

SCHEDULE OF ADJUSTED OPERATIONS
Green-Taylor Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Total Retail Metered Sales	\$ 2,631,273	78,481	A	2,709,754
Sales for Resale	26,225	2,675	A	28,900
Other Water Revenues:				
Forfeited Discounts	-	41,876	B	41,876
Misc. Service Revenues	98,316			98,316
Other Water Revenues	41,876	(41,876)	B	-
Total Operating Revenues	\$ 2,797,690			\$ 2,878,846
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	502,617	(18,200)	C	
		(18,154)	D	
		(19,620)	E	446,643
Salaries and Wages - Officers	-	18,200	C	18,200
Employee Pensions and Benefits	433,030	(25,592)	F	
		(5,059)	G	
		(126,993)	H	
		(34,810)	I	240,576
Purchased Water	900,650	(66,815)	J	
		71,509	J	905,344
Purchased Power	78,273			78,273
Materials and Supplies	171,622	(45,780)	E	125,842
Contractual Services	65,730			65,730
Transportation Expenses	38,755			38,755
Insurance	39,484			39,484
Advertising	290			290
Bad Debt	4,462			4,462
Miscellaneous Expenses	59,413			59,413
Total Operation and Mnt. Expenses	2,294,326			2,023,012
Depreciation Expense	362,609	(5,789)	K	356,820
Taxes Other Than Income	47,844	(1,389)	D	46,455
Total Operating Expenses	\$ 2,704,779			\$ 2,426,287
Net Utility Operating Income	\$ 92,911			\$ 452,559

REVENUE REQUIREMENTS

Pro Forma Operating Expenses		\$ 2,426,287
Plus: Avg. Annual Principal and Interest Payments		L 415,108
Additional Working Capital		M 83,022
Total Revenue Requirement		\$ 2,924,416
Less: Other Operating Revenue		(140,192)
Income from Utility Plant Leases		(18,472)
Gains for Disposition of Property	18,714	(18,714) N -
Interest Income		(25,659)
Nonutility Income		(5,351)
Revenue Required From Water Sales		\$ 2,734,742
Revenue from Sales at Present Rates		2,738,654
Surplus Revenue With Required Adjustments		\$ (3,912)

REFERENCES

- A. The Current Billing Analysis results in pro forma metered sales revenue of \$2,709,754. This reflects a full year at the increased retail rates that were effective in 2022 and with appropriate billing adjustments, indicates an increase in reported Metered Sales of \$78,481 is required. With the 2022 rate increases Sales for Resale will also increase by \$2,675 to a total of \$28,900.
- B. Forfeited Discounts (Late Fees) were reported with Other Water Revenues. To provide more detail this revenue is reclassified to its on category.
- C. Commissioners' Salaries were reported with Employee Salaries. To provide more detail this expense is reclassified to its on category.
- D. There has been a reduction in the number of employees and changes in wages since 2021 that result in a decrease in Salaries and Wages expense of \$18,154 and a reduction in payroll taxes of \$1,389.
- E. During the test year labor and materials expenses for new meter installations were charged to operations, but should be capitalized. The amount of tap fees collected for these meters can be substituted for the actual installation expenses. Thirty percent of total tap fees (\$19,620) is deducted from Salaries and Wages and 70 percent (\$45,780) is deducted from Materials and Supplies expense. The total amount of tap fees is also used in the Depreciation Expense Adjustments table to recognize the addition of these new capital assets in 2021.
- F. Employee payments for health, dental and vision insurance were reported with Employee Pensions and Benefits. This portion of the insurance premium (\$25,592) is not an expense paid by the District and is deducted.
- G. Decreases in Salaries & Wages expense and the employer's contribution rate charged by CERS will result in lower payments for the retirement program. These payments are estimated to decrease by \$5,059.
- H. Due to GASB reporting requirements for retirement plan liabilities, expenses totaling \$126,993 associated with the District's pension plan was included with Employee Pensions and Benefits Expense. Because this was not an actual payment to CERS, that amount is deducted.
- I. The District pays a high percentage of its full-time employees' health insurance premiums. The PSC requires that these expenses 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 78 percent for single coverage and 66 percent for family plans. The PSC allowable employer share for dental insurance is 60 percent. Applying these percentages to premiums to be paid in the current year results in a deduction from 2021 benefits expense of \$34,810.

