

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST LAUREL	)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT	)	2023-00130
PURSUANT TO 807 KAR 5:076	)	

ORDER

On April 24, 2023, East Laurel Water District (East Laurel District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. East Laurel District filed this proceeding in compliance with the Commission’s Order in Case No. 2023-00077, which required East Laurel District to file an application for an adjustment of its base rates by September 1, 2024.<sup>1</sup>

In its application, East Laurel District requested rates that would increase its base rate revenue by \$442,111, or 15.09 percent to pro forma present rate water sale revenues.<sup>2</sup>

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated May 15, 2023, which, among other things, required the Commission Staff to file a report containing its recommendations regarding East Laurel District’s application. East Laurel District responded to two data requests for information from Commission Staff.

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<sup>1</sup> Case No. 2023-00077, *Electronic Purchased Water Adjustment Filing of East Laurel Water District* (Ky. PSC Apr. 5, 2023), Order at 6.

<sup>2</sup> See Commission Staff’s Report (filed Sept. 15, 2023) at 4.

Commission Staff issued its report (Commission Staff's Report) on September 15, 2023, summarizing its findings and recommendations regarding East Laurel District's requested rate adjustment. In the Commission Staff's Report, Commission Staff found that East Laurel District's adjusted test-year operations support an overall revenue requirement of \$3,481,062 and that a \$422,739 revenue increase, or 14.43 percent, to pro forma present rate revenues is necessary to generate the overall revenue requirement. In the absence of a cost-of-service study (COSS), Commission Staff allocated its recommended revenue increase evenly across the board to calculate its recommended water rates.

On September 19, 2023, East Laurel District filed its response to Commission Staff's Report. In its written comments, East Laurel District concurred with the findings presented in Commission Staff's Report, waived its right to request an informal conference or a hearing and requested expedited issuance of the final Order in this case.<sup>3</sup> The case now stands submitted for a decision by the Commission.

#### 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 review of a utility's request for a rate increase is well established. In accordance with KRS 278.030 and case law, East Laurel District is allowed to charge its customers "only fair, just and reasonable

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<sup>3</sup> East Laurel District's Response to Commission Staff's Report (filed Sept. 19, 2023), unnumbered page 1.

rates.”<sup>4</sup> Further, East Laurel District bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

### BACKGROUND

East Laurel 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 5,294 residential customers and 252 commercial customers in Laurel County, Kentucky.<sup>5</sup> East Laurel District does not produce any of its own water; rather, it purchases its water from Wood Creek Water District.<sup>6</sup> A review of the Commission’s records indicates this is East Laurel District’s first alternative rate adjustment since 2006.<sup>7</sup>

### UNACCOUNTED-FOR WATER LOSS

Pursuant to 807 KAR 5:066, Section 6(3), water loss is limited to 15 percent for ratemaking purposes. As noted in the Commission Staff’s Report, East Laurel District test-year water loss was 13.6159 percent.<sup>8</sup>

### TEST PERIOD

The calendar year ended December 31, 2021, was used as the test year to determine the reasonableness of East Laurel District’s existing and proposed water rates.

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<sup>4</sup> See *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).

<sup>5</sup> *Annual Report of East Laurel District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 12 and 49.

<sup>6</sup> 2021 Annual Report at 58.

<sup>7</sup> Case No. 2005-00476 *Approval of a Proposed Increase in Rates for Water Service Filing of East Laurel Water District* (Ky. PSC July 12, 2006).

<sup>8</sup> 2021 Annual Report at 57.

