

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CARROLL	)	
COUNTY WATER DISTRICT #1 FOR AN	)	CASE NO.
ADJUSTMENT OF RATES PURSUANT TO 807	)	2021-00475
KAR 5:076	)	

ORDER

On December 30, 2021, Carroll County Water District #1 (Carroll District #1) filed an application with the Commission, pursuant to 807 KAR 5:076, requesting to adjust its rates for water service. The application was filed pursuant to the Commission's Order in Case No. 2021-00323.<sup>1</sup> In its application, Carroll District #1 requested rates that would increase annual water sales revenues by \$252,034, a 15.01 percent increase to pro forma present rate of water sales revenues.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated January 19, 2022, which, among other things, required the Commission Staff to file a report containing its findings regarding Carroll District #1's application. On February 22, 2022, Carroll District #1 responded to Commission Staff's First Request for Information (Staff's First Request). On March 22, 2022, Carroll District #1 responded to Commission Staff's Second Request for Information (Staff's Second Request). On March 29, 2022, Carroll District #1 responded

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<sup>1</sup> Case No. 2021-00323, *Electronic Application of the Carroll County Water District No. 1 for Approval to Issue Securities in the Approximate Principal Amount of \$3,145,000 for the Purpose of Refinancing Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Sept. 17, 2021) at 7 and 8, and ordering paragraph 5.

to Commission Staff's Third Request for Information (Staff's Third Request). On April 8, 2022, Carroll District #1 filed information on the partial Cost of Service Study (COSS) the utility had performed in preparation for the rate case filing. On April 27, 2022, the Commission amended the January 19, 2022 Procedural Schedule requiring the report to be filed by May 20, 2022.

Pursuant to the amended Procedural Order, on April 27, 2022, Commission Staff issued a report (Commission Staff's Report) summarizing its findings regarding Carroll District #1's requested rate adjustment. In the Commission Staff's Report, Commission Staff found that Carroll District #1's adjusted test-year operations support an overall revenue requirement of \$1,985,807 and that an annual revenue increase of \$223,095, or 13.29 percent, is necessary to generate the overall revenue requirement.

On May 26, 2022, Carroll District #1 filed its comments on Commission Staff's Report. Although Carroll District #1 did not agree with the Commission Staff's removal of certain labor expenses from nonrecurring charges, Carroll District #1 stated that it would not contest the adjustment in this case.<sup>2</sup> Additionally, Carroll District #1 disagreed with the useful service lives Commission Staff used for some assets to calculate depreciation expense.<sup>3</sup> Carroll District #1 requested the Commission reconsider the service ratios that Carroll District used to account for the increased cost of the operation and maintenance of the larger sized meters.<sup>4</sup> Carroll District #1 also argued that the district does not provide its commissioners FICA and Medicare tax payments but only withholds the

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<sup>2</sup> Carroll District #1's Response to Commission Staff's Report (filed May 26, 2022), item 1.

<sup>3</sup> Carroll District #1's Response to Commission Staff's Report, item 2a.

<sup>4</sup> Carroll District #1's Response to Commission Staff's Report, item 2b.

amount due and forwards payments on behalf of each commissioner. Therefore, they should be removed from the reduction for commissioner compensation.<sup>5</sup> Carroll District #1 waived its right to an informal conference or hearing in this case.<sup>6</sup>

### LEGAL STANDARD

Alternative rate adjustment proceedings, such as this one, are governed by 807 KAR 5:076, which establishes a simplified process for small utilities to use to request rate adjustments, with the process designed to be less costly to the utility and to the utility ratepayers. The Commission's standard of review of a utility's request for a rate increase is well established. In accordance with KRS 278.030 and case law, Carroll District #1 is allowed to charge its customers "only 'fair, just and reasonable rates.'"<sup>7</sup> Further, Carroll District #1 bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

### BACKGROUND

Carroll District #1 is a water district organized pursuant to KRS Chapter 74. It owns and operates a water distribution system through which it provides retail water service to approximately 2,777 residential customers, 169 commercial customers, 39 industrial customers, and 48 public authorities, 32 multiple family dwellings, and one bulk loading station that reside in Carroll, Gallatin, and Owen counties, Kentucky.<sup>8</sup> Carroll District #1

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<sup>5</sup> Carroll District #1's Response to Commission Staff's Report, item 2c.

