	Misc Benefits	(351)	(59)	(\$410)	Administration - Other
	615-8000	Utilities - Central Facility	73,488		\$73,488	Labor & Labor-Related Expense
	620-8000	Materials & Supplies Adm.	42,467		\$42,467	Materials & Supplies
	620-8001	Dues & Subscriptions	22,349		\$22,349	Contractual Services
	620-8003	Materials & Supplies - Promotion	9,166		9,166	Insurance
	620-8005	Materials & Supplies Bottling	22,426		22,426	All Other Expenses
	620-8006	Clearing Account			0	
	631-8000	Contract Serv - Engineering Svc.			0	
	633-8000	Contract Serv. - Legal Fees	73,816		73,816	
	634-8000	#N/A	0		0	
	635-8000	Contract Services - Other	188,136		188,136	
	635-8002	Damages	20,322		20,322	
	635-8003	Grounds Keeping	24,799		24,799	
	635-8004	#N/A	0		0	
	656-8000	Insurance Expense - Auto	4,303		4,303	
	657-8000	Insurance Expense - G/L	11,593		11,593	
	658-8000	Insurance Expense - Workers' Comp.	47,186		47,186	
	659-8000	Insurance Expense - Officials	77,440		77,440	
	660-8000	Advertising Expense	10,282		10,282	
	667-8000	PSC Rate Case Expenses	165,808	41,384	207,192	
	667-8000	PSC Annual Assessment Fee	49,888		49,888	
	667-8000	PSC Expense Other			0	
	601-8000	Gross Payroll Clearing Account	7,605	17	\$7,622	
	601-8100	Labor - Bottling	4,289	10	\$4,298	
	604-8000	Dental Benefits Clearing Account	(4,814)	(805)	(\$5,619)	
	699-8000	FICA	3,063	157	\$3,220	
	675-8000	Miscellaneous Expense - Other	33,741		\$33,741	
	675-8080	Arbitrage Rebate Penalty / Interest	1,096		1,096	
79 Total			888,097	40,703	928,801	
GRAND TOTAL			19,949,359	425,947	20,375,306	

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 2.2

ADJUSTMENT FOR SALARIES AND INSURANCE COST INCREASES

<u>Category</u>	<u>Unadjusted Test Year</u>	<u>Adjusted Test Year</u>	<u>Percent Change</u>
Salaries/Wages & FICA	\$7,952,280	\$7,995,520	0.54%
Pension & Benefits	2,040,252	2,381,575	16.73%
Total	9,992,532	10,377,094	3.85%

File: RateCase05
Sch3 - Debt Service

NORTHERN KENTUCKY WATER DISTRICT
May 20, 2005 3:17 p.m.

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 3
DEBT SERVICE

Line No.	Year	Existing Bonds		Proposed 2006 Bonds		Total Bonded Debt	Note Payable Taylor Mill	Total (a)
		Total Debt Service	Interest	Principal	Debt			
1	2005	\$10,851,980	797,500		\$11,649,480	\$250,000	\$11,899,480	
2	2006	10,868,344	1,595,000	0	12,463,344	250,000	12,713,344	
3	2007	10,853,608	1,595,000	0	12,448,608	250,000	12,698,608	
4	2008	10,854,051	1,595,000	0	12,449,051	250,000	12,699,051	
5	2009	10,853,551	1,595,000	0	12,448,551	250,000	12,698,551	
Average 2005 to 2009					12,291,807	250,000	12,541,807	
Debt Service Coverage @ 20%					2,458,361	0	2,458,361	

(a) Represents required deposits during year (accrued basis).

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 3.1
MAJOR CAPITAL IMPROVEMENT PROGRAM

Line No.		2005	2006	2007	2008	2009	Total
Major Capital Improvement Program							
Water Quality							
1	US 27 Pumping Station Expansion	\$2,300,000					\$2,300,000
2	TMTP PS New Pump/VFD	140,000					140,000
3	Standby Generator at ORPS1	1,500,000					1,500,000
4	FFTP Tube Settler Replacement	950,000					950,000
5	MPTP Chemical Building/Raw Water PS/Transfer Pipe	500,000	4,000,000				4,500,000
6	FFTP Ultraviolet Disinfection	500,000	3,500,000				4,000,000
7	TMTP Backwash Handling System	1,389,000					1,389,000
8	SCADA Upgrade Phase 3			2,400,000			2,400,000
9	Install Third Pump At Ripple Creek PS		160,000				160,000
10	MPTP Filter Rehabilitation			530,000			530,000
11	TMTP Tube Settler Replacement		210,000				210,000
12	Standby Generator at Dudley PS			275,000			275,000
13	New Water Tank, Rossford				1,000,000		1,000,000
14	FFTP Post-Filtration GAC (Part 1)					1,000,000	1,000,000
15	Standby Generator at TMTP PS					170,000	170,000
16	Total Water Quality	7,279,000	7,870,000	3,205,000	1,000,000	1,170,000	20,524,000
Distribution System							
17	US27 from State Rt 824 to Pendleton Co Meter KDOT				770,000		770,000
18	24" Redundancy Glenn Ave., Covington	980,000					980,000
19	Bristow Road P.S 12" to Bristow Road		90,000				90,000
20	Narrows Rd. (connecting ext 16" & 12")		96,000				96,000
21	Poplar Ridge Rd. (Upper Tug Fork to 4mile)	340,200					340,200
22	Four Mile Pk. (Poplar Rdg. To Nelson Rd)	369,400					369,400
23	Nelson Rd. (Four Mile to 4 & 12 Mile Rd)	720,400					720,400
24	Four & Twelve Mile Rd. (Nelson to Hwy 1566)		670,000				670,000
25	Washington Trace Rd. (12Mile Rd to Hwy 1996)		1,245,000				1,245,000
26	KY 9 (36" Mook Rd to Newport Steel Entrance)		1,500,000				1,500,000
27	Low Gap Rd. (Ky9 to Existing Dead End)				192,000		192,000
28	Licking Pike From Trapp Rd to Rifle Range (Sub-F)	135,000					135,000
29	Licking Pike from Rifle Range to Sub-D (Sub-F)	70,000					70,000
30	Water Main Replacement Program 2004	477,410					477,410
31	3rd Street	372,000					372,000
32	Steel Water Main Phase 3	315,590					315,590
33	New Richmond Road (Old Carthage Rd)	420,000					420,000
34	4 Mile Circle	115,000					115,000
35	2004 Systematic Water Main Replacement	1,000,000					1,000,000
36	Mains into Unserved Areas 2004 (Sub - F, Campbell)	250,000					250,000
37	4 Mile Pk. (Uhl Rd. south to End of Line)		230,000				230,000
38	Gunkel Rd (Upper Eight Mile to Fender Rd)		500,000				500,000
39	Lower Tug Fork (Upper Tug Fork 6")	325,000					325,000
40	Water Main Replacement Program 2005	1,520,000					1,520,000
41	Forest/Short John/John St. 2005 Main Replacement	580,000					580,000
42	Mains into Unserved Areas 2005 (Sub - G, Kenton)	250,000					250,000
43	Water Main Replacement Program 2006		2,100,000				2,100,000
44	Mains into Unserved Areas 2006		250,000				250,000
45	U.S. 27 From Ripple Creek BPS to E. Alex Pike		1,700,000				1,700,000
46	U.S. 27 From E. Alexandria Pike to Main		1,500,000				1,500,000
47	Pelly Rd from Ky 17 to Senour Road	400,000					400,000
48	Senour Road from Pelly to Ky 16	165,500					165,500
49	Hands Pike from Ky 16 to Edwin Drive		285,000				285,000
50	Ky. 16, from Hands Pike to Klette Road		275,000				275,000
51	Newport LS/HS Interconnect/Regulated Woodlawn		520,000				520,000
52	Newport Low Service Interconnect 30"			750,000			750,000
53	Ky. 547, from Washington St. to Nelson Road			965,000			965,000
54	Four Mile Pk. (Poplar Rdg. To Upper 8 Mile)			510,000			510,000
55	Dudley Discharge 12" - 30"			2,800,000			2,800,000
56	Water Main Replacement Program 2007			2,100,000			2,100,000
57	Mains into Unserved Areas 2007			250,000			250,000
58	Twelve Mile Rd., KY 10 to KY 1566				450,000		450,000
59	Year 2008 Water Main Replacement Program				2,100,000		2,100,000
60	Mains into Unserved Areas 2008				250,000		250,000
61	Ky 536, US 27 to Pond Creek Road - 12"					1,990,000	1,990,000
62	Interconnect 1010/1017 12"					500,000	500,000
63	Ky 2043, Banklick Station Road to Ky 16				2,400,000		2,400,000
64	Year 2009 Water Main Replacement Program					2,100,000	2,100,000
65	Mains into Unserved Areas 2009					250,000	250,000
66	Total Distribution System	8,805,500	10,961,000	7,375,000	6,162,000	4,840,000	38,143,500
Customer Service							
68	Radio Read Meters for Newport Area	800,000	500,000				1,300,000
69	Utility Information Management - EMA Recommendations	200,000	1,000,000				1,200,000
70	Radio Read Meters for Kenton & Campbell Areas 2006		800,000				800,000
71	Radio Read Meters for Kenton & Campbell Areas 2007			800,000			800,000
72	Radio Read Meters for Kenton & Campbell Areas 2008				800,000		800,000
73	Radio Read Meters for Kenton & Campbell Areas 2009					800,000	800,000
74	Total Customer Service	1,000,000	2,300,000	800,000	800,000	800,000	5,700,000
Administration							
Central Facility							
76	Central Facility - Purchase Price	3,650,000					3,650,000
77	Central Facility - Remodeling	4,600,000					4,600,000
78	Total Administration	8,250,000	0	0	0	0	8,250,000
79	Miscellaneous Projects	0	0	0	0	0	0
80	Total CIP Program	25,334,500	21,131,000	11,380,000	7,962,000	6,810,000	72,617,500

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 3.2
 DEBT SERVICE ON PROPOSED 2006 SERIES BONDS

	Payment Date	Principal	Coupon	Interest	Period Total	Annual	Accrued Total	Accrued Total Interest	Accrued Total Principal
						Debt Service Total			
	08/02/05						797,500	797,500	0
1	02/01/06				0	797,500			
2	08/01/06		5.50%	797,500	797,500		1,595,000	1,595,000	0
3	02/01/07		5.50%	797,500	797,500	1,595,000			
4	08/01/07		5.50%	797,500	797,500		1,595,000	1,595,000	0
5	02/01/08		5.50%	797,500	797,500	1,595,000			
6	08/01/08		5.50%	797,500	797,500		1,595,000	1,595,000	0
7	02/01/09		5.50%	797,500	797,500	1,595,000			
8	08/01/09		5.50%	797,500	797,500		1,595,000	1,595,000	0
9	02/01/10		5.50%	797,500	797,500	1,595,000			
10	08/01/10		5.50%	797,500	797,500		1,595,000	1,595,000	0
11	02/01/11		5.50%	797,500	797,500	1,595,000			
12	08/01/11		5.50%	797,500	797,500		2,392,450	1,572,450	820,000
13	02/01/12	820,000	5.50%	797,500	1,617,500	2,392,450			
14	08/01/12		5.50%	774,950	774,950		2,391,113	1,526,113	865,000
15	02/01/13	865,000	5.50%	774,950	1,639,950	2,391,113			
16	08/01/13		5.50%	751,163	751,163		2,392,163	1,477,163	915,000
17	02/01/14	915,000	5.50%	751,163	1,666,163	2,392,163			
18	08/01/14		5.50%	726,000	726,000		2,390,463	1,425,463	965,000
19	02/01/15	965,000	5.50%	726,000	1,691,000	2,390,463			
20	08/01/15		5.50%	699,463	699,463		2,390,875	1,370,875	1,020,000
21	02/01/16	1,020,000	5.50%	699,463	1,719,463	2,390,875			
22	08/01/16		5.50%	671,413	671,413		2,388,263	1,313,263	1,075,000
23	02/01/17	1,075,000	5.50%	671,413	1,746,413	2,388,263			
24	08/01/17		5.50%	641,850	641,850		2,392,350	1,252,350	1,140,000
25	02/01/18	1,140,000	5.50%	641,850	1,781,850	2,392,350			
26	08/01/18		5.50%	610,500	610,500		2,388,000	1,188,000	1,200,000
27	02/01/19	1,200,000	5.50%	610,500	1,810,500	2,388,000			
28	08/01/19		5.50%	577,500	577,500		2,390,075	1,120,075	1,270,000
29	02/01/20	1,270,000	5.50%	577,500	1,847,500	2,390,075			
30	08/01/20		5.50%	542,575	542,575		2,388,300	1,048,300	1,340,000
31	02/01/21	1,340,000	5.50%	542,575	1,882,575	2,388,300			
32	08/01/21		5.50%	505,725	505,725		2,392,400	972,400	1,420,000
33	02/01/22	1,420,000	5.50%	505,725	1,925,725	2,392,400			
34	08/01/22		5.50%	466,675	466,675		2,392,100	892,100	1,500,000
35	02/01/23	1,500,000	5.50%	466,675	1,966,675	2,392,100			
36	08/01/23		5.50%	425,425	425,425		2,392,263	807,263	1,585,000
37	02/01/24	1,585,000	5.50%	425,425	2,010,425	2,392,263			
38	08/01/24		5.50%	381,838	381,838		2,387,750	717,750	1,670,000
39	02/01/25	1,670,000	5.50%	381,838	2,051,838	2,387,750			
40	08/01/25		5.50%	335,913	335,913		2,388,288	623,288	1,765,000
41	02/01/26	1,765,000	5.50%	335,913	2,100,913	2,388,288			
42	08/01/26		5.50%	287,375	287,375		2,388,463	523,463	1,865,000
43	02/01/27	1,865,000	5.50%	287,375	2,152,375	2,388,463			
44	08/01/27		5.50%	236,088	236,088		2,392,863	417,863	1,975,000
45	02/01/28	1,975,000	5.50%	236,088	2,211,088	2,392,863			
46	08/01/28		5.50%	181,775	181,775		2,391,213	306,213	2,085,000
47	02/01/29	2,085,000	5.50%	181,775	2,266,775	2,391,213			
48	08/01/29		5.50%	124,438	124,438		2,388,375	188,375	2,200,000
49	02/01/30	2,200,000	5.50%	124,438	2,324,438	2,388,375			
50	08/01/30		5.50%	63,938	63,938		2,388,938	63,938	2,325,000
51	02/01/31	2,325,000	5.50%	63,938	2,388,938	2,388,938			
		29,000,000		27,579,200	56,579,200	56,579,200	56,579,200	27,579,200	29,000,000
	Accrued Interest								
	Total	29,000,000		27,579,200	56,579,200	56,579,200	56,579,200	27,579,200	29,000,000

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 4
 DEPRECIATION EXPENSE

Line No.	Plant Account	12/31/04 Depreciation	Change in Current Assets	Test Year Total
		\$	\$	\$
	Source of Supply & Pumping			
1	Land & Land Rights	0	0	0
2	Structures & Improvements	269,426	1,582	271,007
3	Lake River & Other Intakes	77,488	(0)	77,488
4	Supply Mains	23,312	0	23,312
5	Pumping Equipment	381,934	5,815	387,750
6	Total	752,159	7,397	759,556
	Water Treatment Plant			
7	Land & Land Rights	0	0	0
8	Structures & Improvements	804,794	(10,228)	794,565
9	Water Treatment Equipment	421,478	(30,424)	391,054
10	Total	1,226,272	(40,653)	1,185,619
	Transmission & Distribution			
11	Land & Land Rights	0	0	0
12	Structures & Improvements	200,346	2,876	203,222
13	Distribution Reservoirs & Standpipes	133,504	250	133,754
14	Transmission & Distribution Mains	1,139,203	94,413	1,233,616
15	Transmission & Distribution Services	375,998	15,736	391,734
16	Meters & Meter Installation	152,590	5,272	157,862
17	Hydrants	86,660	4,483	91,143
18	Other Plant & Misc. Equipment	220,126	105,877	326,003
19	Total	2,308,427	228,907	2,537,333
	General Plant			
20	Land & Land Rights	0	0	0
21	Structures & Improvements	323,967	35,536	359,503
22	Office Equipment	226,866	(13,785)	213,080
23	Transportation Equipment	226,860	(12,163)	214,697
24	Tools, Shop & Garage Equipment	3,569	(221)	3,348
25	Power Operated Equipment	33,680	3,369	37,049
26	Other Tangible Plant	25,064	(6,373)	18,691
27	Total	840,005	6,362	846,368
28	Total Depreciation Expense	5,126,863	202,013	5,328,876

NORTHERN KENTUCKY WATER DISTRICT
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Sch5 - OtherOpRev

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 5
REVENUES NOT SUBJECT TO RATE INCREASE

Line No.	Forfeited Discounts	Rents from Property	Turn On Fees	Private Fire Protection (a)	Surcharge Revenues	Total	Reference
1	\$621,870	\$452,661	\$258,818	\$58,730	\$481,467	\$1,873,546	2004 Financials

1 Test Year

(a) Used to credit public fire protection costs.

