COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MOUNTAIN WATER DISTRICT FOR AN ADJUSTMENT OF WATER RATES	)))	CASE NO. 2025-00327

O R D E R

On November 17, 2025,[1] Mountain Water District (Mountain District) filed an application for a general adjustment of rates. The application proposed that new rates become effective on December 10, 2025. By Order entered on November 21, 2025, the Commission suspended the effective date of the proposed rates for five months, up to and including May 17, 2026, and established a procedural schedule.[2] Mountain District responded to three rounds of discovery.[3] There are no intervenors in this case. By Order issued March 27, 2026, the Commission granted Mountain District's motion for this matter to proceed without a formal hearing.[4] This matter now stands submitted for decision.

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[1] Mountain District tendered the application on November 10, 2025. By letter dated November 17, 2025, the Commission rejected the application for filing due to filing deficiencies. Mountain District subsequently cured the filing deficiencies, and the application was deemed filed on November 17, 2025.

[2] Order (Ky. PSC Nov. 21, 2025).

[3] Mountain District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 12, 2025); Mountain District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Jan. 12, 2026); Mountain District's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Feb. 13, 2026).

[4] Order (Ky. PSC Mar. 27, 2026).

BACKGROUND

Mountain District is a jurisdictional utility that provides retail water service to approximately 16,708 customers in Pike County, Kentucky, and wholesale water service to the cities of Elkhorn City and Jenkins, Kentucky; Martin County Water District; and Mingo County Public Service District.[5]

Mountain District also provides retail sewer service to approximately 2,296 customers in Pike County, Kentucky. Mountain District did not request a sewer increase as part of this case but did allocate a portion of its operating expenses to the sewer division in its Cost of Service Study (COSS).[6] The allocation methodologies for each expense will be discussed in their respective sections in the Revenue Requirement sections below.

Mountain District's last general water rate adjustment case was in Case No. 2022-00366,[7] in which an increase of $2,238,882, or 27.06 percent was granted.[8] The Commission found that the revenue required from water sales should be $10,513,769.[9] Mountain District argued that the rate structure that the Commission ordered in Case No. 2022-00366 was significantly different from that Mountain District had historically used.[10]

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[5] Application at 2.

[6] Application, Exhibit 18.

[7] See Case No. 2022-00366, *Electronic Application of Mountain Water District for a General Adjustment of Water Rates* (Ky. PSC Oct. 31, 2023), final Order

[8] Case No. 2022-00366, Oct. 31, 2023 final Order at 25.

[9] Case No. 2022-00366, Oct. 31, 2023 final Order at 26.

[10] Direct Testimony of Tammy Olson (Olson Direct Testimony) at 3.

Mountain District alleged that the water rates established in that case have failed to produce the revenues the Commission found to be reasonable.[11]

On September 17, 2024, an Informal Conference was held between Mountain District and Commission Staff at which Mountain District reported that it was under-recovering water and sewer rates when compared to the revenue projected to be recovered from its approved rates.[12] From its discussions with Commission Staff, Mountain District opined that the alleged revenue shortfall could only be corrected by applying for a rate adjustment.[13] Additionally, Mountain District argued that increases in operational costs since the test year in its prior rate adjustment required it to apply for an adjustment of rates.[14]

In its application, Mountain District requested a total revenue requirement of $11,903,049,[15] requiring an increase in revenue from water sales of $2,194,421 or approximately 22.6 percent.[16] The Commission notes that Mountain District included $1,542,785 in Pro Forma Operating expenses in Exhibit 12 of its application but later confirmed that amount should have been $11,542,785.[17]

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[11] Application at 2 and 3, ordering paragraph 8.

[12] Case No. 2022-00366, Sept. 18, 2024 Informal Conference Memorandum.

[13] Olson Direct Testimony at 4.

[14] Olson Direct Testimony at 4.

[15] The Board resolution in support of this application actually noted a higher than requested revenue increase which then also impacted the revenue needed from water sales and the percentage increase in revenues.

