

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WEBSTER	)	
COUNTY WATER DISTRICT FOR AN	)	CASE NO.
ALTERNATIVE RATE FILING PURSUANT TO 807	)	2024-00199
KAR 5:076	)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of February 11, 2025, as amended by Order dated June 4, 2025 (Procedural Schedule), the attached report containing the recommendations of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Procedural Schedule, Webster County Water District (Webster District) is required to file written comments regarding the recommendations of Commission Staff no later than 14 days from the date of service of this report. The Commission directs Webster District to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission.



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

DATED **JUL 24 2025**

cc: Parties of Record

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<sup>1</sup> 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).

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COMMISSION STAFF'S REPORT  
ON WEBSTER COUNTY WATER DISTRICT

Webster County Water District (Webster 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 1,934 residential customers, 153 commercial customers, and 5 industrial customers that reside in Webster County, Kentucky.<sup>1</sup>

On January 24, 2025,<sup>2</sup> Webster District filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. To comply with the requirements of 807 KAR 5:076, Section 9,<sup>3</sup> Webster District used the calendar year ended December 31, 2023, as the basis for its application. Webster

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<sup>1</sup> *Annual Report of Webster District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 12, 49.

<sup>2</sup> Webster District tendered its application on July 10, 2024. By letter dated July 11, 2024, the application was rejected for filing deficiencies. On July 31, 2024, the Commission issued an Order rejecting the application for failure to use the correct test year pursuant to 807 KAR 5:076 Section 9, and the Commission did not grant a deviation. On December 30, 2024, the district filed another application using a corrected test year, and it was rejected for deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on January 24, 2025.

<sup>3</sup> 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.

District's last base rate increase was also pursuant to the alternative rate filing procedure in Case No. 2015-00065.<sup>4</sup> To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated February 11, 2025, and amended by Order dated June 4, 2025. Webster District timely responded to two requests for information with responses to the third request for information being filed nine days after the procedural date.<sup>5</sup>

### UNACCOUNTED-FOR WATER LOSS

Webster District produces all of its water.<sup>6</sup> The Commission notes that in its 2023 Annual Report, Webster District reported a water loss of 13.8821 percent.<sup>7</sup> 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 Webster District is \$86,493, while the annual cost of water loss in excess of 15 percent is \$0.

Total Water Loss	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	\$ 206,032	\$ 417,020	\$ 623,052
Water Loss Percent	13.8821%	13.8821%	13.8821%
Total Water Loss	<u>\$ 28,602</u>	<u>\$ 57,891</u>	<u>\$ 86,493</u>

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<sup>4</sup> See Case No 2015-00065, *Application of Webster County Water District for Rate Adjustment Pursuant to 807 KAR 5:076*.

<sup>5</sup> Webster District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Mar. 27, 2025), Webster District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Apr. 15, 2025), Webster District's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed July 11, 2025).

<sup>6</sup> 2023 Annual Report at 57.

<sup>7</sup> 2023 Annual Report at 57.

## DISCUSSION

Using its pro forma test-year operations, Webster District determined that a base rate revenue increase of \$328,176, or 28.09 percent, was necessary to achieve the revenue requirement as shown in the table below.<sup>8</sup> Webster District used the Debt Service Coverage (DSC) method to calculate its revenue requirement.

Description	Webster District
Pro Forma Operating Expenses	\$ 2,295,501
Average Annual Principal and Interest Payments	-
Additional Working Capital at 20%	-
Total Revenue Requirement	<u>2,295,501</u>
Other Revenue ( )	(29,098)
Interest Income ( )	(81,144)
Wholesale Revenue ( )	<u>(688,780)</u>
Revenue Required From Water Sales	1,496,479
Revenue from Sales at Present Rates ( )	<u>(1,168,302)</u>
Required Revenue Increase / (Decrease)	<u><u>\$ 328,177</u></u>
Percentage Increase / (Decrease)	<u><u>28.09%</u></u>

Upon review, Commission Staff notes that the methodology that Webster District used to calculate the revenue requirement was incorrect as it only reflected the revenue increase from the perspective of retail rates. Webster District incorrectly included its revenues from wholesale rates as an adjustment to the Total Revenue Requirement instead of including the amount in Revenue from Sales at Present Rates. Webster District also incorrectly included wholesale revenues at proposed rates that have yet to be accepted by the Commission when it should have used the rate currently in its tariff.

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<sup>8</sup> Application\_Updated\_Using\_2023\_Test\_Year.pdf (Remediated Application), submitted Dec. 30, 2024, accepted for filing Jan. 24, 2025., Attachment #4, Revenue Requirements Chart.

Commission Staff recalculated by including current wholesale revenues in Revenue from Sales at Present Rates and used the rates in the current tariff to recalculate Webster District's revenue requirement shown in the table below based on the application using the DSC method.

Description	Webster District Corrected
Pro Forma Operating Expenses	\$ 2,295,501
Average Annual Principal and Interest Payments	-
Additional Working Capital at 20%	-
Total Revenue Requirement	2,295,501
Other Revenue ( )	(29,098)
Interest Income ( )	(81,144)
Revenue Required From Water Sales	2,185,259
Revenue from Sales at Present Rates ( )	(1,754,258)
Required Revenue Increase / (Decrease)	<u>\$ 431,001</u>
Percentage Increase / (Decrease)	<u>24.57%</u>

To determine the reasonableness of the rates requested by Webster District, Commission Staff performed a limited financial review of Webster District's test-year 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 measurable<sup>9</sup> changes to test-year operations were identified, and adjustments were

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<sup>9</sup> 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); and Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

made when their effects were deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Commission Staff's recommendations are summarized in this report. William Pearce reviewed the calculation of Webster District's Overall Revenue Requirement, and Elizabeth Stefanski reviewed Webster District's reported revenues and rate design.