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 6
 TEST YEAR NON-OPERATING INCOME

Line No.		Boone & Florence			Interest Income	Total	Reference
		Misc. Income	Reserve	Early Termination ^(a)			
1	Test Year	\$161,195	\$375,101	\$68,584	\$791,405	\$1,396,285	2004 Financials

(a) In accordance with PSC Order 2002-0105, the extraordinary income amount of \$685,842 realized in 2002 related to the Boone/Florence early termination penalty payment is amortized over 10 years.

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 7
 TEST YEAR REVENUES UNDER CURRENT RATES

Line No.		Metered Sales			Total	Reference
		Retail	Wholesale	Bulk		
1	2004	\$29,915,559	\$952,550	\$5,081	\$30,873,190	2004 Financials
2	Plus Taylor Mill conversion to retail ^(a)	611,109	(206,668)	0	404,441	Petitioner's Exhibit K
3	Plus Volume Normalization ^(b)	1,820,339			1,820,339	Petitioner's Exhibit K
4	Plus New Connections ^(c)	296,835	0	0	296,835	Petitioner's Exhibit O
5	Plus Prior Rate Increase ^(d)	632,245	32,150	0	664,395	
6	Test Year	33,276,086	778,032	5,081	34,059,199	

- (a) Adjustment to reflect Taylor Mill becoming a retail customer of the District beginning in April 2004.
- (b) Adjustment to normalize for abnormally low billable water usage due to rainy weather in 2004.
- (c) Extensions are expected to result in approximately 900 new connections.
- (d) Adjustment for Rate Increase approved in PSC Order 2003-00224.

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 8
REVENUE REQUIREMENTSLine
No.

	Total Revenue Requirement		
1	Total Revenue Requirement	\$40,704,350	Schedule 1
2	Less: Non-Operating Income	(952,600)	Schedule 7
3	Less: Private Fire Protection Revenues	(58,730)	Credit to Fire Protection
4	Less: Boone & Florence Reserve and Early Termination	(443,685)	Schedule 5
5	Less: Other Revenues Not Subject to Rate Increase	<u>(1,814,816)</u>	Schedule 5
6	Total Revenue Required from Water Sales	37,434,519	
	Operation & Maintenance Expense from Water Sales Revenues		
7	Operation & Maintenance Expense	20,375,306	Schedule 1
8	Less: Non-Operating Income	(98,797)	Line 2
9	Less: Private Fire Protection Revenues	(58,730)	Credit to Fire Protection
10	Less: Other Revenues Not Subject to Rate Increase	<u>(1,814,816)</u>	Line 5
11	Net Operation & Maintenance Expense	18,402,963	
	Capital Costs		
12	Depreciation Expense	5,328,876	Schedule 3
13	Debt Service	12,541,807	Schedule 3
14	Debt Service Coverage	2,458,361	Schedule 3
15	Less: Non-Operating Income	(853,803)	Line 2 - Line 8
16	Les: Boone & Florence Reserve and Early Termination	<u>(443,685)</u>	Schedule 6
17	Net Capital Costs	19,031,556	

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 9
RETURN ON UTILITY PLANT AND RETURN ON EQUITY

Line
No.

Return on Utility Plant

1	Net Depreciated Plant	\$205,274,916	Schedule 11.1
2	Less: Contribution in Aid of Construction	<u>(40,195,514)</u>	Financial Statements
3	Net Plant	165,079,402	
Pro Forma Operating Revenues			
Revenues			
4	Operating Revenue Not Subject to Rate Increase	1,873,546	Schedule 1
5	Non-Operating Revenue	952,600	Schedule 1
6	Boone & Florence Reserve and Early Termination	443,685	Schedule 1
7	Revenues at Current Rates	34,059,199	Schedule 1
8	Increased Revenue with Requested Rate Increase	<u>3,375,320</u>	Schedule 1
9	Total Pro Forma Revenue	40,704,350	
10	Less: Operation & Maintenance Expense	(20,375,306)	Schedule 1
11	Less: Depreciation Expense	(5,328,876)	Schedule 1
12	Less: Debt Service Coverage	<u>(2,458,361)</u>	Schedule 1
13	Total Pro Forma Operating Revenue	12,541,807	
14	Pro Forma Return on Utility Plant	7.60%	Line 13/Line 3

Imbedded Interest Rate as of December 31, 2004

	<u>Principal</u>	<u>Annual Interest</u>	<u>Average Interest Rate</u>	
15	1997 Bonds	7,080,000	316,990	4.48%
16	1998 Bonds	10,045,000	480,836	4.79%
17	2001 Bonds	15,565,000	733,100	4.71%
18	SubDistrict C	2,220,000	111,000	5.00%
19	2002A Bonds	44,790,000	2,176,540	4.86%
20	2002B Bonds	9,585,000	356,706	3.72%
21	2003A Bonds	1,580,000	65,078	4.12%
22	2003B Bonds	29,445,000	1,039,150	3.53%
23	2003C Bonds	22,360,000	747,944	3.35%
24	2004 Bonds	<u>10,455,000</u>	<u>303,323</u>	2.90%
25	Total Existing Bonds	153,125,000	6,330,667	4.13%
26	2006 Bonds	<u>29,000,000</u>	<u>1,595,000</u>	5.50%
27	Total Bonds	182,125,000	7,925,667	4.35%

Return on Equity

	<u>Capital Structure</u>	<u>Capital Structure</u>	<u>Cost of Capital</u>	
28	Outstanding Principal on Revenue Bonds as of December 31, 2004 (Line 25)	153,125,000	60.10%	4.13% (a)
29	Net System Equity as of December 31, 2004	<u>101,641,347</u>	<u>39.90%</u>	<u>12.49%</u> (b)
30	Total	254,766,347	100.00%	7.60% (c)

(a) Line 28
(b) Calculated
(c) Line 14

NORTHERN KENTUCKY WATER DISTRICT

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Sch10 - Dep. Allocation

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 10

ALLOCATION OF DEPRECIATION EXPENSE

Common to All Customers

Distribution System Customers Only(*)

Line No.	Description	Common to All Customers		Distribution System Customers Only(*)		Billing	Base	Extra Capacity		Metering	Billing	Extra Capacity		Fire Protection
		Total	Base	Max Hour	Extra Day			Max Hour	Max Day			Max Hour	Max Day	
1	Source of Supply & Pumping	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Land & Land Rights	271,007	172,089	98,918	0	0	0	0	0	0	0	0	0	0
3	Structures & Improvements	77,488	49,205	28,283	0	0	0	0	0	0	0	0	0	0
4	Lake River & Other Intakes	23,312	14,803	8,509	0	0	0	0	0	0	0	0	0	0
5	Supply Mains	387,750	246,221	141,529	0	0	0	0	0	0	0	0	0	0
6	Pumping Equipment	759,556	482,317	277,239	0	0	0	0	0	0	0	0	0	0
7	Water Treatment Plant	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Land & Land Rights	794,565	504,549	290,016	0	0	0	0	0	0	0	0	0	0
9	Structures & Improvements	391,054	248,319	142,735	0	0	0	0	0	0	0	0	0	0
10	Water Treatment Equipment	1,185,619	752,868	432,751	0	0	0	0	0	0	0	0	0	0
11	Transmission & Distribution	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Land & Land Rights	203,222	39,398	22,636	4,507	55,619	0	30,459	17,457	23,922	9,224	0	0	0
13	Structures & Improvements	133,754	56,712	32,502	44,540	0	0	0	0	0	0	0	0	0
14	Distribution Reservoirs & Standpipes	523,762	332,589	191,173	0	0	0	0	0	0	0	0	0	0
15	Transmission & Distribution Mains	709,855	391,734	157,862	391,734	157,862	0	0	0	0	0	0	0	0
16	Large Mains	91,143	32,081	18,432	3,670	45,289	160,524	24,802	14,215	19,479	7,511	0	0	0
17	Small Mains	157,862	91,143	46,686	52,717	650,503	160,524	356,239	204,167	279,783	107,878	0	0	0
18	Meters & Meter Installation	326,003	32,081	18,432	3,670	45,289	160,524	24,802	14,215	19,479	7,511	0	0	0
19	Hydrants	2,537,333	460,779	264,743	52,717	650,503	160,524	356,239	204,167	279,783	107,878	0	0	0
20	Other Plant & Misc. Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
21	General Plant	359,503	136,019	78,175	4,228	52,171	12,874	28,571	16,374	22,439	8,652	0	0	0
22	Land & Land Rights	213,080	80,619	46,335	2,506	30,922	7,631	16,934	9,705	13,300	5,128	0	0	0
23	Structures & Improvements	214,697	81,230	46,686	2,525	31,157	7,689	17,063	9,779	13,401	5,167	0	0	0
24	Office Equipment	3,348	1,267	728	39	486	120	266	152	209	81	0	0	0
25	Transportation Equipment	37,049	14,018	8,056	436	5,377	1,327	2,944	1,687	2,312	892	0	0	0
26	Tools, Shop & Garage Equipment	18,691	7,073	4,064	220	2,712	669	1,485	851	1,167	450	0	0	0
27	Power Operated Equipment	846,368	320,226	184,044	9,954	122,825	30,310	67,263	38,548	52,828	20,370	0	0	0
28	Other Tangible Plant & Routine Annual	5,328,876	2,016,190	1,158,777	62,671	773,328	190,834	423,502	242,715	332,611	128,248	0	0	0
29	Total	100.0%	37.8%	21.7%	1.2%	14.5%	3.6%	7.9%	4.6%	6.2%	2.4%	0	0	0
30	Total Depreciation Expense													
31	Distribution													

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

NORTHERN KENTUCKY WATER DISTRICT
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File: RateCase05
Sch10 1 - Allocation Factors

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 10.1
DEPRECIATION EXPENSE, NET PLANT INVESTMENT, AND OTHER CAPITAL COST ALLOCATION FACTORS

Line No.	Cost Component	Allocation Factors				Reference
		Demand Ratio	Base	Max Day	Max Hour	
1	Base	100.0%	100.0%			2002 Demand Data - NKWD
2	Max Day	157.4%	63.5%	36.5%		2002 Demand Data - NKWD
3	Max Hour	236.1%	42.4%	24.3%	33.3%	

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 10.2
 ALLOCATION PROCEDURES

Description	Allocation Procedure
Source of Supply & Pumping	
Land & Land Rights	Common to All - Base
Structures & Improvements	Common to All - Base/Maximum Day
Lake River & Other Intakes	Common to All - Base/Maximum Day
Supply Mains	Common to All - Base/Maximum Day
Pumping Equipment	Common to All - Base/Maximum Day
Water Treatment Plant	Common to All - Base/Maximum Day
Land & Land Rights	Common to All - Base/Maximum Day
Structures & Improvements	Common to All - Base/Maximum Day
Water Treatment Equipment	Common to All - Base/Maximum Day
Transmission & Distribution	
Land & Land Rights	Common to All - Base
Structures & Improvements	Sum of All excluding Other Plant (T&D category)
Distribution Reservoirs & Standpipes	Common to All - Base/Maximum Day/Maximum Hour
Transmission & Distribution Mains	
Large Mains (as defined in PSC Order 2002-0105)	Base/Maximum Day
Small Mains (as defined in PSC Order 2002-0105)	Base/Maximum Day/Maximum Hour
Transmission & Distribution Services	Meters & Services
Meters & Meter Installation	Meters & Services
Hydrants	Public Fire Protection
Other Plant & Misc. Equipment	Sum of the above (T&D category)
General Plant	
Land & Land Rights	Sum of the above (Source & Supply, Water Treatment Plant, T&D)
Structures & Improvements	Sum of the above (Source & Supply, Water Treatment Plant, T&D)
Office Equipment	Sum of the above (Source & Supply, Water Treatment Plant, T&D)
Transportation Equipment	Sum of the above (Source & Supply, Water Treatment Plant, T&D)
Tools, Shop & Garage Equipment	Sum of the above (Source & Supply, Water Treatment Plant, T&D)
Power Operated Equipment	Sum of the above (Source & Supply, Water Treatment Plant, T&D)
Other Tangible Plant & Routine Annual	Sum of the above (Source & Supply, Water Treatment Plant, T&D)
Main Repair, Replacement & Extensions Reserve	Sum of Large Mains and Small Mains
Working Capital	Sum of the above (all Plant Investment categories)
Inventory	Sum of the above (all Plant Investment categories)
Contributed Capital	Distribution System Customers - Base/Maximum Day/Maximum Hour
Debt Service and Debt Service Coverage	Sum of the above (all Plant Investment categories)
Interest Income	Sum of the above (all Plant Investment categories)
Boone & Florence Reserve	Sum of the above less Public Fire Protection (all Plant Investment categories less Fire Protection)

SCHEDULE 11
 ALLOCATION OF PLANT INVESTMENT, DEBT SERVICE, AND DEBT SERVICE COVERAGE

Line No.	Description	Total		Base		Extra Capacity		Common to All Customers		Billing		Distribution System Customers Only(*)		Fire Protection
		\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	
	Source of Supply & Pumping	29,200		29,200										
1	Land & Land Rights	14,059,455		8,927,754		5,131,701								
2	Structures & Improvements	845,441		356,855		308,586								
3	Lake River & Other Intakes	1,945,128		1,235,156		709,972								
4	Supply Mains	5,604,215		3,558,677		2,045,538								
5	Pumping Equipment	22,483,440		14,287,643		8,195,797								
6	Total	72,496		46,035		26,461								
7	Water Treatment Plant	29,959,532		19,024,303		10,935,229								
8	Structures & Improvements	6,249,173		3,968,225		2,280,948								
9	Water Treatment Equipment	36,281,201		23,038,563		13,242,638								
10	Total	205,403		205,403		781,030		70,079		761,256		610,205		836,206
11	Land & Land Rights	5,633,978		1,368,001		1,172,373		1,606,585						
12	Structures & Improvements	4,824,579		2,045,621										
13	Distribution Reservoirs & Standpipes	45,843,911		29,110,884		16,733,027								
14	Transmission & Distribution Mains	57,568,542		12,562,670		4,889,386								
15	Large Mains ^(a)	4,889,386		3,266,449		74,857		6,717		72,962		1,364,455		58,485
16	Small Mains	3,266,449		1,904,439		131,114		1,683,381		1,364,455		25,575,927		80,146
17	Transmission & Distribution Services	1,904,439		32,861,023		18,761,287								20,086,677
18	Meters & Meter Installation	136,699,357		298,317		107,119		2,569		27,909		39,034		30,656
19	Hydrants	8,527,679		3,062,120		1,753,829		73,442		797,791		1,115,819		876,339
20	Other Plant & Miscellaneous Equipment ^(b)	383,198		137,599		78,810		3,300		35,849		50,140		39,379
21	Total	464,186		166,680		95,466		3,998		43,426		60,737		47,702
22	Tools, Shop & Garage Equipment	7,315		2,627		1,504		63		684		957		752
23	Power Operated Equipment	107,019		38,428		22,010		922		10,012		14,003		10,998
24	Other Tangible Plant & Routine Annual ^(b)	23,204		152		86		4		39		55		43
25	Total	9,810,918		3,514,725		2,013,058		84,298		915,710		1,280,745		1,005,869
26	Net Plant Investment	205,274,916		73,701,954		42,212,780		1,767,679		19,201,984		26,856,572		21,092,546
27	Construction Work in Progress	0		0		0		0		0		0		0
28	Annual Repairs & Replacements	0		0		0		0		0		0		0
29	Plus: Working Capital	0		0		0		0		0		0		0
30	Plus: Inventory	0		0		0		0		0		0		0
31	Less: Contributed Capital	(40,195,514)		73,701,954		42,212,780		1,767,679		19,201,984		26,856,572		21,092,546
32	Total Plant Investment	165,079,402		73,701,954		42,212,780		1,767,679		19,201,984		26,856,572		21,092,546
33	Distribution	100.00%		44.65%		25.57%		1.07%		11.63%		0.88%		4.67%
34	Total Debt Service	12,541,807		5,599,462		3,207,090		134,298		1,458,859		745,588		585,568
35	Less: Other Revenues	(853,803)		(381,192)		(218,328)		(9,143)		(99,314)		(7,528)		(39,863)
36	Interest Income	(443,685)		(202,498)		(115,981)		(4,857)		(52,758)		(3,999)		(21,126)
37	Boone & Florence Reserve and Early Termination	11,244,319		5,015,772		2,872,781		120,298		1,306,787		99,059		524,529
38	Total Adjusted Debt Service	2,458,361		1,097,569		628,632		26,324		285,956		146,145		114,779
39	Debt Service Coverage													53,522

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.
 (a) Where known, CWIP costs associated with Small or Large Mains are allocated directly to either Common-to-All or Distribution System Customers Only.
 (b) Amounts allocated directly to billing represent the District's Billing System Replacement Project.

