

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
WOOD CREEK WATER DISTRICT) **CASE NO. 2022-00145**
FOR ADJUSTMENT OF RATES)

APPLICATION

Applicant, Wood Creek Water District (“Wood Creek”), pursuant to KRS 278.180 and 807 KAR 5:001, hereby applies to the Public Service Commission (“Commission”) for authority to adjust its rates for water service.

In support of its Application,¹ Wood Creek states:

Background

1. The full name and post office address of Wood Creek are: Wood Creek Water District, Post Office Box 726, London, Kentucky 40743. Its electronic mail address is: dewaynelewis@woodcreekwater.org.

2. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

¹ To facilitate the Public Service Commission’s initial review of this Application, Wood Creek has attached as **Exhibit 1** to this Application a document entitled “Filings Requirements List” that consists of four pages, lists each statutory and regulatory requirement for an application for general rate adjustment, identifies the exhibit or paragraph that satisfies the requirement, and contains a hyperlink to that exhibit or paragraph.

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3. Wood Creek is not a corporation, limited liability company or limited partnership. It has no articles of incorporation or partnership agreements.

4. Wood Creek is a water district created under the provisions of KRS Chapter 74.

5. As of the end of the proposed test period, December 31, 2020, Wood Creek provided retail water service to approximately 5,307 retail customers in Laurel County, Kentucky, including 384 commercial customers. As of December

² On May 18, 2022, Wood Creek filed with the Public Service Commission notice of its intent to use electronic filing procedures in this proceeding.

31, 2021, Wood Creek had 5,493 retail customers. Wood Creek also provides wholesale water service to West Laurel Water Association, East Laurel Water District and the city of Livingston, Kentucky.³

6. A copy of the Resolution of Wood Creek’s Board of Commissioners authorizing the filing of this Application is attached as **Exhibit 2** to this Application.

Compliance with 807 KAR 5:001, Sections 16 and 17⁴

7. This Application requests a general adjustment of Wood Creek’s existing rates for water service and is supported by a twelve-month historical test period ending December 31, 2020. Wood Creek has adjusted test period revenues and expenses to reflect known and measurable changes. **Section 16(1)(a)1.**

8. Wood Creek submits this Application to comply with the Commission’s Order of December 2, 2020 in Case No. 2020-00352⁵ and Order

³ *Annual Report of Wood Creek Water District to the Public Service Commission of the Commonwealth of Kentucky for Water Operations for the Calendar Year Ended December 31, 2020 (“2020 Annual Water Report”)* at Ref Pages 27 and 30.

⁴ The reference appearing at the end of each paragraph addressing Wood Creek’s compliance with these Sections refers to the appropriate section containing the filing requirement being addressed.

⁵ *Electronic Application of Wood Creek Water District for A Certificate of Public Convenience and Necessity to Construct A System Improvements Project and An Order Authorizing the Issuance of Securities Pursuant to KRS 278.023, Case No. 2020-00352 (Ky. PSC Dec. 2, 2020).*

of December 20, 2021 in Case No. 2021-00427⁶ in which the Public Service Commission directed Wood Creek to apply for an adjustment of its rates for water service to “to ensure its revenue is sufficient to support adequate and reliable service.”⁷ **Section 16(1)(b)1.**

9. Wood Creek does not conduct or transact business in the Commonwealth of Kentucky under an assumed name or any style other than its real name. Therefore, no certificate of assumed name is required for this Application. **Section 16(1)(b)2.**

10. Revised tariff sheets setting forth Wood Creek’s proposed rates and stating an effective date of July 20, 2022 are attached as **Exhibit 3** to this Application. **Section 16(1)(b)3.**

11. Wood Creek’s present and proposed revised tariff sheets in comparative form on the same sheet side-by-side are attached as **Exhibit 4** to this Application. **Section 16(1)(b)4.**

12. In accordance with 807 KAR 5:001, Section 17(2)(b), notice of Wood Creek’s filing of this Application was published in the June 15, 2022 edition of the *Sentinel-Echo*, the newspaper of general circulation in Wood Creek’s territory, and will be published in the June 22 and June 29, 2022 editions

⁶ *Electronic Application of Wood Creek Water District for A Rate Adjustment Pursuant to 807 KAR 5:076*, Case No. 2021-00427 (Ky. PSC Dec. 20, 2021).

⁷ Case No. 2020-00352, Order of Dec. 2, 2020 at 4.

of that newspaper. A copy of this notice is attached to this Application as **Exhibit 5**. As of the filing of this Application, a copy of this notice was posted in Wood Creek's office at 1670 East Hal Rodgers Parkway, London, Kentucky and on Wood Creek's website at woodcreekwater.com and on its Facebook page at <https://www.facebook.com/woodcreekwater>. These notices will remain posted until the conclusion of this proceeding. A separate notice, a copy of which is attached to this Application as **Exhibit 6**, was electronically mailed and hand delivered to each of Wood Creek's wholesale customers on June 15, 2022. **Section 16(1)(b)5; Section 17(1) and (2).**

13. Pursuant to 807 KAR 5:001, Section 16(2), Wood Creek filed with the Public Service Commission on May 19, 2022 notice of its intent to file an application for general rate adjustment. It filed a supplemental notice with the Public Service Commission on June 1, 2022. A copy of each notice was served by electronic mail on the Office of Attorney General. These notices are attached as **Exhibit 7** to this Application. **Section 16(2).**

14. A complete description and quantified explanation of all adjustments that Wood Creek proposes to make to test period expenses is found in **Exhibit 8** to this Application. **Section 16(4)(a).**

15. Wood Creek supports its application for rate adjustment with the verified testimony and exhibits of Dewayne Lewis, Wood Creek's Office

Manager, and of Alan H. Vilines, a professional engineer. Their verified testimonies are attached as **Exhibit 9** and **Exhibit 10** respectively.

Section 16(4)(b).

16. The proposed rates will produce total revenues of \$6,340,026, an increase of \$425,189 over the revenues produced from the current rates. The proposed rates will produce a 7.19 percent overall increase in revenue. The effect on utility revenue of each proposed rate is shown at **Exhibit 11** of this Application. **Section 16(4)(d).**

17. The effect upon the average bill for each customer classification subject to Wood Creek's proposed rates is shown at **Exhibit 12** of this Application. **Section 16(4)(e).**

18. A detailed analysis of Wood Creek customer bills showing the revenues that are produced by Wood Creek's present rates and those produced by the proposed rates is attached as **Exhibit 13** to this Application and is separately supplied with this Application in Excel Spreadsheet format. **Section 16(4)(g).**

19. A summary of Wood Creek's revenue requirements based upon the debt service and coverage requirements set forth in Wood Creek's outstanding debt instruments is shown at **Exhibit 14** of this Application. **Section 16(4)(e).**

20. Wood Creek presently follows the 1996 version of National Association of Regulatory Utility Commissioners' *Uniform System of Accounts for Class A/B Water Districts and Associations* as modified and adopted by the Commission in 2002. Its chart of accounts is not more detailed. **Section 16(4)(j).**

21. A copy of the most recent independent auditor's report on Wood Creek's financial statements, including written communication from the independent auditor regarding the existence of any material weaknesses, is attached as **Exhibit 15** to this Application. **Section 16(4)(k).**

22. No depreciation study was prepared to support this application. "Traditional depreciation studies analyze a utility's historic plant addition and retirement information to determine anticipated service lives."⁸ Like most of the Commonwealth's water districts, Wood Creek lacks sufficient plant addition and retirement information to perform a reliable analysis.⁹ Consistent with the Commission's current practice regarding the establishment of depreciation rates,¹⁰ Wood Creek has instead relied upon the National Association of

⁸ *Application of Northern Kentucky Water District for Approval of Depreciation Study*, Case No. 2006-00398 (Ky. PSC Nov. 21, 2007), Order at 1-2.

⁹ *Id.* at 3 ("Due to the detailed information and expense required to perform a traditional depreciation study using generally accepted practices, no water district operating under the Commission's jurisdiction has ever filed such a study for Commission review.")

¹⁰ *See, e.g., Case No. 2020-00290, Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction* (Ky. PSC Aug. 2, 2021) Order at 32 ("To evaluate the reasonableness of the depreciation practices of small water and sewer utilities, the Commission has historically relied upon the report

Regulatory Commissioners' *Depreciation Practices for Small Water Utilities*. It proposes to adjust its current depreciation rates to reflect the mid-point of the service life ranges set forth in that publication to establish its depreciation rates and depreciation expense levels. A table showing the current depreciation rate and the proposed depreciation rate is attached as **Exhibit 16** to this Application.

Section 16(4)(n).

23. A list of all commercially available computer software used to develop the schedules and workpapers for this Application is set forth at **Exhibit 17** to this Application. **Section 16(4)(o).**

24. Wood Creek has not made any stock or bond offerings. As it is a water district, it cannot issue stock. Its only bond issuances are to Rural Development for which no prospectus was issued. Accordingly, no prospectuses are submitted with this Application. **Section 16(4)(p).**

25. As Wood Creek is a governmental agency and a political subdivision of the Commonwealth, it has no shareholders or members and therefore no annual reports to shareholders or members. **Section 16(4)(q).**

published in 1979 by the National Association of Regulatory Utility Commissioners (NARUC) titled *Depreciation Practices for Small Water Utilities (NARUC Study)* and the *O&M Guide for the Support of Rural Water-Wastewater Systems (O&M Guide)*. When no evidence exists to support a specific life that is inside or outside of the NARUC and O&M Guide ranges, the Commission has historically used the mid-point of the depreciation ranges to depreciate utility plant.”).

26. Each managerial report provided to Wood Creek's Board of Commissioners for each month of the test period is attached as **Exhibit 18** to this Application. **Section 16(4)(r).**

27. Wood Creek is not required to make and has not made any filings with the Securities and Exchange Commission. **Section 16(4)(s).**

28. Wood Creek does not operate any affiliates. However, in addition to its water operations, Wood Creek operates a sewer collection system and operates and maintains the water distribution systems of West Laurel Water Association and East Laurel Water District under a contract with each water utility. A description of the method used to allocate costs for the services provided to these water utilities and to Wood Creek's sewer operations is set forth in Mr. Vilines' testimony, which is attached as **Exhibit 10** to this Application. **Section 16(4)(t).**

29. A cost-of-service study that is based upon information regarding Wood Creek's test period operations and that uses a methodology the Commission has generally accepted is attached as **Exhibit 19** to this Application. **Section 16(4)(t).**

30. A detailed income statement and balance sheet reflecting the effect of all proposed adjustments is attached as **Exhibit 20** to this Application. **Section 16(5)(a).**

31. Wood Creek has not proposed any proforma adjustments for plant additions and does not have a capital construction budget. **Sections 16(5)(b) and 16(5)(c).**

32. A copy of Wood Creek's annual operating budget for calendar year 2021, the period encompassing the proposed proforma adjustments to test period operations, is attached to this Application as **Exhibit 21**. Wood Creek does not prepare operating budgets on a monthly basis. **Section 16(5)(d).**

33. The number of customers to be added to the test period level of customers and the related revenue requirement impact as a result of these customers is shown at **Exhibit 22** of this Application.

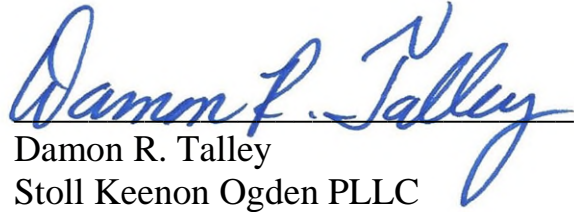
Requested Relief

WHEREFORE, Wood Creek respectfully requests the Commission to enter an order:

1. Approving the revised tariff sheet for water service attached as **Exhibit 3** to this Application;
2. Approving rates to reflect a revenue increase of \$425,189 for Wood Creek's water operations; and
3. Granting all other relief to which Wood Creek may be entitled.

Dated: June 20, 2022

Respectfully submitted,



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Counsel for Wood Creek Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on June 20, 2022 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding



Counsel for Wood Creek Water District

TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Document</u>
1	Filing Requirement Compliance
2	Resolution No. 2022-06-01 - Resolution of the Wood Creek Water District Authorizing District Chairman to File An Application with the Kentucky Public Service Commission for Authority to Adjust Retail and Wholesale Water Rates
3	Revised Tarff Sheet Setting Forth Proposed Rates
4	Side-by-Side Comparison of Present and Revised Tariff Sheet
5	Notice of Filing of Application (Published Version)
6	Notice of Filing of Application to Wholesale Customers
7	Notice of Intent to File An Application for General Rate Adjustment Using a Historical Test Period
8	Description and Explanation of Proposed Adjustments to Test Period Operations
9	Written Testimony of Dewayne Lewis
10	Written Testimony of Alan H. Vilines
11	Proposed Rates' Effect on Utility Revenue
12	Proposed Rates' Effect on Average Customer Bills
13	Billing Analysis
14	Summary of Revenue Requirements
15	Independent Auditor's Report on Wood Creek Water District's Financial Statements for the period ending December 31, 2021
16	Summary of Current and Proposed Depreciation Rates for Utility Assets

Exhibit

Document

- | | |
|----|--|
| 17 | Commercially Available Computer Software Used To Develop Application |
| 18 | Monthly Managerial Reports Provided to Wood Creek Water District Board of Commissioners During the Test Period |
| 19 | Cost-of-Service Study |
| 20 | Income Statement and Balance Sheet Showing The Effects of Proposed Adjustments |
| 21 | Wood Creek Water District Annual Operating Budget for Calendar Year 2021 |
| 22 | Additional Customers and Their Effect on Revenue |

EXHIBIT 1

Source/Authority	Requirement	Location
KRS 278.180	30 Days' notice of proposed rates	Page 4, Para 9; Exhibit 2
807 KAR 5:001, Section 4(3)	Application signed submitting party or attorney	Page 11
	Name, address, telephone number, fax number, and e-mail address of party or party's attorney	Pages 2-3, Para 2; Page 11
807 KAR 5:001, §14(1)	Applicant's full name, mailing address, and electronic mail address	Page 1, Para 1
	Facts on which the application is based	Pages 3-4, Para 8
	Specify relief sought	Page 10
	Reference to the particular law requiring or providing for the information	Page 1 (Introductory Para)
807 KAR 5:001, §14(2)	(If applicant is a corporation:) Identify state of incorporation and date of incorporation, statement it is currently in good standing in the state if incorporation; (if not a Kentucky corporation) statement it is authorized to transact business in Kentucky (If applicant is not a corporation:) Statement Applicant is not a corporation	Page 2, Para 3
807 KAR 5:001, §14(3)	(If applicant is a limited liability company:) the state in which organized and date organized; statement that it is in good standing in the state of organization; if not a Kentucky LLC, statement it is authorized to transact business in Kentucky (If applicant is not an LLC:) Statement Applicant is not an LLC	Page 2, Para 3
807 KAR 5:001, §14(4)	(If the applicant is a limited partnership:) a certified copy of limited partnership agreement and all amendments or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding - reference case number; (If applicant is not a limited partnership:) Statement Applicant is not a limited partnership	Page 2, Para 3
807 KAR 5:001, §16(1)(b)	A statement why the adjustment is required	Pages 3-4, Para 8
	Certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that a certificate is not necessary	Page 4, Para 9
	New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than 30 days after date of filing of application	Page 4, Para 10 Exhibit 3
	New or revised tariff sheets, if applicable, identified in compliance with 807 KAR 5:011, shown either by providing: The present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side; or b. A copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions	Page 4, Para 11 Exhibit 4
	Statement that notice given IAW 807 KAR 5:001, §17	Page 4, Para 12

807 KAR 5:001, §16(2)	Notice of Intent. Filed with PSC between 30 60 days prior to filing of application; copy mailed or e-mailed to Attorney General; states type of test period to support application	Page 5, Para 3 Exhibit 7
807 KAR 5:001, §16(4)(a)	A complete description and quantified explanation for all proposed adjustments with proper support for proposed changes in price or activity levels, if applicable, and other factors that may affect the adjustment	Page 5, Para 14
807 KAR 5:001, §16(4)(b)	(If gross revenues greater than \$5,000,000) Written testimony of each witness to be used to support application	Page 4, Para 15 Exhibit 9 Exhibit 10
807 KAR 5:001, §16(4)(c)	(If gross revenues less than \$5,000,000) Written testimony of each witness to be used to support application or statement that no written testimony will be submitted	Not Applicable
807 KAR 5:001, §16(4)(d)	A statement estimating the effect that each new rate will have upon the revenues of the utility including the total amount of revenues resulting from the increase or decrease and the percentage of the increase or decrease	Page 6, Para 16 Exhibit 11
807 KAR 5:001, §16(4)(e)	(Non-telephone utilities) The effect upon the average bill for each customer classification to which the proposed rate change will apply	Page 6, Para 17 Exhibit 12
807 KAR 5:001, §16(4)(f)	(Incumbent local exchange company) Effect upon the average bill for each customer class for change in basic local service	Not Applicable
807 KAR 5:001, §16(4)(g)	A detailed analysis of customers' bills whereby revenues from the present and proposed rates can be readily determined for each customer class	Page 6, Para 18 Exhibit 13
807 KAR 5:001, §16(4)(h)	A summary of applicant's determination of revenue requirements base on debt service coverage or operating ratios with supporting schedules	Page 6, Para 19 Exhibit 14
807 KAR 5:001, §16(4)(i)	(Investor Owned Utilities) A reconciliation of the rate base and capital used to determine revenue requirements (Not applicable to water districts)	Not Applicable
807 KAR 5:001, §16(4)(j)	A current chart of accounts if more detailed than the Uniform System of Accounts	Not Applicable Page 7, Para 20
807 KAR 5:001, §16(4)(k)	The independent auditor's annual opinion report, with written communication from the independent auditor to the utility, if applicable, which indicates the existence of a material weakness in the utility's internal controls	Page 7, Para 21 Exhibit 15
807 KAR 5:001, §16(4)(l)	Most recent FERC or FCC audit reports	Not Applicable
807 KAR 5:001, §16(4)(m)	Most recent FERC Form 1 (electric), FERC Form 2 (gas), or PSC Form T (telephone)	Not Applicable
807 KAR 5:001, §16(4)(n)	Depreciation Study - A summary of the utility's latest depreciation study with schedules by major plant accounts) – Statement that NARUC Service Lives with exceptions are used as alternative	Page 7, Para 22

807 KAR 5:001, §16(4)(o)	A list of all commercially available or in-house developed computer software, programs, and models used to develop application's schedules and work papers	Page 8, para 23 Exhibit 17
	List each software, program, or model	
	Describe use of software, program, or model	
	List Supplier of software, program, or model	
	Brief description of software, program, or model	
807 KAR 5:001, §16(4)(p)	Specifications for the computer hardware & operating system required to run program	
807 KAR 5:001, §16(4)(p)	Prospectuses of the most recent stock or bond offerings	Not Applicable Page 8, Para 21
807 KAR 5:001, §16(4)(q)	Annual report to shareholders or members and statistical supplements covering the 2 most recent years from application filing date	Not Applicable Page 8, Para 24
807 KAR 5:001, §16(4)(r)	Monthly managerial reports providing financial results of operations for the 12 months in the test period	Page 9 para 26 Exhibit 18
807 KAR 5:001, §16(4)(s)	SEC's annual report (Form 10-K) for most recent 2 years, any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available	Not Applicable Page 9, Para 27
807 KAR 5:001, §16(4)(t)	Report of affiliated transactions: Must include - Detailed description of the method and amounts allocated or charged to the utility by the affiliate for each charge allocation or payment; - Explanation of how the allocator for the test period was determined - All facts to demonstrate that each amount charged, allocated, or paid during the test period was reasonable	Page 9, Para 28 Exhibit 10
807 KAR 5:001, §16(4)(u)	(Non-telephone utility with annual gross revenues greater than \$5,000,000) Cost of service study based on a methodology generally accepted within the industry and based on current and reliable data from a single time period	Page 9, Para 29 Exhibit 19
807 KAR 5:001, §16(4)(v)	(Applicable only to local exchange carriers with more than 50,000 access lines) Jurisdictional separations study consistent with 47 C.F.R. Part 36 of the FCC Regulations; Service specific cost studies supporting pricing of all services that generate annual revenue greater than \$1,000,000 except local exchange access based on current and reliable data from a single time period; and using generally recognized fully allocated, embedded, or incremental cost principles	Not Applicable
807 KAR 5:001, §16(5)(a)	A detailed income statement and balance sheet reflecting the impact of all proposed adjustments	Page 9, Para 30 Exhibit 20
807 KAR 5:001, §16(5)(b)	The most recent capital construction budget containing at least the period of time as proposed for any pro forma adjustment for plant additions	Not Applicable Page 10, Para 31

807 KAR 5:001, §16(5)(c)	<p>If pro forma adjustment for plant addition proposed:</p> <ul style="list-style-type: none"> - Starting date of the construction - Proposed in-service date - Total estimated cost of construction at completion - Amount contained in construction work in progress test period end - Schedule containing a complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement - Original cost and cost of removal and salvage for each component of plant to be retired during period of proposed pro forma adjustment for plant additions; - Explanation of differences, if applicable, in the amounts contained in the capital construction budget and the amounts of capital construction cost contained in the pro forma adjustment period - Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements 	<p>Not Applicable: No pro forma adjustments reflecting plant additions proposed Page 10, Para 31</p>
807 KAR 5:001, §16(5)(d)	The operating budget for each month of the period encompassing the pro forma adjustments	Page 10, Para 32 Exhibit 21
807 KAR 5:001, §16(5)(e)	The number of customers to be added to the test period end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers	Page 10, Para 33 Exhibit 22
807 KAR 5:001, §17(1)	Notice must be posted in place of business no later than date of submission of application	Pages 4-5, Para 12
	Notice must be posted on website and social media within 5 business days of submission of application and must include hyperlink to case docket page	
	Notices are not removed until final decision on application	
807 KAR 5:001, §17(2)	Notice mailed to each customer no later than date of submission of application	Pages 4-5, Para 12
	Notice published in newspaper of general circulation in service area with 1st publication no later than date of submission of application	Pages 4-5, Para 12
807 KAR 5:001, §17(3)	Proof of Notice submitted within 45 days of submission of application	Will Be Submitted within Specified Time
807 KAR 5:001, §17(4)	Notice content	Exhibit 5

EXHIBIT 2

RESOLUTION NO. 2022-06-01

**RESOLUTION OF THE WOOD CREEK WATER DISTRICT
AUTHORIZING DISTRICT CHAIRMAN TO FILE AN
APPLICATION WITH THE KENTUCKY PUBLIC SERVICE
COMMISSION FOR AUTHORITY TO ADJUST RETAIL AND
WHOLESALE WATER RATES**

WHEREAS, Wood Creek Water District (the “District”) is a water district organized under the provisions of KRS Chapter 74;

WHEREAS, the District currently owns and operates both water treatment and water distribution facilities;

WHEREAS, on December 2, 2020 in Case No. 2020-00352, the Kentucky Public Service Commission (the “PSC”) **ordered** the District to “file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 within **one** year...”

WHEREAS, 807 KAR 5:076 establishes a simplified and less expensive procedure for small utilities to use when applying to the PSC for rate adjustments. The PSC refers to this procedure as the Alternative Rate Filing (“ARF”) procedure;

WHEREAS, on November 30, 2021 in Case No. 2021-00427, the District sought to utilize the simpler and less expensive ARF procedure by filing with the PSC: (a) an ARF Application for a rate adjustment, complete with all necessary

Exhibits, and (b) a Motion for Deviation from 807 KAR 5:076, Section 2(1)'s requirement that a utility have annual gross revenues of \$5,000,000 or less in the immediate past calendar year in order to utilize the ARF procedure;

WHEREAS, by its Order dated December 20, 2021, the PSC: (a) denied the District's Motion for Deviation; (b) rejected the District's ARF Application; (c) ordered the District to file, by June 20, 2022, a General Rate Adjustment Application pursuant to 807 KAR 5:001, Section 16; and (d) directed the District to prepare and file a Cost of Service Study ("COSS") with its General Rate Adjustment Application;

WHEREAS, the District engaged the services of the Kentucky Rural Water Association (the "KRWA") to perform a comprehensive Cost of Service Study (the "COSS") for both wholesale and retail rates;

WHEREAS, KRWA has completed its COSS, has recommended a retail rate schedule applicable to all retail customers, and has recommended a wholesale rate which will be applicable to all wholesale customers;

WHEREAS, the District has reviewed the COSS prepared by KRWA and the recommendations made by KRWA and now desires to implement the rates recommended by KRWA; and

WHEREAS, KRS 278.180 requires the District to submit to the PSC a formal application for a rate adjustment before it can implement a rate adjustment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE WOOD CREEK WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The Chairman is hereby authorized and directed to execute and file an application with the PSC, pursuant to 807 KAR 5:001, for authority to adjust the District's rates for retail and wholesale water service to those rates set forth in **Exhibit A** to this Resolution.


Section 3. The Chairman, Office Manager, all appropriate staff, and the District's attorney are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to obtain a general adjustment of its rates for retail and wholesale water service.

Section 4. This Resolution shall take effect upon its adoption.

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Adopted by the Board of Commissioners of the Wood Creek Water District at a meeting held on June 13, 2022, signed by the Chairman, and attested by the Secretary.

WOOD CREEK WATER DISTRICT

By: 
Glenn Williams, Chairman

ATTEST:


James Lewis, Secretary

CERTIFICATION

The undersigned Secretary of Wood Creek Water District (the “District”) does hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District’s Board of Commissioners at a meeting properly held on June 13, 2022, signed by the Chairman of the Board of Commissioners, attested by the Secretary of the Board of Commissioners, and is now in full force and effect.

WITNESS my hand this 13th day of June 2022.