[16] Application at 4. The Commission notes the difference in the requested revenue increase in the Application of $2,194,421 and the required revenue increase calculated in the Application, Exhibit JSL-2, Schedule B of $2,194,420, and concludes the difference is due to rounding.

[17] Mountain District's Response to Staff's Third Request, Item 6.

LEGAL STANDARD

Pursuant to KRS 278.030(1), the Commission's statutory obligation when reviewing a rate application is to determine whether the proposed rates are "fair, just and reasonable."[18] Mountain District bears the burden of proof to show that the proposed rates are fair, just and reasonable under the requirements of KRS 278.190(3).

TEST PERIOD

Mountain District proposed, and the Commission accepts, a historical 12-month period ended December 31, 2024, as the test period to determine the reasonableness of its proposed rates.[19] Mountain District proposed several pro forma adjustments, which are discussed below.

REVENUE SHORTFALL FROM APPROVED RATES

In its Application, Mountain District calculated a revenue shortfall from the rates authorized in Case No. 2022-00366 in the amount of $805,141.[20] Mountain District explained that included in its calculated $2,194,420 revenue deficiency was $1,304,460 that was carried over from Case No. 2022-00366 and included pro forma expenses not recovered in Mountain District's prior rate adjustment, as well as the calculated revenue shortfall.[21]

While the Commission's individual adjustments and final revenue deficiency calculations are shown and discussed fully below, the Commission notes that there are

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[18] KRS 278.030; *Pub. Serv. Comm'n v. Com. Ex rel. Conway*, 324 S.W.3d 373, 377 (Ky. 2010).

[19] Application at 2.

[20] Application, Exhibit JSL-2, Schedule B at pdf page 782.

[21] Application, Exhibit JSL-2, Schedule B at pdf page 782.

additional factors that contributed to the difference in the rates approved in Case No. 2022-00366 and Mountain District's realized revenues. For example, Mountain District experienced a loss in volume of water sold[22] that resulted in a reduction of revenues of approximately $392,000 since the prior case. Another significant contributing factor to Mountain District's current revenue shortfall is the revenue requirement, specifically expenses and debt service, for its test period in the prior rate case were approximately $2.0 million below the 2022 calendar year amounts, due to Mountain District's use of a split test year, a 12-month historic period ended June 30, 2022.[23]

REVENUE REQUIREMENT

A complete Pro Forma Schedule of Adjusted Operations is included as Appendix C to this Order.

Metered Retail Sales. Mountain District reported $9,672,068 in net retail water revenues during the test year.[24] Mountain District proposed six metered retail sales adjustments alongside electing to not include its calculated billing analysis adjustment as the amount was not material.[25] First, Mountain District proposed an increase of $43,497 to account for customer checks returned for insufficient funds.[26] For accounting purposes, Mountain District had removed those revenues from metered sales when

[22] *Annual Report of Mountain Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2022* (2022 Annual Water Report) at 57; *Annual Report of Mountain Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2024* (2024 Annual Water Report) at 57.

[23] Case No. 2022-00366, Oct. 31, 2023 Order at 5.

[24] Application, Exhibit 7, SAO at 1.

[25] Application, Exhibit 7, SAO at 1.

[26] Application, Exhibit 7, SAO, Reference A.

preparing its financial statements but proposed to include the revenues for ratemaking purposes.[27] The Commission finds the adjustment should be accepted as it is reasonable to properly record returned checks for ratemaking purposes.

Second, Mountain District proposed a decrease of $10,411 to remove school tax revenues from metered retail sales.[28] Mountain District explained that these transactions should be reported directly to the Balance Sheet, as generally accepted accounting and rate-making principles do not recognize these responsibilities as operating activities that may be reported in the calculation of net income that flows through Retained Earnings.[29] The Commission finds the adjustment to properly record metered sales related only to the provision of water service is reasonable and accepts the adjustment.

Third, Mountain District proposed a decrease of $233,893 to remove overstated billed revenue from its year end adjusting journal entry.[30] The Commission finds the adjustment to properly record metered sales during the test year is reasonable and accepts the adjustment.