NORTHERN KENTUCKY WATER DISTRICT
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File: RateCase05
Sch11.1 - Net Plant

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 11.1
NET PLANT INVESTMENT

	Description	12/31/04 Original Book Value	Ending Dec 31, 2004 Adjustments		Net Plant Thru 12/31/04	2005 adjustments		Test Year CWIP ^(e)	Test Year Net Plant
			Accumulated Depreciation 12/31/03	Plus Current Depreciation		Plus Plant Additions	Less Net Depreciation		
		\$	\$	\$	\$	\$	\$	\$	\$
1	Source of Supply & Pumping	29,200	0	0	29,200	0	0	0	29,200
2	Land & Land Rights	16,869,144	2,269,256	269,426	14,330,463	0	271,007	0	14,059,455
3	Structures & Improvements	1,524,592	524,175	77,488	922,929	0	77,488	0	845,441
4	Lake River & Other Intakes	2,307,853	316,102	23,312	1,968,440	0	23,312	0	1,945,128
5	Supply Mains	8,661,832	3,026,475	381,934	5,253,423	0	387,750	738,542	5,604,215
6	Pumping Equipment	29,392,621	6,136,008	752,159	22,504,454	0	759,556	738,542	22,483,440
7	Total	72,496	0	0	72,496	0	0	0	72,496
8	Water Treatment Plant	36,092,640	4,533,748	804,794	30,754,098	0	794,565	0	29,959,532
9	Land & Land Rights	9,285,428	2,296,200	421,478	6,567,751	0	391,054	72,476	6,249,173
10	Structures & Improvements	45,450,564	6,829,948	1,226,272	37,394,344	0	1,185,619	72,476	36,281,201
11	Water Treatment Equipment	205,403	0	0	205,403	0	0	0	205,403
12	Total	7,660,361	1,673,659	200,346	5,786,356	0	203,222	50,843	5,633,978
13	Transmission & Distribution	7,500,741	2,408,904	1,139,203	93,626,546	0	1,233,616	11,019,523	103,412,453
14	Land & Land Rights	106,184,511	11,418,762	375,998	12,954,404	0	391,734	0	12,562,670
15	Structures & Improvements	18,787,274	5,456,873	86,660	5,047,248	0	157,862	0	4,889,386
16	Distribution Reservoirs & Standpipes	6,537,668	1,337,830	220,126	3,357,592	0	326,003	0	3,266,449
17	Transmission & Distribution Mains	4,550,842	1,106,589	220,126	2,230,441	0	2,537,333	11,070,366	1,904,439
18	Meters & Meter Installation	3,374,076	923,508	2,308,427	128,166,324	0	2,537,333	0	136,699,357
19	Hydrants	154,800,876	24,326,125	0	298,317	0	0	0	298,317
20	Other Plant & Misc. Equipment	4,894,293	1,274,984	323,967	3,295,342	0	359,503	5,591,840	8,527,679
21	Total	2,352,529	1,529,385	226,866	596,278	0	213,080	0	383,198
22	General Plant	2,512,074	1,606,331	226,860	678,883	0	214,697	0	464,186
23	Land & Land Rights	284,376	270,144	3,569	10,663	0	3,348	0	7,315
24	Structures & Improvements	542,549	364,802	33,680	144,068	0	37,049	0	107,019
25	Office Equipment	891,077	824,119	25,064	41,895	0	18,691	0	23,204
26	Transportation Equipment	11,775,215	5,869,765	840,005	5,065,445	0	846,368	5,591,840	9,810,918
27	Tools, Shop & Garage Equipment	241,419,276	43,161,847	5,126,863	193,130,567	0	5,328,876	17,473,225	205,274,916
28	Power Operated Equipment	0	0	0	0	0	0	0	0
29	Other Tangible Plant & Routine Annual	0	0	0	0	0	0	0	0
30	Total	241,419,276	43,161,847	5,126,863	193,130,567	0	5,328,876	17,473,225	205,274,916
31	Net Plant Investment	0	0	0	0	0	0	0	0
	Construction Work In Progress	0	0	0	0	0	0	0	0
	Annual Repairs & Replacements	0	0	0	0	0	0	0	0
	Total Plant Investment	241,419,276	43,161,847	5,126,863	193,130,567	0	5,328,876	17,473,225	205,274,916

(a) See Schedule 11.2

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 11.2
CONSTRUCTION WORK IN PROGRESS DETAIL

	Description	Account	Ending	Plus	Total	Asset Class
			12/31/04	Projects	Test Year	
			CWIP	Already Bid or Contracted ^(a)	CWIP	
			\$	\$	\$	
1	CIP - SR 536 (Pond Creek) US27 to Ky 9 16"	184-0052-000	95		95	Large Mains
2	CIP - Racetrack Rd from Flatwood to Persimmon 12"	184-0063-000	11,341	578,659	590,000	Large Mains
3	CIP - Howard Ave 8"	184-0070-000	2,584	0	2,584	Small Mains
4	New 42" from FTTP to Mook Rd @ Joe's Lake Road	184-0076-000	15,289	0	15,289	Large Mains
5	Fourth St Water Main	184-0100-000	14,633	185,367	200,000	Small Mains
6	24" Steel Main Replacement, Latonia	184-0103-000	244	0	244	Large Mains
7	Richardson Rd US 25 to Beechgrove	184-0106-000	981	0	981	Large Mains
8	Orphanage Dudley 1040 pump	184-0107-000	1,286	448,714	450,000	Large Mains
9	4 Mile Pk (Poplar Rdg to Nelson Rd)	184-0111-000	5,959	363,441	369,400	Large Mains
10	Nelson Rd (4 Mile to 4 & 12 Mile)	184-0112-000	5,959	714,441	720,400	Large Mains
11	Arcadia Ave.	184-0118-000	0	0	0	Small Mains
12	Ryland Heights Watermain	184-0122-000	12,461	0	12,461	Small Mains
13	24" redundancy Glenn ave covington	184-0123-000	11,511	968,489	980,000	Large Mains
14	Poplar Ridge (Upper Tug Fork to 4 Mile, Hydraulic	184-0132-000	5,959	334,241	340,200	Large Mains
15	16"water main Far Hills Dr to Pelly Rd	184-0135-000	365,814	34,186	400,000	Large Mains
16	Newport high service 12" interconnection	184-0140-000	6,581	517,419	524,000	Large Mains
17	Newport,MPTP low service 20" interconnection	184-0141-000	318,920	45,920	364,840	Large Mains
18	Klette Road/Rice Rd.	184-0142-000	51,747	658,573	710,320	Large Mains
19	Water Works Rd Water Main Replacement	184-0151-000	7,663	0	7,663	Large Mains
20	WM replacement - Madison Ave.	184-0154-000	429,658	220,342	650,000	Small Mains
21	Rossford Ave from 12" to Tank, Covert	184-0156-000	22,248	442,752	465,000	Large Mains
22	Jefferson, Euclid , Highland Watermain Replacement	184-0157-000	14,895	0	14,895	Small Mains
23	3rd Street watermain design	184-0160-000	9,856	362,144	372,000	Small Mains
24	24 Inch Steel Phase 2	184-0164-000	364,992	74,116	439,108	Large Mains
25	Barbara Circle water main replacement	184-0166-000	4,500	136,500	141,000	Small Mains
26	W M replacement,Grand/Kollman/Cleveland/Parkview	184-0167-000	25,728	0	25,728	Small Mains
27	New Richmond Rd & Four Mile Circle	184-0168-000	6,498	108,502	115,000	Small Mains
28	Ross Avenue main line project	184-0170-000	5,183	39,817	45,000	Small Mains
29	Taylor Ave & Eden Ave main line project	184-0171-000	5,183	44,817	50,000	Small Mains
30	8" water main project 4 Mile Pk	184-0172-000	18,958	42	19,000	Small Mains
31	Eaton Drive 8" WM & 18" interconnect	184-0173-000	5,036	41,464	46,500	Large Mains
32	John St, Short John, Forest St/ water main replace	184-0174-000	14,754	0	14,754	Small Mains
33	New Richmond Road main line project	184-0175-000	6,205	0	6,205	Small Mains
34	CIP - DOT Johns Hill Rd to KY 9 Relocation	184-0203-000	4,172	(0)	4,172	Large Mains
35	CIP - Madison Pike(Ky 17) Pelly to Hands Pk.	184-0206-000	20,644	0	20,644	Large Mains
36	Dixie Hwy Drainage Improvements	184-0207-000	7,887	(0)	7,887	Large Mains
37	Buttermilk Post Office to Dixie Hwy	184-0208-000	11,561	16,418	27,979	Large Mains
38	Bristow Rd KY 536 -Banklick CK & CSR RR	184-0210-000	32,264	0	32,264	Large Mains
39	Madison Pk / Pelley	184-0211-000	10,553	(6,107)	4,447	Large Mains
40	Walton Nicholson Pk - Curve straightning	184-0212-000	5,551	0	5,551	Large Mains
41	Dolwick Dr connector to Erlanger	184-0213-000	18,729	0	18,729	Large Mains
42	Turkeyfoot Road Reconstruction	184-0214-000	35,540	(5,540)	30,000	Large Mains
43	Turkeyfoot Relocation	184-0215-000	11,053	1,447	12,500	Large Mains
44	10th Street Crossing	184-0218-000	8,664	1,336	10,000	Large Mains
45	Ky 8 Ridge replacement KDOT project	184-0221-000	4,505	1,495	6,000	Small Mains
46	Water facilities relocation-Owl Creek	184-0222-000	4,583	(948)	3,635	Small Mains
47	Water facilities relocation-Kahns- Ky 10	184-0223-000	18,049	0	18,049	Large Mains
48	CIP - Central Facility Study	184-0305-000	5,569,054	0	5,569,054	Admin
49	Billing Project	184-0310-000	22,787	0	22,787	Billing
50	CIP - Water Tower -IMGM- South Campbell Co.	184-0416-000	50,843	0	50,843	Water Towers
51	US 27 Pump Station expansion	184-0433-000	88,542	0	88,542	Pump Stations
52	MPTP Engineering Evaluation	184-0435-000	72,476	0	72,476	WTP
53	Replacment/repair ORPS #1 pump	184-0436-000	68,489	581,511	650,000	Pump Stations
54	Distribution System Scada	184-0411-501	2,411,738	313,262	2,725,000	Small Mains
55	Total CWIP		10,250,407	7,222,818	17,473,225	

(a) Per PSC Order 2002-0105, all projects that have been bid or contracted for start prior to end of the (calendar) year are included in CWIP. All projects are anticipated to be 90% complete or greater by December 31, 2005.

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 12
ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

Line No.	Description	Total	Common to All Customers				Distribution System Customers Only(*)			Public Fire Protection
			Base	Extra Capacity		Billing	Extra Capacity		Protection	
				Max Day	Max Hour		Max Day	Max Hour		
		\$	\$	\$	\$	\$	\$	\$	\$	
Source of Supply										
Licking River Pump Station										
1	Labor	997	633	364						
2	Electric Cost	42,104	37,894	4,210						
3	Materials & Supplies	2,393	1,519	874						
4	Contractual Services	12,664	8,042	4,622						
5	Total	58,158	48,088	10,070	0	0	0	0	0	0
Ohio River Pump Station #1										
6	Labor	7,000	4,445	2,555						
7	Electric Cost	521,942	469,748	52,194						
8	Materials & Supplies	9,600	6,096	3,504						
9	Contractual Services	20,034	12,722	7,312						
10	All Other Expenses	0								
11	Total	558,577	493,012	65,565	0	0	0	0	0	0
Ohio River Pump Station #2										
12	Labor	4,812	3,056	1,756						
13	Electric Cost	48,240	43,416	4,824						
14	Materials & Supplies	6,934	4,403	2,531						
15	Contractual Services	5,588	3,548	2,040						
16	All Other Expenses	0								
17	Total	65,574	54,423	11,151	0	0	0	0	0	0
18	Total Source of Supply	682,309	595,522	86,787	0	0	0	0	0	0
Water Quality and Production										
Fort Thomas Treatment Plant										
19	Labor & Labor-Related Expenses	1,211,673	769,413	442,260						
20	Electric Cost	71,251	64,126	7,125						
21	Chemicals & Gas	579,060	579,060							
22	Materials & Supplies	80,405	51,057	29,348						
23	Contractual Services	155,030	98,444	56,586						
24	Insurance	98,407	98,407							
25	All Other Expenses	22,995	14,602	8,393						
26	Total	2,218,820	1,675,108	543,712	0	0	0	0	0	0
Taylor Mill Treatment Plant										
27	Labor & Labor-Related Expenses	331,707	210,634	121,073						
28	Chemicals & Gas	140,787	140,787							
29	Materials & Supplies	43,368	27,539	15,829						
30	Contractual Services	169,899	107,886	62,013						
31	Insurance	27,057	27,057							
32	All Other Expenses	1,189	755	434						
33	Total	714,006	514,657	199,349	0	0	0	0	0	0
Memorial Parkway Treatment Plant										
34	Labor & Labor-Related Expenses	475,219	301,764	173,455						
34	Electric Cost	64,999	58,499	6,500						
35	Chemicals & Gas	207,778	207,778							
36	Materials & Supplies	42,497	26,986	15,511						
37	Contractual Services	81,024	51,450	29,574						
38	Insurance	33,851	33,851							
39	All Other Expenses	3,521	2,236	1,285						
40	Total	908,890	682,565	226,325	0	0	0	0	0	0
Laboratory										
41	Labor & Labor-Related Expenses	493,653	493,653							
42	Chemicals & Gas	0	0							
43	Materials & Supplies	87,596	87,596							
44	Contractual Services	87,824	87,824							
45	Insurance	11,061	11,061							
46	All Other Expenses	4,481	4,481							
47	Total	684,615	684,615	0	0	0	0	0	0	0
Instrumentation										
48	Labor & Labor-Related Expenses	241,491	153,347	88,144						
49	Materials & Supplies	31,979	20,307	11,672						
50	Contractual Services	6,394	4,060	2,334						
51	Insurance	3,951	3,951							
52	All Other Expenses	9,621	6,109	3,512						
53	Total	293,437	187,775	105,662	0	0	0	0	0	0

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 12 CONTINUED
ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