Commission Regulation 807 KAR 5:076, Section 9, provides that in an Alternative Rate Filing (ARF), such as this, the reasonableness of the proposed rates shall be determined using a 12-month historical test-year, adjusted for known and measurable changes, which coincides with the reporting period of the applicant’s annual report for the immediate past year. Therefore, because East Laurel District filed its ARF application on April 24, 2023, it should have based its application on the 2022 test-year. This is because utilities’ annual reports are due to be filed with the Commission by March 31 each year.<sup>9</sup> However, the Commission’s records indicate that East Laurel District requested and was granted an extension until May 31, 2023, to file its 2022 Annual Report. East Laurel District filed its 2022 Annual Report on May 31, 2023, more than a month after its ARF filing. Because East Laurel District filed its application using the most recent annual report available at the time it filed its application, and because East Laurel District was granted an extension of time in which to file its 2022 Annual Report, the Commission, on its own motion finds good cause to grant a deviation from the requirement of 807 KAR 5:076, Section 9.

SUMMARY OF REVENUES AND EXPENSES

The Commission Staff’s Report summarize East Laurel District’s pro forma income statement as follows:

	East Laurel District’s Application		
	Test-Year Operations	Pro Forma Adjustments	Pro Forma Operations
Operating Revenues	\$ 3,034,697	\$ 5,563	\$ 3,040,260
Operating Expenses	3,216,232	65,587	3,281,818
Total Utility Operating Income	\$ (181,535)	\$ (60,024)	\$ (241,558)

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<sup>9</sup> 807 KAR 5:006, Section 4(2)(a).

## REVIEW OF COMMISSION STAFF'S RECOMMENDATIONS

East Laurel District proposed adjustments to its revenues and expenses to reflect current and expected operating conditions. In the Commission Staff's Report, Commission Staff proposed additional adjustments. The Commission accepts the recommendations contained in the Commission Staff's Report. The Commission has no further modifications. The following is the Commission Staff's complete pro forma:

	Test Year	East Laurel District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref.)	Pro Forma
<u>Operating Revenues</u>						
Total Retail Sales	2,823,264	17,794		17,794	(A)	2,841,058
Sales for Resale	85,521	3,133		3,133	(A)	88,654
Other Water Revenues:						
Late Payment Penalties	0	66,519		66,519	(B)	66,519
Misc. Service Revenues	125,912	(66,519)		(66,519)	(B)	
		(15,364)		(15,364)	(C)	
			16,789	16,789	(D)	60,818
<b>Total Operating Revenues</b>	<b>3,034,697</b>	<b>5,563</b>	<b>16,789</b>	<b>22,352</b>		<b>3,057,049</b>
<u>Operating Expenses</u>						
Operation and Maintenance Expenses						
Salaries and Wages - Commissioners	0	18,000	(2,400)	15,600	(E)	15,600
Purchased Water	1,735,385	55,815		55,815	(F)	1,791,200
Purchased Power for Pumping	46,763			0		46,763
Materials and Supplies	245,331			0		245,331
Contractual Services - Acct. & Legal	10,351			0		10,351
Contractual Services	821,744			0		821,744
Insurance - Gen. Liability	11,337			0		11,337
Bad Debt Expense	56,212			0		56,212
Miscellaneous Expense	36,392	(18,000)		(18,000)	(E)	18,392
<b>Total Operation and Maintenance Expenses</b>	<b>2,963,515</b>	<b>55,815</b>	<b>(2,400)</b>	<b>53,415</b>		<b>3,016,930</b>
Depreciation Expense	235,444	9,772		9,772	(G)	245,216
Amortization Expense	10,155			0		10,155
Taxes Other Than Income	7,118		(184)	(184)	(E)	6,934
<b>Total Operating Expenses</b>	<b>3,216,232</b>	<b>65,587</b>	<b>(2,584)</b>	<b>63,003</b>		<b>3,279,235</b>
Net Operating Income	(181,535)	(60,024)	19,373	(40,651)		(222,186)
Interest Income	1,274			0		1,274
<b>Income Available to Service Debt</b>	<b>(180,261)</b>	<b>(60,024)</b>	<b>19,373</b>	<b>(40,651)</b>		<b>(220,912)</b>

## PRO FORMA OPERATING STATEMENT

Billing Analysis. East Laurel District provided usage data by meter size, listing the water usage and water sales revenue for the 12-month test year. Commission Staff calculated the data provided within a normalized billing analysis and determined that

annual base rate revenues of \$2,841,058 for all retail customers, and \$88,654 for all sales for resale is an accurate representation of the normalized test-year revenue from all water sales. In the Commission's Staff Report, Commission Staff recommended an increase of \$17,794 to East Laurel District's test-year retail Water Sales Revenue and an increase of \$3,133 to East Laurel District's test-year sales for Resale Revenue.