### SUMMARY OF FINDINGS

#### 1. Overall Revenue Requirement and Required Revenue Increase.

Commission Staff determined that the Operating Ratio (OR) method was more appropriate than the Debt Service Coverage method used by Webster District in its application because Webster District does not have any debt. By applying the OR method, as generally accepted by the Commission, Commission Staff found that Webster District's required revenue from water rates is \$2,374,547 to meet the Overall Revenue Requirement of \$2,491,156, and that a \$623,603 revenue increase, or 35.62 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. Webster District proposed a 28.09 percent increase in its monthly retail rates and an 18.92 percent increase to its wholesale rates.<sup>10</sup> Webster District performed a cost of service study (COSS) to determine the cost of providing service to its wholesale customers and to review the appropriateness of its rates and rate design.<sup>11</sup> The COSS<sup>12</sup> provided by Webster District used the commodity

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<sup>10</sup> Printed Advertisement to Cure Deficiency (filed Jan 24, 2025).

<sup>11</sup> Response to Staff's First Request, Item 13.

<sup>12</sup> Amended Response to Staff's First Request, Item 14 (filed Mar. 28, 2025), 3\_Rate\_Model\_with\_Corrected\_Billing\_Analysis.xlsx.

demand methodology that is recognized in the Manual M-1 published by the American Water Works Association (AWWA). The Commission has long accepted the AWWA guidelines as a reasonable method for ratemaking and a reasonable method of designing rates for small water utilities.<sup>13</sup> Using this method, Webster District allocated the Overall Revenue Requirement between retail and wholesale customers in proportion to the cost of providing service to those customer classes. This method recognizes that a utility must meet peak demand requirements as well as the customer's average water use. Webster District proposed to increase its current wholesale water service rate and calculated the proportion of expenses between wholesale and retail water sales using the "inch-miles" method to allocate expenses to the wholesale customer.<sup>14</sup> The Commission has accepted this method in past proceedings,<sup>15</sup> and Commission Staff recommends that the Commission accept the method for allocating expenses to the wholesale customer in this case.

Commission Staff calculated a revenue requirement from rates of \$2,374,547, and using the same allocation factors determined in Webster District's COSS, applied the proforma expenses between retail and wholesale classes. Commission Staff notes Webster District's COSS did not include amounts for Taxes Other Than Income, which Commission Staff added, using the same allocation factors as Salaries and Wages, when

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<sup>13</sup> Case No. 2023-00088, *Electronic Application of Green River Valley Water District for Adjustment of Rates* (Ky. PSC Oct. 30, 2023), final Order; Case No. 2022-00366, *Electronic Application of Mountain Water District for a General Adjustment of Water Rates* (Ky. PSC Oct. 31, 2023), final Order; and Case No. 2022-00142, *Electronic Application of Daviess County Water District for an Adjustment of Rates* (Ky. PSC Feb. 10, 2023), final Order.

<sup>14</sup> Amended Response to Staff's First Request, Item 14 3\_Rate\_Model\_with\_Corrected\_Billing\_Analysis.xlsx., Tab Sys, Table D, System Information.

<sup>15</sup> Case No. 2024-00219, *Electronic Application of Edmonson County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 10, 2025), final Order at 38-39.

calculating the revenue required from each class. Commission Staff calculated the rates in Appendix B using the methodology reflected in Webster District's rate design with the inclusion of Taxes Other Than Income as discussed above, with the revenue required from wholesale rates of \$741,044 determined by the COSS, and the revenue requirement of \$1,633,503, designated to the retail class applied across the board, equaling the total revenue required from rates of \$2,374,547. The rates will increase a typical residential customer's water bill, using 4,000 gallons a month,<sup>16</sup> from \$33.40 to \$46.30, an increase of \$12.90, or approximately 38.62 percent, which is higher than the total revenue requirement percentage increase due to the COSS allocations.

3. Nonrecurring Charges and Meter Tap Fees. Following the Commission's recent decisions,<sup>17</sup> Staff reviewed Webster District's nonrecurring charges. Previously, the Commission identified utilities that were applying nonrecurring to situations where utility employees working during normal business hours. As Webster District personnel are already paid during regular business hours, estimated labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated from the charges, considering those expenses are recovered as part of salaries and wages expense. Webster District provided updated cost justification information for the

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<sup>16</sup> Remediated Application, Attachment 1.

<sup>17</sup> 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).



Nonrecurring Charges<sup>18</sup> and Meter Tap charges listed in its tariff.<sup>19</sup> Commission Staff reviewed the cost justification information provided by Webster District and adjusted these charges by removing Field Labor Costs and Office/Clerical Labor Costs from those charges that occur during regular business hours. Commission Staff notes Webster District has not updated its Nonrecurring Charge tariffs since 2003, leading to an increase in several of the charges even after the removal of labor expenses where applicable.<sup>20</sup> The cost justification information shown in Appendix A was provided by Webster District and supports the adjustments. The table below shows the current and revised Nonrecurring Charges.

Nonrecurring Charges	Current Charge	Revised Charge
Connection Turn-On	\$ 20.00	\$ 20.00
Connection Turn-On After Hours	\$ 30.00	\$ 76.00
Field Collection Charge	\$ 20.00	\$ 20.00
Late Payment Penalty	10%	10%
Meter Relocation Charge	Actual Cost	Actual Cost
Meter Re-Read Charge	\$ 20.00	\$ 20.00
Meter Re-Read Charge After Hours	\$ 30.00	\$ 76.00
Meter Test Charge	\$ 25.00	\$ 80.00
Reconnection Charge	\$ 40.00	\$ 40.00
Reconnection Charge After Hours	\$ 50.00	\$ 76.00
Returned Check Fee	\$ 25.00	\$ 1.00
Service Call / Investigation	\$ 25.00	\$ 20.00
Service Call / Investigation (After Hours)	\$ 40.00	\$ 76.00

<sup>18</sup> Webster District's Response to Staff's First Request, Item 19, Nonrecurring Charge Cost Justifications pdf and Webster District's Supplemental Response to Staff's Third Request, Nonrecurring Charge Cost Justification – Meter Test Request pdf.

<sup>19</sup> Webster District's Response to Staff's First Request, Item 20, Tap Fee Cost Justification pdf.

<sup>20</sup> Webster District's Tariff, PSC KY No.1, Original Sheet No. 8, dated Feb 15, 2003.