Line No.	Description	Total	Common to All Customers				Distribution System Customers Only(*)				Public Fire Protection
			Base	Extra Capacity		Base	Extra Capacity		Protection		
				Max Day	Max Hour		Max Day	Max Hour			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
Sludge											
54	Labor & Labor-Related Expenses	163	163								
55	Chemicals & Gas	7,275	7,275								
56	Materials & Supplies	39,293	39,293								
57	Contractual Services	368,927	368,927								
58	Insurance	0	0								
59	All Other Expenses	16	16								
60	Total	415,675	415,675	0	0	0	0	0	0	0	0
61	Total Water Quality and Production	5,235,443	4,160,395	1,075,048	0	0	0	0	0	0	0
Pumping and Storage											
Booster Stations											
62	Labor & Labor-Related Expenses	254	161	93							
63	Electric Cost	655,458	589,912	65,546							
64	Chemicals & Gas	2,950	2,950								
65	Materials & Supplies	4,190	2,661	1,529							
66	Contractual Services	5,942	3,773	2,169							
67	Total	668,795	599,457	69,337	0	0	0	0	0	0	0
Taylor Mill Plant Station											
68	Labor & Labor-Related Expenses	0	0	0							
69	Electric Cost	264,688	238,219	26,469							
70	Materials & Supplies	0	0	0							
71	Contractual Services	0	0	0							
72	Total	264,688	238,219	26,469	0	0	0	0	0	0	0
Water Towers											
73	Labor & Labor-Related Expenses	0	0	0	0						
74	Electric Cost	5,969	2,530	1,451	1,988						
75	Materials & Supplies	24	10	6	8						
76	Contractual Services	401,690	170,316	97,611	133,763						
77	Total	407,684	172,857	99,068	135,759	0	0	0	0	0	0
Pumping - General											
78	Labor & Labor-Related Expenses	475,535	301,965	173,570							
79	Electric Cost	3,698	3,328	370							
80	Chemicals & Gas	5,134	5,134								
81	Materials & Supplies	89,331	56,725	32,606							
82	Contractual Services	196,255	124,622	71,633							
83	Insurance	43,568	43,568								
84	All Other Expenses	19,275	12,240	7,035							
85	Total	832,795	547,581	285,214	0	0	0	0	0	0	0
86	Total Pumping and Storage	2,173,961	1,558,114	480,088	135,759	0	0	0	0	0	0
Engineering and Distribution											
Engineering											
87	Labor - Operations	336,577	142,709	81,788	112,080						
88	Labor - Clerk	56,612	24,003	13,757	18,852						
89	Labor - Operations Supervision	289,992	122,957	70,468	96,567						
90	Vacation/Paid time Off	0	0	0	0						
91	Sick Leave	0	0	0	0						
92	Holiday	0	0	0	0						
93	Labor - Cleaning & Lining	12,504	5,302	3,038	4,164						
94	Labor - Structure & Impr.	0	0	0	0						
95	Labor - Maintenance of Mains	210	89	51	70						
96	Labor - Newport	0	0	0	0						
97	FICA Taxes	61,829	26,216	15,024	20,589						
98	Pension	74,545	31,607	18,114	24,824						
99	Health Insurance	152,443	64,636	37,044	50,763						
100	Education/ Recreation	15,253	6,467	3,707	5,079						
101	Misc. Benefits	0	0	0	0						
102	Materials & Supplies - Eng	4,202	1,782	1,021	1,399						
103	Materials & Supplies - Shop/Tools	6,565	2,784	1,595	2,186						
104	Materials & Supplies - Safety	1,416	600	344	472						
105	Materials & Supplies - Struct & Impr.	108	46	26	36						
106	Contract Engineering - Ops	65,894	27,939	16,012	21,943						
107	Contract Engineering - Maint	2,919	1,238	709	972						
108	Contract Serv. - Legal	22,765	9,652	5,532	7,581						
109	Contract Serv Other - Ops	50,813	21,544	12,348	16,921						
110	Communications	15,878	15,878								
111	Utilities	9,053	9,053								
112	Contract Serv. Other - Maint	359	152	87	120						
113	Contract Serv. - Struct & Impr.	2,797	1,186	680	931						
114	Auto Gas & Oil	15,731	15,731								
115	Vehicle Maint. - Contractors	529	225	128	176						
116	Vehicle Maint. - Supplies	3,864	1,638	939	1,287						
117	Insurance - Auto	8,284	3,512	2,013	2,759						
118	Insurance - GL	46,374	19,663	11,269	15,442						
119	Insurance - Workers Comp.	22,391	9,494	5,441	7,456						
120	Miscellaneous Expenses	922	391	224	307						
121	Uniforms	3,204	1,358	779	1,067						
122	Total	1,284,032	567,851	302,138	414,043	0	0	0	0	0	0

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 12 CONTINUED
 ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

Line No.	Description	Total	Common to All Customers				Distribution System Customers Only(*)			Public Fire Protection	
			Base	Extra Capacity		Metering	Billing	Base	Extra Capacity		
				Max Day	Max Hour				Max Day		Max Hour
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
	Distribution										
123	Labor - Operations	55,982	23,769					32,214			
124	Labor - Clerk	55,198	55,198								
125	Labor - Vehicle Maint	66,904		28,367	16,258	22,279					
126	Labor - Tractor/ Compressor	0	0	0	0	0					
127	Labor - Grounds Maint	0	0								
128	Labor - Maint Supervision	218,022	47,473	27,208	37,285	(298)	0	40,774	23,368	32,023	
129	Labor - Structure & Impr.	0	0					0			
130	Labor - Maint of Mains	855,440	153,995	88,257	120,945			208,711	119,615	163,917	
131	Labor - Maint of Services	212,309	90,019	51,591	70,699						
132	Labor - Maint of Meters	(1,552)									
133	Labor - Maint of Hydrants	52,988								52,988	
134	Labor - Maint Of Misc. Plant	931	395	226	310						
135	Labor - Newport	35	15	8	12						
136	Labor - Mainline Cleaning & Lining	13,630	2,453	1,406	1,927			3,326	1,906	2,612	
137	Sick Leave	110,821	29,097	13,398	18,360	(134)	0	20,646	10,495	14,383	
138	Holiday	0	0	0	0	0	0	0	0	0	
139	Vacation/Paid Time Off	0	0	0	0	0	0	0	0	0	
139	FICA Taxes	122,620	32,194	14,824	20,314	(148)	0	22,845	11,613	15,914	
140	Pension	153,603	40,330	18,570	25,447	(186)	0	28,617	14,547	19,935	
141	Misc. Benefits	89	22	11	15	0	0	17	8	12	
142	Health Insurance	363,004	95,311	43,885	60,139	(439)	0	67,629	34,378	47,111	
143	Education/Recreation	5,772	1,516	698	956	(7)	0	1,075	547	749	
144	Materials & Supplies - Office	7,994	7,994								
145	Materials & Supplies - Shop & Tools	47,867	47,867								
146	Materials & Supplies - Safety	18,120	18,120								
147	Materials & Supplies - Computer	0	0								
148	Materials & Supplies - Struct. & Impr.	2,885	1,225					1,660			
149	Materials & Supplies - Maint of Mains	324,290	58,380	33,457	45,849			79,120	45,345	62,139	
150	Materials & Supplies - Services	173,051				173,051					
151	Materials & Supplies - Meters	3,763				3,763					
152	Materials & Supplies - Hydrants	45,221								45,221	
153	Materials & Supplies - Maint of Misc Plant	5,316	2,254	1,292	1,770						
154	Materials & Supplies - Cleaning & Lining	55,275	23,436	13,432	18,407						
155	Inventory Adjustment	(20,054)	(20,054)								
156	Contract Serv - Engineering	6,366	2,699	1,547	2,120						
157	Contract Serv - Other - Ops.	13,846	5,870	3,365	4,611						
158	Communications	11,217	11,217								
159	Utilities	23,351	23,351								
160	Contract Computer Svc	0	0								
161	Contract Serv - Other - Maint	1,966	1,966								
162	Contract Serv - Grounds Maint	3,191	3,191								
163	Contract Serv - Struct. & Impr.	4,523	815	467	639			1,103	632	867	
164	Contract Serv - Maint of Mains	305,048	54,915	31,472	43,129			74,426	42,654	58,452	
165	Contract Serv - Contractors	53,347	22,619	12,963	17,765						
166	Contract Serv - Maint of Hydrants	2,431								2,431	
167	Contract Serv - Maint of Misc Plant	1,333	565	324	444						
168	Contract Serv - Blow Off Charges	83,407	83,407								
169	Contract Serv - Main Clean & Lining	793,157	142,784	81,831	112,139			193,515	110,906	151,982	
170	Auto Gas & Oil	71,230	71,230								
171	Vehicle Maint - Contractors	27,560	27,560								
172	Vehicle Maint - Supplies	44,214	44,214								
173	Tractor/Compressor Gas & Oil	8,367	8,367								
174	Tractor/Compressor Maint - Contractors	4,259	4,259								
175	Tractor/Compressor Maint - Supplies	8,237	8,237								
176	Insurance - Auto	27,613	27,613								
177	Insurance - G/L	46,374	46,374								
178	Insurance - Workers Comp	42,148	11,094	5,099	6,987	(51)	0	7,835	3,977	5,450	
179	Miscellaneous Expenses	45	19	11	15						
180	Uniforms	9,302	3,944	2,260	3,098						
181	Total	4,542,056	1,345,685	463,860	635,661	173,999	0	783,513	419,991	575,546	
182	Total Engineering and Distribution	5,826,088	1,913,537	765,998	1,049,704	173,999	0	783,513	419,991	575,546	

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 12 CONTINUED
ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

Line No.	Description	Total	Common to All Customers					Distribution System Customers Only(*)			Public Fire Protection
			Base	Extra Capacity		Metering	Billing	Base	Extra Capacity		
				Max Day	Max Hour				Max Day	Max Hour	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
Customer Service											
Meter Reading											
183	Labor & Labor-Related Expenses	266,062					266,062				
184	Materials & Supplies	6,107					6,107				
185	Contractual Services	8,455					8,455				
186	Insurance	15,663					15,663				
187	All Other Expenses	12,863					12,863				
188	Total	309,150	0	0	0	0	309,150	0	0	0	0
Field Service											
189	Labor & Labor-Related Expenses	634,736					634,736				
190	Materials & Supplies	12,804					12,804				
191	Contractual Services	3,715					3,715				
192	Insurance	17,900					17,900				
193	All Other Expenses	39,180					39,180				
194	Total	708,335	0	0	0	0	708,335	0	0	0	0
Account Service											
195	Labor & Labor-Related Expenses	924,478					924,478				
196	Materials & Supplies	156,208					156,208				
197	Contractual Services	241,898					241,898				
198	Insurance	22,391					22,391				
199	All Other Expenses	6,745					6,745				
	Total	1,351,720	0	0	0	0	1,351,720	0	0	0	0
Flushing											
200	Labor & Labor-Related Expenses	272,838	204,628								68,210
201	Materials & Supplies	8,364	6,273								2,091
202	Contractual Services	2,875	2,156								719
203	Insurance	8,950	6,713								2,237
204	All Other Expenses	16,549	12,412								4,137
205	Total	309,577	232,182	0	0	0	0	0	0	0	77,395
Customer Service - General											
206	Insurance	23,187	12,148	4,492	2,362	347	0	1,564	838	1,149	287
207	Bad Debt	431,210	225,919	83,535	43,927	6,458	0	29,082	15,589	21,363	5,337
208	All Other Expenses	69,205	36,258	13,406	7,050	1,037	0	4,667	2,502	3,428	857
209	Total	523,601	274,324	101,433	53,339	7,842	0	35,313	18,929	25,940	6,481
Courier & Maintenance Labor											
211	Labor & Labor-Related Expenses	52,597					52,597				
212	Materials & Supplies	108					108				
213	Insurance	920					920				
214	All Other Expenses	2,011					2,011				
215	Total	55,635					55,635				
Meter Shop											
217	Labor & Labor-Related Expenses	220,484				220,484					
218	Materials & Supplies	45,528				45,528					
219	Contractual Services	10,980				10,980					
220	Insurance	8,950				8,950					
221	All Other Expenses	4,672				4,672					
222	Total	290,614				290,614					
210	Total Customer Service	3,548,632	506,506	101,433	53,339	298,456	2,424,841	35,313	18,929	25,940	83,876
Administration											
Executive Management											
223	Labor & Labor-Related Expenses	495,412	186,126	79,282	41,876	12,811	110,497	25,058	12,738	17,456	9,568
224	Materials & Supplies	6,621	2,878	1,027	540	206	1,059	357	192	263	99
225	Contractual Services	15,770	6,857	2,446	1,286	491	2,521	851	456	625	237
226	Insurance	4,872	2,118	756	397	152	779	263	141	193	73
227	All Other Expenses	15,853	6,890	2,459	1,293	494	2,535	856	459	629	238
228	Total	538,528	204,869	85,970	45,392	14,154	117,391	27,385	13,986	19,166	10,215
Accounting/HR/Info Systems/Safety											
229	Labor & Labor-Related Expenses	847,604	368,475	131,448	69,123	26,405	135,520	45,763	24,530	33,616	12,724
230	Materials & Supplies	71,896	31,255	11,150	5,863	2,240	11,495	3,882	2,081	2,851	1,079
231	Contractual Services	373,135	162,211	57,866	30,430	11,624	59,659	20,146	10,799	14,798	5,602
232	Insurance	16,726	7,272	2,594	1,364	521	2,674	903	484	663	251
233	All Other Expenses	9,520	4,138	1,476	776	297	1,522	514	276	378	143
234	Total	1,318,881	573,351	204,534	107,556	41,087	210,870	71,208	38,170	52,306	19,799
Board of Commissioners											
235	Labor & Labor-Related Expenses	95,533	41,531	14,815	7,791	2,976	15,274	5,158	2,765	3,789	1,434
236	Insurance	23,200	10,086	3,598	1,892	723	3,709	1,253	671	920	348
237	All Other Expenses	3,931	1,709	610	321	122	628	212	114	156	59
238	Total	122,664	53,326	19,023	10,004	3,821	19,611	6,623	3,550	4,865	1,841
Administration - Other											
239	Labor & Labor-Related Expenses	9,111	3,960	1,413	743	284	1,457	492	264	361	137
240	Materials & Supplies	96,408	41,912	14,951	7,862	3,003	15,414	5,205	2,790	3,824	1,447
241	Contractual Services	261,952	113,879	40,624	21,362	8,160	41,882	14,143	7,581	10,389	3,932
242	Insurance	140,522	61,088	21,792	11,460	4,378	22,467	7,587	4,067	5,573	2,110
243	All Other Expenses	420,807	182,935	65,260	34,317	13,109	67,281	22,720	12,179	16,689	6,317
244	Total	928,801	403,775	144,040	75,744	28,934	148,501	50,147	26,881	36,836	13,943
245	Total Administration	2,908,874	1,235,321	453,567	238,696	87,996	496,373	155,363	82,587	113,173	45,798
246	Total Operation & Maintenance Expense	20,375,306	9,969,394	2,962,921	1,477,498	560,451	2,921,214	974,189	521,507	714,659	273,474
Total O&M Expense											
	Total O&M Expense	20,375,306	9,969,394	2,962,921	1,477,498	560,451	2,921,214	974,189	521,507	714,659	273,474
Less: Other Income											
247	Other Operating Revenue	(1,814,816)	(1,011,242)	(300,543)	(149,870)	(56,849)	(296,312)				
248	Fire Protection Revenue	(58,730)	0	0	0	0	0	0	0	0	(58,730)
249	Other Non-Operating Revenue	(98,797)	(50,113)	(18,208)	(9,080)	(3,444)	(17,952)	0	0	0	0
250	Total Adjusted O&M Expense	18,402,963	8,908,039	2,644,170	1,318,548	500,158	2,606,950	974,189	521,507	714,659	214,744
251	Distribution	100.0%	48.4%	14.4%	7.2%	2.7%	14.2%	5.3%	2.8%	3.9%	1.2%

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105

File: RateCase05
Sch12 1 - Allocation Factors

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 12.1
OPERATION AND MAINTENANCE EXPENSES ALLOCATION FACTORS

Line No.	Cost Component	Allocation Factors			Reference
		Demand Ratio	Base	Max Hour	
1	Base	100.0%			
2	Max Day	157.4%	63.5%		2002 Demand Data - NKWD
3	Max Hour	236.1%	42.4%	33.3%	2002 Demand Data - NKWD
Common To All Customers					
Total			Base	Max Hour	Public Fire Protection
4	Electric Costs	100.00%	90.0%		
5	Flushing Hydrants	100.00%	75.0%		
6	Purchased Water	100.00%	100.0%		
7	Chemicals & Gas	100.00%	100.0%		
Transmission & Distribution Lines					
8	Common to All	42.46%	Based on PSC Order 2002-0105		
9	Distribution Only	57.54%	Based on PSC Order 2002-0105		

Electric costs vary with peak electric demands.
25.0% Primarily to clean water mains and verify they are working properly.

