

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CALDWELL COUNTY WATER)	CASE NO.
DISTRICT FOR RATE ADJUSTMENT PURSUANT)	2016-00054
TO 807 KAR 5:0076)	

ORDER

By this Order, the Commission approves an increase to Caldwell County Water District's ("Caldwell District") water service rates. The approved water rates will generate \$209,058 in additional annual revenues, an 18.88 percent increase to pro forma present water rate revenues in the amount of \$1,107,465. The monthly water bill of a typical residential customer¹ will increase from \$54.08 to \$64.29, an increase of \$10.21, or 18.88 percent.

On February 3, 2016, the Commission accepted for filing Caldwell District's Application for a rate adjustment pursuant to 807 KAR 5:076. Through its Application, Caldwell District requested to increase its water rates by 33.9 percent. By an Order entered May 11, 2016, the Commission granted the Attorney General's Office of Rate Intervention ("Attorney General") request for intervention.

Commission Staff ("Staff") applied methods and practices that are generally accepted by the Commission to review the reasonableness of Caldwell District's current and proposed water service rates. On May 4, 2016, Staff issued a report summarizing its findings. Staff found that Caldwell District's adjusted test-year operations support an

¹ A typical residential customer purchases 4,000 gallons of water per month through a 5/8-inch x 3/4-inch meter.

18.88 percent water service rate increase. The water service rates calculated by Staff were presented in Staff's report as Attachment A.

On May 16, 2016, Caldwell District filed with the Commission its Written Comments of Caldwell County Water District to Notice of May 4, 2016 Filing of Commission Staff Report ("Caldwell District's Written Comments"). Caldwell District disputed Staff's findings regarding wage rate increases received by two Caldwell District employees and Caldwell District's contracted legal fees.

Staff's report noted that four employees who were employed during the test year and who remained employed at the time of Staff's review had each received a pay raise on the anniversary of his or her hire date.² Two office employees received a 3 percent wage rate increase, while a field employee received a 14 percent wage rate increase and Caldwell District's General Manager ("GM") received a 15 percent wage rate increase.³ Staff's report stated that "[t]here was no discussion in the minutes of Caldwell District's Board of Commissioners' meeting describing the justification for the large differences in the percentages awarded to the office employees and the field employee and GM."⁴ In the absence of justification, Staff made the finding that the 14 and 15 percent wages increases appeared unreasonable and, for ratemaking purposes, increased the test-year wage rates of all four employees by 3 percent.⁵ Thus, Staff, for ratemaking purposes, disallowed the difference between the 3 percent found

² Staff Report at 8.

³ *Id.*

⁴ *Id.*

⁵ *Id.* at 8 and 9.

reasonable by Staff and the 14 percent wage rate increase actually received by a field employee and a 15 percent wage rate increase actually received by the GM.

Caldwell District, in its Written Comments, stated that the field employee had been employed nine to ten months and “responded to primarily all outside duties as he was the only full-time field worker.”⁶ Caldwell District further noted that the field employee was on call 24 hours a day, 365 days per year, and that he had learned and performed duties working within the business office when needed.⁷ Caldwell District stated that it had “considered his prior work experience, past performance and work ethic with their entity employment when considering wage increase.”⁸ With regard to its GM, Caldwell District stated that he is in a salaried position and “performed as a working full-time field employee in addition to executing his managerial and executive duties of operations for the District.”⁹ Caldwell District added that the GM is on call 24 hours a day, 365 days per year, and assisted field workers when needed and as time allowed.¹⁰ Per Caldwell District, it “spent considerable time and discussion regarding the raises to be given to both the field employee and GM,” and Caldwell District was “attempting to be competitive with other like-kind job opportunities” because it wanted to retain the employees.¹¹ Caldwell District stated that it had, at all times, been “mindful of

⁶ Caldwell District's Written Comments at 1.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.* at 1 and 2.