In addition to its Nonrecurring Charges, Webster District provided updated cost justification sheets for its Meter Tap-On Fees for its 5/8- x 3/4-Inch meter sizes. The updated cost justification sheets support a tap-on fee of \$1,114, which is an increase from its current tap-on fee of \$1,000.<sup>21</sup> Commission Staff reviewed the cost justification sheets provided by Webster District and recommends increasing its meter tap-on fee as the revised cost justification supports a higher charge.<sup>22</sup>

<u>Meter Size</u>	<u>Current Charge</u>	<u>Revised Charge</u>
5/8 x 3/4 Inch Water Tap On	\$1,000.00	\$1,114.00

#### PRO FORMA OPERATING STATEMENT

Webster District's Pro Forma Operating Statement for the test year ended December 31, 2023, as determined by Staff appears in the table below.

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<sup>21</sup> Webster District's Response to Staff's First Request, Item 20.

<sup>22</sup> Webster District's Response to Staff's First Request, Item 20.

Description	Test Year	Webster District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Operating Revenues						
Metered Retail Sales	\$ 1,193,865	\$ (25,563)	\$ 3,733	\$ (21,830)	A	\$ 1,172,035
Sales for Resale	560,393	128,387	(128,387)	0	B1	
			18,516	18,516	B2	\$ 578,909
Other Revenues						
Forfeited Discounts	16,044		3,064	3,064	C1	19,108
Misc. Service Revenues	8,066		3,303	3,303	C2	11,369
Other Water Revenues	4,988			0		4,988
Total Operating Revenues	1,783,356	102,824	(99,771)	3,053		1,786,409
Operation and Maintenance						
Salaries and Wages - Employees	455,364	66,461	(48,979)	17,482	D1	
		(3,600)		(3,600)	D2	469,246
Salaries and Wages - Officers	17,400		600	600	E	18,000
Employee Benefits - Medical	203,125	4,263		4,263	F1	
			(16,060)	(16,060)	F2	191,328
Employee Benefits - Retirement (CERS)	-		105,218	105,218	G1	
		62,068	(62,068)	-	G2	
		17,122	(17,122)	-	G3	
			(14,597)	(14,597)	G4	90,621
Purchased Power	206,032			-		206,032
Chemicals	417,020			-		417,020
Materials and Supplies	201,513	(8,400)		(8,400)	H1	
			33,777	33,777	H2	
			(105,218)	(105,218)	G1	121,672
Contractual Services	17,625			-		17,625
Rental of Building/Real Property	342			-		342
Transportation Expenses	31,286			-		31,286
Insurance - Gen. Liab & Workers Comp.	18,517		22,329	22,329	I	40,846
Insurance - Other	346			-		346
Advertising Expenses	737			-		737
Bad Debt	1,237			-		1,237
Miscellaneous Expenses	594,198	(567,492)	-	(567,492)	J	26,706
Total	2,164,742	(429,578)	(102,120)	(531,698)		1,633,044
Depreciation Expense	453,328	110,520		110,520	K	
		(43,431)		(43,431)	K	
			80	80	K	520,497
Taxes Other Than Income	38,858	1,062	(1,244)	(182)	L	38,676
Total Operating Expenses	2,656,928	(361,427)	(103,284)	(464,711)		2,192,217
Net Operating Income	(873,572)	464,251	3,513	467,764		(405,808)
Interest Income	81,144	-	-	-		81,144
Income Available to Service Debt	\$ (792,428)	\$ 464,251	\$ 3,513	\$ 467,764		\$ (324,664)

(A) Metered Water Sales. Webster District reported \$1,193,865 in revenues from metered water sales and proposed an adjustment to reduce Metered Water Sales by \$25,563 during the test year to reflect the current billing analysis.<sup>23</sup> Webster District

<sup>23</sup> Remediated Application, Attachment 4, References, Reference A.

filed a corrected billing analysis on March 28, 2025,<sup>24</sup> due to errors in its initial filing. The correction to the billing adjustments results in normalized Metered Retail Sales at current rates of \$1,172,035 shown in the table below. Commission Staff recommends an increase of \$3,733 to Webster District's proposed amount to reflect the corrected billing analysis, resulting in a total pro forma adjustment of a reduction of \$21,830 to metered water sales. Commission Staff recommends the Commission accept the Commission Staff's adjustment to Retail Metered Sales to normalize its revenues to the amounts indicated in its corrected billing analysis, as the amounts are known and measurable.

Meter Size	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	24,905	99,586,091	\$ 874,972
1" Meters	185	9,883,740	65,997
1 1/2" Meters	60	10,427,400	55,604
2" Meters	272	31,958,633	185,296
3" Meters	-	-	-
4" Meters	24	1,074,550	12,184
Totals	25,446	152,930,414	\$ 1,194,054
Less Billing Adjustments			(22,019)
Net Total			1,172,035
Less PSC Annual Report			(1,193,865)
SAO Adjustment			\$ (21,830)

(B) Sales for Resale. Webster District reported \$560,393 in revenue from Sales for Resale and proposed an increase of \$128,387 (B1) based on its wholesale COSS.<sup>25</sup> Pro Forma Revenues are intended to represent the full-year amount of revenues based on current customer rates. Webster District's proposed adjustment of \$128,387 is not appropriate because it reflects a proposed wholesale rate structure that is not currently in place. Therefore, Commission Staff recommends the Commission not accept Webster

<sup>24</sup> 3\_Rate\_Model\_with\_Corrected\_Billing\_Analysis.xlsx (filed Mar. 28, 2025).

<sup>25</sup> Remediated Application, Attachment 4, References, Reference B.

District's proposed adjustment of \$128,387. Commission Staff calculated a normalized wholesale revenue amount for Webster District by using the wholesale gallons sold in the test year<sup>26</sup> and multiplying by the current wholesale rate,<sup>27</sup> for revenues of \$578,909, during the test year. An increase of \$18,516 (B2) is necessary to adjust the test year to the normalized wholesale revenue amount. Commission Staff recommends the Commission accept Commission Staff's adjustment increase of \$18,516 to Sales for Resale as the amount is known and measurable and is supported by the information in the case record.

(C) Other Water Revenues. Webster District reported a total of \$29,098 in Other Water Revenues, including \$16,044 in Forfeited Discounts, \$8,066 in Misc. Service Revenues, and \$4,988 in Other Water Revenues, consisting of Rent From Water Property.<sup>28</sup> Webster District stated that Rent From Water Property and Misc. Service Revenue items were expected to recur.<sup>29</sup> Webster District stated that its forfeited discounts were under reported by \$3,064 during the test year.<sup>30</sup> Commission Staff recommends an increase of \$3,064 (C1) to account for the corrected amount. Commission Staff also recommends an increase of \$3,303 (C2) to Misc. Service Revenues, as shown in the table below, to account for Nonrecurring Charge adjustments as described above. This adjustment also accounts for differences in revenues recorded

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<sup>26</sup> Webster District's 2023 Annual Report at 56.