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 12.2
OPERATION AND MAINTENANCE ALLOCATION PROCEDURES

Line No.	Description	Allocation Procedure
	Licking River Pump Station	
1	Labor	Common to All - Base/Maximum Day
2	Electric Cost	Common to All - 90.00% to Base, Remainder to Max Day
3	Other	Common to All - Base/Maximum Day
	Ohio River Pump Station	
4	Labor	Common to All - Base/Maximum Day
5	Electric Cost	Common to All - 90.00% to Base, Remainder to Max Day
6	Other	Common to All - Base/Maximum Day
	Source of Supply - General	
7	Labor	Common to All - Base/Maximum Day
8	Purchased Water	Common to All - Base
9	Chemicals	Common to All - Base
10	Other	Common to All - Base/Maximum Day
	Fort Thomas Treatment Plant	
11	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day
12	Electric Cost	Common to All - 90.00% to Base, Remainder to Max Day
13	Chemicals & Gas	Common to All - Base
14	Insurance	Common to All - Base
15	Other	Common to All - Base/Maximum Day
	Taylor Mill Treatment Plant	
16	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day
17	Chemicals & Gas	Common to All - Base
18	Insurance	Common to All - Base
19	Other	Common to All - Base/Maximum Day
20	Laboratory	Common to All - Base
	Instrumentation	
21	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day
22	Insurance	Common to All - Base
23	Other	Common to All - Base/Maximum Day
	Project Management	
24	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day
25	Insurance	Common to All - Base
26	Other	Common to All - Base/Maximum Day
27	Sludge	Common to All - Base
	Booster Stations	
28	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day
29	Electric Cost	Common to All - 90.00% to Base, Remainder to Max Day
30	Chemicals & Gas	Common to All - Base
31	Other	Common to All - Base/Maximum Day
	Taylor Mill Plant Station	
32	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day
33	Electric Cost	Common to All - 90.00% to Base, Remainder to Max Day
34	Other	Common to All - Base/Maximum Day
35	Water Towers	Common to All - Base/Maximum Day/Maximum Hour
	Pumping - General	
36	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day
37	Electric Cost	Common to All - 90.00% to Base, Remainder to Max Day
38	Chemicals & Gas	Common to All - Base
39	Insurance	Common to All - Base
40	Other	Common to All - Base/Maximum Day
	Engineering	
41	Labor & Labor-Related Expenses	Common to All - Base/Maximum Day/Maximum Hour
42	Other	Common to All - Base/Maximum Day/Maximum Hour, except for Communications, Utilities, & Auto Gas & Oil - Common to All - Base
	Distribution	
43	Labor - Maint. Supervision	Subtotal Maintenance Labor for Mains, Services, Meters, & Hydrants
44	Labor - Maint of Mains, Vehicles, & Services	Base/Maximum Day/Maximum Hour
45	Labor - Maint of Meters	Meters
46	Labor - Maint of Hydrants	Hydrants
47	All Other Labor	Base
48	Labor Related Expenses	Subtotal All Labor
49	Materials & Supplies - Maint of Mains & Misc. Plant	Base/Maximum Day/Maximum Hour
50	Materials & Supplies - Services & Meters	Meters
51	Materials & Supplies - Hydrants	Hydrants
52	Contract Serv. - Engineering, Other - Ops, S&I, Mains, Main Cleaning, & Contractor	Base/Maximum Day/Maximum Hour
53	Contract Serv. - Maint. of Meters	Meters
54	Insurance - Workers Comp.	Subtotal All Labor
55	Miscellaneous Expenses & Uniforms	Common to All - Base/Maximum Day/Maximum Hour
56	Other	Common to All - Base
57	Meter Reading	Billing
58	Field Service	Billing
59	Account Service	Billing
60	Flushing	Common to All - 75.00% to Base, Remainder to Public Fire Protection
61	Customer Service - General	Subtotal All Except Purchased Water, Power, & Chemicals
62	Courier & Maintenance	
63	Meter Shop	Meters
	Executive Management	
64	Labor & Labor-Related Expenses	Subtotal All Labor Except Account/HR, Board Members, & Other - Admin
65	Other	Subtotal All Except Purchased Water, Power, & Chemicals
66	Accounting/HR/Info Systems/Safety	Subtotal All Except Purchased Water, Power, & Chemicals
67	Board of Commissioners	Subtotal All Except Purchased Water, Power, & Chemicals
68	Administration - Other	Subtotal All Except Purchased Water, Power, & Chemicals
69	Plus: Salary & Health Insurance Adjustments	Subtotal All Labor & Labor-Related Expenses
70	Plus: Worker's Compensation Adjustments	Subtotal All Insurance
71	Plus: Auto Insurance Adjustments	Subtotal All Insurance
72	Plus: General Liability Insurance Adjustments	Subtotal All Insurance
73	Less: Other Operating & Non-Operating Revenue	Sum of the Above
74	Less: Fire Protection Revenue	Public Fire Protection
75	Less: Boone & Florence Adjustment	Common to All - Base/Maximum Day

NORTHERN KENTUCKY WATER DISTRICT
May 20, 2005 3:19 p.m.

File: RateCase05
Sch13 - Units of Service

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 13
TEST YEAR UNITS OF SERVICE

Line No.	Customer Class	Total Annual Usage ^(a) ccf	Average		Maximum Day		Maximum Hour		Total Accounts ^(a)	Number of Bills		Equivalent	
			Day	ccf/d	Capacity	Factor %	Total	Capacity		Factor %	Total	Capacity	Factor %
1	Retail Monthly	227,500	623	182%	1,134	511	1,869	300%	2,031	24,369	0	2,098	
2	Residential/Multi Family	50,700	139	167%	232	93	348	250%	42	506	0	102	
3	Commercial	196,800	539	157%	846	307	1,078	200%	4	42	0	87	
4	Industrial	388,100	1,063	157%	1,669	606	2,126	200%	20	244	0	234	
5	Public Authority	863,100	2,365		3,881	1,517	5,421		2,097	25,161	0	2,521	
6	Total Retail Monthly	7,495,429	20,535	182%	37,374	16,839	61,605	300%	71,708	0	286,834	73,362	
7	Residential/Multi Family	1,884,800	5,164	167%	8,624	3,460	12,910	250%	4,263	0	17,049	6,869	
8	Commercial	797,100	2,184	157%	3,429	1,245	4,368	200%	113	0	451	645	
9	Industrial	395,600	1,084	160%	1,734	650	2,710	250%	440	0	1,760	1,532	
10	Public Authority	10,572,929	28,967		51,161	22,194	81,593		76,523	0	306,094	82,408	
11	Total Retail Quarterly	11,436,029	31,332		55,042	23,711	87,014		78,620	25,161	306,094	84,929	
12	Wholesale	106,700	292	157%	458	166	584	200%	1	12	0	21	
13	Bullock Pen	208,800	572	157%	898	326	1,144	200%	1	12	0	14	
14	City of Walton	110,500	303	157%	476	173	606	200%	1	12	0	35	
15	Pendleton County Water District	426,000	1,167		1,832	665	2,334		3	36	0	70	
16	Total Wholesale	846,000	2,334		3,665	1,330	4,666		6	72	0	140	
17	Fire Protection Public	0	0		0	0	0		0	0	0	0	
18	Fire Protection Private	0	0		0	0	0		0	0	0	0	
19	Total Fire Protection	0	0		0	0	0		0	0	0	0	
	Total System	11,862,029	32,499		56,874	24,376	89,348		79,054	25,197	307,820	84,999	
													8,272
													529
													8,801
													8,801

(a) Adjusted by bill tabulation adjustment factors for each customer class. Bill tabulation adjustment factor for overall system is 96.4%.

NORTHERN KENTUCKY WATER DISTRICT
May 20, 2005 3:19 p.m.

File: RateCase05
Sch13 1 - Number of Bills & Equivalent Meters

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 13.1
TEST YEAR NUMBER OF BILLS AND EQUIVALENT METERS

Equivalent Meters	Test Year Number of Bills by Meter Size											Total Bills	Equivalent Meters				
	5/8"	3/4"	1"	1 1/2"	2"	2.90	3"	4"	6"	8"	10"			38.00			
Retail																	
Monthly																	
Residential/Multi Family	23,692	6	308	260	82	10	0	11	0	0	0	0	24,369	2,098			
Commercial	382	9	25	9	32	9	35	5	0	0	0	0	506	102			
Industrial	0	0	0	0	11	0	0	10	0	0	21	42	87	87			
Public Authorities	26	0	6	24	61	22	57	12	12	12	24	244	234	234			
Total	24,100	15	339	293	186	41	92	38	12	12	45	25,161	2,521	2,521			
Quarterly																	
Residential/Multi Family	280,425	1,590	3,037	1,094	496	33	40	95	24	0	0	0	286,834	73,362			
Commercial	11,217	128	2,224	1,279	1,846	154	114	58	29	0	0	0	17,049	6,869			
Industrial	73	2	35	48	163	56	48	18	8	0	0	0	451	645			
Public Authorities	623	4	232	135	510	151	66	33	6	0	0	0	1,760	1,532			
Total	292,338	1,724	5,528	2,556	3,015	394	268	204	67	0	0	0	306,094	82,408			
Wholesale																	
Bullock Pen	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City of Walton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pendleton County Water District	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total System	316,438	1,739	5,867	2,849	3,201	435	360	242	79	45	45	331,291	84,999	84,999			

NORTHERN KENTUCKY WATER DISTRICT

May 20, 2005 3:19 p.m.

File: RateCase05
Sch13.2 - Number of Bills Detail

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 13.2

NUMBER OF BILLS BY METER SIZE DETAIL

Number of Bills by Meter Size (2004 Bill Tab Analysis)

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	Total
RETAIL											
Monthly											
Residential/Multi Family	24,225	6	315	266	84	10	0	11	0	0	24,917
Commercial	488	12	32	12	41	11	45	6	0	0	647
Industrial	0	0	0	0	12	0	0	11	0	24	47
Public Authority	26	0	6	24	60	22	56	12	12	24	242
Subtotal	24,739	18	353	302	197	43	101	40	12	48	25,853
Quarterly											
Residential/Multi Family	273,983	1,553	2,967	1,069	485	32	39	93	23	0	280,244
Commercial	12,058	138	2,391	1,375	1,984	166	123	62	31	0	18,328
Industrial	75	2	36	49	167	57	49	18	8	0	461
Public Authority	632	4	235	137	517	153	67	33	6	0	1,784
Subtotal	286,748	1,697	5,629	2,630	3,153	408	278	206	68	0	300,817
Wholesale (Pendleton)											
Subtotal	0	0	0	0	0	0	24	24	0	0	48
Total	311,487	1,715	5,982	2,932	3,350	451	403	270	80	48	326,718

Percentage Distribution

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	Total
RETAIL											
Monthly											
Residential/Multi Family	97.2%	0.0%	1.3%	1.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Commercial	75.4%	1.9%	4.9%	1.9%	6.3%	1.7%	7.0%	0.9%	0.0%	0.0%	100.0%
Industrial	0.0%	0.0%	0.0%	0.0%	25.5%	0.0%	0.0%	23.4%	0.0%	51.1%	100.0%
Public Authority	10.7%	0.0%	2.5%	9.9%	24.8%	9.1%	23.1%	5.0%	5.0%	9.9%	100.0%
Quarterly											
Residential/Multi Family	97.8%	0.6%	1.1%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Commercial	65.8%	0.8%	13.0%	7.5%	10.8%	0.9%	0.7%	0.3%	0.2%	0.0%	100.0%
Industrial	16.3%	0.4%	7.8%	10.6%	36.2%	12.4%	10.6%	3.9%	1.7%	0.0%	100.0%
Public Authority	35.4%	0.2%	13.2%	7.7%	29.0%	8.6%	3.8%	1.8%	0.3%	0.0%	100.0%

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 13.3

VOLUME AND AVERAGE NUMBER OF ACCOUNTS BY CUSTOMER CLASS DETAIL

Description	Test Year(a) (b)	
	Annual Usage	Accounts
	ccf	
Retail		
Monthly		
Residential/Multi Family	227,500	2,031
Commercial	50,700	42
Industrial	196,800	4
Public Authority	388,100	20
Total	863,100	2,097
Quarterly		
Residential/Multi Family	7,495,429	71,708
Commercial	1,884,800	4,263
Industrial	797,100	113
Public Authority	395,600	440
Total	10,572,929	76,523
Wholesale		
Bullock Pen	106,700	1
City of Walton	208,800	1
Pendleton County	110,500	1
Total	426,000	3
Total System	11,862,029	78,623

(a) Adjusted by bill tabulation adjustment factors for each customer class. Bill tabulation adjustment factor for overall system is 98.4%.

(b) Includes new customer connections along extensions into presently unserved areas.

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 13.4
 TEST YEAR WEATHER NORMALIZATION ADJUSTMENT

Residential Customer Class

	<u>Usage - Mgal</u> <i>Mgal</i>	<u>Avg Accts</u>	<u>Mgal/Acct</u>	<u>Ccf/Acct</u>	<u>Data for Williamstown, KY</u>		
					<u>Rainfall</u> <i>inches</i>	<u>% of Avg</u>	
2004	4,196,478	67,712	62.0	82.8	46.6	7%	positive
2003	3,962,000	63,828	62.1	83.0	49.1	12%	% of Avg
2002	4,180,414	60,749	68.8	92.0	41.9	-4%	indicates
2001	4,325,146	57,494	75.2	100.6	44.0	1%	wet
2000	4,610,418	56,003	82.3	110.1	42.9	-2%	year
1999	4,441,128	54,433	81.6	109.1			
2000-2002 Results	13,115,978	174,245	75.3	101.6			
Difference from 2004			13.3	18.8			
Adjustment Used				15.0			

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 13.5
 TEST YEAR EQUIVALENT FIRE HYDRANTS

Size (in inches)	Relative Flow Capacity Factor	Equivalent Hydrant Ratio	Public Fire Hydrants		Private Fire Connections		Total Equivalent Fire Hydrants
			Retail	Wholesale	Retail	Wholesale	
2	6.2	0.06	0	0	3	0	
3	18.0	0.16	0	0	4	0	
4	38.3	0.34	0	0	112	0	
6	111.3	1.00	8,272	0	196	0	
8	237.2	2.13	0	0	91	0	
10	426.6	3.83	0	0	21	0	
12	689.0	6.19	0	0	3	0	
Total			8,272	0	432	0	
Equivalent Fire Hydrants			8,272	0	529	0	8,801
Estimated Fire Demand							
Maximum Fire Flow (gpm)		0					
Fire Duration (hours/day)		2					
<i>Fire Protection Demands (1,000 gallons/day)</i>							
Maximum Day		0					
Maximum Hour		0					
<i>Fire Protection Demands (ccf/day)</i>							
Maximum Day		0					
Maximum Hour		0					

NORTHERN KENTUCKY WATER DISTRICT
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File: RateCase05
Sch14 - Unit Cost

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 14
TEST YEAR UNIT COST OF SERVICE

