

CASE NO. 2022-00404

EXHIBIT C

ATTACHMENT SAO

STATEMENT OF ADJUSTED OPERATION

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 21

	Test Year	Adjustment	Ref.	Pro Forma
Operating Revenues				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	1,481,604.00	38,452.00	A	1,520,056.00
Bulk Loading Stations	762.00			762.00
Fire Protection Revenue	480.00			480.00
Sales for Resale	753,728.00	26,059.00	B	779,787.00
Total Sales of Water	2,236,574.00	64,511.00		2,301,085.00
Other Water Revenues				
Forfeited Discounts	28,643.00			28,643.00
Miscellaneous Service Revenues	18,780.00			18,780.00
Rents from Water Property				0.00
Other Water Revenues	660.00			660.00
Total Other Water Revenues	48,083.00	0.00		48,083.00
Total Operating Revenues	2,284,657.00	64,511.00		2,349,168.00
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	370,182.00	-3,891.00	C	366,291.00
Salaries and Wages - Officers	17,700.00	300.00	D	18,000.00
Employee Pensions and Benefits	244,871.00	-50,793.00	E	194,078.00
Purchased Water	1,001,951.00	32,465.00	F	1,034,416.00
Purchased Power	85,121.00			85,121.00
Fuel for Power Production				0.00
Chemicals	10,393.00			10,393.00
Materials and Supplies	67,912.00			67,912.00
Contractual Services	19,664.00	5,000.00	G	24,664.00
Water Testing	8,200.00			8,200.00
Rents				0.00
Transportation Expenses	27,784.00			27,784.00
Insurance	30,440.00			30,440.00
Regulatory Commission Expenses				0.00
Bad Debt Expense	-306.00			-306.00

Miscellaneous Expenses	95,796.00			95,796.00
Total Operation and Maintenance Expenses	1,979,708.00	-16,919.00		1,962,789.00
Depreciation Expense	371,853.00	-3,078.00	H	368,775.00
Amortization Expense				0.00
Taxes Other Than Income	34,741.00			34,741.00
Income Tax Expense				0.00
Total Operating Expenses	2,386,302.00	-19,997.00		2,366,305.00
Utility Operating Income	-101,645.00	84,508.00		-17,137.00

References

- A. Metered Water Sales: Bath County Water District received approval of Purchase Water Adjustments from the Kentucky Public Service Commission, Case No. 2022-00067 and Case No. 2022-00239. Adjustment in the amount of water revenue has been made based on the amount of water sold during the test year.
- B. Sales for Resale: As a result of the Purchase Water Adjustments, wholesale rates to the District's three wholesalers were increased. Adjustment in the amount of water revenue from the wholesalers was made based on the amount of water sold during the test year.
- C. Salaries and Wages - Employees: Two staff persons retired at the end of June 2021 and one staff person left employment after a short time on the job. A third staff person retired at the end of May 2022; for the first 5 months of 2022 there was an one additional office employee . Normal staffing level for the District is 9 employees; 6 in the field and 3 in the office. Adjustments were made to salaries to reflect the reduction in staffing levels from 2021 to 2022.
- D. Salaries and Wages - Officers: Adjustment was made in Board Members salaries. In 2021 there were 4 Board Members for the full year $\$300 \times 12 \times 4 = \$14,400$; one Board Member retired at the end of March and his replacement did not start until May therefore payment for this position was $\$300 \times 12 \times 11 = \$3,300$; for a annual total in 2021 of $\$17,700$. The adjustment made reflects a full five member board for a full year of $\$300 \times 12 \times 5 = \$18,000.00$ less the $\$17,700$ paid in 2021.
- E. Employee Pensions & Benefits: Adjustments were made in pension cost based on the reduction in the number of employees from 2021 to 2022 and a reduction in the pension cost per employee for the second half of year 2022. The pension contributions based on the number of 2022 employees & salaries less the pension contributions in 2021 requires an adjustment of $(\$4,820.55)$. Additional adjustment was made in health insurance cost. The PSC limits employer's contribution to employee health insurance expense to the current Bureau of Labor Statistics (BLS) Average Employer Contribution Rate for Health Insurance (78% Single Coverage; 66% Family Coverage). Applying BLS average requires an adjustment of $(\$57,387.57)$ based on projected 2022 year wages; however the cost of health insurance for the District increased $\$11,415.17$ from 2021 through 2022. The net adjustment was $\$11,415.17$ increase less the BLS adjustment of $(\$57,387.57) = (\$45,972.34)$.
- F. Purchased Water: Adjustment was made as a result of an increase in water purchase from Morehead Utility Plant Board and Mount Sterling. Increase is based on the test year volume purchased at the new cost.
- G. Contractual Services: The cost of the rate application of $\$25,000$ is amortized over 5 years for an increase expense of $\$5,000$ per year.
- H. Depreciation: The District's depreciation schedule had only two items with depreciated times less than the NARUC document used by the Kentucky Public Service Commission. the District had meters and meter installation at 40 years, NARUC says 45 years and the District had hydrants at 45 years and NARUC says 50 years. The adjustment totals $(\$3,078.37)$.

