

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF JONATHAN)	CASE NO.
CREEK WATER DISTRICT FOR AN)	2021-00410
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On May 13, 2022, Jonathan Creek Water District (Jonathan Creek District) filed an application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. In its application, Jonathan Creek District requested rates that would increase annual water sales revenues by \$23,448, or a 2.42 percent across-the-board increase to present rate water revenues.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated June 3, 2022. Jonathan Creek District responded to three discovery requests from Commission Staff. On September 2, 2022, the Commission, on its own motion, found that the procedural schedule should be amended to allow Commission Staff additional time to prepare and file a Commission Staff Report, extending the date of the Commission Staff Report from September 13, 2022, to September 27, 2022. Pursuant to the Commission's September 2, 2022 Order, Commission Staff issued a report (Commission Staff's Report) on September 23, 2022, summarizing its findings regarding Jonathan Creek District's application. The Commission Staff's Report indicated that Jonathan Creek District's adjusted test-year

operations support an overall revenue requirement of \$1,090,743 and that an increase of \$91,529, or 9.46 percent, is necessary to generate the overall revenue requirement.

On September 28, 2022, Jonathan Creek District filed its comments on the Commission Staff's Report with the Commission.¹ In its response, Jonathan Creek District did not agree with Commission Staff's removal of certain labor expenses from nonrecurring charges but did not wish to contest that adjustment in this case. Jonathan Creek District concurred with the remaining findings presented in the Commission Staff's Report. In addition, Jonathan Creek District did not request that an informal conference or hearing be held.

LEGAL STANDARD

Alternative rate adjustment proceedings, such as this one, are governed by Commission regulation 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 for a utility's request for a rate increase is well established. In accordance with KRS 278.030 and case law, Jonathan Creek District is allowed to charge its customers "only 'fair, just and reasonable rates.'"² Further, Jonathan Creek District bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

BACKGROUND

Jonathan Creek District is a water utility organized pursuant to KRS Chapter 74 that owns and operates a water distribution system through which it provides retail water

¹ Jonathan Creek District's Response to Commission Staff's Report (filed Sept. 28, 2022).

² *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).

service to approximately 2,636 residential customers and 120 commercial customers that reside in Marshall County, Kentucky.³ As part of the final Order of Case No. 2021-00082, Jonathan Creek District was ordered to file for a general adjustment of rates or alternative rate filing within one year from the May 13, 2021 Order.⁴ On May 13, 2022, Jonathan Creek District filed an application, pursuant to 807 KAR 5:076. Jonathan Creek District's last rate adjustment was in Case No. 2017-00323.⁵

TEST PERIOD

The calendar year ended December 31, 2021, was used as the test year to determine the reasonableness of Jonathan Creek District'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 Jonathan Creek District's pro forma income statement as follows:

	2021 Test Year	Pro Forma Adjustments	Staff Report Pro Forma
Operating Revenues	\$ 995,308	\$ 205	\$ 995,513
Operating Expenses	861,717	92,456	954,173
Net Operating Income	133,591	(92,251)	41,340
Interest Income	384	-	384
Income Available for Debt Service	<u>\$ 133,975</u>	<u>\$ (92,251)</u>	<u>\$ 41,724</u>

³ Annual Report of Jonathan Creek District to the Public Service Commission for the Calendar Year Ended (Annual Report) December 31, 2021 at 12 and 49.

⁴ Case No. 2021-00082 *Electronic Investigation into the Financial Capacity of Jonathan Creek Water District* (Ky. PSC July 18, 2022).

⁵ Case No. 2017-00323, *Application of Jonathan Creek Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 21, 2017).

REVIEW AND MODIFICATIONS TO COMMISSION STAFF'S FINDINGS

Jonathan Creek District proposed adjustments to revenues and expenses to reflect current and expected operating conditions. In the Commission Staff's Report, Commission Staff proposed additional adjustments. The Commission accepts the findings contained in the Commission Staff's Report as they represent known and measurable⁶ levels of revenues and expenses that should be reflected in rates.

