

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MAGOFFIN)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2023-00299
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of December 4, 2023, as amended by the Order entered March 6, 2024, the attached report containing the recommendations of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's December 4, 2023, Order, Magoffin County Water District (Magoffin District) is required to file written comments regarding the recommendations of Commission Staff no later than 14 days from the date of service of this report. The Commission directs Magoffin District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED APR 10 2024

cc: Parties of Record

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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COMMISSION STAFF'S REPORT
ON MAGOFFIN COUNTY WATER DISTRICT

Magoffin County Water District (Magoffin District) is a water utility organized pursuant to KRS Chapter 74 that owns and operates a distribution system through which it provides retail water service to approximately 3,387 residential customers and 55 commercial customers, who reside in Floyd and Magoffin counties, Kentucky.¹

On November 7, 2023,² Magoffin District filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. To comply with the requirements of 807 KAR 5:076, Section 9,³ Magoffin District used the calendar year ended December 31, 2022, as the basis for its application. Magoffin District's last base rate increase pursuant to the alternative rate filing procedure was in

¹ *Annual Report of Magoffin District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 12 and 49.

² Magoffin District tendered its application on September 8, 2023. By letters dated September 12, 2023 and October 30, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on November 7, 2023.

³ The reasonableness of the proposed rates shall be determined using a 12-month historical test period, adjusted for known and measurable changes, that coincides with the reporting period of the applicant's annual report for the immediate past year.

Case No. 2015-00022.⁴ Since that matter, Magoffin District has only adjusted its rates pursuant to purchased water adjustments. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated December 4, 2023, as amended by Order dated March 6, 2024. Magoffin District responded to three information requests from Commission Staff.⁵ In response to a third information request, Magoffin District acknowledged that it had not posted a notice to the public regarding this alternative rate adjustment application on its website.⁶ On March 25, 2024, the Commission found that Magoffin District had failed to comply with 807 KAR 5:076, Section 8(1)(b), and 807 KAR 5:076, Section 5(4)(d), and granted a deviation for both regulations.⁷ However, the Commission ordered Magoffin District to post notice on its website⁸ and on March 27, 2024, Magoffin District filed proof it had complied with the Order.⁹

UNACCOUNTED-FOR WATER LOSS

The Commission notes that in its 2022 Annual Report, Magoffin District reported a water loss of 19.6849 percent.¹⁰ Commission regulation 807 KAR 5:066, Section 6(3),

⁴ Case No. 2015-00022, *Application of Magoffin County Water District for Rate Adjustment Pursuant to 807 KAR 5:076*, (Ky. PSC Oct. 15, 2015).

⁵ Magoffin District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 20, 2023). Magoffin District's response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Jan. 24, 2024). Magoffin District's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Mar. 12, 2024).

⁶ Magoffin District's Response to Staff's Third Request, Item 3.

⁷ Mar. 25, 2024 Order at 4.

⁸ Mar. 25, 2024 Order at 4.

⁹ Magoffin District's proof of notice filing (filed Mar. 27, 2024).

¹⁰ 2022 Annual Report at 57.

states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. The table below shows that the 2022 total annual cost of water loss to Magoffin District is \$133,921, while the annual cost of water loss in excess of 15 percent is \$31,872.

	<u>Purchased Water</u>	<u>Purchased Power</u>	<u>Total</u>
Pro Forma Expenses	\$ 616,253	\$ 64,067	\$ 680,320
Multiply by: Total Water loss	<u>19.6849%</u>	<u>19.6849%</u>	
 Total Water Loss	 <u>\$ 121,309</u>	 <u>\$ 12,612</u>	 <u>\$ 133,921</u>
	<u>Purchased Water</u>	<u>Purchased Power</u>	<u>Total</u>
Pro Forma Expenses	\$ 616,253	\$ 64,067	\$ 680,320
Multiply by: Water loss in Excess of 15 Percent	<u>4.6849%</u>	<u>4.6849%</u>	
 Excess Cost	 <u>\$ 28,871</u>	 <u>\$ 3,001</u>	 <u>\$ 31,872</u>

DISCUSSION

In its initial filing, Magoffin District determined that a base rate revenue increase of \$580,057, or 41.23 percent, was necessary based on a year ended December 31, 2021 test year.¹¹ Magoffin District was notified that the test year was incorrect, and it resubmitted its filing using the correct test year ended December 31, 2022.¹² Magoffin District determined that a base rate revenue increase of \$389,189, or 25.27 percent,¹³ was necessary to achieve the revenue requirement. In response to one of Commission

¹¹ Application, Application.pdf, (filed Sep. 8, 2023), at 13, Revenue Requirement table.

¹² Magoffin District's response to filing deficiencies, Exhibits_A_through_D_.pdf, (filed Oct. 25, 2023).

¹³ Magoffin District's response to filing deficiencies, Exhibits_A_through_D_.pdf.

Staff's requests for information, Magoffin District filed a corrected rate study.¹⁴ In the rate study, Magoffin District provided an additional revised revenue requirement calculation, and determined that a corrected base rate revenue increase of \$361,340, or 23.46 percent,¹⁵ was necessary to achieve the revenue requirement as shown in the table below.

Pro Forma Operating Expenses	\$ 1,824,311
Plus: Avg. Annual Principal and Interest Payments	115,313
Additional Working Capital	23,063
Total Revenues Requirement	1,962,686
Less: Other Operating Revenue ()	(40,149)
Nonutility Income ()	(20,000)
Interest and Dividend Income ()	(930)
Revenue Required From Sales of Water	1,901,607
Less: Revenue from Sales with Present Rates ()	(1,540,267)
Required Revenue Increase	\$ 361,340
Percentage Increase	23.46%

To determine the reasonableness of the rates requested by Magoffin District, Commission Staff performed a limited review of Magoffin District's test-year operations. The scope of Commission Staff's review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable¹⁶ changes to test-year operations were identified, and adjustments were

¹⁴ Magoffin District's response to Commission Staff's Second Request, Item 1, 1_Rate_Study_Corrected.xlsx

¹⁵ Magoffin District's response to Commission Staff's Second Request, Item 1, 1_Rate_Study_Corrected.xlsx, SAO Tab, Cells G50 and G52.

