

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BULLOCK PEN)	CASE NO.
WATER DISTRICT FOR AN ALTERNATIVE RATE)	2022-00378
ADJUSTMENT)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Orders of January 10, 2023, and April 6, 2023, the attached report containing the findings of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's January 10, 2023 and April 6, 2023 Orders, Bullock Pen Water District (Bullock Pen District) is required to file written comments regarding the findings of Commission Staff no later than 14 days from the date of this report. The Commission directs Bullock Pen District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission.



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

DATED APR 25 2023

cc: Parties of Record

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

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BULLOCK PEN)	CASE NO.
WATER DISTRICT FOR AN ALTERNATIVE RATE)	2022-00378
ADJUSTMENT)	

COMMISSION STAFF'S REPORT
ON BULLOCK PEN WATER DISTRICT

Bullock Pen Water District (Bullock Pen District) is a water utility organized pursuant to KRS Chapter 74 that owns and operates a water distribution system through which it provides retail water service to approximately 7,009 residential customers, 469 commercial customers, five industrial customers, and three multiple family dwellings that reside in Boone, Gallatin, Grant, Kenton, and Pendleton counties, Kentucky.¹

On December 13, 2022,² Bullock Pen District filed its application with the Commission requesting an adjustment to its water rates pursuant to Commission regulation 807 KAR 5:076. Bullock Pen District last sought a base rate increase pursuant to the alternative rate filing procedure in Case No. 2008-00170.³ Since that matter, Bullock Pen District has only adjusted its rates pursuant to purchased water adjustments,

¹ *Annual Report of Bullock Pen Water District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 12 and 52.

² Bullock Pen District tendered its application on December 9, 2022. By letter dated December 12, 2022, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on December 13, 2022.

³ Case No. 2008-00170, *The Application of Bullock Pen Water District for a Certificate of Public Convenience and Necessity to Construct Proposed Waterworks Improvement Project and for Approval of Proposed Plan of Financing, Increase in Rates, Nonrecurring Charges, and Tariff Revisions* (Ky. PSC Feb. 2, 2010).

financing approval, or in conjunction with an application for a Certificate of Public Convenience and Necessity. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated January 10, 2023. Bullock Pen District responded to two discovery requests from Commission Staff.⁴ On April 6, 2023, the Commission, on its own motion, revised the procedural schedule revising the due date for Commission Staff's Report to April 27, 2023.⁵

WATER LOSS

The Commission notes that in its 2021 Annual Report, Bullock Pen District reported a water loss of 12.7749 percent.⁶ Commission regulation 807 KAR 5:066(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. At a 12.7749 percent water loss, the annual total water loss for Bullock Pen District is \$273,485.

	<u>Purchased Water</u>	<u>Purchased Power</u>	<u>Chemicals & Lab Testing</u>	<u>Total</u>
Pro Forma Expenses	\$ 1,944,505	\$ 108,967	\$ 87,327	\$ 2,140,799
Multiply by: Total Water loss	<u>12.7749%</u>	<u>12.7749%</u>	<u>12.7749%</u>	<u>12.7749%</u>
Excess Cost	<u>\$ 248,409</u>	<u>\$ 13,920</u>	<u>\$ 11,156</u>	<u>\$ 273,485</u>

⁴ See Bullock Pen District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Feb. 2, 2023); Bullock Pen District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Mar. 2, 2023).

⁵ Procedural Schedule Amendment Order (Ky. PSC Apr. 6, 2023).

⁶ 2021 Annual Report at 60.

DISCUSSION

To comply with the requirements of 807 KAR 5:076, Section 9,⁷ Bullock Pen District used the calendar year ended December 31, 2021, as the basis for its application. Using its pro forma test-year operations, Bullock Pen District determined that a revenue increase of \$550,068, or 12.79 percent over test-year normalized revenues of \$4,302,013, was warranted⁸ as shown in the table below. The rates requested by Bullock Pen District would increase the residential monthly bill of a typical residential customer using 4,175 gallons per month by \$6.16 from \$48.06 to \$54.22, or approximately 12.82 percent.⁹

	<u>Bullock Pen Water District</u>
Pro Forma Operating Expenses	\$4,763,126
Plus: Avg. Annual Principal and Interest Payments	451,196
Additional Working Capital	<u>45,120</u>
Total Revenues Requirement	5,259,442
Less: Other Operating Revenue	(393,540)
Interest and Dividend Income	<u>(13,821)</u>
Revenue Required from Water Sales	4,852,081
Revenue from Sales at Present Rates	<u>(4,302,013)</u>
Required Revenue Increase	<u>\$550,068</u>
Percentage Increase	12.79%

To determine the reasonableness of the rates requested by Bullock Pen District, Commission Staff performed a limited financial review of Bullock Pen District's test-year

⁷ 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.

⁸ Application, Attachment 4, Revenue Requirements using Debt Service Coverage Method.

⁹ Application, Attachment 1, Customer Notice.

operations. The scope of Commission Staff's review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable¹⁰ changes to test-year operations were identified and adjustments made when their effects were deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Commission Staff's findings are summarized in this report. William Foley reviewed the calculation of Bullock Pen District's Overall Revenue Requirement. Elizabeth Stefanski reviewed Bullock Pen District's reported revenues and rate design.