Billing Analysis Adjustment. In the Commission Staff's Report, Commission Staff recommended the Commission accept Jonathan Creek District's proposed increase of \$3,330 in water service revenue based on Jonathan Creek District's current billing analysis.⁷ The Commission finds that this adjustment is reasonable as an examination of Jonathan Creek District's billing analysis was completed by Commission Staff and a normalized revenue was based on the information provided.

Incorrectly Recorded Penalty Revenue. In the Commission Staff's Report, Commission Staff recommended that the Commission accept the adjustment to remove \$9,103 revenues from Miscellaneous Revenues and to reclassify these revenues as Forfeited Discounts (Late Fees). The Commission finds that this adjustment is reasonable and approves of the reclassification of the Forfeited Discounts.

⁶ See 807 KAR 5:001E, Section 16.1.(a); Case No. 2001-00211, *The Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue Its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 25, 2003); Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018); and Case No. 2019-00080, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of the City of Pikeville to Mountain Water District* (Ky. PSC Dec. 19, 2019).

⁷ Commission Staff's Report at 8, Adjustment A.

Forfeited Discounts. Jonathan Creek District proposed adjustments to decrease Miscellaneous Revenue by \$9,103 and increase Forfeited Discounts by the same amount to reclassify late fees into its own category for increased clarity. In addition, Commission Staff proposed in the Commission Staff’s Report an adjustment to increase test year Forfeited Discounts of \$7,027 to account for the moratorium regarding the collection of late fees for past due accounts due to the COVID-19 Pandemic. This adjustment reflected the average of 2017, 2018, and 2019 levels of late fees. Commission Staff recommended that the Commission update the adjustment to reflect a three-year average in accordance with Commission precedent,⁸ resulting in an increase in test-year late fee revenue of \$7,027, for a total pro forma adjustment of \$16,130.⁹ The Commission finds that Commission Staff’s adjustments to Forfeited Discounts represent known and measurable change to Other Water Revenues, are reasonable, and should be accepted.

Other Water Revenues – Nonrecurring Charges. The Commission Staff’s Report noted that, contrary to Commission precedent, estimated labor expenses incurred for work during normal business hours were included in the estimates used to determine the amount of Jonathan Creek District’s nonrecurring charges. Commission Staff recommended that Jonathan Creek District’s nonrecurring charges be reduced to reflect the removal of those estimated labor costs as follows:

Nonrecurring Charges	
Connection/Turn On Charge	\$19.00
Disconnection Charge	\$19.00
Field Collection Charge	\$19.00

⁸ Case No. 2021-00425, *Electronic Application of Corinth Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 25, 2022).

⁹ Commission Staff’s Report at 7, Adjustment B-C.

Meter Reinstallation Charge	\$19.00
Meter Reread Charge	\$7.00
5/8" x 3/4" Meter Test Charge	\$54.00
1" Meter Test Charge	\$89.00
1 1/2" Meter Test Charge	\$89.00
2" Meter Test Charge	\$119.00
Field Meter Test Charge (2",3" and 4")	\$369.00
Reconnection Charge	\$19.00
Return Check Charge	\$10.00

Commission Staff also recommended Jonathan Creek District's Other Operating Revenue be reduced in the amount of \$8,060 to reflect the proposed changes in the nonrecurring charges.¹⁰ Finally, Commission Staff also proposed a (\$2,092) adjustment to normalize the Miscellaneous Service Revenues, the Commission agrees this adjustment is necessary to normalize the Miscellaneous Service Revenues.

In its response to Commission Staff's Report, Jonathan Creek District disagreed with the removal of the labor expenses from its nonrecurring charges, but it indicated it did not wish to contest those adjustments in this case.¹¹

The Commission agrees with the Commission Staff's Report, which is consistent with recent Commission decisions, that labor expenses paid for work during normal business hours should not be recovered through nonrecurring charges.¹² 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

¹⁰ Commission Staff's Report at 6, Adjustment C.

¹¹ Jonathan Creek District's Responses to the Commission Staff's Report, paragraph 2.