Fourth, Mountain District proposed a decrease of $94,982 to correct an error that billed customers for water that was not actually sold.[31] Mountain District stated this occurred during a change to a new billing software program.[32] Mountain District confirmed no customers actually paid the improperly billed amounts, and there were no

[27] Application, Exhibit 7, SAO, Reference A.

[28] Application, Exhibit 7, SAO, Reference B.

[29] Application, Exhibit 7, SAO, Reference B.

[30] Application, Exhibit 7, SAO, Reference C.

[31] Application, Exhibit 7, SAO, Reference D.

[32] Application, Exhibit 7, SAO, Reference D.

resulting late fee/non-recurring charges because of the error.[33] Mountain District stated that, although the error was removed from customer accounts, it was still in Water Sales Revenues and should be removed. Mountain District proposed to increase its customer account adjustments by the same amount of $94,982.[34] This results in a net zero impact to the revenue requirement. The Commission finds both adjustments reasonable, as they properly remove the effects of an error from the test-year, correcting the amount of additional revenue and the previous adjustment that was made to billed revenues for accounting purposes.

Fifth, Mountain District proposed an increase of $29,344 to account for an increase in revenues from rates put into effect during the test-year.[35] On February 23, 2024, the Commission amended the rates approved in the final Order in Case No. 2022-00366, as previously amended on November 29, 2023, and authorized Mountain District to increase its retail volumetric rate from $0.01114 per gallon to $0.01148 per gallon.[36] Mountain District argued that, if the new rate had been in effect the entire test year, its annual Water Sales Revenue from retail water service would have been $9,781,006.[37] The Commission reviewed the calculations and finds the adjustment of $29,344 to increase test-year revenue to reflect a full year of revenue at the current rates approved during the test-year is reasonable and should be accepted.

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[33] Mountain District's Response to Commission Staff's Second Request, Item 10.

[34] Application, Exhibit 7, SAO, Reference D.

[35] Application, Exhibit 7, SAO, Reference F.

[36] Case No. 2022-00366, Feb. 23, 2024 Order.

[37] Application, Exhibit 7, SAO, Reference F.

Sixth, Mountain District proposed a $78,787 decrease to remove excess bill days from test-year revenues.[38] Mountain District stated it billed its customers an average of 369.03 days during the test year due to it being a leap year and how non-meter reading weekends/holidays fell compared to the previous year's billing dates.[39] Mountain District calculated that it received an additional 1.035 percent in revenue due to the extra 3.78 days.[40]

However, Mountain District already proposed a decrease in revenues to correct year-end adjusting journal entries; therefore, this final metered sales adjustment for revenue in excess of 365 days would result in double removal of some of the revenues. The Commission finds that, because an adjustment was already made to remove billed revenues, an adjustment to remove revenues due to billing lag during that period is not reasonable, the Commission finds that Mountain District's proposed adjustment is denied.

Mountain District calculated a decrease for a billing adjustment of $2,719 as part of a billing analysis, but stated "the results of the billing analysis and billed revenue reported for the test year is not material to the results of this study" and did not propose an adjustment to reconcile test-year revenue to the results of the billing analysis.[41] According to Mountain District's billing analysis, the calculated difference of $2,719 represented a 0.0279 percent difference.[42] The Commission finds Mountain District's

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[38] Application, Exhibit 7, SAO, Reference G.

[39] Application, Exhibit 7, SAO at 8, Reference G.

[40] Application, Exhibit 7, SAO at 9, Reference G; 3.78 days = 369.03 days – 365.25 days.

[41] Application, Exhibit 7, SAO, Reference E.

[42] Application, Exhibit 7, SAO, Reference E.

explanation is reasonable and finds that, because the amount is *de minimis* and not material to the results of the study, an adjustment to metered sales is not necessary.