SUMMARY OF FINDINGS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Commission Staff determined that Bullock Pen District's required revenue from water sales is \$4,657,650 to meet the Overall Revenue Requirement of \$4,977,157 and that a \$355,637 revenue increase, or 8.27 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. Based upon its application, Bullock Pen District proposed to increase all of its monthly retail water service rates evenly across the board by approximately 12.79 percent. Bullock Pen District did not perform a cost of

¹⁰ Commission regulation 807 KAR 5:076, Section 9 sets the standard for the determination of the reasonableness of proposed rates and states, in pertinent part, that the test period shall be "adjusted for known and measurable changes." See also Case No. 2001-00211, *Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 25, 2003); Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

service study (COSS).¹¹ Bullock Pen District stated that it is in the process of reviewing options for improvement or replacement of its current water treatment plant and has hired an engineering company to provide cost estimates for the future project.¹² Bullock Pen District further stated that it would conduct a COSS when the cost information becomes available regarding the potential Water Treatment Plant expansion or replacement.¹³

The Commission has previously found that the allocation of a revenue adjustment 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. Finding no such evidence in this case, Commission Staff followed the method proposed by Bullock Pen District and allocated the \$355,637 revenue increase across the board to Bullock Pen District's monthly retail and wholesale water service rates.

The rates set forth in Appendix A to this report are based upon the revenue requirement, as calculated by Commission Staff, and will produce sufficient revenues from water sales to recover the \$4,657,650 Revenue Required from Water Sales, an approximate 8.27 percent increase. These rates will increase a typical residential customer's monthly water bill from \$48.07¹⁴ to \$52.00, an increase of \$3.93, or approximately 8.18 percent.¹⁵

¹¹ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 6a.

¹² Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 6b.

¹³ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 6c.

¹⁴ A typical residential customer consumes 4,175 gallons per month.

¹⁵ $\$52.00$ (Average Bill New Water Rates) - $\$48.07$ (Average Bill Current Water Rates) = $\$3.93$
(Total Difference in Customer Bill) ÷ $\$48.07$ (Average Bill Current Water Rates) = 8.18%.

3. Nonrecurring Charges. Following the Commission’s recent decisions,¹⁶ Commission Staff has reviewed Bullock Pen District’s Nonrecurring Charges. The Commission found that because district personnel are currently paid during normal business hours, and that the compensation is already recovered in rates, estimated labor costs previously included in determining the amounts of Nonrecurring Charges should be eliminated from the charges to avoid double recovery of the same expense. Bullock Pen District provided cost justification information for the Nonrecurring Charges.¹⁷ Commission Staff reviewed the cost justification information provided by Bullock Pen District and have adjusted these charges by removing Field Labor Costs and Office/Clerical Labor Costs from those charges that occur during normal business hours. Such adjustments result in the following revised Nonrecurring Charges:

<u>Nonrecurring Charge</u>	<u>Current Charge</u>	<u>Revised Charge</u>
Late Payment Charge	10%	10%
Meter Test	\$50.00	\$25.00
Meter Relocation Charge	Actual	Actual
Re-Connection Charge	\$50.00	\$25.00
Returned Check Charge	\$20.00	\$20.00
Service Call/Investigation	\$35.00	\$25.00
Meter Re-Read Charge	\$35.00	\$25.00

¹⁶ Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020); Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020); Case No. 2020-00196, *Electronic Application of West Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020); and Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020).

¹⁷ Bullock Pen District’s Response to Staff’s Second Request (filed Mar. 2, 2023), Item 6, BPWD_PRSC2ND_6_1.pdf.

PRO FORMA OPERATING STATEMENT

Bullock Pen District's Pro Forma Operating Statement for the test year ended
December 31, 2021, as determined by Staff, appears below.

	<u>Test Year</u>	<u>Adjustment</u>	<u>(Ref.)</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales	\$ 572			\$ 572
Metered Water Sales	4,286,633	-	(A)	4,286,633
Bulk Loading Stations	14,808			14,808
Total Sales of Water	4,302,013	-		4,302,013
Other Water Revenues				
Forfeited Discounts	84,086			\$ 84,086
Miscellaneous Service Revenues	231,660	(10,060)	(B)	221,600
Total Other Water Revenues	315,746	(10,060)		305,686
Total Operating Revenues	4,617,759	(10,060)		4,607,699
<u>Operating Expenses</u>				
Operating and Maintenance Expenses				
Salaries and Wages- Employees	798,177	34,453	(H)	832,630
Salaries and Wages- Officers	13,200	200	(I)	13,400
Employee Pensions and Benefits	490,105	(22,509)	(J)	467,596
		22,443	(K)	490,038
Purchased Water	1,856,398	88,107	(C)	1,944,505
Purchased Power	90,546	-	(D)	90,546
Chemicals	51,886	-	(E)	51,886
Materials and Supplies	171,076			171,076
Contractual Services	178,125			178,125
Water Testing	9,599	-	(F)	9,599
Rents	1,780			1,780
Transportation Expenses	23,843	-	(G)	23,843
Insurance	40,574			40,574
Bad Debt Expense	31,755			31,755
Miscellaneous Expenses	6,462			6,462
Total Operation and Maintenance Expenses	3,763,526	122,693		3,886,219
Depreciation Expenses	613,202	(32,127)	(L)	581,075
Amortization Expense	1,633			1,633
Taxes other than Income	69,388	5,548	(M)	74,936
Total Operating Expenses	4,447,749	96,114		4,543,863
Utility Operating Income	170,010	(106,174)	-	63,836
<u>Other Revenues and Deductions</u>				
Gains (Losses) from Disposition of Utility Property	425	(425)	(N)	-
Interest and Dividend Income	13,821			13,821
Total Other Revenues and Deductions	14,246	(425)		13,821
Income available for Debt Service	184,256	(106,599)		77,657

(A) Billing Analysis. Bullock Pen District provided a billing analysis for the 12-month test year in its application. Bullock Pen District's Summary of Billing Analysis included four adjustments to the 2021 PSC Annual Report amount to which Staff requested additional details. The adjustments were listed as an Unbilled Revenue subtraction, an Unbilled Revenue addition, a Leak Adjustments subtraction, and a Billing Errors subtraction.¹⁸ Bullock Pen District provided information which indicated that the Unbilled Revenue subtraction was prior year revenue that was billed and collected in the test year; the Unbilled Revenue addition was from December 2021 revenue that was earned during the test year but billed in the next fiscal period. Bullock Pen District also provided additional detail concerning the \$21,420.28 in leak adjustments¹⁹ and the \$17,657.50 in billing errors.²⁰ Commission Staff reviewed the billing analysis data²¹ provided by Bullock Pen District and calculated a normalized revenue amount equivalent to the amount provided in the application. Commission Staff agrees with the Normalized Revenue amount of \$4,286,633 in the application's billing analysis and has no adjustments.