¹⁶ Commission regulation 807 KAR 5:076, Section 9, sets the standard for the determination of the reasonableness of proposed rates and states, in pertinent part, that the test period shall be "adjusted for known and measurable changes." See also Case No. 2001-00211, *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*

made when their effects were deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Commission Staff's recommendations are summarized in this report. William Foley reviewed the calculation of Magoffin District's Overall Revenue Requirement, and Eddie Beavers reviewed Magoffin District's reported revenues and rate design.

SUMMARY OF RECOMMENDATIONS

1. Overall Revenue Requirement and Required Revenue Increase.

By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Commission Staff determined that Magoffin District's required revenue from water sales is \$1,771,536 to meet the Overall Revenue Requirement of \$1,876,389 and that a \$231,269 revenue increase, or 15.01 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates: Magoffin District proposed to allocate its increase across the board.¹⁷ Commission Staff agrees with this allocation method and used it to allocate its recommended \$231,269 increase. The rates, as calculated by Commission Staff, which are set forth in Appendix B to this report, are based upon the total revenue requirement, of \$1,876,389, and will produce sufficient revenues from water sales to recover the \$1,771,536 Revenue Required from Rates. The rates will increase

Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds (Ky. PSC June 25, 2003); and Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

¹⁷ Magoffin District's Response to filing deficiencies, Exhibits_A_through_D.pdf, Revenue Requirement table.

an average residential customer's monthly water bill from \$36.11 to \$41.53, an increase of \$5.42, or approximately 15.01 percent.¹⁸

3. Nonrecurring Charges. Following the Commission's recent decisions,¹⁹ Commission Staff has reviewed Magoffin District's Nonrecurring Charges. The Commission found that because district personnel are currently paid during normal business hours and the labor costs are recovered in rates, estimated labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated. Commission Staff reviewed the cost justification information provided by Magoffin District and adjusted these charges by removing Field Labor Costs of approximately \$20 per hour and Office/Clerical Labor Costs of approximately \$15 per hour from those charges which occur during normal business hours.²⁰ In addition to the charges shown in the table below, Magoffin District has two additional charges in its tariff. The Late Fee of 10 percent and the Meter Relocation Charge at Actual Cost are not being revised and therefore excluded from the table below.

The calculation of these revised rates is displayed below and the table to show the calculations can be found in Appendix A attached to Commission Staff's Report.

¹⁸ The average residential customer uses approximately 4,000 gallons per month. See Application, Attachment 1.

¹⁹ 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. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020), Case No. 2020-00196, *Electronic Application of West Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020), and Case No. 2020-00195 *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020).

²⁰ Magoffin District's Response to Staff's First Request, Item 10.

<u>Miscellaneous Service Revenues</u>	<u>Revised Rates</u>
Connection/Turn On Charge After Hours	\$16.00
Field Collection Charge	\$4.00
Meter Test Charge	\$55.00
Returned Check Charge	\$6.00
Reconnect Charge	\$12.00

In Magoffin District's response to Commission Staff's First Request for Information (Staff's First Request), Magoffin District provided a revised cost justification for its 5/8- x 3/4-Inch Meter Tap Fee. The charge has been filed using more recent information, and the requested charge is \$1,300, which is a \$100 increase over the current charge in its tariff.²¹ Commission Staff recommends that the Commission find that the Magoffin District's adjustment is reasonable and the Tap Fee of \$1,280 should be accepted and approved.

PRO FORMA OPERATING STATEMENT

Magoffin District's Pro Forma Operating Statement for the test year ended December 31, 2022, as determined by Commission Staff appears in the table below.

²¹ Magoffin District's Response to Staff's First Request, Item 12.

	2022 Test Year	Magoffin District Revised Adjustments	Commission Staff Proposed Adjustments	Total Proposed Adjustments	(Ref.)	Pro Forma
Operating Revenues						
Total Metered Water Sales	\$ 1,501,319	\$ 38,948	\$ (41,577)	\$ (2,629)	(A)	
			(31,585)	(31,585)	(A)	
			(4,812)	(4,812)	(A)	
			77,974	77,974	(B)	1,540,267
Total Metered Water Sales	1,501,319	38,948	-	38,948		1,540,267
Other Water Revenues						
Forfeited Discounts	-	-	31,585	31,585	(A)	31,585
Misc. Service Revenues	-	-	16,844	16,844	(C)	
			(11,390)	(11,390)	(D)	5,454
Other Water Revenues	40,149		(16,844)	(16,844)	(C)	
			41,577	41,577	(A)	
			5,307	5,307	(E)	
			(23,305)	(23,305)	(F)	46,884
Total Other Water Revenues	40,149	-	43,774	43,774		83,923
Total Operating Revenues	1,541,468	38,948	43,774	82,722		1,624,190
Operating Expenses						
Operation and Maintenance Expenses						
Salaries and Wages - Employees	371,021	(7,800)	-	(7,800)	(G)	
		22,948	(38,624)	(15,676)	(H)	347,545
Salaries and Wages - Officers		7,800	(7,800)	-	(G)	-
Employee Pensions	139,554	2,636	(27,841)	(25,205)	(I)	
		(38,117)	20,654	(17,463)	(J)	96,886
Employee Benefits	18,861	1,125	10,899	12,024	(K)	30,885
Purchased Water	603,506		12,747	12,747	(L)	
			(28,871)	(28,871)	(M)	587,382
Purchased Power	64,067		(3,001)	(3,001)	(M)	61,066
Materials and Supplies	128,813		-	-		128,813
Contractual Services	5,400		-	-		5,400
Rental of Building/ Real Property	14,300		-	-		14,300
Transportation Expenses	34,286		-	-		34,286
Insurance - Other	29,950		-	-		29,950
Bad Debt	1,693		-	-		1,693
Miscellaneous Expense	73,007		-	-		73,007
Total Operation and Maintenance Expenses	1,484,458	(11,408)	(61,837)	(73,245)		1,411,213
Depreciation	325,898	(51,063)	(21,888)	(72,951)	(N)	252,947
Taxes Other Than Income	75,965	461	(2,955)	(2,494)	(O)	73,471
Utility Operating Expenses	1,886,321	(62,010)	(86,680)	(148,690)		1,737,631
Net Operating Income	(344,853)	100,958	130,454	231,412		(113,441)
Interest and Dividend Income	930	-				930
Nonutility Income	20,000	-				20,000
Income Available to Service Debt	\$ (323,923)	\$ 100,958	\$ 130,454	\$ 231,412		\$ (92,511)