¹² Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

nonrecurring service such as the connection and reconnection of a meter during normal working hours. Therefore, the Commission finds that estimated labor costs incurred during normal business hours previously included in determining the amount of nonrecurring charges should be eliminated from the charges as proposed by Commission Staff. Rather, the Commission finds that the calculation of Jonathan Creek District's nonrecurring charges should be revised and only the marginal costs related to the service should be recovered through the nonrecurring charges for service provided during normal working hours, including the transportation expense provided by Jonathan Creek District in its comments.

This approach to ratemaking is entirely consistent with the Commission's history of ensuring that rates reflect, to a reasonable degree, the principle of cost causation while simultaneously considering the health of the utility and the ability of the utility to provide the adequate, efficient and reasonable provision of service. The implementation of rates that significantly deviate from the actions and expenses underlying the service provided can create material issues with a utility's ability to meet its approved revenue requirement, particularly when a utility has razor thin margins. Thus, in keeping with precedent¹³, the Commission finds that an adjustment excluding the labor expense as proposed by Commission Staff and including the transportation expense in the nonrecurring charges to be reasonable.

Commission Staff, in the Commission Staff's Report, made an adjustment of (\$8,060) to Other Water Revenue, as shown in the table below, for the removal of labor

¹³ Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

expenses. The Commission finds the adjustment proposed by Commission Staff to be reasonable.

	Num.	Current Rate	Total	Revised Rate	Adj	Pro Forma
Miscellaneous Service Revenues:						
Connection/Turn On Charge	251	\$35.00	\$8,785	\$19.00	(\$4,016)	\$4,769
Disconnection Charge	206	\$35.00	\$5,250	\$19.00	(\$1,336)	\$3,914
Meter Reread Charge	1	\$35.00	\$35	\$7.00	(\$28)	\$7
Reconnection Charge	150	\$35.00	\$5,250	\$19.00	(\$2,400)	\$2,850
Returned Check Charge	7	\$50.00	\$350	\$10.00	(\$280)	\$70
Total Miscellaneous Service Revenues			\$19,670		(\$8,060)	\$11,610

Salaries and Wages – Officers. In the application, Jonathan Creek District proposed an adjustment to reduce test year Salaries and Wages – Employees expense by \$23,136 and increase Salaries and Wages – Officers by the same amount, citing a bookkeeping error that resulted in the district recording Commissioner fees as employee salaries.¹⁴ Jonathan Creek District proposed an additional adjustment to increase Salaries and Wages – Officers by \$1,064 to accurately annualize Commissioner fees based on a full year of payments.

In the Commission Staff's Report, Commission Staff recommended the Commission accept Jonathan Creek District's proposed adjustment as it accurately reflects levels of expenses associated with Officer and Employee Salaries and Wages in the test-year.¹⁵ The Commission finds that the adjustment proposed by Jonathan Creek District is reasonable and should be accepted.

¹⁴ Application, Schedule of Adjusted Operations, References Page. Adjustment C.

¹⁵ Commission Staff Report at 9, Adjustment D.

Salaries and Wages – Employees & FICA. In its application, Jonathan Creek District proposed an adjustment increasing test-year Salaries and Wages – Employees Expense by \$41,528 as well as increasing FICA taxes by an associated \$3,600 citing the changes in staffing and salary levels since the test year. Subsequent to the filing of its application, Jonathan Creek District provided support showing the addition of a new operator trainee position.¹⁶

In the Commission Staff's Report, Commission Staff recommended adjustments to increase test-year Salaries and Wages – Employees by \$72,728 and increase test-year FICA taxes by an associated \$7,839 as a result of normalizing amounts using current employee count, compensation, and test-year hours worked.¹⁷ The Commission finds that these adjustments are known and measurable and are accepted.

Employee Pensions and Benefits. In its application, Jonathan Creek District included \$118,384 in test-year Employee Benefits Expense related to insurance and retirement benefits.¹⁸ As part of its employee compensation, Jonathan Creek District pays 100 percent its employees' health, dental, vision, and life insurance premiums.

Commission Staff notes that the Commission has consistently made ratemaking adjustments to reduce the cost of employer-sponsored healthcare paid by some utilities when certain aspects of those benefit packages were found to be unreasonable based on a review of total salaries and fringe benefits. The Commission continues to place greater emphasis on evaluating employees' total compensation packages, including both

¹⁶ Jonathan Creek District's Response to Staff's Second Request for Information, Attachment JC1 2 – Revised Adjustments.