(B) Other Water Revenue. In 2021, Bullock Pen District reported \$84,086 in Forfeited Discounts, and \$231,660 in Miscellaneous Service Revenues.²² Bullock Pen

¹⁸ Application, Billing Analysis, Exhibit A.

¹⁹ Bullock Pen District's Response to Staff's Second Request (filed Mar. 2, 2023), Item 2a. BPWD_RPSC2ND_2a_2b.xlsx.

²⁰ Bullock Pen District's Response to Staff's Second Request (filed Mar. 2, 2023), Item 2b. BPWD_RPSC2ND_2a_2b.xlsx.

²¹ Bullock Pen District's Response to Staff's Second Request (filed Mar. 2, 2023), Item 2c. BPWD_RPSC2ND_2c_1.xlsx.

²² 2021 Annual Report at 52.

District provided detailed information about the late fee revenue and occurrences for the 2021 test year as well as the calendar years of 2018, 2019, 2020, and 2022.²³ Commission Staff noted a discrepancy in the 2021 late fee amount of \$84,798.71²⁴ provided in the response and the amount of \$84,086 provided in the application,²⁵ as well as the 2021 Annual Report. Bullock Pen District provided additional detailed information about the test year Forfeited Discount revenue,²⁶ showing that the correct amount is \$84,086, as listed in the application. Commission Staff reviewed the additional information provided in the response and is satisfied that the test year amount for Forfeited Discount revenue presented in the application is accurate. Bullock Pen District also provided detailed information about items totaling the test year amount of \$231,660 in Miscellaneous Service Revenues.²⁷ Bullock Pen District provided additional detailed information about nonrecurring charges revenue,²⁸ and Commission Staff calculated an adjustment to Other Operating Revenue, removing Labor costs from nonrecurring charges as discussed earlier. The net adjustments to nonrecurring charges result in a decrease of \$10,060 to Miscellaneous Service Revenues as shown in the table below.

²³ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 3, R_PSCDR3_LateFees.pdf.

²⁴ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 3, R_PSCDR3_LateFees.pdf.

²⁵ Application, Schedule of Adjusted Operations, Forfeited Discounts.

²⁶ Bullock Pen District's Response to Staff's Second Request (filed Mar. 2, 2023), Item 4, BPWD_RPSC2ND_4.xlsx.

²⁷ Bullock Pen District's Response to Staff's Second Request (filed Mar 2, 2023), Item 1, BPWD_RPSC2ND_1.xlsx.

²⁸ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 4.

Nonrecurring Charges	No. of Occurrences	Current NRC	Other Water Revenue	Adjusted NRC	Pro Forma	Pro Forma Adjustment
Meter Test Charge	0	\$50.00	-	\$25.00	-	
Meter Relocation Charge	2	Actual	929	Actual	929	
Re-Connection Charge	394	\$50.00	19,700	\$25.00	9,850	(9,850)
Returned Check Charge	93	\$20.00	1,860	\$20.00	1,860	-
Service Call/Investigation	21	\$35.00	735	\$25.00	525	(210)
Meter Re-Read Charge	0	\$35.00	-	\$25.00	-	-
Total			<u>\$ 23,224</u>		<u>\$ 13,164</u>	<u>\$ (10,060)</u>

(C) Purchased Water. In its application, Bullock Pen District proposed an adjustment to increase Purchased Water Expense by \$147,260 to account for the projected increase in wholesale rates from its vendors.²⁹ Bullock Pen District totaled the first six months of invoices from 2022, and then calculated the percent increase from the first six months of the test year. Commission Staff disagreed with Bullock Pen's methodology for the increase and recalculated purchased water expense based on test year gallons purchased³⁰ at the most recent tariff amounts from its suppliers. This results in an increase of \$88,107 in purchased water expense to \$1,944,505.

²⁹ Application, Schedule of Adjusted Operations, Explanations of Pro Forma Adjustments, Adjustment A, and Exhibit A.

³⁰ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 9, R_PSCDR9.xlsx.

Period	City of Williamstown		City of Walton		Northern Kentucky Water District		Boone County Water District		Ky River Water Authority Quarterly Payments		
	Test-year Gallons Purchased	Current Rate	Test-year Gallons Purchased	Current Rate	Test-year Gallons Purchased	Current Rate	Test-year Gallons Purchased	Current Rate	Gallons	Current Rate	Total
Jan-2021	7,625,788	\$ 0.00349	21,302	\$ 0.00464	17,060,776	\$ 0.00429	1,014,000	\$ 0.00428			\$ 104,261
Feb-2021	15,630,550	0.00349	736,420	0.00464	20,280,384	0.00429	6,184,900	0.00428			171,442
Mar-2021	16,120,550	0.00349	882,980	0.00464	20,052,228	0.00429	6,831,900	0.00428	34,758,621	\$ 0.000029	176,630
Apr-2021	17,715,070	0.00349	222,500	0.00464	14,530,123	0.00429	6,450,400	0.00428			152,800
May-2021	16,246,990	0.00349	209,000	0.00464	18,256,160	0.00429	5,173,200	0.00428			158,132
Jun-2021	16,591,019	0.00349	612,550	0.00464	23,233,685	0.00429	4,922,200	0.00428	33,241,379	0.000029	182,448
Jul-2021	14,062,998	0.00349	538,900	0.00464	20,069,434	0.00429	5,728,200	0.00428			162,195
Aug-2021	15,217,473	0.00349	1,136,800	0.00464	22,820,761	0.00429	4,808,100	0.00428			176,863
Sep-2021	13,903,430	0.00349	539,600	0.00464	23,776,021	0.00429	6,976,200	0.00428	34,448,276	0.000029	183,883
Oct-2021	12,215,340	0.00349	178,800	0.00464	20,186,130	0.00429	3,886,700	0.00428			146,695
Nov-2021	13,514,580	0.00349	48,800	0.00464	17,452,754	0.00429	4,480,200	0.00428			141,440
Dec-2021	23,166,496	0.00349	2,635,351	0.00464	13,877,399	0.00429	7,971,419	0.00428	33,965,517	0.000029	187,716
Total	182,010,284		7,763,003		231,595,855		64,427,419		136,413,793		1,944,505
					Total Purchased Water Expense						(1,856,398)
					Less: Test Year Purchasd Water Expense						\$ 88,107
					Pro Forma Purchased Water Adjustment						