¹¹ *Id.* at 2.

budgetary constraints and what is in the best interest of the District and its customers to keep potable water flowing.”¹²

Staff’s report noted that during the year, Caldwell District paid an attorney a \$475 monthly retainer fee for an annual total of \$5,700.¹³ Staff noted that the attorney attended Caldwell District’s monthly Board of Commissioners’ meetings, but he provided no other legal services to Caldwell District during the test year.¹⁴ Staff noted that “the burden of proof is upon Caldwell District to demonstrate that the test-year expense is reasonable and necessary.”¹⁵ Staff stated that it had “reviewed the minutes from the test-year Board of Commissioner’s meetings and found no topics discussed that required legal consultation.”¹⁶ Staff found that, for ratemaking, it should remove the test-year legal fees from Caldwell District’s test-year expenses.¹⁷

Caldwell District, in its Written Comments, stated, among other things, that “legal representation for its Board is a necessary requirement and obligation.”¹⁸ Per Caldwell District, having legal counsel on retainer was “consistent with other Boards’ policies,” and “[f]ailure to have legal representation and advice could have severe consequences

¹² *Id.*

¹³ Staff Report at 15.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 16.

¹⁷ *Id.*

¹⁸ Caldwell District’s Written Comments at 2.

detrimental to the District, the Board and the customers it serves.”¹⁹ Caldwell District further stated:

Counsel, who maintains a private law practice, attended Board Meetings, both regular and special called. Counsel actively participated at the meetings with advice and opinions, even if this was not necessarily reflected in the test year minutes as alleged.

The legal representatives duties performed but not necessarily limited to include the following: assistance with resolution of employee issues, represented on legal actions, drafted amendments to the policies and procedures handbook, deed preparation, contract preparation, easement preparation, prepared and reviewed newspaper notices and sent letters on behalf of the employer.

Telephone and in person conferences were numerous with the Board Chairperson, the CEO and others regarding District business. Counsel reviewed documents, assisted Board members with advice on issues and other request and duties, all being pursuant with the assignments given counsel by District. Numerous hours were spent by counsel in the performance of his duties and representation, all being lawful, necessary, required and in total compliance with the District’s directive and to the full satisfaction of the Board.²⁰

On May 18, 2016, the Attorney General submitted his Comments. The Attorney General stated that he agreed with “Commission staff’s report filed May 4, 2016, in so far as the report details discrepancies in the application that overinflated Caldwell’s necessary increase, and he also agrees with many of the proposals of the report.”²¹ The Attorney General, however, stated that he “did not wish to comment on every part

¹⁹ *Id.*

²⁰ *Id.* at 2 and 3.

²¹ Attorney General’s Comments at 1.

of Commission staff's report" but, instead, would offer comments on Staff's report "which in his opinion warrants a further reduction of the proposed revenue increase."²²

In its report, Staff had increased test-year pro forma wages to reflect the addition of two new field employees who would, among other things, eliminate Caldwell District's use of contracted meter reading services.²³ As explained by Staff, "[w]hile the cost of wages and wage overheads for the two new employees exceeds the cost of the contracted meter reading services, the employees provide many services in addition to meter reading that benefit Caldwell District's customers."²⁴

The Attorney General noted that Staff had increased test-year pro forma wages for Caldwell District by \$68,486, and the increase was "primarily driven by the hiring of two additional field employees" who had replaced contracted meter readers.²⁵ Per the Attorney General, the two additional employees increased Caldwell District's expense by approximately \$30,000 a year.²⁶ The Attorney General stated that Caldwell District had the burden of demonstrating the need for additional employees, and the hiring of the two additional full-time employees was not reasonable when "considering the substantial cost of wages and wage overheads associated with their employment compared to the cost of previously contracted meter readers."²⁷

²² *Id.*

²³ Staff Report at 7 and 8.

²⁴ *Id.*

²⁵ Attorney General's Comments at 3.