Wholesale Water Sales. Mountain District reported $206,417[43] in wholesale water revenues during the test year and proposed two adjustments.[44] First, Mountain District proposed a decrease of $20,413 to account for change in wholesale volumetric rates that the Commission approved effective February 23, 2024, which reduced Mountain District's wholesale rate from $0.00874 per gallon to $0.00452 per gallon.[45] Second, Mountain District removed customer billing adjustments for refunds totaling $100,805 from the test year wholesale revenues.[46] This increases wholesale water revenues, as the refund amounts are not subtracting from the wholesale revenues. Mountain District stated this adjustment was comprised of two parts: first was a refund of revenues for rates in effect from November 29, 2023, to February 23, 2024; and second was to remove an installment payment plan added by mistake.[47] Mountain District argued both are accounting adjustments that are nonrecurring in nature and should not be reflected for ratemaking purposes.[48] The Commission finds the proposed adjustments are reasonable and accepts the adjustments that result in pro forma wholesale water revenues of $286,809.

[43] This number includes $307,222 of Wholesale Revenues and ($100,805) in customer billing adjustments for wholesale consumers.

[44] Application, Exhibit 7, SAO at 1.

[45] Application, Exhibit 7, SAO, Reference H; Case No. 2022-00366, Feb. 23, 2024 Order.

[46] Application, Exhibit 7, SAO, Reference I.

[47] Application, Exhibit 7, SAO at 12, Reference I.

[48] Application, Exhibit 7, SAO at 12, Reference I.

Forfeited Discounts. Mountain District reported $220,135 in Forfeited Discounts during the test year.[49] Mountain District proposed an adjustment to decrease Forfeited Discounts by $41,746 to reclassify late payment fees for sewer accounts from water revenue to sewer revenue, where they were reported.[50]

For most allocations between the water and sewer divisions, Mountain District proposed using customer count but allocated this item based on revenues.[51] Mountain District calculated an allocation factor of 81.04 percent for water operations and 18.96 percent for sewer operations, based on net test-year billed retail sales as a percent of the total.[52] Mountain District argued that this basis of allocation was reasonable because the amount of late-payment penalty collections has a direct correlation to the amount of retail water sales revenue reported by both water and sewer operations.[53] Additionally, Mountain District argued that the direct relationship between late payment penalty revenue and water and sewer service revenue dictates that penalty revenue be allocated using water and sewer service revenue than the number of customers.[54] The Commission finds the allocation methodology for late-payment fees to be based on revenues is reasonable because late payments are charged at 10 percent of the bill and directly correlate to revenues, instead of customer count. The Commission finds that

[49] Application, Exhibit 7, SAO at 1.

[50] Application, Exhibit 7, SAO, Reference J.

[51] Application, Exhibit 7, SAO at 13, Reference J.

[52] Application, Exhibit 7, SAO at 13, Reference J.

[53] Application, Exhibit 7, SAO at 12, Reference J.

[54] Mountain District's Response to Staff's Second Request, Item 12b.

because the allocation methodology is reasonable, Mountain District's proposed adjustment should be accepted.

Miscellaneous Service Revenues. Mountain District reported $118,420 in Miscellaneous Service Revenues during the test year shown in the table below.[55] Mountain District's combination water and sewer customers are not subject to both water and sewer nonrecurring charge tariffs and only charged once even though it impacts both services.[56] Therefore, Mountain District proposed an adjustment to decrease Miscellaneous Service Revenues by $3,242 to reallocate nonrecurring charges assessed to combination customers for its sewer operations, which were received by its water operations.[57] Mountain District calculated this amount by estimating the nonrecurring charge revenues associated with combination water and sewer customers and split the revenues evenly between the two services.[58] The Commission finds this adjustment is reasonable and accepts the adjustment to reclassify nonrecurring charges for combination customers.

Description	Test Year	Mountain Water Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Other Water Service Revenue	$ 21,282			$ -		$ 21,282
Misc Revenues	39,895			0		39,895
Service Connection Fees (NRCs)	57,243	(3,242)		(3,242)		54,001
	$ 118,420	$ (3,242)	$ -	$ (3,242)		$ 115,178

[55] Application, Exhibit 7, SAO at 1.

[56] Application, Exhibit 7, SAO at 14, Reference K.

[57] Application, Exhibit 7, SAO, Reference K.

[58] Application, Exhibit 7, SAO, Reference K.

