

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BATH COUNTY	)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT	)	2025-00132
PURSUANT TO 807 KAR 5:076	)	

ORDER

On May 5, 2025,¹ Bath County Water District (Bath 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 9,² Bath District used the calendar year ended December 31, 2024, as the basis for its application. The application was filed pursuant to the Commission's Order in Case No. 2024-00177,³ which required Bath District to file an application for an adjustment of its base rates by June 30, 2025. Bath District's last base rate increase, filed pursuant to the alternative rate filing procedure, was in Case No. 2022-00404.⁴ Since that matter, Bath District has only adjusted its rates pursuant to purchased water adjustments.

¹ Bath District tendered its application on May 5, 2025. By letter dated May 7, 2025, the Commission found no filing deficiencies, and the application is deemed filed on May 5, 2025.

² 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.

³ Case No. 2024-00177, *Electronic Purchased Water Adjustment Filing of Bath County Water District* (Ky. PSC July 10, 2024), final Order at 5, ordering paragraph 5.

⁴ See Case No. 2022-00404, *Electronic Application of Bath County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated May 16, 2025. Bath District timely responded to two requests for information.⁵

Commission Staff (Staff) issued its report (Staff's Report) on September 15, 2025,⁶ summarizing its recommendations regarding Bath District's requested rate adjustment. The Staff's Report recommended that Bath District's adjusted test year operations support an overall revenue requirement of \$3,541,632 and that a \$203,062 revenue increase, or 6.20 percent, to pro forma present rate revenues is necessary to generate the overall revenue requirement.⁷ In the absence of a cost-of-service study (COSS), Staff allocated its recommend revenue increase evenly across all customer classes to calculate its recommended water rates.

On September 23, 2025, Bath District filed its responses to the Staff's Report.⁸ Bath District provided six written comments in its response to the Staff's Report. First, Bath District disagreed with Staff's removal of certain labor expenses from the nonrecurring charges. Bath District requested that the Commission follow the regulation and recalculate the nonrecurring charges to include all costs to provide the nonrecurring services, so the beneficiary of the nonrecurring service pays the entire cost of providing the service.⁹ Second, Bath District disagreed with Staff's adjustment for Bureau of Labor

⁵ Bath District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed June 5, 2025); Bath District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed July 17, 2025).

⁶ Staff's Report (issued Sept. 15, 2025).

⁷ Staff's Report at 29, Revenue Requirement table.

⁸ Bath District's Response to Staff's Report (filed Sept. 23, 2025).

⁹ Bath District's Response to Staff's Report.

Statistics (BLS) and argued that a water utility must offer better than average employee benefits to attract and retain employees and requested to recover 100 percent of its employee benefits.¹⁰ Third, Bath District disagreed with eliminating the Miscellaneous Expense of \$4,572, a nonrecurring expense related to a Spectrum line repair, and proposed to amortize this expense over three years.¹¹ Fourth, Bath District disagreed with Staff's calculation of Depreciation on Storage Tank Renovation using 45 years useful life and stated it should have been 20 years as the project comprised cleaning and painting of the tanks.¹² Fifth, Bath District stated that the rates recommended by Staff do not seem to be calculated evenly across the board.¹³ Finally, Bath District waived its right to an informal conference or hearing.¹⁴

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 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, the utility is allowed to charge its customers "only fair, just and reasonable rates."¹⁵

¹⁰ Bath District's Response to Staff's Report.

¹¹ Bath District's Response to Staff's Report.

¹² Bath District's Response to Staff's Report.

¹³ Bath District's Response to Staff's Report.

¹⁴ Bath District's Response to Staff's Report.

¹⁵ *City of Covington v. Public Service Commission*, 313 S.W.2d 391 (Ky. 1958); and *Public Service Comm'n v. Dewitt Water District*, 720 S.W.2d 725 (Ky. 1986).

Further, the utility bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

BACKGROUND

Bath 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 4,051 residential customers, 113 commercial customers and seven industrial customers, that reside in Bath, Menifee, Montgomery and Rowan counties, Kentucky.¹⁶ Bath District's last base rate increase pursuant to the alternative rate filing procedure was in Case No. 2022-00404.¹⁷

UNACCOUNTED-FOR WATER LOSS

The Commission notes that Bath District reported a water loss of 15.5428, 11.2640 and 15.0567 percent in its 2022, 2023 and 2024 Annual Reports, respectively.¹⁸ Commission regulation 807 KAR 5:066, Section 6(3), 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 2024 total annual cost of water loss to Bath District is \$305,882 while the annual cost of water loss in excess of 15 percent is \$1,152.

¹⁶ *Annual Report of Bath County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2024* (2024 Annual Report) at 12 and 49.

¹⁷ Case No. 2022-00404, *Electronic Application of Bath County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*.

¹⁸ *Annual Report of Bath District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 58, *Annual Report of Bath District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 57 and 2024 Annual Report at 57.

Total Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Pro Forma Purchases	\$ 1,908,748	\$ 107,831	\$ 14,953	\$ 2,031,532
Water Loss Percent	15.0567%	15.0567%	15.0567%	15.0567%
Total Water Loss	<u>\$ 287,395</u>	<u>\$ 16,236</u>	<u>\$ 2,251</u>	<u>\$ 305,882</u>

Disallowed Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Pro Forma Purchases	\$ 1,908,748	\$ 107,831	\$ 14,953	\$ 2,031,532
Water Loss in Excess of 15%	0.0567%	0.0567%	0.0567%	0.0567%
Disallowed Water Loss	<u>\$ 1,083</u>	<u>\$ 61</u>	<u>\$ 8</u>	<u>\$ 1,152</u>

TEST PERIOD

The calendar year ended December 31, 2024, was used as the test year to determine the reasonableness of Bath District's existing and proposed water service rates as required by 807 KAR 5:076, Section 9.¹⁹

SUMMARY OF REVENUE AND EXPENSES

The table below summarizes Bath District's pro forma income statement, derived from the pro forma operating statement in the Staff's Report.²⁰

Description	Test Year	Total Adjustments	Commission Staff's Pro Forma
Total Operating Revenues	\$ 2,608,705	\$ 726,934	\$ 3,335,639
Total Operating Expenses ()	(2,652,854)	(749,694)	(3,402,548)
Net Operating Income	(44,149)	(22,760)	(66,909)
Interest Income	2,931	0	2,931
Revenue from Sewer Billing Service	22,651	0	22,651
Income Available to Service Debt	<u>\$ (18,567)</u>	<u>\$ (22,760)</u>	<u>\$ (41,327)</u>

¹⁹ 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.

²⁰ Summary taken from the Pro Forma Operating Statement found in Staff's Report at 10.

REVIEW AND MODIFICATION OF STAFF'S RECOMMENDATIONS

Bath District proposed adjustments to its revenues and expenses to reflect current operating conditions. Staff calculated a different revenue requirement based on additional pro forma adjustments. Upon review of the Staff's Report and Bath District's responses to the Staff's Report, the Commission determined that two additional adjustments are necessary to the revenue requirement as well as a correction to a formulaic error that occurred while calculating the Revenue Requirement. The corrections result in a new revenue requirement calculation.

As noted above, Bath District filed comments raising five issues regarding Staff's Report. First, the Commission does not find sufficient evidence to support Bath District's argument that removing labor costs from nonrecurring charges fees is "in direct violation" of 807 KAR 5:006, Section 9,²¹ nonrecurring charges, or 807 KAR 5:011, Section 10(2), which states the proposed rate shall relate directly to the service performed and shall yield only enough revenue to pay the expenses incurred in rendering the service.²² Here, as it did in Case No. 2020-00141,²³ the Commission finds that "[i]t is unreasonable to allocate an expense already incurred as a cost of maintaining a system to a nonrecurring service." Recognizing this idea, the Commission has generally excluded labor costs for labor performed during regular business hours, as Bath District already recovers its

²¹ 807 KAR 5:006, Section 9 permits utilities to assess special nonrecurring charges to recover customer-specific costs that would otherwise cause a monetary loss or shift costs to other customers. The charge must be tarified and applied uniformly, relate directly to the service or action taken, and recover only the expenses incurred.

²² 807 KAR 5:011, Section 10(2): For nonrecurring charges, the proposed rate must relate directly to the service performed or action taken and recover only the expenses incurred to render that service.

²³ See Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020), final Order at 20.

personnel's salaries through rates, thus including regular business hour salaries in nonrecurring charges would result in double recovery when those services are performed.²⁴ Bath District did not provide sufficient explanation or additional argument to support its position concerning removing labor expenses other than stating that doing so violates the regulations.

