

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC PROPOSED)
ADJUSTMENT OF THE WHOLESALE) CASE NO. 2017-00417
WATER SERVICE RATES OF)
LEBANON WATER WORKS)**

REBUTTAL TESTIMONY OF

DAREN THOMPSON

OPERATIONS & MANAGEMENT SUPERINTENDENT

LEBANON WATER WORKS COMPANY

Filed: June 8, 2018

1 **INTRODUCTION**

2 **Q. Please state your name, position, and business address.**

3 A. My name is Daren Thompson. I am the Operations & Management
4 Superintendent of Lebanon Water Works Company (the “Company”).
5 My business address is 120 S. Proctor Knott Avenue, Lebanon, Kentucky
6 40033. A statement of my qualifications and work experience was
7 attached as Appendix A to my Direct Testimony.

8 **Q. What is your role as the Operations & Management Superintendent?**

9 A. As the Operations & Management Superintendent of the Company, I
10 essentially act as the General Manager or Chief Executive Officer of the
11 Company. I am responsible for overseeing the daily operations,
12 management, and supervising all employees of the Company. I report to
13 the Board of Directors. I am also responsible for executing the policies
14 adopted by the Board.

15 **Q. Did you previously testify in this proceeding?**

16 A. Yes. I filed testimony in support of the Company’s Motion for an Order
17 Establishing Procedural Schedule and Assigning Burden of Proof on
18 January 31, 2018 (“Thompson Testimony of January 31, 2018”) and filed
19 Direct Testimony on March 21, 2018 (“Thompson Direct Testimony”).

20 **Q. Is the Thompson Testimony of January 31, 2018 still correct?**

1 A. Yes. My testimony of January 31, 2018 remains correct. I hereby
2 incorporate by reference the Thompson Testimony of January 31, 2018
3 and the exhibits attached thereto.

4 **Q. Is the Thompson Direct Testimony still correct?**

5 A. Yes. My direct testimony of March 21, 2018 remains correct except for
6 Pension Expense, which will be updated as part of my rebuttal testimony.
7 I hereby incorporate by reference the Thompson Direct Testimony and
8 the exhibits attached thereto.

9 **Q. Has Marion County Water District (“Marion District”) filed**
10 **testimony in this proceeding?**

11 A. Yes. On May 14, 2018, Marion District filed the Direct Testimony of
12 Charles M. White (“White Direct Testimony”).

13 **Q. Have you reviewed the White Direct Testimony?**

14 A. Yes.

15 **Q. Have you reviewed the Rebuttal Testimony of Holly Nicholas?**

16 A. Yes.

17 **Q. What is the purpose of your testimony?**

18 A. The purpose of my testimony is to continue to explain why the proposed
19 rate for the provision of wholesale water service to Marion District is
20 fair, just, and reasonable and respond to and rebut the White Direct

1 Testimony filed by Marion District on May 14, 2018. Particularly, I will
2 address the Company’s capitalization policy, the provision of water to the
3 City of Lebanon, penalties/late fees, the electric demand charge, the
4 business decision to purchase 400,000 gallons per day (“GPD”) from
5 Campbellsville, maintenance and repair costs, and non-operating
6 revenues. I will also provide the most recent updates to the depreciation
7 schedule, pension expense, water purchase expense from Campbellsville,
8 and rate case expense.

9 **CAPITALIZATION POLICY**

10 **Q. Does the Company have a Capitalization Policy?**

11 A. Yes. The Company depreciates its assets in accordance with its
12 Capitalization Policy, which was adopted in 2007.

13 **Q. Has the Company filed its Capitalization Policy with the Commission**
14 **in this proceeding?**

15 A. Yes. On March 7, 2018, the Company filed its Capitalization Policy in
16 response to Question No. 2B of the Commission Staff’s Request for
17 Information.

18 **Q. Refer to page 4 of the White Direct Testimony. Does the Company**
19 **have a “second, differing capitalization policy”?**

1 A. No, it does not. On page 4 of the White Direct Testimony, Mr. White
2 first references the Capitalization Policy provided in the Company's
3 response to Question No. 2B of the Commission Staff's Request for
4 Information. Then, Mr. White states that a "second, differing
5 capitalization policy [was] submitted with Exhibit 10-1 in response to
6 [Marion District's] First Requests for Information." He goes on to say
7 that "[w]hile some of the items in the two separate capitalization policies
8 agree, several do not."

9 This is incorrect. The Company does **not** have two differing
10 capitalization policies and has **not** submitted differing capitalization
11 policies to the Commission. As I previously stated, the Company's
12 Capitalization Policy was adopted in 2007 and was filed in this
13 proceeding in response to Question No. 2B of the Commission Staff's
14 Request for Information. The "second, differing capitalization policy"
15 that Mr. White claims was submitted as Exhibit 10-1 in response to
16 Marion District's First Request for Information was not the Company's
17 Capitalization Policy. Question No. 10 of Marion District's Request for
18 Information requested copies of all documents "used, reviewed, or relied
19 upon in developing and adopting the Company's current Capitalization
20 Policy." In relevant part, the Company explained in its response to

1 Question No. 10 that “[a]n excerpt of the [NARUC] survey used by the
2 Commission *was reviewed in developing* the Company’s Capitalization
3 Policy and is attached as **Exhibit 10-1.**”¹ The NARUC survey does not
4 represent a “second, differing capitalization policy” as Mr. White claims,
5 but instead was simply used in developing the Company’s current
6 Capitalization Policy.

7 **WATER PROVIDED TO THE CITY**

8 **Q. Please refer to page 6 of Mr. White’s Direct Testimony. Do you have**
9 **any response to his assertion that Marion District is bearing \$51,987**
10 **of the cost of the “free water” which the Company is providing to the**
11 **City of Lebanon?**

12 A. Yes. This matter was addressed in the Company’s Response to Question
13 No. 8 of Marion District’s Supplemental Request for
14 Information. Nevertheless, I wish to provide a more detailed explanation
15 of why the Company is not being “taken advantage of” by the City and
16 why all the Company’s customers, including Marion District, benefit
17 from the relationship between the City and the Company.

18 The Company provides water free of charge to the City. In return,
19 the City’s wastewater treatment plant treats the sludge from the

¹ (emphasis added).

1 Company's Water Treatment Plant free of charge. In addition, the
2 Company borrows City owned equipment whenever needed. This
3 prevents the Company from having to purchase duplicate equipment that
4 is not used on a regular or frequent basis. Furthermore, the City has
5 issued tax exempt bonds for the Company and continues to serve as a
6 financing conduit for the Company. This enables the Company to obtain
7 low interest loans and substantial amounts (millions of dollars) of
8 principal forgiveness on these loans from the Kentucky Infrastructure
9 Authority ("KIA"). In my opinion, these benefits far outweigh the
10 Company's cost to provide free water to the City.

11 **Q. How important is it for the City to treat and dispose of the sludge**
12 **generated by the Company at its Water Treatment Plant?**

13 A. One of the biggest problems for producers of water is how to dispose of
14 the sludge that is generated by the water treatment plant. By far, the
15 easiest and best way for the Company to dispose of its sludge is to have a
16 third party haul it to the City's wastewater treatment plant and have it be
17 treated and disposed of by the City. This is one less headache to worry
18 about.

19 Many cities, including Campbellsville, have stopped allowing its
20 own wastewater treatment plant to treat and dispose of sludge generated

1 by its city-owned water treatment plant. Other cities have never allowed
2 its wastewater treatment plant to treat the sludge generated by its city-
3 owned water treatment plant. They say it causes too many operational
4 problems for its wastewater treatment plant.

5 **Q. How do other cities dispose of the sludge generated by their water**
6 **treatment plants.**

7 A. I have checked with all my neighboring cities: Bardstown,
8 Campbellsville, and Springfield. None of them utilize their wastewater
9 treatment plants to treat the sludge generated by their water treatment
10 plants. Both Bardstown and Springfield have lagoon systems. Under
11 this method, the sludge is stored in large lagoons or holding basins.

12 **Q. Is a lagoon system a viable option for the Company?**

13 A. No. The lagoons must be located adjacent to the Company's Water
14 Treatment Plant. The Company does not have enough space at its Water
15 Treatment Plant to construct lagoons without locating the lagoons in the
16 lower flood plain in an area that frequently floods. This is
17 environmentally unacceptable. In addition, the Division of Water would
18 not permit the construction of lagoons in this area.

19 **Q. How does Campbellsville dispose of its sludge?**

1 A. Historically, Campbellsville’s sewer department employees treated the
2 sludge at the City’s wastewater treatment plant. Apparently, this caused
3 operational problems at the wastewater treatment plant and allegedly
4 caused the wastewater treatment plant to violate its discharge permit
5 limits. After this occurred, the sewer department refused to treat the
6 sludge from the city-owned water treatment plant.

7 Campbellsville’s water department then located a company in
8 Versailles, Kentucky that has a mobile press to “de-water” the sludge and
9 convert it to “solids.” Campbellsville then “land-applies” the solids.

10 **Q. Have you considered utilizing the same company that Campbellsville**
11 **uses to dispose of its sludge?**

12 A. Yes. Campbellsville uses a company named H&A Resource
13 Management (“Disposal Firm”) to dispose of its sludge. The Disposal
14 Firm charges two (2) fees: a combined mobilization and de-mobilization
15 fee of \$2,850.00 each time it “sets-up” and a volumetric fee of \$0.057 per
16 gallon treated. Campbellsville has extra sedimentation basins so it only
17 has to have the Disposal Firm come about four (4) times per year. The
18 Company does not have any extra sedimentation basins so the Company
19 would need to have the Disposal Firm come at least once per month. The

1 Company currently generates approximately 45,000 gallons of sludge per
2 month.

3 **Q. What would be the cost of hiring the Disposal Firm to treat this**
4 **volume of sludge each month?**

5 A. The monthly cost would be at least **\$5,415**. The annual cost would be at
6 least **\$64,980**.

7 **Q. Please explain how you arrived at these amounts.**

8 A. The monthly volumetric charge is \$2,565 (45,000 gallons treated each
9 month times \$0.057 per gallon equals \$2,565). The combined
10 mobilization and de-mobilization fee is \$2,850. The total cost is the sum
11 of these two (2) components or **\$5,415** (\$2,565 plus \$2,850 equals
12 \$5,415). The annual cost is **\$64,980** (\$5,415 times 12 equals \$64,980).

13 **Q. Will there be any additional costs if the Company is forced to utilize**
14 **a Disposal Firm to dispose of its sludge?**

15 A. Yes. The Company will need to dispose of the solids that remain behind
16 after the Disposal Firm “de-waters” the sludge and converts it to
17 “solids.” The Disposal Firm does not haul away the solids. The
18 Company would need to hire a trucking firm to haul away the solids with
19 a dump truck. The trucking firm would be responsible for transporting
20 the material to a suitable location to “land-apply” the solids. The annual

1 cost of doing this will be substantial, but I do not have an estimate of this
2 cost. Since the Company has not had to use this method before, I do not
3 know how many dump truck loads of solids would be generated each
4 month.

5 **Q. Could the Company dispose of the solids itself by land-applying the**
6 **solids?**

7 A. Yes. This is possible. To do so, however, the Company would need to
8 find a farmer that wanted the solids applied to his land and get the farm
9 “permitted.” The Company would also need to purchase an industrial
10 type “manure spreader” to spread the solids. It would also need a truck
11 to haul the solids to the permitted site. In addition, it would have to
12 purchase a tractor to pull the spreader. I have not had the time to obtain
13 any cost estimates for these substantial capital expenditures nor have I
14 compared the relative cost of these two (2) alternate methods of
15 disposing of the solids. Hopefully, the Company can continue to provide
16 “free” water to the City in exchange for the City’s wastewater department
17 and wastewater treatment plant treating and disposing of the Company’s
18 sludge. This method has worked well for more than 24 years. All the
19 Company’s customers, including Marion District, have benefitted from
20 this arrangement.