(A) Reclassification of Non-Water Sales Revenues. In its application, Magoffin District reported \$1,501,319 in Metered Sales which included \$41,577 for Utility Tax

billings, \$31,585 for Late Fees, \$4,314 for a Field Supplies credit, and \$498 for Refunds²² as shown in the chart below.

Water Revenues	\$ 1,423,345
Utility Tax	41,577
Late Charges	31,585
Field Supplies	4,314
Refund	498
Total	<u>\$ 1,501,319</u>

Commission Staff reclassified Utility Tax billings to Other Water Revenues and reclassified Late Fees to Forfeited Discounts. Therefore, Commission Staff reduced Metered Water Sales by \$41,577 and \$31,585 and increased Forfeited Discounts by \$31,585 and increased Other Water Revenues by \$41,577. Additionally, the field supplies credit and the miscellaneous refunds should not be included in the pro forma since they are not recurring events. Commission Staff reduced Metered Water Sales for the combined amount of \$4,812.²³ Commission Staff notes that the Utility Tax billings is a non-revenue item that is offset by corresponding disbursements that are recorded as Taxes Other Than Income. The billing amount is based on revenues but is not a component of the underlying rate.

(B) Billing Analysis. In its application, Magoffin District proposed an adjustment to increase its test-year water sales revenues; however, with the adjustments discussed above, the test-year revenues of \$1,423,345²⁴ were increased by \$116,922, which is

²² Magoffin District's Response to Staff's First Request, item 1b, 1b_Adjusted_Trial_Balance_2022.xlsx, Cells O35 and O21.

²³ \$4,314 + \$498 = \$4,812.

²⁴ Test Year Water Sales \$1,501,319 less \$31,585 less \$41,577 less \$4,314 less \$498 = \$1,423,345.

\$77,974 more than the \$38,948 proposed by Magoffin District, to a normalized test-year revenue of \$1,540,267.

(C) Reclassify Nonrecurring Charges. In the application and the revised Rate Study, Magoffin District reported \$40,149 for Other Water Revenues.²⁵ In response to Staff's First Request, Magoffin District stated that the nonrecurring charge revenues are recorded as general water sales and are separated during the audit process.²⁶ Of the \$40,149 Other Water Revenues, Commission Staff identified that \$16,844 are comprised of Nonrecurring Charges. Commission Staff reclassified this amount to the Miscellaneous Service Revenues. Therefore, Commission Staff reduced Other Water Revenues by \$16,844 and increased Miscellaneous Service Revenues by \$16,844.

(D) Miscellaneous Service Revenues. In response to Staff's First Request, Magoffin District provided the number of nonrecurring charge occurrences.²⁷ Additionally, Magoffin District provided updated cost justification sheets for the Nonrecurring Charges and the Tap Fee.²⁸ Commission Staff reviewed the responses, the cost justification sheets, and the general ledger. Commission Staff followed the Commission's precedent in removing field labor and office/clerical labor costs.²⁹

²⁵ Magoffin District's Application, revised exhibit D (filed on Oct. 25, 2023) and response to Staff's Second Request, Item 1, 1_Rate_Study_Corrected.xlsx, SAO tab, Cell D10 (filed on Jan. 24, 2024).

²⁶ Magoffin District's Response to Staff's First Request, Item 10.

²⁷ Magoffin District's response to Staff's First Request, Item 1b, 1b_Adjusted_Trial_Balance_2022.xlsx, IS Tab, Cell O9.

²⁸ Magoffin District's Response to Staff's First Request, Item 10 through Item 12.

²⁹ Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020); Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020); Case No. 2020-00196, *Electronic Application of West Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020); and Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020).

Commission Staff decreased Miscellaneous Service Revenues by \$11,390 by removing field labor and office/clerical labor from Nonrecurring Charges that are accomplished during normal office hours. Additionally, Magoffin District identified an additional \$824 of nonrecurring revenues in the trial balance that were not identified as a recurring items in its responses. Therefore, Commission Staff did not include that amount when calculating the revenue requirements due to the lack of sufficient evidence. The Meter Test Charge has contracted labor, and as it is a contracted charge, Commission Staff has not removed this labor amount in the revised calculated Meter Test Charge. As shown in the tables in Appendix A, the proposed adjustments made by Commission Staff result in a pro forma amount of \$5,454.

(E) Utility Tax Billings Adjustment. During the test year, Magoffin District recorded \$41,577 for Utility Tax billings³⁰ and \$46,884 for Gross Utility Tax expenses.³¹ Since the collection of school taxes is a pass-through transaction, the revenues collected should match the expense recorded. Therefore, Commission Staff increased Other Water Revenues by \$5,307.³²

(F) Removal of Nonrecurring Items from Other Water Revenues. Commission Staff reviewed the General Ledger for the test year and determined that the items below will not recur and should be removed from Other Water Revenues. Transactions that occurred range from insurance claim payments, various parkway project revenues, final

³⁰ Magoffin District's response to Staff's First Request, Item 1b, 1b_Adjusted_Trial_Balance_2022.xlsx, row 22, Utility Tax \$41,577.