Second, Bath District disagreed with Staff's adjustment to medical benefits based on BLS average contribution rates and argued that a water utility must offer better than average employee benefits to attract and retain employees and requested to recover 100 percent of its employee benefits.²⁵ The Commission finds sufficient evidence to permit Bath District to recover 100 percent of its medical benefits for its employees and their eligible dependents in its rates. Recently, Franklin Circuit Court has found that application of the BLS in the manner used in the Staff's Report was not appropriate.²⁶ In addition, the Commission notes that Bath District articulated that benefits were essential in retaining employees.²⁷ The Commission will discuss the corrected calculation in detail in the Order below, but the change results in an increase to the revenue requirement of \$31,596.

Third, the Staff Report removed \$4,572 of Miscellaneous expense related to Online Spectrum Line Repair.²⁸ Bath District requested this expense be included in the revenue

²⁴ Case No.2020-00141, (Ky. PSC Nov. 6, 2020), final Order.

²⁵ Bath District's Response to Staff's Report.

²⁶ *Oldham County Water District v. Public Service Commission of Kentucky*, Franklin Circuit Court, Civil Action No. 24-CI-00725, Order (Sept 25, 2025).

²⁷ Bath District's Response to Staff's Report.

²⁸ Staff's Report at 24.

requirement, amortized over three years.²⁹ The Commission does not find sufficient evidence to accept Bath District's argument because this expense is a nonrecurring, a one-time, repair that does not provide a continuing benefit to ratepayers beyond the test year.

Fourth, Bath District stated it disagreed with the depreciable life proposed for the Storage Tank Renovation in the Staff's Report.³⁰ Staff calculated the Depreciation on Storage Tank Renovation using a useful life of 45 years, but Bath District disagreed and stated it should have been depreciated over 20 years.³¹ Bath District stated the 20-year life was reasonable because the projects were not new construction, but comprised of painting and cleaning projects that have an expected life closer to 20 years rather than the 45-year life prescribed by the NARUC study.³² The Commission finds Bath District's proposed 20-year life is reasonable because the nature of the projects is not consistent with the intended types of repair that result in a 45-year useful life prescribed by the NARUC study. The recalculation of Depreciation on Storage Tank Renovation results in an increase to the Revenue Requirement of \$11,360.

Fifth, Bath District stated that the rates recommended by Staff in the Staff's Report, did not seem to be calculated evenly across the board.³³ The Commission will address that issue in the rate design section in more detail below.

²⁹ Bath District's Response to Staff's Report.

³⁰ Bath District's Response to Staff's Report.

³¹ Bath District's Response to Staff's Report.

³² Bath District's Response to Staff's Report.

³³ Bath District's Response to Staff's Report.

The Commission also discovered a formulaic error while calculating the Revenue Requirement. The Staff's Report's calculated Revenue Requirement did not include the exclusion of Revenue from Sewer Billing Service even though it was listed in the Revenue Requirement table. The correction resulted in a decrease to the Revenue Requirement of \$22,651.

The Commission's complete pro forma, with the modifications discussed above, is shown below.

Description	Test Year	Total Adjustments	Commission Staff's Pro Forma	Commission Approved Adjustments	Commission Approved Pro Forma
Operating Revenues					
Metered Retail Sales	\$ 1,687,405	\$ (443)			
		381,348	\$ 2,068,310	\$ -	\$ 2,068,310
Water Sales - Wholesale	862,563	346,029	1,208,592	-	1,208,592
Bulk Loading Station	45	0	45	-	45
Fire Protection	480	0	480	-	480
Other Meter Testing	835	0	835	-	835
Other Operating Water Revenue				-	0
Forfeited Discounts	35,444	0	35,444	-	35,444
Miscellaneous Service Revenues	21,933	0	21,933	-	21,933
Total Operating Revenues	2,608,705	726,934	3,335,639	-	3,335,639
Operation and Maintenance					
Salaries and Wages - Employees	365,807	20,934	386,741	-	386,741
Salaries and Wages - Officers	17,700	300	18,000	-	18,000
Employee Retirements - CERS	76,313	(4,526)	71,787		71,787
HSA-FEBCO/Life Insurance	24,159	0	24,159	-	24,159
Employee Benefits	111,507	8,583		-	0
		(38,070)	82,020	31,596	113,616
Purchased Water	1,217,709	51,428		-	0
		639,611		-	0
		(1,083)	1,907,665	-	1,907,665
Purchased Power	107,831	(61)	107,770	-	107,770
Chemicals	14,953	(8)	14,945	-	14,945
Materials and Supplies	39,779	85,282		-	0
		(36,589)		-	0
		(8,961)	79,511	-	79,511
Contractual Services - Accounting	7,430	0	7,430	-	7,430
Contractual Services - Legal	350	0	350	-	350
Contractual Services - Water Testing	9,286	0	9,286	-	9,286
Transportation Expenses	27,115	0	27,115	-	27,115
Insurance -General Liability	27,462	7,635	35,097	-	35,097
Insurance - Workers Compensation	8,404	(257)	8,147	-	8,147
Insurance - Other	845	0	845	-	845
Bad Debt	5,714	0	5,714	-	5,714
Miscellaneous		0	0	-	0
Equipment Rental	250	0	250	-	250
Regulatory Commission Expense	3,083	0	3,083	-	3,083
Miscellaneous	5,154	(4,572)	582	-	582
Credit Card Fees	28,377	0	28,377	-	28,377
Office Utilities	24,425	0	24,425	-	24,425
Postage	23,527	0	23,527	-	23,527
Total	2,147,180	719,646	2,866,826	31,596	2,898,422
Amortization		3,117	3,117	-	3,117
Depreciation Expense	466,780	674		-	0
		(27,491)		-	0
		51,492		11,360	11,360
		9,432	500,887	-	500,887
Taxes Other Than Income	38,894	(8,583)		-	0
		1,407	31,718	-	31,718
Total Operating Expenses	2,652,854	749,694	3,402,548	42,956	3,445,504
Net Operating Income	(44,149)	(22,760)	(66,909)	(42,956)	(109,865)
Interest Income	2,931	0	2,931	-	2,931
Revenue from Sewer Billing Service	22,651	0	22,651	-	22,651
Income Available to Service Debt	\$ (18,567)	\$ (22,760)	\$ (41,327)	\$ (42,956)	\$ (84,283)

Billing Analysis Adjustment. In its application, Bath District proposed a decrease of \$443 to Metered Water Sales and provided a billing analysis listing the water usage and water sales revenue for the 12-month test year of 2024, with total metered water sales revenue calculated as \$2,549,526.³⁴ Bath District's 2024 Annual Report noted test year metered water sales was \$2,549,969.³⁵ Staff recommended accepting Bath District's proposed decrease of \$443 to Water Sales – Retail to normalize water service revenues to the amounts indicated in its billing analysis.³⁶

The Commission finds that Staff's recommendation is reasonable and should be accepted. Bath District's test year water sales revenue should be decreased by \$443 because the billing and usage data provided by Bath District reflects a lower water sales revenue than the revenue reflected in Bath District's 2024 Annual Report.

Metered Retail Sales. On July 10, 2024, Bath District was approved by the Commission to increase its service rates through a purchased water adjustment filing (PWA), due to an increase from its supplier, with an effective date of July 15, 2024.³⁷ In its application, Bath District proposed an increase to test year retail water sales of \$26,686 to reflect the difference between the water service rates at the beginning of the test year and rates approved on July 10, 2024.³⁸ On July 24, 2025, the Commission approved

³⁴ Application, SAO, Exhibit 3 at 3, Adjustment A.

³⁵ 2024 Annual Report at 49.

³⁶ Application, Exhibit_4_-_Billing_Analysis.xlsx

³⁷ See Case No. 2024-00177, *Electronic Purchased Water Adjustment Filing of Bath County Water District* (Ky. PSC July 10, 2024)

³⁸ Application, SAO, Exhibit 3 at 4, Adjustment B.

another water service rate increase pursuant to Bath District's filing of a PWA³⁹ to increase its service rates effective July 15, 2025.⁴⁰ Staff increased revenue by \$354,662 to reflect the difference between the normalized revenue as calculated by Bath District and the revenue based on the July 24, 2025 rates, as approved by the Commission. Staff recommended the Commission accept the total increase of \$381,348, which represents both the adjustment for the rates approved in Case No. 2024-00177, and the adjustment for the rates approved in Case No. 2025-00187.⁴¹

The Commission finds that the adjustments are known and measurable because they reflect the changes in rates since the test year, are supported by the record, thus are reasonable and should be accepted.