James Lewis, Secretary

EXHIBIT A

RETAIL AND WHOLESALE RATES

PROPOSED RATES

5/8" x 3/4" Meters

First 2,000 gallons	\$ 24.26 Minimum Bill
Next 8,000 gallons	\$ 8.37 per 1,000 gallons
Next 65,000 gallons	\$ 6.45 per 1,000 gallons
Over 75,000 gallons	\$ 4.72 per 1,000 gallons

1" Meters

First 5,000 gallons	\$ 50.82 Minimum Bill
Next 5,000 gallons	\$ 8.37 per 1,000 gallons
Next 65,000 gallons	\$ 6.45 per 1,000 gallons
Over 75,000 gallons	\$ 4.72 per 1,000 gallons

1-1/2" Meters

First 10,000 gallons	\$ 94.12 Minimum Bill
Next 65,000 gallons	\$ 6.45 per 1,000 gallons
Over 75,000 gallons	\$ 4.72 per 1,000 gallons

2" Meters

First 20,000 gallons	\$ 162.61 Minimum Bill
Next 55,000 gallons	\$ 6.45 per 1,000 gallons
Over 75,000 gallons	\$ 4.72 per 1,000 gallons

3" Meters

First 30,000 gallons	\$ 256.47 Minimum Bill
Next 45,000 gallons	\$ 6.45 per 1,000 gallons
Over 75,000 gallons	\$ 4.72 per 1,000 gallons

6" Meters

First 100,000 gallons	\$ 700.98 Minimum Bill
Over 100,000 gallons	\$ 4.72 per 1,000 gallons

Wholesale Rate: All wholesale customers \$ 3.54 per 1,000 gallons

EXHIBIT 3

AREA Laurel County, Kentucky

PSC KY NO. 1

Tenth Revised SHEET NO. 1

Wood Creek Water District
(NAME OF UTILITY)

CANCELLING PSC KY NO. 1

Ninth Revised SHEET NO. 1

RATES AND CHARGES

5/8-Inch x 3/4-Inch Meter

First 2,000 Gallons	\$ 24.26 Minimum Bill	(I)
Next 8,000 Gallons	\$ 8.37 per 1,000 gallons	(I)
Next 65,000 Gallons	\$ 6.45 per 1,000 gallons	(I)
Over 75,000 Gallons	\$ 4.72 per 1,000 gallons	(I)

1-Inch Meter

First 5,000 Gallons	\$ 50.82 Minimum Bill	(I)
Next 5,000 Gallons	\$ 8.37 per 1,000 gallons	(I)
Next 65,000 Gallons	\$ 6.45 per 1,000 gallons	(I)
Over 75,000 Gallons	\$ 4.72 per 1,000 gallons	(I)

1 1/2-Inch Meter

First 10,000 Gallons	\$ 94.12 Minimum Bill	(I)
Next 65,000 Gallons	\$ 6.45 per 1,000 gallons	(I)
Over 75,000 Gallons	\$ 4.72 per 1,000 gallons	(I)

2-Inch Meter

First 20,000 Gallons	\$162.61 Minimum Bill	(I)
Next 55,000 Gallons	\$ 6.45 per 1,000 gallons	(I)
Over 75,000 Gallons	\$ 4.72 per 1,000 gallons	(I)

3-Inch Meter

First 30,000 Gallons	\$256.47 Minimum Bill	(I)
Next 45,000 Gallons	\$ 6.45 per 1,000 gallons	(I)
Over 75,000 Gallons	\$ 4.72 per 1,000 gallons	(I)

6-Inch Meter

First 100,000 Gallons	\$700.98 Minimum Bill	(I)
Next 100,000 Gallons	\$ 4.72 per 1,000 gallons	(I)

Wholesale

All Wholesale Customers	\$ 3.54 per 1,000 gallons	(I)
-------------------------	---------------------------	-----

DATE OF ISSUE June 13, 2022

MONTH / DATE / YEAR

DATE EFFECTIVE July 20, 2022

MONTH / DATE / YEAR

ISSUED BY /s/Glenn Williams

SIGNATURE OF OFFICER

TITLE Chair

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

EXHIBIT 4

AREA Laurel County, Kentucky
PSC KY NO. 2015-00428
SHEET NO. 1
CANCELLING PSC KY NO. 2011-00209
SHEET NO. 1
Wood Creek Water District
(NAME OF UTILITY)

RATES AND CHARGES

5/8" X 3/4" - Inch Meter:
First 2,000 gallons \$24.22 Minimum bill
Next 1,500 gallons 7.70 per 1,000 gallons
Next 1,500 gallons 6.87 per 1,000 gallons
Next 2,500 gallons 5.78 per 1,000 gallons
All over 7,500 gallons 4.57 per 1,000 gallons
1 - Inch Meter:
First 5,000 gallons \$46.08 Minimum bill
Next 2,500 gallons 5.78 per 1,000 gallons
All over 7,500 gallons 4.57 per 1,000 gallons
1 1/2 - Inch Meter:
First 10,000 gallons \$71.95 Minimum bill
All over 10,000 gallons 4.57 per 1,000 gallons
2 - Inch Meter:
First 20,000 gallons \$117.65 Minimum bill
All over 20,000 gallons 4.57 per 1,000 gallons
3 - Inch Meter:
First 30,000 gallons \$163.35 Minimum bill
All over 30,000 gallons 4.57 per 1,000 gallons
6 - Inch Meter:
First 100,000 gallons \$483.25 Minimum bill
All over 100,000 gallons 4.57 per 1,000 gallons
Wholesale User Rates:
East Laurel Water District \$3.42 per 1,000 gallons
West Laurel Water Association \$3.42 per 1,000 gallons
City of Livingston \$3.42 per 1,000 gallons

DATE OF ISSUE July 14, 2016
MONTH / DATE / YEAR
DATE EFFECTIVE July 14, 2016
MONTH / DATE / YEAR
ISSUED BY [Signature]
SIGNATURE OF OFFICER
TITLE Chairman

KENTUCKY
PUBLIC SERVICE COMMISSION
Tatiana R. Matthews
EXECUTIVE DIRECTOR
[Signature]
EFFECTIVE
7/14/2016
PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

DATE OF ISSUE June 13, 2022
MONTH / DATE / YEAR
DATE EFFECTIVE July 20, 2022
MONTH / DATE / YEAR
ISSUED BY [Signature]
SIGNATURE OF OFFICER
TITLE Chair

KENTUCKY
PUBLIC SERVICE COMMISSION
Tatiana R. Matthews
EXECUTIVE DIRECTOR
[Signature]
EFFECTIVE
7/14/2016
PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

AREA Laurel County, Kentucky
PSC KY NO. 1
Tenth Revised SHEET NO. 1
CANCELLING PSC KY NO. 1
Ninth Revised SHEET NO. 1
Wood Creek Water District
(NAME OF UTILITY)

RATES AND CHARGES

5/8-Inch x 3/4-Inch Meter
First 2,000 Gallons \$ 24.26 Minimum Bill (1)
Next 8,000 Gallons \$ 8.37 per 1,000 gallons (1)
Next 65,000 Gallons \$ 6.45 per 1,000 gallons (1)
Over 75,000 Gallons \$ 4.72 per 1,000 gallons (1)
1-Inch Meter
First 5,000 Gallons \$ 50.82 Minimum Bill (1)
Next 5,000 Gallons \$ 8.37 per 1,000 gallons (1)
Next 65,000 Gallons \$ 6.45 per 1,000 gallons (1)
Over 75,000 Gallons \$ 4.72 per 1,000 gallons (1)
1 1/2-Inch Meter
First 10,000 Gallons \$ 94.12 Minimum Bill (1)
Next 65,000 Gallons \$ 6.45 per 1,000 gallons (1)
Over 75,000 Gallons \$ 4.72 per 1,000 gallons (1)
2-Inch Meter
First 20,000 Gallons \$162.61 Minimum Bill (1)
Next 55,000 Gallons \$ 6.45 per 1,000 gallons (1)
Over 75,000 Gallons \$ 4.72 per 1,000 gallons (1)
3-Inch Meter
First 30,000 Gallons \$256.47 Minimum Bill (1)
Next 45,000 Gallons \$ 6.45 per 1,000 gallons (1)
Over 75,000 Gallons \$ 4.72 per 1,000 gallons (1)
6-Inch Meter
First 100,000 Gallons \$700.98 Minimum Bill (1)
Next 100,000 Gallons \$ 4.72 per 1,000 gallons (1)
Wholesale
All Wholesale Customers \$ 3.54 per 1,000 gallons (1)

DATE OF ISSUE June 13, 2022
MONTH / DATE / YEAR
DATE EFFECTIVE July 20, 2022
MONTH / DATE / YEAR
ISSUED BY [Signature]
SIGNATURE OF OFFICER
TITLE Chair

KENTUCKY
PUBLIC SERVICE COMMISSION
Tatiana R. Matthews
EXECUTIVE DIRECTOR
[Signature]
EFFECTIVE
7/14/2016
PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

EXHIBIT 5

CUSTOMER NOTICE

On or about June 20, 2022, Wood Creek Water District will file an application with the Kentucky Public Service Commission to adjust its monthly rates for water service. Wood Creek Water District is making this application to comply with the Kentucky Public Service Commission's Order of December 20, 2020 in Case No. 2020-00352. Wood Creek Water District proposes to place the proposed rates into effect on July 20, 2022.

Wood Creek Water District proposes the following rates for water service:

Minimum Bills Based Upon Meter Size					
Meter Size	Gals Included In Minimum	Present Rate	Proposed Rate	Change (\$)	Change (%)
5/8" x 3/4"	2,000	\$ 24.22	\$ 24.26	\$ 0.04	0.17
1-Inch	5,000	\$ 46.08	\$ 50.82	\$ 4.74	10.29
1 1/2"	10,000	\$ 71.95	\$ 94.12	\$ 22.17	30.81
2-Inch	20,000	\$ 117.65	\$ 162.61	\$ 44.96	38.22
3-Inch	30,000	\$ 163.35	\$ 256.47	\$ 93.12	57.01
6-Inch	100,000	\$ 483.25	\$ 700.98	\$ 217.73	45.06

Rates for Water Usage in Addition to Minimum				
Gallons Per Month	Charge Per 1,000 Gallons		Change (\$)	Change (%)
	Present Rate	Proposed Rate		
First 2,000 Gallons	\$ 24.22	\$ 24.26	\$ 0.04	0.17
Next 1,500 Gallons	\$ 7.70	\$ 8.37	\$ 0.67	8.70
Next 1,500 Gallons	\$ 6.87	\$ 8.37	\$ 1.50	21.83
Next 2,500 Gallons	\$ 5.78	\$ 8.37	\$ 2.59	44.81
Next 2,500 Gallons	N/A	\$ 8.37	N/A	N/A
Over 7,500 Gallons	\$ 4.57	N/A	N/A	N/A
Next 65,000 Gallons	\$ 4.57	\$ 6.45	\$ 1.88	41.14
Over 75,000 Gallons	\$ 4.57	\$ 4.72	\$ 0.15	3.28

If the Public Service Commission approves the proposed water rate, the increase in a customer's monthly bill will be:

Customer	Average Usage Gallons	Monthly Bill at Present Rate	Monthly Bill at Proposed Rate	Change (\$)	Change (%)
5/8" x 3/4"	4,000	\$ 39.21	\$ 41.00	\$ 1.79	4.57
1-Inch	15,700	\$ 98.01	\$ 129.44	\$ 31.43	32.07
1 1/2"	105,200	\$ 507.01	\$ 655.91	\$ 148.90	29.37
2-Inch	65,500	\$ 325.59	\$ 456.09	\$ 130.50	40.08
3-Inch	32,600	\$ 175.23	\$ 273.24	\$ 98.01	55.93
6-Inch	1,108,700	\$ 5,093.01	\$ 5,462.04	\$ 369.03	7.25

The Kentucky Public Service Commission has established Case No. 2022-00145 to review Wood Creek Water District's application. Any person may examine this application at Wood Creek Water District's office, 1670 East Hal Rodgers Parkway, London, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or at the Kentucky Public Service Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at:

<https://psc.ky.gov/Case/ViewCaseFilings/2022-145>.

Comments regarding the application may be submitted to the Kentucky Public Service Commission through the Commission's Web Site at <http://psc.ky.gov> or by e-mail to psc.info@ky.gov or by mail to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

The rates contained in this notice are the rates proposed by Wood Creek Water District. However, the Kentucky Public Service Commission may order rates to be charged that differ from the proposed rates. Such action may result in rates for consumers other than the rates in this notice.

A person may submit a timely written request for intervention to the Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the person's status and interest. If the Kentucky Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of notice, it may take final action on the proposed rates.

Wood Creek Water District
First Publication Date: June 15, 2022

EXHIBIT 6

WHOLESALE CUSTOMER NOTICE

On or about June 20, 2022, Wood Creek Water District will file an application with the Kentucky Public Service Commission to adjust its monthly rates for water service. Wood Creek Water District is making this application to comply with the Kentucky Public Service Commission's Order of December 20, 2020 in Case No. 2020-00352. Wood Creek Water District proposes to place the proposed rates into effect on July 20, 2022.

The current rate and the proposed rate for Wood Creek Water District's wholesale customers are set forth as follows:

	Current Rate	Proposed Rate	\$ Difference	% Difference
Volumetric Rate (per 1,000 gallons)	\$3.42	\$3.54	\$0.12	3.51%

If the Kentucky Public Service Commission approves the proposed wholesale rate, then the monthly bill for a wholesale customer will increase from \$3,420 to \$3,540 for each 1,000,000 gallons purchased. This is an increase of \$120.00 for each million gallons or 3.51%.

The Kentucky Public Service Commission has established Case No. 2022-00145 to review Wood Creek Water District's application. Any person may examine this application at Wood Creek Water District's office, 1670 East Hal Rodgers Parkway, London, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or at the Kentucky Public Service Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at:

<https://psc.ky.gov/Case/ViewCaseFilings/2022-145>.

Comments regarding the application may be submitted to the Kentucky Public Service Commission through the Commission's Web Site at <http://psc.ky.gov> or by e-mail to psc.info@ky.gov or by mail to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

The wholesale rate contained in this notice is the wholesale rate proposed by Wood Creek Water District. However, the Kentucky Public Service Commission may order a rate to be charged that differs from the proposed rate. Such action may result in a rate for a wholesale customer other than the rate in this notice.

A wholesale customer or any person may submit a timely written request for intervention to the Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request, including the person's status and interest. If the Kentucky Public Service Commission does not receive a written request for intervention prior to the proposed effective date of the new wholesale rate (July 20, 2022), it may take final action on the proposed wholesale rate.

Wood Creek Water District

EXHIBIT 7

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

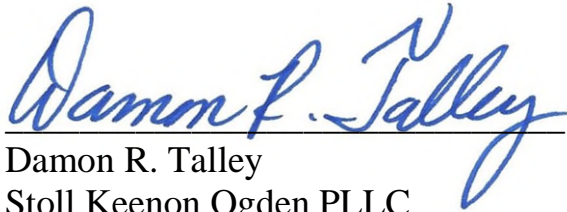
**ELECTRONIC APPLICATION OF)
WOOD CREEK WATER DISTRICT) CASE NO. 2022-00145
FOR ADJUSTMENT OF RATES)**

NOTICE

Pursuant to 807 KAR 5:001, Section 16(2), Wood Creek Water District gives notice to the Public Service Commission that on or before June 20, 2022, it will file an application for a general rate adjustment as required by the Public Service Commission’s Order of December 20, 2020 in Case No. 2020-00352¹ and Order of December 20, 2021 in Case No. 2021-00427.²

Dated: May 19, 2022

Respectfully submitted,



Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KY 42748-0150
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

¹ *Electronic Application of Wood Creek Water District For A Certificate of Public Convenience and Necessity to Construct A System Improvements Project and An Order Authorizing the Issuance of Securities Pursuant to KRS 278.023* Case No. 2020-00352 (Ky. PSC Dec. 20, 2020).

² *Electronic Application of Wood Creek Water District For A Rate Adjustment Pursuant to 807 KAR 5:076*, Case No. 2021-00427 (Ky. PSC Dec. 20, 2021).

Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3017
Fax: (859) 259-3597
gerald.wuetcher@skofirm.com

Counsel for Wood Creek Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on May 19, 2022 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding. I further certify that a copy of this notice has been served by e-mail on May 19, 2022 to John Horne, Executive Director, Office of Rate Intervention, Office of Attorney General at john.horne@ky.gov.



Damon R. Talley

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

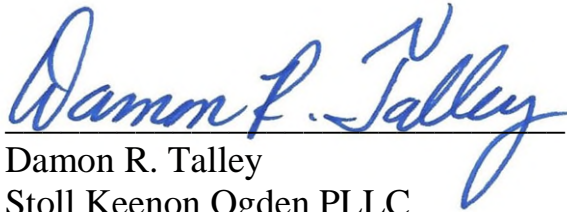
**ELECTRONIC APPLICATION OF)
WOOD CREEK WATER DISTRICT) CASE NO. 2022-00145
FOR ADJUSTMENT OF RATES)**

SUPPLEMENTAL NOTICE

Pursuant to 807 KAR 5:001, Section 16(2), Wood Creek Water District gives notice that on or before June 20, 2022, it will file an application for a general rate adjustment, supported by a twelve-month historical test period, as required by the Public Service Commission’s Order of December 20, 2020 in Case No. 2020-00352¹ and Order of December 20, 2021 in Case No. 2021-00427.²

Dated: June 1, 2022

Respectfully submitted,



Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KY 42748-0150
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

¹ *Electronic Application of Wood Creek Water District For A Certificate of Public Convenience and Necessity to Construct A System Improvements Project and An Order Authorizing the Issuance of Securities Pursuant to KRS 278.023* Case No. 2020-00352 (Ky. PSC Dec. 20, 2020).

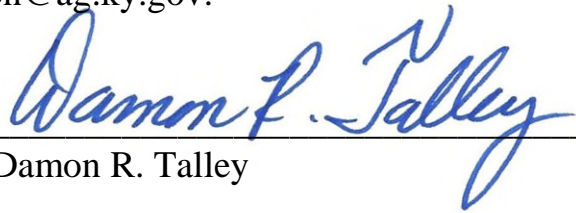
² *Electronic Application of Wood Creek Water District For A Rate Adjustment Pursuant to 807 KAR 5:076*, Case No. 2021-00427 (Ky. PSC Dec. 20, 2021).

Gerald E. Wuetcher
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300 West Vine Street, Suite 2100
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Fax: (859) 259-3597
gerald.wuetcher@skofirm.com

Counsel for Wood Creek Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on June 1, 2022 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding. I further certify that a copy of this notice has been served by e-mail on June 1, 2022 to John Horne, Executive Director, Office of Rate Intervention, Office of Attorney General at john.horne@ky.gov and rateintervention@ag.ky.gov.



Damon R. Talley

EXHIBIT 8

SCHEDULE OF ADJUSTED OPERATIONS

Wood Creek Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Total Retail Metered Sales	\$ 2,955,931	897	A	\$ 2,956,828
Sales for Resale	2,958,011	(2)	A	2,958,009
Other Water Revenues:				
Forfeited Discounts	-	11,314	B	
		66,960	C	78,274
Misc. Service Revenues	-	28,070	B	28,070
Other Water Revenues	39,384	(39,384)	B	-
Total Operating Revenues	\$ 5,953,326			\$ 6,021,181
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	2,205,667	(978,374)	D	
		(12,252)	E	
		36,451	F	1,251,492
Salaries and Wages - Officers		18,000	G	18,000
Employee Pensions and Benefits		881,228	D	
		(8,797)	E	
		(163,715)	H	
		33,842	I	742,557
Purchased Power	302,762			302,762
Chemicals	556,183	110,816	J	666,999
Materials and Supplies	822,481	(10,223)	E	812,258
Contractual Services	19,667			19,667
Transportation Expenses	95,139	(7,233)	E	
		9,198	J	97,104
Insurance	203,696	3,043	D	206,739
Bad Debt	24,657			24,657
Miscellaneous Expenses	44,410	(18,000)	G	26,410
Total Operation and Mnt. Expenses	4,274,662			4,168,645
Depreciation Expense	1,007,837	(22,085)	K	985,752
Taxes Other Than Income	13,329	94,103	D	
		(970)	E	
	-	2,575	F	109,038
Total Operating Expenses	\$ 5,295,828			\$ 5,263,435
Net Utility Operating Income	\$ 657,498			\$ 757,747
REVENUE REQUIREMENTS				
Pro Forma Operating Expenses				\$ 5,263,435
Plus: Avg. Annual Principal and Interest Payments			L	988,146
Additional Working Capital			M	197,629
Total Revenue Requirement				\$ 6,449,210
Less: Other Operating Revenues				(106,344)
Interest Income				(2,839)
Nonutility Income	53,896	(53,896)	N	-
Misc. Nonutility Expense	(714,692)	714,692	O	-
Revenue Required From Water Sales				\$ 6,340,026
Revenue from Sales at Present Rates				5,914,837
Required Revenue Increase				\$ 425,189
Percent Increase				7.19%

REFERENCES

- A. The Current Billing Analysis results in pro forma Retail Metered Sales of \$2,956,828 and Sales for Resale of \$2,958,009. This indicates an addition to reported Metered Sales of \$897 is required and a \$2 deduction from wholesale sales is needed.
- B. The total reported for Other Water Revenues is actually the revenue from Forfeited Discounts and Misc. Service Revenues. The amounts for these two items are reclassified to their own categories.
- C. In spring of 2020, the Governor issued an Executive Order that prohibited utilities from charging Late Fees on past due accounts. This Order has now been rescinded. To normalize the revenue from Late Fees an adjustment of 66.960 is added to the amount reported for 2020. This makes the pro forma figure for Late Fees equal to the average for the three years prior to 2020.
- D. The total reported for Salaries and Wages expense includes Employee Pensions and Benefits, payroll taxes and unemployment insurance. The amounts for these three items are reclassified to their own categories.
- E. The allocations of office expenses, administrative labor and benefits, and transportation expenses to other companies operated by Wood Creek did not include an allocation to Wood Creek's sewer system. Those expenses have been reallocated to include the sewer division and the appropriate amounts are deducted.
- F. In February 2021 a 3 percent across the board increase in wage rates was implemented. This change results in an annual wage increase of \$36,451 and additional payroll taxes of \$2,575.
- G. Commissioner salaries were reported with Miscellaneous Expenses. This expense is reclassified to its own category.
- H. The District pays 100 percent of its employees' health insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage and 66 percent for families. Applying those percentages to premiums to be paid in the current year results in a deduction from 2020 benefits expense of \$163,715.
- I. The increase in wages and an increase in the employer's contribution rate charged by CERS result in higher payments for the retirement program. These payments are estimated to increase by \$33,842.

- J. There have been substantial increases in chemical and fuel costs since the end of 2020. These increases necessitate adjustments to Chemical and Transportation expenses of \$110,816 and \$9,198, respectively.
- K. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges. See Table A.
- L. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments is added in the revenue requirement calculation.
- M. The amount shown in Table B for coverage on long term debt is required by the District's loan documents. This is included in the revenue requirement as Additional Working Capital.
- N. The \$53,896 reported as Nonutility Income includes a capital contribution and an audit adjustment from accumulated depreciation. These capital items should not be considered as an offset to operating expenses and are deducted.
- O. Due to GASB reporting requirements for retirement plan liabilities, an expense of \$714,692 associated with the District's pension plan was included as a Nonutility Expense. Because this was not an actual payment to CERS for the retirement plan, that amount is deducted.

EXHIBIT 9

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
WOOD CREEK WATER DISTRICT) CASE NO. 2022-00145
FOR ADJUSTMENT OF RATES)

WRITTEN TESTIMONY OF
DEWAYNE LEWIS
OFFICE MANAGER
WOOD CREEK WATER DISTRICT

Filed: June 20, 2022

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

2 A. My name is Dewayne Lewis. I am the Office Manager for Wood Creek
3 Water District (“Wood Creek” or the “District”). My business address is
4 1670 East Hal Rogers Parkway, London, Kentucky 40743.

5 **Q. Please describe your educational and professional background.**

6 A. I have worked for Wood Creek since 2003, and I have been a Certified
7 Public Accountant in Kentucky since 1995. I have prepared a statement
8 of my professional history and education, which is Appendix A to this
9 testimony.

10 **Q. What are your primary duties as the Office Manager for the District?**

11 A. I supervise the seven (7) Customer Service Representatives who work in
12 the office and who report directly to me. I also supervise the Assistant
13 Office Manager. In addition, I also coordinate and facilitate the activities
14 of the five (5) meter readers to make sure that the meter reading
15 information is timely entered in the District’s software program. I do not
16 oversee the meter readers, however. In general, I oversee and am
17 responsible for the “inside activities” at Wood Creek.

18 **Q. What responsibilities do you have with respect to preparing and**
19 **mailing the monthly bills to Wood Creek’s customers?**

1 A. Although Assistant Office Manager Beth Ann House prepares the monthly
2 bills, I am ultimately responsible for making sure that the monthly bills are
3 prepared and mailed to the customers each month. Thankfully, I have an
4 excellent staff, which makes my job much easier.

5 **Q. Do you prepare a monthly financial report for the District's Board of**
6 **Commissioners each month?**

7 A. Yes. It is a very simple "cash" basis Income Statement that shows the
8 income and expenses for a particular month. The financial report is quite
9 simple, but it is prepared in the form requested by the Board.

10 **Q. Who performs the bookkeeping for Wood Creek?**

11 A. I do. I prepare both the General Journal and the General Ledger.

12 **Q. Do you prepare the Annual Report Wood Creek files with the**
13 **Kentucky Public Service Commission ("PSC")?**

14 A. No. Wood Creek's outside accounting firm prepares the PSC Annual
15 Report using the financial information I provide.

16 **Q. What is the purpose of your Written Testimony?**

17 A. My Written Testimony is being prepared to support Wood Creek's
18 Application for a general rate case. My Written Testimony will be filed
19 with the PSC.

20 **Q. Why is Wood Creek filing for a rate increase?**

1 A. There are two (2) reasons. First, Wood Creek is filing the application for
2 a rate case to comply with the PSC's Order dated December 20, 2020 in
3 Case No. 2020-00352. Secondly, Wood Creek's current rates do not
4 generate enough revenue to enable Wood Creek to fully recover all of its
5 Depreciation expense.

6 **Q. Did you calculate the rates that Wood Creek is proposing to the PSC?**

7 A. No. The proposed rates were determined and calculated by Alan Vilines,
8 who works for the Kentucky Rural Water Association.

9 **Q. What information did you provide or make available to Mr. Vilines?**

10 A. I worked closely with Mr. Vilines and provided him with all the financial,
11 billing, and other information requested by him. I also provided the
12 District's detailed Depreciation Schedule to Mr. Vilines and answered
13 numerous questions about different assets and the District's finances.

14 **Q. Did you provide any information to Mr. Vilines concerning the debts
15 owed by Wood Creek?**

16 A. Absolutely. I provided him with the amortization schedules and other
17 requested information concerning all of the District's long-term debts.
18 These debts consist of notes owed to the Kentucky Rural Water Finance
19 Corporation ("KRWFC") and Revenue Bonds issued by Wood Creek and
20 held by Rural Development ("RD").

1 **Q. Have you reviewed the Analysis and Recommendations for Water**
2 **Rates Report (the “Rate Study”) prepared by Mr. Vilines?**

3 A. Yes. I believe the Rate Study is an Exhibit that will be filed with Wood
4 Creek’s PSC Application.

5 **Q. Have you reviewed the Cost of Service Study prepared by Mr. Vilines?**

6 A. Yes. The Cost of Service Study is contained within the Rate Study.

7 **Q. Do you concur with the recommendations contained in the Rate**
8 **Study?**

9 A. Yes. I believe the Rate Study is thorough, detailed, and accurate. I also
10 believe that Mr. Vilines did an outstanding job in preparing the Rate Study.

11 **Q. Did Mr. Vilines make any recommendations concerning the reduction**
12 **in the number of declining rate blocks?**

13 A. Yes. He recommended reducing the number of rate tiers or declining rate
14 blocks from five (5) to four (4). I believe he thinks that in the next rate
15 case Wood Creek should seriously consider reducing the rate tiers from
16 four (4) down to three (3).

17 **Q. Did Mr. Vilines make any other recommendations concerning the**
18 **declining rate blocks or tiers?**

19 A. Yes. He noted that Wood Creek’s existing rate structure reduces the
20 volumetric rate much too quickly. Currently, the volumetric rate is

1 substantially reduced after a customer uses 3,500 gallons, after 5,000
2 gallons, and then after a total of 7,500 gallons. Under the existing rate
3 structure, once a customer uses 7,500 gallons per month, the customer is
4 already paying the lowest rate. In other words, a customer is receiving a
5 significant volume discount once that customer exceeds the 7,500-gallon
6 threshold. He thought that this structure places too much of a burden on
7 the customers who use 2,000 gallons or less. He recommended much
8 higher thresholds before a customer would experience a significant
9 reduction in the rate per 1,000 gallons. He recommended a threshold of
10 150,000 gallons instead of 7,500 gallons before the customer would pay
11 the lowest rate.

12 **Q. Do you agree with the recommendations made by Mr. Vilines in his**
13 **Rate Study?**

14 A. Absolutely. I informed Wood Creek's Board of Commissioners of the
15 recommendations made by Mr. Vilines. I told the Board that I
16 wholeheartedly recommend that the Board accept the recommendations
17 contained in the Rate Study and that the board should approve the rates
18 proposed by Mr. Vilines and listed in Table L of the Rate Study.

19 **Q. Has the Board taken any action with respect to the proposed rates?**

1 A. Yes. At Wood Creek’s regular monthly Board meeting held on June 13,
2 2022, it unanimously adopted Resolution No. 2022-06-01. This
3 Resolution approves the rates proposed by Mr. Vilines in the Rate Study
4 and authorizes the Chairman to file an Application with the PSC for
5 authority to adjust Wood Creek’s rates according to the rate schedule
6 shown in Table L of the Rate Study.

7 **Q. Will Wood Creek be filing this Resolution with its rate Application to**
8 **the PSC?**

9 A. Yes. The Resolution is an Exhibit to the PSC Application.

10 **Q. Have you published a Notice of the proposed rates in the local**
11 **newspaper?**

12 A. Yes. On Wednesday, June 15, 2022, the Customer Notice was published
13 in the London *Sentinel-Echo*, which is the largest newspaper in Laurel
14 County and in Wood Creek’s service area. Instructions were given to the
15 newspaper representative to publish the Customer Notice again on
16 Wednesday, June 22, 2022, and again on Wednesday, June 29, 2022. A
17 copy of the Customer Notice is being filed as an Exhibit to Wood Creek’s
18 PSC Application.

19 **Q. Has Wood Creek posted the Customer Notice in its office and on social**
20 **media as required by PSC regulations?**

1 A. Yes. Pursuant to instructions from our attorney, the Customer Notice was
2 posted on the drive-up window, on the front door, and in the lobby of Wood
3 Creek’s office building. In addition, it is posted on Wood Creek’s website
4 and on its Facebook Page.

5 **Q. How many wholesale customers does Wood Creek serve?**

6 A. Three (3). Wood Creek provides wholesale water service to the City of
7 Livingston, East Laurel Water District, and West Laurel Water
8 Association.

9 **Q. Have these wholesale customers been notified of the proposed increase
10 in Wood Creek’s wholesale rate?**

11 A. Yes. Wood Creek’s attorney prepared a special notice for these wholesale
12 customers. It is called the “Wholesale Customer Notice.” Pursuant to our
13 attorney’s instructions, a copy of the Wholesale Customer Notice was sent
14 via email and also hand delivered to all three (3) wholesale customers on
15 Wednesday, June 15, 2022. A copy of the Wholesale Customer Notice is
16 being filed as an Exhibit to Wood Creek’s PSC Application.

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

18 A. Yes, it does.

19

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF LAUREL)

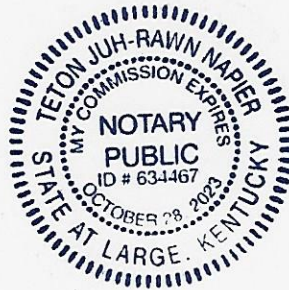
The undersigned, **Dewayne Lewis**, being duly sworn, deposes and says he is the Office Manager for Wood Creek Water District, he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Dewayne Lewis
DEWAYNE LEWIS

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16TH day of June 2022.

[Signature]
Notary Public
Notary Commission Number: 634467

My Commission Expires:
10/23/23



APPENDIX A

Dewayne Lewis

Office Manager
Wood Creek Water District
1670 East Hal Rogers Parkway
London, Kentucky 40743

Professional Experience

Wood Creek Water District

Office Manager	2010 to Present
Assistant Office Manager	2003 to 2010

Christian Sturgeon & Associates Accounting Firm

Accountant	1993 to 2003
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Professional Licensure

Certified Public Accountant	1995 to Present
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Education

Eastern Kentucky University

Bachelor of Business Administration, Accounting Major	1993
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EXHIBIT 10

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
WOOD CREEK WATER DISTRICT) CASE NO. 2022-00145
FOR ADJUSTMENT OF RATES)

WRITTEN TESTIMONY OF ALAN H. VILINES, P.E.
ON BEHALF OF WOOD CREEK WATER DISTRICT

Filed: June 20, 2022

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

2 A. My name is Alan H. Vilines. I am a licensed professional engineer and my
3 business address is 690 Scottsborough Circle, Bowling Green, Kentucky
4 42103.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am a self-employed consultant with Kentucky Rural Water Association.

7 **Q. Please describe your educational and professional background.**

8 A. My Curriculum Vitae is found at Appendix A to my testimony and lists
9 my education background and professional experience.

10 **Q. Have you previously testified before the Commission?**

11 A. Yes. A list of the Commission proceedings in which I have testified or
12 offered written testimony is found at Appendix B to my testimony.

13 **Q. By whom have you been engaged in this proceeding?**

14 A. Wood Creek Water District (“Wood Creek”) engaged me to prepare a rate
15 study for its water operations and to assist in the preparation of an
16 application to the Public Service Commission (“Commission”) for an
17 adjustment of Wood Creek’s water service rates.

1 **Q. What is your experience regarding the preparation of rate studies for**
2 **water utilities?**

3 A. While employed at Warren County Water District (“WCWD”), I reviewed
4 many studies regarding wholesale rates charged by the water suppliers to
5 WCWD, Butler County Water System and Simpson County Water District
6 and prepared several retail rate studies for those three systems. Since my
7 retirement from WCWD, I have prepared over forty (40) rate studies for
8 water districts and water associations, most of which resulted in an
9 application for a rate increase filed with the Commission.