Line No.	Customer Class	Total Cost of Service \$	Common to All Customers				Distribution System Customers Only(*)				
			Base Ccf	Max Day Ccf/day	Extra Capacity Max Hour	Metering Eq. Meters	Billing Bills	Base \$	Max Day \$	Extra Capacity Max Hour	Public Fire Protection Eq. Hydrants
Number of Units											
1	Retail		11,436,029	23,711	31,972	84,929	331,255	11,436,029	23,711	31,972	0
2	Wholesale		426,000	665	502	70	36				0
3	Fire Protection										8,272
4	Public			0	0	0	0	0	0	0	529
5	Private		0	0	0	0	1,726	0	0	0	8,801
6	Total		11,862,029	24,376	32,474	84,999	333,017	11,436,029	23,711	31,972	
Costs of Service											
Net Operation and Maintenance Expense											
7	Total Cost	18,402,963	8,908,039	2,644,170	1,318,548	500,158	2,606,950	974,189	521,507	714,659	214,744
8	Unit Cost - \$/Unit		0.75097	108.47431	40.60319	5.88429	7.82828	0.08519	21.99431	22.35265	24.40009
Depreciation Expense											
9	Total Cost	5,328,876	2,016,190	1,158,777	62,671	773,328	190,834	423,502	242,715	332,611	128,248
10	Unit Cost - \$/Unit		0.16997	47.53762	1.92988	9.09811	0.57305	0.03703	10.23639	10.40320	14.57210
Debt Service											
11	Total Cost	11,244,319	5,015,772	2,872,781	120,298	1,306,787	99,059	667,868	382,763	524,529	254,462
12	Unit Cost - \$/Unit		0.42284	117.85285	3.70444	15.37418	0.29746	0.05840	16.14285	16.40589	28.91307
Debt Service Coverage											
13	Total Cost	2,248,864	1,097,569	628,632	26,324	285,956	21,676	146,145	83,758	114,779	53,522
14	Unit Cost - \$/Unit	2,458,361	0.09253	25.78897	0.81062	3.36424	0.06509	0.01278	3.53245	3.58998	6.08140
Total Unit Cost - \$/unit											
15	Total Unit Cost - \$/unit		1.43631	299.65375	47.04813	33.72082	8.76388	0.19340	51.90600	52.75172	73.96666
Total Cost of Service - \$											
16	Retail	35,930,985	16,425,702	7,105,090	1,504,223	2,863,869	2,903,077	2,211,703	1,230,743	1,686,578	0
17	Wholesale	837,432	611,868	199,270	23,618	2,360	315	0	0	0	0
18	Fire Protections	611,852	0	0	0	0	0	0	0	0	611,852
19	Public	54,250	0	0	0	0	15,126	0	0	0	39,123
20	Private										
Total Cost of Service		37,434,519	17,037,570	7,304,360	1,527,841	2,866,229	2,918,519	2,211,703	1,230,743	1,686,578	650,976

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 15
DISTRIBUTION OF COSTS TO CUSTOMER CLASSES

Line No.	Customer Class	Total Cost of Service \$	Common to All Customers					Distribution System Customers Only(*)			Public Fire Protection Eq. Hydrants
			Base Ccf	Extra Capacity		Metering Eq. Meters	Billing Bills	Base Ccf	Extra Capacity		
				Max Day Ccf/day	Max Hour Ccf/day				Max Day Ccf/day	Max Hour Ccf/day	
Unit Cost of Service - \$/unit											
1	Retail		1.43631	299.65375	47.04813	33.72082	8.76388	0.19340	51.90600	52.75172	73.96666
2	Wholesale		1.43631	299.65375	47.04813	33.72082	8.76388	0.19340	51.90600	52.75172	73.96666
Retail											
Monthly											
Residential/Multi Family											
3	Units of Service		227,500	511	735	2,098	24,369	227,500	511	735	0
4	Allocated Cost - \$	908,075	326,761	153,123	34,580	70,748	213,567	43,999	26,524	38,773	0
Commercial											
5	Units of Service		50,700	93	116	102	506	50,700	93	116	0
6	Allocated Cost - \$	134,789	72,821	27,868	5,458	3,456	4,435	9,805	4,827	6,119	0
Industrial											
7	Units of Service		196,800	307	232	87	42	196,800	307	232	0
8	Allocated Cost - \$	455,099	282,666	91,994	10,915	2,922	368	38,061	15,935	12,238	0
Public Authority											
9	Units of Service		388,100	606	457	234	244	388,100	606	457	0
10	Allocated Cost - \$	901,169	557,432	181,590	21,501	7,886	2,138	75,059	31,455	24,108	0
11	Total Retail - Monthly	2,399,132	1,239,680	454,575	72,454	85,012	220,508	166,924	78,741	81,238	0
Quarterly											
Residential/Multi Family											
12	Units of Service		7,495,429	16,839	24,231	73,362	286,834	7,495,429	16,839	24,231	0
13	Allocated Cost - \$	25,541,135	10,765,778	5,045,869	1,140,024	2,473,823	2,513,778	1,449,591	874,045	1,278,226	0
Commercial											
14	Units of Service		1,884,800	3,460	4,286	6,869	17,049	1,884,800	3,460	4,286	0
15	Allocated Cost - \$	5,096,859	2,707,157	1,036,802	201,648	231,628	149,415	364,520	179,595	226,094	0
Industrial											
16	Units of Service		797,100	1,245	939	645	451	797,100	1,245	939	0
17	Allocated Cost - \$	1,856,160	1,144,883	373,069	44,178	21,761	3,953	154,159	64,623	49,534	0
Public Authority											
18	Units of Service		395,600	650	976	1,532	1,760	395,600	650	976	0
19	Allocated Cost - \$	1,037,701	568,204	194,775	45,919	51,645	15,424	76,509	33,739	51,486	0
20	Total Retail - Quarterly	33,531,855	15,186,022	6,650,515	1,431,769	2,778,857	2,682,570	2,044,779	1,152,002	1,605,340	0
21	Total Retail	35,930,987	16,425,702	7,105,090	1,504,223	2,863,869	2,903,078	2,211,703	1,230,743	1,686,578	0
Wholesale											
22	Units of Service		426,000	665	502	70	36				0
23	Allocated Cost - \$	837,431	611,868	199,270	23,618	2,360	315				0
Fire Protection											
Public											
24	Units of Service		0	0	0	0	0				8,272
25	Allocated Cost - \$	611,852	0	0	0	0	0				611,852
Private											
26	Units of Service		0	0	0	0	1,726				529
27	Allocated Cost - \$	54,249	0	0	0	0	15,126				39,123
28	Total Fire Protection	666,101	0	0	0	0	15,126				650,975
29	Total System	37,434,519	17,037,570	7,304,360	1,527,841	2,866,229	2,918,519	2,211,703	1,230,743	1,686,578	650,976

* The allocation of main investment costs is in accordance with the PSC's Order 2002-0105

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 15.1

ADJUSTED COST OF SERVICE ALLOCATION TO CUSTOMER CLASSES

Line No.	Description	Initial Allocated Cost of Service	Reallocation of Fire Protection Costs		Adjusted Cost of Service
			% COS	Adjustment	
		\$		\$	\$
	Retail				
	Monthly				
1	Residential/Multi Family	908,075	2.5%	16,834	924,909
2	Commercial	134,789	0.4%	2,499	137,288
3	Industrial	455,099	1.3%	8,437	463,536
4	Public Authority	<u>901,169</u>	<u>2.5%</u>	<u>16,706</u>	<u>917,875</u>
5	Total	2,399,132	6.7%	44,476	2,443,608
	Quarterly				
6	Residential/Multi Family	25,541,135	71.1%	473,491	26,014,625
7	Commercial	5,096,859	14.2%	94,487	5,191,346
8	Industrial	1,856,160	5.2%	34,410	1,890,570
9	Public Authority	<u>1,037,701</u>	<u>2.9%</u>	<u>19,237</u>	<u>1,056,938</u>
10	Total	33,531,855	93.3%	621,625	34,153,480
11	Total Retail	35,930,987	100.0%	666,101	36,597,088
12	Wholesale	837,431		0	837,431
	Fire Protection				
13	Public	611,852		(611,852)	0
14	Private	<u>54,249</u>		<u>(54,249)</u>	<u>0</u>
15	Total Fire Protection	666,101	0.0%	(666,101)	0
16	Total System	37,434,519		0	37,434,519

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 16
PROPOSED RATES

Service Charge

Meter Size	Monthly	Quarterly
	Service Charge	Service Charge
5/8"	11.76	17.24
3/4"	12.13	18.10
1"	13.15	20.67
1 1/2"	14.75	24.16
2"	18.39	33.58
3"	42.91	102.29
4"	53.66	128.15
6"	79.35	188.64
8"	106.92	257.34
10" and larger	142.39	335.72

Commodity Charges

	Monthly Block	Quarterly Block	
	ccf	ccf	
First	15	45	\$2.86 per ccf
Next	1,635	4,905	\$2.48 per ccf
Over	1,650	4,950	\$2.32 per ccf
Wholesale			\$1.94 per ccf

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 16.1
 DEVELOPMENT OF SERVICE CHARGE

Meter Size	Monthly						
	Customer	Meter Portion \$/bill	Meter Ratio	Equivalent	Fire Protection		Total
	Billing			Meter	Equivalent	Fire Protection	Service
	Cost			Cost	Capacity	Charge	Charge
\$/bill	\$/bill	\$/bill	\$/bill	\$/bill	\$/bill	\$/bill	
Unit Cost	8.76388	2.81007				2,096.75000	
5/8"	8.76	2.81	1.00	2.81	1.00	0.19	11.76
3/4"	8.76	2.81	1.10	3.09	1.50	0.28	12.13
1"	8.76	2.81	1.40	3.93	2.50	0.46	13.15
1 1/2"	8.76	2.81	1.80	5.06	5.00	0.93	14.75
2"	8.76	2.81	2.90	8.15	8.00	1.48	18.39
3"	8.76	2.81	11.00	30.91	17.50	3.24	42.91
4"	8.76	2.81	14.00	39.34	30.00	5.56	53.66
6"	8.76	2.81	21.00	59.01	62.50	11.58	79.35
8"	8.76	2.81	29.00	81.49	90.00	16.67	106.92
10" and larger	8.76	2.81	38.00	106.78	145.00	26.85	142.39

Meter Size	Quarterly						
	Customer	Meter Portion \$/bill	Meter Ratio	Equivalent	Fire Protection		Total
	Billing			Meter	Equivalent	Fire Protection	Service
	Cost			Cost	Capacity	Charge	Charge
\$/bill	\$/bill	\$/bill	\$/bill	\$/bill	\$/bill	\$/bill	
Unit Cost	8.76388	8.43021				76,523.50000	
5/8"	8.76	8.43	1.00	8.43	1.00	0.05	17.24
3/4"	8.76	8.43	1.10	9.27	1.50	0.07	18.10
1"	8.76	8.43	1.40	11.80	2.50	0.11	20.67
1 1/2"	8.76	8.43	1.80	15.17	5.00	0.23	24.16
2"	8.76	8.43	2.90	24.45	8.00	0.37	33.58
3"	8.76	8.43	11.00	92.73	17.50	0.80	102.29
4"	8.76	8.43	14.00	118.02	30.00	1.37	128.15
6"	8.76	8.43	21.00	177.03	62.50	2.85	188.64
8"	8.76	8.43	29.00	244.47	90.00	4.11	257.34
10" and larger	8.76	8.43	38.00	320.34	145.00	6.62	335.72

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 16.2
DEVELOPMENT OF COMMODITY CHARGE

Line No.	Customer Class	Adjusted Allocated Cost of Service	Less Revenue From Service Charge	Less Revenue From Other Sources ^(a)	Revenue to be Recovered from Volume Charge	Test Year Annual Usage	Cost of Service Rate
		\$	\$	\$	\$	ccf	\$/ccf
Retail							
Monthly							
1	Residential/Multi Family	924,909	289,386	0	635,523	227,500	2.7935
2	Commercial	137,288	8,312	5,081	123,895	50,700	2.4437
3	Industrial	463,536	3,986	0	459,550	196,800	2.3351
4	Public Authority	917,875	11,516	0	906,359	388,100	2.3354
5	Total Retail - Monthly	2,443,608	313,200	5,081	2,125,327	863,100	2.4624
Quarterly							
6	Residential/Multi Family	26,014,625	5,001,767	0	21,012,858	7,495,429	2.8034
7	Commercial	5,191,346	383,324	0	4,808,022	1,884,800	2.5509
8	Industrial	1,890,570	25,986	0	1,864,584	797,100	2.3392
9	Public Authority	1,056,938	67,669	0	989,269	395,600	2.5007
10	Total Retail - Quarterly	34,153,480	5,478,746	0	28,674,734	10,572,929	2.7121
11	Total Retail	36,597,088	5,791,946	5,081	30,800,061	11,436,029	2.6932
12	Wholesale	837,431	3,192	0	834,239	426,000	1.9583
13	Total System	37,434,519	5,795,138	5,081	31,634,300	11,862,029	2.6669
Combined Customer Classes							
Retail							
14	Residential/Multi Family	26,939,535	5,291,153	0	21,648,382	7,722,929	2.8031
15	Commercial/Public Authority	7,303,448	470,821	5,081	6,827,546	2,719,200	2.5109
16	Industrial	2,354,106	29,972	0	2,324,134	993,900	2.3384
17	Total Retail	36,597,088	5,791,946	5,081	30,800,061	11,436,029	2.6932
18	Wholesale	837,431	3,192	0	834,239	426,000	1.9583
19	Total System	37,434,519	5,795,138	5,081	31,634,300	11,862,029	2.6669

(a) Includes Bulk Loading Sales

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 16.3
 DEVELOPMENT OF REVENUES FROM SERVICE CHARGE

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	Total Service Charge Revenue
Retail Monthly											
Residential/Multi Family	11.76	12.13	13.15	14.75	18.39	42.91	53.66	79.35	106.92	142.39	0
Commercial	17.24	18.10	20.67	24.16	33.58	102.29	128.15	188.64	257.34	335.72	0
Industrial	11.76	12.13	13.15	14.75	18.39	42.91	53.66	79.35	106.92	142.39	0
Public Authorities	17.24	18.10	20.67	24.16	33.58	102.29	128.15	188.64	257.34	335.72	0
Quarterly											
Residential/Multi Family	278,618	73	4,050	3,835	1,508	429	0	873	0	0	289,386
Commercial	4,492	109	329	133	588	386	1,878	397	0	0	8,312
Industrial	0	0	0	0	202	0	0	794	0	2,990	3,986
Public Authorities	306	0	79	354	1,122	944	3,059	952	1,283	3,417	11,516
Total	283,416	182	4,458	4,322	3,420	1,759	4,937	3,016	1,283	6,407	313,200
Wholesale											
Residential/Multi Family	4,834,527	28,779	62,775	26,431	16,656	3,376	5,126	17,921	6,176	0	5,001,767
Commercial	193,381	2,317	45,970	30,901	61,989	15,753	14,609	10,941	7,463	0	383,324
Industrial	1,259	36	723	1,160	5,474	5,728	6,151	3,396	2,059	0	25,986
Public Authorities	10,741	72	4,795	3,262	17,126	15,446	8,458	6,225	1,544	0	67,669
Total	5,039,908	31,204	114,263	61,754	101,245	40,303	34,344	38,483	17,242	0	5,478,746
Total Retail	5,323,324	31,386	118,721	66,076	104,665	42,062	39,281	41,499	18,525	6,407	5,791,946
Wholesale											
Bullock Pen	0	0	0	0	0	0	0	952	0	0	952
City of Walton	0	0	0	0	0	0	644	0	0	0	644
Pendleton County	0	0	0	0	0	0	644	952	0	0	1,596
Total Wholesale	0	0	0	0	0	0	1,288	1,904	0	0	3,192
Total System	5,323,324	31,386	118,721	66,076	104,665	42,062	40,569	43,403	18,525	6,407	5,795,138

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 16.4
 DEVELOPMENT OF BLOCK RATES

	Water Usage Distribution		
	To 1,500 cf	To 165,000 cf	Over 165,000 cf
Monthly			
Residential/Multi Family	62.20%	37.80%	0.00%
Commercial	6.41%	92.45%	1.14%
Industrial	0.25%	25.65%	74.10%
Public Authority	0.62%	29.85%	69.53%
	To 4,500 cf	To 495,000 cf	Over 495,000 cf
Quarterly			
Residential/Multi Family	84.46%	14.91%	0.63%
Commercial	21.42%	67.39%	11.19%
Industrial	1.97%	52.53%	45.50%
Public Authority	10.96%	81.91%	7.13%
First 15 ccf		2.86	\$ per ccf
Next 1,635 ccf		2.48	\$ per ccf
Over 1,650 ccf		2.32	\$ per ccf
Wholesale		1.94	\$ per ccf

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 16.5
EXISTING RATES

		Effective Aug 1, 2004	
		Monthly	Quarterly
		\$	\$
Service Charge			
	5/8"	10.33	15.37
	3/4"	10.68	16.16
	1"	11.61	18.53
	1 1/2"	13.05	21.72
	2"	16.38	30.36
	3"	38.84	93.42
	4"	48.63	117.14
	6"	72.03	172.60
	8"	97.18	235.61
	10"	129.43	307.44
Volume Charge		\$/ccf	\$/1,000 gal
	First 0 ccf	2.63	3.52
	Next 15 ccf	2.63	3.52
	Next 1,635 ccf	2.23	2.98
	Over 1,650 ccf	2.08	2.78
	Wholesale	1.80	2.41

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 17
 COMPARISON OF REVENUES UNDER EXISTING RATES
 AND ALLOCATED COST OF SERVICE(*)

Line No.	Description	Allocated Cost of Service	Adjusted Cost of Service	Revenue Under Existing Rates	Indicated Percent Change
		\$	\$	\$	%
Retail					
Monthly					
1	Residential/Multi Family	908,075	924,909	818,221	13.04%
2	Commercial	134,789	137,288	121,660	12.85%
3	Industrial	455,099	463,536	425,883	8.84%
4	Public Authority	901,169	917,875	836,361	9.75%
5	Total Retail - Monthly	2,399,132	2,443,608	2,202,125	10.97%
Quarterly					
6	Residential/Multi Family	25,541,135	26,014,625	23,700,663	9.76%
7	Commercial	5,096,859	5,191,346	4,677,054	11.00%
8	Industrial	1,856,160	1,890,570	1,753,065	7.84%
9	Public Authority	1,037,701	1,056,938	956,596	10.49%
10	Total Retail - Quarterly	33,531,855	34,153,480	31,087,378	9.86%
11	Total Retail	35,930,987	36,597,088	33,289,503	9.94%
12	Wholesale	837,431	837,431	769,696	8.80%
Fire Protection^(a)					
13	Public	611,852	0	0	0.00%
14	Private	54,249	0	0	0.00%
15	Total Fire Protection	666,101	0	0	0.00%
16	Total System	37,434,519	37,434,519	34,059,199	9.91%

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

(a) Private fire protection revenues applied as a credit against total fire protection costs.