³¹ Magoffin District's response to Staff's First Request, Item 1b, 1b_Adjusted_Trial_Balance_2022.xlsx, row 94, Gross Utility Tax \$46,884.

³² Gross Utility Tax \$46,884 – Utility Tax \$41,577 = \$5,307.

invoices, discount refunds, sewer collection fees that are not a part of water revenues, and correcting entries to other accounts. Therefore, Commission Staff reduced Other Water Revenues by \$23,305.

Commonwealth of KY	\$ 5,874
Engineering waterline project	4,545
Insurance income	226
Workmans comp ins.refund	1,031
Correction on payroll account	2,312
Sewer collection fee	5,003
Double counted field supplies income/ insurance claim	4,314
Total	<u>\$ 23,305</u>

(G) Salaries and Wages – Employees – Officer Salaries Reclassification. In its application, Magoffin District proposed an adjustment to increase Salaries and Wages – Officers by \$7,800 and decrease Salaries and Wages – Employees by \$7,800.³³ The adjustment is to reflect the reclassification of commissioner’s salaries that were inadvertently included in Salaries and Wages – Employees in Magoffin District’s 2022 Annual Report.³⁴ Commission Staff reviewed Magoffin District’s 2022 Annual Report and Magoffin District’s 2022 Payroll Summary and confirmed employees’ and commissioners’ salaries were included in the miscellaneous expense instead of Salaries and Wages – Employees or Salaries and Wages – Officers.³⁵

Magoffin District’s board of commissioners consists of five members. The chairman is paid \$200 monthly, the treasurer is paid \$150, and the other three

³³ Application, Schedule of Adjusted Operations, Adjustment B.

³⁴ Application, Schedule of Adjusted Operations, Adjustment B.

³⁵ Magoffin District’s Response to Staff’s First Request, Item 1e, 1e_Payroll.pdf.

commissioners are each paid \$100 monthly.³⁶ Magoffin District provided the current commissioners and commissioners' salaries.³⁷ However, Magoffin District was unable to locate the fiscal court minutes that authorized any compensation for board members. Therefore, there is no evidence on record authorizing officers' compensation. Commission Staff decreased Salaries and Wages – Employees' expense by \$7,800. Additionally, Commission Staff recommends that the Commission require Magoffin District to seek fiscal court approval for the officers' salaries at the next session.

(H) Salaries and Wages – Employees. In its application, Magoffin District proposed an adjustment to increase test-year Salaries and Wages - Employees by \$22,948 to account for increases in wage rates and changes in personnel subsequent to the test year.³⁸ Magoffin District provided its test-year and current employee list, hours worked, employee wage rates,³⁹ and current staff levels,⁴⁰ as well as an explanation involving changes in personnel during and subsequent to the test year.⁴¹ Magoffin District confirmed that there are currently no vacant field-laborer positions;⁴² however, several experienced full-time employees are no longer employed and have been replaced with new personnel, and the secretary switched from full-time hourly to part-time salary.⁴³

³⁶ Magoffin District's Response to Staff's First Request, Item 1h, 1h_Commissioners.pdf.

³⁷ Magoffin District's Response to Staff's First Request, Item 1h, 1h_Commissioners.pdf.

³⁸ Magoffin District's Response to Staff's Second Request, Item 1, 1_Rate_Study_Corrected.xlsx.

³⁹ Magoffin District's Response to Staff's First Request, Item 1e, 1e_Payroll.pdf.

⁴⁰ Magoffin District's Response to Staff's Third Request, Item 5c.

⁴¹ Magoffin District's Response to Staff's Third Request, Item 5a.

⁴² Magoffin District's Response to Staff's Third Request, Item 5b.

⁴³ Magoffin District's Response to Staff's First Request, Item 1e, 1e_Payroll.pdf.

Commission Staff agrees with Magoffin District’s methodology but calculated a different amount. Commission Staff calculated the normalized salaries, using the current employees employed, the test-year hours worked, and the current wage rates.⁴⁴ For full-time employees hired subsequent to the test year, Commission Staff normalized the hours worked to 2,080. Commission Staff determined a total Salaries and Wages - Employees of \$347,545. Therefore, Commission Staff made an adjustment to decrease Salaries and Wages – Employees by \$15,676, which is \$38,624 less than the increase of \$22,948 proposed by Magoffin District, as shown in the following table.

Test Year hours with Current Wages								
Employee Position	Total Hours	Test Year Normal Hours	Current Wage Rates	Pro Forma Normal Wages	Test Year Overtime Hours	Current Overtime Wage Rates	Pro Forma Overtime Wages	Total Pro Forma Wages
Field Laborer	2,283	2,080	\$ 14.16	\$ 29,453	203	\$ 21.24	\$ 4,301	\$ 33,754
Field Laborer	2,246	2,080	15.41	32,053	166	23.12	3,829	35,882
Secretary (Part Time)	1,040	1,040	Salary	21,000	-	-	-	21,000
Clerk	2,080	2,080	16.29	33,883	-	24.44	-	33,883
Clerk	2,080	2,080	16.67	34,674	-	25.01	-	34,674
General Manager	2,341	2,080	30.03	62,470	261	45.05	11,773	74,243
Field Superintendent	2,229	2,080	25.61	53,266	149	38.41	5,723	58,989
Field Laborer (New Employee)	2,080	2,080	13.25	27,560	-	19.88	-	27,560
Field Laborer (New Employee)	2,080	2,080	13.25	27,560	-	19.88	-	27,560
Total Salaries & Wages - Employees	16,378	17,680	1,302	\$ 294,358	778		\$ 19,903	347,545
Less: Corrected Salaries and Wages - Employees								(363,221)
Total Salaries & Wages - Employees Adjustment								(15,676)
Less: Magoffin District's Proposed Adjustment								(22,948)
Commission Staff's Proposed Salaries & Wages - Employees Adjustment								\$ (38,624)

(I) Employee Pensions - County Employee Retirement System (CERS).