10 **Q. What is the purpose of your testimony in this proceeding?**

11 A. The purpose of my testimony is to discuss the findings of my rate study,
12 which is entitled “Analysis and Recommendations for Water Rates” (“the
13 Study”) A copy of the Study is attached to my testimony as Appendix C.

14 **Q. When did you prepare the Study?**

15 A. The Study’s revenue requirement computations were prepared in
16 November 2021. Subsequently, Wood Creek requested that the Study also
17 include a cost-of-service study based upon the revenue requirement
18 calculations. That portion of the Study, as well as revisions related to
19 Chemicals Expense and Transportation Expense, was completed and
20 submitted to Wood Creek on June 3, 2022.

1 **Q. Briefly summarize your testimony.**

2 A. Based upon adjusted test period operation, Wood Creek has a total annual
3 revenue requirement of \$6,449,210. It requires annual revenues from water
4 sales of \$6,340,026. Its present rates for water service generate annual
5 revenues of \$5,914,837. To produce revenues sufficient to meet its
6 reasonable operating expenses, its obligations under its long-term debt
7 instruments, and provide for adequate working capital, Wood Creek's rates
8 should be adjusted to produce additional revenues of \$425,189, an increase
9 of 7.19 percent over the revenues produced by current rates.

10 To produce these additional revenues, Wood Creek's wholesale
11 rates should be increased approximately 3.51 percent, which will generate
12 additional revenues of \$103,790. Its retail rates should be increased to
13 produce additional revenues of \$321,411, an increase of 10.87 percent over
14 the revenues from present retail rates.

15 **Q. Describe how the proposed rates were developed?**

16 A. First, the level of revenue required from water sales was determined based
17 upon Wood Creek's operating expenses, long-term debt obligations and
18 the debt coverage requirements in its long-term debt. Then this amount
19 was allocated among Wood Creek's customers based upon the cost to serve
20 each customer classification.

1 **Q. What test period was used to perform the study?**

2 A. Calendar year 2020.

3 **Q. Why was this period used?**

4 A. It was the most recent period for which Wood Creek had audited financial
5 records available. The Commission’s Order of December 21, 2021 in Case
6 No. 2021-00427 required Wood Creek to prepare and submit an
7 application for rate adjustment, which included a rate study and cost-of-
8 service study, no later than June 20, 2022. While Wood Creek’s audit
9 report for the Calendar Year Ending December 31, 2021 is provided as part
10 of Wood Creek’s application, it only became available on June 13, 2022.

11 **Q. Describe “the Schedule of Adjusted Operations” that appears on the
12 Study’s third page.**

13 A. The Schedule of Adjusted Operations lists the revenues and expenses of
14 Wood Creek’s water operations for the test period and the adjustments
15 made to each expense group to determine Total Operating Expenses. The
16 Revenue Requirement computations appear at the bottom of this schedule.

17 **Q. Why are adjustments made to test period expenses?**

18 A. Adjustments recognize any known and measurable changes in operations
19 occurring during or after the test period. They are necessary to ensure that
20 the proposed rates accurately reflect current operating conditions. If an

1 adjustment is shown in the Study, there is a reference that explains the
2 adjustment. In some instances, the adjustment merely recategorizes a
3 revenue or expense item to accord with the Commission's Uniform System
4 of Accounts.

5 **Q. What adjustments were made to test period revenues?**

6 A. Total Retail Metered Sales and Sales for Resale were adjusted to reflect
7 the results of the billing analysis which I performed. This billing analysis
8 showed that based upon bills actually rendered pro forma Retail Metered
9 Sales and Sales for Resale should be \$2,956,828 and \$2,958,009
10 respectively.

11 An adjustment was made to reduce Other Water Revenues and to
12 increase Forfeited Discounts and Miscellaneous Service Revenues to
13 reflect the proper classification of those revenues. These adjustments did
14 not affect Total Operating Revenues.

15 An additional adjustment of \$66,960 was made to Forfeited
16 Discounts to reflect the average amount of late payment fees collected
17 during the three years prior to the test period. Like all other water utilities
18 subject to the Commission's jurisdiction, Wood Creek was not permitted
19 to collect late payment fees for service rendered to residential customers

1 from March 15, 2020 to December 31, 2020.¹ As a result, the test period
2 level is not representative of normal operations. The adjustment is intended
3 to reflect the level of revenue that is likely to be generated from late
4 payment fees.

5 **Q. You refer to a billing analysis. Is this analysis part of your study?**

6 A. I performed a billing analysis to prepare the Study, but the analysis is not
7 included in the Study. A copy of this billing analysis, however, has been
8 attached as Exhibit 13 to Wood Creek's Application.

9 **Q. What adjustments were made to Salary and Wages – Employees**
10 **expense?**

11 A. Test period expense was reduced \$978,374 to remove employee pension
12 and benefit costs, payroll taxes and unemployment insurance incorrectly
13 recorded to that account and was further reduced \$12,252 to remove
14 employee salaries and wages related to work performed for Wood Creek's
15 sewer operations. The test period expense was increased by \$36,451 to
16 reflect a three percent across the board increase in wage rates that was
17 placed into effect in February 2021.

¹ *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19, Case No. 2020-00085 (Ky. PSC Sept. 21, 2020).*

1 **Q. What adjustments were made to Salaries and Wages – Officers?**

2 A. Test period expense was increased by \$18,000 to reflect the proper
3 classification of commissioner salaries. These salaries had previously been
4 recorded as miscellaneous expenses. The adjustment has no effect on
5 Wood Creek’s revenue requirement.

6 **Q. What adjustments were made to Employee Pensions and Benefits?**

7 A. The expense was increased by \$881,228 to correctly record costs
8 previously recorded as Salaries and Wages – Employees expense. It was
9 further increased by \$33,842 to reflect increased contributions into the
10 County Employees Retirement System (“CERS”) due to the February 2021
11 wage and salary increases and an increase in CERS employer contribution
12 rate from 24.06 percent to 26.95 percent of an employee’s wages. An
13 additional adjustment reducing the expense by \$163,715 was made to
14 reflect the likely disallowance of some employer contributions to the cost
15 of employee health insurance.

16 **Q. Why was an adjustment made for employee health insurance costs?**

17 A. Wood Creek contributes the entire cost of its employees’ health insurance
18 coverage. Current Commission policy holds that any employer
19 contribution for employee health insurance that exceeds the national
20 average as determined by the Bureau of Labor Statistics (79 percent of the

1 cost of single health insurance and 66 percent of the cost of family health
2 insurance coverage) is excessive and should not be recovered through
3 utility rates.

4 **Q. An adjustment was made to test period chemical expense. What was**
5 **the adjustment?**

6 A. Test period chemical expense was increased by \$110,816. Chemical
7 expense represented 10.5 percent of test period operating expenses. In
8 2021 Wood Creek's annual chemical expense increased to \$666,999,
9 reflecting an industry-wide trend primarily due to supply chain disruptions
10 that are not expected to be resolved in the near future. To ensure that the
11 proposed rates are representative of current operating conditions, chemical
12 expense was adjusted to reflect the expense level experienced in 2021.

13 **Q. Did you make any other adjustments to test period operation and**
14 **maintenance expenses?**

15 A. Yes. Test period insurance expense was increased by \$3,043 to reflect the
16 effect of the post-test period wage increases awarded in February 2021.

17 Test period transportation expense was increased by \$9,198 to
18 reflect higher fuel costs that occurred after the end of the test period. The
19 U.S. Energy Information Administration has reported that retail gasoline
20 prices have nearly doubled since December 2020 and that diesel fuel prices

1 have more than doubled. To ensure that the proposed rates are
2 representative of current operating conditions, transportation expense was
3 adjusted to reflect the expense level experienced in 2021.

4 Transportation expense and materials and supply expense were
5 reduced by \$7,233 and \$10,223 respectively to remove costs that were
6 more appropriately allocated to Wood Creek's sewer operations.

7 **Q. Describe how Wood Creek allocates costs to its various operations.**

8 A. Wood Creek provides water and sewer service to its customers. It also
9 operates and manages under contract the water distribution systems owned
10 by East Laurel County Water District and West Laurel Water Association.
11 Through Wood Creek's work order system, most operation and
12 maintenance costs are directly charged to the entity or to the division that
13 incurs the cost. Costs for transportation expense and customer accounts
14 and administration, however, are not directly assigned but are allocated
15 between the three water systems. As part of the Study, these expenses were
16 reallocated to assign a portion to Wood Creek's sewer division based upon
17 the ratio of the division or entity's number of customers to the combined
18 number of customers served.

1 the ratio of the division or entity's number of customers to the combined
2 number of customers served.

3 **Q. Describe the adjustment to test period depreciation expense.**

4 A. Depreciation expense was reduced by \$22,085 to reflect proposed
5 revisions in the service life of several asset classes. Wood Creek has not
6 performed a depreciation study to determine the service lives of its plant
7 assets. It lacks sufficient plant addition and retirement information to
8 perform such a study. The Commission has held that, in the absence of a
9 depreciation study to support the service life assigned to a water utility's
10 plant assets, the mid-point of the service life range for set forth in the
11 National Association of Regulatory Commissioners' *Depreciation*
12 *Practices for Small Water Utilities* for that asset group should be used to
13 establish a water utility's depreciation rates. To comply with the
14 Commission's practice, Wood Creek's existing depreciation rates were
15 revised to reflect the mid-point of the service life ranges set forth in that
16 publication to establish its depreciation rates and depreciation expense
17 levels. The effect of these revisions and the calculations supporting the
18 adjustment to test period depreciation expense are shown in Table A of the
19 Study.

1 **Q. What adjustments were made to test period Taxes Other Than**
2 **Income?**

3 A. Test period Taxes Other Than Income were increased by \$95,708. Much
4 of the adjustment reflects a reclassification of payroll taxes that were
5 incorrectly recorded in Salaries and Wages – Employees. The remaining
6 amount reflects an increase in payroll taxes due to the wage and salary
7 increase implemented in February 2021. A small portion of the adjustment
8 represents an allocation of payroll taxes to sewer operations.

9 **Q. Upon making these adjustments, what was proforma Total Operating**
10 **Expenses?**

11 A. \$5,263,435.

12 **Q. How was Wood Creek’s Total Revenue Requirement determined?**

13 A. The debt service coverage methodology was used to determine Wood
14 Creek’s total revenue requirement. This method, as historically applied by
15 the Commission, includes an allowance for additional working capital that
16 is equal to the minimum net revenues required by a water district’s long-
17 term debt holders that are above its average annual debt payments. In
18 Wood Creek’s case, the amount is equal to 120 percent of its average
19 annual debt payments. Wood Creek’s average annual principal and interest
20 payment and a working capital component were added to total operating

1 expense to obtain the total revenue requirement. The calculations used to
2 determine Wood Creek's average annual principal and interest payment is
3 shown at Table B of the Study. The calculation of total revenue
4 requirements is shown at the bottom of Schedule of Adjusted Operations.

5 **Q. What is Wood Creek's total revenue requirement?**

6 A. \$6,449,210.

7 **Q. How was revenue required from water sales determined?**

8 A. Revenue required from water sales was determined by subtracting from
9 Wood Creek's total revenue requirement other sources of available
10 revenue, which included forfeited discounts, miscellaneous service
11 revenues and interest income.² These other sources of revenue total
12 \$109,183. Accordingly, Wood Creek requires \$5,914,837 from water
13 sales.

14 **Q. How were rates developed to produce this amount?**

15 A. Tables C through K of the Study show the process used to develop the
16 proposed rates.

² Excluded from this calculation is reported nonutility income of \$53,896. This amount includes a capital contribution and an audit adjustment from accumulated depreciation. These are capital items and should not be considered as revenues. Also excluded was an expense of \$714,692 associated with Wood Creek's pension plan which had been reported as a nonutility expense to comply with the requirements of GASB Standard 68. This action is consistent with the Commission's treatment of such expenses. *See, e.g., Alternative Rate Adjustment of Marion County Water District, Case No 2016-00163 (Ky. PSC Nov. 10, 2016).*

1 Table C sets out the amount of water that is produced, sold, used for
2 water operations and fire protection, and is unaccounted-for. It also
3 provides a breakdown of Wood Creek’s water mains by size and length
4 and amount of main that is used to provide wholesale and retail service.
5 There are approximately 303.13 miles of main in Wood Creek’s system.
6 The wholesale customers jointly use 34.58 miles of main or 545.33 inch-
7 miles. This results in the wholesale customers using 33.9 percent of the
8 total inch-miles of water main.

9 Using the information in Table C, a set of allocation factors to
10 allocate costs to Wood Creek’s wholesale customers. These allocation
11 factors are shown in Table D and are based upon the size and length of
12 Wood Creek’s water mains and the volume of water produced, sold and
13 lost during the test period.

14 The water production multipliers show that Wood Creek must
15 produce 1.1551 gallons of water to sell one gallon to all its customers, and
16 that it must produce 1.0862 gallons of water to sell a wholesale customer
17 one gallon. The Production Allocation Factor represents the ratio of water
18 produced for wholesale customers to total water produced.

19 The Pipeline Transmission Factor allocates distribution costs in
20 proportion to the size and length of the system used by the wholesale

1 customer. The factor was determined by the ratio of the inch-miles of
2 jointly used lines to the total inch-miles of lines in the system times the
3 ratio of water purchased by the wholesale customers to the total water
4 sales.

5 Certain costs, such as tank maintenance & construction and general
6 & administrative expenses do not vary with the amount of water that a
7 customer purchases. The Use Factor was determined by the ratio of sales
8 to the wholesale customers to the total sales.

9 Table E shows the allocation of depreciation expense based upon
10 the following functions: supply, water treatment, transmission and
11 distribution, storage tanks, administrative and general, and customer.
12 Table F shows a similar allocation of plant value. Plant value percentages
13 are used to allocate debt service (including additional working capital
14 allowance) among these functions.

15 Table G shows the computation of wholesale rate based upon the
16 application of the allocation factors to operating expense, depreciation
17 expense and debt service and coverage. This computation shows that the
18 wholesale rate should be \$3.54 per 1,000 gallons.

19 Table H shows retail operation and maintenance expenses allocated
20 among the following functions: commodity, demand, customer, and

1 administrative and general. Expenses in the customer component are
2 further delineated between the billing and collection function and meters
3 and services.

4 Table I summarizes the allocation of retail costs to the commodity,
5 demand and customer functions and the revenue required from retail rates
6 for each function after other sources of utility revenue are considered.

7 Table J provides a breakdown of minimum bill water usage, water
8 usage by block, and the number of services and equivalents. Water usage
9 (or sales) by block is adjusted to reflect the consumption of all gallons
10 available in a minimum bill.

11 Table K shows the final calculation of the cost of retail service.
12 Commodity and demand costs are allocated between three usage blocks:
13 first 10,000 gallons; next 65,000 gallons; and usage over 75,000 gallons. .
14 The total commodity and demand costs for each block were added
15 together, then divided by the adjusted sales within each block to produce
16 calculated usage rates per 1,000 gallons. When applied to the Proposed
17 Billing Analysis, the calculated usage rates failed to produce the exact
18 required revenue. Therefore, usage rates were adjusted to more closely
19 match the required level of revenue.

1 To determine the appropriate minimum bill for each meter size, a
2 customer charge was calculated for each meter size by adding \$3.89 (the
3 quotient of the total Billing and Collecting Costs divided by the number of
4 bills issued in the test period) to the product of \$3.63 (the quotient of the
5 total Meters and Services Cost divided by the number of bill equivalents)
6 multiplied by the meter’s service ratio.³ The minimum bill for a meter size
7 is determined by adding the usage charges for the allowable gallons for
8 that meter size and the applicable customer charge.

9 The rates resulting from these calculations are shown at Table L of
10 the Study.

11 **Q. What revisions, if any, were made to Wood Creek’s present rate**
12 **design?**

13 A. The number of usage blocks for 5/8-inch sized meters was decreased from
14 five to four. The lower usage block amounts are significantly larger than
15 those in the current rate schedule. Because of this, an additional usage
16 block was added for larger sized meters, except six-inch meters.

³ The service ratios are based upon the typical “investment cost” of a 5/8-inch meter divided into the investment cost of each larger size meter.

1 **Q. What is the effect of the proposed rates on the average retail**
2 **customer's bill?**

3 A. The table below shows the effect of the proposed rates on the monthly bill
4 of the average customer for each meter size.

Customer	Usage (Gals)	Present Monthly Bill	Proposed Monthly Bill	Change (\$)	Change (%)
5/8-Inch x 3/4-Inch	4,000	\$ 39.21	\$ 41.00	\$ 1.79	4.57
1-Inch	15,700	\$ 98.01	\$ 129.44	\$ 31.43	32.07
1-1/2-Inch	105,200	\$ 507.01	\$ 655.91	\$148.90	29.37
2-Inch	65,500	\$ 325.59	\$ 456.09	\$130.50	40.08
3-Inch	32,600	\$ 175.23	\$ 273.24	\$ 98.01	55.93
6-Inch	1,108,700	\$5,093.01	\$5,462.04	\$369.03	7.25

5 **Q. What are your recommendations to the Commission?**

6 A. I recommend that the Commission approve the proposed rates.

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

8 A. Yes, it does.

9

VERIFICATION

COMMONWEALTH OF KENTUCKY)

)

COUNTY OF WARREN)

)

The undersigned, **Alan H. Vilines**, being duly sworn, deposes and says he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



ALAN H. VILINES, P.E.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of June 2022.

(SEAL)



Notary Public

Notary Commission Number: 603266

My Commission Expires:

7/12/2022

APPENDIX A

CURRICULUM VITAE

ALAN H. VILINES

EDUCATION

1982, University of Tennessee, Knoxville, TN, Master of Science in Engineering Administration.

1974, Western Kentucky University, Bowling Green, KY, Bachelor of Science in Civil Engineering Technology.

REGISTRATION

Professional Engineer - Commonwealth of Kentucky.

EXPERIENCE

2014 - Present

Kentucky Rural Water Assoc., Bowling Green, KY. Consultant. Work with association members across Kentucky. Perform water and sewer rate studies and financial analyses. Assist utilities with applications to the Public Service Commission. Assist with PSC tariff filings. Advise utilities on operations and management issues.

1980 - 2013

Warren County Water District, Bowling Green, KY. Manager of Engineering, Assistant General Manager and began serving as General Manager in 2005. Engineering work included design and contract administration of major water and sewer construction projects. Developed capital improvement plans, performed management studies, hydraulic analyses, financial and rate studies. Worked extensively with various groups, agencies, elected officials and other leaders in the community. As General Manager was responsible for all aspects of the Water District's activities including operations, engineering, finance & administration, and customer & public relations. Through joint operations agreements the above work was also performed for Butler County Water System and Simpson County Water District.

1975 - 1980

Robert S. Miller Co., Inc., Nashville, TN. Engineer. Performed design work on sewage collection systems, sewage treatment plants, water transmission and distribution projects, and water treatment plants. Also designed streets, curbs and gutters, storm drainage, retaining walls, and other general municipal projects.

1974 - 1975

Kenco Associates, Inc., Ashland, KY. Associate Engineer. Responsible for field and office work on industrial sites, property, and sewer system surveys. Assisted in design of water and sewer systems.

APPENDIX B

PROCEEDINGS BEFORE PUBLIC SERVICE COMMISSION IN WHICH TESTIMONY WAS PROVIDED

- Case No. 2018-00017, *Electronic Application of Martin County Water District for an Alternative Rate Adjustment*
- Case No. 2019-00131, *Electronic Application of Southern Water and Sewer District for an Alternative Rate Adjustment*
- Case No. 2019-00444, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Princeton Water and Wastewater*
- Case No. 2020-00386, *Electronic Application of Morgan County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*
- Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment*

APPENDIX C

***ANALYSIS AND RECOMMENDATIONS
FOR
WATER RATES***

WOOD CREEK WATER DISTRICT

June 3, 2022

Prepared by
Alan H. Vilines, P.E.



Kentucky Rural Water Association

1151 Old Porter Pike • Bowling Green, KY 42101 • 270.843.2291 • www.krwa.org

EXECUTIVE SUMMARY

Wood Creek Water District requested that Kentucky Rural Water Association perform a detailed cost of service study using the revenue requirement computations completed in November 2021. KRWA was also asked to assist with preparation of an application to the Public Service Commission for a general rate case and the necessary follow-up with the PSC. The cost of service study is complete, and the results are presented in this report.

This study is based on the test period of calendar year 2020. The Schedule of Adjusted Operations (SAO) lists the revenues and expenses for 2020 and applies required adjustments. The adjustments are to recognize any changes in operations after the test year and include certain other items that are commonly required by the PSC. The specific adjustments for Wood Creek Water District are shown in the SAO with notes for each provided on the Reference pages. Total pro forma operating revenues for the District are \$6,021,181 and total pro forma operating expenses are \$5,263,435.

The SAO also shows the computations for Revenue Requirements. Utilizing the Debt Service Coverage method accepted by the PSC, the total Revenue Required from Sales of Water comes to \$6,340,026. This is an increase above existing pro forma sales of \$425,189 and indicates an overall revenue increase of 7.19 percent is needed.

A cost of service study is a set of computations using accepted methodology to equitably distribute a utility's expenses to various groups of customers that have similar water-use characteristics. Using these methods, rates can be designed to closely match the cost of providing service to each customer group. The results of this study indicate a wholesale rate of \$3.54 per 1,000 gallons is appropriate. A new retail rate structure with three usage blocks and customer charges specific to each meter size is recommended.

Overall revenue requirement calculations are included in the Schedule of Adjusted Operations with details provided in the Reference pages and Tables A and B. Computations for the cost of service study are shown in Tables C through K. The current and recommended water rates are presented in Table L and a comparison of existing and proposed bills is shown in Table M.

SCHEDULE OF ADJUSTED OPERATIONS

Wood Creek Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Total Retail Metered Sales	\$ 2,955,931	897	A	\$ 2,956,828
Sales for Resale	2,958,011	(2)	A	2,958,009
Other Water Revenues:				
Forfeited Discounts	-	11,314	B	
		66,960	C	78,274
Misc. Service Revenues	-	28,070	B	28,070
Other Water Revenues	39,384	(39,384)	B	-
Total Operating Revenues	\$ 5,953,326			\$ 6,021,181
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	2,205,667	(978,374)	D	
		(12,252)	E	
		36,451	F	1,251,492
Salaries and Wages - Officers		18,000	G	18,000
Employee Pensions and Benefits		881,228	D	
		(8,797)	E	
		(163,715)	H	
		33,842	I	742,557
Purchased Power	302,762			302,762
Chemicals	556,183	110,816	J	666,999
Materials and Supplies	822,481	(10,223)	E	812,258
Contractual Services	19,667			19,667
Transportation Expenses	95,139	(7,233)	E	
		9,198	J	97,104
Insurance	203,696	3,043	D	206,739
Bad Debt	24,657			24,657
Miscellaneous Expenses	44,410	(18,000)	G	26,410
Total Operation and Mnt. Expenses	4,274,662			4,168,645
Depreciation Expense	1,007,837	(22,085)	K	985,752
Taxes Other Than Income	13,329	94,103	D	
		(970)	E	
	-	2,575	F	109,038
Total Operating Expenses	\$ 5,295,828			\$ 5,263,435
Net Utility Operating Income	\$ 657,498			\$ 757,747
REVENUE REQUIREMENTS				
Pro Forma Operating Expenses				\$ 5,263,435
Plus: Avg. Annual Principal and Interest Payments			L	988,146
Additional Working Capital			M	197,629
Total Revenue Requirement				\$ 6,449,210
Less: Other Operating Revenues				(106,344)
Interest Income				(2,839)
Nonutility Income	53,896	(53,896)	N	-
Misc. Nonutility Expense	(714,692)	714,692	O	-
Revenue Required From Water Sales				\$ 6,340,026
Revenue from Sales at Present Rates				5,914,837
Required Revenue Increase				\$ 425,189
Percent Increase				7.19%

REFERENCES

- A. The Current Billing Analysis results in pro forma Retail Metered Sales of \$2,956,828 and Sales for Resale of \$2,958,009. This indicates an addition to reported Metered Sales of \$897 is required and a \$2 deduction from wholesale sales is needed.
- B. The total reported for Other Water Revenues is actually the revenue from Forfeited Discounts and Misc. Service Revenues. The amounts for these two items are reclassified to their own categories.
- C. In spring of 2020, the Governor issued an Executive Order that prohibited utilities from charging Late Fees on past due accounts. This Order has now been rescinded. To normalize the revenue from Late Fees an adjustment of \$66,960 is added to the amount reported for 2020. This makes the pro forma figure for Late Fees equal to the average for the three years prior to 2020.
- D. The total reported for Salaries and Wages expense includes Employee Pensions and Benefits, payroll taxes and unemployment insurance. The amounts for these three items are reclassified to their own categories.
- E. The allocations of office expenses, administrative labor and benefits, and transportation expenses to other companies operated by Wood Creek did not include an allocation to Wood Creek's sewer system. Those expenses have been reallocated to include the sewer division and the appropriate amounts are deducted.
- F. In February 2021 a 3 percent across the board increase in wage rates was implemented. This change results in an annual wage increase of \$36,451 and additional payroll taxes of \$2,575.
- G. Commissioner salaries were reported with Miscellaneous Expenses. This expense is reclassified to its own category.
- H. The District pays 100 percent of its employees' health insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage and 66 percent for families. Applying those percentages to premiums to be paid in the current year results in a deduction from 2020 benefits expense of \$163,715.
- I. The increase in wages and an increase in the employer's contribution rate charged by CERS result in higher payments for the retirement program. These payments are estimated to increase by \$33,842.

- J. There have been substantial increases in chemical and fuel costs since the end of 2020. These increases necessitate adjustments to Chemical and Transportation expenses of \$110,816 and \$9,198, respectively.
- K. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges. See Table A.
- L. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments is added in the revenue requirement calculation.
- M. The amount shown in Table B for coverage on long term debt is required by the District's loan documents. This is included in the revenue requirement as Additional Working Capital.
- N. The \$53,896 reported as Nonutility Income includes a capital contribution and an audit adjustment from accumulated depreciation. These capital items should not be considered as an offset to operating expenses and are deducted.
- O. Due to GASB reporting requirements for retirement plan liabilities, an expense of \$714,692 associated with the District's pension plan was included as a Nonutility Expense. Because this was not an actual payment to CERS for the retirement plan, that amount is deducted.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Wood Creek Water District

<u>Asset Description</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Pro Forma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>304 - Structures & Improvements</u>							
Entire Group	various	\$ 11,525,022	varies	\$ 295,588	37.5	\$ 307,334	\$ 11,746
<u>309 - Supply Mains</u>							
Entire Group	01/01/78	4,484	50.0	90	62.5	72	(18)
<u>311 - Pumping Equipment</u>							
Remainder of Group	various	866,240	varies	25,394	25.0	34,650	9,256
<u>320 - Water Treatment Equipment</u>							
New Water Plant	06/30/08	6,189,620	40.0	154,741	37.5	165,057	10,316
Remainder of Group	various	390,764	varies	11,148	27.5	14,210	3,062
<u>330 - Dist. Reservoirs & Standpipes</u>							
Entire Group	various	2,053,232	50.0	41,065	45.0	45,627	4,562
<u>331 - Transmission & Dist. Mains</u>							
Entire Group	various	10,595,163	varies	211,471	62.5	169,523	(41,948)
<u>333 - Services</u>							
Entire Group	various	1,140,579	varies	35,188	40.0	28,514	(6,674)
<u>334 - Meters & Meter Installations</u>							
Meter Installations	various	149,628	45.0	3,325	45.0	3,325	-
Meters	various	1,092,531	35.0	30,483	40.0	27,313	(3,170)
<u>335 - Hydrants</u>							
Entire Group	various	144,219	40.0	3,654	50.0	2,884	(770)
<u>340 - Office Furniture & Equipment</u>							
Entire Group	various	187,199	varies	12,820	22.5	8,320	(4,500)
<u>341 - Transportation Equipment</u>							
Entire Group	various	967,527	varies	146,767	7.0	138,218	(8,549)
<u>344 - Lab Equipment</u>							
Entire Group	various	9,482	varies	1,592	17.5	542	(1,050)
<u>345 - Power Operated Equipment</u>							
Entire Group	various	88,798	varies	3,435	12.5	7,104	3,669
<u>346 - Communication Equipment</u>							
Entire Group	various	2,980	10.0	298	10.0	298	-
<u>347 - Misc Equipment</u>							
Entire Group	various	326,672	varies	30,668	10.0	32,667	1,999
<u>348 - Other Tangible Equipment</u>							
Misc. Equipment	06/30/09	1,665	15.0	111	17.5	95	(16)
TOTALS				\$ 1,007,838		\$ 985,753	\$ (22,085)

* Includes only costs associated with assets that contributed to depreciation expense in the test year.