File: RateCase05

NORTHERN KENTUCKY WATER DISTRICT

May 20, 2005 3:20 p.m.

Sch17 1a - Revenue Under Existing Rates

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 17.1
REVENUE UNDER EXISTING RATES

Residential/Multi Family
Volume Charge

	Monthly Accounts				Quarterly Accounts					
	% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor	% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor
	62.20%	141,502	2.63	372,151		84.46%	6,330,560	2.63	16,649,372	
	37.80%	85,998	2.23	191,775		14.91%	1,117,472	2.23	2,491,963	
	0.00%	0	2.08	0		0.63%	47,397	2.08	98,585	
	100.00%	227,500		563,926	98.05%	100.00%	7,495,429		19,239,920	100.82%

Service Charge

	Monthly Bills						Quarterly Bills			
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Bills	23,692	6	308	260	82	10	0	11	0	0
Service Charge	10.33	10.68	11.61	13.05	16.38	38.84	48.63	72.03	97.18	129.43

Bills

	Monthly				Quarterly					
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Bills	71,709	280,425	1,590	3,037	1,094	496	33	40	95	24
Service Charge	15.37	16.16	18.53	21.72	30.36	93.42	117.14	172.60	235.61	307.44

Total Revenue Under Existing Rates

	Monthly	Quarterly
Volume Charge	563,926	19,239,920
Service Charge	254,295	4,460,743
Total Charge	818,221	23,700,663

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 17.1 CONTINUED
REVENUE UNDER EXISTING RATES

Commercial
Volume Charge

	Monthly Accounts				Quarterly Accounts					
	% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor	% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor
	6.41%	3,250	2.63	8,547		21.42%	403,736	2.63	1,061,825	
	92.45%	46,870	2.23	104,520		67.39%	1,270,151	2.23	2,832,437	
	1.14%	580	2.08	1,207		11.19%	210,913	2.08	438,699	
	100.00%	50,700		114,274	76.66%	100.00%	1,884,800		4,332,961	90.20%

Service Charge

	Monthly Bills						Quarterly Bills			
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Bills	382	9	25	9	32	9	35	5	0	0
Service Charge	10.33	10.68	11.61	13.05	16.38	38.84	48.63	72.03	97.18	129.43
Bills	4,262	128	2,224	1,279	1,846	154	114	58	29	0
Service Charge	15.37	16.16	18.53	21.72	30.36	93.42	117.14	172.60	235.61	307.44

Total Revenue Under Existing Rates

	Monthly	Quarterly
Volume Charge	114,274	4,332,961
Service Charge	7,386	344,093
	121,660	4,677,054

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 17.1 CONTINUED
 REVENUE UNDER EXISTING RATES

**Industrial
 Volume Charge**

% Dist.	Monthly Accounts			Quarterly Accounts					
	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor	% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor
0.25%	486	2.63	1,278		1.97%	15,726	2.63	41,359	
25.65%	50,478	2.23	112,567		52.53%	418,722	2.23	933,750	
74.10%	145,836	2.08	303,338		45.50%	362,652	2.08	754,316	
100.00%	196,800		417,183	87.62%	100.00%	797,100		1,729,425	96.34%

Service Charge

	Monthly Bills					Quarterly Bills				
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Bills	0	0	0	0	11	0	0	10	0	21
Service Charge	10.33	10.68	11.61	13.05	16.38	38.84	48.63	72.03	97.18	129.43
Bills	73	2	35	48	163	56	48	18	8	0
Service Charge	15.37	16.16	18.53	21.72	30.36	93.42	117.14	172.60	235.61	307.44

Total Revenue Under Existing Rates

	Monthly	Quarterly
Bulk Sales	5,081	0
Volume Charge	417,183	1,729,425
Service Charge	3,619	23,640
Total	425,883	1,753,065

NORTHERN KENTUCKY WATER DISTRICT

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NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 17.1 CONTINUED
REVENUE UNDER EXISTING RATES

Public Authority
Volume Charge

	Monthly Accounts				Quarterly Accounts					
	% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor	% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Bill Tab Adj. Factor
	0.62%	2,404	2.63	6,322		10.96%	43,347	2.63	114,003	
	29.85%	115,841	2.23	258,325		81.91%	324,031	2.23	722,589	
	69.53%	269,856	2.08	561,300		7.13%	28,222	2.08	58,702	
	100.00%	388,100		825,947	96.85%	100.00%	395,600		895,294	98.64%

Service Charge

	Monthly Bills						Quarterly Bills							
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	4"	6"	8"	10"
Bills	26	0	6	24	61	22	57	12	12	24				
Service Charge	10.33	10.68	11.61	13.05	16.38	38.84	48.63	72.03	97.18	129.43				
Bills	623	4	232	135	510	151	66	33	6	0				
Service Charge	15.37	16.16	18.53	21.72	30.36	93.42	117.14	172.60	235.61	307.44				

Total Revenue Under Existing Rates

Volume Charge	825,947	895,294
Service Charge	10,414	61,302
Total	836,361	956,596

NORTHERN KENTUCKY WATER DISTRICT
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File: RateCase05
Sch17 1e - Revenue Under Existing Rates

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 17.1 CONTINUED
REVENUE UNDER EXISTING RATES

Wholesale
Volume Charge

		Monthly Accounts			Bill Tab
% Dist.	Volume ccf	Rate (\$/ccf)	Adjusted Revenue	Adj. Factor	
100.00%	110,500	1.80	198,900	101.30%	
100.00%	208,800	1.80	375,840	100.88%	
100.00%	106,700	1.80	192,060	101.03%	
100.00%	426,000		766,800		

Pendleton County
City of Walton
Bullock Pen

Monthly Bills

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Service Charge	0	0	0	0	0	0	0	0	0	0
Total Wholesale	10.33	10.68	11.61	13.05	16.38	38.84	48.63	72.03	97.18	129.43

Total Revenue Under Existing Rates

Volume Charge	766,800
Service Charge	2,896
Total	769,696

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 18
 COMPARISON OF REVENUES UNDER PROPOSED RATES
 AND ALLOCATED COST OF SERVICE(*)

Line No.		Adjusted Allocated Cost of Service	Projected Revenues Under Proposed Rates	Proposed Revenue As % of Allocated Cost of Service
		\$	\$	%
	Retail			
	Monthly			
1	Residential/Multi Family	924,909	907,400	98.1%
2	Commercial	137,288	135,100	98.4%
3	Industrial	463,536	470,700	101.5%
4	Public Authority	917,875	931,800	101.5%
5	Total Retail - Monthly	2,443,608	2,445,000	100.1%
	Quarterly			
6	Residential/Multi Family ^(a)	26,014,625	25,988,500	99.9%
7	Commercial	5,191,346	5,177,300	99.7%
8	Industrial	1,890,570	1,950,800	103.2%
9	Public Authority	1,056,938	1,060,800	100.4%
10	Total Retail - Quarterly	34,153,480	34,177,400	100.1%
11	Total Retail	36,597,088	36,622,400	100.1%
12	Wholesale	837,431	829,600	99.1%
	Fire Protection			
13	Public	0	0	0.0%
14	Private	0	0	0.0%
15	Total Fire Protection	0	0	0.0%
16	Total System	37,434,519	37,452,000	100.0%

*The allocation of main investment costs is in accordance with the PSC's Order 2002-0105.

NORTHERN KENTUCKY WATER DISTRICT
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File: RateCase05
Sch18 1a - Revenue Under Proposed

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 18.1
REVENUE UNDER PROPOSED RATES BY CUSTOMER CLASS

Residential/Multi Family Volume Charge	Monthly Accounts				Quarterly Accounts			
	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue
	62.20%	141,502	2.86	404,700	84.46%	6,330,560	2.86	18,105,400
	37.80%	85,998	2.48	213,300	14.91%	1,117,472	2.48	2,771,300
	0.00%	0	2.32	0	0.63%	47,397	2.32	110,000
	100.00%	227,500		618,000	100.00%	7,495,429		20,986,700

Service Charge	Number of Bills									
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Monthly Accounts	23,692	6	308	260	82	10	0	11	0	0
Quarterly Accounts	280,425	1,590	3,037	1,094	496	33	40	95	24	0
Service Charge - Monthly	11.76	12.13	13.15	14.75	18.39	42.91	53.66	79.35	106.92	142.39
Service Charge - Quarterly	17.24	18.10	20.67	24.16	33.58	102.29	128.15	188.64	257.34	335.72

Total Revenue Under Proposed Rates	Monthly	Quarterly
Volume Charge	618,000	20,986,700
Service Charge	289,400	5,001,800
Total	907,400	25,988,500

Commercial Volume Charge	Monthly Accounts				Quarterly Accounts			
	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue
	6.41%	3,250	2.86	9,300	21.42%	403,736	2.86	1,154,700
	92.45%	46,870	2.48	116,200	67.39%	1,270,151	2.48	3,150,000
	1.14%	580	2.32	1,300	11.19%	210,913	2.32	489,300
	100.00%	50,700		126,800	100.00%	1,884,800		4,794,000

Service Charge	Number of Bills									
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Monthly Accounts	382	9	25	9	32	9	35	5	0	0
Quarterly Accounts	11,217	128	2,224	1,279	1,846	154	114	58	29	0
Service Charge - Monthly	11.76	12.13	13.15	14.75	18.39	42.91	53.66	79.35	106.92	142.39
Service Charge - Quarterly	17.24	18.10	20.67	24.16	33.58	102.29	128.15	188.64	257.34	335.72

Total Revenue Under Proposed Rates	Monthly	Quarterly
Volume Charge	126,800	4,794,000
Service Charge	8,300	383,300
Total	135,100	5,177,300

File: RateCase05
Sch18 1b - Revenue Under Proposed

NORTHERN KENTUCKY WATER DISTRICT
May 20, 2005 3:20 p.m.

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 18.1 CONTINUED
REVENUE UNDER PROPOSED RATES BY CUSTOMER CLASS

Industrial Volume Charge	Monthly Accounts				Quarterly Accounts									
	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue	2"	3"	4"	6"	8"	10"
	0.62%	1,219	2.86	3,500	1.97%	15,726	2.86	45,000						
	29.85%	58,741	2.48	145,700	52.53%	418,722	2.48	1,038,400						
	69.53%	136,840	2.32	317,500	45.50%	362,652	2.32	841,400						
	100.00%	196,800		466,700	100.00%	797,100		1,924,800						
Service Charge														
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"				
Monthly Accounts	0	0	0	0	11	0	0	10	0	21				
Quarterly Accounts	73	2	35	48	163	56	48	18	8	0				
Service Charge - Monthly	11.76	12.13	13.15	14.75	18.39	42.91	53.66	79.35	106.92	142.39				
Service Charge - Quarterl	17.24	18.10	20.67	24.16	33.58	102.29	128.15	188.64	257.34	335.72				

Total Revenue Under Proposed Rates

Volume Charge	Monthly	Quarterly
	466,700	1,924,800
Service Charge	4,000	26,000
Total	470,700	1,950,800

Public Authority Volume Charge	Monthly Accounts				Quarterly Accounts									
	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue	2"	3"	4"	6"	8"	10"
	0.62%	2,404	2.86	6,900	10.96%	43,347	2.86	124,000						
	29.85%	115,841	2.48	287,300	81.91%	324,031	2.48	803,600						
	69.53%	269,856	2.32	626,100	7.13%	28,222	2.32	65,500						
	100.00%	388,100		920,300	100.00%	395,600		993,100						
Service Charge														
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"				
Monthly Accounts	26	0	6	24	61	22	57	12	12	24				
Quarterly Accounts	623	4	232	135	510	151	66	33	6	0				
Service Charge - Monthly	11.76	12.13	13.15	14.75	18.39	42.91	53.66	79.35	106.92	142.39				
Service Charge - Quarterl	17.24	18.10	20.67	24.16	33.58	102.29	128.15	188.64	257.34	335.72				

Total Revenue Under Proposed Rates

Volume Charge	Monthly	Quarterly
	920,300	993,100
Service Charge	11,500	67,700
Total	931,800	1,060,800

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 18.1 CONTINUED
 REVENUE UNDER PROPOSED RATES BY CUSTOMER CLASS

Wholesale Volume Charge	Monthly Accounts				Number of Bills									
	% Dist.	Volume ccf	Rate (\$/ccf)	Revenue	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
	100.00%	426,000	1.94	826,400										
	0.00%	0		0										
	0.00%	0		0										
	100.00%	426,000		826,400										
Service Charge					5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Monthly Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Charge - Monthly	11.76	12.13	13.15	14.75	18.39	42.91	53.66	79.35	106.92	142.39				

Total Revenue Under Proposed Rates

	Monthly
Volume Charge	826,400
Service Charge	3,200
Total	829,600

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 19
COMPARISON OF TYPICAL WATER BILLS UNDER EXISTING AND PROPOSED RATES

