

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WEST LAUREL)	CASE NO.
WATER ASSOCIATION, INC. FOR A RATE)	2022-00120
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On April 14, 2022, West Laurel Water Association, Inc. (West Laurel Water) filed an application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. The application was filed pursuant to the Commission’s Order in Case No. 2021-00097, which cited negative net income resulting in operations possibly being subsidized by depreciation.¹ In its application, West Laurel Water requested rates that would increase annual water sales revenues by \$243,098, or a 9.51 percent across-the-board increase to present rate water revenues.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated May 2, 2022. West Laurel Water responded to two discovery requests from Commission Staff. On August 22, 2022, the Commission, on its own motion, found that the procedural schedule should be amended to allow Commission Staff additional time to prepare and file a Commission Staff Report, extending the date of the Commission Staff Report from August 24, 2022, to September 7, 2022. Pursuant to

¹ Case No. 2021-00097, *Electronic Application of West Laurel Water Association, Inc. to Issue Securities in the Approximate Principal Amount of \$1,875,000 for the Purpose of Refunding Certain Outstanding Obligations of the Association Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Apr. 23, 2021), Order at 4, and ordering paragraph 7.

the Commission's August 22, 2022 Order, Commission Staff issued a report (Commission Staff's Report) on August 31, 2022, summarizing its findings regarding West Laurel Water's application. The Commission Staff's Report indicated that West Laurel Water's adjusted test-year operations support an overall revenue requirement of \$2,773,676 and that an increase of \$162,719, or 6.41 percent, is necessary to generate the overall revenue requirement.

On September 14, 2022, West Laurel Water filed its comments on the Commission Staff's Report with the Commission.² In its response, West Laurel Water did not agree with Commission Staff's removal of certain labor expenses from nonrecurring charges but did not wish to contest that adjustment in this case. West Laurel Water concurred with the remaining findings presented in the Commission Staff's Report with two exceptions. First, West Laurel Water submitted additional evidence indicating that Commission Staff's adjustment regarding test-year contractual services expense was too great as it did not take into account work orders for equipment owned by Wood Creek Water District used on West Laurel Water's behalf. Second, West Laurel Water admitted that in discovery responses it had inadvertently excluded transportation expense from cost-justification sheets for its nonrecurring charges, requesting that the expenses be incorporated into an updated level of test-year nonrecurring charges. West Laurel Water requested that both exceptions raised be used to calculate an updated pro forma revenue requirements and rates. In addition, West Laurel Water did not request that an informal conference or hearing be held.

² West Laurel Water's Response to Commission Staff's Report (filed Sept. 14, 2022).

LEGAL STANDARD

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

BACKGROUND

West Laurel Water is a water utility organized pursuant to KRS Chapter 74 that owns and operates a water distribution system through which it provides retail water service to approximately 5,036 residential customers, 118 commercial customers, and 1 wholesale customer that reside in Laurel County, Kentucky.⁴ West Laurel Water's last rate adjustment was in Case No. 2005-00477.⁵

³ *City of Covington v. Public Service Commission*, 313 S.W.2d 391 (Ky. 1958); and *Pub. Serv. Comm'n v. Com. of Kentucky v. Dewitt Water District*, 720 S.W.2d 725 (Ky. 1986).

⁴ *Annual Report of West Laurel Water to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 12 and 49.

⁵ Case No. 2005-00477, *The Application of the West Laurel Water Association, Inc. for the Approval of a Proposed Increase in Rates for Water Service* (Ky. PSC May. 15, 2006).