<sup>6</sup> Carroll District #1's Response to Commission Staff's Report, item 3.

<sup>7</sup> *City of Covington v. Public Service Commission*, 313 S.W.2d 391 (Ky. 1958); and *Pub. Serv. Comm'n v. Com. of Kentucky v. Dewitt Water District*, 720 S.W.2d 725 (Ky. 1986).

<sup>8</sup> *Annual Report of Carroll District #1 to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 12 and 49.

only purchases water from Carrollton Utilities based upon an emergency situation; rather, it produces its own water. This is Carroll District #1's first general rate adjustment since November 13, 1987.<sup>9</sup>

TEST PERIOD

The calendar year ended December 31, 2020, was used as the test year to determine the reasonableness of Carroll District #1's existing and proposed water rates as required by 807 KAR 5:076, Section 9.

SUMMARY OF REVENUE AND EXPENSES

The Commission Staff's Report summarizes Carroll District #1's pro forma income statement as follows:

	<u>2020 Test Year</u>	<u>Pro Forma Adjustments</u>	<u>Commission Staff's Report Pro Forma</u>
Total Operating Revenues	\$1,779,112	\$ (47,300)	\$1,731,812
Utility Operating Expenses	<u>1,792,628</u>	<u>(244,917)</u>	<u>1,547,711</u>
Net Utility Operating Income	(13,516)	197,617	184,101
Interest and Dividend Income	<u>30,901</u>	<u>-</u>	<u>30,901</u>
Total Utility Operating Income	<u>\$ 17,385</u>	<u>\$197,617</u>	<u>\$ 215,002</u>

MODIFICATIONS TO COMMISSION STAFF'S FINDINGS

Carroll District #1 proposed adjustments to revenues and expenses to reflect current and expected operating conditions. In Commission Staff's Report, Commission Staff proposed additional adjustments. The Commission accepts the findings contained in Commission Staff's Report.

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<sup>9</sup> Case 9957, *The Application of Carroll County Water District No. 1 for an Order Authorizing Adjustment of Water Service Rates and Charges* (Ky. PSC Nov. 13, 1987).

Billing Analysis. In Commission Staff's Report, Commission Staff recommended that the Commission accept Carroll District #1's proposed decrease of \$34,440<sup>10</sup> to reflect Carroll District #1's current billing analysis. The Commission finds that this adjustment is reasonable because an examination of Carroll District #1's billing analysis was completed by Commission Staff and a normalized revenue was based on the information provided.

Forfeited Discounts. In Commission Staff's Report, Commission Staff recommended an increase to Carroll District #1's test year Other Water Revenues by \$31,114<sup>11</sup> to reflect the normalization of Late Payment Fees to account for the moratorium regarding the collection of late payment fees from March through December 2020 due to the COVID-19 pandemic. The Commission finds that this adjustment, which is the average of the previous three years' late payment fees, is a known and measurable change to Other Water Revenues, is reasonable, and should be accepted.

Miscellaneous Service Revenues/Other Water Revenues. In Commission Staff's Report, Commission Staff discussed Carroll District #1's Nonrecurring Charges<sup>12</sup> in which estimated labor costs, previously included in determining the amount of Nonrecurring Charges, are removed. Commission Staff recommended a reduction to Carroll District #1's test-year Miscellaneous Service Revenue of \$31,470,<sup>13</sup> to reflect the change in the Nonrecurring Charges.

