

**Filing Requirement Index
Historical Test Period Rate Case**

RECEIVED Page 1 of 7.

NOV 4 2011

PUBLIC SERVICE
COMMISSION

**Filing
Requirements**

**Filing Requirement
Description**

**Location or
Absence Reason**

807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application at 1.
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications has been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application at 2.
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application at 2.
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A - North Manchester is not a corporation.
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A - North Manchester is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A - North Manchester has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit 1.
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Exhibit 2.

Filing Requirement Index Historical Test Period Rate Case

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807 KAR 5:001 Section 10(1)(b)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Application at 2. Customer Notice Exhibit 9.
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	N/A
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit 4.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	N/A
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Application at 2.
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit 8.
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for each customer class for change in basic local service.	N/A – North Manchester is not a local exchange company..
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit 5.

**Filing Requirement Index
Historical Test Period Rate Case**

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807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	North Manchester's revenue requirement is based on debt service coverage. Exhibit 5.
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service.
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	N/A – A more detailed system is not used.
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	No audit was conducted for 2010.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A – North Manchester is not subject to FERC or FCC regulation.
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A – North Manchester is not an electric or telephone utility.
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit 9.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Excel Word

Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(p)	Prospectuses of most recent stock or bond offerings.	N/A – North Manchester has not issued stock and its bond offerings have not involved the issuance of a prospectus.
807 KAR 5:001 Section 10 (6)(q)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.	N/A – North Manchester has no stockholders or members.
807 KAR 5:001 Section 10 (6)(r)	Monthly managerial reports providing financial results for 12 months in test period.	North Manchester does not prepare monthly reports.
807 KAR 5:001 Section 10 (6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A – North Manchester is not subject to SEC reporting requirements.
807 KAR 5:001 Section 10 (6)(t)	<p>If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:</p> <ol style="list-style-type: none"> 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable; 	N/A – There were no amounts charged or allocated to North Manchester from an affiliate or general or home office.

Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	N/A
807 KAR 5:001 Section 10 (6)(v)	<p>Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file:</p> <ol style="list-style-type: none"> 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: <ol style="list-style-type: none"> (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles. 	N/A – North Manchester is not a local exchange carrier.
807 KAR 5:001 Section 10 (7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	Exhibit 3. A balance sheet is not included because there are no pro forma adjustments that directly impact that financial statement.
807 KAR 5:001 Section 10 (7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	N/A – Construction of North Manchester's proposed plant addition have been completed.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(c)	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements; 	N/A – There are no pro forma adjustments that relate to future plant additions.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	NA – There are no projected new customers that have been added to the North Manchester's system.

<u>Exhibit Title</u>	<u>Exhibit Number</u>
Proposed Tariff	1
Comparison – Proposed & Current Rates	2
Pro Forma Financial Statements	3
Pro Forma Adjustment Descriptions	4
Billing Analysis	5
Revenue Requirement Determination	6
Analysis of Depreciation	7
Customer Notification	8

EXHIBIT NO. 1
PROPOSED TARIFF

FOR North Manchester Water Association
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

NORTH MANCHESTER WATER ASSOCIATION
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES & CHARGES

Monthly Rates

5/8" X 3/4" Meter

First	2,000 gallons	\$ 20.02 minimum bill
All Over	2,000 gallons	\$ 5.37 per 1,000 gallons

1" Meter

First	5,000 gallons	\$ 36.13 minimum bill
All Over	5,000 gallons	\$ 5.37 per 1,000 gallons

2" Meter

First	15,000 gallons	\$ 89.84 minimum bill
All Over	15,000 gallons	\$ 5.37 per 1,000 gallons

3" Meter

First	30,000 gallons	\$ 170.40 minimum bill
All Over	30,000 gallons	\$ 5.37 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION

IN CASE NO. _____ DATED _____

EXHIBIT NO. 2

**COMPARISON –
PROPOSED & CURRENT
TARRIFFS**

FOR Northern Clay County
Community, Town or City

P.S.C. KY. NO. 3

SHEET NO. 7

NORTH MANCHESTER W. A.
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

RATES & CHARGES

WATER RATES

		Current		Proposed	
5/8 inch Meter:		Rate		Rate	
First	2,000	\$18.45	Minimum Bill	\$20.02	Minimum Bill
All Over	2,000	\$4.95	per 1,000 gallons	\$5.37	per 1,000 gallons
1-inch Meter:					
First	5,000	\$33.30	Minimum Bill	\$36.13	Minimum Bill
All Over	5,000	\$4.95	per 1,000 gallons	\$5.37	per 1,000 gallons
2-inch Meter:					
First	15,000	\$82.80	Minimum Bill	\$89.84	Minimum Bill
All Over	15,000	\$4.95	per 1,000 gallons	\$5.37	per 1,000 gallons
3-inch Meter:					
First	30,000	\$157.05	Minimum Bill	\$170.40	Minimum Bill
All Over	30,000	\$4.95	per 1,000 gallons	\$5.37	per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
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(Signature of Officer)

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IN CASE NO. _____ DATED _____

EXHIBIT NO. 3
PRO FORMA FINANCIAL STATEMENTS

Operating Revenues:	<u>2010</u>	<u>Adjustment</u>	<u>Adjusted</u>
Residential Sales	\$ 687,600	\$ 61,137 A	\$ 748,737
Commercial Sales	25,453	0	25,453
Other Water Revenue	893	0	893
Total Operating Revenues	\$ 713,946	\$ 61,137	\$ 775,083
 Water Expenses:			
Salaries and Wages	\$ 114,173	\$ 0	\$ 114,173
Salaries & Wages-O&D	31,990	0	31,990
Benefits-Health Insurance	0	44,486 B	44,486
Purchased Water	272,924	(73,230) C	199,694
Purchased Power	53,843	(25,553) D	28,290
Chemicals	1,882	0	1,882
Materials & Supplies	29,515	12,370 E	41,885
Contractual Serv.-Engineering	300	0	300
Contractual Serv.-Accounting	25,402	0	25,402
Transportation Expenses	19,388	0	19,388
General Liability Insurance	0	2,331 F	2,331
Vehicle Insurance	76,965	(53,593) G	23,372
Workers' Compensation Ins.	0	6,776 H	6,776
Amortization Expense	1,095	0	1,095
Miscellaneous Expenses	17,205	(12,370) I	4,835
Total Water Expenses	\$ 644,682	\$ (98,783)	\$ 545,899
Depreciation Expense	101,840	0	101,840
Taxes Other Than Income	11,670	0	11,670
Total Operating Expenses	\$ 758,192	\$ (98,783)	\$ 659,409
Operating Income	\$ (44,246)	\$ 159,920	\$ 115,674
Interest Income	61	0	61
Interest Expense	63,282	0	63,282
Net Income	\$ (107,467)	\$ 159,920	\$ 52,453

EXHIBIT 4

PRO FORMA ADJUSTMENT DESCRIPTIONS

A. Normalized Operating Revenues-Residential:

Revenues have been normalized using the end-of-period customer level and the current tariffed rate.

Test-period revenues	\$ 713,946
Adjustment from billing analysis	\$ 61,137
Normalized revenues	\$ 775,083

B. Pensions and Benefits-Health Insurance.

Test period health insurance expense totaled \$35,484. A review of 2011 invoices showed that the health insurance premium increased to \$3,146 per month increasing the health insurance to \$37,752 annually. (3,147 x 12) The utility reimburses an employee, Steven Bowling \$561.16 per month or \$6,734 per year for his health insurance because he is covered under his wife's health insurance policy. This is North Manchester's contribution towards the cost for health insurance for each employee. Since it does not pay Mr. Bowling's health insurance, the utility pays this amount to him directly. This payment brings the total health insurance expense to \$44,486 annually.