<sup>27</sup> Webster District's Current Tariff, PSC KY No. 1, Original Sheet No. 5.

<sup>28</sup> Remediated Application, Attachment 4, Schedule of Adjusted Operations and 2023 Annual Report at 49.

<sup>29</sup> Webster District's Response to Staff's First Request, Items 15 and 16.

<sup>30</sup> Webster District's Second Supplemental Response to Staff's First Request, 1c\_Cross\_Reference.xlsx.

for Webster District's Reconnection Charge, as it reported \$5,895 in revenues during the test year but based on the reported occurrences and its current tariff should have recorded \$9,920, resulting in the adjustment of \$4,025 to its Reconnection Charge shown in the chart below.

Nonrecurring Charge	Occurrences	Current Charge	Revised Charge	Test Year Revenue	Adjustment	Pro Forma
Connection Turn-On	71	\$20.00	\$20.00	\$ 1,420	\$ -	\$ 1,420
Connection Turn-On (After Hours)	0	\$30.00	\$76.00	0	0	0
Field Collection Charge	0	\$20.00	\$20.00	0	0	0
Meter Relocation Charge	0	Actual Cost	Actual Cost	0	0	0
Meter Re-Read Charge	0	\$20.00	\$20.00	0	0	0
Meter Re-Read Charge (After Hours)	0	\$30.00	\$76.00	0	0	0
Meter Test Charge	0	\$25.00	\$80.00	0	0	0
Reconnection Charge	248	\$40.00	\$40.00	5,895	4,025	9,920
Reconnection Charge (After Hours)	0	\$50.00	\$76.00	0	0	0
Returned Check Fee	29	\$25.00	\$1.00	751	(722)	29
Service Call/Investigation	0	\$25.00	\$20.00	0	0	0
Service Call/Investigation (After Hours)	0	\$40.00	\$76.00	0	0	0
Pro Forma Test Year NRC Revenue				<u>\$ 8,066</u>	<u>\$ 3,303</u>	11,369
Test Year NRC Revenue ( )						(8,066)
Commission Staff's Adjustment						<u>\$ 3,303</u>

Commission Staff recommends that the Commission accepts Commission Staff's adjustments because the amounts are known and measurable.

(D) Salaries and Wages – Employees. Webster District reported \$455,364 Salaries and Wages - Employees and proposed two adjustments.<sup>31</sup> First, Webster District proposed an increase of \$66,461 to reflect changes in personnel and wage rates for the test year to reach the calculated pro forma of \$521,825 shown in the table below.<sup>32</sup>

Webster District currently has 11 employees but plans to maintain 10 full-time positions after an employee retirement this year.<sup>33</sup> Because the employee's wages will

<sup>31</sup> Remediated Application, Attachment 4, Schedule of Adjusted Operations.

<sup>32</sup> Remediated Application, Attachment 4, References, Reference D.

<sup>33</sup> Webster District's Response to Staff's Second Request, Items 2b and 2c.

not be incurred after this year, Commission Staff recommends not including that amount in the revenue requirement. Webster District confirmed that full-time regular hours are 2,080 per year per employee and anything over 40 hours per week is considered overtime.<sup>34</sup> Staff normalized hours, removed wages for the employee that is retiring, and calculated total wages of \$472,846 shown in the table below, which is a decrease of \$48,979 (D1) from Webster District's proposed amounts.

Employee	Reg. Hours	Overtime Hours	Wage Rate	Reg. Wages	Overtime Wages	Total Wages
Employee 1	2,080	55.30	15.81	\$ 32,885	\$ 1,311	\$ 34,196
Employee 2	2,080	277.00	23.21	48,277	9,644	57,921
Employee 3	2,080	232.55	21.33	44,366	7,440	51,806
Employee 4	2,080	0.00	15.50	32,240	0	32,240
Employee 5	2,080	72.20	17.34	36,067	1,878	37,945
Employee 6	2,080	247.90	24.97	51,938	9,285	61,223
Employee 7	2,080	48.60	25.50	53,040	1,859	54,899
Employee 8	2,080	1.60	17.85	37,128	43	37,171
Employee 9	2,080	95.00	15.00	31,200	2,138	33,338
Employee 10			Salaried	72,107		72,107
Total	18,720	1,030		\$ 439,248	\$ 33,598	472,846
Test Year Salaries and Wages - Employees						(455,364)
Commission Staff's Adjustment						17,482
Webster District's Adjustment ( )						(66,461)
Difference Between Commission Staff and Webster District's Adjustments						\$ (48,979)

Webster District also proposed a reduction of \$3,600 (D2) to remove the labor portion, 30 percent, of expenses related to tap fees.<sup>35</sup> The Uniform System of Accounts for Class A/B Water Systems (USoA) requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.<sup>36</sup> Commission Staff agrees that the adjustment by Webster District to remove the labor portion of expenses

<sup>34</sup> Webster District's Response to Staff's Second Request, Item 1a.

<sup>35</sup> Remediated Application, Attachment 4, References, Reference C.

<sup>36</sup> USoA, Accounting Instruction 19 and 33.

related to tap fees. This will also require a corresponding adjustment to test-year depreciation, as discussed below.

Commission Staff recommends the Commission accept Commission Staff's total adjustment of \$13,82 to Salaries and Wages – Employees as known and measurable adjustments to the test-year expense.

(E) Salaries and Wages – Officers. Webster District reported \$17,400 of expenses related to Salaries and Wages for Officers and proposed no adjustments.<sup>37</sup> Webster District's Board consists of five members who are each paid \$3,600 per year.<sup>38</sup> Webster District only sent its two new commissioners to the initial training required by the Commission when they started in 2022 and 2023 respectively, and did not send its commissioners to any additional training.<sup>39</sup> Webster District provided the initial training records for its two new commissioners,<sup>40</sup> and Commission Staff was able to find the remaining training certificates in the Commission's records. KRS 74.020(6) states in part:

Each commissioner shall receive an annual salary of not more than thirty-six hundred dollars (\$3,600) . . . . In 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 meet its obligations as they mature.<sup>41</sup>

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<sup>37</sup> Remediated Application, Attachment 4, Schedule of Adjusted Operations.

