

SCHEDULE OF ADJUSTED OPERATIONS

East Laurel Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	\$ 2,823,264	17,794	A	\$ 2,841,058
Sales for Resale	85,521	3,133	A	88,654
Other Water Revenues:				
Forfeited Discounts	-	66,519	B	66,519
Misc. Service Revenues	125,912	(66,519)	B	
	-	(15,364)	C	44,029
Total Operating Revenues	\$ 3,034,697			\$ 3,040,260
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	-			-
Salaries and Wages - Officers	-	18,000	D	18,000
Employee Pensions and Benefits	-			
Purchased Water	1,735,385	55,815	E	1,791,200
Purchased Power	46,763			46,763
Materials and Supplies	245,331			245,331
Contractual Services - Acct. & Legal	10,351			10,351
Contractual Services	821,744			821,744
Transportation Expenses	-			-
Insurance - Gen. Liability	11,337			11,337
Bad Debt	56,212			56,212
Miscellaneous Expenses	36,392	(18,000)	D	18,392
Total Operation and Mnt. Expenses	2,963,515			3,019,330
Depreciation Expense	235,444	9,772	F	245,216
Amortization Expense	10,155			10,155
Taxes Other Than Income	7,118			7,118
Total Operating Expenses	\$ 3,216,232			\$ 3,281,818
Net Utility Operating Income	\$ (181,535)			\$ (241,558)
<u>REVENUE REQUIREMENTS</u>				
Pro Forma Operating Expenses				\$ 3,281,818
Plus: Average Annual Principal and Interest Payments			G	168,189
Additional Working Capital			H	33,638
Overall Revenue Requirement				3,483,645
Less: Other Operating Revenue				(110,548)
Interest Income				(1,274)
Revenue Required From Sales of Water				3,371,823
Less: Revenue from Sales at Present Rates				2,929,712
Required Sales Revenue Increase				442,111
Percent Rate Increase				15.09%

REFERENCES

- A. The Current Billing Analysis results in pro forma metered retail sales revenue of \$2,841,058. This reflects a full year at the increased retail rates that will become effective upon approval of the pending Purchased Water Adjustment and indicates an increase in reported Metered Retail Sales of \$17,794 is expected. With the Purchased Water Adjustment rate change Sales for Resale will increase by \$3,133 to a total of \$88,654.
- B. Forfeited Discounts (Late Fees) were reported with Misc. Service Revenues. To provide more detail this revenue is reclassified to its on category.
- C. A capital contribution of \$15,364 for water line extensions from Laurel County Fiscal Court was included with Misc. Service Revenues. This amount is deducted from operating revenues.
- D. Salaries for the District's Commissioners were reported with Misc. Expenses. To provide more detail this expense is reclassified to its on category.
- E. The District's wholesale cost of water from Wood Creek Water District has increased by \$0.11 per thousand gallons. Therefore, an increase of \$55,815 to the test year Purchased Water expense is required to adjust for the higher rate.
- F. 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.
- G. 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.
- H. The amount shown in Table B for coverage on long term debt is included in the revenue requirement as Additional Working Capital.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
East Laurel Water District

<u>Assets</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported</u>		<u>Proforma</u>		<u>Depreciation Expense Adjustment</u>
			<u>Life</u>	<u>Depr. Exp.</u>	<u>Life</u>	<u>Depr. Exp.</u>	
Structures & Improvements							
Entire Group	various	16,389	40.0	410	37.5	437	27
Pumping Equipment							
Entire Group	various	357,743	40.0	8,275	20.0	17,887	9,612
Tanks and Reservoirs							
Entire Group	various	855,567	50.0	17,111	45.0	19,013	1,902
Transmission & Distribution Mains							
Entire Group	various	7,059,547	50.0	141,191	62.5	112,953	(28,238)
Services							
Entire Group	various	854,051	30.0	26,862	40.0	21,351	(5,511)
Meters & Meter Installations							
Radio Read Meters	various	919,722	35.0	25,690	15.0	61,315	35,625
Remainder of Group	various	471,994	35.0	13,486	45.0	10,489	(2,997)
Hydrants							
Entire Group	various	78,260	40.0	1,956	50.0	1,565	(391)
Office Furniture & Equipment							
Entire Group	06/30/18	4,629	10.0	463	22.5	206	(257)
TOTALS				235,444		245,215	9,772

* Only includes the costs of assets that contribute to depreciation expense in the test year.

Table B
DEBT SERVICE SCHEDULE
East Laurel Water District
CY 2023 - 2027

	KRWFC 2015B		RD 91-15		TOTALS
	Principal	Interest & Fees	Principal	Interest	
2023	\$ 85,000	\$ 40,318	\$ 22,000	\$ 31,125	\$ 178,443
2024	85,000	37,556	22,500	30,569	175,625
2025	90,000	34,713	23,000	30,000	177,713
2026	70,000	32,113	24,000	29,412	155,525
2027	70,000	29,838	25,000	28,800	153,638
TOTALS	400,000	174,538	116,500	149,906	\$ 840,944
Average Principal and Interest					\$ 168,189
Average Debt Service Coverage					\$ 33,638