TEST PERIOD

The calendar year ended December 31, 2020, was used as the test year to determine the reasonableness of West Laurel Water's existing and proposed water rates, as required by 807 KAR 5:076, Section 9.⁶

SUMMARY OF REVENUE AND EXPENSES

The Commission Staff's Report summarizes West Laurel Water's pro forma income statement as follows:

	<u>2020 Test Year</u>	<u>Pro Forma Adjustments</u>	<u>Staff's Report Pro Forma</u>
Operating Revenues	\$ 2,609,857	\$ (3,022)	\$ 2,606,835
Operating Expenses	<u>2,692,888</u>	<u>(174,014)</u>	<u>2,518,874</u>
Net Operating Income	(83,031)	170,992	87,961
Interest Income	<u>4,122</u>	-	<u>4,122</u>
Income Available for Debt Service	<u>\$ (78,909)</u>	<u>\$ (170,992)</u>	<u>\$ 92,083</u>

REVIEW AND MODIFICATIONS TO COMMISSION STAFF'S FINDINGS

West Laurel Water proposed adjustments to revenues and expenses to reflect current and expected operating conditions. In the Commission Staff's Report, Commission Staff proposed additional adjustments. The Commission generally accepts the findings contained in the Commission Staff's Report. However, the Commission has also found that it is necessary to incorporate the changes requested by West Laurel Water in its comments regarding the Commission Staff's Report, as they represent known and measurable⁷ levels of revenues and expenses that should be reflected in rates.

⁶ West Laurel Water had not filed its 2021 Annual Report when this application was filed.

⁷ See 807 KAR 5:001, Section 16.1.(a); Case No. 2001-00211, *The Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue Its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June

Billing Analysis Adjustment. In the Commission Staff's Report, Commission Staff recommended the Commission accept West Laurel Water's proposed decrease of \$14,476 in service revenue based on West Laurel Water's current billing analysis.⁸ West Laurel Water also provided billing adjustments in the amount of \$19,180, which results in a decrease to Retail Water Sales of \$33,656.⁹ The Commission finds that this adjustment is reasonable as an examination of West Laurel Water's billing analysis was completed by Commission Staff and a normalized revenue was based on the information provided.

Late Fees. West Laurel Water proposed adjustments to decrease Miscellaneous Revenue by \$11,331 and increase Forfeited Discounts by the same amount to reclassify late fees into its own category for increased clarity. In addition, West Laurel Water proposed an adjustment to increase test year Forfeited Discounts of \$71,452 to account for the moratorium regarding the collection of late fees for past due accounts due to the COVID-19 Pandemic. This adjustment reflected the average of 2018 and 2019 levels of late fees. Commission Staff recommended that the Commission update the adjustment to reflect a three-year average in accordance with Commission precedent,¹⁰ resulting in an increase in test-year late fee revenue of \$57,646, for a total pro forma adjustment of \$68,977.¹¹ The Commission finds that Commission Staff's adjustment represents known

25, 2003); Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018); and Case No. 2019-00080, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of the City of Pikeville to Mountain Water District* (Ky. PSC Dec. 19, 2019).

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

⁹ West Laurel Water's Response to Staff's Second Request, Item 4.

¹⁰ Case No. 2021-00425, *Electronic Application of Corinth Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 25, 2022).

¹¹ Commission Staff's Report at 9, Adjustment B.

and measurable change to Other Water Revenues, is reasonable, and should be accepted.

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

	<u>Nonrecurring Charge</u>	
	<u>Current Charge</u>	<u>Revised Charge</u>
Reconnection Fee	\$40.00	\$ 0.00
Reconnection Fee - After Hours	\$80.00	\$66.50
Returned Check Fee	\$25.00	\$ 4.00
Meter Test Fee	\$25.00	\$ 0.00
Service Charge	\$40.00	\$ 0.00
Service Line Inspection	\$20.00	\$ 0.00
Additional Trip Charge	\$40.00	\$10.00

Commission Staff also recommended West Laurel Water’s Other Operating Revenue be reduced in the amount of \$26,975 to reflect the proposed changes in the nonrecurring charges.¹²

In its response to Commission Staff’s Report, West Laurel Water disagreed with the removal of the labor expenses from its nonrecurring charges, but it indicated it did not wish to contest those adjustments in this case.¹³ However, West Laurel Water stated that it had inadvertently omitted transportation expenses of \$18.00 from its cost justification

¹² Commission Staff’s Report at 6, 10, Adjustment C.

