

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	CASE NO.
NELSON WATER DISTRICT FOR A RATE)	2024-00234
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On August 7, 2024,¹ North Nelson Water District (North Nelson District) filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076.

In its application, North Nelson District requested rates that would increase its base rate revenue by \$91,357, or 5.21 percent to pro forma present rate water sale revenues.² North Nelson District utilized calendar year ended December 31, 2023, as the test year to determine the reasonableness of its existing and proposed water rates as required by 807 KAR 5:076, Section 9.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated September 5, 2024.³ North Nelson District

¹ North Nelson District tendered its application on August 7, 2024. By letter dated August 12, 2024, the Commission accepted the application as there were no filing deficiencies.

² Application, Attachment #2, Reasons for Application and Attachment #4, Statement of Adjusted Operations.

³ Order (Ky. PSC Sept. 5, 2024).

responded to two rounds of discovery.⁴ North Nelson District timely filed responses to all rounds of discovery.

Commission Staff issued its report (Commission Staff's Report) on December 10, 2024,⁵ summarizing its findings and recommendations regarding North Nelson District's requested rate adjustment. In Commission Staff's Report, Commission Staff found that North Nelson District's adjusted test-year operations support an overall revenue requirement of \$1,846,659 and that a \$91,714 revenue increase, or 5.23 percent, to pro forma present rate revenues is necessary to generate the overall revenue requirement.⁶ In the absence of a cost-of-service study (COSS), Commission Staff allocated its recommended revenue increase evenly across all customer classes to calculate its recommended water rates.

On December 18, 2024, North Nelson District filed its response to Commission Staff's Report.⁷ In its written comments, North Nelson District disagreed with the removal of certain labor expenses from Non-recurring charges but did not want to contest the adjustment in this case. Additionally, North Nelson District concurred with the remainder of the findings presented in Commission Staff's Report and waived its right to request an informal conference or a hearing. As part of the Commission Staff's Report, Commission Staff recommended two new Non-recurring after hours charges, reconnection and service

⁴ North Nelson District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Oct. 9, 2024); North Nelson District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Nov. 5, 2024).

⁵ Commission Staff's Report (issued Dec. 10, 2024).

⁶ Commission Staff's Report at 24, Revenue Requirement table.

⁷ North Nelson District's Response to Commission Staff's Report (filed Dec. 18, 2024).

call/investigation.⁸ In its response, North Nelson District accepted those recommended charges as well.⁹ On January 30, 2025, the Commission issued an Order requiring North Nelson District to give notice of the new fees to its customers.¹⁰ On February 11, 2025, North Nelson District filed proof in the record of publication pursuant to the Order and administrative regulation 807 KAR 5:076 Section 5.¹¹ 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 of review of a utility's request for a rate increase is well established. In accordance with KRS 278.030 and case law, the utility is allowed to charge its customers "only fair, just and reasonable rates."¹² Further, the utility bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

BACKGROUND

North Nelson District is a water utility organized pursuant to KRS Chapter 74 that owns and operates a distribution system through which it provides retail water service to approximately 4,949 residential customers, 67 commercial customers, 6 public

⁸ Commission Staff's Report at 7.

⁹ North Nelson District's Response to Commission Staff's Report.

¹⁰ Order (Ky. PSC Jan. 30, 2025) at 3.

¹¹ North Nelson District's Affidavit and Tear Sheet for NRC public notice (filed Feb. 11, 2025).

¹² *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).

authorities, and 89 Multiple Family Dwellings that reside in Bullitt, Nelson, and Spencer counties, Kentucky.¹³ North Nelson District purchases all of its water from the city of Bardstown (Bardstown) and Louisville Water Company (Louisville Water).¹⁴

North Nelson District's application was filed, in part, pursuant to the Commission's Order in Case No. 2022-00146,¹⁵ which required North Nelson District to file an application for an adjustment of its base rates by June 24, 2023. Thereafter, North Nelson District requested a one-year extension on June 23, 2023, which was granted until June 24, 2024.¹⁶ North Nelson District requested an additional 90-day extension on June 7, 2024, which was denied, and North Nelson District was ordered to file immediately, ultimately leading to the August 7, 2024, application filed in this matter.¹⁷ North Nelson District's last base rate increase pursuant to the alternative rate filing procedure was in Case No. 1997-00255.¹⁸

¹³ *Annual Report of North Nelson District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 12, 49.

¹⁴ 2023 Annual Report at 54.

¹⁵ Case No. 2022-00146, *Electronic Purchased Water Adjustment Filing of North Nelson Water District* (Ky. PSC June 24, 2022).

¹⁶ Case No. 2022-00146, July 31, 2023 Order.

¹⁷ Case No. 2022-00146, June 20, 2024 Order.

¹⁸ Case No. 1997-00255, *The Application of the North Nelson Water District (1) For A Certificate of Public Convenience and Necessity Authorizing Construction of Major Additions and Improvements To Its Water Distribution System; (2) Seeking Approval of Revised Water Service Rates and Charges; and (3) Seeking Approval of the Issuance of Certain Securities, Pursuant To the Issuance of Certain Securities, Pursuant To the Provisions of KRS 278.020, KRS 278.300, and KAR 5:001* (Ky. PSC June 20, 1997).

UNACCOUNTED-FOR WATER LOSS

The Commission notes that in its 2023 Annual Report, North Nelson District reported a water loss of 8.4565 percent,¹⁹ and North Nelson District's water loss over the past five years has averaged 7.0713 percent as shown in the table below.²⁰

Year	2019	2020	2021	2022	2023
Water Loss Percentage	8.8958%	5.6420%	5.6337%	6.7286%	8.4565%
Average					<u>7.0713%</u>

Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. The table below shows that the 2023 total annual cost of water loss to North Nelson District is \$71,656, while the annual cost of water loss in excess of 15 percent is \$0.