Table B
DEBT SERVICE SCHEDULE
Wood Creek Water District
CY 2022 - 2026

	CY 2022		CY 2023		CY 2024		CY 2025		CY 2026		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
1998 Refunding	50,000	1,250	-	-	-	-	-	-	-	-	51,250
KRWFC 2005B	152,000	81,288	161,000	74,534	168,000	67,395	176,000	59,886	184,000	51,938	1,176,042
KRWFC 2007A	68,000	59,337	71,000	56,478	73,000	53,426	74,000	50,266	77,000	47,019	629,526
KRWFC 2015B	155,000	53,081	130,000	48,450	135,000	44,144	135,000	39,756	140,000	35,288	915,719
RD Series 2005A	141,000	253,488	147,000	247,319	154,000	240,888	161,000	234,150	168,000	227,107	1,973,952
RD Series 2005B	14,500	24,523	15,000	23,907	15,500	23,269	16,000	22,610	17,000	21,930	194,239
TOTALS	580,500	472,968	524,000	450,688	545,500	429,122	562,000	406,668	586,000	383,282	\$4,940,728
Average Annual Principal & Interest											\$ 988,146
Average Annual Coverage											\$ 197,629

Table C
SYSTEM INFORMATION
Wood Creek Water District

Schedule of All Mains and Jointly Used Mains

<u>Main Size</u>	<u>Total System</u>			<u>Joint Use</u>	
	<u>Length (feet)</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>
24	35,534	6.73	161.52	6.73	161.52
20	47,045	8.91	178.20	8.91	178.20
16	22,704	4.30	68.80	4.30	68.80
12	37,118	7.03	84.36	7.03	84.36
10	29,199	5.53	55.30	0.37	3.65
8	103,171	19.54	156.32	4.52	36.16
6	132,792	25.15	150.90	0.87	5.22
4	602,659	114.14	456.56	1.85	7.42
3	386,549	73.21	219.63		
2	203,755	38.59	77.18		
Totals	1,600,526	303.13	1,608.77	34.58	545.33

Water Produced, Sold and Used

	<u>Gallons</u> <u>x 1,000</u>	<u>Percent</u>
Water Produced	1,477,122	
Retail Sales	350,349	
Wholesale Sales	864,915	
Total Water Sold	1,215,264	
Water Used at WTP	75,541	5.11%
System Flushing	38,124	
Fire Dept. & Other	25,350	
Total Water Loss	122,843	8.32%

Table D
WHOLESALE ALLOCATION FACTORS
Wood Creek Water District

		<u>FACTOR</u>
Water Loss Percentage		0.0832
Plant Use Percentage		0.0511
Line Loss + Plant Use		0.1343
Joint Use Inch-miles		545.33
Total Inch-Miles		1,608.77
Water Sold to Wholesale Customers		864,915
Total Water Sold		1,215,264
Production Multiplier	$\frac{1}{1 - 0.1343}$	= 1.1551
Joint Use Pipeline Ratio	$\frac{545.33}{1,608.77}$	= 0.3390
Joint Share of Line Loss	0.0832×0.3390	= 0.0282
Joint Share Line Loss + Plant Use	$0.0282 + 0.0511$	= 0.0793
Wholesale Production Multiplier	$\frac{1}{1 - 0.0793}$	= 1.0862
Production Allocation Factor	$\frac{1.0862}{1.1551} \times \frac{864,915.0}{1,215,263.6}$	= 0.6692
Pipeline Transmission Factor	$\frac{864,915.0}{1,215,263.6} \times 0.3390$	= 0.2412
Use Factor	$\frac{864,915.0}{1,215,263.6}$	= 0.7117

Table E
ALLOCATION OF DEPRECIATION EXPENSE
Wood Creek Water District

	<u>Proforma</u> <u>Depr. Exp.</u>	<u>Supply</u>	<u>Water</u> <u>Treatment</u>	<u>Trans. &</u> <u>Distribution</u>	<u>Storage</u> <u>Tanks</u>	<u>General</u> <u>& Admin.</u>	<u>Customer</u>
Structures & Improvements	307,334	23,564	249,661			34,109	
Supply Mains	72	72					
Pumping Equipment	34,650		631	34,019			
Water Treatment Equipment	179,266		179,266				
Dist. Reservoirs & Standpipes	45,627				45,627		
Transmission & Dist. Mains	169,523			169,523			
Services	28,514						28,514
Meters & Meter Installations	30,638						30,638
Hydrants	2,884						2,884
Office Furniture & Equipment	8,320					8,320	
Lab Equipment	542		542				
SUBTOTALS	807,370	23,636	430,100	203,541	45,627	42,429	62,037
SUBTOTAL PERCENTAGES		2.93%	53.27%	25.21%	5.65%	5.26%	7.68%
Transportation Equipment	138,218						
Power Operated Equipment	7,104						
Communication Equipment	298						
Misc Equipment	32,667						
Other Tangible Equipment	95						
SUBTOTAL	178,382						
PERCENTAGE ALLOCATIONS		5,222	95,027	44,971	10,081	9,374	13,707
TOTALS	985,753	28,858	525,127	248,512	55,708	51,803	75,744

Table F
ALLOCATION OF PLANT VALUE AND DEBT SERVICE
Wood Creek Water District

	<u>Total</u> <u>Values</u>	<u>Supply</u>	<u>Water</u> <u>Treatment</u>	<u>Trans. &</u> <u>Distribution</u>	<u>Storage</u> <u>Tanks</u>	<u>General</u> <u>& Admin.</u>	<u>Customer</u>
Organization	\$ 21,836					21,836	
Land and Land Rights	4,341,041	3,391,739	731,235		218,067		
Structures & Improvements	11,926,308	932,350	9,711,977			1,281,981	
Collecting & Impounding	30,880	30,880					
Supply Mains	4,484	4,484					
Pumping Equipment	875,339		18,178	857,161			
Water Treatment Equipment	6,852,277		6,852,277				
Dist. Reservoirs & Standpipes	2,053,232				2,053,232		
Transmission & Dist. Mains	11,073,879			11,073,879			
Services	1,805,583						1,805,583
Meters & Meter Installations	1,496,684						1,496,684
Hydrants	203,856						203,856
Other Plant & Equipment	21,732	21,732					
Office Furniture & Equipment	410,984					410,984	
Lab Equipment	41,728		41,728				
SUBTOTALS	\$ 41,159,843	4,381,185	17,355,395	11,931,040	2,271,299	1,714,801	3,506,123
SUBTOTAL PERCENTAGES		10.6%	42.2%	29.0%	5.5%	4.2%	8.5%
Transportation Equipment	1,405,169						
Power Operated Equipment	497,623						
Communication Equipment	83,342						
Misc Equipment	326,672						
Other Tangible Equipment	162,931						
SUBTOTAL	2,475,737						
PERCENTAGE ALLOCATIONS		263,525	1,043,915	717,644	136,617	103,144	210,891
TOTALS	\$ 43,635,580	4,644,710	18,399,311	12,648,684	2,407,916	1,817,945	3,717,014
Plant Value Percentages		10.6%	42.2%	29.0%	5.5%	4.2%	8.5%
Allocation of Debt Service	\$ 1,185,775	126,218	499,992	343,722	65,434	49,402	101,008

Table G
WHOLESALE RATE COMPUTATION
Wood Creek Water District

	<u>Proforma</u> <u>Expenses</u>	<u>Allocation</u> <u>Factor</u>	<u>Wholesale</u> <u>Allocation</u>	<u>Retail</u> <u>Allocation</u>
Salaries & Wages				
Water Production	507,961	0.6692	339,934	168,027
Trans./Distribution	488,339	0.2412	117,812	370,528
Customer Accts.	162,868		0	162,868
Admin & General	92,324	0.7117	65,708	26,616
Employee Benefits + Taxes				
Water Production	340,251	0.6692	227,700	112,551
Trans./Distribution	327,108	0.2412	78,915	248,193
Customer Accts.	109,095		0	109,095
Admin & General	61,842	0.7117	44,013	17,828
Salaries - Officers	18,000	0.7117	12,811	5,189
Purchased Power				
Water Production	258,515	0.6692	173,002	85,513
Trans./Distribution	40,651	0.2412	9,807	30,844
Admin & General	3,596	0.7117	2,559	1,037
Chemicals				
Water Production	666,999	0.6692	446,365	220,635
Materials & Supplies				
Water Production	140,618	0.6692	94,103	46,515
Trans./Distribution	554,393	0.2412	133,747	420,646
Customer Accts.	78,078		0	78,078
Admin & General	39,169	0.7117	27,877	11,292
Contractual Services				
Admin & General	19,667	0.2412	4,745	14,922
Transportation Expense				
Water Production	2,653	0.6692	1,776	878
Trans./Distribution	78,954	0.2412	19,048	59,906
Customer Accts.	10,693		0	10,693
Admin & General	4,804	0.7117	3,419	1,385
Insurance	206,739	0.6692	138,352	68,386
Bad Debt	24,657		0	24,657
Miscellaneous Expense	39,709	0.7117	28,261	11,448
Total Operating Expenses	4,277,683		1,969,953	2,307,730
Depreciation Expense				
Water Production	553,985	0.6692	370,734	183,251
Trans. / Distribution	248,512	0.2412	59,953	188,559
Tanks & Reservoirs	55,708	0.7117	39,648	16,060
Admin & General	51,803	0.7117	36,869	14,934
Customer	75,744		0	75,744
Debt Service & Coverage				
Water Production	626,210	0.6692	419,068	207,142
Trans. / Distribution	343,722	0.2412	82,923	260,799
Tanks & Reservoirs	65,434	0.7117	46,570	18,864
Admin & General	49,402	0.7117	35,160	14,242
Customer	101,008		0	101,008
Total Revenue Required	6,449,210		3,060,877	3,388,333
Wholesale Gallons Sold (x 1,000)			864,915	
Wholesale Rate per 1,000 Gallons			<u><u>\$3.54</u></u>	

Table H
ALLOCATION OF OPERATION & MAINTENANCE EXPENSE - RETAIL
Wood Creek Water District

	<u>Customer</u>					
	<u>Total</u> <u>Values</u>	<u>Commodity</u>	<u>Demand</u>	<u>Billing &</u> <u>Collecting</u>	<u>Meters &</u> <u>Services</u>	<u>Admin. &</u> <u>General</u>
Salaries & Wages	728,039	42,007	496,548	138,438	24,430	26,616
Employee Benefits + Taxes	487,668	28,138	332,606	92,731	16,364	17,828
Salaries - Officers (A & G)	5,189					5,189
Purchased Power	117,394		116,357	-	-	1,037
Chemicals	220,635	220,635				
Materials & Supplies	556,531	11,629	455,532	66,366	11,712	11,292
Contractual Services	14,922					14,922
Transportation Expense	72,862	878	59,906	9,089	1,604	1,385
Insurance	68,386					68,386
Bad Debt	24,657			24,657		
Misc. Expense	11,448	-				11,448
Depreciation	478,548	45,813	342,057	-	75,744	14,934
Totals	2,786,278	349,098	1,803,007	331,281	129,854	173,038
Less Admin. & General	<u>173,038</u>					
Total w/o A & G	2,613,240					
Percentages w/o A & G	100.00%	13.36%	69.00%	12.68%	4.97%	
Allocation of Admin. & General	173,038	23,116	119,388	21,936	8,598	
Total O & M Expense Allocations	2,786,278	372,214	1,922,395	353,217	138,452	

Table I
SUMMARY OF ALLOCATIONS - RETAIL
Wood Creek Water District

	<u>Total</u>	<u>Commodity</u>	<u>Demand</u>	<u>Customer</u>	
				<u>Billing & Collecting</u>	<u>Meters & Services</u>
	<u>Values</u>				
Operation & Maintenance Expenses	2,786,278	372,214	1,922,395	353,217	138,452
Debt Service & Coverage *	<u>602,055</u>	<u>53,301</u>	<u>445,939</u>	<u>1,298</u>	<u>101,517</u>
Total Expenses - Retail	3,388,333	425,515	2,368,333	354,515	239,969
Allocation Percentages		13.36%	69.00%	12.68%	4.97%
Less:					
Forfeited Discounts	(78,274)			(78,274)	
Miscellaneous Service Revenues	(28,070)			(28,070)	
Interest Income	<u>(2,839)</u>	<u>(379)</u>	<u>(1,959)</u>	<u>(360)</u>	<u>(141)</u>
Revenue Required from Retail Rates	3,279,150	425,136	2,366,375	247,811	239,828

* Debt Service & Coverage is from Table G with allocation of Admin. & General based on percentages from Table F.

Table J
UNITS OF SERVICE
Wood Creek Water District

Adjustment for Minimum Bill Usage:

<u>Meter Size</u>	<u>No. of Min. Bills</u>	<u>Gallons Allowed</u>	<u>Gallons Used</u>	<u>Gallons Not Used</u>	<u>Gallons Not Used By Block</u>		
					<u>0 - 10</u>	<u>10 - 75</u>	<u>Over 75</u>
5/8 x 3/4"	22,744	45,488,000	21,754,200	23,733,800	23,733,800		
1"	179	895,000	276,600	618,400	618,400		
1-1/2"	-	-	-	-	-		
2"	233	4,660,000	903,000	3,757,000	3,757,000		
	69	1,380,000	921,400	458,600		458,600	
3"	18	540,000	99,800	440,200	440,200		
	3	90,000	63,700	26,300		26,300	
6"	10	1,000,000	25,200	974,800	974,800		
	15	1,500,000	586,700	913,300	-	913,300	-
Totals	23,271	55,553,000	24,630,600	30,922,400	29,524,200	1,398,200	-

Water Usage By Block:

<u>Usage Block</u>	<u>Annual Sales</u>	<u>Adjustment for Min.</u>	<u>Adjusted Sales</u>
0 - 10	220,206,000	29,524,200	249,730,200
10 - 75	49,121,100	1,398,200	50,519,300
Over 75	81,021,500	-	81,021,500
Totals	350,348,600	30,922,400	381,271,000

Number of Services and Equivalents:

<u>Meter Size</u>	<u>Service Ratio</u>	<u>No. of Service Bills</u>	<u>No. of Equivalents</u>
5/8 x 3/4"	1.00	62,570	62,570
1"	1.40	420	588
1-1/2"	1.80	12	22
2"	2.90	564	1,636
3"	11.00	30	330
6"	21.00	48	1,008
Totals		63,644	66,153

Table K
CALCULATION OF WATER RATES - RETAIL
Wood Creek Water District

	<u>Total</u>	<u>First 10,000</u>	<u>Next 65,000</u>	<u>Over 75,000</u>
Adjusted Commodity Sales	381,271,000	249,730,200	50,519,300	81,021,500
Commodity Percentages	100.00%	65.50%	13.25%	21.25%
Demand Weighting Factor		2.00	1.50	1.00
Demand Weighted Sales	656,260,850	499,460,400	75,778,950	81,021,500
Demand Percentages	100.00%	76.11%	11.55%	12.35%
Commodity Costs	425,136	278,462	56,332	90,343
Demand Costs	2,366,375	1,800,977	273,247	292,151
Total Costs	2,791,512	2,079,439	329,579	382,494
No. of Gallons Sold x 1,000		249,730	50,519	81,022
CALCULATED USAGE RATES		\$8.33	\$6.52	\$4.72
PROPOSED USAGE RATES		\$8.37	\$6.45	\$4.72

(adjusted per Billing Analysis to result in required revenue)

CALCULATION OF CUSTOMER CHARGES:

	<u>Billing & Collecting</u>	<u>Meters & Services</u>
Expenses to be Allocated	247,811	239,828
No. of Bills or Equivalents	63,644	66,153
Unit Cost of Service	\$3.89	\$3.63

<u>Meter Size</u>	<u>Billing & Collecting</u>	<u>Service Ratio</u>	<u>Meters & Services</u>	<u>Total Customer Charge</u>
5/8 x 3/4"	3.89	1.00	3.63	7.52
1"	3.89	1.40	5.08	8.97
1-1/2"	3.89	1.80	6.53	10.42
2"	3.89	2.90	10.51	14.41
3"	3.89	11.00	39.88	43.77
6"	3.89	21.00	76.13	80.03

Table L
CURRENT AND PROPOSED RATES
Wood Creek Water District

<u>CURRENT RATE SCHEDULE</u>	<u>PROPOSED RATE SCHEDULE</u>
<u>5/8" x 3/4" Meters</u>	
First 2,000 gallons \$ 24.22 Minimum Bill	First 2,000 gallons \$ 24.26 Minimum Bill
Next 1,500 gallons 7.70 per 1,000 gallons	Next 8,000 gallons 8.37 per 1,000 gallons
Next 1,500 gallons 6.87 per 1,000 gallons	Next 65,000 gallons 6.45 per 1,000 gallons
Next 2,500 gallons 5.78 per 1,000 gallons	Over 75,000 gallons 4.72 per 1,000 gallons
Over 7,500 gallons 4.57 per 1,000 gallons	
<u>1" Meters</u>	
First 5,000 gallons \$ 46.08 Minimum Bill	First 5,000 gallons \$ 50.82 Minimum Bill
Next 2,500 gallons 5.78 per 1,000 gallons	Next 5,000 gallons 8.37 per 1,000 gallons
Over 7,500 gallons 4.57 per 1,000 gallons	Next 65,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>1-1/2" Meters</u>	
First 10,000 gallons \$ 71.95 Minimum Bill	First 10,000 gallons \$ 94.12 Minimum Bill
Over 10,000 gallons 4.57 per 1,000 gallons	Next 65,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>2" Meters</u>	
First 20,000 gallons \$ 117.65 Minimum Bill	First 20,000 gallons \$ 162.61 Minimum Bill
Over 20,000 gallons 4.57 per 1,000 gallons	Next 55,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>3" Meters</u>	
First 30,000 gallons \$ 163.35 Minimum Bill	First 30,000 gallons \$ 256.47 Minimum Bill
Over 30,000 gallons 4.57 per 1,000 gallons	Next 45,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>6" Meters</u>	
First 100,000 gallons \$ 483.25 Minimum Bill	First 100,000 gallons \$ 700.98 Minimum Bill
Over 100,000 gallons 4.57 per 1,000 gallons	Over 100,000 gallons 4.72 per 1,000 gallons
<u>Wholesale Rates</u>	
All Water Sold \$ 3.42 per 1,000 gallons	All Water Sold 3.54 per 1,000 gallons

Table M
COMPARISON OF EXISTING AND PROPOSED BILLS
Wood Creek Water District

Gallons per Month*	Existing	Proposed	
	Bill	Bill	Change
2,000	\$ 24.22	\$ 24.26	\$ 0.04
4,000	39.21	41.00	1.80
6,000	51.86	57.74	5.89
10,000	71.95	91.22	19.27
15,000	94.80	123.47	28.67
30,000	163.35	220.22	56.87
50,000	254.75	349.22	94.47
75,000	369.00	510.47	141.47
100,000	483.25	628.47	145.22
200,000	940.25	1,100.47	160.22

* Highlighted usage represents the average residential bill.
 All bills are for a 5/8 x 3/4" meter.

EXHIBIT 11

EFFECT OF ON UTILITY REVENUE OF EACH PROPOSED RATES

5/8" x 3/4" METERS (CURRENT)

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	62,570	101,406,200	\$ 24.22	\$ 1,515,445
NEXT	1,500		47,992,900	\$ 7.70	\$ 369,545
NEXT	1,500		27,961,300	\$ 6.87	\$ 192,094
NEXT	2,500		23,774,800	\$ 5.78	\$ 137,418
ALL OVER	7,500		50,211,800	\$ 4.57	\$ 229,468
TOTAL		62,570	251,347,000		\$ 2,443,971

5/8" x 3/4" METERS (PROPOSED)

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	62,570	101,406,200	\$ 24.26	\$ 1,517,948
NEXT	8,000		111,396,900	\$ 8.37	\$ 932,392
NEXT	65,000		29,442,000	\$ 6.45	\$ 189,901
ALL OVER	75,000		9,101,900	\$ 4.72	\$ 42,961
TOTAL		62,570	251,347,000		\$ 2,683,202

REVENUE DIFFERENCE: \$239,231

1" METERS (CURRENT)

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	420	1,481,600	\$ 46.08	\$ 19,354
NEXT	2,500		531,600	\$ 5.78	\$ 3,073
ALL OVER	7,500		4,576,700	\$ 4.57	\$ 20,916
TOTAL		420	6,589,900		\$ 43,342

1" METERS (PROPOSED)

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	420	1,481,600	\$ 50.82	\$ 21,344
NEXT	5,000		963,300	\$ 8.37	\$ 8,063
NEXT	65,000		3,443,600	\$ 6.45	\$ 22,211
ALL OVER	75,000		701,400	\$ 4.72	\$ 3,311
TOTAL		420	6,589,900		\$ 54,929

REVENUE DIFFERENCE: \$ 11,587

1-1/2" METERS (CURRENT)

		BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	12	120,000	\$ 71.95	\$ 863
ALL OVER	10,000		1,142,800	\$ 4.57	\$ 5,223
TOTAL		12	1,262,800		\$ 6,086

1-1/2" METERS (PROPOSED)

		BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	12	120,000	\$ 94.12	\$ 1,129
NEXT	65,000		763,300	\$ 6.45	\$ 4,923
ALL OVER	75,000		379,500	\$ 4.72	\$ 1,791
TOTAL		12	1,262,800		\$ 7,844

REVENUE DIFFERENCE: \$ 1,758

2" METERS (CURRENT)

		BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	564	7,064,400	\$ 117.65	\$ 66,355
ALL OVER	20,000		29,886,600	\$ 4.57	\$ 136,582
TOTAL		564	36,951,000		\$ 202,936

2" METERS (PROPOSED)

		BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	564	7,064,400	\$ 162.61	\$ 91,712
NEXT	55,000		10,336,500	\$ 6.45	\$ 66,670
ALL OVER	75,000		19,550,100	\$ 4.72	\$ 92,276
TOTAL		564	36,951,000		\$ 250,659

REVENUE DIFFERENCE: \$ 47,723

3" METERS (CURRENT)

		BILLS	GALLONS	RATE	REVENUE
FIRST	30,000	30	433,500	\$ 163.35	\$ 4,901
ALL OVER	30,000		545,200	\$ 4.57	\$ 2,492
TOTAL		30	978,700		\$ 7,392

3" METERS (PROPOSED)

		BILLS	GALLONS	RATE	REVENUE
FIRST	30,000	30	433,500	\$ 256.47	\$ 7,694
NEXT	45,000		138,900	\$ 6.45	\$ 896
ALL OVER	75,000		406,300	\$ 4.72	\$ 1,918
TOTAL		30	978,700		\$ 10,508

REVENUE DIFFERENCE: \$ 3,116

6" METERS (CURRENT)

		BILLS	GALLONS	RATE	REVENUE
FIRST	100,000	48	2,911,900	\$ 483.25	\$ 23,196
ALL OVER	100,000		50,307,300	\$ 4.57	\$ 229,904
TOTAL		48	53,219,200		\$ 253,100

6" METERS (PROPOSED)

		BILLS	GALLONS	RATE	REVENUE
FIRST	100,000	48	2,911,900	\$ 700.98	\$ 33,647
ALL OVER	100,000		50,307,300	\$ 4.72	\$ 237,450
TOTAL		48	53,219,200		\$ 271,097

REVENUE DIFFERENCE: \$ 17,997

SALES FOR RESALE

	GALS	RATE	REVENUE
West Laurel WA	366,938,000	\$ 3.42	\$ 1,254,928
East Laurel WD	484,158,000	\$ 3.42	\$ 1,655,820
Livingston	13,819,000	\$ 3.42	\$ 47,261
TOTAL	864,915,000		\$ 2,958,009

SALES FOR RESALE

	GALS	RATE	REVENUE
West Laurel WA	366,938,000	\$ 3.54	\$ 1,298,961
East Laurel WD	484,158,000	\$ 3.54	\$ 1,713,919
Livingston	13,819,000	\$ 3.54	\$ 48,919
TOTAL	864,915,000		\$ 3,061,799

REVENUE DIFFERENCE: \$109,790

EXHIBIT 12

EFFECT OF PROPOSED RATES ON AVERAGE CUSTOMER'S MONTHLY BILL

Customer	Average Usage Gallons	Monthly Bill at Present Rate	Monthly Bill at Proposed Rate	Change (\$)	Change (%)
5/8-Inch x 3/4-Inch	4,000	\$ 39.21	\$ 41.00	\$ 1.79	4.57
1-Inch	15,700	\$ 98.01	\$ 129.44	\$ 31.43	32.07
1 1/2-Inch	105,200	\$ 507.01	\$ 655.91	\$ 148.90	29.37
2-Inch	65,500	\$ 325.59	\$ 456.09	\$ 130.50	40.08
3-Inch	32,600	\$ 175.23	\$ 273.24	\$ 98.01	55.93
6-Inch	1,108,700	\$ 5,093.01	\$ 5,462.04	\$ 369.03	7.25
West Laurel Water Association	30,578,167	\$104,577.33	\$108,246.71	\$3,669.38	3.51
East Laurel Water District	40,346,500	\$137,985.03	\$142,826.61	\$4,841.58	3.51
Livingston	1,151,583	\$ 3,938.41	\$ 4,076.60	\$ 138.19	3.51

EXHIBIT 13

CURRENT BILLING ANALYSIS - 2020 USAGE & EXISTING RATES
Wood Creek Water District

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	62,570	251,347,000	\$ 2,443,971
1" Meters	420	6,589,900	43,342
1-1/2" Meters	12	1,262,800	6,086
2" Meters	564	36,951,000	202,936
3" Meters	30	978,700	7,392
6" Meters	48	53,219,200	253,100
Retail Sales	63,644	350,348,600	\$ 2,956,828
Sales for Resale		864,915,000	2,958,009
Total Pro Forma Sales Revenue			\$ 5,914,837

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 1,500	NEXT 1,500	NEXT 2,500	ALL OVER 7,500	TOTAL
FIRST	2,000	22,744	21,754,200	21,754,200	-			-	21,754,200
NEXT	1,500	16,044	44,407,900	32,088,000	12,319,900			-	44,407,900
NEXT	1,500	10,005	42,313,300	20,010,000	15,007,500	7,295,800			42,313,300
NEXT	2,500	7,638	46,617,300	15,276,000	11,457,000	11,457,000	8,427,300		46,617,300
ALL OVER	7,500	6,139	96,254,300	12,278,000	9,208,500	9,208,500	15,347,500	50,211,800	96,254,300
		62,570	251,347,000	101,406,200	47,992,900	27,961,300	23,774,800	50,211,800	251,347,000

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	62,570	\$ 24.22	\$ 1,515,445
NEXT	1,500	47,992,900	7.70	369,545
NEXT	1,500	27,961,300	6.87	192,094
NEXT	2,500	23,774,800	5.78	137,418
ALL OVER	7,500	50,211,800	4.57	229,468
TOTAL	62,570	251,347,000		\$ 2,443,971

1" METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 2,500	ALL OVER 7,500	TOTAL
FIRST	5,000	179	276,600	276,600	-	-	276,600
NEXT	2,500	51	311,600	255,000	56,600	-	311,600
ALL OVER	7,500	190	6,001,700	950,000	475,000	4,576,700	6,001,700
		420	6,589,900	1,481,600	531,600	4,576,700	6,589,900

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	420	\$ 46.08	\$ 19,354
NEXT	2,500	531,600	5.78	3,073
ALL OVER	7,500	4,576,700	4.57	20,916
TOTAL	420	6,589,900		\$ 43,342

1-1/2" METERS

	USAGE	BILLS	GALLONS	FIRST 10,000	ALL OVER 10,000	TOTAL
FIRST	10,000	-	-	-	-	-
ALL OVER	10,000	12	1,262,800	120,000	1,142,800	1,262,800
		12	1,262,800	120,000	1,142,800	1,262,800

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	12	\$ 71.95	\$ 863
ALL OVER	10,000	1,142,800	4.57	5,223
TOTAL	12	1,262,800		\$ 6,086

2" METERS

	USAGE	BILLS	GALLONS	FIRST 20,000	ALL OVER 20,000	TOTAL
FIRST	20,000	302	1,824,400	1,824,400	-	1,824,400
ALL OVER	20,000	262	35,126,600	5,240,000	29,886,600	35,126,600
		564	36,951,000	7,064,400	29,886,600	36,951,000

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	564	\$ 117.65	\$ 66,355
ALL OVER	20,000		4.57	136,582
TOTAL	564	36,951,000		\$ 202,936

3" METERS

	USAGE	BILLS	GALLONS	FIRST 30,000	ALL OVER 30,000	TOTAL
FIRST	30,000	21	163,500	163,500	-	163,500
ALL OVER	30,000	9	815,200	270,000	545,200	815,200
		30	978,700	433,500	545,200	978,700

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	30,000	30	\$ 163.35	\$ 4,901
ALL OVER	30,000		4.57	2,492
TOTAL	30	978,700		\$ 7,392

6" METERS

	USAGE	BILLS	GALLONS	FIRST 100,000	ALL OVER 100,000	TOTAL
FIRST	100,000	25	611,900	611,900	-	611,900
ALL OVER	100,000	23	52,607,300	2,300,000	50,307,300	52,607,300
		48	53,219,200	2,911,900	50,307,300	53,219,200

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	100,000	48	\$ 483.25	\$ 23,196
ALL OVER	100,000		4.57	229,904
TOTAL	48	53,219,200		\$ 253,100

SALES FOR RESALE

	K GALS	RATE	TOTAL
West Laurel	366,938	3.42	\$ 1,254,928
East Laurel	484,158	3.42	1,655,820
Livingston	13,819	3.42	47,261
	864,915		\$ 2,958,009

PROPOSED BILLING ANALYSIS - 2020 USAGE & PROPOSED RATES
Wood Creek Water District

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	62,570	251,347,000	\$ 2,683,202
1" Meters	420	6,589,900	54,929
1-1/2" Meters	12	1,262,800	7,844
2" Meters	564	36,951,000	250,659
3" Meters	30	978,700	10,508
6" Meters	48	53,219,200	271,097
Retail Sales	63,644	350,348,600	\$ 3,278,239
Sales for Resale		864,915,000	3,061,799
Total Pro Forma Sales Revenue			\$ 6,340,038

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 8,000	NEXT 65,000	ALL OVER 75,000	TOTAL
FIRST	2,000	22,744	21,754,200	21,754,200	-	-	-	21,754,200
NEXT	8,000	36,519	157,978,900	73,038,000	84,940,900	-	-	157,978,900
NEXT	65,000	3,217	55,762,000	6,434,000	25,736,000	23,592,000	-	55,762,000
ALL OVER	75,000	90	15,851,900	180,000	720,000	5,850,000	9,101,900	15,851,900
		62,570	251,347,000	101,406,200	111,396,900	29,442,000	9,101,900	251,347,000

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	62,570	\$ 24.26	\$ 1,517,948
NEXT	8,000	111,396,900	8.37	932,392
NEXT	65,000	29,442,000	6.45	189,901
ALL OVER	75,000	9,101,900	4.72	42,961
TOTAL	62,570	251,347,000		\$ 2,683,202

1" METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 5,000	NEXT 65,000	ALL OVER 75,000	TOTAL
FIRST	5,000	179	276,600	276,600	-	-	-	276,600
NEXT	5,000	85	608,300	425,000	183,300	-	-	608,300
NEXT	65,000	142	3,953,600	710,000	710,000	2,533,600	-	3,953,600
ALL OVER	75,000	14	1,751,400	70,000	70,000	910,000	701,400	1,751,400
		420	6,589,900	1,481,600	963,300	3,443,600	701,400	6,589,900