²⁶ *Id.*

²⁷ *Id.*

Further, the Attorney General stated that the overtime procedure of Caldwell District is unreasonable in that “every day one full-time employee is paid 2 hours of overtime for being ‘on-call.’”²⁸ While the Attorney General stated that he understood the need for having employees of a water district being on-call, he did not believe that Caldwell District’s plan made sense given its location in a rural service territory and number of customers.²⁹ The Attorney General stated that it is reasonable to assume that, at least, one employee “would be in district most all of the time, and in the event of an emergency additional employees can come into work and be paid overtime, for overtime worked.”³⁰

The Attorney General suggested, in the event that the Commission decides that it is reasonable to allow Caldwell District to recover costs associated with the two new field employees, that Caldwell District should overhaul its overtime system.³¹ In sum, per the Attorney General:

With more employees the district will have the ability to stagger the working hours of its employees so that one employee is always working, even outside of normal workhours, but rather than Caldwell paying thousands of dollars of wages at an overtime rate, the employees will be working at a normal wage rate.³²

The Attorney General states that such an arrangement provides Caldwell District with the ability to have an employee available 24 hours a day, seven days a week and

²⁸ *Id.* at 4.

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

eliminates Caldwell District's current overtime policy, resulting in a reduction in wages and wage overhead.³³

The Attorney General also noted that "the amount that Caldwell is spending on employee insurance is an issue as well," and that "[p]roviding single health, life and vision coverage to each employee at *no cost* to the employee is unreasonable (emphasis in original)."³⁴

With regard to the field employee and GM who received 14 percent and 15 percent wage rate increases, respectively, the Attorney General stated that he agreed with Staff's report; however, the Attorney General stated that he is not persuaded that Caldwell District "had shown any justification for a three (3) percent wage increase to any employee."³⁵

With regard to Caldwell District's test-year legal fees, the Attorney General stated that he agreed with Staff, that he is not convinced by the Written Comments of Caldwell District, and that Caldwell District had failed to carry "its burden in demonstrating the expenses are necessary and reasonable."³⁶ While the Attorney General agreed with Staff's conclusion that the depreciable lives to be applied to Caldwell District's account groups should be set at the longer end of the National Association of Regulatory Utility Commissioners' ("NARUC") recommended ranges, the Attorney General stated that he

³³ *Id.* at 5.

³⁴ *Id.* at 6.

³⁵ Attorney General's Comments at 6.

³⁶ *Id.* at 7.

did not agree that Caldwell District's addition of two new field employees "will have such a significant impact so as to extend the service lives of Caldwell's assets."³⁷

The Attorney General further stated that he was in complete agreement with Staff's finding with regard to the life of the rates approved in this proceeding, and he believes that averaging debt over five years is much more reasonable than the three-year average used by Caldwell District.³⁸ Finally, the Attorney General stated that he would like for "the Commission to take note of whether the utility has an issue with water loss, especially as to whether or not the loss exceeds the 15% afforded to it by regulation."³⁹ In support of this latter request, the Attorney General stated that there had been no discovery during the proceeding; therefore, he was "not able or willing to assert that there is a water loss issue with this particular district, but there was some documentation that was provided in the districts filing that does lend itself to that possibility."⁴⁰

On May 26, 2016, Caldwell District filed a Waiver of Formal Hearing which waived its right to a formal evidentiary hearing and requested the matter be submitted to the Commission for a decision based upon the record including its Written Comments. The Attorney General stated, in his Comments, that he did not believe that it was necessary to request a hearing.⁴¹ The matter now stands submitted for a decision on the record.

³⁷ *Id.* at 7.

³⁸ *Id.*

³⁹ *Id.* at 7 and 8.

⁴⁰ *Id.* at 8

⁴¹ *Id.*

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Caldwell District was organized pursuant to KRS Chapter 74, and it owns and operates a water distribution system through which it provide water service to approximately 2,032 customers in Caldwell County, Kentucky.⁴²

2. The calendar year ended December 31, 2014, should be used as the test year to determine the reasonableness of Caldwell District's existing and proposed water rates.