Magoffin District proposed an adjustment to increase Employee Pensions and Benefits expense by \$2,636 to reflect an increase in Employee Salaries.⁴⁵ Magoffin District participates in the CERS, which is administered by the Kentucky Public Pension Authority (KPPA). Commission Staff agrees with Magoffin District methodology; however, as

⁴⁴ Magoffin District’s response to Staff’s First Request, Item 1f.

⁴⁵ Magoffin District’s response to Staff’s Second Request, Item 1, 1_Rate_Study_Corrected.xlsx, SAO Tab, Cell E18.

discussed in adjustment (G), Commission Staff calculated a Salaries and Wages – Employees’ expense of \$347,545, of which \$326,545 are for full-time employees who qualify for retirement benefits. In addition, Magoffin District used a contribution rate of 26.95 percent,⁴⁶ while the KPPA fiscal year 2024 contribution rate is 23.34 percent.⁴⁷ Using the adjusted Salaries and Wages – Employees, previously calculated, of \$326,545 and the 2024 contribution rate, Commission Staff calculated a CERS contribution amount of \$76,232, which is a decrease of \$25,205 from Magoffin District’s test-year pension contribution of \$101,437,⁴⁸ and is \$27,841 less than proposed by Magoffin District’s proposed increase of \$2,636, as shown in the following table.

Description	Amount
Wages applicable to CERS payments	\$ 326,545
Times: Percent Pension Contribution	<u>23.345%</u>
Total Pension Contribution	76,232
Less: Test Year Pension Contribution	<u>(101,437)</u>
Pension & Benefits Adjustment	(25,205)
Less: Magoffin District Proposed Adjustment	<u>(2,636)</u>
Commission Staff Proposed Adjustment	<u><u>\$ (27,841)</u></u>

(J) Employee Pensions – Governmental Accounting Standards Board (GASB)

68 and 75. Magoffin District proposed an adjustment to decrease Employee Pensions

⁴⁶ Magoffin District’s Response to Staff’s Second Request, Item 1, 1_Rate_Study_Corrected.xlsx, Wages Tab, Cell G33.

⁴⁷ KPPA, GASB Contribution Rates (<https://www.kyret.ky.gov/Employers/GASB/Pages/Contribution-Rates.aspx>).

⁴⁸ Magoffin District’s Response to Staff’s Second Request, Item 2.

and Employee Benefits by \$38,117⁴⁹ to reflect the current Commission precedent on amounts included in pension expense for the net pension liability adjustment typically made pursuant to GASB 68 and GASB 75.⁵⁰ Commission Staff determined a decrease was needed to the Employee Pension expense to reflect the GASB 68 and 75 adjustment for expense amounts recorded in excess of contributions. Commission Staff reviewed the 2021⁵¹ and 2022⁵² audited financial statements for Magoffin District and determined the net liability amounts for 2021 and 2022 were \$1,183,694 and \$1,201,157, respectively. Commission Staff reduced Employee Pension expense by \$20,654 to reflect the correct balance net of Magoffin District's proposed adjustment, as shown in the following table.

Description	2021	2022
Deferred Outflow Pension	\$ 198,412	\$ 190,124
Deferred Outflow OPEB	171,321	147,782
Net Pension Liability	(918,623)	(960,880)
Net OPEB Liability	(275,757)	(262,280)
Deferred Inflow Pension	(166,990)	(164,779)
Prior Period adjustment	(51,845)	
Deferred Inflow OPEB	(140,212)	(151,124)
Totals	<u>\$ (1,183,694)</u>	<u>(1,201,157)</u>
Difference between 2021 and 2022		(17,463)
Less: Magoffin District proposed adjustment		<u>38,117</u>
Commission Staff Proposed Adjustment		<u><u>\$ 20,654</u></u>

⁴⁹ Magoffin District's Response to Staff's Second Request, Item 1, 1_Rate_Study_Corrected.xlsx, SAO Tab, Cell E19.

⁵⁰ Application at 10, References, Adjustment E.

⁵¹ *Audit Report of Magoffin District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Audit Report) at 9, 15, 19, and 21.

⁵² *Audit Report of Magoffin District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Audit Report) at 9, 15, 19, and 21.

(K) Employee Benefits – Health Insurance. During the test year, Magoffin District provided medical insurance to two full-time employees.⁵³ The two employees who receive medical insurance through Magoffin District are provided benefits through an employee only policy.⁵⁴ Magoffin District stated that it pays 85 percent of the cost and the employee pays 15 percent.⁵⁵ However, as shown in the following table, one employee pays 9.12 percent of the insurance, while the other contributes 12.45 percent, and Magoffin District pays the remaining 90.88 percent and 87.55 percent, respectively.⁵⁶ In addition, Magoffin District offers a stipend of \$301 per month to each full-time employee having worked at least ten years with Magoffin District who does not accept insurance coverage.⁵⁷ There are four employees who have worked for Magoffin District for at least ten years who currently do not accept medical insurance and receive the stipend instead.⁵⁸ Magoffin District's employee contributions to health insurance premiums are significantly lower than the average employee contributions for private industrial workers⁵⁹ of 21 percent for single coverage, based on the Bureau of Labor Statistics

⁵³ Magoffin District's Response to Staff's Third Request, Item 6,

⁵⁴ Magoffin District's Response to Staff's Third Request, Item 6,

⁵⁵ Magoffin District's update to Response to Staff's First Request (filed Feb. 20, 2024), Item 1g, Benefits.

⁵⁶ Magoffin District's Response to Staff's Second Request, Item 4, 4_Health_Insurance_Premium_Increase.pdf.

⁵⁷ Magoffin District's Update to Previous Response to Staff's First Request (filed Feb. 20, 2024), 1g Benefits.

⁵⁸ Magoffin District's Update to Previous Response to Staff's First Request, 1g Benefits.