(D) Purchased Power. In its application, Bullock Pen District proposed an adjustment to increase Purchased Power Expense by \$19,330 to account for the projected increase in rates from its vendors.³¹ Bullock Pen District determined the adjustment by totaling the first six months of invoices from 2022, then calculated the increase from the first six months of the test year and increased the second half of the test year by the increase percentage. Commission Staff disagreed with Bullock Pen District’s methodology. Pro forma adjustments in a historical test year must be known and measurable changes from the test year amount. The proposed adjustment is to account for an estimated increase in costs subsequent to the test year. It does not consider volumetric differences or individual events that impacted either the test year or the proposed measurement period separately. Per Commission precedent “while such projections may be acceptable when an applicant bases its application upon a forecasted test period, they are not when the basis for the proposed rate adjustment is a historical test period.”³² Since Bullock Pen District filed an Alternative Rate Case (ARF),

³¹ Application, Schedule of Adjusted Operations, Explanations of Pro Forma Adjustments, Adjustment B, and Exhibit B.

³² Case No. 2008-00563, *Application of Water Service Corporation of Kentucky for an Adjustment of Rates* (Ky. PSC Nov. 9, 2009), at 9–13.

Commission regulation 807 KAR 5:076, Section 9 requires the usage of a Historical Test period. Therefore, Commission Staff does not recommend an adjustment to account for the increase in prices due to inflation and recommends the proposed adjustment by Bullock Pen District be denied.

(E) Chemicals. In its application, Bullock Pen District proposed an adjustment to increase Chemical Expense by \$29,210 to account for the projected increase in wholesale rates from its vendors.³³ Bullock Pen District totaled the first six months of invoices from 2022, then calculated the percent increase from the first six months of the test year and increased the second half of the test year by the increase percentage. Commission Staff disagreed with Bullock Pen District's methodology as the Commission has historically denied this type of adjustment as discussed in adjustment (D). Therefore, Commission Staff does not recommend an adjustment to account for the increase in prices due to inflation and recommends the proposed adjustment by Bullock Pen District be denied.

(F) Sample Analysis Fees. In its application, Bullock Pen District proposed an adjustment to increase Sample Analysis Fees by \$3,747 to account for the projected increase in Sample Analysis fees from its vendors.³⁴ Bullock Pen District totaled the first six months of invoices from 2022, then calculated the percent increase from the first six months of the test year and increase the second half of the test year by the increase percentage. Commission Staff disagreed with Bullock Pen District's methodology as the

³³ Application, Schedule of Adjusted Operations, Explanations of Pro Forma Adjustments, Adjustment C, and Exhibit C.

³⁴ Application, Schedule of Adjusted Operations, Explanations of Pro Forma Adjustments, Adjustment D, and Exhibit D.

Commission has historically denied this type of adjustment as discussed in adjustment (D). Therefore, Commission Staff does not recommend an adjustment to account for the increase in prices due to inflation and recommends the proposed adjustment by Bullock Pen District be denied.

(G) Transportation Expense. In its application, Bullock Pen District proposed an adjustment to increase Transportation Expense by \$19,555 to account for the projected increase in wholesale rates from its vendors.³⁵ Bullock Pen District totaled the first six months of invoices from 2022, then calculated the percent increase from the first six months of the test year and increase the second half of the test year by the increase percentage. Commission Staff disagreed with Bullock Pen District's methodology as he Commission has historically denied this type of adjustment as discussed in adjustment (D). Therefore, Commission Staff does not recommend an adjustment to account for the increase in prices due to inflation and recommends the proposed adjustment by Bullock Pen District be denied.

(H) Salaries and Wages – Employees. Bullock Pen District proposed an adjustment to increase the test year Salaries and Wages – Employees by \$65,131.³⁶ This adjustment was proposed to account for a 4 percent increase in employee wages. Bullock Pen District reported \$798,177 for salaries and wages – Employees.³⁷ Bullock Pen

³⁵ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 14, R_PSCDR14_FEEANA.

³⁶ Application, Schedule of Adjusted Operations, Explanations of Pro Forma Adjustments, Adjustment F.

³⁷ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 1a, R_PSCDR1a_TB_2021.xlsx.

District provided a list of test year and 2022 employees,³⁸ hours worked,³⁹ and current wages.⁴⁰ Subsequent to the test year, two employees left the utility and three new employees were hired.⁴¹ Based upon this information, Commission Staff calculated the pro forma Salaries and Wages – Employees expense of \$832,630. Therefore, based on the revised 2021 salaries and wages, Commission Staff increased Salaries and Wages – Employees \$34,453 as shown below.