¹³ West Laurel Water’s Responses to the Commission Staff’s Report, paragraph 2.

forms for the following nonrecurring charges: Reconnection Fee, Reconnection Fee – After Hours, Meter Test Fee, Service Charge, and Service Line Inspection.¹⁴ Including the \$18.00 transportation expenses without the labor expense excluded by Commission Staff, the nonrecurring charges would be:

	<u>Nonrecurring Charge</u>	
	<u>Current Charge</u>	<u>Revised Charge</u>
Reconnection Fee	\$40.00	\$18.00
Reconnection Fee - After Hours	\$80.00	\$85.00
Returned Check Fee	\$25.00	\$ 4.00
Meter Test Fee	\$25.00	\$18.00
Service Charge	\$40.00	\$18.00
Service Line Inspection	\$20.00	\$18.00
Additional Trip Charge	\$40.00	\$10.00

The Commission agrees with the Commission Staff's Report, which is consistent with recent Commission decisions, that labor expenses paid for work during normal business hours should not be recovered through nonrecurring charges.¹⁵ The Commission requires that charges be directly related to the actual cost incurred to provide the service. It is unreasonable to allocate an expense already incurred as a day-to-day cost of maintaining a system, such as the salary of a distribution operator, to a nonrecurring service such as the connection and reconnection of a meter during normal working hours. Therefore, the Commission finds that estimated labor costs incurred during normal business hours previously included in determining the amount of nonrecurring charges should be eliminated from the charges as proposed by Commission Staff. Rather, the Commission finds that the calculation of West Laurel Water's

¹⁴ West Laurel Water's Responses to the Commission Staff's Report, paragraph 1.

¹⁵ Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

nonrecurring charges should be revised and only the marginal costs related to the service should be recovered through the nonrecurring charges for service provided during normal working hours, including the transportation expense provided by West Laurel Water in its comments.

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

The Commission finds the adjustment of (\$15,061) to Other Water Revenue is reasonable as shown below.

	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma
Reconnection Fee	655	\$40.00	\$18.00	\$14,410	\$11,790
Reconnection Fee (After Hours)	0	\$40.00	\$85.00	\$0	\$0
Returned Check Charge	31	\$25.00	\$4.00	\$651	\$124
Meter Test Fee	0	\$25.00	\$18.00	\$0	\$0
Service Charge	0	\$40.00	\$18.00	\$0	\$0
Service Line Inspection	0	\$20.00	\$18.00	\$0	\$0
Total				\$15,061	

Salaries and Wages – Officers & Federal Insurance Contributions Act (FICA). In

the Commission Staff’s Report, Commission Staff recommended the Commission accept

West Laurel Water's proposed adjustments to increase test-year Salaries and Wages – Officers Expense by \$27,900, and a decrease of the same amount to Miscellaneous Expense, citing the utility's practice of recording the expense in miscellaneous expense. In addition, Commission Staff recommended an associated increase to Taxes Other Than Income to account for the adjusted payroll tax costs of \$2,134 to reflect the classification of the officer's compensation and FICA taxes levels.¹⁶ The Commission finds that these adjustments are known and measurable and are accepted.

Contractual Service Expense. In the Commission Staff's Report, Commission Staff recommended an adjustment to reduce test-year Contractual Service Expense by \$131,180,¹⁷ which was calculated by annualizing the directly billed labor charges associated with the contract in place with Wood Creek Water District concerning West Laurel Water's operations. However, as discussed above, West Laurel Water provided additional evidence in its comments to the Commission Staff Report that indicated there were additional expenses related to the use of equipment owned by Wood Creek Water District used on West Laurel Water's behalf.¹⁸ Given this new information, the Commission finds that an adjustment should be made to remove the original adjustment calculated by Commission Staff, resulting in an increase to Contractual Services Expense of \$131,080. Additionally, the Commission finds that only the portions of Contractual Service Expense related to labor should be annualized, resulting in an increase in

¹⁶ Commission Staff's Report at 10, Adjustment D.

¹⁷ Commission Staff's Report at 11–12, Adjustment E.

¹⁸ West Laurel Water's Response to Commission Staff's Report, Attachment Summary Expenses.

administrative contractual expense of \$16,059 and a decrease in non-administrative contractual expense of \$8,210 as shown below.