Salaries and Wages – Employees. Mountain District reported $2,585,307 in Salaries and Wages – Employees during the test year.[59] The test-year amount included all the wages for shared service departments as an allocation to the sewer division was not made.[60] Mountain District proposed two adjustments. First, Mountain District proposed to increase Salaries and Wages – Employees by $172,983 for wage adjustments and sewer allocations.[61] Adjustments from the test year to pro forma amounts included removing salaries for eight employees no longer employed by Mountain District, adding salaries for six new employees hired after the test year, normalizing test year hours to 2,080 for all employees, and applying updated wage rates for its employees.[62] Mountain District separated costs for water and sewer only employees to their respective operations and allocated the shared employee costs based upon the services performed by the employee category.[63] Repair and Preventive Maintenance and Administrative Services employee wages were allocated based on customer count; and Customer Service employee wages were allocated based upon the number of accounts for each service with accounts receiving both water and sewer service being split evenly between the operations. The Commission finds this allocation methodology is reasonable because those employees would do work for both water and sewer operations and customer count allocates the costs based on a reasonable level of expected demand.

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[59] Application, Exhibit 7, SAO at 1.

[60] Application, Exhibit 7, SAO, Reference M at pdf page 757.

[61] Application, Exhibit 7, SAO, Reference M.

[62] Application, Exhibit 7, SAO, Reference M at pdf page 757.

[63] Application, Exhibit 7, SAO, Reference M.

Mountain District's total compensation includes overtime (including on-call and call-out pay) and a safety incentive for each employee of $250 per field employee and $150 per office employee. Mountain District provided its employee handbook outlining on-call and call-out procedures and safety incentive pay.[64]

The Commission reviewed the wage information provided by Mountain District, including the allocation methodology discussed above, and finds the amounts are reasonable as it reflects known and measurable changes to staffing levels and employee wages. Therefore, the Commission finds Mountain District's proposed wage adjustment should be accepted to properly record and account for increases and allocation of wages.

Second, Mountain District proposed to decrease Salaries and Wages – Employees by $41,448 to reclassify capitalized cost of meter installations,[65] and explained that the capitalized meter installation costs were initially reported to an expense account when incurred, then an adjusting journal entry was made for accounting purposes to reclassify these costs.[66] The Commission finds this adjustment is reasonable to properly record the capitalization of wages for meter installation costs.

Salaries and Wages – Officers. Mountain District reported $30,000 in Salaries and Wages – Officers during the test year.[67] Mountain District proposed one adjustment to decrease Salaries and Wages – Officers by $3,580 to allocate a portion of the salaries to the sewer division based on the number of customers served in each division.[68] Mountain

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[64] Mountain District's First Supplemental Response to Staff's First Request, Item 12, pdf page 28.

[65] Application, Exhibit 7, SAO, Reference L.

[66] Application, Exhibit 7, SAO, Reference L.

[67] Application, Exhibit 7, SAO at 1.

[68] Application, Exhibit 7, SAO, Reference N.

District provided fiscal court minutes approving commissioner pay amounts and fiscal court minutes appointing each commissioner.[69] Mountain District's commissioners also attended the required training to receive the requested salaries.[70] The Commission finds this allocation methodology is reasonable and accepts Mountain District's proposed adjustment.

Employee Benefits. Mountain District reported $1,195,786 in Employee Benefits during the test year and proposed two adjustments.[71] First, Mountain District proposed to increase Employee Benefits by $123,594 to account for changes in Health and Dental insurance expenses.[72]

Based upon its trial balance, Mountain District reported $577,349 in health-related benefits during the test year.[73] Mountain District offers medical, dental, life, and disability insurance to all its full-time employees. Employees contribute for medical insurance based on the plan the employee receives, but do not contribute for the dental, life, or disability insurance.[74] The Commission reviewed submitted invoices,[75] and calculated a total pro forma health insurance cost of $705,652, as shown in the table below.[76] The

[69] Mountain District's Response to Staff's First Request, Item 43i.

[70] Mountain District's Response to Staff's First Request, Item 43j.

[71] Application, Exhibit 7, SAO at 1.

[72] Application, Exhibit 7, SAO, Reference O.