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<sup>10</sup> Commission Staff's Report (Ky. PSC Apr. 27, 2022) at 9–10, Adjustment A.

<sup>11</sup> Commission Staff's Report at 10, Adjustment B.

<sup>12</sup> Commission Staff's Report at 7–8.

<sup>13</sup> Commission Staff's Report at 8 and 11, Adjustment C.

In its Response to Commission Staff's Report, Carroll District #1 objected to this reduction.<sup>14</sup> The Commission continues to follow its previous decisions regarding Nonrecurring Charges: personnel are paid during normal business hours and their salaries are recovered through rates. Allowing a utility to recover the same labor expense twice is not fair, just and reasonable. Therefore, estimated labor costs previously included in determining the amount of Nonrecurring Charges shall be eliminated from the charges.<sup>15</sup>

The Commission finds that the calculation of Nonrecurring Charges shall be revised and only the marginal costs related to the service should be recovered through a special nonrecurring charge for service provided during normal working hours. The Commission requires that charges be directly related to the actual cost incurred to provide the service. It is unreasonable to allocate an expense already incurred as a day to day cost of maintaining a system, such as the salary of a distribution operator, to a nonrecurring service such as the connection and reconnection of a meter during normal working hours. The perceived unfairness from removal of these costs does not outweigh the mismatch of costs and revenues.

The nonrecurring charges shall each be reduced by the estimated labor costs stated in the cost justification sheets.<sup>16</sup> The Commission finds the revised nonrecurring charges set out in Appendix B are reasonable.

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<sup>14</sup> Carroll District #1's Response to Commission Staff's Report at 1.

<sup>15</sup> See Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020); and Case No. 2021-00394, *Electronic Application of Marion County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky PSC May 23, 2022), final Order.

<sup>16</sup> Carroll District #1's Response to Commission Staff's First Request for Information, Item 1.5.

Additionally, Commission Staff's Report discussed that there were Miscellaneous Service Revenues that should have been capitalized and not included into this revenue category and further reduced other water revenues by \$12,504.<sup>17</sup> The Commission finds that this adjustment to the nonrecurring charges and the reclassification of the items to be capitalized items are known and measurable changes to Miscellaneous Service Revenues, is reasonable, and is accepted.

Salaries and Wages – Employees. In Commission Staff's Report, Commission Staff recommended an increase to Carroll District #1's Salaries and Wages - Employees of \$33,521<sup>18</sup> to reflect the change in the number of employees and changes to salaries and wages. The Commission finds that this adjustment is a known and measurable change to Salaries and Wages – Employees, is reasonable and is accepted.

Salaries and Wages – Officers. In Commission Staff's Report, Commission Staff recommended an increase to Carroll District #1's Salaries and Wages - Officers of \$150<sup>19</sup> to reflect the normalization of the test year to Commissioners' Wages. The Commission finds that this adjustment, which is the total of the Commissioners' Salaries for the test year, is a known and measurable change to Salaries and Wages – Officers Expense, is reasonable and is accepted.

Employee Pensions and Benefits – County Employees Retirement System (CERS). In Commission Staff's Report, Commission Staff recommended a decrease to Carroll District #1's Employee Pension and Benefits Expense of \$159,512<sup>20</sup> to reflect the

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<sup>17</sup> Commission Staff's Report, at 11, Adjustment C.

<sup>18</sup> Commission Staff's Report, at 11–12, Adjustment D.

<sup>19</sup> Commission Staff's Report, at 12–13, Adjustment E.

<sup>20</sup> Commission Staff's Report at 13–14, Adjustment F

reporting requirements for retirement plan liabilities instead of an actual payment to CERS. In addition, the adjustment accounts for the increase in Salaries and Wages at the CERS contribution rate subsequent to the test year. The Commission finds that this adjustment is a known and measurable change to Employee Pensions and Benefits, is reasonable, and is accepted.