3. KRS 74.030 authorizes a water district to "employ legal counsel whose compensation shall be paid from water district funds." Thus, we find that Caldwell District has the discretion to employ legal counsel, and we further find that it is not unreasonable for Caldwell District to employ counsel for the purposes identified in its written responses to Staff's report.

4. While we find that obtaining legal counsel can be a reasonable exercise of a water district board's discretion, for ratemaking purposes and as with all other expense, there must be an adequate evidentiary basis for the Commission to review the expense amounts to determine if the expense associated with the legal representation is reasonable for inclusion in rates.

5. In the instant case, Caldwell District did not have detailed billing records that describe the exact services performed by counsel during the test year. Caldwell District did not, in its Application or in its Written Comments, provide a detailed description of the legal services received during the test year, the hours billed for each

⁴² Staff Report at 3.

service, and the hourly rate for each service. The Commission finds that the record does not contain adequate evidence to review the reasonableness of test-year legal fees; therefore, we find that the fees should be removed from test-year operations.

6. The Commission finds Caldwell District's number of employees and their associated pro forma wages in Staff's report are comparable to those found reasonable by the Commission for South Hopkins Water District ("South Hopkins District") in Case No. 2015-00154.⁴³

7. South Hopkins District is a water distribution system that neighbors Caldwell District and is of similar size. South Hopkins District serves 2,974 customers,⁴⁴ which is 46 percent more than Caldwell District's 2,022 customers⁴⁵ and which requires one more full-time office employee than Caldwell District.⁴⁶

8. The Commission finds that the number of field employees required for each district is virtually the same because, although Caldwell District's field employees have fewer meter connections to operate and maintain, they must operate and maintain 395 miles of water distribution main,⁴⁷ 58 percent more than South Hopkins District's 250 miles of water distribution main.⁴⁸

⁴³ Case No. 2015-00154, *Alternative Rate Adjustment Filing of South Hopkins Water District* (Ky. PSC Sept. 11, 2015).

⁴⁴ *Annual Report of South Hopkins Water District to the Public Service Commission for the Calendar Year Ended December 31, 2014* ("South Hopkins' Annual Report") at 55.

⁴⁵ Application, ARF Form-1 at 3.

⁴⁶ Case No. 2015-00154, *South Hopkins Water District* (filed Aug. 12, 2015), Staff Report at 9.

⁴⁷ *Annual Report of Caldwell County Water District to the Public Service Commission for the Year Ended December 31, 2014* ("Caldwell District's Annual Report") at 60.

⁴⁸ *South Hopkins' Annual Report* at 65.

9. The Commission does not find Caldwell District's argument that the 14 percent wage increase given to the field employee and the 15 percent wage increases given to the GM were necessary to retain them as employees persuasive.

10. We find Caldwell District's compensation packages comparable to those of South Hopkins District, and we point out that the \$62,581 pro forma wage amount for Caldwell District's GM per Staff's report is \$5,581 higher than the South Hopkins District's superintendent's wage found reasonable in Case No. 2015-00154.⁴⁹

11. All of Caldwell District's employees are eligible for an annual wage rate increase on their employment anniversary date. The annual wage rate increase for all employees should be comparable unless there is evidence demonstrating a reasonable basis for a different increase amount, such as when an employee receives a promotion for accepting additional responsibilities. We find that Caldwell District's response to Staff's report fails to present any evidence to justify the large discrepancy of the pay-raise percentages awarded to its employees.

12. The Attorney General agrees with Staff that the 14 percent and 15 percent wage increases are not justified, but he also states that Caldwell District has not justified a 3 percent wage increase to any of the four employees.⁵⁰ Thus, he argues that Caldwell District failed to justify "a raise of any amount."⁵¹ The Commission has considered the pro forma wage amounts and finds that they are within reason. We find

⁴⁹ Case No. 2015-00154, *South Hopkins Water District* (Ky. PSC Sept. 11, 2015), Final Order at 9.