Total Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 830,661	\$ 16,686	\$ 847,347
Water Loss Percent	8.4565%	8.4565%	8.4565%
Total Water Loss	<u>\$ 70,245</u>	<u>\$ 1,411</u>	<u>\$ 71,656</u>

TEST PERIOD

The calendar year ended December 31, 2023, was used as the test year to determine the reasonableness of North Nelson District's existing and proposed wastewater rates as required by 807 KAR 5:076, Section 9.

¹⁹ 2023 Annual Report at 58.

²⁰ *Annual Report of North Nelson District to the Public Service Commission for the Calendar Year Ended December 31, 2019* at 58; *Annual Report of North Nelson District to the Public Service Commission for the Calendar Year Ended December 31, 2020* at 58; *Annual Report of North Nelson District to the Public Service Commission for the Calendar Year Ended December 31, 2021* at 58; *Annual Report of North Nelson District to the Public Service Commission for the Calendar Year Ended December 31, 2022* at 58; 2023 Annual Report at 58.

SUMMARY OF REVENUE AND EXPENSES

Commission Staff's Report summarized North Nelson District's pro forma income statement as follows:

Description	Commission Staff's Report		
	Test-Year Operations	Pro Forma Adjustments	Pro Forma Operations
Operating Revenues	\$1,735,859	\$ 52,379	\$1,788,238
Operating Expenses	1,904,606	(119,152)	1,785,454
Total Utility Operating Income	<u>\$ (168,747)</u>	<u>\$ 171,531</u>	<u>\$ 2,784</u>

REVIEW OF COMMISSION STAFF'S RECOMMENDATIONS

North Nelson District proposed adjustments to its revenues and expenses to reflect current and expected operating conditions. In Commission Staff's Report, Commission Staff calculated a different revenue requirement based on additional pro forma adjustments to expenses and additional fees. The Commission approves the recommendations contained in the Commission Staff's Report. The following is the Commission's complete pro forma based on the Commission Staff's Report.²¹

²¹ Commission Staff's Report at 9.

PRO FORMA OPERATING STATEMENT

Description	Test Year	North Nelson Water District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	Pro Forma
Operating Revenues					
Metered Retail Sales	\$ 1,630,425			\$ -	
Metered Commercial Sales	53,622			0	
Sales to Public Authorities	1,147			0	
Sales to Multiple Family Dwellings	21,180			0	
		48,571		48,571	1,754,945
Miscellaneous Service Revenues	29,485		8,235	8,235	
			(4,427)	(4,427)	33,293
Total Operating Revenues	1,735,859	48,571	3,808	52,379	1,788,238
Operation and Maintenance					
Salaries and Wages - Employees	261,770	(34,920)		(34,920)	
		46,819		46,819	273,669
Salaries and Wages - Officers	7,200		(7,200)	(7,200)	0
Employee Benefits - Medical	120,883	(13,191)	(10,254)	(23,445)	
			15,478	15,478	
			(61,097)	(61,097)	51,819
Employee Retirement Benefits (CERS)			61,097	61,097	
		4,145	(4,145)	0	
			(9,502)	(9,502)	
			9,228	9,228	60,823
Purchased Water	830,468	24,011		24,011	854,479
Purchased Power	16,686			0	16,686
Materials and Supplies	111,754	(81,480)		(81,480)	
			(6,251)	(6,251)	24,023
Contractual Services - Accounting	12,342			0	12,342
Contractual Services - Legal	11,322			0	11,322
Contractual Services - Other	113,740			0	113,740
Transportation Expenses	15,749			0	15,749
Insurance - General Liability	8,027		11,678	11,678	19,705
Insurance - Workers Comp	12,069		1,218	1,218	13,287
Insurance - Other	2,069			0	2,069
Miscellaneous	14,104		(1,536)	(1,536)	12,568
Total	1,538,183	(54,616)	(1,286)	(55,902)	1,482,281
Depreciation Expense	344,282	(73,967)	3,212	(70,755)	273,527
Taxes Other Than Income	22,141	2,017	1,738	3,755	25,896
Amortization Expense		3,750		3,750	3,750
Total Operating Expenses	1,904,606	(122,816)	3,664	(119,152)	1,785,454
Net Operating Income	(168,747)	171,387	144	171,531	2,784
Interest Income	107,105			0	107,105
Income Available to Service Debt	\$ (61,642)	\$ 171,387	\$ 144	\$ 171,531	\$ 109,889

Metered Water Sales. North Nelson District reported a test year amount of \$1,630,425 for metered residential sales, \$53,622 for metered commercial sales, \$1,147 for sales to public authorities, and \$21,180 for sales multiple family dwellings.²² This results in a combined test year amount of \$1,706,374 for its total metered water sales. North Nelson District proposed an increase of \$48,571²³ resulting in total pro forma metered sales of \$1,754,945.²⁴ Commission Staff reviewed the billing analysis adjustment and determined that the \$48,571 increase was comprised of three items. First, a Purchased Water Adjustment (PWA) adjustment, due to an increase from Louisville Water of \$0.08 per thousand gallons, effective July 1, 2024, in Case No 2024-00156,²⁵ which subsequently increased revenues by \$21,858 from the PWA adjustment made to North Nelson District's rates.²⁶ Second, non-recurring charges of \$8,235 recorded in Metered Sales were reclassified. Third, an adjustment of \$18,478 to increase revenue to match the billing analysis was made. After a thorough review of North Nelson District's billing analysis, Commission Staff recommended the Commission accept North Nelson District's proposed total adjustment of \$48,571. The Pro Forma amount is reasonable and supported by the evidence included.²⁷

²² North Nelson District's Application (Application), Attachment 4, Schedule of Adjusted Operations (SAO).

²³ Application, Attachment 4, References, Reference A.

²⁴ Application, Attachment 10_2, Rate Study, Existing Billing Analysis Tab.

²⁵ See Case No. 2024-00156, *Electronic Purchased Water Adjustment Filing of North Nelson Water District*.