<sup>38</sup> Webster District's Response to Staff's First Request, Item 10, Commissioner List and Benefit Paid.

<sup>39</sup> Webster District's Response to Staff's First Request, Item 10b.

<sup>40</sup> Webster District's Response to Staff's First Request, Item 10b, Training Records.

<sup>41</sup> KRS 74.020(6), Appointment of commissioners – Number – Terms – Removal – Vacancies – Organization – Bond – Compensation – Mandatory Training – Notice of Vacancy.



Webster District provided the Fiscal Court minutes that approved the appointments and pay authorization for its commissioners.<sup>42</sup> Commission Staff reviewed the 2023 general ledger<sup>43</sup> and determined that an adjustment to increase the expense by \$600 was required as shown in the table below.

Commissioners	Pro Forma Salaries
Tommy Robertson	\$ 3,600
Ryan Hammack	3,600
Larry Villines	3,600
Billy Joe Parker	3,600
Chris Cates	3,600
Total Salaries and Wages - Officers	18,000
Test Year Salaries and Wages - Officers ( )	(17,400)
Commission Staff's Adjustment	<u>\$ 600</u>

Commission Staff recommends the Commission accept the Commission Staff's pro forma of \$18,000 in commissioners' salaries in the revenue requirement as the Webster District provided the required documentation and because the adjustment is known and measurable.

(F) Employee Benefits - Medical. Commission Staff identified costs by expense type by reviewing the cross-reference information that was provided by Webster District.<sup>44</sup> Webster District reported \$203,125 in expenses related to medical benefits in the test year and proposed an adjustment to increase the amount by \$4,263 (F1) to reflect the employer contribution percentage recently used by the Commission for employee health

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<sup>42</sup> Webster District's Response to Staff's First Request, Item 10a.

<sup>43</sup> Webster District's Response to Staff's First Request, Item 1a, 2023 General Ledger, Account Number 00603-000.

<sup>44</sup> Webster District's Supplemental Response to Staff's First Request, Item 1c (filed April 8, 2025).

and dental insurance premiums in the revenue requirement.<sup>45</sup> As discussed in the Salaries and Wages – Employees section above, Webster District currently has 11 employees, but Staff calculated the revenue requirement based on ten employees due to a retirement that Webster District indicated it does not intend to replace. The ten employees each receive dental, life, and health insurance, although they have different health insurance coverages.<sup>46</sup>

Commission Staff calculated two adjustments. First, it reviewed the 2025 health insurance invoices<sup>47</sup> and calculated an additional increase of \$67,676 was necessary to reach the Total Annual Gross Health Insurance Cost of \$275,064 shown in the table below. Second, the district reduced the expense by \$83,736 based on the Bureau of Labor Statistics Study (BLS Study) employee contribution percentages for single<sup>48</sup> and family<sup>49</sup> health insurance coverage, and Willis Benchmarking Survey<sup>50</sup> dental employee contribution percentages.

Webster District's employees contribute \$1.50 per month for each recipient of dental insurance, which results in a lower employee contribution percentage than the national average of 60 percent, provided by the Willis Benchmarking Survey. Webster

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<sup>45</sup> Remediated Application, Attachment 4, References, Reference F.

<sup>46</sup> Webster District's Response to Staff's First Request, Item 7.

<sup>47</sup> Webster District's Response to Staff's First Request, Item 7b, Life Insurance 2025 Invoice.

<sup>48</sup> Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

<sup>49</sup> Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 4, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

<sup>50</sup> The Willis Benchmarking Survey, 2015, at 62-63.

District's employees do not make contributions for health insurance,<sup>51</sup> which is lower than the average employee contributions for private industry workers of 20 percent for single coverage and 32 percent for family coverage provided by the BLS Study. Commission Staff's recommended reduction of \$83,736 for employer contribution amounts has two parts, as explained below.

First, Commission Staff recommends a reduction of \$83,100 to decrease Webster District's employer contribution amount to health insurance to align with the average employee contribution rates in the BLS Study. Second, Commission Staff recommends a reduction of \$636 to adjust the dental employer contribution to 60 percent based upon the national average for an employer's share of dental insurance contribution outlined in the Willis Benchmarking Survey. Webster District did not provide any evidence of a benefits study or comparative data in the record to support any variance from the averages contained in a nationally recognized survey. Staff's adjustments described above result in a net decrease of \$16,060 (F2), which results in a pro forma yearly benefit cost of \$191,328 as shown in the table below. Commission Staff recommends the Commission accept Commission Staff's recommended adjustments as the amounts are known and measurable, are consistent with Commission precedent, and match the information provided in the case record.

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<sup>51</sup> Webster District's Response to Staff's First Request, Item 7c, Employee Benefits Excel Document, Column E.

Type of Premium	Number of Employees	Total Cost	Current Employee Contribution Amount	Current Employee Contribution Percentage	Recommended Contribution Percentage	Recommended Contribution Amount	Incremental Adjustment	Pro Forma Monthly Premium
Medical Insurance - Employee Only	2	\$ 1,290	\$ -	0.00%	20%	\$ (258)	\$ (258)	\$ 1,032
Medical Insurance - Employee + Child	1	1,125	-	0.00%	32%	(360)	(360)	765
Medical Insurance - Family	7	19,708	-	0.00%	32%	(6,307)	(6,307)	13,401
Total Medical Insurance	10	22,123	-	0.00%		(6,925)	(6,925)	15,198
Dental Insurance	10	89	(42)	47.19%	60%	(53)	(11)	36
Life Insurance	10	702			-	-		702
Administration Fee	10	8			-	-		8
Total Monthly Pro Forma Premium		22,922	(42)			(6,978)	(6,936)	15,944
Multiplied by: 12 Months		12	12			12	12	12
Total Annual Gross Health Insurance Cost		\$ 275,064	\$ (504)			\$ (83,736)	\$ (83,232)	191,328
Test Year Net Insurance Cost ( )		(203,125)				-		
Webster District Pro Forma Adjustment (Ref F1) ( )		(4,263)						
Commission Staff's Adjustment		\$ 67,676				\$ (83,736)		\$ (16,060)

F2

(G) Employee Benefits – Retirement. Webster District stated that it included its retirement expense in Materials and Supplies in the test year.<sup>52</sup> Commission Staff recommends reclassifying the \$105,218 (G1) amount to Employee Benefits – Retirement. Webster District participates in the County Employee Retirement System (CERS), which is managed by the Kentucky Public Pension Authority (KPPA).<sup>53</sup> Webster District proposed two adjustments. First, it proposed an increase of \$62,028 (G2) to account for GASB 68 and 75.<sup>54</sup> Second, it proposed to increase its pension expenses by \$17,122 (G3) to account for the increased salaries and wages discussed above.<sup>55</sup> Commission Staff decreased retirement expense by \$62,028 because the adjustment that Webster District proposed is for non-cash components of retirement expense that should not be included in the revenue requirement.