⁵⁰ Attorney General's Comments at 6.

⁵¹ *Id.*

that the Attorney General has not demonstrated that the 3 percent increase in wages result in any pro forma wage amounts that are unreasonable.

13. The Attorney General takes issue with Caldwell District's addition of two full-time employees. Per the Attorney General, the addition of these "employees is not reasonable, especially considering the substantial cost of wages and wage overheads associated with their employment compared to the cost of previously contracted meter readers."⁵² We are not persuaded by the Attorney General's position because we find it too narrow. Caldwell District's addition of the employees was to accomplish more than simply substitute in-house meter reading in the place of contracted meter reading. The two new field employee positions were added by Caldwell District "to better maintain its water system, improve customer service, and eliminate the use of contracted meter reading services."⁵³ The Commission finds that water utilities must employ an adequate number of staff to ensure that water service is safe and reliable, and Caldwell District's employee count is consistent with this responsibility.

14. With regard to the Attorney General's argument regarding Caldwell District's overtime procedure, we find that the Attorney General appears to agree that having employees "on-call" is reasonable.⁵⁴ The Attorney General, however, does not agree that it is appropriate for Caldwell District to compensate an employee for being "on-call" because it should be assumed that an employee would be "in the district most or all of the time."⁵⁵ The Attorney General submits, in the alternative, a proposal to

⁵² Attorney General's Comments at 3.

⁵³ Staff Report at 7 and 8.

⁵⁴ Attorney General's Comments at 4.

⁵⁵ *Id.*

“overhaul the district’s overtime system” in which Caldwell District would “stagger the working hours of its employees so that one employee is always working, even outside of the normal workhours.”⁵⁶

15. We find that the Attorney General’s argument does not demonstrate that compensating an employee who is “on-call” is an unreasonable practice by Caldwell District. We find that it is not reasonable for Caldwell District to have to rely upon happenstance for responding to events outside of normal working hours, and the inclusion of on-call wages does not result in an unreasonable amount of wages or wage overhead costs.

16. With regard to the suggestion that Caldwell District should work field employees around the clock in staggered shifts, we find the suggestion is not practical. A water distribution system’s field employees’ duties include, but are not limited to, meter reading, servicing customer accounts, repairing leaks, flushing mains, collecting water samples, and inspecting facilities. Working around the clock would require some employees to work single-handedly and would make performing job duties much more difficult. We further find that many of these activities cannot be completed safely and efficiently in the darkness of night. While the Attorney General identifies a different way for Caldwell District to utilize its employees, we find that the Attorney General does not demonstrate that Caldwell District’s current practice is unreasonable or wasteful or that his alternative is practical.

⁵⁶ *Id.*

17. The Attorney General states that Caldwell District's "[p]roviding single health, life and vision coverage to each employee is unreasonable."⁵⁷ The Attorney General adds that "it is unreasonable to ask rate-payers to pay for such a luxury while rates put forth by the district are so much higher than the average across the Commonwealth."⁵⁸ The Commission has considered the overall compensation package of Caldwell District and finds that it is within reason. We find that the Attorney General has not demonstrated that the pro forma amount in Staff's report for Caldwell District's insurance is unreasonable.

18. Based upon pro forma test-year operations, Caldwell District's total pro forma present rate revenue and total pro forma operating expenses, after adjusting for known and measurable changes, are \$1,214,049 and \$1,103,885, respectively.⁵⁹

19. Caldwell District currently has outstanding bond issuances payable to the United States Department of Agriculture Rural Development and a loan payable to the Kentucky Infrastructure Authority. The five-year average principal and interest payments for the years 2016 through 2020 on these evidences of indebtedness is \$508,077.⁶⁰

20. In his Comments, the Attorney General states that he is in agreement with Staff's use of a five-year average annual principal and interest payments rather than the three-year average in Caldwell District's application.⁶¹ Caldwell District did not, in its

⁵⁷ *Id.* at 6.