¹⁷ Commission Staff's Report at 10, Adjustment E.

¹⁸ Application, Attachment 4, Statement of Adjusted Operations.

salary and benefits programs, for market and geographic competitiveness to ensure the development of a fair, just and reasonable rate.¹⁹

In the Commission Staff's Report, Commission Staff recommended that an adjustment be made to increase Employee Pensions and Benefits expense by \$16,819 to account for the pro forma County Employees Retirement System (CERS) contributions according to the adjustment to Employee Salaries and Wages expense discussed above, as well as the reduction of test-year health and dental insurance premiums to the national averages as published by the Bureau of Labor Statistics.²⁰ The Commission finds that the adjustment proposed by Commission Staff accurately reflects pro forma levels of CERS contributions as well as applies Commission precedent regarding health and dental insurance premiums and is accepted.

Water Loss. Jonathan Creek District reported water loss of 25.85 percent,²¹ 31.05 percent,²² and 27.96 percent²³ for the past three years. In its application, Jonathan Creek District proposed adjustments to Purchased Power and Purchased Chemicals Expense of \$6,587 and \$1,098, respectively, to account for the district's unaccounted-for water loss in excess of 15 percent.²⁴ Although Commission Staff calculated a surcharge

¹⁹ Case 2020-00167, *Electronic Application of Ohio County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Dec. 2, 2020). Case No. 2020-00296, *Electronic Application of Allen County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Feb. 3, 2021).

²⁰ Commission Staff's Report at 10-11, Adjustment F.

²¹ 2021 Annual Report at 57,

²² 2020 Annual Report at 57.

²³ 2019 Annual Report at 57.

²⁴ Jonathan Creek District produces 100% of the water it sells, so no adjustment to purchased water is necessary.

and stated that the amount would be *de minimus*,²⁵ the Commission notes Jonathan Creek District's elevated water loss indicates the utility should prioritize reducing the amount immediately.

In order to furnish adequate, efficient and reasonable service,²⁶ the Commission encourages the utility to continue exploring options to address the problem of elevated water loss.

In the Commission Staff's Report, Commission Staff recommended the Commission accept Jonathan Creek District's proposed adjustments as they accurately represent the test-year cost of lost water. However, Commission Staff noted a clerical discrepancy and modified the Purchased Power adjustment to a decrease of \$6,585.²⁷ The Commission finds that Jonathan Creek District's proposed adjustment is reasonable and should be accepted with the change to Purchased Power noted by Commission Staff.

Depreciation Expense. In its application, Jonathan Creek District included \$160,664 in Depreciation Expense and proposed to increase test-year Depreciation Expense by \$1,689. In the Commission Staff's Report, Commission Staff recommended accepting the adjustment proposed by Jonathan Creek District,²⁸ which was calculated by adjusting the useful lives of the Jonathan Creek District's assets to the midpoint of the lives found in the National Association of Regulatory Utility Commissioners' (NARUC)

²⁵ $(\$7,683 \text{ (Disallowed Purchase Power and Chemical costs)} / 48 \text{ months}) / 2,756 \text{ customers} = \$0.058 \text{ or } \$0.06.$

²⁶ KRS 278.030(2).

²⁷ Commission Staff's Report at 12, Adjustment G.

²⁸ Commission Staff's Report at 14, Adjustment H.

report titled *Depreciation Practices for Small Utilities* (NARUC Study) published in 1979.²⁹

The Commission finds that the adjustment keeps with Commission precedent and is a known and measurable change to test-year Depreciation Expense, and is accepted.

