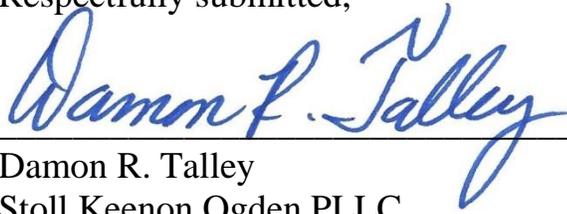


Dated: June 13, 2018

Respectfully submitted,



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*Counsel for Lebanon Water Works
Company*

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Lebanon Water Works Company's June 13, 2018 electronic filing of this Notice is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on June 13, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and one copy in paper medium of this Notice will be delivered to the Commission on or before June 15, 2018.



Damon R. Talley

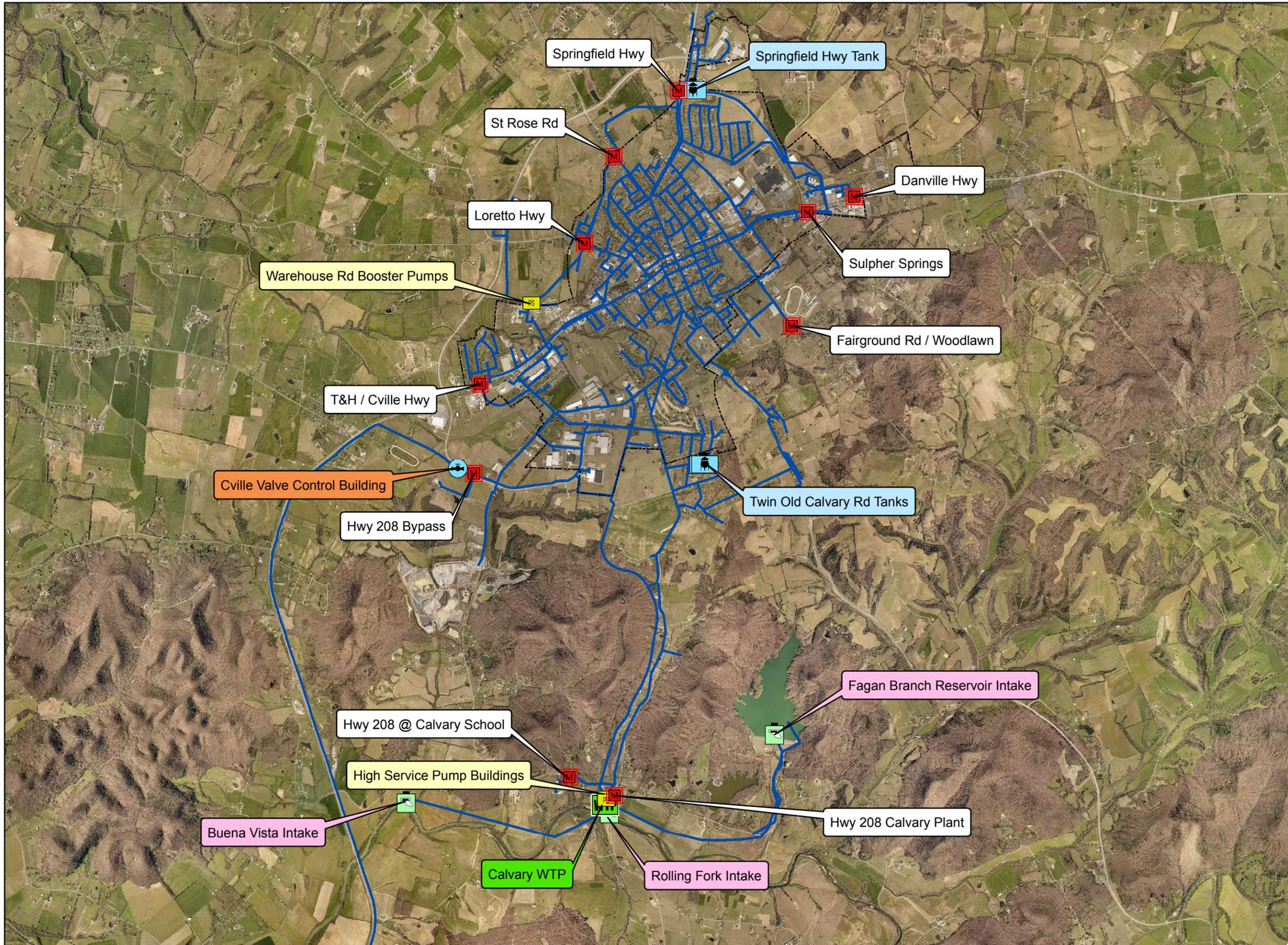
LIST OF WITNESSES

1. Daren Thompson
Operations and Management Superintendent,
Lebanon Water Works Company
2. Holly L. Nicholas
Funding and Project Administration Specialist,
Kentucky Engineering Group, PLLC
3. Tyler Fallin, CPA
RFH, PLLC
4. Lisa Mattingly
Office Manager,
Lebanon Water Works Company
5. Jimmy Mudd
Manager, Marion County Water District
6. Charles M. White
CPA for Marion County Water District

LIST OF EXHIBITS

1. Water System Overview Map
2. Operating Expenses & Revenue Requirements, 06/08/18
3. Summary of Findings (Exhibit CMW-6) Revised
4. Any exhibit contained in the record in this proceeding

Lebanon Water Works Company Water System Overview Map



NOT TO SCALE

Legend

-  Valve Control Building
-  MCWD Master Meters
-  Water Pumps
-  Water Treatment Plants
-  Water Intakes
-  Storage Tanks
-  Lebanon City Limits
-  Water Mains



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No part of this map may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by any information storage or retrieval system, except as expressly permitted in writing by LWWC.