Meter Size	Usage		Existing Rates		Proposed Rates		Increase %
			\$	\$	\$	\$	
	Ccf	1,000 gallons					
Monthly							
5/8"	0	0	10.33	11.76	1.43	13.8%	
5/8"	3	2	17.35	19.40	2.05	11.8%	
5/8"	7	5	27.90	30.86	2.96	10.6%	
5/8"	8	6	31.42	34.70	3.28	10.4%	
5/8"	13	10	45.49	50.00	4.51	9.9%	
5/8"	20	15	61.04	67.18	6.14	10.1%	
5/8"	27	20	75.96	83.78	7.82	10.3%	
5/8"	40	30	105.75	116.91	11.16	10.6%	
5/8"	67	50	165.38	183.22	17.84	10.8%	
5/8"	134	100	314.44	348.99	34.55	11.0%	
3/4"	40	30	106.10	117.28	11.18	10.5%	
3/4"	67	50	165.73	183.59	17.86	10.8%	
3/4"	134	100	314.79	349.36	34.57	11.0%	
1"	27	20	77.24	85.17	7.93	10.3%	
1"	67	50	166.66	184.61	17.95	10.8%	
1"	134	100	315.72	350.38	34.66	11.0%	
1 1/2"	134	100	317.16	351.98	34.82	11.0%	
1 1/2"	334	250	764.32	849.27	84.95	11.1%	
1 1/2"	668	500	1,509.58	1,678.08	168.50	11.2%	
2"	334	250	767.65	852.91	85.26	11.1%	
2"	668	500	1,512.91	1,681.72	168.81	11.2%	
2"	1,337	1,000	3,003.47	3,339.38	335.91	11.2%	
3"	668	500	1,535.37	1,706.24	170.87	11.1%	
3"	1,337	1,000	3,025.93	3,363.90	337.97	11.2%	
3"	2,674	2,000	5,853.45	6,515.39	661.94	11.3%	
4"	1,337	1,000	3,035.72	3,374.65	338.93	11.2%	
4"	2,674	2,000	5,863.24	6,526.14	662.90	11.3%	
4"	6,684	5,000	14,204.91	15,830.31	1,625.40	11.4%	
6"	2,674	2,000	5,886.64	6,551.83	665.19	11.3%	
6"	6,684	5,000	14,228.31	15,856.00	1,627.69	11.4%	
6"	13,368	10,000	28,131.07	31,362.93	3,231.86	11.5%	
8"	6,684	5,000	14,253.46	15,883.57	1,630.11	11.4%	
8"	13,368	10,000	28,156.22	31,390.50	3,234.28	11.5%	
8"	26,736	20,000	55,961.79	62,404.40	6,442.61	11.5%	
10"	13,368	10,000	28,188.47	31,425.97	3,237.50	11.5%	
10"	26,736	20,000	55,994.04	62,439.87	6,443.83	11.5%	
10"	66,840	50,000	139,410.69	155,481.52	16,070.83	11.5%	
Quarterly							
5/8"	0	0	15.37	17.24	1.87	12.2%	
5/8"	8	6	36.46	40.18	3.72	10.2%	
5/8"	20	15	68.10	74.58	6.48	9.5%	
5/8"	24	18	78.65	86.05	7.40	9.4%	
5/8"	40	30	120.83	131.93	11.10	9.2%	
5/8"	60	45	167.53	183.54	16.01	9.6%	
5/8"	80	60	212.24	233.26	21.02	9.9%	
5/8"	120	90	301.66	332.71	31.05	10.3%	
5/8"	201	150	480.53	531.63	51.10	10.6%	
5/8"	401	300	927.69	1,028.92	101.23	10.9%	
3/4"	120	90	302.45	333.57	31.12	10.3%	
3/4"	201	150	481.32	532.49	51.17	10.6%	
3/4"	401	300	928.48	1,029.78	101.30	10.9%	
1"	80	60	218.59	236.69	18.10	8.3%	
1"	201	150	486.88	535.06	48.18	9.9%	
1"	401	300	934.04	1,032.35	98.31	10.5%	
1 1/2"	401	300	942.68	1,035.84	93.16	9.9%	
1 1/2"	1,003	750	2,284.16	2,527.71	243.55	10.7%	
1 1/2"	2,005	1,500	4,519.98	5,014.18	494.20	10.9%	
2"	1,003	750	2,347.22	2,537.13	189.91	8.1%	
2"	2,005	1,500	4,583.04	5,023.60	440.56	9.6%	
2"	4,010	3,000	9,054.66	9,996.52	941.86	10.4%	
3"	2,005	1,500	4,606.76	5,092.31	485.55	10.5%	
3"	4,010	3,000	9,219.31	10,065.23	845.92	9.2%	
3"	8,021	6,000	17,560.97	19,519.72	1,958.75	11.2%	
4"	4,010	3,000	9,274.77	10,091.09	816.32	8.8%	
4"	8,021	6,000	17,616.43	19,545.58	1,929.15	11.0%	
4"	20,052	15,000	42,641.43	47,458.08	4,816.65	11.3%	
6"	8,021	6,000	17,679.44	19,606.07	1,926.63	10.9%	
6"	20,052	15,000	42,704.44	47,518.57	4,814.13	11.3%	
6"	40,104	30,000	84,412.76	94,039.40	9,626.64	11.4%	
8"	20,052	15,000	42,776.27	47,587.27	4,811.00	11.2%	
8"	40,104	30,000	84,484.59	94,108.09	9,623.50	11.4%	
8"	80,208	60,000	167,901.27	187,149.77	19,248.50	11.5%	
10"	40,104	30,000	84,177.15	94,186.48	10,009.33	11.9%	
10"	80,208	60,000	167,593.83	187,228.15	19,634.32	11.7%	
10"	200,521	150,000	417,843.81	466,353.13	48,509.32	11.6%	

NORTHERN KENTUCKY WATER DISTRICT
 SCHEDULE 20
 SUMMARY OF TEST YEAR REVENUE REQUIREMENTS

Line No.		2005 (a)	2006	2007	2008	2009
1	OPERATION & MAINTENANCE	\$20,375,306	\$21,190,318	\$22,037,931	\$22,919,448	\$23,836,226
2	DEBT SERVICE	12,541,807	13,298,361	14,422,828	15,551,344	16,679,856
3	DEPRECIATION	5,328,876	5,461,298	5,898,104	6,154,693	6,022,115
4	DEBT SERVICE COVERAGE	<u>2,458,361</u>	<u>2,659,672</u>	<u>2,884,566</u>	<u>3,110,269</u>	<u>3,335,971</u>
5	TOTAL REVENUE REQUIREMENTS	40,704,350	42,609,649	45,243,429	47,735,755	49,874,169
6	LESS: OPERATING REVENUES NOT SUBJECT TO RATE INCREASE	(1,873,546)	(1,873,546)	(1,873,546)	(1,873,546)	(1,873,546)
7	LESS: NON-OPERATING INCOME	(952,600)	(952,600)	(952,600)	(952,600)	(952,600)
8	LESS: BOONE & FLORENCE RESERVE AND EARLY TERMINATION	<u>(443,685)</u>	<u>(443,685)</u>	<u>(443,685)</u>	<u>(443,685)</u>	<u>(443,685)</u>
9	NET REVENUE REQUIREMENTS	✓ 37,434,519	39,339,818	41,973,598	44,465,924	46,604,338
10	REVENUES AT CURRENT RATES	(34,059,199)	(37,434,519)	(39,339,818)	(41,973,598)	(44,465,924)
11	CUMULATIVE GROWTH IN ACCOUNTS	<u>0</u>	<u>(296,835)</u>	<u>(309,489)</u>	<u>(327,631)</u>	<u>(344,397)</u>
12	NET INCREASE REQUIRED	3,375,320	1,608,464	2,324,291	2,164,695	1,794,017
13	PERCENTAGE INCREASE IN REVENUE	9.91%	4.26%	5.86%	5.12%	4.00%

(a) Reflects January 1 to December 31, 2004 actuals plus known and measureable adjustments

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 20.1

SUMMARY OF MULTI-TEST YEAR REVENUE REQUIREMENTS

Line No.	Test Year			
	2006	2007	2008	2009
1	37,434,519	39,339,818	41,973,598	44,465,924
2	815,012	847,613	881,517	916,778
3	756,554	1,124,468	1,128,516	1,128,512
4	132,422	436,806	256,589	(132,578)
5	<u>201,311</u>	<u>224,894</u>	<u>225,703</u>	<u>225,702</u>
6	39,339,818	41,973,598	44,465,924	46,604,338
7	0	0	0	0
8	0	0	0	0
9	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
10	39,339,818	41,973,598	44,465,924	46,604,338
11	(37,731,354)	(39,649,307)	(42,301,229)	(44,810,321)
12	1,608,464	2,324,291	2,164,695	1,794,017
13	4.26%	5.86%	5.12%	4.00%

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 21
 PROPOSED RATES

		Effective Jan 1, 2007		Effective Jan 1, 2008		
		Monthly	Quarterly	Monthly	Quarterly	
		\$	\$	\$	\$	
Service Charge	5/8"	12.26	17.97	12.98	19.03	
	3/4"	12.65	18.87	13.39	19.98	
	1"	13.71	21.55	14.51	22.81	
	1 1/2"	15.38	25.19	16.28	26.67	
	2"	19.17	35.01	20.30	37.06	
	3"	44.74	106.65	47.36	112.90	
	4"	55.95	133.61	59.23	141.45	
	6"	82.73	196.68	87.58	208.21	
	8"	111.48	268.31	118.02	284.04	
	10"	148.46	350.03	157.16	370.55	
Volume Charge						
		Monthly Block		Quarterly Block		
	ccf	ccf	\$/ccf	\$/1,000 gal	\$/ccf	\$/1,000 gal
First	15	45	2.98	3.99	3.16	4.22
Next	1,635	4,905	2.59	3.46	2.74	3.66
Over	1,650	4,950	2.42	3.23	2.56	3.42
Wholesale			2.02	2.70	2.14	2.86

		Effective Jan 1, 2009		Effective Jan 1, 2010		
		Monthly	Quarterly	Monthly	Quarterly	
		\$	\$	\$	\$	
Service Charge	5/8"	13.64	20.00	14.19	20.80	
	3/4"	14.07	21.00	14.64	21.84	
	1"	15.26	23.98	15.87	24.94	
	1 1/2"	17.11	28.03	17.80	29.15	
	2"	21.34	38.96	22.19	40.52	
	3"	49.79	118.68	51.78	123.43	
	4"	62.26	148.68	64.75	154.64	
	6"	92.06	218.87	95.75	227.63	
	8"	124.06	298.57	129.02	310.53	
	10"	165.21	389.51	171.82	405.11	
Volume Charge						
		Monthly Block		Quarterly Block		
	ccf	ccf	\$/ccf	\$/1,000 gal	\$/ccf	\$/1,000 gal
First	15	45	3.32	4.44	3.45	4.61
Next	1,635	4,905	2.88	3.85	2.99	4.00
Over	1,650	4,950	2.69	3.60	2.80	3.74
Wholesale			2.25	3.01	2.34	3.13

Appendix D

Analysis of Subsequent Test Years

Appendix D

Analysis of Subsequent Test Years

The development of test year revenue requirements, as identified in the executive summary of this report, are based in large part upon the five year capital improvement program, and associated funding costs. Presented in Appendix D is the five year capital improvement program.

Five Year Capital Improvement Program

Line No.		2005	2006	2007	2008	2009	Total
Major Capital Improvement Program							
Water Quality							
1	US 27 Pumping Station Expansion	\$2,300,000					\$2,300,000
2	TMTP PS New Pump/VFD	140,000					140,000
3	Standby Generator at ORPS1	1,500,000					1,500,000
4	FTTP Tube Settler Replacement	950,000					950,000
5	MPTP Chemical Building/Raw Water PS/Transfer Pipe	500,000	4,000,000				4,500,000
6	FTTP Ultraviolet Disinfection	500,000	3,500,000				4,000,000
7	TMTP Backwash Handling System	1,389,000					1,389,000
8	SCADA Upgrade Phase 3			2,400,000			2,400,000
9	Install Third Pump At Ripple Creek PS		160,000				160,000
10	MPTP Filter Rehabilitation			530,000			530,000
11	TMTP Tube Settler Replacement		210,000				210,000
12	Standby Generator at Dudley PS			275,000			275,000
13	New Water Tank, Rossford				1,000,000		1,000,000
14	FTTP Post-Filtration GAC (Part 1)					1,000,000	1,000,000
15	Standby Generator at TMTP PS					170,000	170,000
16	Total Water Quality	7,279,000	7,870,000	3,205,000	1,000,000	1,170,000	20,524,000
Distribution System							
17	US27 from State Rt 824 to Pendleton Co Meter KDOT				770,000		770,000
18	24" Redundancy Glenn Ave - Covington	980,000					980,000
19	Bristow Road P.S. 12" to Bristow Road		90,000				90,000
20	Narrows Rd. (connecting ext 16' & 12")		96,000				96,000
21	Poplar Ridge Rd. (Upper Tug Fork to 4mile)	340,200					340,200
22	Four Mile Pk. (Poplar Rd. To Nelson Rd)	369,400					369,400
23	Nelson Rd. (Four Mile to 4 & 12 Mile Rd)	720,400					720,400
24	Four & Twelve Mile Rd. (Nelson to Hwy 1566)		670,000				670,000
25	Washington Trace Rd. (12Mile Rd to Hwy 1996)		1,245,000				1,245,000
26	KY 9 (36" Mook Rd to Newport Steel Entrance)		1,500,000				1,500,000
27	Law Gap Rd. (Ky9 to Existing Dead End)				192,000		192,000
28	Licking Pike From Trapp Rd to Rifle Range (Sub-F)	135,000					135,000
29	Licking Pike from Rifle Range to Sub-D (Sub-F)	70,000					70,000
30	Water Main Replacement Program 2004	477,410					477,410
31	3rd Street	372,000					372,000
32	Steel Water Main Phase 3	315,590					315,590
33	New Richmond Road (Old Carthage Rd)	420,000					420,000
34	4 Mile Circle	115,000					115,000
35	2004 Systematic Water Main Replacement	1,000,000					1,000,000
36	Mains into Unserved Areas 2004 (Sub - F, Campbell)	250,000					250,000
37	4 Mile Pk. (Uhl Rd south to End of Line)		230,000				230,000
38	Gunkel Rd (Upper Eight Mile to Fender Rd)		500,000				500,000
39	Lower Tug Fork (Upper Tug Fork 6")	325,000					325,000
40	Water Main Replacement Program 2005	1,520,000					1,520,000

Five Year Capital Improvement Program (continued)

Line No.		2005	2006	2007	2008	2009	Total
Major Capital Improvement Program							
41	Forest/Short John/John St. 2005 Main Replacement	580,000					580,000
42	Mains into Unserved Areas 2005 (Sub - G. Kenton)	250,000					250,000
43	Water Main Replacement Program 2006		2,100,000				2,100,000
44	Mains into Unserved Areas 2006		250,000				250,000
45	U S 27 From Ripple Creek BPS to E. Alex Pike		1,700,000				1,700,000
46	U S 27 From E. Alexandria Pike to Main		1,500,000				1,500,000
47	Pelly Rd from Ky 17 to Senour Road	400,000					400,000
48	Senour Road from Pelly to Ky 16	165,500					165,500
49	Hands Pike from Ky 16 to Edwin Drive		285,000				285,000
50	Ky 16. from Hands Pike to Klette Road		275,000				275,000
51	Newport LS/HS Interconnect/Regulated Woodlawn		520,000				520,000
52	Newport Low Service Interconnect 30"			750,000			750,000
53	Ky 547. from Washington St to Nelson Road			965,000			965,000
54	Four Mile Pk. (Poplar Rdg To Upper 8 Mile)			510,000			510,000
55	Dudley Discharge 12" - 30"			2,800,000			2,800,000
56	Water Main Replacement Program 2007			2,100,000			2,100,000
57	Mains into Unserved Areas 2007			250,000			250,000
58	Twelve Mile Rd., KY 10 to KY 1566				450,000		450,000
59	Year 2008 Water Main Replacement Program				2,100,000		2,100,000
60	Mains into Unserved Areas 2008				250,000		250,000
61	Ky 536. US 27 to Pond Creek Road - 12"					1,990,000	1,990,000
62	Interconnect 1010/1017 12"					500,000	500,000
63	Ky 2043, Banklick Station Road to Ky 16				2,400,000		2,400,000
64	Year 2009 Water Main Replacement Program					2,100,000	2,100,000
65	Mains into Unserved Areas 2009					250,000	250,000
66	Total Distribution System	8,805,500	10,961,000	7,375,000	6,162,000	4,840,000	38,143,500
Customer Service							
67	Radio Read Meters for Newport Area	800,000	500,000				1,300,000
69	Utility Information Management - EMA Recommendations	200,000	1,000,000				1,200,000
70	Radio Read Meters for Kenton & Campbell Areas 2006		800,000				800,000
71	Radio Read Meters for Kenton & Campbell Areas 2007			800,000			800,000
72	Radio Read Meters for Kenton & Campbell Areas 2008				800,000		800,000
73	Radio Read Meters for Kenton & Campbell Areas 2009					800,000	800,000
74	Total Customer Service	1,000,000	2,300,000	800,000	800,000	800,000	5,700,000
Administration							
Central Facility							
76	Central Facility - Purchase Price	3,650,000					3,650,000
77	Central Facility - Remodeling	4,600,000					4,600,000
78	Total Administration	8,250,000	0	0	0	0	8,250,000
79	Miscellaneous Projects	0	0	0	0	0	0
80	Total CIP Program	25,334,500	21,131,000	11,380,000	7,962,000	6,810,000	72,617,500