[73] Mountain District's Response to Staff's First Request, Item 33, 1-33 Workpapers, Wages Bene Pro Forma, Temp Emp Tab, Cell AS196.

[74] Mountain District's Response to Staff's First Request, Item 22.

[75] Mountain District's Response to Staff's First Request, Item 44.

[76] Mountain District's Response to Staff's First Request, Item 33, 1-33 Workpapers, Wages Bene Pro Forma, Temp Emp Tab, Cell AQ196.

Commission finds the updated amounts are reasonable as they are based on known and measurable information and should be included in the updated calculated amount in the revenue requirement.

Type of Premium	Number of Employees	Plan Cost	Total Cost	Current Employee Contribution Percentage	Current Employee Contribution Amount	Pro Forma Monthly Premium
Medical Insurance - Employee Only	23	$ 949.78	$ 21,845	98.65%	$ (295)	$ 21,550
Medical Insurance - Employee + Spouse	10	2,089.52	20,895	89.38%	(2,219)	18,676
Medical Insurance - Employee + Child	2	1,804.58	3,609	92.22%	(281)	3,328
Medical Insurance - Family	6	3,039.30	18,236	87.65%	(2,252)	15,984
Medical Insurance - Employee + Children	2	1,804.58	3,609	92.22%	(281)	3,328
Total Medical Insurance	43		68,194	7.81%	(5,328)	62,867
Dental Insurance - Employee Only	13	19.30	251			251
Dental Insurance - Employee + Spouse	7	38.90	272			272
Dental Insurance - Employee + Child	2	43.60	87			87
Dental Insurance - Family	5	68.60	343			343
Dental Insurance - Employee and Children	0	43.60	-			-
Total Dental Insurance	27		953			953
Assorted Life and AD&D Plans			2,951			2,951
Total Monthly Pro Forma Premium			72,098		(5,328)	66,771
Multiplied by: 12 Months			12		12	12
Total Annual Gross Health Insurance Cost			$ 865,176		$ (63,936)	801,240
Allocation to Water at 88.07 percent						705,652

Mountain District participates in the County Employee Retirement System (CERS).[77] Mountain District reported $618,154 in test-year retirement expenses and proposed a decrease to Employee Benefits of $103,265 to account for changes in CERS contribution rates that have been declining over recent years.[78] The Kentucky Public Pensions Authority (KPPA) established the contribution rate starting July 1, 2025, at 18.62 percent, which Mountain District used as the contribution rate in its application,[79] a decrease from the 21.53 percent experienced in the test year.[80] The KPPA recently

[77] Mountain District's Response to Staff's First Request, Item 15.

[78] Application, Exhibit 7, SAO, Reference P.

[79] Application, Exhibit 7, SAO, Reference P.

[80] Mountain District's Response to Staff's First Request, Item 33, 1-33 Workpapers, Wages Bene Pro Forma, Temp Emp Tab, Cell AY197.

updated the contribution rate starting July 1, 2026, at 17.43 percent.[81] The Commission updated the CERS expense to the new contribution rate resulting in an expense of $473,546. The Commission finds the corrected adjustment is reasonable to update the actual cost of retirement expenses to match the contribution rate set forth by the KPPA and the updated wages in this case.

Combining the medical and retirement employee benefit adjustments results in a total decrease of $36,917 from Mountain District's proposed pro forma as shown in the table below.

Description	Test Year	Commission Approved
Health Insurance	$ 577,632	$ 705,652
Retirement	618,154	473,546
Total Benefits (Water and Sewer)	1,195,786	1,179,198
Mountain District Proposed Pro Forma ( )		(1,216,115)
Commission Adjustment		$ (36,917)

In its explanation of adjustments in its application, Mountain District described a Kentucky Public Service Commission (KPSC) general ratemaking policy limiting Mountain District's recovery of employee health and dental insurance.[82] Mountain District further stated the "KPSC policy" was not applied in its study.[83] The Commission notes it does not have an outstanding policy but reviews each individual request on the standard of reasonableness using available information in the case record.

[81] CERS Board of Trustees meeting on December 1, 2025.