²⁶ 273,230 (thousands of gallons sold during the test year) * \$0.08 = \$21,858.

²⁷ Application, Attachment 10_2, Rate Study, Existing Billing Analysis Tab.

The Commission finds that the recommended adjustments and the normalized revenue are reasonable. This adjustment reflects verifiable usage patterns and revenue data that were evaluated and normalized using the information provided in the record. The Commission finds that the methodology used to determine this adjustment is reasonable and consistent with regulatory principles.

Miscellaneous Service Revenues. North Nelson District reported a test year amount of \$29,485 and proposed no changes to the account.²⁸ In response to Staff's Second Request, North Nelson District confirmed that this account was entirely composed of forfeited discounts.²⁹ It also confirmed that non-recurring charges were recorded in a sub account of Metered Water Revenue.³⁰ North Nelson District provided the number of instances that each non-recurring charge was performed during the test period³¹ as well as the cost justification sheets.³² Commission Staff reviewed the responses, the cost justification sheets, and the general ledger. As discussed in the non-recurring charge section below, Commission Staff followed the Commission's precedent in removing field labor and office/clerical labor costs.³³ Using this information, as well as the current non-recurring charge amount listed in its current tariff, Commission Staff

²⁸ Application, Attachment 4, SAO.

²⁹ North Nelson District's Response to Staff's Second Request, Item 2a.

³⁰ North Nelson District's Response to Staff's Second Request, Item 2b.

³¹ North Nelson District's Response to Staff's First Request, Item 13, NRC Charges.

³² North Nelson District's Response to Staff's First Request, Item 14, NRC Cost Justification.

³³ 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).

calculated Pro Forma revenue from Non-recurring Charges of \$3,808 as shown in the table below.

Description	Occurrences	Current Charge	Revised Charge	Test Year	Pro Forma	Adjustment
Meter Re-Read Charge	0	\$25.00	\$11.00	\$ -	\$ -	\$ -
Service Call/Investigation	0	\$25.00	\$11.00	0	0	0
Connection/Turn-on Charge	27	\$25.00	\$25.00	675	675	0
Meter Relocation Charge	0	Actual Cost	Actual Cost	0	0	0
Returned Check Charge	99	\$20.00	\$8.50	1,980	841	(1,139)
Re-Connection Charge	108	\$50.00	\$20.00	5,400	2,160	(3,240)
Field Collection Charge	12	\$15.00	\$11.00	180	132	(48)
Meter Test Charge	0	\$45.00	\$70.00	0	0	0
Reconnection Charge (After Hours)	0	N/A	\$136.00	0	0	0
Service Call/Investigation (After Hours)	0	N/A	\$109.00	0	0	0
Pro Forma Test Year NRC Revenue				<u>\$ 8,235</u>	<u>\$ 3,808</u>	<u>\$ (4,427)</u>
Test Year NRC Revenue ()					(8,235)	
Adjustment					<u>\$ (4,427)</u>	

Commission Staff noted the \$48,571 adjustment to Metered Water Sales included an embedded amount of \$8,235 of Non-Recurring Charge revenue (NRC) that should have been included in Miscellaneous Service Revenues. Commission Staff proposed to include the test year NRC revenue of \$8,235 in Miscellaneous Service Revenues. Commission Staff further recommended a reduction of \$4,427 to Miscellaneous Service Revenues to bring the NRC revenues to the Pro Forma amount of \$3,808 shown in the table above. Commission Staff's total Miscellaneous Service Revenues of \$33,293 is shown in the table below. Commission Staff recommended the Commission accept Commission Staff's adjustments to Miscellaneous Service Revenues because the amounts are known and measurable.

Description	Test	Utility Adjustments	Commission Staff Adjustments	Pro Forma
<i>Non-Recurring Charges</i>				
Connection/Turn-on Charge	\$ 675			\$ 675
Returned Check	1,980		(1,139)	841
Re-Connection Charge	5,400		(3,240)	2,160
Field Collection Charge	180		(48)	132
sub-total	8,235	0	(4,427)	3,808
<i>Other</i>				
Forfeited Discounts	0		29,485	29,485
Miscellaneous Water Revenues	29,485		(29,485)	0
sub-total	29,485	0	0	29,485
Total Other Income	\$ 37,720	\$ -	\$ (4,427)	\$ 33,293

The Commission finds that Commission Staff's recommendations are consistent with recent Commission decisions addressing labor expenses resulting from work occurring during normal business hours which should not be recovered through Non-recurring charges, rather is recovered through the normal salary and wages amounts.³⁴ Non-recurring charges must be directly related to the actual cost incurred to provide the service. It is unreasonable to allocate an expense already incurred and recovered in customer rates as a day-to-day cost of maintaining a system, such as the salary of a distribution operator, to a Non-recurring service such as the connection and reconnection of a meter during normal working hours. Thus, the Commission finds that the revised

³⁴ Case No. 2023-00090, *Electronic Application of Henry County Water District #2 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2023); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 4, 2024); Case No. 2023-00090, *Electronic Application of Kirksville Water Association Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00252, *Electronic Application of Oldham County Water District for an Alternative Rate Adjustment* (Ky. PSC June 18, 2024).

Non-recurring charges set forth in Appendix B to this Order and the decrease of \$4,427 to Other Water Revenue are reasonable.

Salaries and Wages - Employees. North Nelson District reported a test year amount of \$261,770 and proposed two changes to the account.³⁵ The first adjustment was a decrease of \$34,290 to remove the labor portion, 30 percent, of the tap-fees installed by North Nelson District during the test year.³⁶ The Uniform System of Accounts (USoA) for Class A/B Water Systems requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.³⁷ Commission Staff capitalized the costs and made a corresponding adjustment to test-year depreciation. North Nelson District then proposed to increase its salaries and wages expense by \$46,819 to adjust wages to current wage rates.³⁸ Commission Staff noted that part of this increase was to account for one of North Nelson District's employees, hired during the test year, working a full year as the employee did not have a full year worth of payroll expenses in the test year.³⁹ Commission Staff reviewed North Nelson District's General Ledger⁴⁰ and submitted pay information⁴¹ and agreed with both adjustments. Commission Staff recommended the Commission accept North Nelson District's proposed adjustments because the amounts are known and measurable.