The Commission finds that this adjustment is reasonable because an examination of East Laurel District's billing analysis was completed by Commission Staff and a normalized revenue was based on the information provided.

Late Payment Penalties. Late payment penalties are established in the tariff at 10 percent of the bill for amounts not paid by the 15th of the month.<sup>10</sup> In its application, East Laurel District proposed a reclassification of \$66,519 from Miscellaneous Service Revenue to Late Payment Penalties stating that Late Payment Penalties in the test year were incorrectly reported with Miscellaneous Service Revenue.<sup>11</sup>

After review of East Laurel District's 2021 general ledger, Commission Staff agreed with the reclassification of the \$66,519 to Late Payment Penalties for proper accounting and to comply with the terms of East Laurel District's tariff.<sup>12</sup>

The Commission finds that the reclassification of the \$66,519 to Late Payment Penalties for proper accounting and to comply with the terms of East Laurel District's tariff is reasonable because it is necessary to conform to general accounting principles.

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<sup>10</sup> P.S.C. Ky. No. 1st Revised Sheet No. 1 (issued Apr. 24, 2023), effective Mar. 1, 2023.

<sup>11</sup> Application, Attachment 5, Schedule of Adjusted Operations, Adjustment B.

<sup>12</sup> East Laurel District's Response to Staff's First Request, Item 1, EL1\_1-GL\_2021.xls.

Capital Contribution. In its application East Laurel District proposed a \$15,364 decrease to Miscellaneous Service revenue to reflect \$15,364 in capital contribution for water line extensions from Laurel County Fiscal Court that was included with Miscellaneous Service Revenues.<sup>13</sup>

After review of East Laurel District's 2021 general ledger, Commission Staff agreed with the \$15,364 decrease to Miscellaneous Service revenue.<sup>14</sup> Commission Staff noted that \$15,364 in revenue will not recur because it was a one-time contribution from the Laurel County Fiscal Court.

The Commission finds that East Laurel District's proposed \$15,346 decrease to Miscellaneous Service revenue is reasonable because the one-time contribution from the Laurel County Fiscal Court for water line extensions will not recur.

Nonrecurring Charges. Wood Creek Water District (Wood Creek District) is responsible for performing the labor associated with East Laurel District's Nonrecurring Charges and charges a fee for its service. As such, East Laurel District did not assign any utility labor costs to its nonrecurring charges. East Laurel District stated that Wood Creek District has increased its charge to \$33.41 for services performed during normal business hours and \$66.82 for service performed after business hours. In addition, the cost revisions provided by East Laurel District included updating and increasing the amount for transportation to \$24.24 for all Nonrecurring Charges that include transportation expense in its calculations. East Laurel District provided the billing invoices from Wood Creek District for these charges. East Laurel District did not provide any cost

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<sup>13</sup> Application, Attachment 5, Schedule of Adjusted Operations, Adjustment C.

<sup>14</sup> East Laurel District's Response to Staff's First Request, Item 1, EL1\_1-GL\_2021.xls.

justification for its Returned Check Charge. Additionally, East Laurel District proposes to increase its tap-on fees for 5/8-Inch x 3/4-Inch meters. The cost justification form provided by East Laurel District results in a tap-on fee for 5/8-Inch x 3/4-Inch meters of \$1,778.