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	420	\$ 50.82	\$ 21,344
NEXT	5,000	963,300	8.37	8,063
NEXT	65,000	3,443,600	6.45	22,211
ALL OVER	75,000	701,400	4.72	3,311
TOTAL	420	6,589,900		\$ 54,929

1-1/2" METERS

	USAGE	BILLS	GALLONS	FIRST 10,000	NEXT 65,000	ALL OVER 75,000	TOTAL
FIRST	10,000	-	-	-	-	-	-
NEXT	65,000	3	208,300	30,000	178,300	-	208,300
ALL OVER	75,000	9	1,054,500	90,000	585,000	379,500	1,054,500
		12	1,262,800	120,000	763,300	379,500	1,262,800

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	12	\$ 94.12	\$ 1,129
NEXT	65,000	763,300	6.45	4,923
ALL OVER	75,000	379,500	4.72	1,791
TOTAL	12	1,262,800		\$ 7,844

2" METERS

	USAGE	BILLS	GALLONS	FIRST 20,000	NEXT 55,000	ALL OVER 75,000	TOTAL
FIRST	20,000	302	1,824,400	1,824,400		-	1,824,400
NEXT	55,000	118	4,776,500	2,360,000	2,416,500		4,776,500
ALL OVER	75,000	144	30,350,100	2,880,000	7,920,000	19,550,100	30,350,100
		564	36,951,000	7,064,400	10,336,500	19,550,100	36,951,000

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	564	7,064,400 \$	162.61 \$ 91,712
NEXT	55,000		10,336,500	6.45 66,670
ALL OVER	75,000		19,550,100	4.72 92,276
TOTAL	564	36,951,000		\$ 250,659

3" METERS

	USAGE	BILLS	GALLONS	FIRST 30,000	NEXT 45,000	ALL OVER 75,000	TOTAL
FIRST	30,000	21	163,500	163,500		-	163,500
NEXT	45,000	8	333,900	240,000	93,900		333,900
ALL OVER	75,000	1	481,300	30,000	45,000	406,300	481,300
		30	978,700	433,500	138,900	406,300	978,700

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	30,000	30	433,500 \$	256.47 \$ 7,694
NEXT	45,000		138,900	6.45 896
ALL OVER	75,000		406,300	4.72 1,918
TOTAL	30	978,700		\$ 10,508

6" METERS

	USAGE	BILLS	GALLONS	FIRST 100,000	ALL OVER 100,000	TOTAL
FIRST	100,000	25	611,900	611,900	-	611,900
ALL OVER	100,000	23	52,607,300	2,300,000	50,307,300	52,607,300
		48	53,219,200	2,911,900	50,307,300	53,219,200

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	100,000	48	2,911,900 \$	700.98 \$ 33,647
ALL OVER	100,000		50,307,300	4.72 237,450
TOTAL	48	53,219,200		\$ 271,097

SALES FOR RESALE

	K GALS	RATE	TOTAL
West Laurel	366,938	\$ 3.54	\$ 1,298,961
East Laurel	484,158	3.54	1,713,919
Livingston	13,819	3.54	48,919
	864,915		\$ 3,061,799

EXHIBIT 14

SCHEDULE OF ADJUSTED OPERATIONS

Wood Creek Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Total Retail Metered Sales	\$ 2,955,931	897	A	\$ 2,956,828
Sales for Resale	2,958,011	(2)	A	2,958,009
Other Water Revenues:				
Forfeited Discounts	-	11,314	B	
		66,960	C	78,274
Misc. Service Revenues	-	28,070	B	28,070
Other Water Revenues	39,384	(39,384)	B	-
Total Operating Revenues	<u>\$ 5,953,326</u>			<u>\$ 6,021,181</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	2,205,667	(978,374)	D	
		(12,252)	E	
		36,451	F	1,251,492
Salaries and Wages - Officers		18,000	G	18,000
Employee Pensions and Benefits		881,228	D	
		(8,797)	E	
		(163,715)	H	
		33,842	I	742,557
Purchased Power	302,762			302,762
Chemicals	556,183	110,816	J	666,999
Materials and Supplies	822,481	(10,223)	E	812,258
Contractual Services	19,667			19,667
Transportation Expenses	95,139	(7,233)	E	
		9,198	J	97,104
Insurance	203,696	3,043	D	206,739
Bad Debt	24,657			24,657
Miscellaneous Expenses	44,410	(18,000)	G	26,410
Total Operation and Mnt. Expenses	<u>4,274,662</u>			<u>4,168,645</u>
Depreciation Expense	1,007,837	(22,085)	K	985,752
Taxes Other Than Income	13,329	94,103	D	
		(970)	E	
	-	2,575	F	109,038
Total Operating Expenses	<u>\$ 5,295,828</u>			<u>\$ 5,263,435</u>
Net Utility Operating Income	<u>\$ 657,498</u>			<u>\$ 757,747</u>
REVENUE REQUIREMENTS				
Pro Forma Operating Expenses				\$ 5,263,435
Plus: Avg. Annual Principal and Interest Payments			L	988,146
Additional Working Capital			M	197,629
Total Revenue Requirement				<u>\$ 6,449,210</u>
Less: Other Operating Revenues				(106,344)
Interest Income				(2,839)
Nonutility Income	53,896	(53,896)	N	-
Misc. Nonutility Expense	(714,692)	714,692	O	-
Revenue Required From Water Sales				<u>\$ 6,340,026</u>
Revenue from Sales at Present Rates				<u>5,914,837</u>
Required Revenue Increase				<u>\$ 425,189</u>
Percent Increase				7.19%

REFERENCES

- A. The Current Billing Analysis results in pro forma Retail Metered Sales of \$2,956,828 and Sales for Resale of \$2,958,009. This indicates an addition to reported Metered Sales of \$897 is required and a \$2 deduction from wholesale sales is needed.
- B. The total reported for Other Water Revenues is actually the revenue from Forfeited Discounts and Misc. Service Revenues. The amounts for these two items are reclassified to their own categories.
- C. In spring of 2020, the Governor issued an Executive Order that prohibited utilities from charging Late Fees on past due accounts. This Order has now been rescinded. To normalize the revenue from Late Fees an adjustment of 66.960 is added to the amount reported for 2020. This makes the pro forma figure for Late Fees equal to the average for the three years prior to 2020.
- D. The total reported for Salaries and Wages expense includes Employee Pensions and Benefits, payroll taxes and unemployment insurance. The amounts for these three items are reclassified to their own categories.
- E. The allocations of office expenses, administrative labor and benefits, and transportation expenses to other companies operated by Wood Creek did not include an allocation to Wood Creek's sewer system. Those expenses have been reallocated to include the sewer division and the appropriate amounts are deducted.
- F. In February 2021 a 3 percent across the board increase in wage rates was implemented. This change results in an annual wage increase of \$36,451 and additional payroll taxes of \$2,575.
- G. Commissioner salaries were reported with Miscellaneous Expenses. This expense is reclassified to its own category.
- H. The District pays 100 percent of its employees' health insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage and 66 percent for families. Applying those percentages to premiums to be paid in the current year results in a deduction from 2020 benefits expense of \$163,715.
- I. The increase in wages and an increase in the employer's contribution rate charged by CERS result in higher payments for the retirement program. These payments are estimated to increase by \$33,842.

- J. There have been substantial increases in chemical and fuel costs since the end of 2020. These increases necessitate adjustments to Chemical and Transportation expenses of \$110,816 and \$9,198, respectively.
- K. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges. See Table A.
- L. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments is added in the revenue requirement calculation.
- M. The amount shown in Table B for coverage on long term debt is required by the District's loan documents. This is included in the revenue requirement as Additional Working Capital.
- N. The \$53,896 reported as Nonutility Income includes a capital contribution and an audit adjustment from accumulated depreciation. These capital items should not be considered as an offset to operating expenses and are deducted.
- O. Due to GASB reporting requirements for retirement plan liabilities, an expense of \$714,692 associated with the District's pension plan was included as a Nonutility Expense. Because this was not an actual payment to CERS for the retirement plan, that amount is deducted.

Table B
DEBT SERVICE SCHEDULE
Wood Creek Water District
CY 2022 - 2026

	CY 2022		CY 2023		CY 2024		CY 2025		CY 2026		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
1998 Refunding	50,000	1,250	-	-	-	-	-	-	-	-	51,250
KRWFC 2005B	152,000	81,288	161,000	74,534	168,000	67,395	176,000	59,886	184,000	51,938	1,176,042
KRWFC 2007A	68,000	59,337	71,000	56,478	73,000	53,426	74,000	50,266	77,000	47,019	629,526
KRWFC 2015B	155,000	53,081	130,000	48,450	135,000	44,144	135,000	39,756	140,000	35,288	915,719
RD Series 2005A	141,000	253,488	147,000	247,319	154,000	240,888	161,000	234,150	168,000	227,107	1,973,952
RD Series 2005B	14,500	24,523	15,000	23,907	15,500	23,269	16,000	22,610	17,000	21,930	194,239
TOTALS	580,500	472,968	524,000	450,688	545,500	429,122	562,000	406,668	586,000	383,282	\$4,940,728
Average Annual Principal & Interest											\$ 988,146
Average Annual Coverage											\$ 197,629

EXHIBIT 15

WOOD CREEK WATER DISTRICT
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Wood Creek Water District
London, Kentucky

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Wood Creek Water District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Wood Creek Water District, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wood Creek Water District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit program.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the East Laurel Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, so such opinion is expressed.
- Evaluate the appropriateness of accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

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preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2022 on our consideration of the East Laurel Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Laurel Water District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
Certified Public Accountants
Corbin, Kentucky

April 30, 2022



WOOD CREEK WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Years ended December 31, 2021 and 2020

This discussion and analysis is intended to be an easily readable analysis of the Wood Creek Water District's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements and notes that follow. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes.

FINANCIAL HIGHLIGHTS

- In 2021, the District's net position decreased by \$1,168,425, or 7.56%, compared to a decrease in 2020 of \$432,721 or 2.72%.
- In 2021, operating revenues increased by \$282,609, or 3.99%. In 2020, operating revenues increased by \$236,030, or 3.44%.
- Operating expenses excluding depreciation increased by \$1,214,402, or 21.13% in 2021 compared to an increase of \$105,019, or 1.86% in 2020.
- Additions to capital assets in 2021 amounted to \$3,009,045. In 2020, additions to capital assets were \$1,259,214.
- Principal payments on long-term debt were \$615,000 in 2021 and \$590,000 in 2020.

OVERVIEW OF FINANCIAL STATEMENTS

This report consists of the Management's Discussion and Analysis and the basic financial statements. The financial statements include notes that explain information included in the basic financial statements.

FINANCIAL STATEMENTS

The financial statements report information utilizing the full accrual basis of accounting and conform to accounting principles that are generally accepted in the United States of America. The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The financial statements also include a Statement of Cash Flows, which presents sources and uses of cash and changes in cash balances during the fiscal year.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

**WOOD CREEK WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Years ended December 31, 2021 and 2020

NET POSITION

A summary of the District's Statement of Net Position as of December 31, 2021 and 2020 is presented below:

	<u>2021 Amount</u>	<u>2020 Amount</u>	<u>Net dollar Change</u>	<u>Net percentage Change</u>
Current assets	\$ 3,706,162	\$ 3,619,458	\$ 86,704	2.40%
Noncurrent assets	1,009,995	1,005,331	4,664	0.46%
Capital assets, net of accumulated depreciation	<u>32,203,902</u>	<u>30,492,639</u>	<u>1,711,263</u>	5.61%
Total Assets	<u>36,920,059</u>	<u>35,117,428</u>	<u>1,802,631</u>	5.13%
Deferred outflow of resources	<u>2,252,424</u>	<u>2,067,240</u>	<u>185,184</u>	8.96%
Total Deferred Outflow of Resources	<u>2,252,424</u>	<u>2,067,240</u>	<u>185,184</u>	8.96%
Current liabilities	1,411,869	1,120,523	291,346	26.00%
Noncurrent liabilities	<u>22,976,074</u>	<u>19,916,220</u>	<u>3,059,854</u>	15.36%
Total Liabilities	<u>24,387,943</u>	<u>21,036,743</u>	<u>3,351,200</u>	15.93%
Deferred inflow of resources	<u>499,717</u>	<u>694,677</u>	<u>(194,960)</u>	N/A
Total Deferred Inflow of Resources	<u>499,717</u>	<u>694,677</u>	<u>(194,960)</u>	
Net investment in capital assets	17,097,902	16,901,158	196,744	1.16%
Restricted net positions	992,724	985,652	7,072	0.72%
Unrestricted (deficit) net positions	<u>(3,805,803)</u>	<u>(2,433,562)</u>	<u>(1,372,241)</u>	56.39%
Total Net Position	<u>\$ 14,284,823</u>	<u>\$ 15,453,248</u>	<u>\$ (1,168,425)</u>	-7.56%

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

A summary of the District's Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2021 and 2020 is presented below:

	<u>2021 Amount</u>	<u>2020 Amount</u>	<u>Net dollar Change</u>	<u>Net percentage Change</u>
Operating revenue	\$ 7,361,187	\$ 7,078,578	\$ 282,609	3.99%
Nonoperating revenue	<u>266,537</u>	<u>56,865</u>	<u>209,672</u>	368.72%
Total revenue	<u>7,627,724</u>	<u>7,135,443</u>	<u>492,281</u>	6.90%
Depreciation expense	1,297,782	1,289,689	8,093	0.63%
Other operating expense	6,961,917	5,747,515	1,214,402	21.13%
Nonoperating expense	<u>536,450</u>	<u>530,960</u>	<u>5,490</u>	1.03%
Total expense	<u>8,796,149</u>	<u>7,568,164</u>	<u>1,227,985</u>	16.23%
Changes in net position	(1,168,425)	(432,721)	(735,704)	170.02%
Net position, beginning	<u>15,453,248</u>	<u>15,885,969</u>	<u>(432,721)</u>	-2.72%
Net position, ending	<u>\$ 14,284,823</u>	<u>\$ 15,453,248</u>	<u>\$ (1,168,425)</u>	-7.56%

**WOOD CREEK WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Years ended December 31, 2021 and 2020

As reported on the Statement of Revenues, Expenses, and Changes in Net Position, net position decreased by \$1,168,425 for the year 2021 as compared to a decrease of \$432,721 for the year 2020.

The operating revenue increased by \$282,609 or 3.99 % from the prior year amounts.

CAPITAL ASSETS

On December 31, 2021, the District's investment in capital assets, net of depreciation, totaled \$32,203,902, which is an increase of \$1,711,263 or 5.61%, over the capital asset balance of \$30,492,639 at December 31, 2020.

LONG-TERM DEBT

As of December 31, 2021, the District had long-term debt of \$15,106,000 compared to \$13,591,481 at December 31, 2020, including current portion. During the year ended December 31, 2021, the District paid \$615,000 of principal payments on the long-term debt compared to \$590,000 in 2020.

CONSTRUCTION IN PROGRESS

As of December 31, 2021, the District had \$3,181,325 of construction in progress, which relates to District water line extension project.

CONTACT INFORMATION

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning this report or request for additional information should be addressed to the Office Manager, Dewayne Lewis, at Wood Creek Water District, London, Kentucky, 40741, or by calling (606) 878-9420.

WOOD CREEK WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 307,273	\$ 974,664
Investments	251,669	51,250
Accounts receivable, less allowance for doubtful accounts	1,119,444	1,029,021
Unbilled accounts receivable	157,447	157,447
Inventories	1,865,787	1,402,565
Other current assets	4,542	4,511
Total current assets	<u>3,706,162</u>	<u>3,619,458</u>
Noncurrent assets		
Restricted assets		
Restricted cash and cash equivalents	<u>992,724</u>	<u>985,652</u>
Capital assets		
Nondepreciable capital assets		
Land and land structures	4,422,500	4,392,550
Construction in progress	<u>3,181,325</u>	<u>812,481</u>
Total nondepreciable capital assets	<u>7,603,825</u>	<u>5,205,031</u>
Depreciable capital assets		
Intangible	21,836	21,836
Source of supply and pumping	1,748,631	1,748,631
Water treatment equipment	16,603,078	16,603,078
Transmission and distribution	17,618,559	17,580,544
General plant	4,027,844	3,613,182
Collection plant	6,859,287	6,788,502
Pumping plant	<u>4,038,783</u>	<u>3,951,994</u>
	50,918,018	50,307,767
Accumulated depreciation	<u>(26,317,941)</u>	<u>(25,020,159)</u>
Total depreciable capital assets, net of depreciation	<u>24,600,077</u>	<u>25,287,608</u>
Total capital assets (net of depreciation)	<u>32,203,902</u>	<u>30,492,639</u>
Other assets		
Bond discount (net of accumulated amortization)	<u>17,271</u>	<u>19,679</u>
Total noncurrent assets	<u>33,213,897</u>	<u>31,497,970</u>
Total assets	<u>\$ 36,920,059</u>	<u>\$ 35,117,428</u>

WOOD CREEK WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2021 and 2020

DEFERRED OUTFLOW OF RESOURCES	<u>2021</u>	<u>2020</u>
Deferred outflows from pensions	\$ 1,276,349	\$ 1,485,103
Deferred outflows from OPEB	976,075	582,137
Deferred savings from refunding bonds	<u>-</u>	<u>-</u>
Total deferred outflow of resources	<u>2,252,424</u>	<u>2,067,240</u>
Total assets and deferred outflow of resources	<u>39,172,483</u>	<u>37,184,668</u>
 LIABILITIES		
Current liabilities		
Accounts payable	\$ 216,232	\$ 133,666
Accrued interest	273,976	258,568
Current portion of long-term debt	595,500	615,000
Line of credit	192,500	-
Other current liabilities	<u>133,661</u>	<u>113,289</u>
Total current liabilities	<u>1,411,869</u>	<u>1,120,523</u>
 Noncurrent liabilities		
Customer deposits	11,300	11,990
Unamortized premium on debt	24,419	26,781
OPEB liability	2,018,034	1,331,570
Pension liability	6,411,821	5,569,398
Long-term debt	<u>14,510,500</u>	<u>12,976,481</u>
Total noncurrent liabilities	<u>22,976,074</u>	<u>19,916,220</u>
Total liabilities	<u>24,387,943</u>	<u>21,036,743</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	117,483	220,224
Deferred inflows from OPEB	<u>382,234</u>	<u>474,453</u>
Total deferred inflows	<u>499,717</u>	<u>694,677</u>
 NET POSITION		
Net investment in capital assets	17,097,902	16,901,158
Restricted for:		
Debt service	973,504	967,685
Other purposes	19,220	17,967
Unrestricted (deficit)	<u>(3,805,803)</u>	<u>(2,433,562)</u>
Total net position	<u>14,284,823</u>	<u>15,453,248</u>
Total liabilities and net position	<u>\$ 39,172,483</u>	<u>\$ 37,184,668</u>

The accompanying notes are an integral part of the financial statements

WOOD CREEK WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Water sales	\$ 6,087,285	\$ 5,913,942
Sewer service	943,970	939,234
Penalties and service charges	115,272	41,392
Tap-on fees	200,250	184,010
Other	14,410	-
Total operating revenues	<u>7,361,187</u>	<u>7,078,578</u>
Operating expenses		
Purchased water and power	382,484	324,347
Water treatment	1,868,586	1,586,095
Transmission and distribution	1,727,069	1,502,118
Administration of customer accounts	499,436	399,460
Administration and general	645,528	511,388
Pension expense	1,148,742	714,692
Sewer maintenance and treatment	690,026	706,445
Amortization	46	2,970
Depreciation	<u>1,297,782</u>	<u>1,289,689</u>
Total operating expenses	<u>8,259,699</u>	<u>7,037,204</u>
Operating income (loss)	<u>(898,512)</u>	<u>41,374</u>
Nonoperating revenues (expenses)		
Interest income	2,615	2,969
Federal and state grants	262,422	-
Local grants	-	-
Other income	1,500	53,896
Interest on long-term debt	(522,661)	(517,631)
Other expense	<u>(13,789)</u>	<u>(13,329)</u>
Total nonoperating revenues (expenses)	<u>(269,913)</u>	<u>(474,095)</u>
Change in net position	(1,168,425)	(432,721)
Net Position, January 1	<u>15,453,248</u>	<u>15,885,969</u>
Prior period adjustment	<u>-</u>	<u>-</u>
Net Position, December 31	<u>\$ 14,284,823</u>	<u>\$ 15,453,248</u>

The accompanying notes are an integral part of the financial statements

WOOD CREEK WATER DISTRICT
STATEMENT OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Receipts from customers	\$ 7,016,714	6,844,083
Receipts from other activities	140,000	145,000
Payments to employees	(2,492,836)	(2,205,667)
Payments to suppliers	<u>(3,686,698)</u>	<u>(2,835,082)</u>
Net cash used in operating activities	<u>977,180</u>	<u>1,948,334</u>
Cash flows from noncapital and related financing activities		
Federal, state, and local grants	<u>262,422</u>	-
Net cash provided by noncapital and related financing activities	<u>262,422</u>	-
Cash flows from capital and related activities		
Purchases of property, plant, and equipment	(3,009,045)	(1,626,437)
Proceeds from other income	1,500	53,896
Proceeds from line of credit	192,500	-
Transfers to/from investments	(200,000)	-
Proceeds from bonding	2,248,551	812,481
Principal payments on debt	(615,000)	(590,000)
Interest payments on debt	(507,253)	(527,897)
Miscellaneous nonoperating expense	<u>(13,789)</u>	<u>(13,329)</u>
Cash provided (used) in capital and related activities	<u>(1,902,536)</u>	<u>(1,891,286)</u>
Cash flows from investing activities		
Interest received on investments	<u>2,615</u>	<u>2,969</u>
Cash provided (used) in investing activities	<u>2,615</u>	<u>2,969</u>
Net increase in cash and cash equivalents	(660,319)	60,017
Cash and cash equivalents, January 1	<u>1,960,316</u>	<u>1,900,299</u>
Cash and cash equivalents, December 31	<u>\$ 1,299,997</u>	<u>\$ 1,960,316</u>
Reconciliation of change in net position to net cash used in operating activities		
Operating loss	(898,512)	41,374
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation	1,297,782	1,289,689
Amortization	46	2,970
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	(204,473)	(89,495)
(Increase) Decrease in inventory	(463,222)	49,242
(Increase) Decrease in prepaid expense and other assets	(31)	776
Increase (Decrease) in accounts payable	82,566	(159,372)
Increase (Decrease) in pension expense	1,148,742	798,868
Increase (Decrease) in accrued expense	16,162	16,162
Increase (Decrease) in customer deposits	<u>(1,880)</u>	<u>(1,880)</u>
Net cash provided by operating activities	<u>\$ 977,180</u>	<u>\$ 1,948,334</u>

The accompanying notes are an integral part of the financial statements

WOOD CREEK WATER DISTRICT
STATEMENT OF CASH FLOWS
For the years ended December 31, 2021 and 2020

Reconciliation of cash at end of year		
Cash and cash equivalents	\$ 307,273	\$ 974,664
Restricted cash and cash equivalents	<u>992,724</u>	<u>985,652</u>
Total cash at end of year	<u>\$ 1,299,997</u>	<u>\$ 1,960,316</u>

WOOD CREEK WATER DISTRICT NOTES TO THE FINANCIAL STATEMENT

Years ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Wood Creek Water District, of Laurel County, Kentucky (the District) was created in 1969 under Chapter 74 of the Kentucky Revised Statutes and is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. The District is governed by a three-person board of Commissioners, which is appointed by the Laurel County Fiscal Court. The District is regulated by the Kentucky Public Service Commission.

Wood Creek Water District is a rural water utility system whose purpose is to establish, develop, and operate a water supply and distribution system for its members and customers in Laurel County, Kentucky. The District also provides sewer services to a specific portion of the Wood Creek Lake watershed area. The District's primary source of revenue is from water sales and sewer services to its members and customers, including public bodies and local businesses in its service area.

Basis of Accounting, Financial Presentation and Measurement Focus

The basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. In addition, the District applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the District as a whole. These statements include all funds of the District. The statements distinguish between governmental and business-type activities. The District does not have any governmental activities.

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income reported by the District includes revenues and expenses related to the continuing operation of water service for its customers. Principal operating revenues are charges to customers for services. Principal operating expenses are the costs of providing the services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted cash and investments), with maturities of 90 days or less to be cash equivalents. This includes bank certificates of deposit and demand checking accounts.

Investments

The District is authorized by state statute to invest in: 1) obligations of the United States and of its agencies and instrumentalities; 2) bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; 3) shares of any savings and loan insured by an agency of the government of the United States up to the amount so insured; 4) interest bearing deposits in nationally chartered or state banks chartered in Kentucky and insured by an agency of the government of the United States up to the amount so insured, and in larger amounts provided such bank shall pledge, as security, obligations of the United States government, its agencies and instrumentalities.

The District's investments include certificates of deposits with maturity dates of three months or more. Certificates of deposits in excess of FDIC insurance are collateralized by securities held by the pledging bank.

Accounts Receivable

Accounts receivables arise as services are rendered for which collections have not been realized and are carried net of a provision for doubtful accounts. The provision for doubtful accounts is estimated using a percentage of accounts more than 90 days past due. At December 31, 2021 and 2020, the provision for doubtful accounts was \$3,464 and \$3,464, respectively.

Unbilled Receivables

The District estimated unbilled revenues from water sales, on a pro rata basis, at the end of each fiscal year. The estimated amount is based on amounts billed during the following month of the close of the fiscal year.

Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventories of materials and supplies are stated at historical cost. The carrying value is determined on a first-in, first-out basis.

Capital Assets

Capital assets include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, and equipment that have a useful life of more than one reporting period based on the District's capitalization policy. The cost of additions to the utility plant and major replacements of retired property is capitalized, and the cost of repairs, maintenance, and minor replacements are charged to expense. By District policy, capital assets are defined as assets with a cost of \$1,000 or more and an estimated useful life in excess of one year. Cost includes direct labor, outside services, materials and transportation employee fringe benefits, and overhead. Interest incurred during construction is capitalized.

The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from disposal is credited or charged in the non-operating section of the statements of revenues, expenses, and changes in net assets. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The range of useful lives of assets is as follows:

<u>Assets Classification</u>	<u>Range of Lives</u>
Intangible	40 years
Transmission and distribution mains	50 years
Structures and improvements	50 years
Pumping and water treatment equipment	25 years
Meters, hydrants and services	20 years
Other equipment	5-10 years

Accounts payable

Accounts payable represent expenses incurred in the current year to be paid in the subsequent year. The majority of the District's accounts payable are to vendors or for purchase of water.

Long-Term Debt

Long-term debt is recorded at face value. Issue costs relating to prepaid insurance, loan discounts, and loan premiums related to the issuance of debt are deferred and amortized over the term of the respective loans outstanding using the straight-line method.

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Vacation benefits are not accrued beyond any fiscal year. Sick leave benefits may be used to supplement an employee's retirement if the employee is at retirement age or has at least twenty-six years and six months' service. At December 31, 2021 and 2020, the District did not record any sick leave accrual and management feels that no sick leave benefits are currently payable.

Customer Deposits

The District collects and holds in escrow a \$60 deposit from customers to insure collection of its water charges. Interest at an annual rate of 1% is paid on these deposits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets and any unamortized debt cost or premium.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by the prior refunding of revenue bonds and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (CERS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – RESTRICTED CASH

The District includes all sinking fund deposits, funds required for other debt service, and funds related to specific projects or customer accounts to be restricted. At December 31, 2021 and 2020 restricted cash amounted to \$992,724 and \$985,652, respectively. This includes restrictions for customer deposits of \$19,220 and \$17,967 and restrictions for debt service of \$973,504 and \$967,685, respectively.

NOTE 3 – INVESTMENTS – INTEREST RATE RISK

According to KRS 91A.060, the District is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest-bearing deposits of insured national or state banks. The District classifies only certificates of deposit as investments and does not consider interest rate risk to be significant.

NOTE 4 – CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2021, and 2020, the District's bank balances were \$1,267,844 and \$2,011,633 respectively. In accordance with Kentucky Revised Statute (KRS) 91A.060, deposits are to be collateralized to the extent uninsured by FDIC. According to KRS 41.240(4), it shall either pledge or provide as collateral securities or other obligations having an aggregate current face value or current quoted market value at least equal to the deposits. The District's deposits were fully insured or collateralized with securities held by an agent of the District in the District's name at December 31, 2021 and 2020.

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 5 – INVESTMENTS

As of December 31, 2021, and 2020, the District had the following investments:

	<u>Rating</u>	Fair Value <u>2021</u>	Fair Value <u>2020</u>
Certificate of Deposits	Not Rated	<u>\$ 251,669</u>	<u>\$ 51,250</u>

The District deposits cash with banks for future debt service. The bank may choose to invest the deposit but assumes all risk.

Interest Rate Risk – Investments - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 6 – RECEIVABLES

At December 31, 2021 and 2020, customer and other accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
Due from customers	\$ 473,158	\$ 490,891
Due from related parties	631,703	518,248
Due from others	18,047	23,346
Provision for uncollectibles	<u>(3,464)</u>	<u>(3,464)</u>
	<u>\$ 1,119,444</u>	<u>\$ 1,029,021</u>

The above detail does not include unbilled receivables of \$157,447.