³⁵ Application, Attachment 4, SAO.

³⁶ Application, Attachment 4, References, Reference B.

³⁷ USoA, Accounting Instruction 19 and 33.

³⁸ Application, Attachment 4, References, Reference C.

³⁹ North Nelson District's Response to Staff's First Request, Item 3b, Employee Hire Dates.

⁴⁰ Application, Attachment 10_1, General Ledger

⁴¹ Application, Attachment 10_2, North Nelson Rate Study, Wages Tab.

The Commission finds that the adjustments are based upon the current wage rates of North Nelson District employees and reflect the expected number of employees documented in the case record; as such, the adjustments are reasonable and should be approved.

Salaries and Wages - Officers. North Nelson District reported a test year amount of \$7,200 and proposed no changes to the account.⁴² Commission Staff requested documentation from the Fiscal Court that authorized each Commissioner's appointment and compensation, as well as training records for each Commissioner.⁴³ North Nelson District provided documentation of its Commissioners' appointments⁴⁴ and the respective Commissioner Training Certificates.⁴⁵ North Nelson District stated its "three Commissioners receive \$2,400 in compensation each annually" and its "records indicate this amount has been in effect since prior to 1995."⁴⁶ Commission Staff found the submitted documentation was not enough to support the compensation amounts requested by North Nelson District and proposed to remove the entire amount from its revenue requirement. KRS 74.020(6) states that "[e]ach commissioner shall receive an annual salary of not more than thirty-six hundred dollars (\$3,600) ..." and that "[i]n fixing and approving the salary of the commissioners, the county judge/executive and the fiscal court shall take into consideration the financial condition of the district and its ability to

⁴² Application, Attachment 4, SAO.

⁴³ North Nelson District's Response to Staff's First Request, Item 7.

⁴⁴ North Nelson District's Response to Staff's First Request, Item 7a, Commissioners Appointments.

⁴⁵ North Nelson District's Response to Staff's First Request, Item 7b, Commissioner Training Certs.

⁴⁶ North Nelson District's Response to Staff's First Request, Item 7a.

meet its obligations as they mature.”⁴⁷ Commission Staff recommended the Commission not include commissioner salaries and remove \$7,200 from the revenue requirement because North Nelson District did not provide evidence to support the requisite fiscal court approval of the compensation amounts as required by KRS 74.020(6).

The Commission is unable to allow recovery for commissioner salaries unless approval of the salaries by the appropriate fiscal court is of record. The Commission finds Commission Staff’s recommended adjustment is consistent with KRS 74.020(6), and the removal of North Nelson District’s commissioners’ pay from its revenue requirement is appropriate. The Commission notes that the removal of this expense from the revenue requirement does not prevent North Nelson District from addressing the issue with the fiscal court in the future.

Employee Benefits (Medical). Commission Staff identified costs by expense type by reviewing payroll and general ledger information that was provided by North Nelson District.⁴⁸ Commission Staff determined that separation of the medical and related benefits costs from retirement benefits would better facilitate discussion of the respective adjustments and reclassified \$61,907 to Employee Benefits – Retirement (CERS) in the Schedule of Adjusted Operations (SAO). This results in a test year amount for medical benefits of \$59,786. North Nelson District proposed a reduction of \$13,191 to reduce employer contributions toward medical insurance premiums to the average of the Bureau of Labor Statistics report.⁴⁹ Commission Staff determined that an additional adjustment

⁴⁷ KRS 74.020(6), Appointment of commissioners – Number – Terms – Removal – Vacancies – Organization – Bond – Compensation – Mandatory Training – Notice of Vacancy.

⁴⁸ Application, Attachment 10_1, General Ledger.

⁴⁹ Application, Attachment 4, References, Reference E.

to North Nelson District's proposed amount of \$13,191, in the amount of \$10,254 is appropriate, for a total of \$23,445, to decrease North Nelson District's contributions to health insurance to align employee contribution rates with the national average for a private industry worker reported by the Bureau of Labor Statistics, 20 percent for single coverage and 32 percent for family coverage,⁵⁰ and the Willis Benchmarking Survey for national average for an employer's share of dental insurance, consistent with the Commission's precedent.⁵¹

Commission Staff reviewed the benefit invoices⁵² submitted by North Nelson District and determined that an increase of \$15,478 was necessary to account for increased benefit costs and the additional benefits paid to the employee hired during the test year that were not included in the test year amount. This resulted in a Pro Forma yearly cost of \$75,264 and a reduction for the total employee contribution adjustment of \$23,445 as shown in the table below. Commission Staff recommended the Commission accept Commission Staff's adjustments as the amounts are known and measurable.

⁵⁰ U.S. Bureau of Labor Statistics, Share of Premiums Paid by Employer and Employee for Single Coverage, March 2023 <https://www.bls.gov/news.release/ebs2.t03.htm>, U.S. Bureau of Labor Statistics, Share of Premiums Paid by Employer and Employee for Family Coverage, March 2023 <https://www.bls.gov/news.release/ebs2.t04.htm>.

⁵¹ See Case No. 2017-00263, *Electronic Application of Kentucky Frontier Gas, LLC for Alternative Rate Adjustment* (Ky. PSC Dec. 22, 2017), Order at 9-10; and The Willis Benchmarking Survey, 2015, at 62-63. (https://www.willis.com/Documents/publications/Services/Employee_Benefits/20151230_2015WillisBenefitsBenchmarkingSurveyReport.pdf).

⁵² North Nelson District's Response to Staff's Second Request, Item 1, Medical, Dental, Vision, and Life Invoice.