1 **Q. Do you believe this \$64,980 annual cost estimate of hiring the**
2 **Disposal Firm is a realistic number?**

3 A. The stated cost is a conservative estimate. It does not include the
4 additional cost of disposing of the solids described above nor the cost of
5 treating a larger volume of sludge. In all likelihood, the Company would
6 probably need to have a larger volume of sludge treated each
7 month. Treating a larger volume will increase the cost.

8 **Q. Why would it be necessary to treat a larger volume of sludge than**
9 **the amount currently being hauled to the City's wastewater**
10 **treatment plant?**

11 A. If the Company were to be forced to utilize the Disposal Firm, the
12 Company would need to completely "empty" the clarifier each time the
13 Disposal Firm comes. This would generate more volume than the method
14 the Company currently uses.

15 **Q. Why would this generate more volume of sludge?**

16 A. Near the end of each 30 day period, the clarifier would have substantial
17 levels of sludge in it. This reduces the usable capacity that is available
18 for water to enter the clarifier for treatment. This could also cause
19 problems cleaning the sedimentation and flocculation basins and
20 backwashing the filters without overflowing the clarifier. Hence, the

1 need to completely remove all the sludge from the clarifier each time the
2 Disposal Firm comes to the Water Treatment Plant. Removing all the
3 sludge increases the volume to be treated.

4 **Q. Do you have an estimate of the additional volume of sludge that**
5 **would need to be treated?**

6 A. No. I just know that the volume would increase. That is why I am very
7 comfortable stating that the annual cost would be at least \$64,980.

8 **PENALTIES**

9 **Q. Do you agree with Mr. White's assertion that approximately \$35,000**
10 **of penalties and late fees should have been considered in the**
11 **proposed rate increase calculation?**

12 A. No. These penalties were paid entirely by the Company's retail
13 customers. It is inappropriate to allow Marion District to reap the benefit
14 of revenue provided from other customers when it has not contributed to
15 the penalty and late fee revenue.

16 **Q. Please list the number of retail customers of the Company.**

17 A. As of June 30, 2017, the Company had 2,614 retail customers. Further
18 detail regarding the number of retail customers as of June 30, 2016 and
19 February 28, 2018 is shown in response to Question No. 4 of Marion
20 District's Request for Information filed on April 12, 2018.

1 **Q. Please list the number of wholesale customers of the Company.**

2 A. Marion District is the Company's only wholesale customer.

3 **Q. Did Marion District incur any penalties or late fees from the**
4 **Company in Fiscal Year ("FY") 2016, FY 2017, or FY 2018?**

5 A. No. The Company's records show that Marion District has not incurred
6 any penalties or late fees during the last three fiscal years. Marion
7 District also confirmed that it has incurred no such penalty. (See Marion
8 District's Response to Question No. 17 of the Company's First Request
9 for Information to Marion District).

10 **Q. Refer to page 6 of the White Direct Testimony. Should the**
11 **Company's penalties and late fees be included in the calculation of**
12 **the rate for Marion District?**

13 A. No. Marion District is only one (1) of the Company's more than 2,600
14 customers. In my opinion, it is inappropriate to allow Marion District to
15 reap the benefit of revenue provided from other customers when it has
16 not contributed to the penalty and late fee revenue.

17 **ELECTRIC DEMAND CHARGE**

18 **Q. Refer to page 7 of the White Direct Testimony. Is Mr. White's**
19 **reduction of purchased power costs by 18 percent appropriate?**

1 A. No. The significant portion of the Company's purchased power costs are
2 due to demand charges. Because of these demand charges, the
3 Company's purchased power costs do not necessarily increase or
4 decrease linearly when it increases or decreases its kilowatt hour electric
5 use.

6 The Company has three (3) electric services at the Water
7 Treatment Plant facilities which account for 90% of the Company's
8 overall annual power cost. These services are identified as: (1) New
9 High Service Pump Station; (2) New Raw Water Pump Station; and (3)
10 Old High Service Pump Station. The electric service for the Old High
11 Service Pump Station also provides service to the balance of the Water
12 Treatment Plant. These three (3) electrical services supply water to
13 pumps and motors that are up to 500 horse power. The Company has
14 large motors on all three (3) services and sets high demands on each of
15 them. One of the three (3) services is a time of day service and three (3)
16 different demand charges apply to this particular bill. Since this service
17 supplies power to the Company's New High Service Pump Station, it is
18 necessary to run these pumps throughout the entire day to keep the
19 appropriate level of water in the storage tanks.

1 I have thoroughly reviewed the electric bills on all three (3) of
2 these electric services for the past few years. The demand charge portion
3 of the electric bills range from 55% to 86%. On average, the demand
4 charges count for approximately two-thirds of the Company's electric
5 costs.

6 Most of the motors at the plant are constant speed motors. This
7 means that they cannot be run at slower speeds. Since most of the motors
8 run at only one speed, the demand will not change on the bill. This
9 means that the motors will run just as hard if the Company treats all of
10 the water it sells or if it treats less and purchase water from
11 Campbellsville. The only item that will change in this scenario of
12 purchasing water from Campbellsville is the run hours for each
13 motor. This reduction of run hours for some of the motors will equate to
14 less kilowatt hours of usage which in turn translates to savings on the
15 energy charge portion of the bill. The demand charges will not
16 change. Since demand charges account for approximately two-thirds of
17 the Company's power costs, the savings on the Company's electric bills
18 by reducing the volume treated is not linear with the reduction of
19 flow. In the Company's analysis of the real savings, it looked at the
20 typical monthly energy charge for these three (3) meters at the Water

1 Treatment Plant and made a linear adjustment to that charge only based
2 on the reduction of flow.

3 Another noteworthy item is that since last year when the
4 Company's analysis of the power savings was completed for purchasing
5 varying amounts of water from Campbellsville, Kentucky Utilities'
6 ("KU's") electric rates have changed. The energy charge for each
7 kilowatt hour decreased from \$0.03572 to \$0.0327. On the other hand,
8 demand charges typically increased. On the two (2) services that are not
9 time-of-day services, the base demand charge increased from \$16.95 per
10 KW to \$18.81 per KW. On the time-of-day service, the base demand
11 charge decreased from \$5.20 per KW to \$3.03 per KW. The intermediate
12 demand charge increased from \$4.53 per KW to \$6.41 per KW. The
13 peak demand charge also increased from \$6.13 per KW to \$8.09 per
14 KW. These demand increases in unit cost add additional cost to the
15 Company's power costs that cannot be lessened by purchasing water
16 from Campbellsville and producing less water at the Company's Water
17 Treatment Plant. On the other hand, since the energy charge has
18 decreased per kilowatt hour, the savings stated in the analysis of
19 purchasing water from Campbellsville will actually decrease.

1 **Q. The Company has estimated that its electric and chemical costs at**
2 **the Water Treatment Plant will be reduced by approximately**
3 **\$39,733 as a result of purchasing 400,000 GPD from Campbellsville**
4 **(see the Company’s Response to Marion District’s Supplemental**
5 **Requests for Information, Question 3 and Exhibit 1-1 to Question 1B**
6 **of the Company’s Response to the Commission Staff’s Request for**
7 **Information). Do you wish to change the estimated savings in light of**
8 **your recent analysis of the electric bills?**

9 A. No. The reduction in chemical costs is linear and I am highly confident
10 of this portion of the reduction costs. I do not believe the reduced
11 electric and chemical costs will exceed \$39,733. It will probably be
12 somewhat less than this amount. For ratemaking purposes, however, I
13 recommend that the Commission use \$39,733 as the amount of the
14 expected reduction in electric and chemical costs.

15 **Q. Do you agree with the other reductions Mr. White asserts are**
16 **appropriate due to the water purchased from Campbellsville?**

17 A. No. Mr. White claims that pump station and filter plant and chemical
18 costs should also be decreased by 18 percent because of the purchase of
19 water from Campbellsville. I disagree and continue to support the

1 revenues and expenses set forth in **Exhibit 1-1** to the Commission Staff's
2 Second Request for Information filed on May 3, 2018.

3 **PURCHASE OF 400,000 GPD FROM CAMPBELLSVILLE**

4 **Q. Refer to page 7 of the White Direct Testimony. Do you agree that**
5 **the Company incurs \$122,640 in annual additional cost because of**
6 **the decision to purchase 400,000 GPD from Campbellsville?**

7 A. No. The amount is only \$57,670.

8 **Q. How do you explain the difference?**

9 A. I am not sure how Mr. White calculated the \$122,640 additional cost to
10 the Company.

11 On page 16 of the Thompson Direct Testimony, I explain the cost
12 of purchasing 300,000 GPD versus 400,000 GPD from Campbellsville. I
13 explain that, using the recently re-calculated rates by Campbellsville,
14 Campbellsville will charge the Company \$3.46 if 300,000 GPD are
15 purchased and \$2.99 if 400,000 GPD are purchased. This results in an
16 annual cost to the Company of **\$436,540** if 400,000 GPD are purchased
17 (400,000 x 365 x \$2.99) and **\$378,870** if 300,000 GPD are purchased
18 (300,000 x 365 x \$3.46). Accordingly, the Company will pay an
19 additional **\$57,670** annually if it purchases 400,000 GPD instead of
20 300,000 GPD.

1 **Q. Notwithstanding this discrepancy, is it appropriate for Marion**
2 **District to contest the purchase of 400,000 GPD from**
3 **Campbellsville?**

4 A. No. The decision to purchase 400,000 GPD was a business decision
5 made by the Company's Board of Directors to allow the Company
6 increased flexibility to shut down all or a portion of its water treatment
7 plant to perform maintenance that is long overdue. This decision is
8 protected by the business judgment rule.

9 **MAINTENANCE COSTS**

10 **Q. Refer to pages 7-8 of the White Direct Testimony. Should any of the**
11 **Maintenance and Repair Costs be capitalized?**

12 A. No. Mr. White claims that because the Maintenance and Repair Costs
13 used in the Pro Forma are higher than the arbitrary three-year average
14 Mr. White uses, he "question[s] whether the costs listed are repair costs
15 or capital improvements costs that should be depreciated." All of the
16 Maintenance and Repair Costs are appropriate expenses that should not
17 be depreciated. As I explained in the Thompson Direct Testimony, the
18 Company is currently performing or plans to perform many maintenance
19 projects that were deferred for many years. These maintenance projects
20 are necessary to maintain the integrity of the Company's water system.

1 **DEPRECIATION SCHEDULE WORKSHEET**

2 **Q. Has the Company prepared a depreciation schedule worksheet?**

3 A. Yes. The depreciation schedule worksheet is attached as **Exhibit 1**.

4 **Q. Please describe the Depreciation Schedule Worksheet.**

5 A. The Company created a Depreciation Schedule Worksheet, which
6 calculates a full year of depreciation for assets placed into service in 2017
7 and corrects the useful lives of certain assets misclassified. We needed
8 this worksheet to help us prepare our Budget for FY 2019 which begins
9 on July 1, 2018.

10 **PENSION EXPENSE**

11 **Q. Has there been a change in state law since you filed your Direct**
12 **Testimony on March 21, 2018 that affects the amount that the**
13 **Company will be contributing to the County Employees Retirement**
14 **System (“CERS”)?**

15 A. Yes. House Bill 362, which was enacted during the 2018 Regular
16 Session of the Kentucky General Assembly and became effective on
17 April 14, 2018, places a 12% cap on the annual increase to the
18 employer’s contribution rate to CERS.

1 **Q. What was the Company's contribution rate for the Fiscal Year**
2 **Ending 6-30-18?**

3 A. 19.18%. This was the percentage used in calculating the Company's
4 Revenue Requirements to support the proposed rate increase. The
5 Revenue Requirements included Pension Expense of \$118,000 (salaries
6 of \$615,200 times the contribution rate of 19.18% equals \$117,995,
7 which was rounded up to \$118,000).