Sales for Resale. Bath District increased its service rates through a PWA during the test year due to an increase from its supplier.⁴² In its application, Bath District proposed an increase to test year wholesale rates of \$24,275 to account for the difference between the wholesale rates at the beginning of the test year and rates approved on July 10, 2024.⁴³ In addition, on July 24, 2025, the Commission approved an additional wholesale rate increase pursuant to Bath District's filing of a PWA to increase its service rates effectively on July 15, 2025.⁴⁴ The difference between the normalized wholesale

³⁹ Case No. 2025-00187, *Electronic Purchased Water Adjustment Filing of Bath County Water District* (Ky. PSC July 24, 2025), final Order.

⁴⁰ Case No. 2025-00187, (Ky. PSC July 24, 2025), final Order.

⁴¹ Staff's Report at 12.

⁴² See Case No. 2024-00177, *Electronic Purchased Water Adjustment Filing of Bath County Water District* (Ky. PSC July 10, 2024).

⁴³ Application, SAO, Exhibit 3 at 4-5, Adjustment C.

⁴⁴ Case No. 2025-00187, (Ky. PSC July 24, 2025), final Order.

revenue as calculated by Bath District and the wholesale revenue based on the July 24, 2025 rates, is an increase of \$321,754. Staff recommended that the Commission accept the total increase to Bath District's wholesale revenue of \$346,029, which represents adjustments for rates approved in Case No. 2024-00177 and in Case No. 2025-00187.⁴⁵

The Commission finds that the adjustments are reasonable because they reflect Commission approved changes in rates since the test year and should be accepted.

Salaries and Wages – Employees. Bath District reported \$365,807 of expenses related to Salaries and Wages – Employees⁴⁶ and proposed one adjustment to increase expenses by \$19,733 to reflect changes in personnel and wage rates for the test year to reach the calculated pro forma of \$385,540.⁴⁷ Bath District currently has nine full time employees. During the test year, Bath District's Manager, Field Manager, and one field employee left employment. The vacated Manager and Field Manager positions were filled with other Bath District employees, while the field employee position was filled with a new employee. In addition, Bath District hired an additional new field employee, resulting in nine full time employees.⁴⁸ Bath District stated that the two new field employees were assigned 2,080 full time regular hours plus the 119.5 hours of total overtime that had been recorded by the former district field employees during the test year. By assigning 119.5 overtime hours to the new employees, 388 total overtime hours were included in pro forma operations.⁴⁹ Bath District provided the calculation on

⁴⁵ Staff's Report at 12.

⁴⁶ Application, Exhibit 3, Statement of Adjusted Operations.

⁴⁷ Application, Exhibit 3, References, Reference D.

⁴⁸ Application, Exhibit 3, References, Reference D.

⁴⁹ Application, Exhibit 3, References, Reference D.

capitalized wages of \$11,074.⁵⁰ Staff disagreed with Bath District's methodology and Staff recommended using test year capitalized wages of \$9,873.⁵¹

Staff recalculated the amount and recommended the Commission accept Staff's adjustment of an increase of \$1,201 to Bath District's proposed adjustment, for a total of \$20,934, to reflect the test year expenses as shown below.⁵²

The Commission finds that because Staff's adjustments are based upon the current wage rates of Bath District and because the amount reflects the expected number of employees documented in the case record; the adjustment is reasonable and should be accepted.

Employee Position	Test-Year Regular Hours	Current Wage Rate	Total Regular Wages	Test-Year Overtime Hours	Current Overtime Rate	Total Overtime Wages	Total Wages
Manager	2,080	\$ 24.75	51,480	-	\$ -	\$ -	\$ 51,480
Customer Service Representative	2,082	19.23	40,027	1.50	28.85	43	40,070
Customer Service Representative	2,061	18.00	37,089	7.00	27.00	189	37,278
Field Manager	2,092	22.00	46,024	81.50	33.00	2,690	48,714
Field Supervisor	2,114	21.00	44,394	77.50	31.50	2,441	46,835
Class II Distribution Operator	2,110	25.12	52,990	35.00	37.68	1,319	54,309
Maintenance	2,054	18.50	37,989	66.00	27.75	1,832	39,821
Maintenance	2,080	18.00	37,440	91.50	27.00	2,471	39,911
Maintenance	2,080	18.00	37,440	28.00	27.00	756	38,196
Total	18,751		\$ 384,873	388.00		\$ 11,741	396,614
Test Year Capitalized Wages ()							(9,873)
Test Year Emp. Salaries & Wages Exp ()							(365,807)
Pro Forma Adjustment							20,934
Bath County District's Adjustment ()							(19,733)
Difference Between Bath District's and Commission Staff's Adjustments							\$ 1,201

Salaries and Wages – Officers. Bath District reported test year Salaries and Wages – Officers of \$17,700 and proposed no adjustments. Bath District's Board

⁵⁰ Application, Exhibit 3, References, Reference D.

⁵¹ Staff's Report at 13.

⁵² Staff's Report at 13.

consists of five members who are each paid \$3,600 per year. Bath District provided training records for each of its commissioners,⁵³ Fiscal Court minutes that approved the appointments,⁵⁴ and pay authorization for its commissioners.⁵⁵ KRS 74.020(6) states that “[e]ach commissioner shall receive an annual salary of not more than thirty-six hundred (\$3,600)” and that “[i]n fixing and approving the salary of the commissioner, the county judge/executive and the fiscal court shall take into consideration the financial condition of the district and its ability to meet its obligations as they mature.”⁵⁶

Staff reviewed the 2024 general ledger and determined that an adjustment to increase the expense by \$300 was required as shown in the table below. Staff recommended the Commission accept the Staff’s pro forma of \$18,000 in commissioners’ salaries in the revenue requirement as the Bath District provided the required documentation and because the adjustment is known and measurable as the amounts are based on reliable information in the record and reflect values that have either already occurred or can be determined with reasonable certainty.⁵⁷

The Commission finds that the Staff’s proposed amount is reasonable based on the evidence in the case record for its commissioners’ salaries as approved by the Bath County Fiscal Court and is accepted.

⁵³ Bath District’s Response to Staff’s First Request, Item 10b, Commissioner Training Certificates

⁵⁴ Bath District’s Response to Staff’s First Request, Item 10a, Fiscal Court Appointments

⁵⁵ Bath District’s Response to Staff’s Second Request, Item 1, Fiscal Court minutes.

⁵⁶ KRS 74.020(6), Appointment of commissioner – Number – Terms – Removal – Vacancies – Organization – Bond – Compensation – Mandatory Training – Notice of Vacancy.

⁵⁷ Staff’s Report at 15.

Commissioners	Pro Forma Salaries
Mike Ginter	\$ 3,600
Mike Croclett	3,600
Jeanette Walton	3,600
Valerie Ousley	3,600
Kenneth Barber	3,600
Total	\$ 18,000
Test Year ()	(17,700)
Staff's Adjustment	\$ 300

Employee Pension and Benefits – (CERS). Bath District participates in the County Employees Retirement System (CERS), which is managed by the Kentucky Public Pension Authority (KPPA).⁵⁸ In Case No. 2016-00163,⁵⁹ the Commission found that a district's annual pension expense should be equal to the amount of a district's contribution to CERS. Bath District reported \$76,313 of expenses related to CERS and proposed a decrease of \$2,463 to account for the change in the contribution rates required by CERS beginning July 1, 2025.

Staff recalculated the adjustment due to the decrease in contribution rate⁶⁰ and change in wages discussed above and recommended decreasing Bath District's retirement expense by \$4,526, which is an additional decrease of \$2,063 more than Bath District's proposal. The adjustment results in a pro forma test year amount of \$71,787 as shown in the table below. Staff recommended the Commission accept Staff's adjustment as the amounts are known and measurable, as the amounts are based on reliable

⁵⁸ Application, Exhibit 3, References, Reference E.

⁵⁹ Case No. 2016-00163, *Alternative Rate Adjustment Filing of Marion County Water District* (Ky. PSC Nov. 10, 2016), Order at 11-15.

⁶⁰ CERS Board Meeting December 2, 2024. <https://www.kyret.ky.gov/Employers/Pages/Contribution-Rates.aspx>.

information in the record and reflect values that have either already occurred or can be determined with reasonable certainty and are consistent with Commission precedent.⁶¹

Description	Test Year	Pro Forma
Wages	\$ 365,807	\$ 385,540
Contribution Rate	21.53%	18.62%
Contributions	78,740	71,787
Immaterial Unidentified Amounts	(2,427)	0
Total	<u>\$ 76,313</u>	<u>71,787</u>
Increase / (Decrease)		(4,526)
Bath District Proposed Adjustment ()		2,463
Commission Staff Adjustment		<u>\$ (2,063)</u>

The Commission finds Staff's recommended adjustments are reasonable and should be accepted.