C. Purchased Water Expense.

It was determined that North Manchester has unaccounted for water of 35.858 per cent. This resulted in an adjustment to decrease purchased water expense by \$73,230.

Unaccounted for Water Loss Percentage

Water Produced/Purchased	185,298,500
Water Sales - Staff's Billing Analysis	110,585,010
Water Treatment Plant	0
System Flushing	4,450,000
Fire Department	3,820,000
Other	0
Total Water Sold and Used	118,855,010
Unaccounted for Water Loss - Gallons	66,443,490
Percentage of Unaccounted for Water Loss	35.858%
Percentage Water Loss in Excess of 15 Percent	20.858%

Determination of Pro Forma Purchased Water

Pro Forma Water Sales	110,585,010
Add: System Flushing, Fire Department, and Other	8,270,000
Subtotal	118,855,010
Divided by: 15% Line Loss Reciprocal	85.00%
Allowable Purchases/Production	139,829,424

Purchased Water Cost per 1,000 Gal

Allowable Purchases	139,829.424
Multiplied by: Water Rate per 1,000 Gallons	\$ 1.500
Pro Forma Purchased Water Expense	\$ 209,744
Less: Actual Test-period Expense	272,924
Pro Forma Adjustment - Nonrevenue Water	\$ (63,180)
Less: Penalties	(10,050)
Total Adjustment	\$ (73,230)

D. Purchased Power Expense.

Test period Purchased Power was \$53,843. A review of test period invoices indicated that \$25,553 should have been recorded as Purchased Water instead of Purchased Power. This amount was reclassified in order to correct this account. No adjustment was made to Purchased Water since the pro forma amount of this expense reflects the total allowable amount for this account. (See attachment C.)

E. Materials and Supplies.

North Manchester's materials and supplies account was increased by \$12,370 to reclassify this amount from the Miscellaneous Expense account (see adjustment I). This resulted in test period expense of \$41,885.

F. General Liability Insurance.

An amount of \$2,331 was reclassified to this account from Vehicle Insurance. This amount was determined from an invoice.

G. Vehicle Insurance.

North Manchester recorded all of its insurance expense in the vehicle insurance account resulting in a test period balance of \$76,965. From this account a total amount of \$44,486 was reclassified to Health Insurance (see adjustment B.) Invoices also showed an annual expense for Workers' Compensation Insurance of, \$6,776 and \$2,331 for General Liability Insurance. These amounts were also recorded in the Vehicle Insurance account and were reclassified to their proper account. These reclassifications resulted in an adjustment to decrease Vehicle Insurance by \$53,593 leaving an amount of \$23,372 for vehicle insurance.

H. Workers' Compensation Insurance.

A review of North Manchester's test period invoices showed its Workers' Compensation Insurance totaled \$6,776. This amount was reclassified from the Vehicle Insurance amount.

I. Miscellaneous Expense.

North Manchester recorded several expenses in its Miscellaneous Expense account totaling \$12,370 which should have been included as material and supplies and have been reclassified to that account.

EXHIBIT 5**BILLING ANALYSIS FOR: NORTH MANCHESTER WD
TEST PERIOD FROM: JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

Meter Size	Bills	Gallons Sold	Revenue
5/8 Inch	22613	99,633,180	716,192.54
1 inch	185	2,737,830	16,047.83
2 inch	99	7,568,400	39,523.77
3 inch	12	645,600	3,318.96
Totals	22,909	110,585,010	\$775,083.10

Exhibit No. 7

NORTH MANCHESTER WD
 Meter Size: 5/8 Inch

	USAGE	BILLS	GALLONS	FIRST 2,000	OVER 2,000					TOTAL	
FIRST	2,000	6129	6,264,637	6,264,637							6,264,637
OVER	2,000	16484	93,368,543	32,968,000	60,400,543						93,368,543
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
		22613	99,633,180	39,232,637	60,400,543	0	0	0	0	0	99,633,180