8 **Q. What is the employer's contribution rate for the fiscal year**
9 **commencing on July 1, 2018 and ending on June 30, 2019?**

10 A. 21.48% (19.18% times 1.12 equals 21.48%).

11 **Q. Has the Company received any correspondence or notice from CERS**
12 **that confirms the new contribution rate?**

13 A. Not specifically, but I went on the Kentucky Retirement Systems
14 ("KRS") website and learned that the new contribution rate will be
15 21.48%.

16 **Q. What will be the Company's Pension Expense for FY 2019?**

17 A. \$132,145. This assumes that the Company's annual payroll remains at
18 \$615,200. This is an **increase of \$14,145** over the Pension Expense
19 amount included in the Company's Revenue Requirements. The
20 Company's actual payroll will be more than \$615,200, but for

1 consistency purposes, we will use the same payroll amount that was used
2 when the Revenue Requirements were calculated in June, 2017.

3 **Q. On pages 27 and 28 of the Thompson Direct Testimony dated March**
4 **21, 2018, did you request the Commission to increase your Revenue**
5 **Requirements by a different amount?**

6 A. Yes. In my March 21, 2018 Testimony, I stated that the Company's
7 Revenue Requirements should be increased by \$54,564 to the amount of
8 \$172,564 to reflect a CERS contribution rate of 28.05% (See **Exhibit 6** to
9 the Thompson Direct Testimony). Because of the enactment of House
10 Bill 362, the Company will not be paying a contribution rate of 28.05%.
11 Instead, it will be paying a contribution rate of 21.48%. Therefore, that
12 portion of my March 21, 2018 Testimony which requested an increase in
13 Pension Expense of \$54,564 is no longer applicable.

14 **Q. What amount of Pension Expense is the Company now requesting?**

15 A. The Company requests that the Pension Expense portion of its Revenue
16 Requirements be increased by **\$14,145** to a total of **\$132,145**.

17 **CAMPBELLSVILLE WATER PURCHASE EXPENSE**

18 **Q. Has the Company filed bills for water purchase expense from**
19 **Campbellsville with the Commission?**

1 A. Yes. On April 12, 2018, in response to Question No. 15 of Marion
2 District's Request for Information, the Company attached bills from
3 Campbellsville as **Exhibits 15-1, 15-2, and 15-3**. These bills were for
4 water purchased through March 29, 2018. **Exhibit 15-3** was an example
5 bill inquiry for the period of February 27, 2018 through March 29, 2018.
6 Accordingly, I have attached the bill for that period as **Exhibit 2** to my
7 testimony.

8 **Q. Please provide the bills the Company has received from**
9 **Campbellsville since April 12, 2018.**

10 A. Certainly. For the period of March 29, 2018 through May 7, 2018, the
11 Company purchased 11,945,000 gallons. This bill is attached as **Exhibit**
12 **3**. For the period of May 7, 2018 through May 28, 2018, the Company
13 purchased 12,197,000 gallons. This example bill inquiry is attached as
14 **Exhibit 4**.

15 **RATE CASE EXPENSE**

16 **Q. Has the Company incurred additional rate case expense since March**
17 **21, 2018?**

18 A. Yes. As of May 31, 2018, the Company has incurred \$124,732.99 in
19 total rate case expense. Rate case expense from Kentucky Engineering
20 Group totals \$6,000. Rate case expense from Stoll Keenon Ogden PLLC

1 totals \$118,732.99. The invoices from Stoll Keenon Ogden PLLC for
2 April and May are attached as **Exhibit 5**.

3 **NON-OPERATING REVENUES**

4 **Q. Have you reviewed Exhibit 1 filed with the Rebuttal Testimony of**
5 **Holly Nicholas?**

6 A. Yes.

7 **Q. Please refer to Exhibit 1, page 2. Are you aware that Ms. Nicholas**
8 **reduced the amount of “Revenue Required from Rates” by \$53,400**
9 **because of “Non-operating Revenue”?**

10 A. Yes, I am aware that Ms. Nicholas reduced the amount of “Revenue
11 Required from Rates” because of “Non-operating Revenue.” The
12 Company’s staff, including myself, worked closely with Ms. Nicholas in
13 June 2017 when she made the rate calculations and recommended the
14 proposed rate increase. Non-operating revenue is revenue from a source
15 other than the sale of water. The Company received non-operating
16 revenue from three (3) sources: (1) tap fees; (2) developer contributions;
17 and (3) fees from collecting residential garbage bills for the Marion
18 County Fiscal Court.

19 **Q. Was this \$53,400 reduction made in Ms. Nicholas’s original rate**
20 **analysis?**

1 A. Yes. She reduced the revenue required from rates by \$53,400 in her
2 original rate analysis. She did not make any adjustment to that amount in
3 Exhibit 1.

4 **Q. Explain the source of the tap fees.**

5 A. Each new retail customer who connects to the Company's water system
6 must pay a tap (connection) fee. For 5/8 x 3/4 meters, the amount of the
7 tap fee is \$900.

8 **Q. Explain the fees earned from collecting garbage bills.**

9 A. The Company has an agreement with the Marion County Fiscal Court to
10 bill and collect the monthly garbage fees for residential customers who
11 are also water customers of the Company. The Company retains 5% of
12 the amount collected for providing this service for Fiscal Court. The
13 amount shown on Exhibit 1 (\$11,400) represents the fees earned during
14 the Test Year.

15 **Q. How much revenue was earned from each of these three (3) sources**
16 **of non-operating revenue?**

17 A.

Non-operating Revenue	Amount
Tap Fees	\$18,000
Developer Contributions	\$24,000
Fee for Collecting Garbage Bills	\$11,400
Total	\$53,400

18

1 **Q. Was any portion of the \$53,400 paid by Marion District?**

2 A. No. The tap fees were paid by the Company's retail customers. The
3 developer fees were paid by persons developing subdivisions within the
4 Company's water service area. All the garbage bills were paid by the
5 Company's retail customers. Therefore, the fees earned from billing and
6 collecting garbage fees are attributable to the Company's retail
7 customers.

8 **Q. Did Marion District receive the benefit of these Non-operating**
9 **Revenues when the Company calculated the proposed rates?**

10 A. Yes. All the Company's customers, including Marion District, received
11 the benefit of these Non-operating Revenues. First, the Company's
12 Revenue Requirements were determined. Then Non-operating Revenue
13 and Interest Income were subtracted to determine the amount of Revenue
14 Required from Rates.

15 **CONCLUSION AND RECOMMENDATION**

16 **Q. What is your recommendation to the Commission?**

17 A. It is my recommendation that the Commission approve the Company's
18 proposed rate increase. The Company's rates to Marion District remain
19 fair, just, and reasonable.

20 **Q. Does this conclude your testimony?**

1 A. Yes, it does.

EXHIBITS

EXHIBIT LIST

1. Depreciation Schedule Worksheet
2. Campbellsville Bill (February 27, 2018 – March 29, 2018)
3. Campbellsville Bill (March 29, 2018 – May 7, 2018)
4. Campbellsville Bill (May 7, 2018 – May 28, 2018)
5. Stoll Keenon Ogden PLLC Invoices

EXHIBIT 1

LEBANON WATER WORKS
Depreciation Schedule Worksheet

Date	Description	Life	Cost/Price	2018 Depreciation	2018 Accum Dep.
06/30/96	Transmission New Meters	33.0	595.30		
			(595.30)		
06/30/97	new meters	33.0	8,644.34	-	523.90
			(8,644.34)	-	-
05/31/92	new mower	10.0	1,414.92	-	1,414.92
	Mower immediately above sold in FY 2006 for \$151		(1,414.92)	-	(1,414.92)
06/30/89	meters	33.5	7,855.84	-	234.50
			(7,855.84)	-	-
06/30/90	meters	33.5	3,810.39	-	113.74
			(3,810.39)	-	-
06/30/91	furnace	5.0	3,138.00	-	3,138.00
			(3,138.00)	-	(3,138.00)
06/30/91	meters	33.5	6,345.53	-	189.42
			(6,345.53)	-	-
06/30/92	meters	33.5	7,378.80	-	220.26
			(7,378.80)	-	-
12/31/93	meters	33.5	6,089.12	-	363.53
			(6,089.12)	-	-
06/30/94	meters	33.5	1,232.24	-	36.78
			(1,232.24)	-	-
06/30/85	meters	33.5	2,326.55	-	-
			(2,326.55)	-	-
06/30/86	new meters	33.5	4,646.88	-	-
			(4,646.88)	-	-
06/30/87	new meters	33.5	5,418.26	-	-
			(5,418.26)	-	-
06/30/88	meters	33.5	8,395.44	-	250.61
			(8,395.44)	-	-
11-94	1995 dodge dump truck	20.0	23,997.00	-	23,997.00
	Traded in during 2007		(23,997.00)	-	(23,997.00)
1998	Mower	10.0	8,000.00	-	8,000.00
	Traded during 2008		(8,000.00)	-	(8,000.00)
1998	New Meters net additions	33.5	11,854.34	-	353.86
			(11,854.34)	-	-
1999	New Meters net addition	33.5	13,463.98	-	401.91
			(13,463.98)	-	-
1999	1999 Dodge Pick-up (Purchased 6-4-99)	5.0	18,143.00	-	18,143.00
	Traded in truck		(18,143.00)	-	(18,143.00)
2000	New Meters net addition	33.50	13,326.35	-	-
			(13,326.35)	-	-
2001	New Meters net addition	33.50	8,538.00	-	254.87
			(8,538.00)	-	-
2002	New Meter Additions	33.50	13,981.71	-	-
			(13,981.71)	-	-
2002	Office Equip. - Handheld	7.00	2,048.04	-	2,048.04
2003	Sold meter handheld units		(2,048.04)	-	(585.15)
2003	New Meter Additions	33.50	13,978.11	-	-
			(13,978.11)	-	-
2005	Office equipment	5.00	6,304.00	-	5,673.60
	2009 Disposal		(6,304.00)	-	(5,673.60)
				-	-
1935		33.5	135,929.22	-	135,929.22
1938	other	33.5	375,476.75	-	375,476.75
1963		33.5	6,098.25	-	6,098.25
1964		33.5	86,785.26	-	86,785.26
1965	hoist	10.0	312.69	-	312.69
1965		33.5	109,532.29	-	109,532.29
1965	contract III	33.5	52,701.67	-	52,701.67
1965	contract IV	33.5	726,917.73	-	726,917.73
1965	contract VII	33.5	158,300.43	-	158,300.43
1966	pipe cutter	10.0	616.53	-	616.53
1966		33.5	33,965.88	-	33,965.88
1967		33.5	24,066.86	-	24,066.86
1968	hydrants	33.5	1,730.16	-	1,730.16
FY 2015	Hydrant (Disposed through accident during FY 2015)		(1,730.00)	-	(1,730.00)
1968	mains & accessories	33.5	18,853.00	-	18,853.00
1968	building	33.5	30,000.00	-	30,000.00
1969	mains & accessories	33.5	(124.75)	-	(124.75)
1969	hydrants	33.5	167.00	-	167.00
1970	hydrants	33.5	1,594.94	-	1,594.94
1970	mains & accessories	33.5	750.43	-	750.43
1970	building imp.	33.5	43,842.53	-	43,842.53
1971	mains & accessories	33.5	32,611.41	-	32,611.41
1971	hydrants	33.5	1,662.86	-	1,662.86
1972	hydrants	33.5	1,117.38	-	1,117.38
1972	mains & accessories	33.5	7,615.74	-	7,615.74
1972	bulldozing-sower supply	10.0	2,511.25	-	2,511.25
1973	mains & accessories	33.5	33,369.21	-	33,369.21
1973	hydrants	33.5	1,899.08	-	1,899.08
1994	radio system	7.0	4,113.50	-	4,113.50
02/28/69	Tapping Machine, generater, & valve oper.	10.0	1,561.40	-	1,561.40
FY 2015	Tapping machine disposal		(1,561.00)	-	(1,561.00)