Based on the Commission’s findings discussed above, the following table summarizes Jonathan Creek District’s adjusted pro forma operations.³⁰

	Staff Report Pro Forma	Commission Adjustments	Commission Pro Forma
Operating Revenues	\$ 995,513	\$ -	\$ 995,513
Operating Expenses	954,173	-	954,173
Net Operating Income	41,340	-	41,340
Interest Income	384	-	384
Income Available for Debt Service	<u>\$ 41,724</u>	<u>\$ -</u>	<u>\$ 41,724</u>

REVENUE REQUIREMENTS

The Commission has historically used an Operating Ratio method to calculate the revenue requirement for water districts of associations without outstanding long—term debt. Applying the Operating Ratio method to Jonathan Creek District’s pro forma operations results in an Overall Revenue Requirement of \$1,090,743 and a revenue required from Sale of Water of \$1,059,302, based upon pro forma present rate service revenues of \$967,773, a revenue increase of \$91,529 from water service rates is necessary to generate the overall revenue requirement.

²⁹ Commission Staff’s Report at 12, Adjustment F.

³⁰ See Appendix A for a complete Pro Forma.

	Jonathan Creek	
	Water	Commission
Operating Expenses	\$ 897,011	\$ 954,173
Divide by: Operating Ratio	88%	88%
	1,019,331	1,084,287
Plus: Interest Expense	<u>6,456</u>	<u>6,456</u>
Overall Revenue Requirement	1,025,787	1,090,743
Less: Other Operating Revenue	(30,865)	(27,740)
Interest Income	(384)	(384)
Nonutility Income	<u>(3,317)</u>	<u>(3,317)</u>
Revenue Requirement - Water Rates	991,221	1,059,302
Less: Normalized Revenue from Service	<u>(967,773)</u>	<u>(967,773)</u>
Required Revenue Increase	<u>\$ 23,448</u>	<u>\$ 91,529</u>
Percentage Increase	<u>2.42%</u>	<u>9.46%</u>

The operating ratio methodology³¹ is used when there is no basis for a rate-of-return determination, the cost of the utility has fully or largely been funded through contributions, or there is little or no outstanding long-term debt. Commission Staff is of the opinion that an operating ratio of 88 percent will allow Jonathan Creek District sufficient revenues to cover its reasonable operating expenses and provide for reasonable equity growth and is appropriate, as the district's only outstanding debt has maturity date of 2024. The Commission notes that Jonathan Creek District has indicated that its only debt consists of a note with a two year term that has been rolled over twice. In the event that Jonathan Creek District reaches a position where it will not be able to

³¹ Operating Ratio is defined as the ratio of expenses, including depreciation and taxes, to gross revenues. It is illustrated by the following equation:

$$\text{Operating Ratio} = \frac{\text{Operating Expenses} + \text{Depreciation} + \text{Taxes}}{\text{Gross Revenues}}$$

fully repay the debt by the end of the second roll-over period, it should seek Commission approval for the debt or be in violation of KRS 278.300.

RATE DESIGN

Jonathan Creek District proposed to increase its monthly retail and wholesale water service rates by approximately 2.42 percent across the board. Jonathan Creek District has not performed a cost of service study (COSS). Jonathan Creek District stated that it did not complete a COSS at this time as there has been no material changes in the water system.³²

The Commission has previously found that the allocation of a revenue increase evenly across the board to a utility's rate design is appropriate when there has been no evidence entered into the record demonstrating that this method is unreasonable and in the absence of a COSS. In the Commission Staff's Report, Commission Staff followed the method previously accepted by Jonathan Creek District and allocated Commission Staff's calculated revenue increase across the board to Jonathan Creek District's monthly retail water service rates.

The rates set forth in Appendix B to this Order are based upon the revenue requirement the Commission has found to be fair, just and reasonable and will produce sufficient revenues from water sales to recover the \$1,059,302 Revenue Required from Rates, an approximate 9.46 percent increase. The rates will increase a typical residential customer's monthly water bill rates from \$33.12 to \$36.26, an increase of \$3.14 or approximately 9.48 percent.

³² Jonathan Creek District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Apr. 14, 2022), Item 4.

SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in the Commission Staff's Report, as discussed above, are supported by the evidence of record and are reasonable. The Commission has historically used the Operating Ratio method to calculate the revenue requirement for water districts or associations with little to no outstanding long-term debt. Applying the Operating Ratio method to Jonathan Creek District's pro forma operations results in an Overall Revenue Requirement of \$1,090,743 and, based upon pro forma present rate service revenues of \$967,773, a revenue increase of \$91,529 from water service rates is necessary to generate the overall revenue requirement. The Commission further finds that allocating the calculated revenue increase across the board to Jonathan Creek District's monthly retail water service rates in two phases to be fair, just and reasonable.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Commission Staff's Report, as modified herein, are adopted and incorporated by reference into this Order as if fully set out herein.
2. The rates proposed by Jonathan Creek District are denied.
3. The Connection Fees and Nonrecurring Charges set forth in Appendix B to this Order are approved for service rendered by Jonathan Creek District on and after the date of this Order.
4. Monthly Water Rates set forth in Appendix B to this Order are approved for service rendered by Jonathan Creek District on and after the date of this Order.

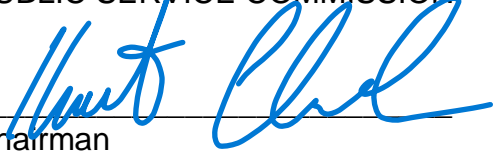
5. Within 20 days of the date of service of this Order, Jonathan Creek District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.

6. Jonathan Creek District shall use the midpoint of the depreciable lives of the NARUC Study 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.

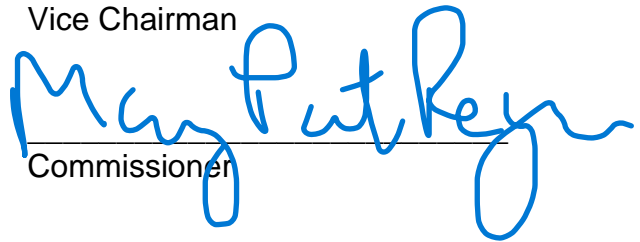
7. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ENTERED
FEB 07 2023
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00410 DATED FEB 07 2023

	Test Year	Commission Staff's Proposed Adjustment	Commission Adjustment	Pro Forma
Operating Revenues				
Total Metered Sales	\$ 964,443	\$ 3,330		\$ 967,773
Other Water Revenues				
Forfeited Discounts	-	9,103		
		7,027		16,130
Misc Service Revenues	30,865	(9,103)		
		(2,092)		
		(8,060)		11,610
Total Operating Revenues	995,308	205	-	995,513
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	335,561	(23,136)		
		72,728		385,153
Salaries and Wages - Officers	-	23,136		
		1,064		24,200
Employee Pensions and Benefits	118,384	16,819		135,203
Purchased Power	60,689	(6,585)		54,104
Chemicals	10,119	(1,098)		9,021
Materials and Supplies	33,046			33,046
Contractual Services	32,810			32,810
Transportation Expenses	19,517			19,517
Insurance - Other	34,589			34,589
Miscellaenous Expenses	31,162			31,162
Total Operation and Mainenance Expenses	675,877	82,928	-	758,805
Depreciation Expense	160,664	1,689		162,353
Taxes Other Than Income	25,176	7,839		33,015
Total Operating Expenses	861,717	92,456	-	954,173
Utility Operating Income(Loss)	\$ 133,591	\$ (92,251)	\$ -	\$ 41,340

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00410 DATED FEB 07 2023

Customer Charge

5/8- x 3/4-Inch Meter	\$7.62	Minimum Bill
1-Inch Meter	\$14.72	Minimum Bill
1 1/2-Inch Meter	\$26.59	Minimum Bill
2-Inch Meter	\$40.81	Minimum Bill
3-Inch Meter	\$74.01	Minimum Bill
6-Inch Meter	\$239.96	Minimum Bill

All Usage

0.00716 Per Gallon

Nonrecurring Charges

Connection/Turn On Charge	\$19.00
Disconnection Charge	\$19.00
Field Collection Charge	\$19.00
Meter Reinstallation Charge	\$19.00
Meter Reread Charge	\$7.00
5/8"x3/4" Meter Test Charge	\$54.00
1" Meter Test Charge	\$89.00
1 1/2" Meter Test Charge	\$89.00
2" Meter Test Charge	\$119.00
Field Meter Test Charge (2", 3" and 4")	\$369.00
Reconnect Charge	\$19.00
Return Check Charge	\$10.00

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