Employee Position	Total Hours	Test Year hours with Current Wages			Test Year Overtime Hours	Current Overtime Wage Rates	Pro Forma Overtime Wages	Total Pro Forma Wages
		Test Year Normal Hours	Current Wages Rates	Pro Forma Normal Wages				
Water Plant Manager	2,187	2,080	\$ 32.10	\$ 66,768	107.00	\$ 48.15	\$ 5,152	\$ 71,920
Field Technician	2,092	2,080	25.14	52,291	11.50	37.71	434	52,725
Office Manager	2,120	2,080	27.04	56,243	40.25	40.56	1,633	57,876
Customer Service Rep	2,096	2,080	15.00	31,200	16.00	22.50	360	31,560
HR Manager (Part Time)	1,040	1,040	Salary	31,200		-	-	31,200
Water Plant Operator	2,187	2,080	19.31	40,165	107.00	28.97	3,099	43,264
Assistant Office Manager	2,142	2,080	26.53	55,182	62.25	39.80	2,477	57,660
Sewer Manager	2,168	2,080	25.69	53,435	88.00	38.54	3,391	56,826
Field Technician	2,090	2,080	19.03	39,582	10.00	28.55	285	39,868
Field Technician	2,123	2,080	17.00	35,360	43.00	25.50	1,097	36,457
Water Distribution Operator	2,155	2,080	25.14	52,291	75.00	37.71	2,828	55,119
Customer Service Rep (Part Time)	571	571	11.00	6,284	-	16.50	-	6,284
Distribution Supervisor	2,111	2,080	24.95	51,896	30.50	37.43	1,141	53,037
Customer Service Rep	2,116	2,080	15.00	31,200	35.50	22.50	799	31,999
Lead Customer Service Rep	2,155	2,080	20.00	41,600	75.25	30.00	2,258	43,858
Superintendent	2,257	2,080	33.65	69,992	176.50	50.48	8,909	78,901
Water Plant Operator	2,300	2,080	20.08	41,766	219.75	30.12	6,619	48,385
Field Technician	2,093	2,080	17.00	35,360	13.00	25.50	332	35,692
Total Pro Forma Salaries & Wages - Employees								\$ 832,630
Less: Test Year Wages								<u>(798,177)</u>
Pro Forma Salaries and Wages - Employee Adjustment								<u>\$ 34,453</u>

³⁸ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 1f, R_PSCDR1f.xlsx.

³⁹ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 1e, R_PSCDR1e.xlsx.

⁴⁰ Bullock Pen District's Response to Staff's First Request, (filed Feb. 2, 2023) Items 1f, R_PSCDR1f.xlsx.

⁴¹ Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 1f, R_PSCDR1f.xlsx.

(I) Salaries and Wages – Commissioners. In the test year, Bullock Pen District reported Salaries and Wages Officers of \$13,200.⁴² Bullock Pen District submitted the Boone County Fiscal Court minutes in which the Board of Commission members were approved and their salaries established.⁴³ In the response, the fiscal court approved each Board of Commission member to receive \$200 per month for an annual salary of \$2,400, with the chairman receiving \$300 per month for an annual total of \$3,600. In addition to the normal pay, the fiscal court authorized Bullock Pen District’s treasurer to receive an additional \$200 annually. Commission Staff calculated the pro forma Salaries and Wages – Officers expense of \$13,400. Therefore, Commission Staff increased Salaries and Wages – Officers \$200 as shown below.

<u>Commissioners</u>	<u>Pro Forma Salaries</u>
Andrea Walton	\$ 2,400
Bobby Burgess	2,400
Charles A. Givin (Chairman)	3,600
Rodger Bingham (Treasurer)	2,600
William M. Wethington	<u>2,400</u>
 Total	 \$ 13,400
Less: Test year Salaries and Wages - Officers	<u>(13,200)</u>
 Total Revenue Requirement Adjustment	 <u><u>\$ 200</u></u>

(J) Employee Pension and Benefits – Insurance. In the test year, Bullock Pen District reported Health Insurance Expense as \$298,350.⁴⁴ Nine employees receive

⁴² Bullock Pen District’s Response to Staff’s First Request (filed Feb. 2, 2023), Item 1e, R_PSCDR1e.xlsx.

⁴³ Bullock Pen District’s Response to Staff’s First Request (filed Feb. 2, 2023), Item 1j.

⁴⁴ Bullock Pen District’s Response to Staff’s First Request (filed Feb. 2, 2023), Item 1a, R_PSCDR1a_TB__2021.

“Employee Only” dental insurance for \$24.51 per month, one receives “Employee and Spouse” at \$48.64 per month, two receive “Employee and Children” for \$55.20 per month, and four receive “Employee, Spouse and Children” for \$89.95 per month.⁴⁵ The Commission continues to place greater emphasis on evaluating employees’ total compensation packages, including both salary and benefits programs, for market and geographic competitiveness to ensure the development of a fair, just and reasonable rate. The Commission has found that, in most cases, 100 percent of employer-funded health care does not meet those criteria.⁴⁶

Consistent with precedent⁴⁷ in which the Commission has reduced benefit expenses for utilities that pay nearly 100 percent of an employee’s health insurance coverage, Commission Staff reduced Bullock Pen District’s single health insurance premiums by 22 percent,⁴⁸ family health Insurance premiums by 33 percent,⁴⁹ and dental insurance premiums by 60 percent⁵⁰ as shown in the calculation below. Bullock Pen District provided the most recent copy of its health and dental insurance invoices.⁵¹

⁴⁵ Bullock Pen District’s Response to Staff’s First Request (filed Feb 2, 2023), Item 7.

⁴⁶ Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020); Case No. 2020-00296, *Electronic Application of Allen County Water District for an Alternative Rate Adjustment* (Ky. PSC Feb. 3, 2021).

⁴⁷ Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates*, (Ky. PSC June 20, 2019) at 8–12.