Time	Hours Worked	Rate	Total
Regular	14,308	\$ 33.25	\$ 475,741
Overtime	575	49.88	28,681
Double Time	16	66.50	1,064
Pro Forma Non-Administrative Contractual Labor Expense			\$ 505,486
Less: Test Year Non-Administrative Contractual Labor Expense			(513,696)
Pro Forma Adjustment			\$ (8,210)
Pro Forma Customer Level			5155
Multiply by: Monthly Contractual Cost per Customer			\$ 3.10
Monthly Administrative Contractual Expense			15,981
Multiply by: 12 Months			12
Pro Forma Administrative Contractual Expense			\$ 191,766
Less: Test Year Administrative Contractual Expense			(175,707)
Pro Forma Adjustment			\$ 16,059

Depreciation Expense. In the Commission Staff's Report, Commission Staff recommended accepting the adjustment proposed by West Laurel Water to reduce test-year Depreciation Expense by \$44,968, calculated by adjusting the useful lives of the West Laurel Water's assets to the midpoint of the lives found in the National Association of Regulatory Utility Commissioners' (NARUC) report titled *Depreciation Practices for Small Utilities* (NARUC Study) published in 1979.¹⁹ The Commission finds that the adjustment keeps with Commission precedent and is a known and measurable change to test-year Depreciation Expense, and is accepted.

¹⁹ Commission Staff's Report at 12, Adjustment F.

Based on the Commission's findings discussed above, the following table summarizes West Laurel Water's adjusted pro forma operations.²⁰

	Commission Staff's <u>Pro Forma</u>	Commission <u>Adjustments</u>	Commission <u>Pro Forma</u>
Operating Revenues	\$ 2,606,835	\$ 11,914	\$ 2,618,749
Operating Expenses	<u>2,518,874</u>	<u>(139,029)</u>	<u>2,657,903</u>
Net Operating Income	87,961	150,943	238,904
Interest Income	<u>4,122</u>	<u>-</u>	<u>4,122</u>
Income Available for Debt Service	<u>\$ 92,083</u>	<u>\$ 150,943</u>	<u>\$ 243,026</u>

Water Loss. Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes a utility's unaccounted-for water loss shall not exceed 15 percent of the total water produced and purchased, excluding water consumed by a utility in its own operations. West Laurel Water's 2021 Annual Report reported a water loss of 13.90 percent.²¹ At a 13.90 percent water loss, the annual cost of total water loss to West Laurel Water is \$143,704.²²

REVENUE REQUIREMENTS

²⁰ See Appendix A for a complete Pro Forma.

²¹ 2021 Annual Report at 57.

²² Based upon the 2021 Annual Report at 50 and 57.

Purchased Water Expense	\$ 1,254,926
Purchased Power	15,154
Less Own Use (18.60% of purchased water)	<u>236,235</u>
Total Cost of Water	1,033,845
Times: Total Water Loss	13.90%
Total Cost of Water Loss	<u>\$ 143,704</u>

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 expenses; (2) recovery of depreciation expense, a noncash item, to provide working capital;²³ (3) the average annual principal and interest payments on all long-term debts, and (4) working capital that is in addition to depreciation expense.

Based upon the Commission’s findings and determinations herein, West Laurel Water requires an increase in revenues of \$289,834, or 11.42 percent above pro forma present rate revenues, as shown below.

Operating Expenses	\$ 2,657,903
Add: Average Annual Debt Principal and Interest	212,335
Additional Working Capital	<u>42,467</u>
Overall Revenue Requirement	2,912,705
Less: Other Operating Revenue	(81,015)
Interest Income	<u>(4,122)</u>
Revenue Requirement - Water Rates	2,827,568
Less: Normalized Revenue from Service	<u>(2,537,734)</u>
Required Revenue Increase	<u>\$ 289,834</u>
Percentage Increase	<u>11.42%</u>

RATE DESIGN

²³ 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 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).