<sup>52</sup> Webster District's Supplemental Response to Staff's First Request, Item 1c.

<sup>53</sup> Webster District's Response to Staff's First Request, Item 7.

<sup>54</sup> Remediated Application, Attachment 4, References, Reference E.

<sup>55</sup> Remediated Application, Attachment 4, References, Reference D.

In Case No. 2016-00163,<sup>56</sup> Commission Staff discussed in detail how reporting requirements for GASB 68 would affect a utility's income statement and balance sheet. In that proceeding, the Commission found that the annual pension expense should be equal to the amount of a district's contributions to CERS. Commission Staff calculated three additional adjustments. First, it reduced expense by \$26,866 to reflect a reduction in the contribution from the test year to the current rate effective July 1, 2025.<sup>57</sup> Second, it increased expense by \$3,350 to reflect retirement expense due to the increase in wages discussed in the Salaries and Wages – Employees section above. Commission Staff also increased expense by \$8,919 for unreconciled components of the test-year amount. Commission Staff's adjustments discussed above result in a decrease of \$14,597 (G4) and Pro Forma amount of \$90,621 as shown in the table below. Commission Staff recommends the Commission accept the Commission Staff's adjustment to increase Employee Benefits – Retirement by \$90,621 as known and measurable changes to the account.

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<sup>56</sup> Case No. 2016-00163, Alternative Rate Adjustment Filing of Marion County Water District (Ky. PSC Nov. 10, 2016), Order at 11–15.

<sup>57</sup> CERS Board Meeting December 2, 2024.  
<https://www.kyret.ky.gov/Employers/Pages/Contribution-Rates.aspx>

Description	Test Year	Pro Forma	
Wages	\$ 455,364	\$ 472,846	
Contribution Rate	25.07%	19.17%	
Contributions	114,137	90,621	
Other (net)	(8,919)	0	
Total	<u>\$ 105,218</u>	<u>\$ 90,621</u>	
Increase / (Decrease)		<u>\$ (14,597)</u>	
<i>Reconciliation</i>		Adjustment	(Ref)
Change in Contribution Rate		\$ (26,866)	
Change in Wages		3,350	
Other		8,919	
Total		<u>\$ (14,597)</u>	G4

(H) Materials and Supplies. Webster District reported \$201,513 of expenses related to Materials and Supplies and proposed one adjustment, a decrease of \$8,400 (H1).<sup>58</sup> Webster District was unable to determine what made up the test-year amount of \$201,513 and stated that amount was incorrect, and the correct amount should have been \$235,290.<sup>59</sup> Commission Staff recommends an increase of \$33,777 (H2) to reconcile the test year to the correct amount. As discussed above, Commission Staff reclassified \$105,218 (G1) to Employee Benefits – Retirement based on Webster District’s Cross Reference.<sup>60</sup>

Webster District’s proposed adjustment was to remove the remaining 70 percent of tap fees, the other 30 percent being in salaries and wages, in the amount \$8,400.<sup>61</sup>

<sup>58</sup> Remediated Application, Attachment 4, Schedule of Adjusted Operations.

<sup>59</sup> Webster District’s Response to Staff’s Second Request, Item 3.

<sup>60</sup> Webster District’s Supplemental Response to Staff’s First Request, Item 1c.

<sup>61</sup> Remediated Application, Attachment 4, References, Reference C.

The USoA for Class A/B Water Systems requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.<sup>62</sup> Webster District stated it already capitalized the materials portions of tap fees, and therefore, Commission Staff did not make an adjustment to depreciation expense for the materials portion of tap fees.<sup>63</sup> Commission Staff recommends the Commission accept the Commission Staff's adjustments as appropriate accounting treatment of the expenses.

(I) Insurance – Gen. Liability and Workers Compensation. Webster District reported \$18,517 in Insurance Expenses for general liability and workers comp during the test year.<sup>64</sup> Commission Staff reviewed the general ledger and determined half of the test-year Insurance Expenses were reported in prepaid insurance instead of Insurance Expense.<sup>65</sup> Commission Staff recalculated the expense based on the submitted invoices<sup>66</sup> and recommends an increase of \$22,329 to account for the reclassification of the prepaid expenses and to normalize the test year amounts to the most recent invoices. Commission Staff recommends the Commission accept Staff's adjustment as the amounts are known and reasonable.

(J) Miscellaneous Expenses. Webster District reported \$594,198 to Miscellaneous Expenses and proposed an adjustment to decrease the amount by

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<sup>62</sup> USoA, Accounting Instruction 19 and 33.

<sup>63</sup> Webster District's Response to Staff's First Request, Item 11c.

<sup>64</sup> Remediated Application, Attachment 4, Schedule of Adjusted Operations.

<sup>65</sup> Webster District's Response to Staff's First Request, Item 1a, 2023 General Ledger Account 00162.

<sup>66</sup> Webster District's Response to Staff's First Request, Item 8.

