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DEC 09 2009

PUBLIC SERVICE  
COMMISSION

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December 8, 2009

Jeff Derouen,  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Kentucky Attorney General  
Office of Rate Intervention  
700 Capitol Avenue, Suite 118  
Frankfort, Kentucky 40601

Re: North Shelby Water Company  
Notice of Intent to File a Rate Application

*Case No. 2009-00484*

Gentlepersons:

Pursuant to 807 KAR 5:001 § 10(2), the Public Service Commission and the Attorney General, Intervention and Rate Division are hereby notified that North Shelby Water Company intends to file a general rate application. The rate application will be supported by a historical test. Public Service Commission staff documentation supporting the proposed rate increase is enclosed. It is expected the rate application will be filed within thirty days from the date of this letter. The rate increase will be approximately 20.87% and was calculated by the Public Service Commission staff. North Shelby wishes to express its gratitude to Sam Bryant and the other Commission staff for their assistance in this matter.

Please contact me if you have any questions.

Yours Truly,

MATHIS, RIGGS & PRATHER, P.S.C.

By: 

Donald T. Prather

DTP/pm

Enclosure

Cc: Jerry Ruble, President  
Darrell Dees, Manager  
Sandy Broughman, Engineer

**Donald Prather**

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**From:** Bryant, Sam (PSC) [Sam.Bryant@ky.gov]

**Sent:** Tuesday, December 08, 2009 8:31 AM

**To:** Donald Prather

**Subject:** North Shelby Rate Case

**Attachments:** North Shelby Water Company.doc; ns rev req.xls; nsdeprec.xls; nshelis.xls

<<North Shelby Water Company.doc>> <<ns rev req.xls>> <<nsdeprec.xls>> <<nshelis.xls>>

The increase is approximately 20.87% or an increase in revenue of \$439,643

North Shelby Water  
Debt Service Calc.

RECD Notes

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 102,479	\$ 65,959	\$ 168,438
2010	107,562	60,876	168,438
2011	<u>79,677</u>	<u>55,538</u>	<u>135,215</u>
	\$ 289,718	\$ 182,373	\$ <u>472,091</u>

3- year average \$ 157,364

**REVENUE REQUIREMENT**

Adjusted Operating Expense	\$ 2,357,335			
Debt Service Coverage	188,837	\$ 157,364	x	1.2
Revenue Requirement	2,546,172			
Normalized Revenue	1,880,286			
Other Revenue	<u>226,243</u>			
<b>INCREASE</b>	<b>\$ 439,643</b>			

## North Shelby Water Company

- a. Staff's normalized revenue from billing analysis.
- b. Salaries and wages adjusted to annualize.
- c. Adjust pensions and benefits for retirement and health insurance.
- d. Capitalize expenses.
- e. Adjust depreciation to allow for full year depreciation on new additions.
- f. Remove interest on restricted funds.

North Shelby Water Company	<u>2008</u>	<u>Pro Forma Adj.</u>	<u>Adjusted</u>
Operating Revenues	\$ <u>2,005,342</u>	\$ <u>101,188</u>	\$ <u>2,106,530</u>
<b>Total Operating Revenues</b>	<b>\$2,005,342</b>	<b>\$ 101,188</b>	<b>a \$ 2,106,530</b>
Operating Expenses			
Salaries and Wages-employees	\$ 354,586	\$20,434.00	b \$ 375,020
Salaries and Wages-officers	30,600		30,600
Pension and Benefits	130,179	10,013	140,192
Purchased Water	868,335		868,335
Purchased Power	93,308		93,308
Materials and Supplies	192,385	(27,400)	164,985
Contractual Services-Accounting	19,345		19,345
Contractual Services-Legal	35,787		35,787
Water Testing	5,775		5,775
Contractual Services-other	58,689		58,689
Equipment Rental	2,023		2,023
Transportation Expenses	60,284		60,284
Vehicle Insurance	5,755		5,755
General Liability-Insurance	17,265		17,265
Workers' Compensation	6,072		6,072
Advertising	1,851		1,851
Bad Debt	8,832		8,832
Miscellaneous	<u>43,279</u>		<u>43,279</u>
<b>Total Water Expenses</b>	<b>\$ 1,934,350</b>		<b>\$ 1,937,397</b>
Depreciation Expense	377,299	8,725	386,023.5
Taxes other than Income.	<u>33,914</u>		<u>33,914</u>
<b>Total Operating Expenses</b>	<b>\$ 2,345,563</b>		<b>\$ 2,357,334.5</b>
<b>Utility Operating Income</b>	<b>\$ (340,221)</b>		<b>\$ (250,805)</b>
Interest Income	17,314	16,317	997
Interest Expense	<u>(62,737)</u>		<u>(62,637)</u>
<b>Net Income</b>	<b>\$ (385,644)</b>		<b>\$ (312,445)</b>