Employee Pension and Benefits – (KACo Health Insurance). Bath District provides health, vision, flex spending, retirement and life insurance for its employees. Bath District pays 100 percent of the cost for all employees that are hired before May 30, 2023, and 100 percent of the cost of a single health care plan that covers only the employee for employees hired after May 30, 2023.⁶² In its application, Bath District proposed two adjustments. First, it proposed an increase of \$8,583 to account for an insurance payment that was misclassified to Taxes Other Than Income. Secondly, it proposed a decrease to Employee Benefits expense by \$10,445 to reflect the current monthly premium paid on behalf of all nine full-time employees.⁶³ Bath District requested the

⁶¹ Staff's Report at 16.

⁶² Bath District's Response to Staff's First Request, Item 7.

⁶³ Application, Exhibit 3, References, Reference G.

Commission allow full rate recovery for the cost of employee health insurance benefits.⁶⁴ Bath District stated that the disallowance of employee health insurance expense does not consider the value of total compensation package provided to Bath District employees.⁶⁵ Bath District also stated it has taken measures to help control future employee health insurance costs by offering only single health insurance coverage at no cost to newly hired employees.⁶⁶

While Staff recognized Bath District's steps to control health insurance costs, Staff believed there was insufficient evidence to support employer contributions in excess of the Bureau of Labor Statistics' survey amounts were appropriate or necessary to attract and retain employees as part of an overall benefit package. Therefore, Staff recognized that using an updated average of 80 percent for employee-only coverage⁶⁷ and 68 percent for family coverage⁶⁸ would allow for Bath District's rates to reflect the most up-to-date national average employer contribution amounts.⁶⁹ Accordingly, Staff adjusted Bath District's health insurance plan employer contribution expense for single and family plans to 80 and 68 percent, respectively. This resulted in an additional reduction of \$27,625 to Bath District's proposed adjustment as shown in the table below.

⁶⁴ Application, Exhibit 3, References, Reference G.

⁶⁵ Application, Exhibit 3, References, Reference G.

⁶⁶ Application, Exhibit 3, References, Reference G.

⁶⁷ Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 3, private industry workers. (<https://www.bls.gov/ebs/publications/employee-benefits-in-the-united-states-march-2024.htm#Overview>).

⁶⁸ Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 4, private industry workers. (<https://www.bls.gov/ebs/publications/employee-benefits-in-the-united-states-march-2024.htm#Overview>).

⁶⁹ Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 3, private industry workers. (<https://www.bls.gov/ebs/publications/employee-benefits-in-the-united-states-march-2024.htm#Overview>).

Type of Premium	Number of Employees	Monthly Gross Cost	BLS Average Employee Contribution Rate	Monthly Premium Adjustment	Pro Forma Monthly Premium
Medical Insurance - Single	5	\$ 2,427	20%	\$ (485)	\$ 1,942
Medical Insurance - Family	4	6,711	32%	(2,148)	4,563
Life Insurance	9	236	0%	-	236
Vision	9	94	0%	-	94
Total Monthly Pro Forma Premium		9,468		(2,633)	6,835
Multiplied by: 12 Months		12		12	12
Total Annual Health Insurance Premium		<u>\$ 113,616</u>		<u>\$ (31,596)</u>	82,020
Test Year Insurance Premium ()					(120,090)
Commission Staff's Adjustment					(38,070)
Bath County Proposed Adjustment ()					10,445
Difference between Bath District and Commission Staff Adjustment					<u>\$ (27,625)</u>

Staff recommended the Commission accept Staff's adjustment as there is insufficient evidence that employer contributions in excess of these amounts were appropriate or necessary to attract and retain employees as part of an overall benefit package.⁷⁰

In its response to the Staff's Report, Bath District disagreed with Staff's adjustment for BLS and again requested to recover 100 percent of its employee benefits.⁷¹ Bath District argued that a water utility must offer better than average employee benefits to attract and retain employees.⁷² After reviewing the record in light of the recent court decision cited above as well as Bath District's response to Staff's Report, the Commission does not find sufficient evidence to support making both of Staff's adjustments recommended in the Staff's Report. Staff's recommended adjustment included two parts: a normalization of test year expenses and a reduction for the BLS. The Commission

⁷⁰ Staff's Report at 17-18.

⁷¹ Bath District's Response to Staff's Report.

⁷² Bath District's Response to Staff's Report.

notes that its revised adjustment includes the normalization for updated benefit costs, using the provided invoices, but excludes the proposed BLS adjustment. This results in an increase of \$31,596 from Staff's recommended amount as shown in the table below. The Commission's adjustment results in a pro forma test year amount of \$113,616.

Type of Premium	Number of Employees	Monthly Gross Cost
Medical Insurance - Single	5	\$ 2,427
Medical Insurance - Family	4	6,711
Life Insurance	9	236
Vision	9	94
Total Monthly Pro Forma Premium		9,468
Multiplied by: 12 Months		12
Total Annual Health Insurance Premium		\$ 113,616
Commission Staff's Report Recommended ()		(82,020)
Commission Adjustment		<u>\$ 31,596</u>

Purchased Water. Bath District purchases water from the city of Morehead (Morehead), Mt. Sterling Water and Sewer System (Mt. Sterling), the city of Frenchburg (Frenchburg), and the city of Owingsville (Owingsville).⁷³ Bath District reported \$1,217,709 in purchased water expenses and proposed two adjustments.⁷⁴ The first adjustment was an increase of \$52,700.⁷⁵ During the test year Bath District purchased 527,526,592 gallons of water for resale.⁷⁶ Bath District stated that, during the test year,

⁷³ Application, Exhibit 3 at 10-12.

⁷⁴ Application, Exhibit 3, Statement of Adjusted Operations.

⁷⁵ Application, Exhibit 3, Statement of Adjusted Operations.

⁷⁶ Bath District's Response to Staff's Second Request, Item 4.

Morehead, Mt. Sterling, and Owingsville increased rates charged to Bath District.⁷⁷ At the beginning of the test year, Morehead's rate to Bath District included three components consisting of (1) a monthly Capital Improvement Charge in the amount of \$18,789.70; (2) a monthly Billing and Meter Charge in the amount of \$10; and (3) a volumetric rate in the amount of \$1.626 per thousand gallons.⁷⁸ For services rendered on and after July 1, 2024, Morehead's rate included only a volumetric rate in the amount of \$2.284 per thousand gallons. The Capital Improvement Charge and Billing and Meter Charge were eliminated.⁷⁹ Also, effective September 1, 2024, Mt. Sterling increased its rate to Bath District from \$3.67 per thousand gallons to \$3.82 per thousand gallons while Owingsville increased its rate to Bath District from \$3.44 per thousand gallons to \$3.64 per thousand gallons on June 11, 2024.⁸⁰

Staff calculated Purchased Water Expense using the test year gallons purchased and the current rates resulting in a pro forma Purchased Water Expense of \$1,269,137, as shown in the following table. Staff calculated a decrease to Purchased Water Expense of \$51,428, which is a \$1,272 decrease from the amount proposed by Bath District.

⁷⁷ Application, Exhibit 3, References, Reference H.

⁷⁸ Application, Exhibit 3, References, Reference H.

⁷⁹ Application, Exhibit 3, References, Reference H; See Case No. 2024-00193, *Electronic Tariff Filing of Morehead Utility Plant Board To Revise Its Wholesale Water Rates To and Enter Into Revised Water Purchase Agreements With Bath County Water District and Rowan Water, Inc.* (Ky. PSC Feb. 18, 2025).

⁸⁰ Application, Exhibit 3, References, Reference I.

Description	Morehead	Mt.Sterling	Frenchburg	Owingsville	Total
Gallons	482,361,000	29,943,592	2,078,000	13,144,000	527,526,592
Current Purchase Rate	\$ 2.2840	\$ 3.8200	\$ 2.500	\$ 3.640	-
Pro Forma Cost	1,101,713	114,385	5,195	47,844	1,269,137
Test Year Purchase Cost	(1,053,364)	(111,232)	(6,468)	(46,645)	(1,217,709)
Purchased Water Adjustment	48,349	3,153	(1,273)	1,199	51,428
Bath District's Proposed Adjustment	(48,349.00)	(3,153.00)	-	(1,199)	(52,700)
Difference	\$ -	\$ -	\$ (1,273)	\$ -	\$ (1,272)

The second adjustment was an increase of \$639,611 which is Morehead's post-test year increase to Wholesale Rate for the services rendered on and after July 15, 2025. Staff reviewed the Bath District's calculation and agreed with Bath District's adjustment. Staff recommended the Commission accept Staff's adjustment as it is reasonable based on the documentation of gallons purchased and the cost in the case record.⁸¹

Description	Morehead
Gallons	482,361,000
Current Purchase Rate	\$ 3.6100
Pro Forma Cost	1,741,324
Test Year Purchase Cost	(1,101,713)
Purchased Water Adjustment	639,611
Difference	\$ 639,611

The Commission finds the adjustments are reasonable and should be accepted because the adjustments result in the current purchase water rates for Bath District.