⁴⁸ Bureau of Labor Statistics, Healthcare Benefits, March 2022, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁴⁹ Bureau of Labor Statistics, Healthcare Benefits, March 2022, Table 4, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁵⁰ Case No. 2019-00268, *Application of Knott County Water and Sewer District for an Alternative Rate Adjustment* (Ky. PSC Mar. 24, 2020). Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Mar. 5, 2021). Case No. 2020-00296, *Electronic Application of Allen County Water District for an Alternative Rate Adjustment* (Ky. PSC Feb. 3, 2021).

⁵¹ Bullock Pen District’s Response to Staff’s First Request (filed Feb. 2, 2023), Item 7.

Commission Staff multiplied the reported test year medical insurance amount by the average allocation to Bullock Pen District calculated above to determine the test year premium of \$242,409.⁵² Accordingly, utilizing the most recent invoice amounts Commission Staff recalculated the proposed adjustment and decreased Employee Pensions and Benefits by a net of \$22,509 as shown below.

Type of Premium	Employer Contributions	Average Employee Contribution Rate	Monthly Premium Adjustment	Pro Forma Monthly Premium
Employee Health Insurance	\$ 6,955	22%	\$ (1,530)	\$ 5,425
Family Health Insurance	18,855	33%	(6,222)	12,633
Dental Insurance	588	60%	(353)	235
Life & ADD Insurance	32	0%	-	32
Total Pro Forma Monthly Premium Times: 12 Months	\$ 26,430		\$ (8,105)	\$ 18,325 12
Total Annual Pro Forma Premium				219,900 (242,409)
Less: Test Year Employee Pension and Benefits Adjustment				\$ (22,509)

The management contract Bullock Pen District has with Grant County Sanitary Sewer District (Grant District) requires employees to perform service and management duties for Grant District. Therefore, a portion of the contracted amount is the result of Bullock Pen District's employee benefits being paid by Grant District. The portion of employee benefits paid by Grant District is therefore removed from the adjustment to Bullock Pen District's employee benefits. The employer contributions for employees performing work for Grant District was allocated based on the percentage of hours worked

⁵² Bullock Pen District's Response Staff's First Request (filed Feb. 2, 2023), Item 1e, R_PSCDR1e.xlsx, account #604.1 Medical Insurance \$298,350 * 81 percent = \$242,409 allocated Test year medical insurance amount.

for Grant District compared to the hours worked on Bullock Pen District business, as shown below.⁵³

Insurance Premiums						
Employee Position	Water Labor		Health	Dental	Life & ADD	Total
	Percentage	Tier				
Water Plant Manager	100%	FAM	\$ 3,049	\$ 49	\$ 2	\$ 3,100
Customer Service Rep	80%	EMP	856	20	2	878
Assistant Office Manager	0%	EMP	-	-	2	2
Superintendent	90%	ESP	1,781	50	2	1,833
Water Plant Operator	100%	FAM	3,049	90	2	3,141
Customer Service Rep	80%	FAM	2,439	72	2	2,513
Field Technician	100%	EMP	1,070	25	2	1,097
Water Distribution Operator	100%	EMP	1,070	25	2	1,097
Field Technician	70%	EMP	749	17	2	768
Office Manager	100%	FAM	3,049	55	2	3,106
Sewer Manager	0%	FAM	-	-	2	2
Field Technician	100%	EMP	1,070	25	2	1,097
Water Plant Operator	100%	EMP	1,070	25	2	1,097
Lead Customer Service Rep	80%	FAM	2,439	20	2	2,461
Distribution Supervisor	100%	FAM	3,049	90	2	3,141
Field Technician	100%	EMP	1,070	25	2	1,097
Average Allocation to Bullock Pen District	81%					
Total Allocated Premiums			<u>\$25,810</u>	<u>\$ 588</u>	<u>\$ 32</u>	<u>\$ 26,430</u>

(K) Employee Pension and Benefits – Retirement. Bullock Pen District proposed an adjustment to increase Employee Pensions and Benefits by \$26,161 in order to account for the increase in pension contributions due to the proposed increase in Salaries and Wages over a two-year projected period.⁵⁴ Bullock Pen District participates in the County Employee Retirement System (CERS). Bullock Pen District reported the adjustment for Governmental Accounting Standards Board Statement No. 68 (GASB 68) of \$68,894 as a non-operational expense⁵⁵ in its financial statements but excluded it from

⁵³ Case No. 2022-00377, *Electronic Application of Grant County Sanitary Sewer District for an Alternative Rate Adjustment*, Bullock Pen District’s Supplemental Response to Staff’s First Request (filed Mar. 20, 2023), Item 1e.

⁵⁴ Application, Schedule of Adjusted Operations, Explanations of Pro Forma Adjustments, Adjustment F, Exhibit F.

⁵⁵ Bullock Pen District’s Response to Staff’s First Request (filed Feb. 2, 2023), Item 1a, R_PSCDR1a_TB_2021.xlsx, Account 420 Net Effect- Change of Pension Exp.

the Statement of Adjusted Operations, thus no adjustment for this item is required in the Pro Forma. As explained in Adjustment (H) above, Commission Staff increased Salaries and Wages - Employees to \$832,630. Bullock Pen District only contributes to pensions for its full-time employees. Accordingly, the Salaries and Wages for employees eligible for pensions and benefits is \$795,146.⁵⁶ Accounting for the revised increase to Salaries and Wages, Commission Staff calculated the pro forma CERS contribution amount of \$213,020. Therefore, Commission Staff increased Employee Pensions and Benefits by \$22,443 as shown below:

Employee Pensions and Benefits	
Pro Forma Salaries and Wages – Eligible Employees	\$795,146
Multiplied by: Employer Contribution Rate Fiscal 2023 ⁵⁷	26.79%
Pro Forma CERS – Employer Contribution	213,020
Less: Test Year Retirement Expense ⁵⁸	(190,577)
Employee Pensions and Benefits Adjustment	\$ 22,443

(L) Depreciation Expense. In its application Bullock Pen District reported Depreciation Expense of \$613,202.⁵⁹ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the report published in 1979 by the National Association of Regulatory Utility Commissioners (NARUC) titled *Depreciation Practices for Small Water Utilities* (NARUC Study). When

⁵⁶ Total Pro Forma Salaries & Wages \$832,630 – Part Time Employee Salaries and Wages \$37,484 (\$31,200 + \$6,284) = Eligible Salaries and Wages \$795,146.