Commission Staff recommended reducing the Returned Check Charge to zero, because no cost justification was provided. Commission Staff further agreed with East Laurel District’s proposed adjustments as meeting the ratemaking criteria. Commission Staff recommended adjustments to the Nonrecurring Charges that would result in an increase in Other Operating Revenue of \$16,789 as shown below.

Description	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma
Service Reconnection	1,067	\$40.00	\$57.00	\$18,139	\$60,819
Reconnection Charge (After Hours)	0	\$80.00	\$91.00	\$0	\$0
Returned Check Charge	54	\$25.00	\$0.00	-\$1,350	\$0
Meter Test Charge	0	\$25.00	\$91.00	\$0	\$0
Service Call/Investigation	0	\$40.00	\$57.00	\$0	\$0
Service Line Inspection	0	\$20.00	\$57.00	\$0	\$0
Pro Forma Test Year NRC Revenue				<u>\$16,789</u>	\$60,819
Test Year NRC Revenue ( )					(44,030)
Adjustment					<u>\$16,789</u>

Commission Staff concurred with East Laurel District’s proposed increase to its tap-on fees. Commission Staff’s adjustments to Nonrecurring Charges are shown in Appendix B.

The Commission finds that Commission Staff’s recommended adjustments are reasonable because they are directly related to the actual cost incurred to provide service. Additionally, the Commission finds the adjustment for the Returned Check Charge is appropriate given that East Laurel District did not provide any cost justification. Because East Laurel provided adequate cost justification to support the proposed increase in tap-on fees, the Commission also finds that the proposed increase to tap-on fees is a

reasonable adjustment for East Laurel District to remain operationally and financially sound while providing adequate, efficient, and reasonable service to its customers.

Salaries and Wages - Commissioners. In its application, East Laurel District proposed an \$18,000 reclassification of Miscellaneous Expense to Salaries and Wages – Commissioners because the salaries for the East Laurel District’s Commissioners were reported with Miscellaneous Expenses.<sup>15</sup>

Commission Staff reviewed East Laurel District’s proposed reclassification and agreed with East Laurel District that a reclassification was needed after review of the 2021 general ledger.<sup>16</sup> Commission Staff then reviewed East Laurel District’s Commissioners Salary and noted that Commissioner Bobby Anders had not attended training in 2021 or 2022 and is not eligible to receive the full \$6,000 yearly salary according to KRS 74.020(6); rather, the commissioner is entitled to an annual compensation of \$3,600. Commission Staff reduced Salaries and Wages – Commissioners by \$2,400 and Taxes Other Than Income by \$184 as show in the chart below.

Name	East Laurel District			Commission Staff			Difference
	Monthly Salary	Yearly Salary	Training	Monthly Salary	Yearly Salary		
Bobby Anders	\$ 500	\$ 6,000	No	\$ 300	\$ 3,600		\$ (2,400)
Dennis Minton	500	6,000	Yes	500	6,000		0
Deverle Humfleet / John Douglas Day	500	6,000	Yes	500	6,000		0
Totals		<u>\$ 18,000</u>			<u>\$ 15,600</u>		<u>\$ (2,400)</u>
FICA at 7.65%		<u>\$ 1,377</u>			<u>\$ 1,193</u>		<u>(184)</u>

<sup>15</sup> Application, Attachment 4, Schedule of Adjusted Operations, Adjustment D.

<sup>16</sup> East Laurel District’s Response to Staff’s First Request, Item 1, EL1\_1-GL\_2021.xls.

The Commission finds that East Laurel District’s reclassification of Commissioner Salary and Commission Staff’s recommended reduction to Salaries and Wages – Commissioners by \$2,400 and Taxes Other Than Income by \$184 as show in the chart above is reasonable and appropriate given that Commissioner Bobby Anders has not provided evidence that he attended training in 2021 or 2022 to verify his eligibility to receive the full \$6,000 yearly salary according to KRS 74.020(6).