Excess Water Loss. In its application, Bath District did not propose any adjustments to decrease Purchased Water Expense, Purchased Power Expense and Chemical Expenses. During the test year, Bath District reported water loss of

⁸¹ Staff's Report at 20.

15.0567 percent.⁸² Commission regulation 807 KAR 5:066 states that for ratemaking purposes, expenses for water loss in excess of 15 percent shall not be included for ratemaking purposes.⁸³ Bath District's pro forma indicated \$1,908,748 of expenses related to Purchased Water, \$107,831 of expenses related to Purchased Power and \$14,953 of expenses related to Chemicals. Staff made one adjustment for each item to decrease the Purchased Water expense by \$1,083, Purchased Power expense by \$61 and Chemical expenses by \$8 to reflect the disallowance of water loss expenses in excess of 15 percent.⁸⁴ Staff recommended the Commission accept Staff's adjustment of a \$1,083 decrease to Purchase Water Expense, \$61 decrease to Purchased Power Expense, and a \$8 decrease to Chemical Expenses, since the amounts reflect the limit to costs related to excess water loss to 15 percent.⁸⁵

Disallowed Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Pro Forma Purchases	\$ 1,908,748	\$ 107,831	\$ 14,953	\$ 2,031,532
Water Loss in Excess of 15%	0.0567%	0.0567%	0.0567%	0.0567%
Disallowed Water Loss	\$ 1,083	\$ 61	\$ 8	\$ 1,152

The Commission finds Staff's adjustments are reasonable and approves the adjustments because they are supported by the evidence of purchase water, purchase power and chemical expense provided in the case record exceeding the 15 percent water loss threshold for recovery in rates.

⁸² 2024 Annual Water Report at 57.

⁸³ 807 KAR 5:066 (Water), Section 6(3) (Water Supply Measurement).

⁸⁴ Staff's Report at 21.

⁸⁵ Staff's Report at 21.

Materials and Supplies. Bath District reported a Materials and Supplies expense of \$39,779 in the test year and proposed three adjustments.⁸⁶ The first adjustment was an increase of \$85,282.⁸⁷ Bath District stated that during the test-year, it reported Materials and Supplies expense using three ledger accounts that totaled \$123,205 before Audit Adjustment No. 11 was recorded.⁸⁸ This audit adjustment removed \$85,282, from the Materials and Supplies expense account that was added to the Plant Materials and Supplies Inventory account.⁸⁹ Staff reviewed the Bath District's general ledger and agreed with Bath District's adjustment.

During the test year Bath District installed 58 new 5/8-inch meters and calculated the wages capitalization amount of \$9,873 and materials capitalization amount of \$42,568.⁹⁰ Bath District proposed to decrease Materials and Supplies by \$36,589 to account for uncapitalized tap-fee expenses during the test year.⁹¹ Staff agreed with Bath District's calculation as shown below and recommended accepting Bath District's proposed adjustment. The USoA for class A/B Water Systems requires that these costs be capitalized as Utility plant in Service and depreciated over their estimated useful lives.⁹²

⁸⁶ Application, Exhibit 3, Statement of Adjusted Operations.

⁸⁷ Application, Exhibit 3, Statement of Adjusted Operations.

⁸⁸ Application, Exhibit 3, References, Reference J.

⁸⁹ Application, Exhibit 3, References, Reference J.

⁹⁰ Application, Exhibit 3, References, Reference D.

⁹¹ Application, Exhibit 3, Statement of Adjusted Operations.

⁹² USoA, Accounting Instruction 19 and 33.

Description	Total Capitalization	Bath District Test Year Capitalization	Capitalization Remaining
Tap Fees	\$89,030	\$52,441	\$36,589

The third adjustment Bath District proposed was to decrease Materials and Supplies by \$8,961.⁹³ During the test year, Bath District paid \$8,961 to OES Underground (\$6,000 on June 27 and \$2,961 on July 1) for its services in replacing a master meter and meter vault that serves a wholesale customer.⁹⁴ This cost was originally reported as a Materials and Supplies expense, and it has been removed from test year operating expenses and was capitalized for depreciation.⁹⁵ Staff reviewed the Bath District's adjustment and agreed with Bath District adjustment. Staff recommended the Commission accept Bath District's proposed adjustments resulting in a Pro Forma Materials and Supplies expense of \$96,347.⁹⁶

The Commission finds Bath District's adjustment reasonable to properly capitalize known and measurable expenses, as the amounts are based on reliable information in the record and reflect values that have either already occurred or can be determined with reasonable certainty, and therefore, accepts the adjustment.

Rate Case Amortization. In its application, Bath District did not report any test year expenses related to Rate Case Amortization but proposed one adjustment to increase Rate Case Amortization expense by \$3,333.⁹⁷ Bath District estimated rate case expenses

⁹³ Application, Exhibit 3, Statement of Adjusted Operations.

⁹⁴ Application, Exhibit 3, References, Reference L

⁹⁵ Application, Exhibit 3, References, Reference L.

⁹⁶ Staff's Report at 22.

⁹⁷ Application, Exhibit 3, Statement of Adjusted Operations.

of \$10,000 and Bath District provided the copy of the contract prepared by the Kentucky Rural Water Association (KRWA) for a total of \$10,295.⁹⁸ Bath District proposed to amortize the rate case expense over three years. Staff agreed with Bath District's methodology because utilities are expected to file for a rate case every three to five years. Staff reviewed the contract and recommended an adjustment of \$3,432 which is \$99 more than Bath District's proposed adjustment. Staff recommended the Commission accept Staff's proposed adjustment because it is known and measurable.⁹⁹

Descirption	Amount
KRWA	9,350
Publishing customer notice	945
Total	10,295
Amortization Years	3
Annual Rate Case Expense	3,432
Bath District's Proposed Adjustment ()	(3,333)
Difference	\$ 99

The Commission finds Staff's recommended adjustments are reasonable and should be accepted because the amounts are supported by known and measurable information in the record.

Insurance - General Liability. Bath District reported a test year amount of \$27,462 and proposed no changes to the account.¹⁰⁰ Staff reviewed the Bath District's general

⁹⁸ Bath District's Response to Staff's First Request, Item 4.

⁹⁹ Staff's Report at 23.

¹⁰⁰ Application, Exhibit 3, Statement of Adjusted Operations.

ledger¹⁰¹ and submitted invoices,¹⁰² Staff recalculated the expense based on the submitted invoices¹⁰³ and recommended an increase of \$7,635 to the test year amounts to match the most recent invoices. Staff recommended the Commission accept Staff's adjustment as the amounts are known and measurable.¹⁰⁴

The Commission finds Staff's recommended adjustments are reasonable and should be accepted as the amounts are known and measurable because they are based on reliable information in the record and reflect values that have either already occurred or can be determined with reasonable certainty.

Insurance – Workers Compensation. Bath District reported a test year amount of \$8,404 and proposed no changes to the account.¹⁰⁵ Staff reviewed Bath District's general ledger¹⁰⁶ and submitted invoices¹⁰⁷ and recalculated the expense based on the submitted invoices and recommended a decrease of \$257 to the test year amounts to match the most recent invoices. Staff recommended the Commission accept Staff's proposed adjustment as the amounts are known and measurable because they are based on

¹⁰¹ Bath District's Response to Staff's First Request, Item 1a, 2024 General Ledger, Account Number 657-005.

¹⁰² Bath District's Response to Staff's First Request, Item 5 at 1, 12.

¹⁰³ Bath District's Response to Staff's First Request, Item 5 at 12.

¹⁰⁴ Staff's Report at 24.

¹⁰⁵ Application, Exhibit 3, Statement of Adjusted Operations at 1.

¹⁰⁶ Bath District's Response to Staff's First Request, Item 1a, 2024 General Ledger, Account Number 658-005.

¹⁰⁷ Bath District's Response to Staff's First Request, Item 5 at 6, 11.

reliable information in the record and reflect values that have either already occurred or can be determined with reasonable certainty.¹⁰⁸

The Commission finds Staff's recommended adjustments are reasonable and should be accepted as the amounts are known and measurable because they are based on reliable information in the record and reflect values that have either already occurred or can be determined with reasonable certainty.