\$567,492.<sup>67</sup> Webster District stated this adjustment was because Miscellaneous Expenses were incorrectly entered in the 2023 Annual Report and the correct amount was, \$2,646 in Miscellaneous Expenses, \$11,421 in Telephone Expenses, and \$12,638 in Administrative and Office Expenses.<sup>68</sup> Commission Staff notes that the 2023 Annual Report has not been updated to reflect the erroneous information. Commission Staff reviewed the general ledger and determined the adjustments appear to be appropriate.<sup>69</sup>

Account	Amount
00675-0003 Miscellaneous	\$ 2,646
00675-0005 Administrative & Distribution Tele Expense	11,421
00675-0008 Administrative Services & Office Expense	12,638
Total Miscellaneous Expense	26,705
Test Year Miscellaneous Expense ( )	(594,198)
Miscellaneous Expense Adjustment	<u>\$ (567,493)</u>

Commission Staff recommends the Commission accept Webster District's proposed adjustment to properly record its actual expenses and because the remaining amounts are known and measurable.

(K) Depreciation. Webster District reported \$453,328 of expenses related to Depreciation and proposed two adjustments.<sup>70</sup> First, it proposed an increase of \$110,520 to correct the understated amount in its 2023 Annual Report.<sup>71</sup> Commission Staff notes that the 2023 Annual Report has not been updated to correct the erroneous information. Second, it proposed a decrease of \$43,431 to adjust assets lives to the midpoint of the

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<sup>67</sup> Remediated Application, Attachment 4, Schedule of Adjusted Operations.

<sup>68</sup> Remediated Application, Attachment 4, References, Reference H.

<sup>69</sup> Webster District's Response to Staff's First Request, Item 1a.

<sup>70</sup> Remediated Application, Attachment 4, Schedule of Adjusted Operations.

<sup>71</sup> Remediated Application, Attachment 4, References, Reference G.



National Association of Regulatory Utility Commissioners (NARUC) study titled *Depreciation Practices for Small Utilities* (NARUC Study).<sup>72</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. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Commission Staff agrees with the calculation and recommends accepting the adjustments made by Webster District to correct its depreciation expense and bring asset lives to the midpoint of the NARUC study.

Commission Staff reviewed the fixed asset listing submitted by Webster District<sup>73</sup> and determined no additional adjustment was necessary. As discussed in the Salaries and Wages – Employees sections above, Staff also recommends including an adjustment to capitalize the labor portion of tap fees revenue. This results in an \$80 increase to depreciation expense as shown in the chart below. Commission Staff recommends the Commission accept Commission Staff's recommended adjustment because the amount is known and measurable.

Description	Labor Expenses
Test Year Water Connections Expense	\$ 3,600
Divided by: NARUC Proposed Service Lives	45.0
Total Capitalized Expense Increase	<u>\$ 80</u>

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<sup>72</sup> Remediated Application, Attachment 4, References, Reference G.

<sup>73</sup> Webster District's Response to Staff's First Request, Item 11c.

(L) Taxes Other Than Income – Federal Insurance Contributions Act (FICA).

Webster District reported \$38,858 of expenses related to Taxes Other Than Income and proposed an adjustment to increase \$1,062 due to the salaries and wage increase discussed above.<sup>74</sup> Included the test-year amount was \$1,126 in PSC assessment fees and \$37,732 in FICA Payroll Taxes.<sup>75</sup> Commission Staff used the pro forma salaries and wages for employees and officers to calculate a decrease of \$182 as shown in the chart below.

Description	Amount
Salaries and Wages - Employees	\$ 472,846
Salaries and Wages - Officers	18,000
Total Salaries and Wages	490,846
FICA Percentage	7.65%
Total Payroll Taxes	37,550
Utility Regulatory Assessment Fee	1,126
Total Taxes Other Than Income	38,676
Test Year Taxes Other Than Income	(38,858)
Commission Staff's Adjustment	(182)
Webster District's Adjustment	(1,062)
Difference Between Commission Staff and Webster District's Adjustment	\$ (1,244)

Commission Staff recommends accepting Staff's \$1,244 decrease, because it is a known and measurable change that is a direct result from changes to Salaries and Wages – Employees, and Salaries and Wages - Officers.

OVERALL REVENUE REQUIREMENT

Webster District proposed to use the DSC method in its application. As described in Overall Revenue Requirement and Required Revenue Increase, in the Summary of

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<sup>74</sup> Remediated Application, Attachment 4, References, Reference D.

<sup>75</sup> Webster District's Supplemental Response to Staff's First Request, Item 1c.

Findings section, above Commission Staff determined the OR method would better provide sufficient working capital for Webster District as it does not have any outstanding debt.<sup>76</sup> The OR methodology<sup>77</sup> is used when there is no basis for a rate-of-return determination, the cost of the utility has largely been funded through contributions, or there is little or no outstanding long-term debt. The OR is a method to provide the utility with necessary working capital to operate effectively. With no outstanding debt, Commission Staff concluded that the DSC method does not produce enough revenues to keep Webster District financially stable and viable, with sufficient working capital to operate effectively. Therefore, Commission Staff recommends using the OR method to calculate the revenue requirement for Webster District. Commission Staff is of the opinion that an operating ratio of 88 percent is reasonable in this instance and will allow Webster District sufficient revenues to cover its reasonable operating expenses and provide for reasonable equity growth.

By applying the OR method, Commission Staff found Webster District's Revenue Requirement from Rates to be \$2,374,547. A revenue increase of \$623,603, or 35.62 percent, is necessary to generate the Overall Revenue Requirement of \$2,491,156. The table below shows a comparison of Commission Staff recommended amounts and what Webster District's proposed amounts would look like under the OR method while utilizing

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<sup>76</sup> Original Application, ARF Form 1, Item 15a. (filed July 10, 2024).

<sup>77</sup> Operating Ratio is defined as the ratio of expenses, including depreciation and taxes, to gross revenues. It is illustrated by the following equation:

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

the correct methodology to calculate the Revenue Requirement increase of not including the wholesale increase before the revenue increase is calculated.