LEBANON WATER WORKS
Depreciation Schedule Worksheet

Date	Description	Life	Cost/Price	2018 Depreciation	2018 Accum Dep.
09/30/69	blacktop-calvary	10.0	3,436.14	-	3,436.14
12/31/69	building imp.	33.5	2,484.93	-	2,484.93
06/30/71	desk chair and couch	7.0	1,162.72	-	1,162.72
09/30/71	desk difference	7.0	78.75	-	78.75
06/30/73	office & storage structure	33.5	4,700.00	-	4,700.00
06/30/73	filtration plant-structured equip.	33.5	9,048.00	-	9,048.00
06/30/74	mains & accessories	33.5	8,714.83	-	8,714.83
06/30/74	hydrants	33.5	1,191.19	-	1,191.19
06/30/74	pumps-buena vista	33.5	9,311.00	-	9,311.00
06/30/75	mains & accessories	33.5	8,134.53	-	8,134.53
06/30/75	hydrants	33.5	3,888.97	-	3,888.97
06/30/75	pallet trucks & hoist assembly	10.0	620.00	-	620.00
06/30/75	bal on pumps-buena vista	33.5	1,732.00	-	1,732.00
06/30/75	new wiring	33.5	845.22	-	845.22
06/30/76	mains & accessories	33.5	33,604.38	-	33,604.38
06/30/76	hydrants	33.5	4,312.55	-	4,312.55
06/30/77	mians & accessories	33.5	8,436.92	-	8,436.92
06/30/77	hydrants	33.5	2,803.50	-	2,803.50
03/31/78	concrete drill	7.0	125.00	-	125.00
	<i>FY 2012 Junked</i>		<i>(125.00)</i>	-	<i>(125.00)</i>
04/30/78	standpipe transmitter	7.0	1,991.13	-	1,991.13
	<i>FY 2012 Junked</i>		<i>(1,991.13)</i>	-	<i>(1,991.13)</i>
04/30/78	pipe thawer	7.0	839.40	-	839.40
04/30/78	generator	7.0	1,125.00	-	1,125.00
	<i>FY 2015 Generator disposed</i>		<i>(1,125.00)</i>	-	<i>(1,125.00)</i>
04/30/78	water testing equip.	7.0	745.42	-	745.42
06/30/78	mains & accessories	33.5	46,507.07	-	46,507.07
06/30/78	hydrants	33.5	4,551.97	-	4,551.97
06/30/78	comp. care office addition	33.5	7,833.55	-	7,833.55
06/30/79	mains & accessories	33.5	3,571.07	-	3,571.07
06/30/79	hydrants	33.5	2,585.50	-	2,585.50
06/30/79	raw water storage studies	33.5	9,892.41	-	9,892.41
06/30/80	raw water storage studies	33.5	5,409.08	-	5,409.08
06/30/80	raw water pumps & engin fees	33.5	67,413.92	-	67,723.28
06/30/80	air conditioner system-pumpst	5.0	3,134.48	-	3,134.48
06/30/80	tv system pump stat.	10.0	589.90	-	589.90
	<i>FY 2015 TV disposal</i>		<i>(590.00)</i>	-	<i>(590.00)</i>
06/30/80	mains & accessories	33.5	3,279.21	-	3,294.30
06/30/80	hydrants	33.5	178.65	-	178.65
06/30/81	raw water storage studies	33.5	420.00	-	428.45
06/30/81	mains & accessories	33.5	3,137.31	-	3,200.47
06/30/82	bulldozing-sowrer & supply	10.0	9,736.49	-	9,736.49
06/30/82	calvary pump station imp.	33.5	188,170.39	-	190,971.93
06/30/82	mains	33.5	26,550.86	-	26,946.15
06/30/83	Bulldozing-sowrer & supply	10.0	2,298.20	-	2,298.20
06/30/83	balvary pump station imp	33.5	328,446.50	-	331,669.72
06/30/83	mains	33.5	(7,133.43)	-	(7,346.37)
06/30/83	hydrants	33.5	618.00	-	618.00
06/30/84	bulldozing-sowrer & supply	33.5	560.75	-	560.75
06/30/84	calvary pump staition imp	33.5	11,568.38	-	11,568.38
06/30/84	mains & accessories	33.5	22,935.88	-	22,935.88
06/30/84	new tank-old calvary rd.	33.5	209,345.04	-	209,345.04
06/30/84	hydrants	33.5	889.20	-	889.20
06/30/85	new mains & accessories	33.5	9,807.70	4.76	9,807.70
06/30/85	new tank-old calvary	33.5	12,907.88	6.21	12,907.88
06/30/85	hydrants	33.5	641.97	0.30	641.97
06/30/86	evgin study sportsman lake	33.5	2,378.35	71.00	2,364.93
06/30/86	new mains & accessories	33.5	40,740.76	1,216.14	40,511.24
06/30/86	hydrants	33.5	(137.50)	-	(137.50)
06/30/87	engin study caney creek	33.5	51,951.54	1,550.79	49,840.49
06/30/87	new mains & accessories	33.5	25,742.27	768.43	24,696.26
06/30/87	new hydrants	33.5	255.50	7.63	245.09
06/30/88	engin study fagan branch	33.5	40,980.27	1,223.29	37,880.76
06/30/88	new mains & accessories	33.5	35,192.62	1,050.53	32,530.81
06/30/88	hydrants	33.5	12,250.00	-	13,712.69
06/30/88	hydrants	33.5	(12,250.00)	-	(12,249.00)
06/30/88	hydrants	33.5	(1,686.50)	-	(1,837.53)
06/30/89	hydrants	33.5	4,090.78	122.11	3,638.22
06/30/89	barnes submersible pump	10.0	1,256.00	-	1,256.00
06/30/89	engin study fagan branch	33.5	117,256.16	3,500.18	104,283.64
06/30/89	new mains & accessories	33.5	11,503.35	343.38	10,230.71
07/31/89	storage cabinets	5.0	1,277.13	-	1,277.13
04/30/90	concreter saw	10.0	705.94	-	705.94
	<i>FY 2015 Concreter saw disposed</i>		<i>(706.00)</i>	-	<i>(706.00)</i>
06/30/90	engin study-Fagan Branch	33.5	243,993.51	7,283.39	208,459.67
06/30/90	digital nephelometer	5.0	979.70	-	979.70
	<i>FY 2015 Digital nephelometer disposed</i>		<i>(980.00)</i>	-	<i>(980.00)</i>
06/30/90	new mains & accessories	33.5	961.08	-	961.08
06/30/90	survey-old tank prop	33.5	453.00	-	453.00
06/30/90	hydrants-prior yr. ream	30.0	(888.29)	-	(917.90)
06/30/91	IBM typewriter	12.5	645.00	-	645.00

LEBANON WATER WORKS
Depreciation Schedule Worksheet

Date	Description	Life	Cost/Price	2018 Depreciation	2018 Accum Dep.
06/30/91	engin exp, lang, pump, const.	33.5	3,938,731.08	117,574.06	3,227,087.80
06/30/91	new main & accessories	33.5	5,107.73	152.47	4,185.10
06/30/91	survey week water tank	33.5	805.00	24.03	659.62
06/30/91	hydrants	33.5	3,789.48	113.12	3,104.96
12/31/91	office cabinets	5.0	1,009.76	-	1,009.76
06/30/92	construction cost-Fagan	33.5	645,138.87	19,257.88	506,024.78
06/30/92	new mains & accessories	33.5	17,514.14	522.81	13,737.47
06/30/92	hydrants	33.5	4,094.59	122.23	3,211.66
01/12/93	turbidimetes-Calvary	5.0	11,682.50	-	11,682.50
FY 2015	turbidimetes-Calvary disposed		(11,683.00)	-	(11,683.00)
01/31/93	trailblaze mower	10.0	1,324.60	-	1,324.60
FY 2015	trailblaze mower disposed		(1,325.00)	-	(1,325.00)
12/31/93	resorvior imp.	33.5	1,796.60	53.63	1,346.31
12/31/93	suspended solids facilitiy	33.5	476,228.10	14,215.76	356,868.98
06/30/94	suspended solids facility compl.	33.5	563.00	16.81	402.20
06/30/94	reservior	33.5	4,883.86	145.79	3,488.87
06/30/94	Calvery treatment plant study	33.5	29,316.00	875.10	20,942.34
06/30/94	new mains & accessories	33.5	61,545.05	1,837.17	43,965.68
06/30/94	hydrants	33.5	20,259.68	604.77	14,575.18
10-94	radio system	12.5	4,113.50	-	4,113.50
FY 2013	Junked		(4,113.50)	-	(4,113.50)
06/30/96	Transmission New Main	33.0	1,537.78	46.60	1,059.34
06/30/96	Gen. Prop. Shop Equip.	10.0	39,671.00	-	39,671.00
06/30/96	Filter Plant, pump, bldg, equip.	33.0	142,824.45	4,328.01	98,386.58
06/30/96	General Prop.	7.0	20,582.45	-	20,582.45
06/30/97	Collecting Impounders-blacktop	21.0	12,906.93	388.74	12,906.93
06/30/97	filter plant & pump stat.	33.0	31,329.90	949.39	20,211.35
06/30/97	Transmission new mains	33.0	27,789.28	842.10	17,684.09
06/30/97	new hydrants	33.0	1,893.98	57.39	1,205.26
06/30/97	office equip.	7.0	1,019.95	-	1,019.95
06/30/97	track	25.0	22,235.00	889.40	21,456.78
	fully depreciated	7.0	1,282.09	-	1,282.09
	2 water salesman	10.0	1,081.92	-	1,081.92
	reductions	10.0	(5,132.35)	-	(12,165.28)
	junked	10.0	(2,713.71)	-	(2,713.71)
	misc	10.0	17,656.66	-	17,656.66
			9,072,748.12	-	-
	Construction in Progress		(200,174.00)	-	(6,201.95)
	Balance		8,872,574.12	-	-
				-	-
	1998 deletions	10.0	(3,251.50)	-	(3,576.65)
	1998 New Main net additions	33.5	24,978.71	745.63	15,658.30
	1998 New hydrants net additions	33.5	6,456.32	192.73	4,047.25
	1998 Office copier	8.0	3,839.00	-	3,839.00
FY 2012	Junked		(3,839.00)	-	(3,839.00)
03/17/98	Calvary treatmentplant upgrade	30.0	3,358,770.25	111,959.01	2,239,180.17
FY 2011	Junked SCADA System		(73,000.00)	-	(29,200.00)
1999	Pumpstation/TreatmentPlant improvements	30.0	27,917.41	930.58	18,611.61
1999	New main net additons	33.5	14,042.75	419.19	8,383.73
1999	Fence	7.0	4,642.97	-	4,642.97
1999	Heating and Cooling Unit	10.0	2,867.00	-	2,867.00
1999	New Hydrants net additions	33.5	88.85	2.65	53.04
2000	sold 1990 Ford Truck		(9,228.50)	-	(9,228.50)
2000	sold air compressor		(4,090.00)	-	(4,090.00)
2000	heat unit @ WTP	10.00	810.57	-	810.57
2000	New main net additons	33.50	6,549.92	195.52	3,643.90
2000	New Hydrants net additions	33.50	3,291.80	98.26	1,866.99
2000	Roof repair	20.00	9,700.00	485.00	9,215.00
2000	Office chairs	7.00	475.00	-	475.00
2000	Pump shop equipment	10.00	1,850.24	-	1,850.24
2000	Air compressor	10.00	9,850.00	-	9,850.00
2000	Fagan Branch Road	33.50	9,269.85	276.71	5,257.53
2001	Software-turbidity/chlorine upgrades	7.00	17,000.00	-	17,000.00
2001	New main net additons	33.50	20,915.30	624.34	11,238.07
2001	3 computers/2 printers	7.00	9,659.00	-	9,659.00
	reductions (fire hydrants)		(2,166.00)	-	-
2002	Land		10,000.00	-	-
2002	Computer for WTP	7.00	1,483.00	-	1,483.00
2002	Chemical pump	10.00	773.21	-	773.21
FY 2015	Chemical Pump Disposed		(773.00)	-	(773.00)
2002	Jar Tester	7.00	2,600.00	-	2,600.00
2002	Heater at WTP	10.00	789.94	-	789.94
2002	Dixie Chopper riding lawn mower	10.00	9,539.00	-	9,539.00
2002	Sale of Dixie Chopper Mower	10.00	(8,000.00)	-	(3,200.00)
2002	Land (behind calvary store)	-	22,000.00	-	-
2002	New main net additons	33.50	634.50	18.94	321.99
2002	New Hydrant Additions	33.50	3,226.46	96.31	1,637.31
2002	Office Renovation	20.00	60,528.74	3,026.44	51,449.43
2002	Lab-turbidimeter	7.00	1,872.00	-	1,872.00
2003	2 drives in motor control center	7.00	4,260.00	-	4,260.00
2003	chemical pump used sickle bar mower	7.00	910.26	-	910.26