- J. The reported Purchased Water expense includes two invoices from outside the test year, so a deduction of \$66,815 is required. The District's cost of wholesale water from Campbellsville has increased by a total of \$0.56 per thousand gallons. Therefore, an increase of \$71,509 is required to the test year Purchased Water expense to adjust for the higher rate.
- 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. New assets included in the current construction project are also added. 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 included in the revenue requirement as Additional Working Capital.
- N. Gains for Disposition of Property is extraordinary income and should not be included in the revenue requirement computation.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Green-Taylor Water District

<u>Asset Group</u>	<u>Original</u>	<u>Reported</u>	<u>Pro Forma</u>		<u>Depreciation</u>
	<u>Cost</u>	<u>Depr. Exp.</u>	<u>Life</u>	<u>Depr. Exp.</u>	<u>Expense Adjustment</u>
General Pumping Plant	\$ 818,990	\$ 18,315	37.5	\$ 21,840	\$ 3,525
Pumping Equipment	10,984	166	20.0	549	383
Reservoirs and Tanks	1,430,411	35,760	45.0	31,787	(3,973)
Tank Repairs and Painting	76,312	7,631	15.0	5,087	(2,544)
Transmission & Distribution Mains	13,081,545	222,692	62.5	209,305	(13,387)
Services	1,500	75	40.0	38	(38)
Meter Installations	17,353	434	45.0	386	(48)
Structures and Improvements	224,520	8,854	37.5	5,987	(2,867)
Office Furniture & Equipment	5,143	257	22.5	229	(29)
Transportation Equipment	202,427	29,230	7.0	28,918	(312)
Power Operated Equipment	65,788	6,979	12.5	5,263	(1,716)
Communications & Electronics	187,790	19,230	10.0	18,779	(451)
Items Disposed Of	-	12,986		-	(12,986)
SUBTOTALS		362,609		328,167	(34,442)
New Meters & Services - 2021	65,400	-	40.0	1,635	1,635
<i>2019 Water Sys. Improvements:</i>					
Pump Sta. Sturct. & Impr'mts	101,351	-	37.5	2,703	2,703
Pumping Equipment	234,844	-	20.0	11,742	11,742
Other Pumping Plant	128,309	-	25.0	5,132	5,132
Tank Site Piping Modification	51,842	-	62.5	829	829
Interior Tank Recoating	78,411	-	15.0	5,227	5,227
Structural Tank Repairs	62,243	-	45.0	1,383	1,383
TOTALS	\$ 16,845,162	\$ 362,609		\$ 356,819	\$ (5,789)

2019 Water System Improvements Project
KIA F19-018 Funding (Case No. 2021-00233)

<u>Asset Class</u>	<u>Constr. Cost</u>	<u>Percent</u>	<u>Project Cost</u>
Pump Sta. Structures & Impr'mts	78,200	15.43%	101,351
Pumping Equipment	181,200	35.74%	234,844
Other Pumping Plant	99,000	19.53%	128,309
Tank Site Piping Modification	40,000	7.89%	51,842
Interior Tank Recoating	60,500	11.93%	78,411
Structural Tank Repairs	48,025	9.47%	62,243
Totals	\$ 506,925		\$ 657,000

Table B
DEBT SERVICE SCHEDULE
Green Taylor Water District
CY 2023 - 2027

C.Y.	KIA Loan F18-005			KACO Refinancing			KIA Loan F19-018			TOTALS
	Principal	Interest	Fees	Principal	Interest	Fees	Principal	Interest	Fees	
2023	\$ 73,430	\$ 29,262	\$ 4,180	\$ 195,000	\$ 76,192	\$ 5,338	\$ 23,681	\$ 10,710	\$ 1,339	\$ 419,131
2024	74,720	27,971	3,996	210,000	66,067	4,850	24,156	10,234	1,279	423,273
2025	76,033	26,657	3,808	225,000	55,192	4,325	24,642	9,748	1,219	426,624
2026	77,369	25,321	3,618	240,000	43,567	3,763	25,137	9,253	1,157	429,184
2027	78,729	23,961	3,423	200,000	32,567	3,163	25,643	8,748	1,094	377,327
TOTALS	380,281	133,172	19,025	1,070,000	273,584	21,438	123,259	48,693	6,088	\$ 2,075,539

5 Year Average Principal, Interest & Fees \$ 415,108

5 Year Average Debt Service Coverage 83,022