⁵⁹ Case No. 2021-00161, *Electronic Application of Northern Kentucky Water District for an Adjustment of Rates; Issuance of Bonds; Financing; and Tariff Revisions*, Final Order, (Ky. PSC Feb. 8, 2023), at 7.

(BLS) averages.⁶⁰ In its application, Magoffin District proposed an adjustment to increase employee benefits by \$1,125 to account for increases to employee health insurance premiums subsequent to the test period.⁶¹

Number of Employees Covered	Plan Type	Total Health Insurance Premium	Total Insurance Premium	Total Employee Contribution	Average Employee Contribution Percentage	Employer Contribution Percentage
2	EMP	\$ 1,011	\$ 1,011	\$ 109	10.78%	89.22%

Consistent with precedent,⁶² Commission Staff reduced Magoffin District’s single health insurance premium cost by 21 percent,⁶³ as shown in the calculation below. Magoffin District provided the most recent copy of its insurance invoices accounting for the increase to insurance premiums proposed,⁶⁴ and the test-year amount reported for insurance premiums.⁶⁵ Accordingly, utilizing the most recent invoice amounts, Commission Staff recalculated the proposed adjustment and increased Employee Benefits by \$12,024, which is \$10,899 more than Magoffin District proposed.

⁶⁰ Bureau of Labor Statistics, Healthcare Benefits, March 2023, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁶¹ Application, Schedule of Adjusted Operations, Adjustment F.

⁶² Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019) at 8–12.

⁶³ Bureau of Labor Statistics, Healthcare Benefits, March 2023, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁶⁴ Magoffin District’s response to Staff’s First Request, Item 3, 3_Benefits_Invoice.pdf.

⁶⁵ Magoffin District’s response to Staff’s First Request, Item 1b, 1b_Adjusted_Trial_Balance_2022.xlsx, Anthem health insurance \$12,012.

Type of Premium	Number of Employees	Employer Contributions	Average BLS Contribution Rate	Monthly Premium Adjustment	Pro Forma Monthly Premium
Single Health Insurance	2	\$ 1,011	21%	\$ (212)	\$ 799
Insurance Stipend	4	1,204	0%	-	1,204
Total Pro Forma Monthly Premium Times: 12 Months	6	1,011		(212)	2,003
		12		12	12
Total Annual Pro Forma Premium Less: Test Year Insurance		<u>\$ 12,126</u>		<u>(2,544)</u>	24,036 <u>(12,012)</u>
Employee Benefits Adjustment					12,024
Less: Commission Staff Recommended Adjustment					<u>(1,125)</u>
Final Pro Forma Employee Benefits Adjustment					<u>\$ 10,899</u>

(L) Purchased Water. In its test year, Magoffin District reported a Purchased Water expense of \$603,506.⁶⁶ Magoffin District provided the total number of gallons⁶⁷ and the current purchase rate⁶⁸ for water purchased during the test year. In order to normalize the purchased water cost, Commission Staff calculated a revised pro forma Purchased Water expense using the test-year gallons purchased and the current rates.⁶⁹ This results in a Purchased Water expense of \$616,253. Therefore, Commission Staff increased Purchased Water expense by \$12,747 as shown in the following table.

⁶⁶ Magoffin District's Response to Staff's Second Request, Item 1, 1_Rate_Study_Corrected.xlsx.

⁶⁷ Magoffin District's Response to Staff's First Request, Item 4, 4_Water_Purchases.pdf.

⁶⁸ Magoffin District's Response to Staff's First Request, Item 5, 5_Wholesale_Tariff.pdf.

⁶⁹ Magoffin District's Response to Staff's First Request, Item 5, 5_Wholesale_Tariff.pdf.

Salyersville Water Works			
Period	Gallons Purchased	Dollars per Gallon	Total
Total Purchased Water Expense	213,976,600	0.00288	616,253
Less: Test Year Purchased Water			<u>(603,506)</u>
Purchased Water Adjustment			<u>\$ 12,747</u>

(M) Water Loss in Excess of 15 Percent. During the test year, Magoffin District reported water loss of 19.6849 percent.⁷⁰ As previously mentioned, Commission regulations prohibit the recovery of expenses for water loss in excess of 15 percent; this results in a net decrease to Purchased Water expense of \$28,871 and Purchased Power expense of \$3,001 as shown in following table.

	Purchased Water	Purchased Power	Total
Pro Forma Expenses	\$ 616,253	\$ 64,067	\$ 680,320
Multiply by: Water loss in Excess of 15 Percent	4.6849%	4.6849%	
Excess Cost	<u>\$ 28,871</u>	<u>\$ 3,001</u>	<u>\$ 31,872</u>

(N) Depreciation. Magoffin District proposed a decrease in Depreciation expense by \$51,063 to adjust the service lives of assets using the National Association of Regulatory Utility Commissioners (NARUC) titled *Depreciation Practices for Small Water Utilities* (NARUC Study).⁷¹ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the same NARUC Study published in 1979.⁷² When no evidence exists to support a specific life

⁷⁰ 2022 Annual Report at 57.

⁷¹ Application, Attachment 4, Adjustment L.

⁷² Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. For an Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024). Case No. 2023-00134, *Electronic Application of*

that is outside the NARUC ranges, the Commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant.⁷³ Upon examination, Commission Staff agrees with Magoffin District’s methodology to adjust depreciation expense; however, Commission Staff calculated a Depreciation expense of \$252,947. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Therefore, Commission Staff decreased Magoffin District’s Depreciation expense to \$210,059, a difference of \$72,951, an additional decrease of \$21,888, as shown in the following table.