⁵⁸ *Id.*

⁵⁹ *Id.* at 2.

⁶⁰ *Id.* at 26.

⁶¹ Attorney General's Comments at 7.

Written Comments, contest Staff's finding regarding the calculation of average annual principal and interest payments.

21. The Commission finds that the average annual debt payment that should be included in Caldwell District's Overall Revenue Requirement should be equal to the five-year average of the years 2016 through 2020. We find that the five-year average allows Caldwell District recovery of the debt payments that will be made during the anticipated life of the rates authorized by the Commission.

22. The Commission has historically used a Debt Service Coverage ("DSC") method to calculate the revenue requirements of water districts with long-term debt.

23. Application of the Commission's DSC method to Caldwell District's pro forma operations results in an overall revenue requirement of \$1,350,682. Revenue of \$1,316,523 from water service rates is necessary to generate the overall requirement.⁶²

24. The Rates set forth in Appendix A to this Order will produce the required revenues, are fair, just, and reasonable, and should be approved for service rendered on and after the date of this Order.

25. The Commission has previously used the NARUC Survey to establish the service lives of water assets when there is no evidence in the record that supports alternative lives.

26. In its application, Caldwell District proposed to change the depreciable lives for certain assets that were used to calculate test-year depreciation.

27. In its report, Staff found that, based on the age and condition of the system, Caldwell District's asset groups should be depreciated using the longest lives

⁶² *Id.* at 24.

included in the NARUC ranges, and Staff made adjustment to those lives to conform this finding.

28. In its response to Staff's report, Caldwell District did not state its position in writing on whether the Commission should require it to implement the Staff's proposed changes concerning depreciation for accounting purposes or provide any additional evidence regarding the depreciable lives for its assets.

29. In his response to Staff's report, the Attorney General agreed with Staff's findings with regard to the depreciable lives to be applied to Caldwell District's account groups. The Attorney General further stated that he "does not agree that adding two (2) additional staff will have such a significant impact so as to extend the service lives of Caldwell's assets."⁶³

30. We find that the record indicates that the hiring of the two new field employees was, in part, so that Caldwell District could "perform preventative maintenance to its system that has not been performed previously."⁶⁴ We find that additional preventative maintenance will extend the life of the assets, and Staff's finding on this point supports setting the depreciable lives to be applied to Caldwell District's account group at the longer ender of the NARUC ranges.

31. There being no evidence showing that Caldwell District's assignment of service lives for the asset groups listed in Appendix B to this Order should be at variance with the longest lives included in the NARUC survey ranges, the Commission agrees with Staff's finding that the lives assigned to these asset groups should be

⁶³ *Id.* at 7.

⁶⁴ Staff Report at 21.

revised to conform to the longest lives included in the NARUC Survey for ratemaking and accounting purposes in all future reporting periods.

32. In his comments, the Attorney General requests that the Commission “take note of whether the utility has an issue with water loss, especially as to whether or not the loss exceeds the 15% afforded to it by regulation.”⁶⁵ The Attorney General further states, in pertinent parts, that “there was no discovery during this proceeding” and that “there was some documentation that was provided by the districts filings that does lend itself to that possibility” that the water loss rate exceeds 15 percent.⁶⁶

33. The Commission finds that the Attorney General was granted intervention by an Order entered on May 11, 2016. Pursuant to 807 KAR 5:076, Section 10(1)(a), “[a] party in the proceeding may serve written requests for information upon the applicant within twenty-one (21) days of an order permitting that party to intervene in the proceeding.” The record does not include any evidence that the Attorney General served a written request for information upon Caldwell District.

34. The Commission finds that Caldwell District’s water loss percentage for the calendar year 2014 was 13.8465 percent.⁶⁷ We find that the Attorney General does not specifically identify any documentation in the record or otherwise support his statement claim that there is a possibility that Caldwell District’s water loss rate exceeds 15 percent.