Purchased Water. In its application, East Laurel District proposed an increase of \$55,815 to Purchased Water expense to reflect Wood Creek District increasing its wholesale water rates since the test year.<sup>17</sup>

Commission Staff reviewed East Laurel District’s calculations and evidence<sup>18</sup> provided and agreed that the proposed adjustment meets the ratemaking criteria of being known and measurable and Commission Staff included the increase in its pro forma operating expenses. Using the table below Commission Staff verified East Laurel District’s Purchased Water expense calculation.

***Purchased Water Cost***

	Wood Creek Water District	Total
Gallons	507,422	507,422
Current Purchase Rate	\$ 3.530	\$ 3.5300
Pro Forma Cost	<u>\$ 1,791,200</u>	1,791,200
Test Year Purchase Cost		1,735,385
Increase in Purchase Cost		<u>\$ 55,815</u>

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<sup>17</sup> Case No. 2023-00077, *Electronic Purchased Water Adjustment Filing of East Laurel Water District* (Ky. PSC Apr. 5, 2023).

<sup>18</sup> East Laurel District’s Response to Staff’s First Request, Item 9, E1\_9-Adjustments.xlsx.

The Commission finds that East Laurel District's proposed \$55,815 increase is known and measurable, and therefore should be accepted because it reflects the current wholesale purchase water rate for East Laurel District.

Depreciation. In its application, East Laurel District reported a test year Depreciation expense of \$235,444.<sup>19</sup> East Laurel District proposed an increase of \$9,772 to Depreciation expense to reflect adjustments of asset service lives to the midpoint of service life range set forth in the National Association of Regulatory Utility Commissioners (NARUC) publication titled, Depreciation Practices for Small Water Utilities (NARUC Study).<sup>20</sup> To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the NARUC Study. When 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.

In this proceeding, Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Therefore, Commission Staff agreed with East Laurel District's proposed adjustment and increased pro forma Depreciation expense \$9,772 accordingly.

The Commission finds that the proposed adjustment and increased pro forma Depreciation expense \$9,772 is reasonable given that there is no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges.

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<sup>19</sup> Application, Attachment 4, Schedule of Adjusted Operations.

<sup>20</sup> Application, Attachment 4, Schedule of Adjusted Operations, Adjustment F.

Based upon the Commission’s findings discussed above, the following table summarizes East Laurel District’s adjusted pro forma:

	<u>Commission Staff’s Report</u>		
	East Laurel District Pro Forma	Commission Adjustments	Pro Forma
Total Operating Revenues	\$ 3,040,260	\$ 16,789	\$3,057,049
Utility Operating Expenses	<u>3,281,818</u>	<u>(2,584)</u>	<u>3,279,235</u>
Net Utility Operating Income	(241,558)	19,373	(222,186)
Interest and Dividend Income	<u>1,274</u>	<u>0</u>	<u>1,274</u>
Total Utility Operating Income	<u>\$ (242,832)</u>	<u>\$ (13,423)</u>	<u>\$ (220,912)</u>

**OVERALL REVENUE REQUIREMENT AND  
REQUIRED REVENUE INCREASE**

Commission Staff’s Report recommended using the Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement. This method allows for recovery of (1) cash-related pro forma operating expenses; (2) full recovery of depreciation expense, a non-cash item, to provide working capital; (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense and generally required in bond covenants. The Commission finds that use of the DSC methodology is reasonable since East Laurel District has four long-term debt obligations.

Average Annual Principal and Interest Payments. In its application, East Laurel District reported a loan from Kentucky Rural Water Finance Corporation and a loan from the U.S. Department of Agriculture Rural Development (RD).<sup>21</sup> East Laurel District requested recovery of the average annual principal and interest on its indebtedness

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<sup>21</sup> Application, Attachment 8, Debt Instruments.

based on a five-year average of the annual principal, and interest and fee payments for the years 2023 through 2027 of \$168,189.<sup>22</sup>

Commission Staff agreed with East Laurel District’s average annual principal and interest for use in the revenue requirement given the information above using the calculation table below to verify the increase.