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EXHIBIT C1

SALARY CHANGES 2021-2022

Projected Expenses - 2022

Employee Position	Hourly	Overtime to		Total
	Rate	Total Salary	date	
Maintenance 1	21.12	\$ 43,929.60		
Maintenance 2	23.5	\$ 48,880.00		
Maintenance 3	17.5	\$ 36,400.00		
Maintenance 4	16	\$ 33,280.00		
Maintenance 5	12	\$ 24,960.00		
Maintenance 6	12	\$ 24,960.00		
Office 1	21	\$ 43,680.00		
Office 2	16.73	\$ 34,798.40		
Office 3	13.5	\$ 28,080.00		
Office 4 - retired 5/22		\$ 37,686.87		
		\$ 356,654.87	\$ 9,637.43	\$ 366,292.30

Salary Expense 2021

Regular Time:	\$ 363,396.80
Overtime	\$ 9,192.81
Incentive Pay - Employees	\$ 10,361.25
Less Capitalized Labor	\$ (12,768.00)
	\$ 370,182.86

Difference 2021-2022**\$ (3,890.56)**

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EXHIBIT C2

BOARD MEMBER PAY 2021-2022

Projected Expenses - 2022

	Per Month	Annual
Board Member 1	\$ 300.00	\$ 3,600.00
Board Member 2	\$ 300.00	\$ 3,600.00
Board Member 3	\$ 300.00	\$ 3,600.00
Board Member 4	\$ 300.00	\$ 3,600.00
Board Member 5	\$ 300.00	\$ 3,600.00
		\$ 18,000.00

2021 Payments

4 Board Members - full year	\$ 14,400.00
1 Board Member - Jan-March	\$ 900.00
1 Board Member - May-Dec	\$ 2,400.00
	<u>\$ 17,700.00</u>
Difference	\$ 300.00