West Laurel Water proposed to increase its monthly retail and wholesale water service rates by approximately 9.51 percent across the board. West Laurel Water has not performed a cost of service study (COSS). West Laurel Water stated that it did not complete a COSS at this time as there has been no material changes in the water system.²⁴

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

In an effort to avoid a significant hardship on West Laurel Water's customers, the Commission finds that a two-year phase-in approach is appropriate. Although applying a two-year phase-in will not allow for depreciation reserves to be fully funded in the first year, it will allow for adequate revenues to cover expenses and debt service and a portion of the depreciation reserves. The rates set forth in Appendix B to this Order are based upon the revenue requirement the Commission has found to be fair, just and reasonable and will produce sufficient revenues from water sales to recover the \$2,823,835 Revenue Required from Rates, an approximate 11.27 percent increase. The rates in Phase 1 will increase a typical residential customer's monthly water bill from \$41.36 to \$43.70, an

²⁴ West Laurel Water's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Apr. 14, 2022), Item 4.

increase of \$2.34 or approximately 5.66 percent.²⁵ For the wholesale customer using an average of 24,000 gallons per month, these rates will increase by \$8.83 from \$156.54 to \$165.37, or approximately 5.64 percent. The rates in Phase 2, which will take effect one year after the implementation of the Phase 1 rates, will increase a typical residential customer's monthly water bill rates from \$43.70 to \$46.05, an increase of \$2.35 or approximately 5.38 percent. For the wholesale customer, the rates in Phase 2 will increase the average monthly bill from the Phase 1 rates from \$165.37 to \$174.18, an increase of \$8.81 or approximately 5.33 percent.

COST-SAVING INVESTIGATION

While the rates calculated above represent fair recovery of expenses associated with providing water service, the Commission notes it is concerned with the long-term cost savings that could possibly be forfeited due to the agreement in place with Wood Creek Water District. As it stands, Wood Creek Water District handles all of the day-to-day operations of West Laurel Water. West Laurel Water and Wood Creek Water District should consider, if not merging in total, sharing resources, positions, professional consultants, or equipment costs. The utilities have established relationships, and the ratepayers should be aware of the cost savings possible if the utilities work together. At the very least, the board of West Laurel Water should review the possibilities of merger as part of routine review of potential cost-savings measures.

SUMMARY

²⁵ The typical residential customer uses approximately 4,000 gallons per month.

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in the Commission Staff's Report, as discussed and modified above, are supported by the evidence of record and are reasonable. The Commission has historically used a DSC method to calculate the revenue requirement for water districts or associations with outstanding long-term debt. Applying the DSC method to West Laurel Water's pro forma operations results in an Overall Revenue Requirement of \$2,912,705 and, based upon pro forma present rate service revenues of \$2,537,734, a revenue increase of \$289,834 from water service rates is necessary to generate the overall revenue requirement. The Commission further finds that allocating the calculated revenue increase across the board to West Laurel Water's monthly retail water service rates in two phases to be fair, just and reasonable.

IT IS THEREFORE ORDERED that:

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

5. Phase 2 Monthly Water Rates set forth in Appendix B to this Order are approved for service rendered by West Laurel Water on and after one year from the date of this Order.

6. One month prior to the effective date of the Phase 2 rates, West Laurel Water shall notify its customers of the implementation of the Phase 2 rates by publishing one-time notice of the increase in a newspaper of general circulation in its territory or placing an insert in bills rendered to its customers.

7. Within 45 days of publishing notice required in ordering paragraph 6, West Laurel Water shall file proof of publication of the notice to the Commission.

8. Within 20 days of the date of service of this Order, West Laurel Water 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.

9. West Laurel Water shall use the midpoint of the depreciable lives of the NARUC Study ranges, as proposed in the application and agreed upon by Commission Staff, to depreciate water plant assets for accounting purposes in all future reporting periods. No adjustment to accumulated depreciation or retained earnings should be made to account for this change in the accounting estimate.

10. Any documents filed in the future pursuant to ordering paragraph 7 shall reference this case number and shall be retained in the post-case correspondence file.