<b>Table B</b>					
<b><u>DEBT SERVICE SCHEDULE</u></b>					
<b>East Laurel Water District</b>					
<b>CY 2023 - 2027</b>					
	<b>KRWFC 2015B</b>		<b>RD 91-15</b>		<b>TOTALS</b>
	<b>Principal</b>	<b>Interest &amp; Fees</b>	<b>Principal</b>	<b>Interest</b>	
2023	\$ 85,000	\$ 40,318	\$ 22,000	\$ 31,125	\$ 178,443
2024	85,000	37,556	22,500	30,569	175,625
2025	90,000	34,713	23,000	30,000	177,713
2026	70,000	32,113	24,000	29,412	155,525
2027	70,000	29,838	25,000	28,800	153,638
<b>TOTALS</b>	<b>400,000</b>	<b>174,538</b>	<b>116,500</b>	<b>149,906</b>	<b>\$ 840,944</b>
<b>Average Principal and Interest</b>					<b>\$ 168,189</b>
<b>Average Debt Service Coverage</b>					<b>\$ 33,638</b>

The Commission finds that including recovery of the average annual principal and interest on its indebtedness based on a five-year average of the annual principal, and interest and fee payments for the years 2023 through 2027 of \$168,189 is reasonable and that this is a practice historically upheld by the Commission.

<sup>22</sup> Application, Attachment 4, Debt Service Schedule.

Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In its application East Laurel District, requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments.<sup>23</sup>

RD requires that East Laurel District charge rates that produce net revenues that are at least 120 percent of its average annual debt payments. Following the Commission's historic practice of including additional working capital, Staff recommended \$33,638 be included in the revenue requirement.

The Commission finds that including additional working capital of \$33,638 is reasonable given that RD requires that East Laurel District charge rates that produce net revenues that are at least 120 percent of its average annual debt payments and that this is a practice historically upheld by the Commission.

By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Commission Staff found that East Laurel District's required revenue from water sales is \$3,352,451 to meet the Overall Revenue Requirement of \$3,481,062 and that a \$422,739 revenue increase, or 14.43 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

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<sup>23</sup> Application, Attachment 4, Revenue Requirements.

Pro Forma Operating Expenses	\$	3,279,235	
Plus: Average Annual Principal and Interest Payments		168,189	(1)
Additional Working Capital		33,638	(2)
Overall Revenue Requirement		3,481,062	
Less: Other Operating Revenue		(127,337)	
Interest Income		(1,274)	
Revenue Required from Sales of Water		3,352,451	
Less: Revenue from Sales at Present Rates		(2,929,712)	
Required Revenue Increase	\$	422,739	
Percentage Increase		14.43%	

### RATE DESIGN

East Laurel District proposed to increase all its monthly retail water service rates evenly across the board by approximately 15.09 percent. East Laurel District has not performed a cost of service study (COSS). East Laurel District stated that it did not consider filing a COSS because there have not been any material changes in customer usage patterns to warrant it.

In the Commission Staff's Report, Commission Staff followed the method proposed by East Laurel District and allocated Commission Staff's calculated revenue increase across the board to East Laurel District's monthly retail 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 East Laurel District's customers.

The rates set forth in Appendix A to this Order are based upon the revenue requirement the Commission has found to be fair, just and reasonable, and will produce sufficient revenues to recover the required revenue of \$3,352,451 from water sales, an approximate 14.43 percent over normalized test-year water sales of \$2,929,712.

These rates will increase a typical retail residential customer's monthly water bill from \$38.75 to \$44.35, an increase of \$5.60, or approximately 14.45 percent.<sup>24</sup> These rates will increase the monthly wholesale rate from \$0.00507 per gallon to \$0.00580 per gallon, an increase of \$0.00073, or approximately 14.40 percent.

### SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in the Commission Staff's Report are supported by the evidence of record and are reasonable. By applying the Debt Service Coverage method to East Laurel District's pro forma operations results in an Overall Revenue Requirement of \$3,481,062 and that a \$422,739 revenue increase, or 14.43 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

IT IS THEREFORE ORDERED that:

1. East Laurel District is granted a deviation from the requirement of 807 KAR 5:076, Section 9.
2. The recommendations contained in the Commission Staff's Report are adopted and incorporated by reference into this Order as if fully set out herein.
3. The water service rates proposed by East Laurel District are denied.
4. The water service rates set forth in the Appendix to this Order are approved for service rendered by East Laurel District on or after January 15, 2024.
5. Within 20 days of the date of service of this Order, East Laurel District shall file with this Commission, using the Commission's electronic Tariff Filing System, new

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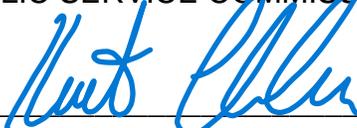
<sup>24</sup> The typical residential customer uses approximately 4,000 gallons per month.

tariff sheets setting forth the rates and charges approved herein and its effective date, and stating that the rates and charges were authorized by this Order.

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

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PUBLIC SERVICE COMMISSION

  
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Chairman

  
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Vice Chairman

  
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Commissioner

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KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00130 DATED DEC 08 2023

The following rates and charges are prescribed for the customers in the area served by East Laurel 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 Retail Rates

5/8-Inch x 3/4-Inch Meter

First	2,000 Gallons	\$	24.73	Minimum Bill
Next	2,000 Gallons		0.00981	per Gallon
Next	2,000 Gallons		0.00953	per Gallon
Next	4,000 Gallons		0.00864	per Gallon
Over	10,000 Gallons		0.00790	per Gallon

1-Inch Meter

First	6,000 Gallons	\$	63.41	Minimum Bill
Next	4,000 Gallons	\$	0.00864	per Gallon
Over	10,000 Gallons	\$	0.00790	per Gallon

2-Inch Meter

First	20,000 Gallons	\$	176.92	Minimum Bill
Over	20,000 Gallons	\$	0.00790	per Gallon

3-Inch Meter

First	30,000 Gallons	\$	255.88	Minimum Bill
Over	30,000 Gallons	\$	0.00790	per Gallon

Wholesale Rate

\$	0.00580	per Gallon
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Tap-On Fee

5/8-Inch x 3/4-Inch Meter	\$	1,778.00
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Nonrecurring Charges

Reconnection Charge	\$	57.00
Reconnection Charge (After Hours)		91.00
Service Call		57.00
Inspection Charge		57.00
Meter Test		91.00

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00130 DATED DEC 08 2023

\* Denotes Rounding

**Nonrecurring Charges Adjustments**

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	Reconnection Charge	
		Utility Revised Charge
Transportation	\$	24.24
Misc.	\$	33.41
Total Revised Charge *	\$	57.00
Current Rate	\$	40.00

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	Service Call	
		Utility Revised Charge
Transportation	\$	24.24
Misc.	\$	33.41
Total Revised Charge *	\$	57.00
Current Rate	\$	40.00

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	Service Inspection	
		Utility Revised Charge
Transportation	\$	24.24
Misc.	\$	33.41
Total Revised Charge *	\$	57.00
Current Rate	\$	20.00

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	Meter Test Charge	
		Utility Revised Charge
Transportation	\$	24.24
Misc.	\$	66.82
Total Revised Charge *	\$	91.00
Current Rate	\$	25.00

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	Returned Check Charge	
		Utility Revised Charge
Field Materials		
Field Labor		

Office Supplies		
Office Labor		
Transportation		
Misc.		
Total Revised Charge		<u>\$0.00</u>
Current Rate	\$	25.00
Reconnection Charge (After Hours)		
		Utility Revised Charge
Transportation	\$	24.24
Misc.	\$	66.82
Total Revised Charge *	\$	<u>91.00</u>
Current Rate	\$	80.00

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