

KAW - Case 2004-00103
Cost of a Service Order for Lexington

(Expenses are based on forecasted test year unless otherwise noted)

1. Labor and miscellaneous expenses:			
	Total Field Service Labor in test year	\$ 488,200	(2)
	Total Inside Customer Service Labor in test year	217,535	(2)
	Subtotal direct service order labor	\$ 705,735	formula
	Total Remaining Distribution Department Labor in test year	\$ 2,238,574	formula
	Grand total labor distribution department labor	\$ 2,944,309	(2)
	Direct service order labor as a % of grand total labor	23.97%	formula
	Total Operations Superintendent Labor	\$ 90,513	
	Allocated to Service Order Work	\$ 21,695	
	Direct service order labor eligible for incentive pay	\$ 122,631	(2)
	Incentive pay as a % of eligible labor	8.81%	Allocation Schedule
	Incentive pay allocated	\$ 10,804	
	Miscellaneous expenses:		
535000	14 Contract Services - Other	\$ 32,519	Dec 2004 - Nov 2005 ABP - Bus Unit 120206 - (Distribution)
520100	14 M & S Oper TD	114,418	"
575000	14 Misc Oper TD	72,612	"
575320	14 Electricity	4,090	"
575620	14 Office & Admin Supplies TD	17,835	"
575480	14 Heat - Office TD	31,618	"
575500	14 Janitorial TD	7,098	"
575780	14 Trash Removal TD	8,182	"
575820	14 Uniforms	8,911	"
575741	14 Cell Phone TD	17,621	"
	Subtotal miscellaneous expenses	\$ 314,904	formula
	Miscellaneous expense allocated to direct service order labor	\$ 75,481	formula
	Direct Customer Service Expenses		
520100	15 M & S Oper	\$ 4,910	Dec 2004 - Nov 2005 ABP - Bus Unit 120103 (CORP Customer Service)
575000	15 Misc Oper Customer Service	4,963	
575620	15 Office & Admin	8,598	
575741	15 Cell Phone	742	
541400	15 Rents	5,521	
535000	15 Contract Services - Other	69,351	
535001	15 Contract Services - Temporary Labor	80,284	
	Subtotal customer service expenses	\$ 174,369	
2. Payroll overhead:			
	Direct service order labor plus allocated Operations Superintendent	\$ 727,430	formula
	Payroll overhead factor for forecasted test year	54.45%	Based on 2005 ABP
	Total payroll overhead allocated to direct service order labor	\$ 396,086	formula
3. Transportation expense:			
	Total miles driven by field service persons in 2003	231,434	(5)
	Total service orders worked by field service persons in 2003 (Lexington)	73,728	(1) See Footnotes tab
	Miles driven per service order in 2003	3.14	formula
	Total service orders worked by field service persons in 2003 (Lexington)	73,728	formula
	Average customers 2003 (Lexington) [(Dec 2002 + Dec 2003)/2]	104,632	(3)
	Service orders worked per average customer in 2003	0.705	formula
	Average customers in forecasted test year (Lexington)	109,856	(4)
	Service orders worked per average customer in 2003	0.705	formula
	Estimated service orders worked in forecasted test year	77,409	formula
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	Miles driven per service order in 2003	3.14	formula
	Estimated miles driven by field service persons in test year	242,988	formula
	IRS rate per mile	\$ 0.375	
	Estimated transportation cost by field service persons in test year	\$ 91,120	formula
4. Allocation of Customer Service Center Costs			
	Call center costs in KY management fees in test year (Lexington)	\$ 758,817	Allocation Schedule
	Total service orders worked by field service persons in 2003 (Lexington)	73,728	formula
	Average customers 2003 (Lexington) [(Dec 2002 + Dec 2003)/2]	104,632	formula
	Estimated calls per customer	1.45	
	Estimated # of calls received by the KAW Call Center	151,652	formula
	Ratio of service orders to calls received	48.6%	formula
	Allocate CSC costs to service orders based on ratio of service orders to calls received	368,912	formula
5. Totals			
	Direct service order labor	\$ 705,735	formula
	Operations Superintendent allocation	21,695	
	Incentive pay	10,804	
	Miscellaneous expenses	75,481	formula
	Customer Service expenses (service order closing)	174,369	
	Payroll overhead	396,086	formula
	Transportation expense	91,120	formula
	Customer Service Center costs	368,912	formula
	Subtotal	\$ 1,844,202	formula
	Estimated service orders worked during test year	77,409	formula
	Cost per service order (activation fee)	\$ 23.82	formula
	Round activation fee to \$24	\$ 24.00	
6. Revenues from activation fee			
	Estimated number of Turn On orders	28,000	(1)
	Total Activation Fee Revenues	\$ 672,000	formula