Description	Commission Staff's Calculated Employer Contribution						Total
	Health (Single)	Health (Family)	Dental	Vision	Life		
Proforma Monthly	\$ 737	\$ 5,236	\$ 218	\$ 49	\$ 32		
Proforma Yearly	8,844	62,832	2,616	588	384		75,264
Employer Cont. %	80%	68%	40%	100%	100%		n/a
Employer Cont.	7,075	42,726	1,046	588	384		51,819
BLS / Survey Amounts	\$ 1,769	\$ 20,106	\$ 1,570	\$ -	\$ -		\$ 23,445

The Commission finds that the recommended adjustments are reasonable and should be approved as they are consistent with applicable average employer paid health insurance premium expenses and reflect the difference in test-year medical expenses and what North Nelson District filed in the case record. Although not required, North Nelson District did not provide any sufficient evidence to stray from this adjustment, such as a wage study or comparative information for the area, in the record.

Employee Retirement Benefits (CERS). Commission Staff reclassified \$61,907 from Medical Benefits to Retirement, as discussed above. North Nelson District participates in the County Employees Retirement System (CERS), which is managed by the Kentucky Public Pension Authority (KPPA). North Nelson District proposed an increase of \$4,145 to its Pension Expense for the increase in wage rates.⁵³ Commission Staff determined that two separate adjustments would be more appropriate and recommended its own adjustments. First, Commission Staff proposed an increase of \$9,228 to account for the increased wages discussed above. Second, Commission Staff proposed a decrease of \$9,502 to account for the reduction in the CERS contribution rate from the test year.⁵⁴ This results in net reduction of \$274 as shown in the chart below.

⁵³ Application, Attachment 4, References, Reference D.

⁵⁴ CERS Board of Trustees December 4, 2023 Meeting, Minutes at 2. CERS Contribution Rate in test year was 26.79%, and 19.71% in current year.

Commission Staff recommended accepting Commission Staff's proposed adjustments because the amounts are known and measurable.

Description	Test Year	Pro Forma
Wages	\$ 261,770	\$ 308,589
Contribution Rate	23.34%	19.71%
Contributions	61,097	60,823
Excess (Cost) / Income Over Contributions	0	0
Total	\$ 61,097	\$ 60,823
Increase / (Decrease)		\$ (274)

The Commission finds Commission Staff's recommended adjustments are reasonable and should be accepted. North Nelson District's Employee Pensions and Benefits expense should be decreased by \$274 because the evidence provided recognized the adjustment to the contribution expense to account for the normalization of Salaries and Wages, as well as reduction of the required contribution percent by CERS.

Purchased Water. North Nelson District purchases its water from Bardstown and Louisville Water.⁵⁵ North Nelson District reported a purchased water expense of \$830,468 in the test year and proposed one adjustment.⁵⁶ This adjustment was an increase of \$24,011 to account for the increased purchased water expense outlined in North Nelson District's recent PWA case, 2024-00156.⁵⁷ Commission Staff calculated North Nelson District's Pro Forma purchased water cost as shown in the chart below and agreed with the proposed amounts. North Nelson District does not require an adjustment

⁵⁵ 2023 Annual Report at 54.

⁵⁶ Application, Attachment 4, SAO.

⁵⁷ Application, Attachment 4, References, Reference F.

for water loss above 15 percent, as its 8.4565 percent water loss is below the 15 percent maximum allowed for ratemaking purposes by regulation. Commission Staff recommended accepting the proposed purchase cost adjustment as the amounts are known and measurable.

Description	City of Bardstown	Louisville Water Company	Total
Gallons	90,706,800	221,117,000	311,823,800
Current Purchase Rate	\$ 2.7200	\$ 2.7200	
Service Charge 1 (monthly * 12)		1,895	
Service Charge 2 (monthly * 12)		4,423	
Pro Forma Cost	\$ 246,722	\$ 607,757	\$ 854,479
Test Year Purchase Cost ()			(830,468)
Increase in Purchase Cost			\$ 24,011

The Commission finds that the adjustment is reasonable and the amounts known and measurable, thus they should be accepted because they reflect and properly account for North Nelson District's actual purchased water cost.

Materials and Supplies. North Nelson District reported a test year amount of \$111,754 and proposed one change to the account.⁵⁸ This adjustment was a decrease of \$81,480 to remove the materials portion, 70 percent, of the tap-fees installed by North Nelson District during the test year.⁵⁹ The USoA for Class A/B Water Systems requires that these costs be capitalized as Utility Plant in Service and depreciated over their

⁵⁸ Application, Attachment 4, SAO.

⁵⁹ Application, Attachment 4, References, Reference B.

estimated useful lives.⁶⁰ Commission Staff capitalized the costs and made a corresponding adjustment to test-year depreciation.

Commission Staff identified other capital expenditures in North Nelson District's general ledger. In response to Staff's First Request, North Nelson District confirmed that its purchase of a GPS system from Seiler Instruments should have been capitalized and depreciated over ten years,⁶¹ which is consistent with midpoint lives of communication equipment set forth in the National Association of Regulatory Utility Commissioners (NARUC) publication titled Depreciation Practices for Small Utilities. Commission Staff proposed to remove the purchase of this meter as a reduction to Materials and Supplies in the amount of \$6,251. This results in a total adjustment of \$87,731 to Materials and Supplies. Commission Staff recommended the Commission accept the Commission Staff's adjustments because the amounts are known and measurable.

The Commission finds Commission Staff's recommended adjustments reasonable to properly capitalize these known and measurable expenses, and therefore accepts the adjustment as reasonable.

Insurance – General Liability. North Nelson District reported a test year amount of \$8,027 and proposed no changes to the account.⁶² During Commission Staff's review of North Nelson District's general ledger, prepaid insurance expenses were identified that were not included in the test year amount. Commission Staff proposed an increase of \$11,678 to add the prepaid insurance expense to North Nelson District's revenue

⁶⁰ USoA, Accounting Instruction 19 and 33.