Employee Pensions and Benefits – Insurance. In Commission Staff’s Report, Commission Staff recommended a decrease to Carroll District #1’s Employee Pensions and Benefits of \$22,118<sup>21</sup> to reflect the adjustment of Single Health Insurance premiums paid by Carroll District #1 from 100 percent to 78 percent, and Family Health Insurance premiums to 66 percent. Additionally, Commission Staff made an adjustment to reflect the reduction of Dental and Vision Insurance paid from 100 percent to 40 percent. The Commission finds that this adjustment is a known and measurable change to Employee Pensions and Benefits, is reasonable, and is accepted.

Employee Pensions and Benefits – Commissioners’ Benefits. In Commission Staff’s Report, Commission Staff recommended a decrease to Carroll District #1’s Employee Pensions and Benefits of \$4,513<sup>22</sup> to reflect the removal of benefits paid to Carroll District #1’s Commissioners. However, in its response to Commission Staff’s Report, Carroll District #1 reported that the district is not providing FICA and Medicare tax payments for each commissioner, these are merely withholdings. Carroll District #1 stated that each commissioner has these items withheld from salaries each month and

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<sup>21</sup> Commission Staff’s Report at 14–15, Adjustment G.

<sup>22</sup> Commission Staff’s Report at 16–18, Adjustment H.



the District forwards payments on behalf of the Commissioners in a similar fashion as the employees. Carroll District #1 averred that these two items should be removed from total commissioner compensation and the revenue requirements recalculated.<sup>23</sup>

In accordance with Commission precedent,<sup>24</sup> the Commission agrees with Carroll District #1's argument. Because Carroll District #1 is only withholding the money for the commissioners and not providing the payment, the utility is not incurring any expenses and is functioning as a pass-through entity, and the amount should not be removed from the Pensions and Benefits expense. Therefore, as shown below, the Commission finds that it is necessary to increase the Revenue Requirements by an additional \$1,228.

<u>Commissioners</u>	<u>FICA</u>	<u>Medicare</u>
Stephen D. Terry	\$112	\$26
Joe C. Raisor	112	26
Gilbert England	112	26
James R. Sa[[	112	26
Tobu M. Lewis	112	26
Ron Courtney	102	24
Kim Ballard	112	26
Darrell Lykins	112	26
Mike Kelley	112	26
	<u>112</u>	<u>26</u>
Revenue Requirement Adjustment		<u><u>\$1,228</u></u>

Rate Case Expense. In Commission Staff's Report, Commission Staff recommended the Commission accept Carroll District #1's proposed increase of \$2,967<sup>25</sup> to reflect Carroll District #1's projected rate case expense, amortized over a three year

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<sup>23</sup> Carroll District #1's Response to Commission Staff's Report, item 2c.

<sup>24</sup> Case 2021-00126, *Electronic Application of South Eastern Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Sep. 17, 2021), Order at 15.

<sup>25</sup> Commission Staff's Report at 18, Adjustment I.

period. The Commission finds that this adjustment is a known and measurable change to Contractual Services, is reasonable and is accepted.

Depreciation. In Commission Staff's Report, Commission Staff recommended a decrease to Carroll District #1's Depreciation Expense of \$97,976<sup>26</sup> to reflect the adjustment of the useful life of capital assets to the midpoint of the National Association of Regulatory Utility Commissioners depreciation study.

However, in its response to Commission Staff's Report, Carroll District #1 proposed several changes to the proposed Depreciation calculation. First, Carroll District #1 proposed to classify several SCADA/Telemetry assets within the Pumping Equipment (Account 311) and Transmission & Distribution Mains (Account 331) as communication equipment, with a 10-year useful life.<sup>27</sup> In addition, Carroll District #1 clarified that the meters it uses are radio read meters instead of standard meters for Meters (Account 334) and argued that these meters should have 15-year service lives instead of the standard 40 years.<sup>28</sup> The Commission agrees with Carroll District #1's proposed adjustments to the three asset categories. Telemetry equipment should have been classified as Communication Equipment that has a 10-year service life, and Radio Read meters use 15-year service life.<sup>29</sup> Therefore, as shown below, the Commission finds it necessary to increase the revenue requirement by an additional \$43,171.