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EXHIBIT C3

HEALTH INSURANCE/RETIREMENT

2021-2022

Benefits
Health Insurance

2022

2021

Employee Position	Health Ins Premium -		FEBCO Account	Total Insurance Annually	BLS - Avg Employer Contribution Rate	PSC Adjustment/BLS	DIFFERENCE	
	Monthly	Annual Premium						
Maintenance 1	\$ 1,692.79	\$ 20,313.48	\$ 5,600.00	\$ 25,913.48	66%	\$ 17,102.90		Maintenance 1
Maintenance 2	\$ 1,984.08	\$ 23,808.96	\$ 5,600.00	\$ 29,408.96	66%	\$ 19,409.91		Maintenance 2
Maintenance 3	\$ 1,502.00	\$ 18,024.00	\$ 5,600.00	\$ 23,624.00	66%	\$ 15,591.84		Maintenance 3
Maintenance 4	\$ 1,502.00	\$ 18,024.00	\$ 5,600.00	\$ 23,624.00	66%	\$ 15,591.84		Maintenance 4
Maintenance 5	\$ 265.13	\$ 3,181.56	\$ 2,800.00	\$ 5,981.56	78%	\$ 4,665.62		Maintenance 5
Maintenance 6	\$ 1,175.74	\$ 14,108.88	\$ 5,600.00	\$ 19,708.88	66%	\$ 13,007.86		Maintenance 6
Office 1	\$ 612.43	\$ 7,349.16	\$ 2,800.00	\$ 10,149.16	78%	\$ 7,916.34		Maintenance 7
Office 2	\$ 1,692.79	\$ 20,313.48	\$ 5,600.00	\$ 25,913.48	66%	\$ 17,102.90		Office 1
Office 3	\$ 700.13	\$ 8,401.56	\$ 2,800.00	\$ 11,201.56	78%	\$ 8,737.22		Office 2
Office 4 - retired 5/22				\$ 4,494.80	78%	\$ 3,505.94		Office 3
	\$ 11,127.09	\$ 133,525.08	\$ 42,000.00	\$ 180,019.88		\$ 122,632.37	<u>\$ (57,387.51)</u>	Office 4

Increase in Insurance Cost 2022 from 2021 \$ 11,415.17
PSC Adjustment based on BLS for 2022 \$ (57,387.51)
Net adjustment \$ (45,972.34)

Employee Position	District Portion - Retirement - 1/1-6/30/2022	District Portion - Retirement - 6/30-12/31/2022	District Portion - Retirement - 2021	Change 2021-2022
Maintenance 1	\$ 5,919.52	\$ 5,884.37	\$ 15,499.29	
Maintenance 2	\$ 6,586.58	\$ 6,547.48	\$ 11,649.54	
Maintenance 3	\$ 4,904.90	\$ 4,875.78	\$ 11,460.74	
Maintenance 4	\$ 4,484.48	\$ 4,457.86	\$ 8,253.31	
Maintenance 5	\$ 3,363.36	\$ 3,343.39	\$ 7,924.49	
Maintenance 6	\$ 3,363.36	\$ 3,343.39	\$ 5,577.09	
Maintenance 7			\$ 1,203.05	
Office 1	\$ 5,885.88	\$ 5,850.94	\$ 10,757.74	
Office 2	\$ 4,689.09	\$ 4,661.25	\$ 8,029.98	
Office 3	\$ 3,783.78	\$ 3,761.32	\$ 1,823.26	
Office 4 - retired 5-22	\$ 6,080.60		\$ 14,429.36	
	\$ 49,061.54	\$ 42,725.76	\$ 96,607.85	\$ (4,820.55)

Annual Premium	FEBCO Account	Total Insurance Annually
\$ 4,380.96	\$ 2,800.00	\$ 7,180.96
\$ 18,220.32	\$ 5,600.00	\$ 23,820.32
\$ 16,259.52	\$ 5,600.00	\$ 21,859.52
\$ 21,416.64	\$ 5,600.00	\$ 27,016.64
\$ 9,296.10	\$ 5,600.00	\$ 14,896.10
\$ 746.97	\$ 2,800.00	\$ 3,546.97
\$ 746.97	\$ 2,800.00	\$ 3,546.97
\$ 4,380.96	\$ 2,800.00	\$ 7,180.96
\$ 17,898.00	\$ 5,600.00	\$ 23,498.00
\$ 24,380.82	\$ 5,600.00	\$ 29,980.82
\$ 3,277.45	\$ 2,800.00	\$ 6,077.45
\$ 121,004.71	\$ 47,600.00	\$ 168,604.71

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EXHIBIT C4

PURCHASED WATER ADJUSTMENTS

2021-2022

Water Purchase

	Year 2021	At Previous Rate	At Current Rate	Difference
MUPE	461,013,000	735,315.74	773,579.81	38,264.08
MT Sterling	20,868,000	66,151.56	70,951.20	4,799.64
Total	481,881,000	801,467.30	844,531.01	43,063.72
MUPE Capital Cost		228,653.76	218,054.76	(10,599.00)
Totals/Change from Previous to Current:		1,030,121.06	1,062,585.77	32,464.72