LEBANON WATER WORKS
Depreciation Schedule Worksheet

Date Description	Life	Cost/Price	2018 Depreciation	2018 Accum Dep.
2003 used sickle bar mower	7.00	1,500.00	-	1,500.00
2003 phone lines meter circuits	5.00	1,710.28	-	1,710.28
2003 chlorine emergency kit at WTP	7.00	2,175.00	-	2,175.00
2003 water trmt plant drive	10.00	9,107.00	-	10,017.70
2003 equipment	7.00	959.00	-	959.00
2003 2 chemical pumps	7.00	1,447.00	-	1,447.00
FY 2015 Chemical Pump Disposed		(1,447.00)	-	(1,447.00)
2003 New main net additons	33.50	3,326.11	99.29	1,588.59
2003 New Hydrant Additions	33.50	1,490.50	44.49	711.88
2003 Office Renovation	20.00	10,067.23	503.36	8,053.78
2003 Printer	5.00	419.00	-	419.00
2003 Lexmark laser printer	5.00	2,360.00	-	2,360.00
FY 2012 Junked		(2,360.00)	-	(2,360.00)
2003 Billing software upgrade	5.00	2,775.00	-	2,775.00
2003 2003 Dodge Ram 1500 truck	5.00	17,250.00	-	17,250.00
2003 Clearwell/High Service Pump Bldg.	40.00	1,522,402.00	38,060.05	539,184.04
2003 Filters (4)	30.00	166,046.50	5,534.88	78,410.85
2003 WPT - Misc. Improvements	40.00	150,568.79	3,764.22	53,326.45
2003 Instrumentation panel	20.00	131,260.58	6,563.03	92,976.24
2003 Chlorine Bldg/Shop	40.00	402,860.99	10,071.52	142,679.93
2003 Booster Pump Station No. 1	30.00	253,123.82	8,437.46	119,530.69
2003 6";12" mains (HWY 208, Metts Dr.)	50.00	271,238.35	5,424.77	76,850.87
2003 Fire Hydrants	30.00	6,950.12	231.67	3,282.00
2003 Radio Meter Reading Upgrade	10.00	342,204.86	-	370,721.93
Sold one handheld to Trailer Park in FY 2014		(1,885.00)	-	(1,885.00)
2003 Meter interface software	5.00	4,995.00	-	4,995.00
2004 Potable Pump	10.00	959.00	-	959.00
2004 Pupex Pump	20.00	14,339.00	716.95	10,754.25
2004 2 pumps	7.00	943.00	-	943.00
2004 Scales	10.00	899.00	-	899.00
2004 Drill	5.00	449.00	-	449.00
2004 New mains net additions	20.00	262,628.86	13,131.44	196,971.65
2004 New Meter Additions (coded to upgrade)	20.00	23,335.84	1,166.79	17,501.88
2004 Radio Meters net	20.00	44,381.80	2,219.09	33,286.35
2004 New fire hydrants net	20.00	11,360.25	568.01	8,520.19
2004 New software package	5.00	5,815.00	-	5,815.00
2004 Vulnerability Assessment	10.00	30,794.00	-	30,794.00
2004 Easements	LAND*	21,656.00	-	-
2004 sold asset		(1,500.00)	-	(300.00)
2005 Transmission & Distributions - right of way	LAND*	10,000.00	-	-
2005 Transmission & Distributions - new mains	20.00	8,274.83	413.74	5,585.51
2005 Radio Modem Telemetry - 04-05	20.00	19,350.00	967.50	13,061.25
2005 Transmission & Distributions - new meters	20.00	12,817.01	640.85	8,651.48
2005 Radio Meter Reading Upgrade	20.00	80,034.27	4,001.71	54,023.13
2005 Backhoe	10.00	31,500.00	-	31,500.00
2005 Gis mapping system	20.00	41,085.00	2,054.25	27,732.38
2005 reclass		(10,000.00)	-	-
2003 accum depr from deleted assets FY03			-	-
2006 New mains	20.00	5,151.77	257.59	3,348.65
2006 New meters - Customers	20.00	4,787.42	239.37	3,111.82
2006 Radio Read Meter Reading Upgrade	20.00	47,069.51	2,353.48	30,595.18
2006 Flosearch systems	10.00	7,929.05	-	7,929.05
2006 Boring machine	10.00	5,100.00	-	5,100.00
2006 Water System Hydrolic Study	10.00	18,500.00	-	18,500.00
2006 Field Calibration	10.00	15,840.00	-	15,840.00
2007 Water Pump Purchased	7.00	21,050.00	-	21,050.00
2007 C.I. Thornburg - new meters	15.00	9,389.00	625.93	7,511.20
2007 Water Line Relocation	40.00	241,908.00	6,047.70	66,524.70
2007 Truck Bed	5.00	10,554.00	-	10,554.00
2007 Dodge Ton Truck	5.00	16,350.00	-	16,350.00
2007 Lanham Refrigeration (new furnace)	5.00	4,150.00	-	4,150.00
2007 C.I. Thornburg - new mains	40.00	2,058.00	51.45	617.40
2007 New meters - Customers	15.00	9,189.00	612.60	7,351.20
2007 New radio read meters	15.00	42,595.00	2,839.67	34,076.00
2007 Engineering Fees Assessed	10.00	1,760.00	-	1,760.00
2007 LAND	--	30,000.00	-	-
2008 C.I. Thornburg - new mains	40.00	13,858.00	346.45	3,810.95
2008 Neptune Equipment	5.00	7,045.00	-	6,164.38
11/15/2011 Traded laptop (Neptune Equipment)		(7,045.00)	-	(6,164.38)
2008 New meters - Customers	15.00	7,044.00	469.60	5,165.60
2008 99 Dodge Ram 1500 Pickup	5.00	18,445.00	-	22,134.00
FY 2016 99 Dodge Ram 1500 Pickup - Traded in		(18,445.00)	-	(18,445.00)
2008 Elevated Tank	40.00	788,404.25	19,710.11	197,101.06
2008 Mower	7.00	7,999.00	-	-
		(7,999.00)	-	-
2008 Property entrance sign	20.00	10,580.00	529.00	5,819.00
2009 New Mains	40.00	51,128.74	1,278.22	12,782.19
2009 Pressure Regulating Valves 2008	40.00	37,056.25	926.41	9,264.06
2009 New motor B. Vista	20.00	4,724.61	236.23	2,362.31
2009 New Meters - Customers	15.00	3,546.24	236.42	2,364.16
2009 Office Equipment	5.00	5,905.00	-	7,086.00
2009 Elevated Tank Springfield Hwy 2006-08	40.00	71,125.00	1,778.13	17,781.25
2009 Industrial Dr Relocation/Extension-CIP	40.00	641,452.44	16,036.31	144,326.80
			-	2,577.98
			-	(1.00)

LEBANON WATER WORKS
Depreciation Schedule Worksheet

Date Description	Life	Cost/Price	2018 Depreciation	2018 Accum Dep.
7/1/2009 Industrial Dr Relocation/Extension-CIP	40.00	192,085.00	4,802.13	43,219.13
12/15/2009 Chlorinator	7.00	2,860.00	-	2,860.00
12/30/2009 New Meters	15.00	9,537.00	635.80	5,404.30
6/30/2010 New Mains	40.00	2,164.00	54.10	432.80
5/20/2010 Lawn Mower (old mower damaged in flood)	7.00	11,370.00	-	11,370.00
5/12/2010 Tractor (Kubota L3400 DT 4x4)	7.00	11,269.00	-	11,269.00
8/17/2010 Calvary LAND		33,559.00	-	-
7/1/2010 Calvary Rd Tanks Mixing/Painting 09-10	40.00	315,185.00	7,879.63	63,037.00
10/8/2010 Copystar 220 Copier	10.00	3,598.00	359.80	2,878.40
FY 2017 Copystar 220 Copier (Disposed during FY 17 per lisa)		(3,598.00)		(2,518.60)
10/29/2010 Fence for Mattingly property at Calvary	20.00	10,555.00	527.75	4,222.00
12/17/2010 2011 Dodge Ram 1500	5.00	23,685.00	-	23,685.00
5/20/2011 2011 Dodge Ram 1500	5.00	19,999.00	-	19,999.00
8/1/2010 SCADA System	20.00	54,389.00	2,719.45	21,528.98
7/12/2011 Clarithickener Improvements	20.00	46,280.75	2,314.04	16,198.26
1/17/2012 Chlorinator-treatment equipment	7.00	5,194.40	742.06	4,823.37
4/20/2012 New roof at Calvary pumping station	20.00	13,800.00	690.00	4,255.00
11/15/2011 Meter reading hardware & software (Neptune Equipment)	5.00	9,275.00	-	9,275.01
12/30/2011 New Meters	15.00	2,373.30	158.22	1,028.43
12/30/2011 New Mains	40.00	11,308.38	282.71	1,837.61
Water Main Improvements 2010-11 (Corporate Drive, North Spalding, Lake Street & North Sreet)	40.00	592,213.00	14,805.33	96,234.61
Line extension at Crossroad Industrial Park & Hwy 208				
11/30/2011 Industrial Park	40.00	59,412.00	1,485.30	9,778.23
12/30/2011 Fire Hydrants	30.00	19,152.58	638.42	4,149.73
8/14/2012 New Meters	15.00	3,936.65	262.44	1,509.05
11/15/2012 New water pump	15.00	10,550.00	703.33	3,868.33
12/18/2012 New Meters	15.00	2,232.52	148.83	818.59
3/12/2013 New Computer Equipment	7.00	13,039.50	1,862.79	9,872.76
3/12/2013 Additional Screen Protection at Intake at River	10.00	73,814.03	7,381.40	39,121.44
1/15/2013 Water Main Replacement - E Main St.	40.00	309,297.00	7,732.43	42,528.34
2/28/2013 WTP DBR Project	40.00	74,594.00	1,864.85	9,883.71
6/30/2013 Fire Hydrants	40.00	5,098.21	127.46	675.51
6/30/2013 New Meters	15.00	2,065.99	137.73	729.98
8/16/2013 Land - Old Calvary Road Next to Water Tanks	-	22,141.00	-	-
9/3/2013 Computer System	5.00	4,897.00	979.40	4,733.77
9/17/2013 WTP Emergency Power Generator	30.00	443,813.00	14,793.77	71,503.21
9/17/2013 WTP Chlorine System Modifications	10.00	20,467.00	2,046.70	9,892.38
11/12/2013 Gas Lines to Remote Buildings	30.00	5,396.00	179.87	839.38
11/12/2013 New Water Mains	40.00	3,717.00	92.93	425.91
12/31/2013 New Meters	12.00	15,115.00	1,259.58	5,668.13
3/7/2014 IH Sludge Truck	15.00	20,500.00	1,366.67	5,808.33
3/25/2014 Sludge Tank	20.00	2,450.00	122.50	520.63
6/30/2014 Intake Upgrades	20.00	8,237.00	411.85	1,681.72
6/30/2014 New Hydrants	40.00	5,804.00	145.10	592.49
6/30/2014 HWY 49 Relocation Project	40.00	157,342.00	3,933.55	16,062.00
8/1/2014 HWY 49 Relocation Project	40.00	1,037.00	25.93	101.54
8/19/2014 Pax Mixer for Calvary Rd Tank no. 2	7.00	2,947.00	421.00	1,648.92
9/16/2014 Marion County Water District Master Meter	15.00	12,635.00	842.33	3,228.94
11/18/2014 Hydra valve	15.00	4,570.00	304.67	1,117.11
11/18/2014 Hydra valve	15.00	4,570.00	304.67	1,117.11
11/18/2014 Heat pump	7.00	6,890.00	984.29	3,609.05
3/6/2015 Water line leak detector	7.00	3,064.00	437.71	1,823.81
4/14/2015 Hydra valve	15.00	4,882.00	325.47	1,057.77
5/12/2015 Hydra valve	15.00	5,382.00	358.80	1,136.20
6/30/2015 Air Conditioner - WTP	7.00	6,800.00	971.43	2,995.24
9/29/2015 Sludge Dump Truck	5	7,283.00	1,456.60	4,127.03
11/17/2015 Fire Hydrants	40	20,855	521.38	1,390.33
11/17/2015 Water Reading Handheld	5	4,929	985.80	2,628.80
11/17/2015 2016 Dodge Ram	5	27,010	5,402.00	14,405.33
1/12/2016 Water Mains	40	4,014.00	100.35	250.88
4/12/2016 Chemtrac Chlorine Reading Unit	7	3,753.00	536.14	1,206.32
6/30/2016 Water Mains	40	10,864	271.60	565.83
6/30/2016 Water Meters	15	1,197	79.80	166.25
6/30/2016 Fire Hydrants	40	1,800	45.00	93.75
9/13/2016 SL 1000	5	3,173	635	635
10/18/2016 HVAC Unit	10	4,725	473	473
10/18/2016 GPS System	5	12,274	2,455	2,455
11/15/2016 Used Savin Multi-purpose copier	10	15,900	1,590	1,590
11/15/2016 Chemical Sales - WTP	7	18,410	2,630	2,630
11/30/2016 Variable Frequency Drive Pump	7	98,020	14,003	14,003
3/14/2017 Panasonic Toughbook 14'	5	2,200	440	440
3/23/2017 1/2 acre of land beside reservoir	N/A	5,026	-	-
4/18/2017 KYCOERA M6530 Copier/printer/fax	10	2,095	210	210
4/18/2017 Lab Corrosion Monitor	5	2,995	599	599
5/9/2017 Computers, monitors and software	5	6,082	1,216	1,216
5/9/2017 Alarm security system - office	10	4,030	403	403
5/9/2017 Server	5	14,442	2,888	2,888
5/16/2017 Main for SNS Rentals - Simon Loop & Copper Street	40	7,098	177	177