Operating Expenses & Revenue Requirements

06/08/18

	Original			Revised
	Revenue/Expenses	Adjustments	Reference	Revenue/Expenses
Operating Revenues				
Sales of Water				
Unmetered water sales	-			-
Metered water sales	2,640,000			2,640,000
Bulk loading stations	-			-
Fire protection revenue	-			-
Sales for resale	-			-
Total sales of water	2,640,000			2,640,000
Other water revenues				
Forfeited discounts	-			-
Miscellaneous service revenues	-			-
Rents from water property	-			-
Other water revenues	-			-
Total other water revenues	-			-
Total Operating Revenues	2,640,000			2,640,000
Operating Expenses				
Purchased Water-Cville Water & Sewer	490,560	(54,020)	(A)	436,540
Savings at WTP	(39,733)			(39,733)
Salaries	615,200			615,200
Fringe Benefits - Employee ins	188,400			188,400
KRS/CERS - Employer share	118,000	14,145	(B)	132,145
Payroll taxes	47,100			47,100
Office - Utilities	12,000			12,000
Office - Repairs/Maintenance	33,200			33,200
Office - Supplies	6,100			6,100
Office - Miscellaneous	15,900			15,900
Professional Fees - Legal/Accting/Surveying	65,400			65,400
Postage	10,700			10,700
Director fees	12,600			12,600
Advertisements	900			900
Uniforms/Safety Equipment	10,100			10,100
Continuing Education Expense	6,800			6,800
Membership Dues/Fees	5,000			5,000
Insurance	49,100			49,100
Bad Debts	-			-
Interest on Customer Deposits	1,200			1,200
Donations	400			400
Rental House - Calvary	800			800
Miscellaneous	4,000	20,667	(C)	24,667
Equipment - Repairs/Maintenance	2,000			2,000
Shop - Supplies/Expense	13,100			13,100
Meters - Repairs	60,900			60,900

Mains - Repairs	20,000			20,000
Hydrants - Repairs	16,400			16,400
Tanks - Repairs	10,000			10,000
Tanks - Utilities	4,000			4,000
Lab Equipment/Supplies	2,200			2,200
Lab Testing	18,600			18,600
Vehicle - Fuel	13,800			13,800
Vehicle - Repairs/Maintenance	16,700			16,700
Warehouse Rd- BPS - Repairs/Maintenance	-			-
Power	230,000			230,000
Chemicals	170,000			170,000
Utilities	10,500			10,500
Repairs/Maintenance	38,000	70,440	(D)	108,440
Supplies	8,900			8,900
Lab Equipment	11,000			11,000
Pump Equipment	-			-
Lake - Repairs/Maintenance	1,800			1,800
Buena Vista - Utilities	1,000			1,000
Buena Vista - Supplies	-			-
Buena Vista - Repairs/Maintenance	2,500			2,500
Total Operation and Maintenance Expenses	2,305,127			2,356,359
Depreciation Expense	600,000	206,086	(E)	806,086
Total Operating Expenses	2,905,127			3,162,445
Utility Operating Income	(265,127)			(522,445)

Revenue Requirement Calculation - Debt Coverage Method

Pro Forma Operating Expenses	2,905,127			3,162,445
Plus: Average Annual Debt P&I Payments	532,037	31,580	(F)	563,617
Debt Coverage Requirement	63,844	77,060	(G)	140,904
Total Revenue Requirement	3,501,008			3,866,966
Less: Other Operating Revenue	(53,400)			(53,400)
Non-operating Revenue				
Interest Income	(9,400)			(9,400)
Revenue Required from Rates	3,438,208			3,804,166
Less: Revenue from Sales at Present Rates	2,640,000			2,640,000
Required Revenue Increase	798,208			1,164,166
Required Revenue Increase stated as a percentage of revenue at Present Rates	30.24%			44.10%

Reference

- (A) Water purchase rate from Campbellsville was recalculated and subsequently reduced from \$3.36 per 1000 gallons to \$2.99 per 1000 gallons for 400,000 GPD.
- (B) Pension Expense (CERS) amount was increased by \$14,145 to a total for FY 2019 of \$132,145.
- (C) GIS Base Mapping Project and the annual licensing fee were added.
- (D) \$70,440 was added to cover on-going service contracts at the WTP.
- (E) Depreciation for Campbellsville transmission main, WTP filters, and clearwell have been added to total depreciation amount; adjustments were made to reflect additions from the Depreciation Worksheet.
- (F) Final loan amount for Campbellsville project has been adjusted to reflect total loan of \$2,261,000.
- (G) Debt coverage was incorrectly calculated originally plus it needed to include the final amount of the Campbellsville loan.

REVISED

Summary of Findings

Utility Operating Loss Per Pro Forma at Exhibit 1-1		(217,970)
Decrease in Depreciation Expense of LWWC - Revised		59,927
Cost of "free" water to the City of Lebanon		92,438
Omission of average revenue from penalties and late fees		35,445
Cost of additional 100,000 gallons of water per day above the minimum		122,640
Expeted decrease in variable costs related to power, pump station and filter plant, and chemical costs - Revised	85,051	
Less: Amount of savings listed at Exhibit 1-1	<u>(29,950)</u>	
		55,101
Costs above the 3 year average (computed from the audited financial statements) as compared to the Pro Forma at Exhibit 1-1		
a) Maintenance & Repair Costs	72,567	
b) Salaries	52,413	
c) Outside Services	22,346	
d) Miscellaneous Expenses	<u>24,732</u>	
		172,058
Adjusted Operating Income		<u><u>319,639</u></u>