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 and 2020 was as follows:

	Balance			Balance
	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2021</u>
Water Operations:				
Land and improvements	\$ 4,341,042	24,950	\$ -	\$ 4,365,992
Construction in progress	812,481	2,368,844	-	3,181,325
Intangible	21,836	-	-	21,836
Source of supply and pumping	1,748,631	-	-	1,748,631
Water treatment plant	16,603,078	-	-	16,603,078
Transmission and distribution plant	17,580,544	38,015	-	17,618,559
General plant	3,340,448	414,662	-	3,755,110
Total capital assets	44,448,060	2,846,471	-	47,294,531
Less: Accumulated depreciation				
Intangible	21,938	-	-	21,938
Source of supply and pumping	1,393,485	54,500	-	1,447,985
Water treatment plant	6,556,054	403,795	-	6,959,849
Transmission and distribution plant	9,110,653	348,828	-	9,459,481
General plant	2,324,748	210,138	-	2,534,886
Total accumulated depreciation	19,406,878	1,017,261	-	20,424,139
Net capital assets-w ater	25,041,182	1,829,210	-	26,870,392
Sewer Operations	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2021</u>
Land and improvements	51,508	5,000	-	56,508
General plant	272,734	-	-	272,734
Collection plant	6,788,502	70,785	-	6,859,287
Pumping plant	3,951,994	86,789	-	4,038,783
Construction in progress	-	-	-	-
Total capital assets	11,064,738	162,574	-	11,227,312
Less: Accumulated depreciation				
General plant	266,259	1,850	-	268,109
Collection plant	2,690,183	196,164	-	2,886,347
Pumping plant	2,656,839	82,507	-	2,739,346
Construction in progress	-	-	-	-
Total accumulated depreciation	5,613,281	280,521	-	5,893,802
Net capital assets sewer	5,451,457	(117,947)	-	5,333,510
Net capital assets-total	\$ 30,492,639	\$ 1,711,263	\$ -	\$ 32,203,902

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 7 – CAPITAL ASSETS (continued)

	<u>Balance</u>			<u>Balance</u>
<u>Water Operations:</u>	<u>December 31, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2020</u>
Land and improvements	\$ 4,341,042	-	\$ -	\$ 4,341,042
Construction in progress	12,000	800,481	-	812,481
Intangible	21,836	-	-	21,836
Source of supply and pumping	1,714,262	34,369	-	1,748,631
Water treatment plant	16,603,078	-	-	16,603,078
Transmission and distribution plant	17,498,021	82,523	-	17,580,544
General plant	3,119,786	341,841	121,179	3,340,448
Total capital assets	43,310,025	1,259,214	121,179	44,448,060
Less: Accumulated depreciation				
Intangible	21,938	-	-	21,938
Source of supply and pumping	1,344,438	49,047	-	1,393,485
Water treatment plant	6,152,251	403,803	-	6,556,054
Transmission and distribution plant	8,762,750	347,903	-	9,110,653
General plant	2,154,663	207,084	36,999	2,324,748
Total accumulated depreciation	18,436,040	1,007,837	36,999	19,406,878
Net capital assets-water	24,873,985	251,377	84,180	25,041,182
<u>Sewer Operations</u>	<u>December 31, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2020</u>
Land and improvements	51,508	-	-	51,508
General plant	272,734	-	-	272,734
Collection plant	6,617,697	170,805	-	6,788,502
Pumping plant	3,755,576	196,418	-	3,951,994
Construction in progress	-	-	-	-
Total capital assets	10,697,515	367,223	-	11,064,738
Less: Accumulated depreciation				
General plant	264,409	1,850	-	266,259
Collection plant	2,489,377	200,806	-	2,690,183
Pumping plant	2,577,643	79,196	-	2,656,839
Construction in progress	-	-	-	-
Total accumulated depreciation	5,331,429	281,852	-	5,613,281
Net capital assets sewer	5,366,086	85,371	-	5,451,457
Net capital assets-total	\$ 30,240,071	\$ 336,748	\$ 84,180.00	\$ 30,492,639

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 8 – LONG-TERM DEBT

The District's long-term debt consists of bonds payable to Rural Development (RD) and Kentucky Rural Water Finance Corporation (KRWFC), which were obtained for various acquisitions of plant and equipment. Additionally, long-term debt also included lease purchase agreements for various equipment purchases. The bonds mature annually in varying series over the period 2022 to 2061. A summary of the bonds is presented below:

RURAL DEVELOPMENT								
<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>12/31/20 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/21 Outstanding Balance</u>	<u>Due Within One Year</u>
91-13	7,250,000	1/1/2045	4.25%	\$ 5,928,000	\$ -	\$ 135,000	\$ 5,793,000	\$ 141,000
91-16	725,000	1/1/2045	4.25%	590,500	-	13,500	577,000	14,500
91-21	2,942,000	1/1/2061	1.75%	-	2,942,000	-	2,942,000	51,500
Total RD Bonds Payable				\$ 6,518,500	\$ 2,942,000	\$ 148,500	\$ 9,312,000	\$ 207,000
KRWFC								
2005B	3,594,000	7/1/2031	4.00%-4.50%	2,037,000	-	148,000	1,889,000	152,000
2007A	2,086,000	7/1/2036	4.05%-4.425%	1,443,000	-	65,000	1,378,000	68,000
2015B	2,780,000	7/1/2038	2.25%-3.50%	1,860,000	-	190,000	1,670,000	155,000
Total KRWFC Bonds Payable				\$ 5,340,000	\$ -	\$ 403,000	\$ 4,937,000	\$ 375,000
OPEN MARKET								
1998	\$ 665,000	1/1/2022	4.00%	\$ 50,000	\$ -	\$ 50,000	\$ -	-
Total Open Market Bonds Payable				\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
INTERIM FINANCING								
2020	\$ 812,481	7/1/2022	2.00%	\$ 812,481	\$ -	\$ 812,481	\$ -	-
Total Open Market Bonds Payable				\$ 812,481	\$ -	\$ 812,481	\$ -	\$ -
LINE OF CREDIT								
2021	\$ 200,000	OPEN	1.50%	\$ -	\$ 192,500	\$ -	\$ 192,500	-
Total Line of Credit				\$ -	\$ 192,500	\$ -	\$ 192,500	\$ -
WASTEWATER DIVISION - RURAL DEVELOPMENT								
2018	\$ 896,000	1/1/2058	4.00%	\$ 870,500	\$ -	\$ 13,500	\$ 857,000	13,500
Total Open Market Bonds Payable				\$ 870,500	\$ -	\$ 13,500	\$ 857,000	\$ 13,500
Total Outstanding Debt				\$ 12,779,000	\$ 3,134,500	\$ 615,000	\$ 15,298,500	\$ 595,500

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 8 – LONG-TERM DEBT – (continued)

Future bond principal and interest payment amounts are as follows:

YEAR	LOCAL		
	PRINCIPAL	INTEREST	TOTAL
2022	\$ 595,500	\$ 555,162	\$ 1,150,662
2023	590,500	532,643	1,123,143
2024	613,000	509,573	1,122,573
2025	631,000	485,583	1,116,583
2026	656,000	460,643	1,116,643
2027-2031	3,416,500	1,903,364	5,319,864
2032-2036	2,613,000	1,310,142	3,923,142
2037-2041	2,209,500	836,760	3,046,260
2042-2046	2,058,000	393,419	2,451,419
2047-2051	552,500	158,552	711,052
2052-2056	610,500	90,172	700,672
2057-2061	560,000	23,139	583,139
	<u>\$ 15,106,000</u>	<u>\$ 7,259,152</u>	<u>\$ 22,365,152</u>

NOTE 9 – SERVICES PROVIDED TO OTHER WATER DISTRICTS

Wood Creek Water District sells water for resale and provides maintenance, construction, and office services to West Laurel Water Association, Incorporated and East Laurel Water District. The actual costs of maintenance and construction services are accumulated in specific expense accounts and charges for services are netted against such expense accounts. Wood Creek Water District bills the related water companies for the materials.

Accounts receivable from East Laurel Water District and West Laurel Water Association, Incorporated are summarized below:

	2021	2020
<u>East Laurel Water District</u>		
Accounts receivable	\$ 256,265	\$ 246,673
Accounts receivable - wastewater	183,652	82,441
	<u>\$ 439,917</u>	<u>\$ 329,114</u>
<u>West Laurel Water Association, Incorporated</u>		
Accounts receivable	\$ 181,757	\$ 184,300
Accounts receivable - wastewater	10,029	4,834
	<u>\$ 191,786</u>	<u>\$ 189,134</u>

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 9 – SERVICES PROVIDED TO OTHER WATER DISTRICTS – (continued)

The following is a summary of amounts paid to Wood Creek Water District for water and services:

	<u>2021</u>	<u>2020</u>
<u>East Laurel Water District</u>		
Purchased water	\$ 1,735,385	\$ 1,655,824
Materials, labor, and other	885,761	977,176
	<u>\$ 2,621,146</u>	<u>\$ 2,633,000</u>
 <u>West Laurel Water Association, Incorporated</u>		
Purchased water	\$ 1,290,890	\$ 1,254,926
Materials, labor, and other	794,300	902,516
	<u>\$ 2,085,190</u>	<u>\$ 2,157,442</u>

NOTE 10 – RETIREMENT PLAN

The District's full-time employees, or employees who work an average of 100 hours per month, are covered under the County Employee's Retirement System (CERS), a cost sharing, multiple-employer, public employers' retirement system created and operating under Kentucky Law.

General information about the County Employees Retirement System Non-Hazardous (CERS)

Plan Description – The County Employees Retirement System covers substantially all regular full-time employees of the District. CERS is a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained from <http://kyret.ky.gov/>.

Benefits provided – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 Years service or 65 years old At least 5 years service and 55 years old Or at least 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2009 – December 31, 2013 At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87 At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87 Not available

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 10 – RETIREMENT PLAN – (continued)

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

Contributions – Required contributions by the employee are based on the tier.

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

Funding Policy – Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 24.06% of the employee’s total compensation subject to contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the District reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the District as its proportionate share of the net pension liability, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 6,411,821
--	--------------

The net pension liability for the plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District’s proportion was 0.083573%.

For the year ended December 31, 2021, the District recognized \$948,436 in pension expense related to CERS. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

See table on next page

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 10 – RETIREMENT PLAN – (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 159,891	\$ -
Changes in assumptions	250,371	-
Net difference between projected and actual earnings on pension plan investments	277,931	117,483
Changes in proportion and differences between District contributions and proportionate share of contributions	314,996	-
District contributions subsequent to the measurement date	<u>273,160</u>	<u>-</u>
Total	<u>\$1,276,349</u>	<u>\$ 117,483</u>

The \$273,160 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 435,468
2022	295,116
2023	90,683
2024	<u>64,439</u>
	<u>\$ 885,706</u>

Actuarial assumptions—The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>
Inflation	2.30%
Projected salary increases	3.3-10.3%
Investment rate of return, net of investment expense & inflation	6.25%

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 10 – RETIREMENT PLAN – (continued)

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by the pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 7,907,170	\$ 6,411,821	\$ 5,173,615

Pension plan fiduciary net position — Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

The District’s total payroll subject to CERS for the years ended December 31, 2021, 2020, and 2019 was \$2,492,836, \$2,339,030 and \$2,126,922 respectively. The District’s matching contributions to CERS for the years ended December 31, 2021, 2020, and 2019 was \$599,776, \$562,771, and \$499,837 respectively.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN

General information about the County Employees Retirement System Non-Hazardous (CERS)

Plan description—Employees are provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years’ service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS PLAN-CONTINUED

insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

Contributions—Required contributions by the employee are based on the tier:

Tier 1	Participation date	Before September 1, 2008
	Contribution percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution percentage	1%

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability of \$2,018,034 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 the District's proportion was .083597 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$200,307. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

See table on next page

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS PLAN-CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 337,171	\$ 337,434
Changes in assumptions	351,019	2,135
Net difference between projected and actual earnings on pension plan investments	108,253	41,178
Changes in proportion and differences between District contributions and proportionate share of contributions	112,262	1,487
District contributions subsequent to the measurement date	<u>67,370</u>	<u>-</u>
Total	<u>\$ 976,075</u>	<u>\$ 382,234</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$67,370 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:

2021	\$ 137,575
2022	157,425
2023	119,343
2024	113,692
2025	<u>(1,564)</u>
	<u>\$ 526,471</u>

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate – The Discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS PLAN-CONTINUED

make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.34%	5.34%	6.34%
District's proportionate share of net pension liability	\$ 2,592,581	\$ 2,018,034	\$ 1,546,139

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase</u>
CERS			
District's proportionate share of net pension liability	\$ 1,562,463	\$ 2,018,034	\$ 2,570,880

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

At January 1, 2020, management made a reclassification between the Water Fund's beginning net position and the Wastewater Fund beginning net position in the amount of \$17,157. This was due to a reclass of a fixed asset from the prior period. Our opinion has not been modified with respect to this adjustment. This adjustment was made for the year ended December 31, 2020.

**WOOD CREEK WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

Years ended December 31, 2021 and 2020

NOTE 13 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. The insurance coverage is acquired through Wood Creek Water District which includes coverage for Wood Creek Water District, East Laurel Water District, and West Laurel Water Association, Incorporated. The District pays for and is entitled to its respective share of coverage. There have been no significant reductions in coverage for the year and settlements have not exceeded coverage in the past three years.

NOTE 14 – IMPACT OF COVID

In March 2020, the World Health Organization (“WHO”) declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. This prompted many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on the District is likely to be determined by factors which are uncertain, unpredictable, and outside the control of the Board. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely affect future revenues.

NOTE 15 – SUBSEQUENT EVENTS

Management of the District has evaluated events and transactions that occurred after the balance sheet date as potential subsequent events. We performed this evaluation through the date of the audit report, the date on which the financial statements were available to be issued.

No events have occurred subsequent to the date of the financial statements that would require adjustment to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WOOD CREEK WATER DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 COUNTY EMPLOYEES RETIREMENT SYSTEM

Year ended December 31, 2021

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.08%	\$ 6,411,821	\$ 2,482,836	257.21%	47.81%
2020	0.08%	\$ 5,569,398	\$ 2,339,030	238.11%	50.45%
2019	0.07%	\$ 4,535,815	\$ 2,126,922	213.26%	53.54%
2018	0.07%	\$ 4,320,560	\$ 2,025,425	213.32%	53.30%
2017	0.08%	\$ 3,501,830	\$ 1,746,491	200.51%	55.50%
2016	0.08%	\$ 3,501,830	\$ 1,746,491	200.51%	59.97%
2015	0.08%	\$ 3,254,156	\$ 1,743,561	186.64%	66.80%

* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

WOOD CREEK WATER DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 COUNTY EMPLOYEES RETIREMENT SYSTEM

Year ended December 31, 2021

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2020	\$ 481,117	\$ 481,117	\$ -	\$ 2,492,836	19.30%
2020	\$ 451,433	\$ 451,433	\$ -	\$ 2,339,030	17.30%
2019	\$ 377,438	\$ 377,438	\$ -	\$ 2,126,922	17.75%
2018	\$ 301,121	\$ 301,121	\$ -	\$ 2,025,425	14.87%
2017	\$ 317,211	\$ 317,211	\$ -	\$ 1,746,491	18.16%
2016	\$ 317,211	\$ 317,211	\$ -	\$ 1,746,491	18.16%
2015	\$ 302,501	\$ 302,501	\$ -	\$ 1,743,561	17.35%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

WOOD CREEK WATER DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
Year ended December 31, 2021**

Changes of Benefit Terms

None.

Changes of Assumptions

WOOD CREEK WATER DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
 County Employees Retirement System
 Year ended December 31, 2021

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.08%	\$ 2,018,034	\$ 2,492,836	80.95%	51.67%
2020	0.08%	\$ 1,331,570	\$ 2,339,030	56.93%	60.44%
2019	0.07%	\$ 1,322,253	\$ 2,126,922	62.17%	57.62%
2018	0.07%	\$ 1,483,914	\$ 2,025,425	73.26%	81.10%

* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

WOOD CREEK WATER DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
 County Employees Retirement System
 Year ended December 31, 2021

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 118,659	\$ 118,659	\$ -	\$ 2,492,836	4.76%
2020	\$ 111,338	\$ 111,338	\$ -	\$ 2,339,030	4.76%
2019	\$ 122,400	\$ 122,400	\$ -	\$ 2,126,922	5.75%
2018	\$ 97,739	\$ 97,739	\$ -	\$ 2,025,425	4.83%

* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

WOOD CREEK WATER DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
Year ended December 31, 2021**

Changes of Benefit Terms

None.

Changes of Assumptions

The Single Discount Rate changed from 5.68% to 5.34%.

SUPPLEMENTARY INFORMATION

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENT OF NET POSITION - WATER FUND
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 238,916	\$ 683,625
Investments	251,669	51,250
Accounts receivable, less allowance for doubtful accounts	759,111	764,621
Unbilled accounts receivable	157,447	157,447
Inventories	1,331,177	978,776
Due from other funds	35,549	169,454
Other current assets	4,542	4,511
Total current assets	<u>2,778,411</u>	<u>2,809,684</u>
Noncurrent assets		
Restricted assets		
Restricted cash and cash equivalents	<u>992,724</u>	<u>985,652</u>
Capital Assets		
Nondepreciable capital assets		
Construction in progress	3,181,325	812,481
Land and land structures	4,365,992	4,341,042
Total nondepreciable capital assets	<u>7,547,317</u>	<u>5,153,523</u>
Depreciable Capital Assets		
Intangible	21,836	21,836
Source of supply and pumping	1,748,631	1,748,631
Water treatment equipment	16,603,078	16,603,078
Transmission and distribution	17,618,559	17,580,544
General plant	3,755,110	3,340,448
	<u>39,747,214</u>	<u>39,294,537</u>
Accumulated depreciation	<u>(20,424,139)</u>	<u>(19,406,878)</u>
Total depreciable capital assets, net of depreciation	<u>19,323,075</u>	<u>19,887,659</u>
Total capital assets (net of depreciation)	<u>26,870,392</u>	<u>25,041,182</u>
Other assets		
Bond discount (net of accumulated amortization)	<u>17,271</u>	<u>19,679</u>
Total noncurrent assets	<u>27,880,387</u>	<u>26,046,513</u>
Total assets	<u>\$ 30,658,798</u>	<u>\$ 28,856,197</u>

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENT OF NET POSITION - WATER FUND
December 31, 2021 and 2020

DEFERRED OUTFLOW OF RESOURCES	<u>2021</u>	<u>2020</u>
Deferred outflows from pensions	\$ 1,276,349	\$ 1,485,103
Deferred outflows from OPEB	976,075	582,137
Deferred savings from refunding bonds	<u>-</u>	<u>-</u>
Total deferred savings from refunding bonds	<u>2,252,424</u>	<u>2,067,240</u>
Total assets and deferred outflow of resources	<u>\$ 32,911,222</u>	<u>\$ 30,923,437</u>
 LIABILITIES		
Current liabilities		
Accounts payable	178,476	102,855
Accrued interest	262,257	246,664
Due to other funds	143,251	86,226
Current portion of long-term debt	582,000	601,500
Line of credit	192,500	-
Other current liabilities	<u>133,661</u>	<u>113,289</u>
Total current liabilities	<u>1,492,145</u>	<u>1,150,534</u>
 Noncurrent liabilities		
Customer deposits	11,300	11,990
Unamortized premium on debt	24,419	26,781
Net OPEB liability	2,018,034	1,331,570
Net pension liability	6,411,821	5,569,398
Long-term debt	<u>13,667,000</u>	<u>12,119,481</u>
Total noncurrent liabilities	<u>22,132,574</u>	<u>19,059,220</u>
Total liabilities	<u>23,624,719</u>	<u>20,209,754</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	117,483	220,224
Deferred inflows from OPEB	<u>382,234</u>	<u>474,453</u>
Total deferred inflows of resources	<u>499,717</u>	<u>694,677</u>
 NET POSITION		
Net investment in capital assets	12,621,392	12,320,201
Restricted for:		
Debt service	973,504	967,685
Other purposes	19,220	17,967
Unrestricted (deficit)	<u>(4,827,330)</u>	<u>(3,286,847)</u>
Total net position	<u>8,786,786</u>	<u>10,019,006</u>
Total liabilities and net position	<u>\$ 32,911,222</u>	<u>\$ 30,923,437</u>

35,549	169,454
(143,251)	(86,226)
(107,702)	83,228
8,894,488	9,935,778

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER FUND
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Water sales	\$ 6,087,285	\$ 5,913,942
Penalties and service charges	107,077	39,384
Tap-on fees	60,250	39,010
Other operating income	-	-
Total operating revenues	<u>6,254,612</u>	<u>5,992,336</u>
Operating expenses		
Purchased water and power	359,103	302,762
Water treatment	1,868,586	1,586,095
Transmission and distribution	1,727,069	1,502,118
Administration of customer accounts	499,436	399,460
Administration and general	620,141	484,227
Pension expense	1,148,742	714,692
Amortization	46	2,970
Depreciation	1,017,261	1,007,837
Total operating expenses	<u>7,240,384</u>	<u>6,000,161</u>
Operating income (loss)	<u>(985,772)</u>	<u>(7,825)</u>
Nonoperating revenues (expenses)		
Interest income	2,511	2,839
Grant income	262,422	-
Other nonoperating revenue	1,500	53,896
Interest on long-term debt	(499,092)	(493,691)
Miscellaneous	(13,789)	(13,329)
Total nonoperating revenues (expenses)	<u>(246,448)</u>	<u>(450,285)</u>
Change in net position	(1,232,220)	(458,110)
Net Position, January 1	<u>10,019,006</u>	<u>10,459,959</u>
Restatement of net position (See Note 12)	<u>-</u>	<u>17,157</u>
Net Position, December 31	<u>\$ 8,786,786</u>	<u>\$ 10,019,006</u>

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENT OF CASH FLOWS - WATER FUND
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Receipts from customers	\$ 6,260,122	\$ 5,944,312
Receipts from other activities	-	-
Payments to employees	(2,492,836)	(2,205,667)
Payments to suppliers	(2,844,028)	(2,217,202)
Net cash used in operating activities	<u>923,258</u>	<u>1,521,443</u>
Cash flows from noncapital and related financing activities		
Federal, state, and local grants	<u>262,422</u>	-
Net cash provided by noncapital and related financing activities	<u>262,422</u>	-
Cash flows from capital and related activities		
Purchases of property, plant, and equipment	(2,846,471)	(1,259,214)
Proceeds from other income	1,500	53,896
Loans to sewer funds	133,904	(4,748)
Proceeds from line of credit	192,500	-
Transfer (to)/from investments	(200,000)	-
Payments on loans from sewer fund	(57,024)	(3,950)
Proceeds from bonding	2,248,551	812,481
Principal payments on debt	(601,500)	(577,000)
Interest payments on debt	(483,499)	(503,778)
Miscellaneous nonoperating expense	(13,789)	(13,329)
Cash provided (used) in capital and related activities	<u>(1,625,828)</u>	<u>(1,495,642)</u>
Cash flows from investing activities		
Interest received on investments	<u>2,511</u>	<u>2,839</u>
Cash provided (used) in investing activities	<u>2,511</u>	<u>2,839</u>
Net increase in cash and cash equivalents	(437,637)	28,640
Cash and cash equivalents as of January 1	<u>1,669,277</u>	<u>1,640,637</u>
Cash and cash equivalents as of December 31	<u>\$ 1,231,640</u>	<u>\$ 1,669,277</u>
Reconciliation of change in net position to net cash used in operating activities		
Operating income/(loss)	\$ (985,772)	\$ (7,825)
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation	1,017,261	1,007,837
Amortization	46	2,970
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	5,510	(48,024)
(Increase) Decrease in inventory	(352,401)	(111,112)
(Increase) Decrease in prepaid expense and other assets	(31)	776
Increase (Decrease) in accounts payable	75,621	(136,329)
Net change in pension expense	1,148,742	798,868
Increase (Decrease) in accrued expense	16,162	16,162

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENT OF CASH FLOWS - WATER FUND
For the years ended December 2021 and 2020

	<u>2021</u>	<u>2020</u>
Increase (Decrease) in current liabilities	-	-
Increase (Decrease) in customer deposits	<u>(1,880)</u>	<u>(1,880)</u>
Net cash provided by operating activities	<u>\$ 925,279</u>	<u>\$ 1,521,443</u>
Reconciliation of cash at end of year		
Cash and cash equivalents	\$ 238,916	\$ 663,033
Restricted cash and cash equivalents	<u>992,724</u>	<u>977,604</u>
Total cash at end of year	<u>\$ 1,231,640</u>	<u>\$ 1,640,637</u>

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENTS OF NET POSITION - SEWER FUND
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 68,357	\$ 291,039
Accounts receivable, less allowance for doubtful accounts	360,333	264,400
Inventories	534,610	423,789
Due from other funds	143,251	86,226
Total current assets	1,106,551	1,065,454
Capital Assets		
Nondepreciable capital assets		
Land and land structures	56,508	51,508
Construction in progress	-	-
Total nondepreciable capital assets	56,508	51,508
Depreciable Capital Assets		
General plant	272,734	272,734
Collection plant	6,859,287	6,788,502
Pumping plant	4,038,783	3,951,994
	11,170,804	11,013,230
Accumulated depreciation	(5,893,802)	(5,613,281)
Total depreciable capital assets, net of depreciation	5,277,002	5,399,949
Total capital assets (net of depreciation)	5,333,510	5,451,457
Total noncurrent assets	5,333,510	5,451,457
Total assets	\$ 6,440,061	\$ 6,516,911
LIABILITIES		
Current liabilities		
Accounts payable	\$ 37,756	\$ 30,811
Current portion of long-term debt	13,500	13,500
Accrued interest	11,719	11,904
Due to other funds	35,549	169,454
Total current liabilities	98,524	225,669
Noncurrent liabilities		
Long-term debt	843,500	857,000
Total noncurrent liabilities	843,500	857,000
Total liabilities	942,024	1,082,669
NET POSITION		
Net investment in capital assets	4,476,510	4,580,957
Unrestricted (deficit)	1,021,527	853,285
Total net position	\$ 5,498,037	\$ 5,434,242

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SEWER FUND
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Sewer services	\$ 943,970	\$ 939,234
Penalties and service charges	8,195	2,008
Tap on fees	140,000	145,000
Other operating income	14,410	-
Total operating revenues	<u>1,106,575</u>	<u>1,086,242</u>
Operating expenses		
Purchased water and power	23,381	21,585
Administration and general	25,387	27,161
Sewer maintenance and treatment	690,026	706,445
Depreciation	280,521	281,852
Total operating expenses	<u>1,019,315</u>	<u>1,037,043</u>
Operating income (loss)	<u>87,260</u>	<u>49,199</u>
Nonoperating revenues (expenses)		
Interest income	104	130
Federal and state grants	-	-
Local grants	-	-
Interest on long-term debt	(23,569)	(23,940)
Miscellaneous	-	-
Total nonoperating revenues (expenses)	<u>(23,465)</u>	<u>(23,810)</u>
Change in net position	63,795	25,389
Net Position, January 1	<u>5,434,242</u>	<u>5,426,010</u>
Restatement of net position (See Note 12)	<u>-</u>	<u>(17,157)</u>
Net Position, December 31	<u>\$ 5,498,037</u>	<u>\$ 5,434,242</u>

WOOD CREEK WATER DISTRICT
DEPARTMENTAL STATEMENT OF CASH FLOWS - SEWER FUND
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Receipts from customers	\$ 756,592	\$ 899,771
Receipts from other activities	140,000	145,000
Payments to suppliers	<u>(842,670)</u>	<u>(617,880)</u>
Net cash used in operating activities	<u>53,922</u>	<u>426,891</u>
 Cash flows from noncapital and related financing activities		
Federal, state, and local grants	<u>-</u>	<u>-</u>
Net cash provided by noncapital and related financing activities	<u>-</u>	<u>-</u>
 Cash flows from capital and related activities		
Purchases of property, plant, and equipment	(162,574)	(367,223)
Payments received from loans to water fund	57,024	3,950
Proceeds received on loan from water fund	(133,904)	4,748
Principal payments on debt	(13,500)	(13,000)
Interest on debt	<u>(23,754)</u>	<u>(24,119)</u>
Cash provided (used) in capital and related activities	<u>(276,708)</u>	<u>(395,644)</u>
 Cash flows from investing activities		
Interest received on investments	<u>104</u>	<u>130</u>
Cash provided (used) in investing activities	<u>104</u>	<u>130</u>
Net increase in cash and cash equivalents	(222,682)	31,377
Cash and cash equivalents as of January 1	<u>291,039</u>	<u>259,662</u>
Cash and cash equivalents as of December 31	<u>\$ 68,357</u>	<u>\$ 291,039</u>
 Reconciliation of change in net position to net cash used in operating activities		
Operating income/(loss)	\$ 87,260	\$ 49,199
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation	280,521	281,852
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	(209,983)	(41,471)
(Increase) Decrease in inventory	(110,821)	160,354
Increase (Decrease) in accounts payable	6,945	(23,043)
Increase (Decrease) in other payables	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 53,922</u>	<u>\$ 426,891</u>

WOOD CREEK WATER DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2021

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
US Department of Agriculture			
Water and Waste Disposal Systems for Rural Communities Fiscal Year 21	10.760	2021-WL	<u>2,368,844</u>
Total US Department of Agriculture			<u>2,368,844</u>
Total Expenditure of Federal Awards			<u>2,368,844</u>

**WOOD CREEK WATER DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

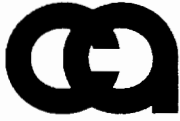
Years ended December 31, 2021 and 2020

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Wood Creek Water District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Commissioners
Wood Creek Water District
London, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of Wood Creek Water District as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Wood Creek Water District's basic financial statements, and have issued our report thereon dated April 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wood Creek Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wood Creek Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wood Creek Water District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wood Creek Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of *the entity's* internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
Corbin, Kentucky
April 30, 2022

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Commissioners
Wood Creek Water District
London, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wood Creek Water District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Wood Creek Water District's major federal programs for the year ended December 31, 2021. The Wood Creek Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wood Creek Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wood Creek Water District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wood Creek Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Wood Creek Water District's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wood Creek Water District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Wood Creek Water District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wood Creek Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Wood Creek Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Wood Creek Water District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal*

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control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
April 30, 2022

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WOOD CREEK WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended December 31, 2021

Section I – Summary of Auditor’s Results
Financial Statements

Type of auditors' report issued	Unmodified		
Internal control over financial reporting:			
Material weakness identified	_____	Yes	<u> ✓ </u> No
Significant deficiencies identified that are not considered to be material weaknesses reported	_____	Yes	<u> ✓ </u> None
Noncompliance material to financial statement noted	_____	Yes	<u> ✓ </u> No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	_____	Yes	<u> ✓ </u> No
Significant deficiencies identified that are not considered to be material weaknesses reported	_____	Yes	<u> ✓ </u> None

Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____	Yes	<u> ✓ </u> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
---	--------------------

Water and Waste Disposal Systems for Rural Communities	10.760
--	--------

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
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Auditee qualified as low risk	_____	Yes	<u> ✓ </u>	No
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(continued)

WOOD CREEK WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year ended December 31, 2021

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

WOOD CREEK WATER DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year ended December 31, 2021

Status of Prior Year Findings

There were no prior year audit findings

EXHIBIT 16

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Wood Creek Water District

<u>Asset Description</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Pro Forma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>304 - Structures & Improvements</u>							
Entire Group	various	\$ 11,525,022	varies	\$ 295,588	37.5	\$ 307,334	\$ 11,746
<u>309 - Supply Mains</u>							
Entire Group	01/01/78	4,484	50.0	90	62.5	72	(18)
<u>311 - Pumping Equipment</u>							
Remainder of Group	various	866,240	varies	25,394	25.0	34,650	9,256
<u>320 - Water Treatment Equipment</u>							
New Water Plant	06/30/08	6,189,620	40.0	154,741	37.5	165,057	10,316
Remainder of Group	various	390,764	varies	11,148	27.5	14,210	3,062
<u>330 - Dist. Reservoirs & Standpipes</u>							
Entire Group	various	2,053,232	50.0	41,065	45.0	45,627	4,562
<u>331 - Transmission & Dist. Mains</u>							
Entire Group	various	10,595,163	varies	211,471	62.5	169,523	(41,948)
<u>333 - Services</u>							
Entire Group	various	1,140,579	varies	35,188	40.0	28,514	(6,674)
<u>334 - Meters & Meter Installations</u>							
Meter Installations	various	149,628	45.0	3,325	45.0	3,325	-
Meters	various	1,092,531	35.0	30,483	40.0	27,313	(3,170)
<u>335 - Hydrants</u>							
Entire Group	various	144,219	40.0	3,654	50.0	2,884	(770)
<u>340 - Office Furniture & Equipment</u>							
Entire Group	various	187,199	varies	12,820	22.5	8,320	(4,500)
<u>341 - Transportation Equipment</u>							
Entire Group	various	967,527	varies	146,767	7.0	138,218	(8,549)
<u>344 - Lab Equipment</u>							
Entire Group	various	9,482	varies	1,592	17.5	542	(1,050)
<u>345 - Power Operated Equipment</u>							
Entire Group	various	88,798	varies	3,435	12.5	7,104	3,669
<u>346 - Communication Equipment</u>							
Entire Group	various	2,980	10.0	298	10.0	298	-
<u>347 - Misc Equipment</u>							
Entire Group	various	326,672	varies	30,668	10.0	32,667	1,999
<u>348 - Other Tangible Equipment</u>							
Misc. Equipment	06/30/09	1,665	15.0	111	17.5	95	(16)
TOTALS				\$ 1,007,838		\$ 985,753	\$ (22,085)

* Includes only costs associated with assets that contributed to depreciation expense in the test year.