Miscellaneous Expense. Bath District reported \$5,154 of expenses related to Miscellaneous Expense and proposed no adjustments.¹⁰⁹ Staff reviewed the general ledger¹¹⁰ and made one adjustment to decrease Miscellaneous expense by \$4,572. The expense (Online Spectrum Line Repair hit during the meter set)¹¹¹ occurred during the test year and is non-recurring.¹¹² Staff recommended Commission accept Staff's adjustment as the amounts are known and measurable because they are based on reliable information in the record and reflect values that have either already occurred or can be determined with reasonable certainty.¹¹³

¹⁰⁸ Staff's Report at 24.

¹⁰⁹ Application, Exhibit 3, Statement of Adjusted Operations.

¹¹⁰ Bath District's Response to Staff's First Request, Item 1a, 2024 General Ledger, Account Number 675-000.

¹¹¹ Bath District's Response to Staff's First Request, Item 1a, 2024 General Ledger, Account Number 675-000.

¹¹² A non-recurring expense should not be expected to be a normal operating expense and should not be included in the pro forma or be recovered in expense on an annual basis.

¹¹³ Staff's Report at 25.

In its response to the Staff's Report, Bath District disagreed with Staff's removal of Miscellaneous Expenses related to Online Spectrum Line Repair and proposed that this expense should be amortized over three years.¹¹⁴

As discussed above in Review and Modifications section, the Commission rejects Bath District's argument because the Commission finds that this expense to be a nonrecurring, one-time repair that does not provide a continuing benefit to ratepayers beyond the test year. While amortization may be appropriate for certain nonrecurring costs that yield future benefits, such as billing software upgrades or rate case expenses, the repair in this instance represents a past event that has been fully resolved. Amortizing it would inappropriately shift recovery of a completed expense into future rates requiring future customers to pay for a cost that no longer provides service value. Accordingly, the Commission finds that the expense should be treated as a nonrecurring test year item and should be excluded from pro forma operations.

Depreciation Expense. Bath District reported \$466,780 of expenses related to Depreciation and proposed four adjustments.¹¹⁵ First, it increased Depreciation Expense by \$674, as discussed above in Materials and Supplies; the amount has been capitalized for depreciation.¹¹⁶ Staff agreed with Bath District's adjustment and recommended the Commission accept it. Second, Bath District proposed an adjustment to decrease Depreciation Expense by \$27,491.¹¹⁷ Bath District stated that it accrued the depreciation

¹¹⁴ Bath District's Response to Staff's Report (filed Sept. 23, 2025).

¹¹⁵ Application, Exhibit 3, Statement of Adjusted Operations.

¹¹⁶ Application, Exhibit 3, Statement of Adjusted Operations.

¹¹⁷ Application, Exhibit 3, Statement of Adjusted Operations.

amount of \$27,491 on “Communication Equipment” with an original cost of \$373,291. The accrual resulted in full accumulation of depreciation for this asset group after the test year, and this expense will not recur in future periods.¹¹⁸ Staff reviewed the Depreciation Schedule provided by the Bath District and agreed with removing \$27,491. The third proposed adjustment was an increase to Depreciation Expense of \$62,852.¹¹⁹ In Case No. 2023-00097, by Order dated June 29, 2023, Bath District was authorized to finance the cost of (1) rehabilitating six water storage facilities; (2) rehabilitating the Midland Pump Station; and (3) reconstruction of the Ore Mines Pump Station.¹²⁰ This adjustment was made to account for assets being placed into service in 2025 and to bring asset lives to the midpoint of the ranges recommended by National Association of Regulatory Utility Commissioners (NARUC) in its publication “Depreciation for Small Utilities”. To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the same NARUC study. When no evidence exists to support a specific life that is outside NARUC ranges, the commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant.¹²¹ Staff reviewed the Depreciation Schedule provided by the Bath District and determined Bath District had not used asset lives reflecting the midpoint of the ranges recommended by NARUC.

¹¹⁸ Application, Application, Exhibit 3, References, Reference N.

¹¹⁹ Application, Exhibit 3, Statement of Adjusted Operations.

¹²⁰ Case No. 2023-00097, *Electronic Application of Bath County Water District for a Certificate of Public Convenience and Necessity to Construct and Finance Improvement Projects Pursuant to 278.020 and 278.300* (Ky. PSC June 29, 2023), Order at 13-15.

¹²¹ See Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020), Order; Case 2023-00134, *Electronic Application of North Marshall Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Dec. 22, 2023), Order at 30; Case 2023-00154, *Electronic Application of Harrison County Water Association, Inc. for an Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024), Order at 36.

Staff recalculated the depreciation amount using NARUC's midpoint ranges as shown below and recommended an adjustment of \$51,492 which is a \$11,360 decrease from Bath District's proposed adjustment. The fourth adjustment Bath District proposed was an increase Depreciation expense by \$18,864.¹²² Bath District purchased 786 meters with a total cost of \$188,640 and proposed a service life of ten years.¹²³ Bath District stated that the Water Meters included a 10-year full replacement warranty that supports the 10-year depreciable life, and the meters had a partial warranty for an additional ten years.¹²⁴ It also stated that the register of the Water Meter includes a built-in radio read communication device that is inseparable from the meter's register, and it was recorded as part of the Utility Plant subsidiary account Communication Equipment.¹²⁵ Unless evidence is supplied to justify a different useful life, the Commission has previously determined that radio read Meters should be depreciated over a 20-year service life.¹²⁶ Since Bath District did not provide any other information to justify the proposed 10-year service life, Staff calculated depreciation for the meters over a 20-year service life. Staff noted that a warranty is not necessarily indicative of useful life.¹²⁷ Staff recommended the Commission accept Staff's adjustment to Depreciation Expense as the amounts are known and measurable because they are based on reliable information in

¹²² Application, Exhibit 3, Statement of Adjusted Operations.

¹²³ Application, Application, Exhibit 3, References, Reference P.

¹²⁴ Bath District's Response to Staff's First Request, Item 23.

¹²⁵ Bath District's Response to Staff's First Request, Item 23.

¹²⁶ Case No. 2024-00061, *Electronic Application of Butler County Water Systems, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Nov. 1, 2024), Order at 9-20. Case No 2024-00068, *Electronic Application of Simpson County Water District for a Rate Adjustment Pursuant To 807 KAR 5:076* (Ky. PSC Oct. 29, 2024), Order at 21-22.

¹²⁷ Staff's Report at 27.

the record and reflect values that have either already occurred or can be determined with reasonable certainty.¹²⁸

Asset Category	Bath District's Service Life	NARUC Recommended Service Life Range	Original Cost	Staff			
				Bath District's Calculation	Calculated Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Pumping Equipment	20	20	841,336	\$ 42,067	\$ 42,067	\$ -	\$ 42,067
Structures & Improvements	40	37.5	12,032	301	321	20	321
Water Storage Tank Rehabilitations	20	45	409,685	20,484	9,104	(11,380)	9,104
Total				<u>\$ 62,852</u>	<u>\$ 51,492</u>	<u>\$ (11,360)</u>	<u>\$ 51,492</u>
Meters	10	20	188,640	18,864	9,432	(9,432)	9,432
Total				<u>\$ 18,864</u>	<u>\$ 9,432</u>	<u>\$ (9,432)</u>	<u>\$ 9,432</u>

In its response to the Staff's Report, Bath District disagreed with Staff's calculation of Depreciation on Storage Tank Renovation using 45 years useful life and stated it should have been 20 years as the project was comprised of cleaning and painting of the tanks.¹²⁹ Because of the revision of the useful life the Depreciation Expense was increased by \$11,360.

The Commission agrees with Staff's Report that a warranty is not necessarily indicative of a useful life for an asset, although it is informative should a utility propose a different useful life with substantiating evidence. The Commission finds that Staff's recommendation should be modified to reflect the inclusion of the revised useful life for the storage tank project but otherwise agrees with Staff recommendations. The Commission further finds Bath District's proposed 20-year life is reasonable because the nature of the projects is not consistent with the intended types of repairs that result in a 45-year useful life prescribed by the NARUC study.

¹²⁸ Staff's Report at 27.

¹²⁹ Bath District's Response to Staff's Report (filed Sept. 23, 2025).

Taxes Other Than Income. Bath District reported \$38,894 of expenses related to Taxes Other Than Income and proposed a reduction of \$8,583.¹³⁰ As stated in Employee Benefits above, the \$8,583 amount was reclassified to the appropriate account. Due to the changes in Salaries and Wages, Staff made an adjustment to increase the Taxes Other than Income by \$1,407 (P1). The adjustment results in a pro forma test year amount of \$31,718. Staff recommended the Commission accept Staff's adjustment as it is known and measurable.¹³¹

The Commission finds Staff's recommended adjustments are reasonable and should be accepted as the amounts are known and measurable because they are based on reliable information in the record and reflect values that have either already occurred or can be determined with reasonable certainty.