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

PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00120 DATED NOV 30 2022

	Test Year	Adjustment	Commission Adjustment	Pro Forma
Operating Revenues				
Retail Sales of Water	\$ 2,569,512	\$ (33,656)		\$ 2,535,856
Sales for Resale	1,878			1,878
Other Water Revenues				
Forfeited Discounts	-	11,331		
		57,646		68,977
Misc Service Revenues	38,467	(11,331)		
		(26,975)	26,975	
		(37)	(15,061)	12,038
Total Operating Revenues	<u>2,609,857</u>	<u>(3,022)</u>	<u>-</u>	<u>2,606,835</u>
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	-			-
Salaries and Wages - Officers	-	27,900		27,900
Employee Pensions and Benefits	-			-
Purchased Water	1,254,926			1,254,926
Purchased Power	15,154			15,154
Materials and Supplies	209,612			209,612
Contractual Services	835,957	(131,180)	131,180	
			(8,210)	
			16,059	843,806
Rental of Equipment	-			-
Transportation Expenses	-			-
Insurance - Other	22,109			22,109
Bad Debt	17,924			17,924
Miscellaenous Expenses	45,115	(27,900)		17,215
Total Operation and Mainenance Expenses	<u>2,400,797</u>	<u>(131,180)</u>	<u>139,029</u>	<u>2,408,646</u>
Depreciation Expense	284,602	(44,968)		239,634
Taxes Other Than Income	7,489	2,134		9,623
Total Operating Expenses	<u>2,692,888</u>	<u>(174,014)</u>	<u>139,029</u>	<u>2,657,903</u>
Utility Operating Income(Loss)	<u>\$ (83,031)</u>	<u>\$ 170,992</u>	<u>\$ 139,029</u>	<u>\$ 87,961</u>

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00120 DATED NOV 30 2022

The following rates and charges are prescribed for the customers in the area served by West Laurel Water Association, Inc. 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

Phase 1

5/8- X 3/4-Inch Meter

First	1,000 Gallons	\$15.63	Minimum Bill
Next	2,000 Gallons	0.00950	Per Gallon
Next	2,000 Gallons	0.00906	Per Gallon
Next	5,000 Gallons	0.00850	Per Gallon
Over	10,000 Gallons	0.00702	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$52.77	Minimum Bill
Next	5,000 Gallons	0.00850	Per Gallon
Over	10,000 Gallons	0.00702	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$165.48	Minimum Bill
Over	20,000 Gallons	0.00702	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$235.72	Minimum Bill
Over	30,000 Gallons	0.00702	Per Gallon

Wholesale Rate

0.00648	Per Gallon
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Monthly Water Rates

Phase 2

To be implemented one year after Phase 1

5/8- X 3/4-Inch Meter

First	1,000 Gallons	\$16.48	Minimum Bill
Next	2,000 Gallons	0.01002	Per Gallon
Next	2,000 Gallons	0.00954	Per Gallon
Next	5,000 Gallons	0.00895	Per Gallon
Over	10,000 Gallons	0.00738	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$55.62	Minimum Bill
Next	5,000 Gallons	0.00895	Per Gallon
Over	10,000 Gallons	0.00738	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$174.42	Minimum Bill
Over	20,000 Gallons	0.00738	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$248.46	Minimum Bill
Over	30,000 Gallons	0.00738	Per Gallon

Wholesale Rate

0.00683 Per Gallon

Connection Fees

5/8-Inch x 3/4-Inch Meter	\$1,750 per connection
1-Inch Meter	Actual Cost

Nonrecurring Charges

Reconnection Fee	\$ 18.00
Reconnection Fee – After Hours	\$ 85.00
Returned Check Fee	\$ 4.00
Meter Test Fee	\$ 18.00
Service Charge	\$ 18.00
Service Line Inspection	\$ 18.00
Additional Trip Charge	\$ 10.00

*Alan Vilines
Kentucky Rural Water Association
Post Office Box 1424
1151 Old Porter Pike
Bowling Green, KENTUCKY 42102-1424

*West Laurel Water Association, Inc.
1670 Hal Rogers Parkway
P. O. Box 726
London, KY 40741

*Dewayne Lewis
West Laurel Water Association, Inc.
P. O. Box 726
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