LEBANON WATER WORKS
Depreciation Schedule Worksheet

Date Description	Life	Cost/Price	2018 Depreciation	2018 Accum Dep.
6/15/2017 2017 Ford F-150 4wd Crew	5	40,991	8,198	8,198
6/15/2017 2017 Ford F-150 4wd Supercab	5	32,999	6,600	6,600
6/30/2017 WTP Raw Water Pump Renovation	7	641,423	91,632	91,632
6/30/2017 Woodlawn Loretto Road Watermain	40	710,265	17,757	17,757

KEY: **FY 17 Disposals** (3,598.00)

Balance	22,864,494	708,354	13,757,378
Land not recorded on schedule above	77,024		
Construction in Progress	2,498,930		
Total Cost of Assets	<u>25,440,447.75</u>		

LAND* - Item not actually land, but not depreciated

EXHIBIT 2



110 S. COLUMBIA AVE., STE A
CAMPBELLSVILLE, KY 42718

ACCOUNT #	0038-01290-001	
Net Due On or Before	04/28/18	30,001.66
Penalty Amount		1,500.08
Pay After	04/28/18	31,501.74

T - 4



****AUTO**

LEBANON WATER WORKS
120 S PROCTOR KNOTT AVE
LEBANON KY 40033-1249



RETURN THIS PORTION WITH PAYMENT - RETURN ADDRESS ON REVERSE SIDE

RETAIN THIS SECTION FOR YOUR RECORDS



110 S. COLUMBIA AVE., STE A
CAMPBELLSVILLE, KY 42718

SERVICE DESCRIPTION	ACCOUNT #		ACCOUNT NAME		SERVICE ADDRESS		
	METER	READING DATES	PREVIOUS	PRESENT	USAGE	CHARGES	
WT	200182816	02/27 03/29	27316	31556	10034	30,001.66	

PAYMENTS RECEIVED IN OFFICE
AFTER 2:00 P.M. WILL BE POSTED
THE NEXT WORKING DAY.

INCLUDES MULTIPLE METERS

Net Due On or Before	04/28/18	30,001.66
Penalty Amount		1,500.08
Pay After	04/28/18	31,501.74

Disconnect Day is Monday, May 14, 2018.

Payment must be received by 8:30 a.m. on the Disconnect Day.

Our office will be closed Monday, May 28, 2018 for Memorial Day.

Get a **Bonus** for having your bill automatically deducted from your bank account. Sign up anytime to have your Water Bill automatically deducted from your checking or savings account and you will receive a **one time** credit of \$5.00 on your next Water Bill. You will still receive your monthly bill that will tell you the amount that is being deducted from your checking or savings account.

To get started all we need is the customer's signature and a voided check.

Never Pay a late fee again! Take Advantage of this free service today!

This Institution is an equal opportunity provider and employer.

EXHIBIT 3

ACCOUNT #	0038-01290-001	
Net Due On or Before	05/30/18	35,880.00
Penalty Amount		1,794.00
Pay After	05/30/18	37,674.00

T - 4



****AUTO**

LEBANON WATER WORKS
 120 S PROCTOR KNOTT AVE
 LEBANON KY 40033-1249



RETURN THIS PORTION WITH PAYMENT - RETURN ADDRESS ON REVERSE SIDE
 RETAIN THIS SECTION FOR YOUR RECORDS

SERVICE DESCRIPTION	ACCOUNT #		ACCOUNT NAME		SERVICE ADDRESS		
	METER	READING DATES	PREVIOUS	PRESENT	USAGE	CHARGES	
WT	200182816	03/29 05/07	31556000	40745000	11945000	35,880.00	

PAYMENTS RECEIVED IN OFFICE
 AFTER 2:00 P.M. WILL BE POSTED
 THE NEXT WORKING DAY.

INCLUDES MULTIPLE METERS

Net Due On or Before	05/30/18	35,880.00
Penalty Amount		1,794.00
Pay After	05/30/18	37,674.00

Disconnect Day is Thursday, June 14, 2018.

Payment must be received by 8:30 a.m. on the Disconnect Day. Our office will be closed Monday, May 28, 2018 for Memorial Day.

Get a **Bonus** for having your bill automatically deducted from your bank account. Sign up anytime to have your Water Bill automatically deducted from your checking or savings account and you will receive a **one time** credit of \$5.00 on your next Water Bill. You will still receive your monthly bill that will tell you the amount that is being deducted from your checking or savings account. To get started all we need is the customer's signature and a voided check.

Never Pay a late fee again! Take Advantage of this free service today!

The 2017 Campbellsville Municipal Water and Sewer System annual water quality report is available. This report contains important information about your drinking water. Please go to https://wris.ky.gov/downloads/ccr/2017/KY1090060_2017_CCR.pdf to view your 2017 annual water quality report or to request a paper copy call (270) 789-3133.

This Institution is an equal opportunity provider and employer.

EXHIBIT 4

Cville Municipal Water & Sewer Example Bill Inquiry

Account 0038-01290-001 Lebanon Water Works

Service Date 06/05/2018

Service Type	Rates							Previous Reading	Present Reading	Usage	Demand Usage	Chngout Usage	Deduct Usage	Previous Reading Date	Present Reading Date
	SV	S1	S2	LT	ST	PN	Status								
WT Water	50	00	00	00	00	01	Active	40,745	52,942	12,197	0	0	0	05/07/18	05/28/18
WT Water	50	00	00	00	00	01	Active	8,582	8,582	0	0	0	0	05/07/18	05/28/18

Account 0038-01290-001 **Name** Lebanon Water Works

Service Address 7550 New Lebanon Rd
Campbellsville, KY 42718

Charge	Rates	Amounts	Usage
WT Water	50 Lebanon Wtr 400,000	36,469.03	12,197
Surcharge 1	00	0.00	
Surcharge 2	00	0.00	
Local Tax	00	0.00	
State Tax	00	0.00	
Net Amount		36,469.03	
Penalty	01 Penalty	1,823.45	
Gross Amount		38,292.48	
WT Water	50 Lebanon Wtr 400,000	0.00	0
Surcharge 1	00	0.00	
Surcharge 2	00	0.00	
Local Tax	00	0.00	
State Tax	00	0.00	
Net Amount		0.00	
Penalty	01 Penalty	0.00	
Gross Amount		0.00	
Totals		Service	36,469.03
		Surcharge 1	0.00
		Surcharge 2	0.00
		Local Tax	0.00
		State Tax	0.00
		Net Amount	36,469.03
		Penalty	1,823.45
		Gross Amount	38,292.48

EXHIBIT 5

Stoll Keenon Ogden PLLC

P.O. Box 150

112 North Lincoln Boulevard

Hodgenville, Kentucky 42748

(270) 358-3187

Tax ID # 61-0421389

Lebanon Water Works Company
Daren Thompson, O&M Superintendent
daren.thompson@lebanonwaterworks.com;
lisa.mattingly@lebanonwaterworks.com

May 9, 2018
Invoice #: 878935
Account #: 120538/157999

Please return this page with your payment by June 8, 2018 to:
Stoll Keenon Ogden PLLC
P.O. Box 11969
Lexington, KY 40579-1969

Re: Wholesale Rate Increase

Fees rendered this bill	\$ 27,900.00
Less discount	\$-4,000.00
Disbursements	\$ 55.63
Total Current Charges This Matter	\$ 23,955.63

Stoll Keenon Ogden PLLC

P.O. Box 150

112 North Lincoln Boulevard

Hodgenville, Kentucky 42748

(270) 358-3187

Tax ID # 61-0421389

Lebanon Water Works Company
Daren Thompson, O&M Superintendent
daren.thompson@lebanonwaterworks.com;
lisa.mattingly@lebanonwaterworks.com

May 9, 2018
Invoice #: 878935
Account #: 120538/157999

Re: Wholesale Rate Increase

Fees rendered this bill	\$ 27,900.00
Less discount	\$-4,000.00
Disbursements	\$ 55.63
Total Current Charges This Matter	\$ 23,955.63

Keep this copy for your records.