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<sup>26</sup> Commission Staff's Report at 19–20, Adjustment J.

<sup>27</sup> Carroll District #1's Response to Commission Staff's Report, item 2a.

<sup>28</sup> Carroll District #1's Response to Commission Staff's Report, item 2a.

<sup>29</sup> Case 2020-00021, *Electronic Alternative Rate Adjustment Filing of Farmdale Water District* (Ky. PSC July 7, 2020). The Commission adopted Commission Staff's recommendation on this topic.

Asset Group	Current Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Land Rights (Acct. 303)	-	-	-
Structures & Improvements (Acct. 304)	\$ 7,752	\$ 1,124	\$ 8,876
Wells & Springs (Acct. 307)	15,376	2,621	17,997
Pumping Equipment (Acct. 311)	25,207	2,059	27,266
Water Treatment Eq (Acct. 320)	2,950	(395)	2,555
Hydrants (Acct. 335)	491	(98)	393
Distribution Reservoirs & Standpipes (Acct. 330)	63,035	(2,551)	60,484
Transmission & Distribution Mains (Acct. 331)	203,751	(43,811)	159,940
Transmission - Fire Mains (Acct. 331)	153	(31)	122
Services (Acct. 333)	8,985	1,520	10,506
Office Furniture & Equipment (Acct. 340)	4,662	(1,413)	3,249
Meters (Acct. 334)	46,994	(3,542)	43,451
Meter Installation (Acct. 334)	9,775	(1,879)	7,895
Transportation Equip (Acct. 341)	34,257	(6,832)	27,425
Power Operated Equip (Acct. 345)	8,644	(1,729)	6,915
Other Tangible Plant (Acct. 348)	11,574	152	11,726
Depreciation Total	\$ 443,605	\$ (54,805)	\$ 388,800
Less: Pro Forma Depreciation Expense Adjustment		(97,976)	
Revenue Requirement Adjustment		<u>\$ 43,171</u>	

Taxes Other than Income – FICA. In Commission Staff's Report, Commission Staff recommended an increase to Carroll District #1's Taxes Other than Income Expense by \$2,564<sup>30</sup> to account for the increased contribution amount of pro forma wage adjustment multiplied by the FICA percentage rate of 7.65 percent. The Commission finds that this adjustment, is a known and measurable change to Taxes Other than Income, is reasonable and is accepted.

Based on the Commission's findings discussed above, the following table summarizes Carroll District #1's adjusted pro forma operations:<sup>31</sup>

<sup>30</sup> Commission Staff's Report at 20, Adjustment K.

<sup>31</sup> See Appendix A for a complete pro forma.

	Commission Staff's Report Pro Forma	Commission Adjustments	Final Pro Forma
Total Operating Revenues	\$1,731,812	\$ -	\$1,731,812
Utility Operating Expenses	<u>1,547,711</u>	<u>44,399</u>	<u>1,592,110</u>
Net Utility Operating Income	184,101	(44,399)	139,701
Interest and Dividend Income	<u>30,901</u>	<u>-</u>	<u>30,901</u>
	<u>\$ 215,002</u>	<u>\$ (44,399)</u>	<u>\$ 170,602</u>

### REVENUE REQUIREMENTS

Based upon the Commission's findings and determinations herein, Carroll District #1 requires an increase in revenues of \$267,493, or 15.93 percent, above pro forma present rate revenues as shown below:

<u>Revenue Requirement Determination- Debt Service Coverage</u>	
Pro Forma Operating Expenses	\$1,592,110
Plus: Avg. Annual Principal and Interest Payments	365,080
Additional Working Capital	<u>73,016</u>
Total Revenues Requirement	2,030,206
Less: Unmetered Water Revenue	(1,359)
Other Operating Revenue	(51,274)
Interest Income	<u>(30,901)</u>
Revenue Required From Water Sales	1,946,672
Revenue from Sales at Present Rates	<u>(1,679,179)</u>
Required Revenue Increase	<u>267,493</u>
Percentage Increase	<u>15.93%</u>

### RATE DESIGN

Carroll District #1 proposed to increase its monthly retail water service rates by a cost-of-service study (COSS) performed by Alan Vilines of the Kentucky Rural Water

Association (KRWA). Mr. Vilines followed the guidelines and procedures recommended in the American Water Works Association's (AWWA) Water Rates Manual M-1. The Commission has long accepted the AWWA guidelines as a reasonable method to ratemaking and a reasonable method of designing rates for small water utilities.<sup>32</sup> Carroll District #1 proposed to increase its monthly wholesale water service rate by the percentage increase over normalized revenues. Carroll District #1 then reduced the amount of the total revenue requirement by this increased wholesale revenue as calculated using this increased rate. Carroll District #1 then calculated the retail increase in rates using the service ratios and the COSS designed by Mr. Vilines.

In the Commission Staff's Report, Commission Staff followed the Carroll District #1's COSS but did not use the service ratio allocation factors developed by Mr. Vilines because, at the time the application was filed, the application and supplemental information did not discuss or show how these service ratios were calculated. In its response to the Commission Staff Report, Carroll District #1 informed the Commission that the service ratios were calculated using historical information related to the operation and maintenance of its larger-sized meters. The Commission accepts the explanation of the service ratios and has directed Commission Staff to make the appropriate calculations to take into consideration these service ratios and the impact on the larger sized meters for the retail customers. The wholesale rates were calculated in the same manner as Carroll District #1; the increase was calculated using the Commission Staff's overall percentage increase over the normalized revenues of 15.93 percent. Commission Staff

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<sup>32</sup> Case No. 2020-00021, *Electronic Alternative Rate Adjustment Filing of Farmdale Water District* (Ky. PSC July 7, 2020).

reduced the overall revenue requirement from water sales by the increased wholesale revenue generated by the increased rate. After this reduction to the overall revenue requirement, Commission Staff utilized the COSS filed by Carroll District #1 to calculate the retail rates.

The Commission finds that, with this adjustment and the adjustments to the total Revenue Requirement, the rates in Appendix B are fair, just and reasonable.

The monthly bill of a typical residential customer using 4,000 gallons of water will increase from \$36.00 to \$40.20, an increase of \$4.20, or 11.67 percent.

### SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The findings contained in the Commission Staff's Report, as modified in this Order, are supported by the evidence of record and are reasonable.
2. The Commission has historically used a Debt Service Coverage (DSC) method to calculate the revenue requirement for water districts or associations with outstanding, long-term debt. Application of the Commission's DSC method to Carroll District #1's pro forma operations results in an Overall Revenue Requirement of \$2,030,206. A revenue increase of \$267,493 from water service rates is necessary to generate the overall revenue requirement.
3. The water service rates proposed by Carroll District #1 are denied.
4. The water service rates and nonrecurring charges set forth in Appendix B to this Order are fair, just and reasonable, and should be approved for service rendered on or after the date of this Order.

IT IS THEREFORE ORDERED that:

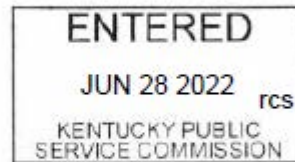
1. The findings contained in the Commission Staff's Report are adopted as modified in this Order and incorporated by reference into this Order.
2. The general service rates proposed by Carroll District #1 are denied.
3. The rates set forth in Appendix B to this Order are approved for services rendered by Carroll District #1 on and after the date of this Order.
4. Within 20 days of the date of entry of this Order, Carroll District #1 shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.
5. Carroll District #1 shall use the midpoint of the depreciable lives of the National Association of Regulatory Utility Commissioners ranges, as proposed in the application and agreed upon by Commission Staff, to depreciate water plant assets for accounting purposes in all future reporting periods. No adjustment to accumulated depreciation or retained earnings should be made to account for this change in the accounting estimate.
6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
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Chairman