⁶¹ North Nelson District's Response to Staff's First Request, Item 16, Seiler Invoice Review.xlsx.

⁶² Application, Attachment 4, SAO.

requirement. Commission Staff verified the amounts using the invoices provided by North Nelson District.⁶³ Commission Staff recommended the Commission accept Commission Staff's adjustment as the amount is known and measurable.

The Commission finds Commission Staff's recommended adjustments to be known and measurable and therefore, approves the Commission Staff's adjustments.

Insurance – Workers Comp. North Nelson District reported a test year amount of \$12,069 and proposed no changes to the account.⁶⁴ During Commission Staff's review of North Nelson District's general ledger, prepaid insurance expenses were identified that were not included in the test year amount. Commission Staff calculated an increase of \$1,218 to add the expense to North Nelson District's revenue requirement. Commission Staff verified the amounts using the invoices provided by North Nelson District.⁶⁵ Commission Staff recommended the Commission accept the Commission Staff's proposed adjustment as the amount is known and measurable.

The Commission finds Commission Staff's recommended adjustments to be known and measurable and therefore, approves the adjustments.

Miscellaneous Expenses. North Nelson District reported a test year amount of \$14,104 and proposed no changes to the account.⁶⁶ During Commission Staff's review of North Nelson District's general ledger, it identified items that should be removed from North Nelson District's revenue requirement. The items identified are shown in the chart

⁶³ North Nelson District's Response to Staff's First Request, Item 5.

⁶⁴ Application, Attachment 4, SAO.

⁶⁵ North Nelson District's Response to Staff's First Request, Item 5.

⁶⁶ Application, Attachment 4, SAO.

below. Commission Staff calculated a decrease of \$1,536 to Miscellaneous Expenses as expenses that are unrelated to providing water service are inappropriate. Commission Staff recommended the Commission accept Commission Staff's adjustment to remove expenses unrelated to water service.

Date	Vendor	Description	Amount
07/24/2023	Jury's Farmview Garden Center	Gift Card - Nicky Rapier sympathy gift	\$ 50
09/08/2023	Scout and Scholar Brewing Co.	Gift Card for Nicky Rapier - 6 year service as Bd Member	50
10/18/2023	OKHCC	Deposit for X-mas party 12/8/2023	225
11/10/2023	Pamela K Shouse	Reimbursement for Robert Cecil's sympathy gift	53
12/12/2023	OKHCC	2023 Christmas party	1,158
		Total	<u>\$ 1,536</u>

The Commission finds Commission Staff's recommended adjustments to remove expenses from the revenue requirement are known and measurable as they are unrelated to water service and therefore, accepts the adjustments.

Depreciation Expense. North Nelson District reported a test year amount of \$344,282 and proposed one adjustment to the account.⁶⁷ This change was a decrease in the amount of \$73,967 to bring asset lives to the midpoint set forth in the National Association of Regulatory Utility Commissioners (NARUC) publication titled Depreciation Practices for Small Utilities.⁶⁸ 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. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. In addition to the

⁶⁷ Application, Attachment 4, SAO.

⁶⁸ Application, Attachment 4, SAO, Reference H.

adjustment proposed by North Nelson District for depreciation expense, Commission Staff determined that an additional adjustment, an increase of \$3,212 to account for tap fee removal discussed above as well as the capitalization of the GPS system discussed under Materials and Supplies above is appropriate. This results in a total depreciation expense of \$273,527. Commission Staff recommended the Commission accept Commission Staff's adjustment because the amounts are known and reasonable.

Asset	Original Cost	Staff Life	Depreciation
<i>Commission Staff Adjustments</i>			
GPS System	\$ 6,251	10.00	\$ 625
Labor Portion of Tap Fees	34,920	45.00	776
Materials Portion of Tap Fees	81,480	45.00	1,811
Depreciation Adjustments			<u>\$ 3,212</u>

The Commission finds that the proposed adjustment and decrease of Depreciation Expense in the amount of \$70,755 is reasonable given that there is insufficient evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges and accepts the adjustment.

Taxes Other Than Income. North Nelson District reported a test year amount of \$22,141 and proposed one change to the account.⁶⁹ This adjustment was to account for increased payroll taxes in the amount of \$2,017 due to the increased wages discussed above. Commission Staff recalculated the payroll tax amount at \$23,607⁷⁰ and added the PSC Assessment Fee, of \$2,289,⁷¹ to reach a total Pro Forma amount of \$25,896. Commission Staff then determined an additional adjustment of \$1,738 to normalize the

⁶⁹ Application, Attachment 4, SAO.

⁷⁰ \$308,589 * 7.65 % = \$23,607.

⁷¹ Application, Attachment 10_1, General Ledger, Account Number 40810.

test year to the Pro Forma amount would be appropriate. Commission Staff recommended the Commission accept the Commission Staff's adjustment because the amounts are known and measurable.

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

Amortization Expense. North Nelson District reported a test year amount of \$0 and proposed one change to the account.⁷² This adjustment was to amortize North Nelson District's Rate Case Expense of \$11,250 over three years for an annual amount of \$3,750. Commission Staff recommended the Commission accept the proposed adjustment because the amount is known and measurable.

The Commission finds North Nelson District's proposed adjustment is reasonable and should be accepted because the amount are known and measurable.

OVERALL REVENUE REQUIREMENT

The Operating Ratio methodology⁷³ is used when there is no basis for a rate of return determination, the cost of the utility has fully or largely been funded through contributions, or there is little or no outstanding long-term debt. The Operating Ratio is a method to provide the utility with necessary working capital to operate effectively. North

⁷² Application, Attachment 4, SAO.