Professional Services for the period through 04/30/18, including the following:

Re: Wholesale Rate Increase

Our Reference: 120538/157999/DRT/2404

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
04/02/18	Reviewed MCWD's Information Request dated 4-2-18; compared questions to initial Information Request submitted by MCWD; forwarded Information Request to client and Nicholas and scheduled conference call to discuss with client	DRT	0.50
04/02/18	Discussed Information Request with Daren; sent and reviewed several emails re scheduling conference call. No Charge.	DRT	0.00
04/02/18	Review request for information from Marion county water district	GEW	0.10
04/02/18	Reviewed data request filed by Marion District. No Charge.	MEW	0.00
04/03/18	Participated in conference call with Daren and attorney Wimberly to discuss proposed responses to MCWD's First Information Request and to determine which documents are responsive to Information Request; reviewed numerous documents forwarded to me by Daren; memo to file summarizing some of proposed responses	DRT	2.00
04/03/18	Participated in call with Damon Talley and Daren Thompson to discuss responses to requests for information; Drafted responses to requests for information from Marion District	MEW	1.70
04/04/18	Organized files; reviewed and organized documents needed for conference with attorneys Wimberly and Wuetcher; prepared for conference with them. No Charge.	DRT	0.00
04/05/18	Participated in lengthy conference with attorneys Wimberly and Wuetcher in Lexington re case strategy and preparing Responses to MCWD's First Information Request; prepared memo to file to document results of conference. No Charge.	DRT	0.00
04/05/18	Reviewed email memo from Nicholas; reviewed draft Exhibit prepared by Nicholas which makes adjustments to Revenue Requirements; reviewed documents provided by Campbellsville which details how new Campbellsville rate was calculated; reviewed other documents provided by client which will be used as Exhibits to Response to MCWD's First Information Request	DRT	2.20
04/05/18	Confer with D. Talley and M. E Wimberly Re: response to Marion County Water District's request for information	GEW	3.00
04/05/18	Drafted Response to Marion District Request for Information	MEW	3.80
04/05/18	Conference with Damon Talley and Jerry Wuetcher regarding Responses to Marion District Request for Information	MEW	3.50
04/06/18	Drafted Response to Request for Information	MEW	1.60

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
04/06/18	Researched for Response to Request for Information; Formatted Response to Request for Information. No Charge.	MEW	0.00
04/07/18	Researched prior municipal wholesale rate case Orders, including Danville and Hopkinsville, re implementation of proposed rates once suspension period ends and whether intereszt will need to be paid on any refunds ultimately ordered by PSC; prepared lengthy email memo to attorneys Wimberly and Wuetcher re my research	DRT	1.50
04/08/18	Prepare Notice of Intent to Place Proposed Rates into Effect	GEW	0.90
04/09/18	Worked on preparing responses to MCWD's First Information Request; discussed details and information needed from client in a very lengthy phone call with Daren, including Questions 16,25, 28, 30, 32,35,37, 38, and 39; reviewed and prepared numerous emails from and to clients, Nicholas, and attorney Wimberly	DRT	4.20
04/09/18	Reviewed numerous additional documents and emails from Daren and Lisa re information needed to answer MCWD's First Information Request; reviewed email memo from LWW's local counsel Spragens to include in response to Question 31; reviewed proposed Exhibits to Response; reviewed water production data from Daren to be used to answer Question 28; reviewed Depreciation Schedule to be used as Exhibit to Question 8 and made format changes to Depreciation Schedule so it would be more understandable; reviewed lastest draft of Response and made edits to it; prepared lengthy email memo to attorney Wimberly describing proposed changes and made other suggestions to improve Response	DRT	3.80
04/09/18	Discussed proposed changes to draft Response to MCWD's First Information Request with attorney Wimberly via numerous phone calls; exchanged several email memos with Wimberly. No Charge.	DRT	0.00
04/09/18	Drafted Response to Marion District Request for Information	MEW	7.10
04/10/18	Reviewed and revised early draft of Response to MCWD First Information Request; reviewed other documents to be used as Exhibits to Response; sent and reviewed numerous email memos re information needed for Response	DRT	1.50
04/10/18	Review Response to Marion County Water District's First Request for Information	GEW	0.60
04/10/18	Prepared Open Records Request to Division of Water	GEW	0.20
04/10/18	Drafted Response to Request for Information and edited Response	MEW	4.80
04/11/18	Reviewed final version of Notice to Implement Proposed Rates and Tariff Sheet; prepared email memo to Board President re Notice of Intent and Tariff Sheet and attached documents; participated in conference call with Board President and Daren re these matters; obtained approval to file Notice of Intent and Tariff Sheet on Friday;	DRT	0.90
04/11/18	Reviewed latest draft of Response to MCWD's First Information Request; meade edits to draft; discussed proposed changes to	DRT	3.40

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
	Response in a very lengthy telephone call with Daren; obtained additional information needed to revise response to Questions 15, 16, 38, and 39; talked to Daren re opportunity to "volunteer" more information than requested by MCWD; drafted new language to use in responses to several questions		
04/11/18	Reviewed various revised versions of Response to MCWD's First Information Request and made edits; drafted additional provisions to include in response to Question 38; reviewed and edited near final version of Response	DRT	4.10
04/11/18	Exchanged several email memos with attorney Wimberly re proposed Exhibits and changes to be made to Response to MCWD's First Information Request; discussed various aspects of Response with attorney Wimberly in various phone calls to her. No Charge.	DRT	0.00
04/11/18	Discussed Response to Marion District's Request for Information with Damon Talley; Edited and drafted Response	MEW	5.20
04/12/18	Reviewed latest version of Response to MCWD's First Information Request; made edits to the Response; drafted additional language to include in response to Question 38; made more changes to response to Question 33; reviewed and approved format changes to Exhibits to be attached to Question 13 re Capital Expenditures and compared these Projects to Daren's Written Testimony previously filed; reviewed Ordinance 91-9 and other Ordinances to ascertain whether there are any documents that require LWW to pay dividends or other payments to City; reviewed MCWD water consumption information needed for response to Question 28; reviewed other proposed Exhibits	DRT	4.30
04/12/18	Made final review of Response to MCWD's First Information Request for Quality Control and to Exhibits; made numerous phone calls to client and attorney Wimberly re Response; reviewed PSC Filing Receipt; reviewed email memo from Daren to LWW Board attaching Response. No Charge.	DRT	0.00
04/12/18	Drafted and edited Response to Marion District Request for Information; Discussed Response with Damon Talley; Drafted transmittal letter; Filed Response	MEW	3.80
04/12/18	Prepared Response for filing; Bookmarked Response; Printed Response. No Charge.	MEW	0.00
04/13/18	Discussed Notice of Intent with Daren; reviewed PSC Filing Receipt confirming that Notice of Intent had been filed; informed client	DRT	0.20
04/13/18	Drafted Cover Letter for tariff filing; Drafted Transmittal Letter; Prepared documents for filing; Edited Notice; Filed Cover Letter and Tariff with Tariff Filing System and filed Notice with Electronic Filing System	MEW	2.00
04/17/18	Review revised tariff sheet	GEW	0.10
04/17/18	Drafted updates to tariff; Discussed tariff with Damon Talley. No	MEW	0.00

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
	Charge.		
04/24/18	Prepared for meeting with Daren and Lisa on 4-25-18 to obtain information needed to prepare Responses to Requests for Information submitted by PSC Staff and MCWD; organized files; retrieved documents needed for meeting. No Charge.	DRT	0.00
04/24/18	Confer with D. Talley re: PSC Staff & Marion County Requests for Information	GEW	0.50
04/25/18	Discussed Requests for Information filed by PSC and MCWD with Holly Nicholas and the questions that she will be primarily responsible for answering; memo to file; email correspondence with Holly	DRT	0.50
04/25/18	Met with Daren and Lisa in Lebanon to review Requests for Information filed by PSC and MCWD; to discuss documents needed to answer the questions; reviewed General Ledger and other accounting documents; participated in conference call with Auditor; assigned different questions to Daren, Lisa, Holly, and Auditor to answer; reviewed various documents provided by client	DRT	8.20
04/25/18	Reviewed Requests for Information filed by PSC; reviewed Requests for Information filed by MCWD; prepared draft Response to some of the questions	GEW	2.00
04/26/18	Discussed several specific questions contained in PSC's Request for Information and in MCWD's Request for Information with attorney Wuetcher and developed appropriate responses	DRT	0.80
04/26/18	Discussed research request with attorney Mandlehr and limited scope of his research to municipal utilities with Rate Case Expense Sur-charges in their Tariffs; prepared email memo to him	DRT	0.00
04/26/18	Review of KPSC orders/tariffs re: surcharge to recover rate-case expenses	JTM	1.00
04/27/18	Reviewed attorney Mandlehr's research re Rate Case Expense surcharges; reviewed some of the PSC Orders cited in his research	DRT	0.80
04/27/18	Review of KPSC orders/tariffs re: surcharge to recover rate-case expenses	JTM	1.10
04/28/18	Drafted responses to Marion District's Second Information Request; reviewed various documents forwarded to me from client including Payroll Check Register and from Holly Nicholas; email correspondence with clients and attorney Wimberly	DRT	3.10
04/30/18	Discussed PSC's Second Information Request and MCWD's Supplemental Information Request with attorney Wimberly; assigned responding to certain questions to attorney Wimberly. No Charge.	DRT	0.00
04/30/18	Drafted responses to MCWD's Request for Information; reviewed several documents received from Lisa and Daren, including Payroll Check Registers and General Ledgers for FY 2016 and 2017;	DRT	2.10

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
	discussed these documents with clients; exchanged several email memos with clients and attorney Wimberly		
04/30/18	Commenced drafting responses to PSC's Second Request for Information; reviewed attorney Mandlehr's additional research on rate case expense surcharges; reviewed PSC Orders pertaining to rate case expense surcharges; reviewed various documents prepared by Holly Nicholas; discussed line loss reports with Daren; reviewed line loss reports for FY Years 2013-2017	DRT	3.20
04/30/18	Research on Rate Case Surcharge Mechanism	GEW	0.10
04/30/18	Review of KPSC orders/tariffs re: surcharge to recover rate-case expenses	JTM	0.30
04/30/18	Drafted Response to Marion District Request for Information; Drafted Response to PSC Request for Information; Discussed Responses with Damon Talley	MEW	4.80
Total Services			\$27,900.00

Summary of Services

<u>Init</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
JTM	Mandlehr, J T	2.40	260.00	624.00
GEW	Wuetcher, G E	7.50	330.00	2,475.00
DRT	Talley, D R	47.30	330.00	15,609.00
MEW	Wimberly, Mary Ellen	38.30	240.00	9,192.00
Total Services		95.50		\$27,900.00

Disbursements

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Amount</u>
04/20/18	frankfort 4/13 VENDOR: ROSS, RANDALL H; INVOICE#: 42018; DATE: 4/20/2018	RHR	\$16.35
04/24/18	Telephone Expense 1(270)763-7006; 44 Mins.		\$4.40
04/25/18	Mileage to Lebanon, KY for meeting with client PAYEE: Talley, P.S.C., Damon R; REQUEST#: 289948; DATE: 5/3/2018.	DRT	\$34.88
Total Disbursements			\$55.63

TOTAL FEES & DISBURSEMENTS	\$27,955.63
LESS DISCOUNT	\$-4,000.00

Keep this copy for your records.

Lebanon Water Works Company

Stoll Keenon Ogden PLLC
Invoice No. 878935

Total Current Charges This Matter

\$23,955.63

Keep this copy for your records.

Stoll Keenon Ogden PLLC

P.O. Box 150

112 North Lincoln Boulevard

Hodgenville, Kentucky 42748

(270) 358-3187

Tax ID # 61-0421389

Lebanon Water Works Company
Daren Thompson, O&M Superintendent
daren.thompson@lebanonwaterworks.com;
lisa.mattingly@lebanonwaterworks.com

June 5, 2018
Invoice #: 880421
Account #: 120538/157999

Please return this page with your payment by July 5, 2018 to:
Stoll Keenon Ogden PLLC
P.O. Box 11969
Lexington, KY 40579-1969

Re: Wholesale Rate Increase

Fees rendered this bill	\$ 20,727.00
Total Current Charges This Matter	\$ 20,727.00

Stoll Keenon Ogden PLLC

P.O. Box 150

112 North Lincoln Boulevard

Hodgenville, Kentucky 42748

(270) 358-3187

Tax ID # 61-0421389

Lebanon Water Works Company
Daren Thompson, O&M Superintendent
daren.thompson@lebanonwaterworks.com;
lisa.mattingly@lebanonwaterworks.com

June 5, 2018
Invoice #: 880421
Account #: 120538/157999

Re: Wholesale Rate Increase

Fees rendered this bill	\$ 20,727.00
Total Current Charges This Matter	\$ 20,727.00

Keep this copy for your records.