⁵⁷ Contribution Rates - Kentucky Public Pensions Authority, CERS Employer Contribution Rates Table.

⁵⁸ Bullock Pen District's Response to Staff's First Request (filed Nov. 18, 2022), Item 1a, R_PSCDR1a_TB__2021.

⁵⁹ Application, Schedule of Adjusted Operations.

no evidence exists to support a specific life that is outside the NARUC ranges, the Commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant. Upon examination, Commission Staff calculated the depreciation expense of \$581,075. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Therefore, Commission Staff decreased Bullock Pens District's Depreciation Expense by \$32,127 to \$581,075 as shown below.

Asset Categories	NARUC Service Life Range	Test Year Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Auto/ Transport Equipment	7	\$ 11,683	\$ 4,525	\$ 16,208
Distribution Reservoir & Standp	30 - 60	88,163	(2,599)	85,564
Furniture and Fixtures	20 - 25	3,251	(66)	3,185
Hydrants	50	25,876	-	25,876
Laboratory Equipment	15 - 20	2,008	(528)	1,480
Meters	35 - 45	90,363	24,256	114,619
Other Plant & Miscellaneous EQ	Various	12,672	4,657	17,329
Other Plant & Miscellaneous Eq	Various	2,987	(667)	2,320
Pumping Equipment	20	2,811	(1,094)	1,717
Structures & Improvements	35 - 40	6,048	526	6,574
Structures & Improvements- SS	35 - 40	1,924	642	2,566
Structures & Improvements- T&	35 - 40	9,835	(5,708)	4,127
Structures & Improvements- WT	35 - 40	22,950	6,193	29,143
Tools, Shop & Garage Equipment	15 - 20	6,352	(757)	5,595
Transission & Distribution Mains	50 - 75	320,770	(60,345)	260,425
Water Treatment Equipment	20 - 35	5,509	(1,162)	4,347
Total		<u>\$ 613,202</u>	<u>\$ (32,127)</u>	<u>\$ 581,075</u>

(M) Employee Pensions and Benefits – FICA. In its application, Bullock Pen District proposed an adjustment to increase Employee Pensions and Benefits by \$4,983 in order to account for the increase in payroll taxes due to the increase in Salaries and

Wages Expense over a two-year projected period.⁶⁰ However, as explained in Adjustments (H) and (I) above, Commission Staff calculated pro forma Salaries and Wages expense of \$832,630, and Salaries and Wages – Officers of \$13,400. Commission Staff calculated Payroll Taxes to be \$64,721, an increase of \$5,548 as shown below. Payroll Taxes are recorded as part of Taxes Other than Income not pensions and benefits⁶¹; therefore, Commission Staff increased Taxes other than Income by \$5,548.

	Commission Staff Pro Forma
Pro Forma Salaries & Wages – Employees	\$832,630
Pro Forma Salaries & Wages - Officers	13,400
Total Pro Forma Salaries & Wages	846,030
Multiplied by: FICA Rate	7.65%
Total Pro Forma Payroll Taxes	64,721
Less: Test Year Payroll Taxes	(59,173)
Payroll Tax Adjustment	<u>\$ 5,548</u>

(N) Gains (Losses) from Disposition of Utility Property. During the test year, Bullock Pen District reported \$425 in gains from the sale of a 2006 Ford Ranger, which was fully depreciated and sold for \$425, and which was not a usual occurrence.⁶² Therefore, it is not a routine transaction in the normal course of business and should be

⁶⁰ Application, Schedule of Adjusted Operations, Explanations of Pro Forma Adjustments, Adjustment F, and Exhibit F.

⁶¹ 2021 Annual Report, at 20, \$69,388. Bullock Pen District's Response to Staff's First Request (filed Feb. 2, 2023), Item 1a, R_PSCDR1a_TB_2021.xlsx, accounts 408.10 Utility Regulatory Assess Fee \$8,984, 408.12 Payroll Taxes \$59,173, and 408.13 Other Taxes & Licenses \$1,231.

⁶² Bullock Pen District's Response to Staff's Second Request (filed Mar. 2, 2023), Item 3a and 3b.

removed from the test year. Commission Staff made an adjustment to decrease Gains on the Disposition of Property of \$425 to remove the effects of this extraordinary item.

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 expenses; (2) recovery of depreciation expense, a non-cash item, to provide working capital;⁶³ (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

	<u>Bullock Pen Water District</u>	<u>Commission Staff</u>	
Pro Forma Operating Expenses	\$ 4,763,126	\$ 4,543,863	
Plus: Avg. Annual Principal and Interest Payments	451,196	361,079	(1)
Additional Working Capital	<u>45,120</u>	<u>72,216</u>	(2)
Overall Revenues Requirement	5,259,442	4,977,157	
Less: Other Operating Revenue	(393,540)	(305,686)	
Interest & Dividend Income	<u>(13,821)</u>	<u>(13,821)</u>	
Revenue Required From Water Sales	4,852,081	4,657,650	
Revenue from Sales at Present Rates	<u>(4,302,013)</u>	<u>(4,302,013)</u>	
Required Revenue Increase	<u>\$ 550,068</u>	<u>\$ 355,637</u>	
Percentage Increase	<u>12.79%</u>	<u>8.27%</u>	

⁶³ The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. See *Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. See Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