35. Pursuant to KRS 74.020(1), “[a] water district shall be administered by a board of commissioners which shall control and manage the affairs of the district.”

⁶⁵ *Id.* at 8.

⁶⁶ *Id.*

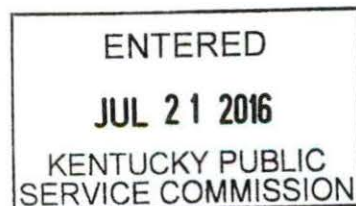
⁶⁷ *Caldwell District’s Annual Report* at 61.

Pursuant to KRS 74.020(7)(c), the Public Service Commission "shall encourage and promote the offering of high quality water district management training programs that enhance a water district commissioner's understanding of his or her responsibilities and duties." The Commission encourages the Board of Commissioners of Caldwell District to attend the annual water district management training offered by the Commission.

IT IS THEREFORE ORDERED that:

1. The water service rates requested by Caldwell District are denied.
2. The water service rates set forth in Appendix A to this Order are approved for services rendered by Caldwell District on and after the date of this Order.
3. Within 20 days of the date of this Order, Caldwell District shall file revised tariff sheets with the Commission using the Commission's electronic Tariff Filing System, containing the rates set forth in Appendix A of this Order.
4. In all future reporting periods, Caldwell District shall use the "PSC Approved Service Life" set forth in Appendix B to this Order for the listed asset groups when calculating and reporting depreciation for all reporting periods after the date of this Order. No adjustment to accumulated depreciation or retained earnings should be made to account for this change in accounting estimate.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00054 DATED **JUL 21 2016**

The following rates and charges are prescribed for the customers in the area served by Caldwell County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	1,000 gallons	\$25.17	Minimum bill
Next	3,000 gallons	13.04	per 1,000 gallons
Next	6,000 gallons	10.60	per 1,000 gallons
Next	20,000 gallons	8.18	per 1,000 gallons
Over	30,000 gallons	7.15	per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00054 DATED **JUL 21 2016**

Modifications to Service Lives of Certain
Assets of Caldwell County Water District

	Asset Identification Number Stated on Plant Ledger	PSC Approved Service Life
Structures and Improvements	106, 108, 37, 38, 44, 77, 83, 97, 121	40
Pumping Equipment	37, 38, 44, 76, 131, 116	20
Water Treatment Equipment	75	35
Distribution Reservoirs and Standpipes	37, 38, 44	60
Transmission and Distribution Mains	31-41, 43-46, 53-58, 74, 85, 95, 109, 127	75
Meter Installations	37, 38, 42, 44, 67, 99, 101, 102, 107, 130	50
Hydrants	37, 38, 44	60
Office Furniture and Equipment	87, 89, 103, 113	25
Transportation Equipment	69, 122	7
Tools, Shop, and Garage Equipment	92, 93, 114, 124, 126, 132	20
Power Operated Equipment	68, 115	15
Communication Equipment	90, 91, 104, 105, 111, 112, 117, 128, 129	10
Meters Capitalized by Staff	N/A	50
Excavator	N/A	15
Hydraulic Ram	N/A	15
Meter Connections, Leak Detection	N/A	50

Caldwell District shall amend its plant ledger to separate the cost of Asset Nos.

37, 38, and 44 into the following asset account groups.

Asset Nos. 37 and 38

Structures and Improvements	\$ 87,351
Pumping Equipment	86,324
Distribution Reservoirs and Standpipes	205,272
Transmission and Distribution Mains	1,050,446
Meters and Meter Installations	88,898
Hydrants	52,836
	<u>\$ 1,571,126</u>

Asset No. 44

Structures and Improvements	\$ 52,604
Pumping Equipment	29,500
Distribution Reservoirs and Standpipes	275,416
Transmission and Distribution Mains	805,482
Meters and Meter Installations	137,162
Hydrants	<u>30,247</u>
	<u>\$ 1,330,411</u>

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