EXHIBIT 17

COMPUTER SOFTWARE USED TO DEVELOP APPLICATION AND EXHIBITS

Software	<p>Word 365 Excel 365 Acrobat Pro DC Acrobat Reader DC Kofax Power PDF Alliance Software Package</p>
Uses for Application	<p>Microsoft Word 365: Word processing; preparation of exhibits Microsoft Excel 365: preparation of rate study, billing analysis; recording/extraction of financial information Adobe Acrobat Pro DC: conversion of electronic documents into format acceptable for electronic filing with Public Service Commission; viewing documents in portable document format Adobe Acrobat Reader DC: viewing documents in portable document format Kofax Power PDF Advanced: conversion of electronic documents into format acceptable for electronic filing with Public Service Commission; viewing documents in portable document format Alliance Software Package: Financial record storage; preparation of summary reports; maintenance of billing and operations records</p>
Description of Software	<p>Microsoft Word 365: Word processing software Microsoft Excel 365: Spreadsheet software Adobe Acrobat Pro DC: Publishing software Adobe Acrobat Reader DC: PDF viewing software Kofax Power PDF: Publishing Software Alliance Software Package: Financial/Operations recordkeeping software</p>
Software Suppliers	<p>Microsoft: Word 365, Excel 365 Adobe: Acrobat Pro DC; Acrobat Reader DC Kofax: Kofax Power PDF Advanced United Systems: Alliance Software Package</p>
Minimum Specifications To Operate All Listed Software	<p>Computer/Processor: 1 gigahertz (GHz) or faster x86-bit or x64-bit processor with SSE2 Memory: 1 GB RAM Hard disk: 3.0 GB of available disk space Display: 1366 x 768 screen resolution Operating system: Windows 7 or higher</p>

EXHIBIT 18

WOOD CREEK WATER DISTRICT

JANUARY 2020

DEPOSITS: \$764,624.01

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	6,990.95
PAYROLL TAXES	51,042.88
SALES TAX	4,565.13
HEALTH INS., RETIREMENT, ETC.	161,874.15
RURAL DEVELOPMENT	309,704.99
NET PAYROLL	157,391.47
POWER	29,688.32
CHEMICALS	50,004.20
WATER TREATMENT EXP.	32,605.27
TRANSMISSION & DIST.	57,682.91
GENERAL & ADM.	15,372.05
911 SERVICE FEE COLLECTED	17,359.65
DEPOSIT & OVERPMT. REFUNDS	1,496.19
ENGINEERING	12,000.00
EQUIPMENT	48,878.01
METERS AND SERVICES	15,590.80
TRANSPORTATION EXP.	11,867.45
TRANSFER TO WASTEWATER	90,973.87
INSURANCE	26,650.26
CUSTOMER ACCOUNT EXPENSE	27,924.94
ACH & CREDIT CARD FEES	1,786.49
RETURNED CHECKS	3,346.18
	<u>1,186,101.04</u>
	<u>(421,477.03)</u>

WOOD CREEK WATER DISTRICT

FEBRUARY 2020

DEPOSITS: \$795,114.93

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	7,011.98
PAYROLL TAXES	55,742.45
SALES TAX	4,106.08
HEALTH INS., RETIREMENT, ETC.	155,833.68
NET PAYROLL	122,703.99
POWER	29,042.13
CHEMICALS	31,887.33
WATER TREATMENT EXP.	5,947.04
TRANSMISSION & DIST.	135,107.44
GENERAL & ADM.	9,643.92
911 SERVICE FEE COLLECTED	18,056.11
NEW TRUCKS	110,919.00
DEPOSITS & OVERPMT. REFUNDS	1,957.75
EQUIPMENT	16,493.03
LEGAL	245.00
TRANSPORTATION EXP.	23,234.82
TRANSFER TO WASTEWATER	75,256.10
INSURANCE	6,590.26
CUSTOMER ACCOUNT EXPENSE	15,312.89
ACH & CREDIT CARD FEES	2,216.18
RETURNED CHECKS	1,044.34

879,656.40

(84,541.47)

WOOD CREEK WATER DISTRICT

MARCH 2020

DEPOSITS: \$759,196.78

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	7,042.74
PAYROLL TAXES	50,151.25
SALES TAX	4,211.40
HEALTH INS., RETIREMENT, ETC.	147,637.94
NET PAYROLL	118,109.02
POWER	30,937.38
CHEMICALS	41,195.32
WATER TREATMENT EXP.	16,261.00
TRANSMISSION & DIST.	93,067.69
GENERAL & ADM.	13,116.53
911 SERVICE FEE COLLECTED	18,572.40
DEPOSIT & OVERPMT. REFUNDS	1,318.80
LEGAL	240.00
TRANSPORTATION EXP.	26,035.59
TRANSFER TO WASTEWATER	75,099.04
INSURANCE	27,098.18
CUSTOMER ACCOUNT EXPENSE	19,648.61
ACH & CREDIT CARD FEES	2,165.83
RETURNED CHECKS	928.80
	<hr/>
	744,142.40
	<hr/>
	15,054.38
	<hr/> <hr/>

WOOD CREEK WATER DISTRICT

APRIL 2020

DEPOSITS: \$732,464.33

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	6,394.64
PAYROLL TAXES	65,496.51
SALES TAX	3,557.67
HEALTH INS., RETIREMENT, ETC.	145,610.71
NET PAYROLL	117,747.35
POWER	2,258.89
CHEMICALS	53,917.70
WATER TREATMENT EXP.	29,627.31
TRANSMISSION & DIST.	28,469.61
GENERAL & ADM.	15,004.37
911 SERVICE FEE COLLECTED	16,739.41
DEPOSIT & OVERPMT. REFUNDS	40.29
ENGINEERING	12,000.00
TRANSPORTATION EXP.	38,260.55
TRANSFER TO WASTEWATER	67,184.49
INSURANCE	9,090.24
LEGAL	330.00
AUDIT	12,650.00
CUSTOMER ACCOUNT EXPENSE	15,701.78
ACH & CREDIT CARD FEES	1,958.31
RETURNED CHECKS	380.25

693,724.96

38,739.37

WOOD CREEK WATER DISTRICT

MAY 2020

DEPOSITS: \$772,574.41

EXPENSES:

LOAN PAYMENTS	53,679.88
SCHOOL TAX	6,935.85
PAYROLL TAXES	50,768.16
SALES TAX	4,038.66
HEALTH INS., RETIREMENT, ETC.	54,547.58
NET PAYROLL	152,345.43
POWER	51,649.30
CHEMICALS	21,869.35
WATER TREATMENT EXP.	7,414.21
TRANSMISSION & DIST.	95,357.78
GENERAL & ADM.	11,967.72
911 SERVICE FEE COLLECTED	17,401.23
DEPOSIT & OVERPMT. REFUNDS	3,186.88
EQUIPMENT	24,143.24
TRANSPORTATION EXP.	19,123.14
TRANSFER TO WASTEWATER	82,567.65
CUSTOMER ACCOUNT EXPENSE	25,067.12
ACH & CREDIT CARD FEES	2,210.40
RETURNED CHECKS	162.76

684,436.34

88,138.07

WOOD CREEK WATER DISTRICT

JUNE 2020

DEPOSITS: \$852,789.76

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	7,201.06
PAYROLL TAXES	51,238.34
SALES TAX	5,037.14
HEALTH INS., RETIREMENT, ETC.	247,884.86
NET PAYROLL	122,416.10
POWER	26,183.04
CHEMICALS	18,689.59
WATER TREATMENT EXP.	6,546.33
TRANSMISSION & DIST.	55,514.27
GENERAL & ADM.	10,112.14
911 SERVICE FEE COLLECTED	17,539.83
DEPOSIT & OVERPMT. REFUNDS	1,195.00
EQUIPMENT	5,680.00
INSURANCE	20,003.49
TRANSPORTATION EXP.	12,774.78
TRANSFER TO WASTEWATER	70,857.02
CUSTOMER ACCOUNT EXPENSE	26,000.33
ACH & CREDIT CARD FEES	2,346.94
RETURNED CHECKS	254.13
	<u>758,779.27</u>
	<u>94,010.49</u>

WOOD CREEK WATER DISTRICT

JULY 2020

DEPOSITS: \$805,098.36

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	7,323.38
PAYROLL TAXES	64,938.46
SALES TAX	4,110.31
HEALTH INS., RETIREMENT, ETC.	51,334.56
NET PAYROLL	157,416.76
RURAL DEVELOPMENT	150,487.49
POWER	96.96
PSC ASSESSMENT	13,328.84
CHEMICALS	45,747.92
WATER TREATMENT EXP.	7,568.73
TRANSMISSION & DIST.	64,005.01
GENERAL & ADM.	22,206.08
EQUIPMENT	21,732.00
911 SERVICE FEE COLLECTED	17,328.46
DEPOSIT & OVERPMT. REFUNDS	33.02
ENGINEERING	12,000.00
LEGAL	660.00
TRANSPORTATION EXP.	41,324.52
TRANSFER TO WASTEWATER	88,342.14
CUSTOMER ACCOUNT EXPENSE	18,505.30
ACH & CREDIT CARD FEES	2,082.97
RETURNED CHECKS	56.90
	<hr/>
	841,934.69
	<hr/>
	(36,836.33)
	<hr/> <hr/>

WOOD CREEK WATER DISTRICT

AUGUST 2020

DEPOSITS: \$945,882.29

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	8,320.53
PAYROLL TAXES	53,995.27
SALES TAX	6,657.89
HEALTH INS., RETIREMENT, ETC.	246,538.76
NET PAYROLL	123,008.74
POWER	52,095.81
CHEMICALS	71,418.98
WATER TREATMENT EXP.	10,156.62
TRANSMISSION & DIST.	68,989.00
GENERAL & ADM.	12,878.79
EQUIPMENT	11,992.00
911 SERVICE FEE COLLECTED	17,169.07
DEPOSIT & OVERPMT. REFUNDS	2,625.85
LEGAL	510.00
INSURANCE	44,227.01
TRANSPORTATION EXP.	27,635.18
TRANSFER TO WASTEWATER	82,142.67
CUSTOMER ACCOUNT EXPENSE	16,215.41
ACH & CREDIT CARD FEES	2,143.24
RETURNED CHECKS	203.68
	<hr/>
	910,229.38
	<hr/>
	35,652.91
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WOOD CREEK WATER DISTRICT

SEPTEMBER 2020

DEPOSITS: \$922,600.87

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	8,296.92
PAYROLL TAXES	60,494.94
SALES TAX	5,796.73
HEALTH INS., RETIREMENT, ETC.	155,110.07
NET PAYROLL	123,778.89
CHEMICALS	52,386.12
WATER TREATMENT EXP.	5,382.04
TRANSMISSION & DIST.	50,759.58
GENERAL & ADM.	13,799.12
SERVICES & METERS	84,519.00
EQUIPMENT	10,747.96
911 SERVICE FEE COLLECTED	16,600.81
DEPOSIT & OVERPMT. REFUNDS	94.89
LEGAL	495.00
INSURANCE	46,596.84
TRANSPORTATION EXP.	29,528.63
TRANSFER TO WASTEWATER	93,085.87
CUSTOMER ACCOUNT EXPENSE	14,620.60
ACH & CREDIT CARD FEES	2,070.08
RETURNED CHECKS	236.61

825,705.58

96,895.29

WOOD CREEK WATER DISTRICT

OCTOBER 2020

DEPOSITS: \$864,148.31

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	7,700.25
PAYROLL TAXES	57,459.40
SALES TAX	5,187.32
HEALTH INS., RETIREMENT, ETC.	150,717.26
NET PAYROLL	158,912.18
CHEMICALS	82,077.32
POWER	26,891.61
WATER TREATMENT EXP.	19,123.11
TRANSMISSION & DIST.	96,631.10
GENERAL & ADM.	17,970.27
ENGINEERING	8,757.00
911 SERVICE FEE COLLECTED	16,725.55
DEPOSIT & OVERPMT. REFUNDS	2,537.53
LEGAL	225.00
INSURANCE	8,958.55
TRANSPORTATION EXP.	17,025.68
TRANSFER TO WASTEWATER	80,011.52
CUSTOMER ACCOUNT EXPENSE	27,453.45
ACH & CREDIT CARD FEES	2,072.27
RETURNED CHECKS	171.75
	<hr/>
	837,913.00
	<hr/>
	26,235.31
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WOOD CREEK WATER DISTRICT

NOVEMBER 2020

DEPOSITS: \$904,266.08

EXPENSES:

LOAN PAYMENTS	98,679.88
SCHOOL TAX	7,586.81
PAYROLL TAXES	65,024.81
SALES TAX	5,729.93
HEALTH INS., RETIREMENT, ETC.	167,561.21
NET PAYROLL	128,979.26
CHEMICALS	53,144.20
POWER	53,510.39
WATER TREATMENT EXP.	16,329.97
TRANSMISSION & DIST.	51,804.27
GENERAL & ADM.	9,501.00
911 SERVICE FEE COLLECTED	18,856.53
DEPOSIT & OVERPMT. REFUNDS	1,161.64
LEGAL	60.00
INSURANCE	32,623.95
TRANSPORTATION EXP.	18,730.64
TRANSFER TO WASTEWATER	87,472.41
CUSTOMER ACCOUNT EXPENSE	27,183.91
ACH & CREDIT CARD FEES	2,788.03
RETURNED CHECKS	78.21
	<hr/>
	846,807.05
	<hr/>
	57,459.03
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WOOD CREEK WATER DISTRICT

DECEMBER 2020

DEPOSITS: \$880,119.61

EXPENSES:

LOAN PAYMENTS	51,304.88
SCHOOL TAX	7,211.52
PAYROLL TAXES	75,420.18
SALES TAX	4,775.20
HEALTH INS., RETIREMENT, ETC.	156,493.42
NET PAYROLL	172,074.08
CHEMICALS	28,378.20
POWER	4,931.75
WATER TREATMENT EXP.	14,016.40
TRANSMISSION & DIST.	92,660.30
GENERAL & ADM.	9,286.71
911 SERVICE FEE COLLECTED	17,432.41
DEPOSIT & OVERPMT. REFUNDS	1,993.92
INSURANCE	11,698.95
TRANSPORTATION EXP.	17,109.68
TRANSFER TO WASTEWATER	85,826.70
CUSTOMER ACCOUNT EXPENSE	21,118.88
ACH & CREDIT CARD FEES	2,156.21
RETURNED CHECKS	568.57
	<hr/>
	774,457.96
	<hr/>
	105,661.65
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EXHIBIT 19

***ANALYSIS AND RECOMMENDATIONS
FOR
WATER RATES***

WOOD CREEK WATER DISTRICT

June 3, 2022

Prepared by
Alan H. Vilines, P.E.



Kentucky Rural Water Association

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EXECUTIVE SUMMARY

Wood Creek Water District requested that Kentucky Rural Water Association perform a detailed cost of service study using the revenue requirement computations completed in November 2021. KRWA was also asked to assist with preparation of an application to the Public Service Commission for a general rate case and the necessary follow-up with the PSC. The cost of service study is complete, and the results are presented in this report.

This study is based on the test period of calendar year 2020. The Schedule of Adjusted Operations (SAO) lists the revenues and expenses for 2020 and applies required adjustments. The adjustments are to recognize any changes in operations after the test year and include certain other items that are commonly required by the PSC. The specific adjustments for Wood Creek Water District are shown in the SAO with notes for each provided on the Reference pages. Total pro forma operating revenues for the District are \$6,021,181 and total pro forma operating expenses are \$5,263,435.

The SAO also shows the computations for Revenue Requirements. Utilizing the Debt Service Coverage method accepted by the PSC, the total Revenue Required from Sales of Water comes to \$6,340,026. This is an increase above existing pro forma sales of \$425,189 and indicates an overall revenue increase of 7.19 percent is needed.

A cost of service study is a set of computations using accepted methodology to equitably distribute a utility's expenses to various groups of customers that have similar water-use characteristics. Using these methods, rates can be designed to closely match the cost of providing service to each customer group. The results of this study indicate a wholesale rate of \$3.54 per 1,000 gallons is appropriate. A new retail rate structure with three usage blocks and customer charges specific to each meter size is recommended.

Overall revenue requirement calculations are included in the Schedule of Adjusted Operations with details provided in the Reference pages and Tables A and B. Computations for the cost of service study are shown in Tables C through K. The current and recommended water rates are presented in Table L and a comparison of existing and proposed bills is shown in Table M.

SCHEDULE OF ADJUSTED OPERATIONS

Wood Creek Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Total Retail Metered Sales	\$ 2,955,931	897	A	\$ 2,956,828
Sales for Resale	2,958,011	(2)	A	2,958,009
Other Water Revenues:				
Forfeited Discounts	-	11,314	B	
		66,960	C	78,274
Misc. Service Revenues	-	28,070	B	28,070
Other Water Revenues	39,384	(39,384)	B	-
Total Operating Revenues	<u>\$ 5,953,326</u>			<u>\$ 6,021,181</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	2,205,667	(978,374)	D	
		(12,252)	E	
		36,451	F	1,251,492
Salaries and Wages - Officers		18,000	G	18,000
Employee Pensions and Benefits		881,228	D	
		(8,797)	E	
		(163,715)	H	
		33,842	I	742,557
Purchased Power	302,762			302,762
Chemicals	556,183	110,816	J	666,999
Materials and Supplies	822,481	(10,223)	E	812,258
Contractual Services	19,667			19,667
Transportation Expenses	95,139	(7,233)	E	
		9,198	J	97,104
Insurance	203,696	3,043	D	206,739
Bad Debt	24,657			24,657
Miscellaneous Expenses	44,410	(18,000)	G	26,410
Total Operation and Mnt. Expenses	<u>4,274,662</u>			<u>4,168,645</u>
Depreciation Expense	1,007,837	(22,085)	K	985,752
Taxes Other Than Income	13,329	94,103	D	
		(970)	E	
	-	2,575	F	109,038
Total Operating Expenses	<u>\$ 5,295,828</u>			<u>\$ 5,263,435</u>
Net Utility Operating Income	<u>\$ 657,498</u>			<u>\$ 757,747</u>
REVENUE REQUIREMENTS				
Pro Forma Operating Expenses				\$ 5,263,435
Plus: Avg. Annual Principal and Interest Payments			L	988,146
Additional Working Capital			M	197,629
Total Revenue Requirement				<u>\$ 6,449,210</u>
Less: Other Operating Revenues				(106,344)
Interest Income				(2,839)
Nonutility Income	53,896	(53,896)	N	-
Misc. Nonutility Expense	(714,692)	714,692	O	-
Revenue Required From Water Sales				<u>\$ 6,340,026</u>
Revenue from Sales at Present Rates				<u>5,914,837</u>
Required Revenue Increase				<u>\$ 425,189</u>
Percent Increase				7.19%

REFERENCES

- A. The Current Billing Analysis results in pro forma Retail Metered Sales of \$2,956,828 and Sales for Resale of \$2,958,009. This indicates an addition to reported Metered Sales of \$897 is required and a \$2 deduction from wholesale sales is needed.
- B. The total reported for Other Water Revenues is actually the revenue from Forfeited Discounts and Misc. Service Revenues. The amounts for these two items are reclassified to their own categories.
- C. In spring of 2020, the Governor issued an Executive Order that prohibited utilities from charging Late Fees on past due accounts. This Order has now been rescinded. To normalize the revenue from Late Fees an adjustment of \$66,960 is added to the amount reported for 2020. This makes the pro forma figure for Late Fees equal to the average for the three years prior to 2020.
- D. The total reported for Salaries and Wages expense includes Employee Pensions and Benefits, payroll taxes and unemployment insurance. The amounts for these three items are reclassified to their own categories.
- E. The allocations of office expenses, administrative labor and benefits, and transportation expenses to other companies operated by Wood Creek did not include an allocation to Wood Creek's sewer system. Those expenses have been reallocated to include the sewer division and the appropriate amounts are deducted.
- F. In February 2021 a 3 percent across the board increase in wage rates was implemented. This change results in an annual wage increase of \$36,451 and additional payroll taxes of \$2,575.
- G. Commissioner salaries were reported with Miscellaneous Expenses. This expense is reclassified to its own category.
- H. The District pays 100 percent of its employees' health insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage and 66 percent for families. Applying those percentages to premiums to be paid in the current year results in a deduction from 2020 benefits expense of \$163,715.
- I. The increase in wages and an increase in the employer's contribution rate charged by CERS result in higher payments for the retirement program. These payments are estimated to increase by \$33,842.

- J. There have been substantial increases in chemical and fuel costs since the end of 2020. These increases necessitate adjustments to Chemical and Transportation expenses of \$110,816 and \$9,198, respectively.
- K. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges. See Table A.
- L. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments is added in the revenue requirement calculation.
- M. The amount shown in Table B for coverage on long term debt is required by the District's loan documents. This is included in the revenue requirement as Additional Working Capital.
- N. The \$53,896 reported as Nonutility Income includes a capital contribution and an audit adjustment from accumulated depreciation. These capital items should not be considered as an offset to operating expenses and are deducted.
- O. Due to GASB reporting requirements for retirement plan liabilities, an expense of \$714,692 associated with the District's pension plan was included as a Nonutility Expense. Because this was not an actual payment to CERS for the retirement plan, that amount is deducted.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Wood Creek Water District

<u>Asset Description</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Pro Forma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>304 - Structures & Improvements</u>							
Entire Group	various	\$ 11,525,022	varies	\$ 295,588	37.5	\$ 307,334	\$ 11,746
<u>309 - Supply Mains</u>							
Entire Group	01/01/78	4,484	50.0	90	62.5	72	(18)
<u>311 - Pumping Equipment</u>							
Remainder of Group	various	866,240	varies	25,394	25.0	34,650	9,256
<u>320 - Water Treatment Equipment</u>							
New Water Plant	06/30/08	6,189,620	40.0	154,741	37.5	165,057	10,316
Remainder of Group	various	390,764	varies	11,148	27.5	14,210	3,062
<u>330 - Dist. Reservoirs & Standpipes</u>							
Entire Group	various	2,053,232	50.0	41,065	45.0	45,627	4,562
<u>331 - Transmission & Dist. Mains</u>							
Entire Group	various	10,595,163	varies	211,471	62.5	169,523	(41,948)
<u>333 - Services</u>							
Entire Group	various	1,140,579	varies	35,188	40.0	28,514	(6,674)
<u>334 - Meters & Meter Installations</u>							
Meter Installations	various	149,628	45.0	3,325	45.0	3,325	-
Meters	various	1,092,531	35.0	30,483	40.0	27,313	(3,170)
<u>335 - Hydrants</u>							
Entire Group	various	144,219	40.0	3,654	50.0	2,884	(770)
<u>340 - Office Furniture & Equipment</u>							
Entire Group	various	187,199	varies	12,820	22.5	8,320	(4,500)
<u>341 - Transportation Equipment</u>							
Entire Group	various	967,527	varies	146,767	7.0	138,218	(8,549)
<u>344 - Lab Equipment</u>							
Entire Group	various	9,482	varies	1,592	17.5	542	(1,050)
<u>345 - Power Operated Equipment</u>							
Entire Group	various	88,798	varies	3,435	12.5	7,104	3,669
<u>346 - Communication Equipment</u>							
Entire Group	various	2,980	10.0	298	10.0	298	-
<u>347 - Misc Equipment</u>							
Entire Group	various	326,672	varies	30,668	10.0	32,667	1,999
<u>348 - Other Tangible Equipment</u>							
Misc. Equipment	06/30/09	1,665	15.0	111	17.5	95	(16)
TOTALS				\$ 1,007,838		\$ 985,753	\$ (22,085)

* Includes only costs associated with assets that contributed to depreciation expense in the test year.