⁷³ Operating Ratio is defined as the ratio of expenses, including depreciation and taxes, to gross revenues. It is illustrated by the following equation:

$$\text{Operating Ratio} = \frac{\text{Operating Expenses} + \text{Depreciation} + \text{Taxes}}{\text{Gross Revenues}}$$

Nelson District proposed to use an Operating Ratio of 88 percent in its application.⁷⁴ Commission Staff recommended that an operating ratio of 88 percent will allow North Nelson District necessary working capital and revenues to cover its reasonable operating expenses to operate and provide for reasonable equity growth. If the Commission used the Debt Service Recovery method, North Nelson District would not require any additional revenues compared to its operating expenses as it does not have any outstanding debt. Commission Staff is of the opinion that the rate increase from the Debt Service Recovery method would not produce enough revenues and working capital to keep North Nelson District financially stable and viable. Commission Staff recommended using the Operating Ratio method to calculate the revenue requirement for North Nelson District.

By applying the Operating Ratio method, Commission Staff found North Nelson District's Revenue Requirement from Rates to be \$1,846,659. A revenue increase of \$91,357, or 5.23 percent, is necessary to generate the Overall Revenue Requirement of \$2,028,926.

⁷⁴ Application, Attachment #4, Revenue Requirements Chart.

Description	North Nelson Water District	Commission Staff
Pro Forma Operating Expenses	\$ 1,781,789	\$ 1,785,454
Divided by: 88% Percent Operating Ratio	88%	88%
Subtotal	2,024,761	2,028,926
Overall Revenue Requirement	2,024,761	2,028,926
Other Revenue ()	(29,485)	(33,293)
Interest Income ()	(107,105)	(107,105)
Non-Utility Income ()	(41,869)	(41,869)
Revenue Required from Rates	1,846,302	1,846,659
Revenue from Sales at Present Rates ()	(1,754,945)	(1,754,945)
Required Revenue Increase / (Decrease)	\$ 91,357	\$ 91,714
Percentage Increase / (Decrease)	5.21%	5.23%

RATE DESIGN

North Nelson District proposed to increase its monthly retail water service rates evenly across the board by approximately 5.21 percent.⁷⁵ North Nelson District has not performed a cost of service study (COSS).⁷⁶ North Nelson District stated that it did not complete a COSS because there had not been any material change in the water system to warrant a COSS.⁷⁷

The Commission finds 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.⁷⁸ In the Commission's Staff Report, Commission Staff followed the method

⁷⁵ Application, Attachment 1, Customer Notice.

⁷⁶ North Nelson District's Response to Staff's First Request, Item 9.

⁷⁷ North Nelson District's Response to Staff's First Request, Item 9a.

⁷⁸ See Case No. 2017-00309, *Application of Cawood Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 14, 2017), final Order at 5.

proposed by North Nelson District and allocated Commission Staff's calculated revenue increase of approximately 5.23 percent across the board to North Nelson District's monthly retail water service rates.⁷⁹

The rates set forth in Appendix B are based upon the revenue requirement the Commission has found to be fair, just, and reasonable, as calculated by Commission Staff, and will produce revenues from water sales to recover the \$1,846,659 Revenue Required from Rates, an approximate 5.23 percent increase. The monthly bill of a typical residential customer using 4,000 gallons of water will increase from \$26.07 to \$27.43, an increase of \$1.36, or 5.22 percent.

Non-recurring Charges. Following recent Commission decisions,⁸⁰ Commission Staff reviewed North Nelson District's Non-recurring Charges. As discussed above, because North Nelson District personnel are already compensated for labor performed during normal business hours, estimated labor costs performed during normal business hours and included in the proposed amount of Non-recurring Charges should be eliminated.⁸¹ The labor performed during regular business hours is already recovered as a part of the revenue requirement.

⁷⁹ Commission Staff's Report at 5.

⁸⁰ Case No. 2023-00299, *Electronic Application of Magoffin County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 24, 2024); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 5, 2024); Case No. 2023-00258, *Electronic Application of Kirksville Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00220, *Electronic Application of East Casey County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 21, 2024).

⁸¹ North Nelson District's Response to Staff's First Request, Item 19, Non-recurring Charge Cost Justification.

North Nelson District provided updated cost justification information for the Non-recurring Charges and Meter Tap charges.⁸² North Nelson District also proposed to add two new Non-recurring charges to its tariff. The after-hours Service Call/Investigation Charge as well as the after-hours Reconnection Charge are both new charges proposed by North Nelson District. Commission Staff reviewed the cost justification information provided by North Nelson District and adjusted these charges by removing the Field Labor Costs and the Office/Clerical Labor Costs from those charges that occur during normal business hours. Commission Staff also removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor is typically performed during normal business hours. The calculation of these adjustments to the Non-recurring Charges are included in a table provided in Appendix A. The adjustments to the Non-recurring Charges result in a net decrease in Other Operating Revenue of \$4,427 as discussed in the Other Water Revenues section above.

The Commission finds the adjustments regarding Non-recurring charges recommended in the Commission Staff's Report to be reasonable. These adjustments are also consistent with recent Commission decisions that labor expenses paid for work during normal business hours should not be recovered through Non-recurring charges. 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 Non-recurring service such as the connection and reconnection of a meter during normal

⁸² North Nelson District's Response to Staff's First Request, Item 20, Average Meter Connection Expense Cost Justification.

working hours without sufficient evidence to support such a finding. Only the marginal costs related to the service should be recovered through a special Non-recurring charge for service provided during normal working hours. In this case, North Nelson District did not provide sufficient evidence for the Commission to modify the fees. Thus, the Commission finds that the revised Non-recurring charges recommended by Commission Staff are reasonable and should be accepted.

In addition to its Non-recurring charges, North District provided updated cost justification sheets for its Meter Tap-On Fees for its 3/4 x 5/8-Inch meter sizes. The updated cost justification sheets support a tap-on fee of \$1,475, which is an increase from its current tap-on fee of \$1,000. Commission Staff reviewed the cost justification sheets⁸³ provided by North Nelson District and recommended the Commission adopt the proposed increase to the Meter Tap-On Fee to align with the principle of cost causation in that North Nelson District would not under recover approximately \$475 per installation.