SUMMARY OF ADJUSTMENTS

Based upon the Commission's findings and modifications discussed above, the following table summarizes Bath District's adjusted pro forma:

Description	Commission Staff's Pro Forma	Commission Approved Adjustments	Commission Approved Pro Forma
Total Operating Revenues	\$ 3,335,639	\$ -	\$ 3,335,639
Total Operating Expenses ()	(3,402,548)	(42,956)	(3,445,504)
Net Operating Income	(66,909)	0	(109,865)
Interest Income	2,931	0	2,931
Revenue from Sewer Billing Service	0	22,651	22,651
Income Available to Service Debt	<u>\$ (63,978)</u>	<u>\$ (20,305)</u>	<u>\$ (84,283)</u>

¹³⁰ Application, Exhibit 3, Statement of Adjusted Operations.

¹³¹ Staff's Report at 28.

OVERALL REVENUE REQUIREMENT AND REQUIRED REVENUE INCREASE

The Commission has historically applied a Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of (1) cash-related pro forma operating expense; (2) recovery of depreciation expense, a non-cash item, to provide working capital;¹³² (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense. The table below reflects Staff's, and the Commission approved calculated revenue requirement.

¹³² 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, 725 (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).

Description	Commission Staff's Report	Commission Approved
Pro Forma Operating Expenses	\$ 3,402,548	\$ 3,445,504
Average Annual Principal and Interest Payment:	111,580	111,580
Additional Working Capital at 20%	22,316	22,316
Interest On Customer Deposits	5,188	5,188
Total Revenue Requirement	3,541,632	3,584,588
Less: Other Operating Revenue ()	(58,737)	(58,737)
Interest Income ()	(2,931)	(2,931)
Revenue from Sewer Billing Service	(22,651)	(22,651)
Revenue Required From Water Sales	3,479,964	3,500,269
Revenue from Sales at Present Rates ()	(3,276,902)	(3,276,902)
Required Revenue Increase / (Decrease)	\$ 203,062	\$ 223,367
Percentage Increase / (Decrease)	6.20%	6.82%

As discussed above in the Review and Modification of Staff's Recommendations, The Commission discovered a formulaic error while calculating the Revenue Requirement which did not include the exclusion of Revenue from Sewer Billing Service which results in a reduction of \$22,651 from Revenue Required from Water Sales, in addition to the other modifications discussed in the sections above.

1. Average Annual Principal and Interest Payments. Bath District requested to recover debt service of \$111,580 on two loans from United States Department of Agriculture Rural Development Bonds and two Kentucky Infrastructure Authority (KIA) loans on three-year average of the annual principal, interest, and fee payments for the years 2026 through 2028.¹³³ Staff agreed with the methodology Bath District proposed

¹³³ Application, Exhibit 3, Schedule C, Debt Service Schedule.

is reasonable and recommended Commission accept the Bath District's proposed amount.¹³⁴

Description/Year	2026	2027	2028	Total
Bond Series 2004	\$ 27,027	\$ 26,992	\$ 26,934	\$ 80,954
Bond Series 2009	10,501	10,358	10,216	31,074
KIA #F16-011	36,818	36,735	36,652	110,204
KIA #B22-003	37,559	37,503	37,444	112,506
Total	<u>\$ 111,904</u>	<u>\$ 111,588</u>	<u>\$ 111,246</u>	<u>\$ 334,738</u>
Three Year Average				<u>\$ 111,580</u>

The Commission finds Bath District's calculated Average Interest and Principal Payments of \$111,580 should be included in Bath District's Revenue Requirement because the DSC methodology allows for the recovery of the principal and interest payments.

2. Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance of 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 exhibits, Bath District requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments, or

¹³⁴ Staff's Report at 29.

\$22,316.¹³⁵ Following the Commissions historic practice¹³⁶ of including additional working capital, Staff agreed with Bath District's proposed methodology.¹³⁷

Description	Amount
Average Annual Principal and Interest	\$ 111,580
Times: DSC Coverage Ratio	20%
Additional Working Capital	<u>\$ 22,316</u>

The Commission finds that Bath District's calculated Additional Working Capital of \$22,316 should be included in Bath District's Revenue Requirement because the Additional Working Capital is a direct result of the calculated Annual Debt Principal and Interest payments.

RATE DESIGN

Bath District proposed to increase all of its monthly retail water service rates evenly across the board by 34.75 percent.¹³⁸ Bath District has not performed a cost of service study (COSS). Bath District stated that it did not consider filing a COSS with the current rate application as there were no material changes in its system, and Bath District will consider preparing a new COSS if material changes in customer usage patterns were to occur.¹³⁹ In the Staff's Report, Staff followed the method proposed by Bath District and

¹³⁵ Application, Exhibit 3, Calculation of Overall Revenue Requirement and Required Revenue Increase.

¹³⁶ 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)

¹³⁷ Staff's Report at 30.

¹³⁸ Application, Exhibit 3, Schedule B.

¹³⁹ Bath District's Response to Staff's First Request, Item 14(a).

allocated Staff's calculated revenue increase as evenly as possible (across the board), while also ensuring that the revenue amount required would be met by the rates proposed, which in some tiers was a higher percentage increase than in other tiers, to Bath District's monthly retail and wholesale water service rates. The Commission finds that in the absence of a COSS, the proposed across the board method is an appropriate and equitable method to allocate the increased cost to Bath District's customers.

As discussed above, Bath District stated that the rates recommended by Staff in the Staff's Report, did not seem to be calculated evenly across the board.¹⁴⁰ The Commission notes that Staff did apply an across-the-board method; however, to reconcile the approved schedules to the revenue required from rates of \$3,500,269 (approximately 6.82 percent overall), limited adjustments were necessary to wholesale rates and the larger-meter minimum charges due to tiered structures and rounding. Accordingly, the percentage change varies slightly by tier or class. These differences reflect rounding and structural constraints, not a departure from the across-the-board method. With the additional adjustments made in this Order, the Commission has recalculated the revenue requirement, allocated the increase, and applied as evenly as practicable across the board, consistent with the percentage increase listed above.

The rates set forth in Appendix B to this report are based upon the revenue requirement, as calculated by Staff, and will produce sufficient revenues from water sales to recover the \$3,500,269 revenue required from rates, an approximate 6.82 percent

¹⁴⁰ Bath District's Response to Staff's Report.

increase. The monthly water bill for a typical customer using 3,952 gallons¹⁴¹ per month will increase by \$2.54 from \$37.47 to \$40.02, or approximately 6.81 percent.

Nonrecurring Charges and Meter Connection Charges. The Commission finds the Staff's Report is consistent with recent Commission decisions, that labor expenses, already recovered in rate base, resulting from work performed during normal business hours should not also be recovered through nonrecurring charges.¹⁴² To be considered reasonable charges should be directly related to the actual additional cost incurred to provide the service. Only the marginal cost related to the service should be recovered through a special nonrecurring charge for service provided during normal working hours. For the reasons discussed above, the estimated labor expenses previously included in determining the amount of nonrecurring charges should be eliminated from the charges.

Bath District provided updated cost justification information for the Nonrecurring Charges shown in Appendix A, and the cost justification information from Bath District's previous case,¹⁴³ which Staff reviewed. The nonrecurring charges in the current tariff do not include Field Labor Costs and Office/Clerical Labor Costs for charges which occur during regular business hours, as those costs were removed in Bath District's previous

¹⁴¹ Application, Exhibit 1.

¹⁴² Case No. 2023-00090, *Electronic Application of Henry County Water District #2 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2023); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 4, 2024); Case No. 2023-00090, *Electronic Application of Kirksville Water Association Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00252, *Electronic Application of Oldham County Water District for an Alternative Rate Adjustment* (Ky. PSC June 18, 2024).

¹⁴³ Bath District's Response to Staff's First Request, Item 19.

case.¹⁴⁴ In contrast, Bath District's nonrecurring charges occurring after normal business hours resulted in increased labor expense, thus were adjusted accordingly. The breakdown of cost for each nonrecurring charge and any Staff adjustment can be found in Appendix A. The revised Nonrecurring Charges are shown below. The Commission finds that Commission Staff's recommendation to remove labor expenses from nonrecurring charges and the revised nonrecurring charges as described in Appendix A to be reasonable because only the incremental cost related to the service should be recovered for service provided during normal business hours.