Categories	Service Life Range	Test Year Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Land and Land Rights	N/A	\$ -	\$ -	\$ -
Structures and Improvements	35 - 40	4,120	1,373	5,493
Pumping Equipment	20	17,948	(8,974)	8,974
Transmission and Distribution Mains	50 - 75	276,310	(58,737)	217,573
Office Furniture and Equipment	20 - 25	3,525	(1,959)	1,566
Transportation Equipment	7	16,291	(4,654)	11,637
Communications Equipment	10	7,704	-	7,704
Total		\$ 325,898	(72,951)	\$ 252,947
Less: Magoffin District's Proposed Adjustment			<u>51,063</u>	
Commission Staff's Proposed Adjustment			<u>\$ (21,888)</u>	

North Marshall Water District for a Rate Adjustment Pursuant to 807 KAR 5:076, (Ky. PSC Dec. 22, 2023). Case No. 2022-00436, Electronic Application of Judy Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076 (Ky. PSC Aug. 4, 2023).

⁷³ *Case No. 2023-00154, Electronic Application of Harrison County Water Association, Inc. For an Alternative Rate Adjustment (Ky. PSC Jan. 11, 2024). Case No. 2023-00134, Electronic Application of North Marshall Water District for a Rate Adjustment Pursuant to 807 KAR 5:076, (Ky. PSC Dec. 22, 2023). Case No. 2022-00436, Electronic Application of Judy Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076 (Ky. PSC Aug. 4, 2023).*

(O) Taxes Other Than Income – FICA. Magoffin District proposed an adjustment to increase Taxes Other Than Income by \$461 to account for an increase in payroll taxes due to the proposed increase in Salaries and Wages Expense.⁷⁴ However, as explained in Adjustments (B) and (C) above, Commission Staff calculated pro forma Salaries and Wages – Employees of \$347,545 and Salaries and Wages – Officers of \$0. Therefore, Commission Staff calculated a decrease to Taxes Other Than Income of \$2,494, which is \$2,955 less than proposed by Magoffin District, as shown in the following table.

Description	Amount
Salaries and Wages - Employees	\$ 347,545
Salaries and Wages - Officers	-
Total Pro Forma Salaries	347,545
Times: 7.65 Percent FICA Rate	7.65%
Total Pro Forma Payroll Taxes	26,587
Plus: Gross Utility Tax	46,884
Total Taxes Other Than Income	73,471
Less: Test Year Taxes other than Income ()	(75,965)
Total Taxes Other Than Income Adjustment	(2,494)
Less: Magoffin District's Proposed Adjustment ()	(461)
Commission Staff's Proposed Adjustment	\$ (2,955)

**OVERALL REVENUE REQUIREMENT AND
REQUIRED REVENUE INCREASE**

⁷⁴ Magoffin District's Response to Staff's Second Request, Item 1, 1_Rate_Study_Corrected.xlsx, Adjustment C.

The Commission has historically applied a Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations.⁷⁵ This method allows for recovery of (1) cash-related pro forma operating expenses; (2) recovery of depreciation expense, a non-cash item, to provide working capital;⁷⁶ (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

Revenue Requirement Determination- Debt Service Coverage		
	Corrected	
	Magoffin County Water District	Commission Staff
Pro Forma Operating Expenses	\$ 1,824,311	\$ 1,737,631
Plus: Avg. Annual Principal and Interest Payments	115,313	115,631 (1)
Additional Working Capital	23,063	23,126 (2)
Total Revenues Requirement	1,962,686	\$ 1,876,389
Less: Other Operating Revenue ()	(40,149)	(83,923)
Nonutility Income ()	(20,000)	(20,000)
Interest and Dividend Income ()	(930)	(930)
Revenue Required From Sales of Water	1,901,607	1,771,536
Revenue from Sales with Present Rates ()	(1,540,267)	(1,540,267)
Required Revenue Increase	\$ 361,340	\$ 231,269
Percentage Increase	23.46%	15.01%

⁷⁵ Case No. 2022-00124, *Electronic Application of Elkhorn Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2022). Case No. 2021-00475, *Electronic Application of Carroll County Water District #1 for an Adjustment of Rates Pursuant to 807 KAR 5:076* (Ky. PSC June 28, 2022).

⁷⁶ The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. See *Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. See Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

1. Average Annual Principal and Interest Payments. At the time of Commission Staff's review, Magoffin District had one outstanding Kentucky Rural Water Finance Corporation (KRWFC) bond.⁷⁷ In its application, Magoffin District requested recovery of the average annual principal and interest on its indebtedness based on an average of the annual principal, and interest and fee payments for the five years following the test year, which is 2023 through 2027.⁷⁸ However, because the statutory date for a final Order to be issued in this proceeding is September 7, 2024, the 2023 debt service payments will be recovered through Magoffin District's existing rates. Therefore, only the debt service payments that will be made after the new rates are placed into effect should be considered in determining Magoffin District's Annual Principal and Interest Expense. Commission Staff calculated the average annual principal and interest on a five-year average for the years 2024 through 2028. Using a three-year calculation is not materially different. As shown below, Commission Staff calculated an Average Principal and Interest of \$115,631.

⁷⁷ Case No. 2014-00444, *Application of Magoffin County Water District to Issue Securities in the Approximate Principal Amount of \$1,685, 000 for the Purpose of Refunding Certain Outstanding Revenue Bonds of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Aug. 6, 2010), Order at 2, ordering paragraph 3.

⁷⁸ Magoffin District's Response to Filing Deficiencies (filed Oct. 29, 2023), Exhibits_A_through_D.pdf, Revenue Requirements Calculation, Table B, Debt Service Schedule.

Debt Service Schedule			
Series 1988 (91-02)			
Year	Principal	Interest	Total
2024	\$ 80,000	\$ 36,994	\$ 116,994
2025	80,000	34,394	114,394
2026	85,000	31,713	116,713
2027	85,000	28,950	113,950
2028	90,000	26,106	116,106
Total	<u>\$ 420,000</u>	<u>\$ 158,156</u>	578,156
Divide by: 5 years			<u>5</u>
Average Annual Principal and Interest Payments			<u>\$ 115,631</u>

2. Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In its application, Magoffin District requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments for its KRWFC Bond at the time of its application for a total of \$23,063.⁷⁹

Following the Commission's historic practice,⁸⁰ Commission Staff agrees with Magoffin District's methodology. Therefore, when the change from 2023 through 2027 to

⁷⁹ Magoffin District's Response to Filing Deficiencies, Exhibits_A_through_D.pdf, at 4, Revenue Requirements Calculation.