The Commission finds that the increased tap-fee is reasonable and should be accepted because the proposed amount is supported by increased costs reflected in the record.

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 Operating Ratio (OR) method, requested by North Nelson District, and as accepted

⁸³ North District's Response to Staff's First Request, Item 15, Average Meter Connection Expense Cost Justification.

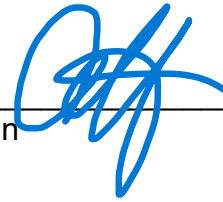
by the Commission, Commission Staff found that North Nelson District's required revenue from water sales is \$1,846,659 to meet the Overall Revenue Requirement of \$2,028,926, and that a \$91,714 revenue increase, or 5.23 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

IT IS THEREFORE ORDERED that:

1. The recommendations contained in the Commission Staff's Report are adopted and incorporated by reference into this Order as if fully set out herein.
2. The water service rates proposed by North Nelson District are denied.
3. The water service rates set forth in Appendix B to this Order are approved for service rendered by North Nelson District on or after the date of service of this order.
4. Within 20 days of the date of service of this Order, North Nelson District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.
5. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

Chairman



Vice-Chairman

Commissioner



ATTEST:


Executive Director



Case No. 2024-00234

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00234 DATED MAY 15 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

Meter Re-Read Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor	\$ 16.55	\$	-
Office Supplies	\$ 1.00	\$	1.00
Office Labor	\$ 5.01	\$	-
Transportation	\$ 10.05	\$	10.05
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 32.61	\$	11.00
Current Rate	\$ 25.00		
Service Call/Investigation			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor	\$ 16.55	\$	-
Office Supplies	\$ 1.00	\$	1.00
Office Labor	\$ 5.01	\$	-
Transportation	\$ 10.05	\$	10.05
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 32.61	\$	11.00
Current Rate	\$25.00		
Connection/Turn-On Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ 14.56	\$	14.56
Field Labor	\$ 16.55	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 5.01	\$	-
Transportation	\$ 10.05	\$	10.05
Misc.	\$ -	\$	-
Total Revised Charge	\$ 46.17	\$	25.00
Current Rate	\$ 25.00		

Meter Relocation Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor	\$ -	\$ -
Office Supplies	\$ -	\$ -
Office Labor	\$ -	\$ -
Transportation	\$ -	\$ -
Misc. (Bank Charge)	\$ -	\$ -
Total Revised Charge	\$ -	Actual Cost
Current Rate	Actual Cost	

Returned Check Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor	\$ -	\$ -
Office Supplies	\$ 1.00	\$ 1.00
Office Labor	\$ 15.04	\$ -
Transportation	\$ -	\$ -
Misc.	\$ 7.50	\$ 7.50
Total Revised Charge*	\$ 23.54	\$ 8.50
Current Rate	\$ 20.00	

Reconnection Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor	\$ 33.09	\$ -
Office Supplies	\$ -	\$ -
Office Labor	\$ 5.01	\$ -
Transportation	\$ 20.10	\$ 20.10
Misc.	\$ -	\$ -
Total Revised Charge*	\$ 58.20	\$ 20.00
Current Rate	\$50.00	

Meter Test Charge			
	Utility Revised Charge		Staff Revised Charge
Field Materials	\$	-	\$ -
Field Labor	\$	33.09	\$ -
Office Supplies	\$	-	\$ -
Office Labor	\$	-	\$ -
Transportation	\$	20.10	\$ 20.10
Misc.	\$	50.00	\$ 50.00
Total Revised Charge*	\$	103.19	\$ 70.00
Current Rate	\$	45.00	

Field Collection Charge			
	Utility Revised Charge		Staff Revised Charge
Field Materials	\$	-	\$ -
Field Labor	\$	16.55	\$ -
Office Supplies	\$	1.00	\$ 1.00
Office Labor	\$	5.01	\$ -
Transportation	\$	10.05	\$ 10.05
Misc.	\$	-	\$ -
Total Revised Charge*	\$	32.61	\$ 11.00
Current Rate		\$15.00	

Reconnection Charge (After Hours)			
	Utility Revised Charge		Staff Revised Charge
Field Materials	\$	-	\$ -
Field Labor	\$	115.83	\$ 115.83
Office Supplies	\$	-	\$ -
Office Labor	\$	5.01	\$ -
Transportation	\$	20.10	\$ 20.10
Misc.	\$	-	\$ -
Total Revised Charge*	\$	140.94	\$ 136.00
Current Rate		N/A	

Service Call/Investigation (After Hours)			
	Utility Revised Charge		Staff Revised Charge
Field Materials	\$	-	\$ -
Field Labor	\$	99.28	\$ 99.28
Office Supplies	\$	-	\$ -
Office Labor	\$	5.01	\$ -
Transportation	\$	10.05	\$ 10.05
Misc.	\$	-	\$ -
Total Revised Charge*	\$	114.34	\$ 109.00
Current Rate		N/A	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00234 DATED MAY 15 2025

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

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	2,000	gallons	\$ 17.06	Minimum bill
Next	3,000	gallons	0.00519	per gallon
Next	5,000	gallons	0.00464	per gallon
All Over	10,000	gallons	0.00427	per gallon

Bulk Rate

\$ 0.00814 per gallon

Non-recurring Charges

Meter Re-Read Charge	\$11.00
Service Call/Investigation	\$11.00
Connection/Turn-on Charge	\$25.00
Meter Relocation Charge	Actual Cost
Returned Check Charge	\$8.50
Re-Connection Charge	\$20.00
Field Collection Charge	\$11.00
Meter Test Charge	\$70.00
Reconnection Charge (After Hours)	\$136.00
Service Call/Investigation (After Hours)	\$109.00
Tap On Fee – 3/4 x 5/8-Inch Meter	\$1,475.00

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