REVENUE BY RATE INCREMENT

		CURRENT RATE			
		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	22613	39,232,637	\$18.45	\$417,209.85
OVER	2,000		60,400,543	4.95	298,982.69
	0		0		0.00
	0		0		0.00
	0		0		0.00
	0		0		0.00
TOTAL		22613	99,633,180		\$716,192.54

Exhibit No. 7

NORTH MANCHESTER WD
 Meter Size: 1 inch

	USAGE	BILLS	GALLONS	FIRST 5,000	OVER 5,000	0	0	0	0	TOTAL
FIRST	5,000	81	220,390	220,390						220,390
OVER	5,000	104	2,517,440	520,000	1,997,440					2,517,440
	0	0	0	0	0	0				0
	0	0	0	0	0	0	0			0
	0	0	0	0	0	0	0	0		0
	0	0	0	0	0	0	0	0	0	0
		185	2,737,830	740,390	1,997,440	0	0	0	0	2,737,830

REVENUE BY RATE INCREMENT

	CURRENT RATE	BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	185	740,390	\$33.30	\$6,160.50
OVER	5,000		1,997,440	4.95	9,887.33
	0		0		0.00
	0		0		0.00
	0		0		0.00
	0		0		0.00
TOTAL		185	2,737,830		\$16,047.83

Exhibit No. 7

NORTH MANCHESTER WD
 Meter Size: 2 inch

	USAGE	BILLS	GALLONS	FIRST 15,000	OVER 15,000	0	0	0	0	TOTAL
FIRST	15,000	32	234,800	234,800						234,800
OVER	15,000	67	7,333,600	1,005,000	6,328,600					7,333,600
	0	0	0	0	0	0				0
	0	0	0	0	0	0	0			0
	0	0	0	0	0	0	0	0		0
	0	0	0	0	0	0	0	0	0	0
		99	7,568,400	1,239,800	6,328,600	0	0	0	0	7,568,400

REVENUE BY RATE INCREMENT

	CURRENT RATE	BILLS	GALLONS	RATE	REVENUE
FIRST	15,000	99	1,239,800	\$82.80	\$8,197.20
OVER	15,000		6,328,600	4.95	31,326.57
	0		0		0.00
	0		0		0.00
	0		0		0.00
	0		0		0.00
TOTAL		99	7,568,400		\$39,523.77

Exhibit No. 7

NORTH MANCHESTER WD
 Meter Size: 3 inch

	USAGE	BILLS	GALLONS	FIRST 30,000	NEXT 30,000	OVER	0	0	0	0	TOTAL
FIRST	30,000	1	25,830	25,830							25,830
OVER	30,000	11	619,770	330,000	289,770						619,770
	0	0	0	0	0	0					
	0	0	0	0	0	0	0				
	0	0	0	0	0	0	0	0			
	0	0	0	0	0	0	0	0	0		
		12	645,600	355,830	289,770	0	0	0	0	0	645,600

REVENUE BY RATE INCREMENT

		CURRENT RATE			
		BILLS	GALLONS	RATE	REVENUE
FIRST	30,000	12	355,830	\$157.05	\$1,884.60
OVER	30,000		289,770	4.95	1,434.36
	0		0		0.00
	0		0		0.00
	0		0		0.00
	0		0		0.00
TOTAL		12	645,600		\$3,318.96

Exhibit No. 6

AMOUNT OF INCREASE AND REVENUE REQUIREMENT

Year	Principal	Interest	Total
2012	99,831	51,151	150,982
2013	102,816	48,166	150,982
2014	105,890	45,092	150,982
Total	308,537	144,409	452,946
3 year average			\$ 150,982

Adjusted Operating Expenses	\$ 659,409
Debt Service	150,982
.20 Coverage	30,196
Revenue Requirement	840,587
Normalized Revenue	(775,083)
Increase	\$ 65,504