Professional Services for the period through 05/31/18, including the following:

Re: Wholesale Rate Increase

Our Reference: 120538/157999/DRT/2404

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
05/01/18	Reviewed and made edits to updated draft of Response to MCWD's Supplemental Request for Information (RFI); reviewed and made edits to updated draft of Response to PSC's Second Request for Information (RFI); prepared Water Loss Chart depicting unaccounted for water loss and non-revenue water for the past five (5) years; reviewed numerous documents and spreadsheets prepared by Lisa and Daren to be used as Exhibits to Response to PSC's Second Request for Information; drafted portions of responses to be inserted into both Responses	DRT	5.70
05/01/18	Discussed information to include in Response to MCWD's Supplemental RFI with attorney Wimberly; discussed information to include in Response to PSC's Second RFI with attorney Wimberly; discussed missing information with attorney Wimberly; prepared and reviewed numerous email memos to and from attorney Wimberly. No Charge.	DRT	0.00
05/01/18	Reviewed later versions of Response to PSC's Second RFI; made changes and prepared additional Responses to PSC's Second RFI; reviewed 7:18 pm version of Response to MCWD's Supplemental RFI; made edits to this version; prepared response to Question 3 of Response to MCWD's Supplemental RFI; revised responses to other Questions; reviewed other materials and information prepared by Lisa and Daren	DRT	4.30
05/01/18	Drafted portions of Response to Marion District's Request for Information; drafted provisions to include in Response to PSC's Request for Information; discussed Responses with Damon Talley	MEW	6.60
05/02/18	Reviewed and made edits to early morning version of Response to MCWD's Supplemental RFI; reviewed first draft of Exhibit 18-1 re master meter information; discussed revisions that need to be made to master meter Exhibit 18-1 with Daren; reviewed revised Exhibit 18-1; discussed need to obtain Uniform Financial Information Reports (UFIR) with Lebanon City Administrator John Thomas; reviewed copies of UFIRs for FY 2015 and 2016; analyzed UFIRs to verify that LWW water revenues and expenses are excluded from UFIRs; email correspondence with City Administrator; made additional revisions to and prepared new language to include in Response to PSC's Second RFI; prepared descriptions of projects which were funded by 1992 Bonds and 1997B Bonds	DRT	4.60
05/02/18	Reviewed several email memos from attorney Wimberly; discussed changes to be made to both Responses with attorney Wimberly; prepared several reply and new email memos to attorney Wimberly; other email correspondence with Lisa and Daren. No Charge.	DRT	0.00
05/02/18	Prepared three (3) additional paragraphs to include in response to	DRT	4.20

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
	Question 8 of MCWD's Supplemental RFI; reviewed and revised response to Question 5 of PSC's Second RFI; reviewed 4:54 pm version of Response to PSC's Second RFI; made edits to this version; reviewed 5:00 pm version of Response to MCWD's Supplemental RFI; reviewed KIA Assistance Agreements for all three (3) loans re parity bond requirements and project descriptions; reviewed Resolutions of Lebanon City Council re CNB Loans; prepared email memo to client re need to search for Resolution re first CNB loan; reviewed documents received from client re first CNB loan		
05/02/18	Reviewed PSC Notice Approving Tariff Sheet for MCWD rates and Tariff Sheet which has been stamped by PSC. No Charge.	DRT	0.00
05/02/18	Edited Response to Marion District's Request for Information; sent Response to Marion District to client for review; drafted Response to PSC's Request for Information; prepared Exhibits; discussed Response to PSC's Request for Information with Damon Talley; edited Response to PSC's Request for Information; sent Response to PSC to client for review; prepared Exhibits	MEW	6.70
05/03/18	Prepared response to Question 5C (explanation of why each debt was incurred) of PSC's Second RFI; revised Response; made other minor edits to Response to PSC's Second RFI and to Response to MCWD's Supplemental RFI; reviewed all Exhibits	DRT	3.50
05/03/18	Discussed various edits to be made to both Responses with Lisa and Daren; exchanged numerous email memos with Daren, Lisa, and attorney Wimberly; discussed technical details of filing both Responses and Exhibits with attorney Wimberly. No Charge.	DRT	0.00
05/03/18	Reviewed final version of Response to PSC's Second RFI for Quality Control; reviewed and proofread final version of Response to MCWD's Supplemental RFI for Quality Control; final Quality Control review of all Exhibits. No Charge.	DRT	0.00
05/03/18	Reviewed email memos from PSC verifying that both Responses had been filed; reviewed PSC website to verify that both Responses and Exhibits had been properly filed by PSC; reviewed email memo from attorney Wimberly re successful filing of both Responses. No Charge.	DRT	0.00
05/03/18	Discussed Responses to both Requests for Information with Damon Talley; edited Responses; Prepared both Responses and Exhibits for filing; drafted transmittal letters; filed both Responses with PSC	MEW	5.70
05/04/18	Conferred with M. E. Wimberly re procedural matter	GEW	0.10
05/04/18	Drafted letter to PSC re book marking; filed book marking letter with PSC. No Charge.	MEW	0.00
05/08/18	Reviewed recent PSC hearings for cross-examination examples; researched other issues requested by D. Talley	JTM	1.40

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
05/08/18	Filed SKO Invoices for March and April for later filing with PSC. No Charge.	MEW	0.00
05/14/18	Reviewed (preliminary) PSC filing made by MCWD, including Direct Testimony of Charles White and various Exhibits; prepared email memo to Holly Nicholas and forwarded documents to her	DRT	0.40
05/14/18	Reviewed Marion District (Charles White) Testimony	MEW	0.20
05/16/18	Reviewed research memo prepared by attorney Mandlehr; prepared reply email memo to attorney Mandlehr; analyzed Direct Testimony of Charles White and Exhibits prepared by him	DRT	0.50
05/16/18	Discussed Charles White's Direct Testimony with attorney Wimberly and assigned certain legal tasks to her. No Charge.	DRT	0.00
05/16/18	Participated in Conference Call with Daren and Lisa; discussed issues raised by Charles White in his Direct Testimony with Daren and Lisa; made assignments to Daren and Lisa re questions to ask Charles White and Marion County Water District	DRT	1.20
05/16/18	Discussed Marion District Testimony with Damon Talley; reviewed Charles White Testimony; Developed list of topics for Request for Information to Marion District	MEW	2.80
05/17/18	Drafted Request for Information to Marion District	MEW	0.40
05/18/18	of Franklin Circuit Court proceeding re Big Rivers v. PSC to determine standard for modifying contracts and other legal issues and applicability to LWW - MCWD case	JTM	1.20
05/19/18	Reviewed and analyzed Direct Testimony of Charles White and Exhibits filed by him; prepared list of questions to include in Request for Information (RFI) to propound to MCWD	DRT	1.50
05/20/18	Discussed legal issues and case strategy with attorney Wuetcher; prepared memo to file. No Charge.	DRT	0.00
05/20/18	Conferred with D. Talley re Request for Information to Marion County WD and discussed case strategy with D. Talley	GEW	1.10
05/21/18	Prepared list of topics to discuss during conference call; reviewed email memo and attachments prepared by Lisa re White's Direct Testimony; participated in conference call with Daren, Lisa, and Tyler Fallin; reviewed White's Direct Testimony and Exhibits, discussed possible questions to pose to MCWD based upon Testimony and Exhibits, and analyzed the proposed reductions in LWW's Revenue Requirements made by White during conference call; prepared memo to file	DRT	2.20
05/21/18	Reviewed email memo prepared by Tyler Fallin re depreciable asset lives used by other municipal water utilities; prepared reply email memo to Fallin; forwarded his email and information to attorney Wimberly	DRT	0.30

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
05/21/18	Discussed topics to include in Information Request to MCWD with attorney Wimberly; assigned task to her re Information Request and topics to include in Rebuttal Testimony. No Charge.	DRT	0.00
05/21/18	Reviewed legal research memo prepared by attorney Mandlehr re recent PSC Orders and Briefs filed by electric utilities in contract dispute cases and legal standard to get PSC to modify provisions of contracts between municipal utility and PSC regulated utility	DRT	0.50
05/21/18	Reviewed Big Rivers and Henderson's Briefs concerning PSC authority and contract interpretation and reformation	JTM	1.30
05/21/18	Reviewed Charles White Testimony and brainstormed potential requests. No Charge.	MEW	0.00
05/21/18	Discussed Charles White Testimony and Exhibits and potential Requests for Information with Damon Talley	MEW	1.90
05/22/18	Reviewed and made edits to first draft of Request for Information (RFI) to be propounded to Marion District; reviewed email memo from Lisa and attached documents re several assets misclassified by Charles White in his re-constituted Depreciation Schedule and other Exhibits; reviewed second draft of RFI; made changes and added additional questions to RFI; reviewed third draft of RFI; forwarded RFI to Daren, Lisa, and Holly; prepared email memo to clients re strategy and explaining why some questions were omitted	DRT	4.10
05/22/18	Prepared email memo to Holly re possible dates for PSC Formal Hearing and conflicts; exchanged several emails with Holly re case strategy and possible areas of cross-examination at Hearing	DRT	0.30
05/22/18	Discussed RFI with attorney Wimberly in several phone calls; prepared and reviewed numerous email memos to and from attorney Wimberly re RFI and other matters. No Charge.	DRT	0.00
05/22/18	Researched prior information filed by LWW with PSC to verify foundation and facts included in RFI; prepared additional questions to include in RFI	DRT	0.50
05/22/18	Drafted Request for Information to MCWD; discussed Request for Information with Damon Talley; edited Request for Information	MEW	1.70
05/23/18	Reviewed water usage information provided by Lisa; discussed draft Request for Information (RFI) to be propounded upon MCWD with Lisa and Daren; explained why some topics will be included in Rebuttal Testimony rather than in the RFI; reviewed Responses to previous RFI filed by LWW and other records to determine accuracy of certain Exhibits prepared by Mr. White; memo to file	DRT	1.10
05/23/18	Discussed changes to be made to RFI with attorney Wimberly; reviewed two (2) different drafts of RFI; made more edits. No Charge.	DRT	0.00

Keep this copy for your records.

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
05/23/18	Analyzed water usage and water production data provided by client and compared it to data contained in White's Direct Testimony and Exhibits; drafted additional questions to be included in RFI to be propounded on MCWD	DRT	1.60
05/23/18	Reviewed record for water production and water sales information. No Charge.	MEW	0.00
05/23/18	Drafted additional questions to include in Request for Information to MCWD; discussed Request for Information with Damon Talley	MEW	1.90
05/24/18	Reviewed early Thursday morning version of RFI to be propounded to MCWD; sent email memo to attorney Wimberly approving revisions	DRT	0.50
05/24/18	Reviewed numerous emails from Lisa re water usage and production data and requests to add additional question to RFI; replied to various emails; reviewed and replied to Darren's email re cost of sludge disposal and other expenses	DRT	0.30
05/24/18	Reviewed emails from Darren and Lisa approving final version of RFI; prepared and reviewed several email memos to and from attorney Wimberly re final edits and changes to RFI; discussed final changes with Wimberly; proofread final version for quality control; reviewed Notice of Filing confirmation from PSC re filing of RFI; reviewed filing on PSC website. No Charge.	DRT	0.00
05/24/18	Edited Request for Information to MCWD and added additional questions to RFI; sent Request for Information to client	MEW	1.30
05/30/18	Discussed possible PSC Hearing dates with attorney Allyson Honaker; prepared email memo to attorney David Samford re PSC Hearing dates. No Charge.	DRT	0.00
Total Services			\$20,727.00

Summary of Services

<u>Init</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
JTM	Mandlehr, J T	3.90	260.00	1,014.00
GEW	Wuetcher, G E	1.20	330.00	396.00
DRT	Talley, D R	37.30	330.00	12,309.00
MEW	Wimberly, Mary Ellen	29.20	240.00	7,008.00
Total Services		71.60		\$20,727.00

Keep this copy for your records.

Lebanon Water Works Company

Stoll Keenon Ogden PLLC
Invoice No. 880421

TOTAL FEES & DISBURSEMENTS	\$20,727.00
Total Current Charges This Matter	\$20,727.00

Keep this copy for your records.