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Vice Chairman

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Commissioner



ATTEST:

  
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Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00475 DATED JUN 28 2022

	Test Year	Staff Report Adjustment	Commission Adjustments	Final Pro Forma
<b>Operating Revenues</b>				
Unmetered Water Revenue	\$ 1,359	\$ -		\$ 1,359
Total Metered Sales	1,663,354	(34,440)		1,628,914
Sales for Resale	50,265			50,265
<b>Other Water Revenues</b>				
Forfeited Discounts	8,550	31,114		39,664
Misc. Service Revenues/Other Water Revenues	55,584	(31,470)		
		(12,504)	-	11,610
	1,779,112	(47,300)	-	1,731,812
<b>Total Operating Revenues</b>				
<b>Operating Expenses</b>				
<b>Operation and Maintenance Expenses</b>				
Salaries and Wages - Employees	478,016	33,521		511,537
Salaries and Wages - Officers	16,050	150		16,200
Employee Pensions and Benefits	368,079	(159,512)		
		(22,118)		
		(4,513)	1,228	183,164
Purchased Water	4,910			4,910
Purchased Power	164,482			164,482
Chemicals	8,134			8,134
Materials and Supplies	87,761			87,761
Contractual Services	67,847	2,967		70,814
Rental of Building/Real Property	151			151
Rental of Equipment	4,668			4,668
Transportation Expenses	22,980			22,980
Insurance	35,803			35,803
Bad Debt	22,772			22,772
Miscellaneous Expense	25,493			25,493
Total Operation and Maintenance Expenses	1,307,146	(149,505)	1,228	1,158,869
Depreciation	443,605	(97,976)	43,171	388,800
Taxes Other Than Income	41,877	2,564		44,441
<b>Utility Operating Expenses</b>				
	1,792,628	(244,917)	44,399	1,592,110
<b>Net Operating Income</b>				
	(13,516)	197,617	(44,399)	139,701
Interest and Dividend Income	30,901			30,901
<b>Income Available to Service Debt</b>				
	17,385	197,617	(44,399)	170,602

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00475 DATED JUN 28 2022

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	1,000 Gallons	\$	16.50	Minimum Bill
Next	9,000 Gallons		0.00790	Per Gallon
Next	40,000 Gallons		0.00555	Per Gallon
Over	50,000 Gallons		0.00350	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$	50.69	Minimum Bill
Next	5,000 Gallons		0.00790	Per Gallon
Next	40,000 Gallons		0.00555	Per Gallon
Over	50,000 Gallons		0.00350	Per Gallon

2-Inch Meter

First	15,000 Gallons	\$	145.78	Minimum Bill
Next	35,000 Gallons		0.00555	Per Gallon
Over	50,000 Gallons		0.00350	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$	235.69	Minimum Bill
Next	20,000 Gallons		0.00555	Per Gallon
Over	50,000 Gallons		0.00350	Per Gallon

4-Inch Meter

First	50,000 Gallons	\$	356.20	Minimum Bill
Over	50,000 Gallons		0.00350	Per Gallon

Wholesale Rates

\$	0.00262	Per Gallon
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Nonrecurring Charges

Connection/Turn On Charge	\$17.00
Connection/Turn On Charge, After Hours	118.00
Disconnection Charge	17.00
Meter Test Request Charge	17.00
Reconnection Charge	17.00
Reconnection Charge, After Hours	118.00
Re-Read Charge	17.00
Return Check Charge	7.00
Service Call/Investigation Charge	17.00
Service Call/Investigation Charge, After Hours	118.00

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