1. Average Annual Principal and Interest Payments. At the time of Commission Staff's review, Bullock Pen District had two outstanding Kentucky Rural Water (KRW) Loans⁶⁴, five Kentucky Infrastructure Authority Loans,⁶⁵ and one Trust Bank Loan.⁶⁶ In its application, Bullock Pen District requested recovery of the average annual principal and interest on its indebtedness based on a three-year average of the annual principal, and interest and fee payments for the years 2022 through 2024.⁶⁷ However, because the statutory date for a final Order to be issued in this proceeding is June 12, 2023, the 2022 payments will be recovered through Bullock Pen District's existing rates. Therefore, only Debt Service payments that will be made after the new rates are placed into effect should be considered in determining Bullock Pen District's Annual Principal and Interest expense. Commission Staff calculated the average annual principal and

⁶⁴ Case No. 2005-00231, *Application of the Bullock Pen Water District for a Certificate of Public Convenience and Necessity to Construct and Finance Improvement Projects and to Implement Surcharges to its Existing Rates Pursuant to KRS 278.020 and 278.300* (Ky. PSC Dec 12, 2005).

⁶⁵ Case No. 2002-00015, *Application of The Bullock Pen Water District for a Certificate Of Public Convenience and Necessity to Construct and Finance an Improvements Project and to Implement a Surcharge to Its Existing Rates Pursuant to KRS 278.020 and 278.300* (Ky. PSC Apr. 24, 2002). Case No. 2003-00164, *Application of Bullock Pen Water District Requesting: (1) a Certificate of Public Convenience and Necessity Authorizing Construction of Major Additions and Improvements to its Water System; (2) Seeking Approval of Revised Water Service Rates and Charges; (3) Seeking Approval of Financing Pursuant to KRS 278.020 and KRS 278.300* (Ky. PSC Dec. 3, 2003). Case No. 2008-00170, *Application of Bullock Pen Water District for a Certificate of Public Convenience and Necessity to Construct Proposed Waterworks Improvement Project and for Approval of Proposed Plan of Financing, Increase in Rates, Nonrecurring Charges, and Tariff Revisions* (Ky. PSC Dec. 10, 2009). Case No. 2012-00354, *Application of Bullock Pen Water District for a Certificate of Public Convenience and Necessity to Construct and Finance a Water Tower Project* (Ky. PSC Sep. 13, 2012). Case No. 2015-00258, *Application of Bullock Pen Water District for a Certificate of Public Convenience and Necessity to Construct and Approve Financing for a Phase XIV Water Line Extension Project* (Ky. PSC Sep. 10, 2015).

⁶⁶ Case No.2012-00507, *Application of Bullock Pen Water District for Approval to Enter into a Lease Agreement with the Bank of Kentucky, Inc. in a Principal Amount not to Exceed \$860,000.00 for the Purpose of Refinancing Certain Outstanding Debt Obligations between the Kentucky Rural Water Finance Corporation and the Bullock Pen Water District* (Ky. PSC Jan. 4, 2013).

⁶⁷ Application, Revenue Requirement Calculation, Average Annual Debt Service Calculation.

Following the Commission’s historic practice,⁶⁸ Commission Staff disagrees with Bullock Pen District’s usage of 110 percent and proposes a 120 percent allowance for working capital. Commission Staff calculated a working capital adjustment of \$72,216 as shown below.

Average Annual Principal and Interest	\$ 361,079
Times: DSC Coverage Ratio	<u>120%</u>
Total Net Revenues Required	433,294
Less: Average Annual Principal and Interest Payments	<u>(361,079)</u>
Additional Working Capital	<u><u>\$ 72,216</u></u>

⁶⁸ Case No. 2021-00475, *Electronic Application Of Carroll County Water District #1 For An Adjustment Of Rates Pursuant To 807 KAR 5:076* (Jun. 28, 2022); Case No. 2022-00117, *Electronic Application of Bronston Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 12, 2022); Case No. 2022-00124, *Electronic Application of Elkhorn Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2022).

Signatures

/s/ William M. Foley

Prepared by: William M. Foley
Revenue Requirement Branch
Division of Financial Analysis

/s/ Elizabeth Stefanski

Prepared by: Elizabeth Stefanski
Rate Design Branch
Division of Financial Analysis

APPENDIX

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00378 DATED APR 25 2023

The following rates and charges are prescribed for the customers in the area served by Bullock Pen 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	\$29.99	Minimum Bill
Next	3,000 Gallons	\$0.01012	Per Gallon
Next	5,000 Gallons	\$0.00922	Per Gallon
Next	10,000 Gallons	\$0.00831	Per Gallon
Over	20,000 Gallons	\$0.00738	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$60.39	Minimum Bill
Next	5,000 Gallons	\$0.00922	Per Gallon
Next	10,000 Gallons	\$0.00831	Per Gallon
Over	20,000 Gallons	\$0.00738	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$106.53	Minimum Bill
Next	10,000 Gallons	\$0.00831	Per Gallon
Over	20,000 Gallons	\$0.00738	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$189.56	Minimum Bill
Over	20,000 Gallons	\$0.00738	Per Gallon

Bulk Loading Station

\$0.00817	Per Gallon
-----------	------------

Nonrecurring Charges

5/8 Inch x 3/4 Inch Meter Tap-On	\$1,358
1 Inch Meter Connection	\$1,858
All Larger Meters	Actual Cost
Late Payment Charge	10%
Meter Test Charge	\$25.00
Meter Relocation Charge	Actual
Re-Connection Charge	\$25.00
Returned Check Charge	\$20.00
Service Call/Investigation	\$25.00
Meter Re-Read Charge	\$25.00

*Bullock Pen Water District
One Farrell Drive
P. O. Box 188
Crittenden, KY 41030

*Paul Harp
Bullock Pen Water District
One Farrell Drive
P. O. Box 188
Crittenden, KY 41030

*Thomas R Nienaber
Skees, Wilson & Nienaber, PLLC
7699 Ewing Blvd.
P.O. Box 756
Florence, KENTUCKY 41024