Nonrecurring Charge	Current Charge	Revised Charge
Connection Charge After Hours	\$70.00	\$91.00
Field Collection Charge After Hours	\$70.00	\$91.00
Meter Re-read Charge After Hours	\$70.00	\$91.00
Reconnection Charge After Hours	\$70.00	\$91.00
Service Call Charge After Hours	\$70.00	\$91.00
Service Line Inspection After Hours	\$70.00	\$91.00

Additionally, Bath District provided updated cost justification information for its 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge and the 5/8-inch x 3/4-inch Tandem Service Connection.¹⁴⁵ Staff reviewed the information provided by Bath District and recommended a decrease to the meter connection charges as shown in the table

¹⁴⁴ Case No. 2022-00404, *Electronic Application of Bath County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 10, 2023), final Order; and Bath District's Response to Staff's First Request, Item 19.

¹⁴⁵ Bath District's Response to Staff's First Request, Item 20.

below,¹⁴⁶ because the lower rates are based on known and measurable adjustments provided in the supporting documentation.¹⁴⁷

Meter Connection Charges	Current Charge	Revised Charge
5/8 x 3/4 Inch Water Tap On	\$1,350.00	\$1,175.00
5/8 x 3/4 Inch Tandem Service	\$1,535.00	\$1,343.00
All Larger Meters	Actual Cost	Actual Cost

The Commission agrees with Staff's recommendation to decrease the Meter Connection Charges as shown above to reflect the current expenses incurred to install new taps, in order to prevent over-recovery of tap fee charges.

SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in the Staff's Report, along with the above modifications, are supported by the evidence of record and are reasonable. By applying the DSC method to Bath District's pro forma operations results in an Overall Revenue Requirement of \$3,584,588 and that a \$223,367 revenue increase, or 6.82 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement. The rates contained in Appendix B to this Order are fair, just and reasonable based on the evidence in this record.

IT IS THEREFORE ORDERED that:

1. The recommendations contained in the Staff's Report, as modified above, are adopted and incorporated by reference into this Order as if fully set out herein.

¹⁴⁶ Staff's Report at 8-9.

¹⁴⁷ Bath District's Response to Staff's First Request, Item 20.

2. The water service rates proposed by Bath District are denied.
3. The water service rates set forth in Appendix B to this Order are approved for service rendered by Bath District on or after date of this Order.
4. Within 20 days of the date of service of this Order, Bath 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.
5. This case is closed and removed from the Commission's docket.

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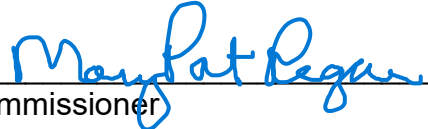
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:

 *RP*
Executive Director



Case No. 2025-00132

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00132 DATED NOV 3 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

	Connection Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$46.66 at 1 hours)	\$46.66	
Office Supplies		
Office Labor	\$18.00	
Transportation	\$27.51	\$27.51
Misc.		
Total Revised Charge*	\$92.17	\$27.50
Current Rate	\$27.50	

	Connection Charge After Hours Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$63.16 @ 1 hour)	\$63.13	\$63.13
Office Supplies		
Office Labor (\$20 at 1 hours)	\$18.00	
Transportation	\$27.51	\$27.51
Shipping and Testing		
Total Revised Charge*	\$108.64	\$91.00
Current Rate	\$70.00	

	Field Collection Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$46.66 at 1 hours)	\$46.66	
Office Supplies		
Office Labor	\$18.00	
Transportation	\$27.51	\$27.51
Misc.		
Total Revised Charge*	\$92.17	\$27.50
Current Rate	\$27.50	

	Field Collection After Hours Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$63.16 @ 1 hour)	\$63.13	\$63.13
Office Supplies		
Office Labor (\$20 at 1 hours)	\$18.00	
Transportation	\$27.51	\$27.51
Shipping and Testing		
Total Revised Charge*	<u>\$108.64</u>	<u>\$91.00</u>
Current Rate	\$70.00	

	Meter Re-read Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$46.66 at 1 hours)	\$46.66	
Office Supplies		
Office Labor	\$18.00	
Transportation	\$27.51	\$27.51
Misc.		
Total Revised Charge*	<u>\$92.17</u>	<u>\$27.50</u>
Current Rate	\$27.50	

	Meter Re-read Charge After Hours Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$63.16 @ 1 hour)	\$63.13	\$63.13
Office Supplies		
Office Labor (\$20 at 1 hours)	\$18.00	
Transportation	\$27.51	\$27.51
Shipping and Testing		
Total Revised Charge*	<u>\$108.64</u>	<u>\$91.00</u>
Current Rate	\$70.00	

	Meter Test Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$46.66 at 1 hours)	\$46.66	
Office Supplies		
Office Labor	\$18.00	

Transportation	\$27.51	\$27.51
Misc.		
Total Revised Charge*	<u>\$92.17</u>	<u>\$27.50</u>
Current Rate	\$27.50	

	Reconnection Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$46.66 at 1 hours)	\$46.66	
Office Supplies		
Office Labor	\$18.00	
Transportation	\$27.51	\$27.51
Misc.		
Total Revised Charge*	<u>\$92.17</u>	<u>\$27.50</u>
Current Rate	\$27.50	

	Reconnection Charge After Hours Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$63.16 @ 1 hour)	\$63.13	\$63.13
Office Supplies		
Office Labor (\$20 at 1 hours)	\$18.00	
Transportation	\$27.51	\$27.51
Shipping and Testing		
Total Revised Charge*	<u>\$108.64</u>	<u>\$91.00</u>
Current Rate	\$70.00	

	Service Call Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$46.66 at 1 hours)	\$46.66	
Office Supplies		
Office Labor	\$18.00	
Transportation	\$27.51	\$27.51
Misc.		
Total Revised Charge*	<u>\$92.17</u>	<u>\$27.50</u>
Current Rate	\$27.50	

Service Call Charge After Hours

	Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$63.16 @ 1 hour)	\$63.13	\$63.13
Office Supplies		
Office Labor (\$20 at 1 hours)	\$18.00	
Transportation	\$27.51	\$27.51
Shipping and Testing		
Total Revised Charge*	<u>\$108.64</u>	<u>\$91.00</u>
Current Rate	\$70.00	

	Service Line Inspection Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$46.66 at 1 hours)	\$46.66	
Office Supplies		
Office Labor	\$18.00	
Transportation	\$27.51	\$27.51
Misc.		
Total Revised Charge*	<u>\$92.17</u>	<u>\$27.50</u>
Current Rate	\$27.50	

	Service Line Inspection After Hours Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$63.16 @ 1 hour)	\$63.13	\$63.13
Office Supplies		
Office Labor (\$20 at 1 hours)	\$18.00	
Transportation	\$27.51	\$27.51
Shipping and Testing		
Total Revised Charge*	<u>\$108.64</u>	<u>\$91.00</u>
Current Rate	\$70.00	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00132 DATED NOV 3 2025

The following rates and charges are prescribed for the customers in the area served by Bath 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

5/8 X 3/4-Inch Meter

First	2,000 Gallons	\$22.28	Minimum Bill
Next	3,000 Gallons	0.00909	Per Gallon
Next	5,000 Gallons	0.00751	Per Gallon
Next	10,000 Gallons	0.00677	Per Gallon
Next	30,000 Gallons	0.00654	Per Gallon
Over	50,000 Gallons	0.00640	Per Gallon

1-Inch Meter

First	10,000 Gallons	\$87.10	Minimum Bill
Next	10,000 Gallons	0.00677	Per Gallon
Next	30,000 Gallons	0.00654	Per Gallon
Over	50,000 Gallons	0.00640	Per Gallon

2-Inch Meter

First	50,000 Gallons	\$350.90	Minimum Bill
Over	50,000 Gallons	0.00640	Per Gallon

Bulk
Sales

0.01136 Per Gallon

Wholesale Rates

Sharpsburg Water District	0.00609	Per Gallon
City of Frenchburg	0.00559	Per Gallon
City of Owingsville	\$5,241.34	Minimum Bill
	0.00518	Per Gallon

Leak Adjustment Rate

0.00542 Per Gallon

Nonrecurring Charges

Connection Charge	\$27.50
Connection Charge After Hours	\$91.00
Field Collection	\$27.50
Field Collection After Hours	\$91.00
Late Payment Penalty	10%
Meter Re-read Charge	\$27.50
Meter Re-read Charge After Hours	\$91.00
Meter Relocation Charge	Actual
Meter Test Charge	\$27.50
Reconnection Charge	\$27.50
Reconnection Charge After Hours	\$91.00
Service Call Charge	\$27.50
Service Call Charge After Hours	\$91.00
Service Line Inspection	\$27.50
Service Line Inspection After Hours	\$91.00

Meter Connection/Tap On Charges

5/8 x 3/4 Inch Water Tap On	\$1,175.00
5/8 x 3/4 Inch Tandem Service	\$1,343.00
All Larger Meters	Actual Cost

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*Christy Creech
Manager
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