Table B
DEBT SERVICE SCHEDULE
Wood Creek Water District
CY 2022 - 2026

	CY 2022		CY 2023		CY 2024		CY 2025		CY 2026		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
1998 Refunding	50,000	1,250	-	-	-	-	-	-	-	-	51,250
KRWFC 2005B	152,000	81,288	161,000	74,534	168,000	67,395	176,000	59,886	184,000	51,938	1,176,042
KRWFC 2007A	68,000	59,337	71,000	56,478	73,000	53,426	74,000	50,266	77,000	47,019	629,526
KRWFC 2015B	155,000	53,081	130,000	48,450	135,000	44,144	135,000	39,756	140,000	35,288	915,719
RD Series 2005A	141,000	253,488	147,000	247,319	154,000	240,888	161,000	234,150	168,000	227,107	1,973,952
RD Series 2005B	14,500	24,523	15,000	23,907	15,500	23,269	16,000	22,610	17,000	21,930	194,239
TOTALS	580,500	472,968	524,000	450,688	545,500	429,122	562,000	406,668	586,000	383,282	\$4,940,728
Average Annual Principal & Interest											\$ 988,146
Average Annual Coverage											\$ 197,629

Table C
SYSTEM INFORMATION
Wood Creek Water District

Schedule of All Mains and Jointly Used Mains

<u>Main Size</u>	<u>Total System</u>			<u>Joint Use</u>	
	<u>Length (feet)</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>
24	35,534	6.73	161.52	6.73	161.52
20	47,045	8.91	178.20	8.91	178.20
16	22,704	4.30	68.80	4.30	68.80
12	37,118	7.03	84.36	7.03	84.36
10	29,199	5.53	55.30	0.37	3.65
8	103,171	19.54	156.32	4.52	36.16
6	132,792	25.15	150.90	0.87	5.22
4	602,659	114.14	456.56	1.85	7.42
3	386,549	73.21	219.63		
2	203,755	38.59	77.18		
Totals	1,600,526	303.13	1,608.77	34.58	545.33

Water Produced, Sold and Used

	<u>Gallons</u> <u>x 1,000</u>	<u>Percent</u>
Water Produced	1,477,122	
Retail Sales	350,349	
Wholesale Sales	864,915	
Total Water Sold	1,215,264	
Water Used at WTP	75,541	5.11%
System Flushing	38,124	
Fire Dept. & Other	25,350	
Total Water Loss	122,843	8.32%

Table D
WHOLESALE ALLOCATION FACTORS
Wood Creek Water District

		<u>FACTOR</u>
Water Loss Percentage		0.0832
Plant Use Percentage		0.0511
Line Loss + Plant Use		0.1343
Joint Use Inch-miles		545.33
Total Inch-Miles		1,608.77
Water Sold to Wholesale Customers		864,915
Total Water Sold		1,215,264
Production Multiplier	$\frac{1}{1 - 0.1343}$	= 1.1551
Joint Use Pipeline Ratio	$\frac{545.33}{1,608.77}$	= 0.3390
Joint Share of Line Loss	0.0832×0.3390	= 0.0282
Joint Share Line Loss + Plant Use	$0.0282 + 0.0511$	= 0.0793
Wholesale Production Multiplier	$\frac{1}{1 - 0.0793}$	= 1.0862
Production Allocation Factor	$\frac{1.0862}{1.1551} \times \frac{864,915.0}{1,215,263.6}$	= 0.6692
Pipeline Transmission Factor	$\frac{864,915.0}{1,215,263.6} \times 0.3390$	= 0.2412
Use Factor	$\frac{864,915.0}{1,215,263.6}$	= 0.7117

Table E
ALLOCATION OF DEPRECIATION EXPENSE
Wood Creek Water District

	<u>Proforma</u> <u>Depr. Exp.</u>	<u>Supply</u>	<u>Water</u> <u>Treatment</u>	<u>Trans. &</u> <u>Distribution</u>	<u>Storage</u> <u>Tanks</u>	<u>General</u> <u>& Admin.</u>	<u>Customer</u>
Structures & Improvements	307,334	23,564	249,661			34,109	
Supply Mains	72	72					
Pumping Equipment	34,650		631	34,019			
Water Treatment Equipment	179,266		179,266				
Dist. Reservoirs & Standpipes	45,627				45,627		
Transmission & Dist. Mains	169,523			169,523			
Services	28,514						28,514
Meters & Meter Installations	30,638						30,638
Hydrants	2,884						2,884
Office Furniture & Equipment	8,320					8,320	
Lab Equipment	542		542				
SUBTOTALS	807,370	23,636	430,100	203,541	45,627	42,429	62,037
SUBTOTAL PERCENTAGES		2.93%	53.27%	25.21%	5.65%	5.26%	7.68%
Transportation Equipment	138,218						
Power Operated Equipment	7,104						
Communication Equipment	298						
Misc Equipment	32,667						
Other Tangible Equipment	95						
SUBTOTAL	178,382						
PERCENTAGE ALLOCATIONS		5,222	95,027	44,971	10,081	9,374	13,707
TOTALS	985,753	28,858	525,127	248,512	55,708	51,803	75,744

Table F
ALLOCATION OF PLANT VALUE AND DEBT SERVICE
Wood Creek Water District

	<u>Total</u> <u>Values</u>	<u>Supply</u>	<u>Water</u> <u>Treatment</u>	<u>Trans. &</u> <u>Distribution</u>	<u>Storage</u> <u>Tanks</u>	<u>General</u> <u>& Admin.</u>	<u>Customer</u>
Organization	\$ 21,836					21,836	
Land and Land Rights	4,341,041	3,391,739	731,235		218,067		
Structures & Improvements	11,926,308	932,350	9,711,977			1,281,981	
Collecting & Impounding	30,880	30,880					
Supply Mains	4,484	4,484					
Pumping Equipment	875,339		18,178	857,161			
Water Treatment Equipment	6,852,277		6,852,277				
Dist. Reservoirs & Standpipes	2,053,232				2,053,232		
Transmission & Dist. Mains	11,073,879			11,073,879			
Services	1,805,583						1,805,583
Meters & Meter Installations	1,496,684						1,496,684
Hydrants	203,856						203,856
Other Plant & Equipment	21,732	21,732					
Office Furniture & Equipment	410,984					410,984	
Lab Equipment	41,728		41,728				
SUBTOTALS	\$ 41,159,843	4,381,185	17,355,395	11,931,040	2,271,299	1,714,801	3,506,123
SUBTOTAL PERCENTAGES		10.6%	42.2%	29.0%	5.5%	4.2%	8.5%
Transportation Equipment	1,405,169						
Power Operated Equipment	497,623						
Communication Equipment	83,342						
Misc Equipment	326,672						
Other Tangible Equipment	162,931						
SUBTOTAL	2,475,737						
PERCENTAGE ALLOCATIONS		263,525	1,043,915	717,644	136,617	103,144	210,891
TOTALS	\$ 43,635,580	4,644,710	18,399,311	12,648,684	2,407,916	1,817,945	3,717,014
Plant Value Percentages		10.6%	42.2%	29.0%	5.5%	4.2%	8.5%
Allocation of Debt Service	\$ 1,185,775	126,218	499,992	343,722	65,434	49,402	101,008

Table G
WHOLESALE RATE COMPUTATION
Wood Creek Water District

	<u>Proforma</u> <u>Expenses</u>	<u>Allocation</u> <u>Factor</u>	<u>Wholesale</u> <u>Allocation</u>	<u>Retail</u> <u>Allocation</u>
Salaries & Wages				
Water Production	507,961	0.6692	339,934	168,027
Trans./Distribution	488,339	0.2412	117,812	370,528
Customer Accts.	162,868		0	162,868
Admin & General	92,324	0.7117	65,708	26,616
Employee Benefits + Taxes				
Water Production	340,251	0.6692	227,700	112,551
Trans./Distribution	327,108	0.2412	78,915	248,193
Customer Accts.	109,095		0	109,095
Admin & General	61,842	0.7117	44,013	17,828
Salaries - Officers	18,000	0.7117	12,811	5,189
Purchased Power				
Water Production	258,515	0.6692	173,002	85,513
Trans./Distribution	40,651	0.2412	9,807	30,844
Admin & General	3,596	0.7117	2,559	1,037
Chemicals				
Water Production	666,999	0.6692	446,365	220,635
Materials & Supplies				
Water Production	140,618	0.6692	94,103	46,515
Trans./Distribution	554,393	0.2412	133,747	420,646
Customer Accts.	78,078		0	78,078
Admin & General	39,169	0.7117	27,877	11,292
Contractual Services				
Admin & General	19,667	0.2412	4,745	14,922
Transportation Expense				
Water Production	2,653	0.6692	1,776	878
Trans./Distribution	78,954	0.2412	19,048	59,906
Customer Accts.	10,693		0	10,693
Admin & General	4,804	0.7117	3,419	1,385
Insurance	206,739	0.6692	138,352	68,386
Bad Debt	24,657		0	24,657
Miscellaneous Expense	39,709	0.7117	28,261	11,448
Total Operating Expenses	4,277,683		1,969,953	2,307,730
Depreciation Expense				
Water Production	553,985	0.6692	370,734	183,251
Trans. / Distribution	248,512	0.2412	59,953	188,559
Tanks & Reservoirs	55,708	0.7117	39,648	16,060
Admin & General	51,803	0.7117	36,869	14,934
Customer	75,744		0	75,744
Debt Service & Coverage				
Water Production	626,210	0.6692	419,068	207,142
Trans. / Distribution	343,722	0.2412	82,923	260,799
Tanks & Reservoirs	65,434	0.7117	46,570	18,864
Admin & General	49,402	0.7117	35,160	14,242
Customer	101,008		0	101,008
Total Revenue Required	6,449,210		3,060,877	3,388,333
Wholesale Gallons Sold (x 1,000)			864,915	
Wholesale Rate per 1,000 Gallons			<u><u>\$3.54</u></u>	

Table H
ALLOCATION OF OPERATION & MAINTENANCE EXPENSE - RETAIL
Wood Creek Water District

	<u>Total</u> <u>Values</u>	<u>Commodity</u>	<u>Demand</u>	<u>Customer</u>		<u>Admin. &</u> <u>General</u>
				<u>Billing &</u> <u>Collecting</u>	<u>Meters &</u> <u>Services</u>	
Salaries & Wages	728,039	42,007	496,548	138,438	24,430	26,616
Employee Benefits + Taxes	487,668	28,138	332,606	92,731	16,364	17,828
Salaries - Officers (A & G)	5,189					5,189
Purchased Power	117,394		116,357	-	-	1,037
Chemicals	220,635	220,635				
Materials & Supplies	556,531	11,629	455,532	66,366	11,712	11,292
Contractual Services	14,922					14,922
Transportation Expense	72,862	878	59,906	9,089	1,604	1,385
Insurance	68,386					68,386
Bad Debt	24,657			24,657		
Misc. Expense	11,448	-				11,448
Depreciation	478,548	45,813	342,057	-	75,744	14,934
Totals	2,786,278	349,098	1,803,007	331,281	129,854	173,038
Less Admin. & General	<u>173,038</u>					
Total w/o A & G	2,613,240					
Percentages w/o A & G	100.00%	13.36%	69.00%	12.68%	4.97%	
Allocation of Admin. & General	173,038	23,116	119,388	21,936	8,598	
Total O & M Expense Allocations	2,786,278	372,214	1,922,395	353,217	138,452	

Table I
SUMMARY OF ALLOCATIONS - RETAIL
Wood Creek Water District

	<u>Total</u>	<u>Commodity</u>	<u>Demand</u>	<u>Customer</u>	
				<u>Billing & Collecting</u>	<u>Meters & Services</u>
	<u>Values</u>				
Operation & Maintenance Expenses	2,786,278	372,214	1,922,395	353,217	138,452
Debt Service & Coverage *	<u>602,055</u>	<u>53,301</u>	<u>445,939</u>	<u>1,298</u>	<u>101,517</u>
Total Expenses - Retail	3,388,333	425,515	2,368,333	354,515	239,969
Allocation Percentages		13.36%	69.00%	12.68%	4.97%
Less:					
Forfeited Discounts	(78,274)			(78,274)	
Miscellaneous Service Revenues	(28,070)			(28,070)	
Interest Income	<u>(2,839)</u>	<u>(379)</u>	<u>(1,959)</u>	<u>(360)</u>	<u>(141)</u>
Revenue Required from Retail Rates	3,279,150	425,136	2,366,375	247,811	239,828

* Debt Service & Coverage is from Table G with allocation of Admin. & General based on percentages from Table F.

Table J
UNITS OF SERVICE
Wood Creek Water District

Adjustment for Minimum Bill Usage:

<u>Meter Size</u>	<u>No. of Min. Bills</u>	<u>Gallons Allowed</u>	<u>Gallons Used</u>	<u>Gallons Not Used</u>	<u>Gallons Not Used By Block</u>		
					<u>0 - 10</u>	<u>10 - 75</u>	<u>Over 75</u>
5/8 x 3/4"	22,744	45,488,000	21,754,200	23,733,800	23,733,800		
1"	179	895,000	276,600	618,400	618,400		
1-1/2"	-	-	-	-	-		
2"	233	4,660,000	903,000	3,757,000	3,757,000		
	69	1,380,000	921,400	458,600		458,600	
3"	18	540,000	99,800	440,200	440,200		
	3	90,000	63,700	26,300		26,300	
6"	10	1,000,000	25,200	974,800	974,800		
	15	1,500,000	586,700	913,300	-	913,300	-
Totals	23,271	55,553,000	24,630,600	30,922,400	29,524,200	1,398,200	-

Water Usage By Block:

<u>Usage Block</u>	<u>Annual Sales</u>	<u>Adjustment for Min.</u>	<u>Adjusted Sales</u>
0 - 10	220,206,000	29,524,200	249,730,200
10 - 75	49,121,100	1,398,200	50,519,300
Over 75	81,021,500	-	81,021,500
Totals	350,348,600	30,922,400	381,271,000

Number of Services and Equivalents:

<u>Meter Size</u>	<u>Service Ratio</u>	<u>No. of Service Bills</u>	<u>No. of Equivalents</u>
5/8 x 3/4"	1.00	62,570	62,570
1"	1.40	420	588
1-1/2"	1.80	12	22
2"	2.90	564	1,636
3"	11.00	30	330
6"	21.00	48	1,008
Totals		63,644	66,153

Table K
CALCULATION OF WATER RATES - RETAIL
Wood Creek Water District

	<u>Total</u>	<u>First 10,000</u>	<u>Next 65,000</u>	<u>Over 75,000</u>
Adjusted Commodity Sales	381,271,000	249,730,200	50,519,300	81,021,500
Commodity Percentages	100.00%	65.50%	13.25%	21.25%
Demand Weighting Factor		2.00	1.50	1.00
Demand Weighted Sales	656,260,850	499,460,400	75,778,950	81,021,500
Demand Percentages	100.00%	76.11%	11.55%	12.35%
Commodity Costs	425,136	278,462	56,332	90,343
Demand Costs	2,366,375	1,800,977	273,247	292,151
Total Costs	2,791,512	2,079,439	329,579	382,494
No. of Gallons Sold x 1,000		249,730	50,519	81,022
CALCULATED USAGE RATES		\$8.33	\$6.52	\$4.72
PROPOSED USAGE RATES		\$8.37	\$6.45	\$4.72

(adjusted per Billing Analysis to result in required revenue)

CALCULATION OF CUSTOMER CHARGES:

	<u>Billing & Collecting</u>	<u>Meters & Services</u>
Expenses to be Allocated	247,811	239,828
No. of Bills or Equivalents	63,644	66,153
Unit Cost of Service	\$3.89	\$3.63

<u>Meter Size</u>	<u>Billing & Collecting</u>	<u>Service Ratio</u>	<u>Meters & Services</u>	<u>Total Customer Charge</u>
5/8 x 3/4"	3.89	1.00	3.63	7.52
1"	3.89	1.40	5.08	8.97
1-1/2"	3.89	1.80	6.53	10.42
2"	3.89	2.90	10.51	14.41
3"	3.89	11.00	39.88	43.77
6"	3.89	21.00	76.13	80.03

Table L
CURRENT AND PROPOSED RATES
Wood Creek Water District

<u>CURRENT RATE SCHEDULE</u>	<u>PROPOSED RATE SCHEDULE</u>
<u>5/8" x 3/4" Meters</u>	
First 2,000 gallons \$ 24.22 Minimum Bill	First 2,000 gallons \$ 24.26 Minimum Bill
Next 1,500 gallons 7.70 per 1,000 gallons	Next 8,000 gallons 8.37 per 1,000 gallons
Next 1,500 gallons 6.87 per 1,000 gallons	Next 65,000 gallons 6.45 per 1,000 gallons
Next 2,500 gallons 5.78 per 1,000 gallons	Over 75,000 gallons 4.72 per 1,000 gallons
Over 7,500 gallons 4.57 per 1,000 gallons	
<u>1" Meters</u>	
First 5,000 gallons \$ 46.08 Minimum Bill	First 5,000 gallons \$ 50.82 Minimum Bill
Next 2,500 gallons 5.78 per 1,000 gallons	Next 5,000 gallons 8.37 per 1,000 gallons
Over 7,500 gallons 4.57 per 1,000 gallons	Next 65,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>1-1/2" Meters</u>	
First 10,000 gallons \$ 71.95 Minimum Bill	First 10,000 gallons \$ 94.12 Minimum Bill
Over 10,000 gallons 4.57 per 1,000 gallons	Next 65,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>2" Meters</u>	
First 20,000 gallons \$ 117.65 Minimum Bill	First 20,000 gallons \$ 162.61 Minimum Bill
Over 20,000 gallons 4.57 per 1,000 gallons	Next 55,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>3" Meters</u>	
First 30,000 gallons \$ 163.35 Minimum Bill	First 30,000 gallons \$ 256.47 Minimum Bill
Over 30,000 gallons 4.57 per 1,000 gallons	Next 45,000 gallons 6.45 per 1,000 gallons
	Over 75,000 gallons 4.72 per 1,000 gallons
<u>6" Meters</u>	
First 100,000 gallons \$ 483.25 Minimum Bill	First 100,000 gallons \$ 700.98 Minimum Bill
Over 100,000 gallons 4.57 per 1,000 gallons	Over 100,000 gallons 4.72 per 1,000 gallons
<u>Wholesale Rates</u>	
All Water Sold \$ 3.42 per 1,000 gallons	All Water Sold 3.54 per 1,000 gallons

Table M
COMPARISON OF EXISTING AND PROPOSED BILLS
Wood Creek Water District

Gallons per Month*	Existing	Proposed	
	Bill	Bill	Change
2,000	\$ 24.22	\$ 24.26	\$ 0.04
4,000	39.21	41.00	1.80
6,000	51.86	57.74	5.89
10,000	71.95	91.22	19.27
15,000	94.80	123.47	28.67
30,000	163.35	220.22	56.87
50,000	254.75	349.22	94.47
75,000	369.00	510.47	141.47
100,000	483.25	628.47	145.22
200,000	940.25	1,100.47	160.22

* Highlighted usage represents the average residential bill.
All bills are for a 5/8 x 3/4" meter.

EXHIBIT 20

INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2020

	Test Year	Adjustment	Pro Forma
<u>Operating Revenues</u>			
Total Retail Meter Sales	\$2,955,931	897	\$2,956,828
Sales for Resale	2,958,011	(2)	2,958,009
Other Water Revenues			
Forfeited Discounts	0	78,274	78,274
Miscellaneous Service Revenues	0	28,070	28,070
Other Water Revenues	<u>39,384</u>	(39,384)	<u>0</u>
Total Operating Revenues	\$5,953,326		\$6,021,181
<u>Operating Expenses</u>			
Operation and Maintenance			
Salaries and Wages-Employees	2,205,667	36,451	1,251,492
Salaries and Wage-Officers	0	18,000	18,000
Employee Pensions and Benefits	0	742,557	742,557
Purchased Power	302,762		302,762
Chemicals	556,183	110,816	666,999
Materials and Supplies	822,481	(10,223)	812,258
Contractual Services	19,667		19,667
Transportation Expenses	95,139	1,965	97,104
Insurance	203,696	3,943	206,739
Bad Debt	24,657		24,657
Miscellaneous Expenses	<u>44,410</u>	(18,000)	<u>26,410</u>
Total Operation and Maintenance Expense	\$4,274,662		\$4,168,645
Depreciation Expense	1,007,837	(22,085)	985,752
Taxes Other than Income	13,329	95,709	109,038
Utility Operating Expenses	<u>\$5,295,828</u>		<u>\$5,263,435</u>
Total Utility Operating Income	\$ 657,498		757,747
<u>Other Income and Deductions</u>			
Interest and Dividend Income	2,839		2,839
Nonutility Income	53,896	53,896	0
Miscellaneous Nonutility Expenses	<u>(714,692)</u>	714,692	0
Total Other Income and Deductions	\$ (657,957)		\$ 2,839
<u>Interest Expense</u>			
Interest Expense	493,691		493,691
Amortization of Debt Discount and Expense	2,970		2,970
Total Interest Expense	<u>\$ 496,061</u>		<u>\$ 496,061</u>
Net Income Before Contributions	<u><u>\$(1,154,018)</u></u>		<u><u>\$ 264,525</u></u>

BALANCE SHEET AS OF DECEMBER 31, 2020

	Actual	Adjustment	Adjusted
<u>Utility Plant</u>			
Utility Plant	\$44,448,060		\$44,448,060
Less Accumulated Depreciation	<u>19,406,878</u>	(22,085)	<u>19,384,793</u>
Total Net Utility Plant	\$25,041,182		\$25,063,267
<u>Current and Accrued Assets</u>			
Cash	1,669,277		1,669,277
Temporary Cash Investments	\$51,250		51,250
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	922,068		922,068
Materials and Supplies	978,776		978,776
Prepayments	4,086		4,086
Accrued interest and Dividends Receivable	<u>425</u>		<u>425</u>
Total Current and Accrued Assets	\$ 3,625,882		\$ 3,625,882
<u>Deferred Debits</u>			
Unamortized Debt Discount and Expense	19,679		19,679
Miscellaneous Deferred Debits	<u>2,067,240</u>		<u>2,067,240</u>
Total Deferred Debits	\$ 2,086,919		\$ 2,086,919
TOTAL ASSETS AND OTHER DEBITS	<u>\$30,753,983</u>		<u>\$30,776,068</u>
<u>Equity Capital</u>			
Retained Earnings For Income Before Contributions	\$(2,918,253)	\$22,085	\$(2,896,168)
Donated Capital	<u>12,854,031</u>		<u>12,854,031</u>
Total Equity Capital	\$ 9,935,778		\$ 9,957,863
<u>Long-Term Debt</u>			
Bonds	12,720,981		12,720,981
Other Long-Term Debt	<u>6,900,968</u>		<u>6,900,968</u>
Total Long-Term Debt	\$19,621,949		\$19,621,949
<u>Current and Accrued Liabilities</u>			
Accounts Payable	102,855		102,855
Customer Deposits	11,990		11,990
Miscellaneous Current and Accrued Liabilities	<u>113,289</u>		<u>113,289</u>
Total Current and Accrued Liabilities	\$ 474,798		\$ 474,798
<u>Deferred Credits</u>			
Unamortized Premium on Debt	26,781		26,781
Other Deferred Credits	694,677		694,677
Total Deferred Credits	<u>721,458</u>		<u>721,458</u>
TOTAL EQUITY CAPITAL AND LIABILITIES	<u>\$30,753,983</u>		<u>\$30,776,068</u>

EXHIBIT 21

UNITED STATES DEPARTMENT OF AGRICULTURE
STATEMENT OF BUDGET, INCOME AND EQUITY

Schedule 1

Name WOOD CREEK WATER DISTRICT Address P.O. Box 726
LONDON, KY 40743

(1) OPERATING INCOME	PRIOR YEAR Actual (2)	ANNUAL BUDGET		For the _____ Months Ended _____		
		BEG <u>01-01-2021</u>	END <u>12-31-2021</u>	CURRENT YEAR		Actual YTD (Over) Under Budget Col. 3 - 5 = 6 (6)
		(3)	(4)	Actual Data	Year To Date (5)	
1. SALES		6,800,000				0
2. SVC. CHGS. & PENALTIES		140,000				0
3. _____						0
4. _____						0
5. Miscellaneous						0
6. Less: Allowances and Deductions						0
7. Total Operating Income (Add lines 1 through 6)	0	6,940,000	0	0		0
OPERATING EXPENSES						
8. PURCHASED POWER		375,000				0
9. WATER TREATMENT		1,700,000				0
10. TRANS. & DIST.		1,500,000				0
11. ADMIN. OF CUSTOMER ACCTS		450,000				0
12. ADMIN. & GENERAL		540,000				0
13. SEWER MAINS & TREATMENT		600,000				0
14. _____						0
15. Interest		500,000				0
16. Depreciation		1,200,000				0
17. Total Operating Expense (Add Lines 8 through 16)	0	6,865,000	0	0		0
18. NET OPERATING INCOME (LOSS) (Line 7 less 17)	0	75,000	0	0		0
NONOPERATING INCOME						
19. INTEREST		5,000				0
20. _____						0
21. Total Nonoperating Income (Add 19 and 20)	0	5,000	0	0		0
22. NET INCOME (LOSS) (Add lines 18 and 21)	0	80,000	0	0		0
23. Equity Beginning of Period		15,800,000				0
24. TAP ON FEES		26,500				0
25. _____						0
26. Equity End of Period (Add lines 22 through 25)	0	15,906,500	0	0		0

Budget and Annual Report Approved by Governing Body

Quarterly Reports Certified Correct

Earl Bailey
FOR: EARL BAILEY SEC.
Secretary

Date

Appropriate Official

Date

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 2-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PROJECTED CASH FLOW

For the Year BEG. 01-01-2021 END. 12-31-2021
(same as schedule 1 column 3)

A. Line 22 from Schedule 1, Column 3 NET INCOME (LOSS)	\$	<u>80,000</u>
<u>Add</u>		
B. Items in Operations not Requiring Cash:		
1. Depreciation (line 16 schedule 1)		<u>1,200,000</u>
2. Others:		
C. Cash Provided From:		
1. Proceeds from Agency loan/grant		
2. Proceeds from others		
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities		
4. Decrease (Increase) in Accounts Receivable, Inventories and Other Current Assets (Exclude cash)		
5. Other: <u>TAP ON FEES</u>		<u>26,500</u>
6.		
D. Total all A, B and C Items	\$	<u>1,306,500</u>
E. Less: Cash Extended for:		
1. All Construction, Equipment and New Capital Items (loan & grant funds)		
2. Replacement and Additions to Existing Property, Plant and Equipment		<u>500,000</u>
3. Principal Payment Agency Loan		<u>162,000</u>
4. Principal Payment Other Loans		<u>434,000</u>
5. Other: <u>TAPS</u>		<u>26,500</u>
6. Total E 1 through 5	\$	<u>1,122,500</u>
<u>Add</u>		
F. Beginning Cash Balances		<u>2,011,600</u>
G. Ending Cash Balances (Total of D Minus E 6 Plus F)	\$	<u>2,195,600</u>
<u>Item G Cash Balances Composed of:</u>		
Construction Account	\$	
Revenue Account		
Debt Payment Account		<u>535,000</u>
O&M Account		<u>638,600</u>
Reserve Account		<u>237,000</u>
Funded Depreciation Account		<u>475,000</u>
Others: <u>METER DEPOSIT ACCOUNT</u>		<u>18,000</u>
<u>WASTEWATER OPERATIONS</u>		<u>292,000</u>
Total - Agrees with Item G	\$	<u>2,195,600</u>

UNITED STATES DEPARTMENT OF AGRICULTURE
STATEMENT OF BUDGET, INCOME AND EQUITY

Schedule 1

Name WOOD CREEK WATER DISTRICT Address P.O. Box 726 LONDON, KY 40743

(1) OPERATING INCOME	PRIOR YEAR Actual (2)	ANNUAL BUDGET	For the _____ Months Ended _____		Actual YTD (Over) Under Budget Col. 3 - 5 = 6 (6)
		BEG <u>01-01-2022</u>	CURRENT YEAR		
		END <u>12-31-2022</u>	Actual Data		
		(3)	Current Quarter (4)	Year To Date (5)	
1. <u>SALES</u>		<u>6,870,000</u>			0
2. <u>SVC. CHGS. & PENALTIES</u>		<u>145,000</u>			0
3. _____					0
4. _____					0
5. Miscellaneous					0
6. Less: Allowances and Deductions					0
7. Total Operating Income (Add lines 1 through 6)	0	<u>7,015,000</u>	0	0	0
OPERATING EXPENSES					
8. <u>PURCHASED POWER</u>		<u>380,000</u>			0
9. <u>WATER TREATMENT</u>		<u>1,720,000</u>			0
10. <u>TRAVEL & DIST.</u>		<u>1,515,000</u>			0
11. <u>ADMIN. OF CUSTOMER ACCTS.</u>		<u>454,500</u>			0
12. <u>ADMIN. & GENERAL</u>		<u>545,000</u>			0
13. <u>SEWER MAINT. & TREATMENT</u>		<u>650,000</u>			0
14. _____					0
15. Interest		<u>484,000</u>			0
16. Depreciation		<u>1,200,000</u>			0
17. Total Operating Expense (Add Lines 8 through 16)	0	<u>6,948,500</u>	0	0	0
18. NET OPERATING INCOME (LOSS) (Line 7 less 17)	0	<u>66,500</u>	0	0	0
NONOPERATING INCOME					
19. <u>INTEREST</u>		<u>3,000</u>			0
20. _____					0
21. Total Nonoperating Income (Add 19 and 20)	0	<u>3,000</u>	0	0	0
22. NET INCOME (LOSS) (Add lines 18 and 21)	0	<u>69,500</u>	0	0	0
23. Equity Beginning of Period		<u>15,906,500</u>			0
24. <u>TAP ON FEES</u>		<u>26,500</u>			0
25. _____					0
26. Equity End of Period (Add lines 22 through 25)	0	<u>16,002,500</u>	0	0	0

Budget and Annual Report Approved by Governing Body

Quarterly Reports Certified Correct

Darwayne Lewis, MGR. FOR:
JAMES B. LEWIS, SECRETARY
Secretary Date

Appropriate Official Date

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 2-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PROJECTED CASH FLOW

For the Year BEG. 01-01-2022 END. 12-31-2022
(same as schedule 1 column 3)

A. Line 22 from Schedule 1, Column 3 NET INCOME (LOSS)	\$	<u>69,500</u>
<u>Add</u>		
B. <u>Items in Operations not Requiring Cash:</u>		
1. Depreciation (line 16 schedule 1)		<u>1,200,000</u>
2. Others:		
C. <u>Cash Provided From:</u>		
1. Proceeds from Agency loan/grant		
2. Proceeds from others		
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities		
4. Decrease (Increase) in Accounts Receivable, Inventories and Other Current Assets (Exclude cash)		
5. Other: <u>TAP ON FEES</u>		<u>26,500</u>
6.		
D. Total all A, B and C Items	\$	<u>1,296,000</u>
E. <u>Less: Cash Extended for:</u>		
1. All Construction, Equipment and New Capital Items (loan & grant funds)		
2. Replacement and Additions to Existing Property, Plant and Equipment		<u>450,000</u>
3. Principal Payment Agency Loan		<u>169,000</u>
4. Principal Payment Other Loans		<u>375,000</u>
5. Other: <u>TAPS</u>		<u>26,500</u>
6. Total E 1 through 5	\$	<u>1,020,500</u>
<u>Add</u>		
F. Beginning Cash Balances		<u>1,485,000</u>
G. Ending Cash Balances (Total of D Minus E 6 Plus F)	\$	<u>1,760,500</u>
<u>Item G Cash Balances Composed of:</u>		
Construction Account	\$	
Revenue Account		
Debt Payment Account		<u>499,500</u>
O&M Account		<u>511,750</u>
Reserve Account		<u>185,750</u>
Funded Depreciation Account		<u>482,000</u>
Others: <u>METER DEPOSIT ACCOUNT</u>		<u>13,000</u>
<u>WASTEWATER OPERATIONS</u>		<u>68,500</u>
Total - Agrees with Item G	\$	<u>1,760,500</u>

EXHIBIT 22

**POST-TEST PERIOD CUSTOMERS
AND THEIR EFFECT ON REVENUE**

Customers at end of Test Period (12/31/2020): 5,310

Customers at end of following year (12/31/2021): 5,496

Additional Customers: 186 Customers

All additional customers served through 5/8-inch x 3/4-inch meter

Additional Annual Revenue from Additional Customers:

Average monthly usage for 5/8-inch x 3/4-inch meter: 4,017 gallons

Bill for average monthly usage: \$35.84

Revenue = 186 customers x 12 monthly bills x \$35.84 = \$79,994.88

TOTAL ADDITIONAL REVENUE: \$79,994.88

Additional Expenses:

Number of additional gallons produced to serve additional customer =

4,017 gallons x 186 customers x 12 months x 1.0832 (water loss factor) =

9,711,910.6 gallons

Chemical Cost:

Test Period Chemical Cost ÷ Gallons of Water Produced = Cost per gallon

\$556,183 ÷ 1,477,122,000 gallons = \$0.0003765 per gallon

\$0.0003765 x 9,711,910.6 = \$36,565.34

Electric Power (Pumping Expense)

Test Period Purchased Power Cost ÷ Gallons of Water Produced = Cost per
gallon

\$302,762 ÷ 1,477,122,000 gallons = \$0.00204967 per gallon

\$0.00204967 x 9,711,910.6 = \$19,906.26

TOTAL ADDITIONAL EXPENSES: \$56,471.60

TOTAL NET REVENUE FROM ADDITIONAL CUSTOMERS: \$23,523.28