Description	Webster County Water District	Commission Staff
Pro Forma Operating Expenses	\$ 2,295,501	\$ 2,192,217
Operating Ratio	88%	88%
Subtotal	2,608,524	2,491,156
Average Annual Interest Expense	-	-
Total Revenue Requirement	2,608,524	2,491,156
Other Operating Revenue ( )	(29,098)	(35,465)
Interest Income ( )	(81,144)	(81,144)
Revenue Required from Rates	2,498,282	2,374,547
Less Normalized Revenues from Water Sales	(1,754,258)	(1,750,944)
Required Revenue Increase	\$ 744,024	\$ 623,603
Percentage Increase	42.41%	35.62%

## Signatures

/s/ William Coston on behalf of William Pearce

Prepared by: William Pearce  
Revenue Requirement Branch  
Division of Financial Analysis

/s/ Elizabeth Stefanski

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

## APPENDIX A

### APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00199 DATED JUL 24 2025

\* Denotes Rounding

#### **Nonrecurring Charges Adjustments**

	Connection Turn-On Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$18.60 at 1 hours)	\$18.60	
Office Supplies		
Office Labor (\$17.95 at .50 hours)	\$8.98	
Transportation (28 @ \$.70 per mile)	\$19.60	\$19.60
Misc.		
Total Revised Charge*		<u>\$20.00</u>
Current Rate	\$20.00	

	Connection Turn-On (After Hours) Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$27.90 at 2 hours)	\$55.80	\$56.00
Office Supplies		
Office Labor (\$17.95 at .50 hours)	\$8.98	\$0.00
Transportation (28 @ \$.70 per mile)	\$19.60	\$20.00
Misc.		
Total Revised Charge	<u>\$84.38</u>	<u>\$76.00</u>
Current Rate	\$30.00	

	Field Collection Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$18.60 at 1 hours)	\$18.60	
Office Supplies		
Office Labor (\$17.95 at .50 hours)	\$8.98	

Transportation (28 @ \$.70 per mile)	\$19.60	\$19.60
Misc.		
Total Revised Charge*		<u>\$20.00</u>
Current Rate	\$20.00	

	Meter Re-read Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$18.60 at 1 hours)	\$18.60	
Office Supplies		
Office Labor (\$17.95 at .50 hours)	\$8.98	
Transportation (28 @ \$.70 per mile)	\$19.60	\$19.60
Misc.		
Total Revised Charge*		<u>\$20.00</u>
Current Rate	\$20.00	

	Meter Test Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$18.60 at 1 hours)	\$18.60	\$0.00
Office Supplies	\$0.82	\$0.82
Office Labor (\$17.95 at 1 hours)	\$17.95	\$0.00
Transportation (28 Miles @ \$.70 per mile)	\$19.60	\$19.60
Other:		
Meter Test charge from test vendor	\$20.00	\$20.00
Vendor pick up - fuel expense	\$25.00	\$25.00
Vendor ship charge - return meter	\$15.00	\$15.00
Total Revised Charge*	<u>\$116.97</u>	<u>\$80.42</u>
Current Rate	\$25.00	

	Reconnection Charge Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$18.60 at 2 hours)	\$37.20	\$0.00
Office Supplies		

Office Labor (\$17.95 at 1 hours)	\$17.95	\$0.00
Transportation (56 @ \$.70 per mile)	\$39.20	\$39.20
Misc.		
Total Revised Charge*	<u>\$94.35</u>	<u>\$40.00</u>
Current Rate	\$40.00	

	Return Check Charge	
	Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor		
Office Supplies	\$0.82	\$1.00
Office Labor (\$17.95 at 2 hours)	\$35.89	
Transportation		
Misc.		
Total Revised Charge	<u>\$36.71</u>	<u>\$1.00</u>
Current Rate	\$25.00	

	Service Call/Investigation	
	Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$18.60 at 1 hours)	\$18.60	
Office Supplies		
Office Labor (\$17.95 at .50 hours)	\$8.98	
Transportation (28 @ \$.70 per mile)	\$19.60	\$19.60
Misc.		
Total Revised Charge*	<u>\$20.00</u>	
Current Rate	\$25.00	

	Service Call/Investigation (After Hours)	
	Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (\$27.90 at 2 hours)	\$55.80	\$56.00
Office Supplies		
Office Labor (\$17.95 at .50 hours)	\$8.98	\$0.00
Transportation (28 @ \$.70 per mile)	\$19.60	\$20.00
Misc.		



Total Revised Charge	\$84.38	\$76.00
Current Rate	\$40.00	

## APPENDIX B

### APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00199 DATED JUL 24 2025

The following rates and charges are recommended by Staff based on the adjustments in Commission Staff's Report for the customers in the area served by Webster County Water District. All other rates and charges not specifically mentioned herein shall remain the same.

#### Monthly Water Rates

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

First	2,000	Gallons	\$24.30	Minimum Bill
Next	4,000	Gallons	0.01100	Per Gallon
Next	94,000	Gallons	0.00969	Per Gallon
Over	100,000	Gallons	0.00584	Per Gallon

##### 1-Inch Meter

First	10,000	Gallons	\$107.46	Minimum Bill
Next	90,000	Gallons	0.00969	Per Gallon
Over	100,000	Gallons	0.00584	Per Gallon

##### 1 1/2-Inch Meter

First	15,000	Gallons	\$155.89	Minimum Bill
Next	85,000	Gallons	0.00969	Per Gallon
Over	100,000	Gallons	0.00584	Per Gallon

##### 2-Inch Meter

First	20,000	Gallons	\$204.32	Minimum Bill
Next	80,000	Gallons	0.00969	Per Gallon
Over	100,000	Gallons	0.00584	Per Gallon

##### 3-Inch Meter

First	30,000	Gallons	\$297.00	Minimum Bill
Next	70,000	Gallons	0.00969	Per Gallon
Over	100,000	Gallons	0.00584	Per Gallon

##### 4-Inch Meter

First	50,000	Gallons	\$494.91	Minimum Bill
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Next	50,000	Gallons	0.00969	Per Gallon
Over	100,000	Gallons	0.00584	Per Gallon
<u>Wholesale</u>			\$0.00474	Per Gallon

Nonrecurring Charges

Connection Turn-On	\$20.00
Connection Turn-On (After Hours)	\$76.00
Field Collection Charge	\$20.00
Late Payment Penalty	10%
Meter Relocation Charge	Actual Cost
Meter Re-Read Charge	\$20.00
Meter Re-Read Charge (After Hours)	\$76.00
Meter Test Charge	\$80.00
Reconnection Charge	\$40.00
Reconnection Charge (After Hours)	\$76.00
Returned Check Fee	\$1.00
Service Call / Investigation	\$20.00
Service Call / Investigation (After Hours)	\$76.00
5/8 x 3/4 Inch Water Tap On	\$1,114.00
All Other Meters	Actual Cost

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Dixon, KY 42409-0320

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478 US HWY 41-A South  
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