⁸⁰ Case No. 2022-00431, *Electronic Application of Letcher County Water and Sewer District for a Rate Adjustment Pursuant To 807 KAR 5:076*, (Ky. PSC Nov. 17, 2023). Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. For An Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024). Case No. 2023-00182, *Electronic Application of Western Mason County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*, (Ky. PSC Jan. 4, 2024).

2024 through 2028 in taken into account, \$23,063 is included in the revenue requirement as shown in the following table

Average Annual Principal and Interest	\$	115,313
Times: DSC Coverage Ratio		<u>120%</u>
Total Net Revenues Required		138,376
Less: Average Annual Principal and Interest Payments		<u>(115,313)</u>
Additional Working Capital	\$	<u><u>23,063</u></u>

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Signatures

/s/ William Foley

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Revenue Requirement Branch
Division of Financial Analysis

/s/ Eddie Beavers

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Rate Design Branch
Division of Financial Analysis

APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00299 DATED APR 10 2024

Miscellaneous Service Revenues	Num.	Current Rate	Total	Revised Rate	Adj	Pro Forma
Connection/Turn On Charge	0	\$35.00	\$0	\$ 16.00	\$0	\$0
Field Collection Charge	0	\$5.00	0	\$4.00	0	0
Meter Test Charge	0	\$50.00	0	\$55.00	0	0
Returned Check Charge	9	\$30.00	270	\$6.00	(216)	54
Reconnect Charge	450	\$35.00	15,750	\$12.00	(10,350)	5,400
Trial Balance Adjustment			824		(824)	0
Total			<u>\$ 16,844</u>		<u>\$ (11,390)</u>	<u>\$ 5,454</u>

Nonrecurring Charges Adjustments

Connection/Turn on Charge

	Magoffin Revised Charge	Staff Revised Charge
Field Expense Materials	\$7.50	\$7.50
Field Labor at \$20.00 for 1.0 hour	\$20.00	\$0.00
Supplies	5.00	0.00
Office Labor at \$15.00 for 1.0 hours	15.00	0.00
Transportation Expense	3.19	3.19
Total Nonrecurring Charge Expense	\$50.69	\$15.69
Rounded Down to	\$50.70	\$16.00
Current Rate	\$35.00	

Field Collection Charge

	Magoffin Revised Charge	Staff Revised Charge
Field Labor at \$20.00 for 1.0 hour	\$112.52	\$0.00
Supplies	1.00	1.00
Office Labor at \$52.10 for 0.5 hours	0.00	0.00
Transportation Expense	3.19	3.19
Total Nonrecurring Charge Expense	24.19	\$4.19
Rounded Down to	\$24.20	\$4.00
Current Rate	\$5.00	

Meter Test Charge

	Magoffin Revised Charge	Staff Revised Charge
Field Labor at \$20.00 for 1.0 hour	\$20.00	\$0.00
Meter Tester Labor at \$52.86 for 2.0 hours	50.00	50.00
Supplies	2.00	2.00
Office Labor at \$15.00 for 1.0 hours	15.00	0.00
Transportation Expense	3.19	3.19
Total Nonrecurring Charge Expense	\$90.19	\$55.19
Rounded Down to	\$90.00	\$55.00
Current Rate	\$50.00	

Reconnect Charge

	Magoffin Revised Charge	Staff Revised Charge
Field Labor at \$20.00 for 1.0 hour	\$20.00	\$0.00
Supplies	5.00	5.00
Office Labor at \$15.00 for 1.0 hours	15.00	0.00
Transportation Expense	3.19	3.19
Total Nonrecurring Charge Expense	\$51.69	\$16.69
Rounded Down to	\$52.00	\$17.00
Current Rate	\$35.00	

Returned Check Charge

	Magoffin Revised Charge	Staff Revised Charge
Field Labor at \$20.00 for 1.0 hour	\$20.00	\$0.00
Supplies	2.50	2.50
Office Labor at \$15.00 for 1.0 hours	15.00	0.00
Transportation Expense	3.19	3.19
Total Nonrecurring Charge Expense	\$40.69	\$5.69
Rounded Down to	\$41.00	\$6.00
Current Rate	\$35.00	

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00299 DATED APR 10 2024

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

Monthly Water Rates

Residential

5/8-Inch Meter

First	2,000 Gallons	\$21.91	Minimum Bill
Next	3,000 Gallons	0.00981	Per Gallon
Next	5,000 Gallons	0.00911	Per Gallon
Over	10,000 Gallons	0.00841	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$51.34	Minimum Bill
Next	5,000 Gallons	0.00911	Per Gallon
Over	10,000 Gallons	0.00841	Per Gallon

Commercial

3/4-Inch Meter

First	3,000 Gallons	\$39.06	Minimum Bill
Next	2,000 Gallons	0.01252	Per Gallon
Next	5,000 Gallons	0.01159	Per Gallon
Next	5,000 Gallons	0.01067	Per Gallon
Over	15,000 Gallons	0.01025	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$64.11	Minimum Bill
Next	5,000 Gallons	0.01159	Per Gallon
Next	5,000 Gallons	0.01067	Per Gallon
Over	15,000 Gallons	0.01025	Per Gallon

2-Inch Meter

First	15,000 Gallons	\$175.44	Minimum Bill
Over	15,000 Gallons	0.01025	Per Gallon

Nonrecurring Charges	
Connection/Turn On Charge After Hours	\$16.00
Field Collection Charge	\$4.00
Meter Test Charge	\$55.00
Returned Check Charge	\$6.00
Reconnect Charge	\$17.00

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