[82] Application, Exhibit 7, Reference O.

[83] Application, Exhibit 7, Reference O.

Purchased Power. Mountain District reported $1,515,674 in Purchased Power Expense during the test year and proposed four adjustments.[84] First, Mountain District proposed to remove $239,035 in sewer operations power expenses.[85] Second, Mountain District proposed to allocate a portion of energy costs for its administrative, garage, and maintenance buildings based upon customer counts to its sewer division, resulting in a reduction of $1,462.[86]

Additionally, Mountain District proposed a decrease to account for unaccounted for water loss over 15 percent in unrecoverable expense related to its water treatment and water distribution systems.[87] Commission regulation 807 KAR 5:066 limits recovery in rates to no more than 15 percent unaccounted for water loss. Mountain District's water loss was 28.5898 percent,[88] which results in excess water loss of 13.5898 percent above 15 percent threshold. This results in reductions of $13,431 and $158,399 respectively, or $171,830 total, as shown in the table below and results in pro forma Purchased Power Expense of $1,103,347. The Commission finds Mountain District's adjustments are reasonable and accepts Mountain District's proposed adjustments.

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[84] Application, Exhibit 7, SAO.

[85] Application, Exhibit 7, SAO, Reference Q.

[86] Application, Exhibit 7, SAO, Reference Q.

[87] Application, Exhibit 7, SAO, Reference R.

[88] Mountain District's 2024 Annual Report at 57. The Commission notes that Mountain District's 12 month period water loss ending on April 26, 2026 was up to 40.53 percent.

Total Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	$ 1,080,267	$ 1,264,391	$ 204,263	$ 2,548,921
Water Loss Percent	28.5898%	28.5898%	28.5898%	28.5898%
Total Water Loss	$ 308,846	$ 361,487	$ 58,398	$ 728,731

Disallowed Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	$ 1,080,267	$ 1,264,391	$ 204,263	$ 2,548,921
Water Loss in Excess of 15%	13.5898%	13.5898%	13.5898%	13.5898%
Disallowed Water Loss	$ 146,806	$ 171,830	$ 27,759	$ 346,395

Purchased Water. Mountain District reported Purchased Water Expense of $1,080,267 during the test year and proposed an adjustment for unaccounted-for water loss above 15 percent.[89] This results in a reduction of $146,808 as shown in the table above and results in a pro forma purchased water expense of $933,459. The Commission finds Mountain District's proposed adjustment is reasonable and accepts Mountain District's proposed adjustment.

Purchased Chemicals. Mountain District reported Chemical Expense of $204,263 during the test year and proposed an adjustment for unaccounted-for water loss above 15 percent.[90] This results in a reduction of $27,759 as shown in the table above and results in a pro forma Chemical Expense of $176,504. The Commission finds the proposed adjustment is reasonable and accepts Mountain District's proposed adjustment.

Materials and Supplies. Mountain District reported $1,146,310 in Materials and Supplies during the test year.[91] Mountain District proposed one adjustment to increase Materials and Supplies by $41,448 to reclassify capitalized cost of meter installations from

[89] Application, Exhibit 7, SAO.

[90] Application, Exhibit 7, SAO.

[91] Application, Exhibit 7, SAO.

wages as discussed in the Salaries and Wages – Employees section above.[92] As discussed above, for accounting purposes, Mountain District initially reported installation costs to an expense account when incurred, and after the initial recording of expenses, an adjusting journal entry was made for accounting purposes to reclassify these costs to an asset account by removing all costs, including labor, from the Materials and Supplies expense account.[93] The Uniform System of Accounts (UsoA) requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.[94] The portion of the adjusting entry for labor costs was reclassified for this adjustment to properly record the transaction for rate-making purposes.[95] The Commission finds this adjustment is reasonable and accepts Mountain District's proposed adjustment.

Mountain District included an end of year journal entry for an inventory adjustment that increased the materials expense by $292,758.[96] Mountain District provided information about how the amount was determined, if any of the amount should have been allocated to sewer, and general questions about Mountain District's inventory replenishment practices.[97] Mountain District stated that some portion of the adjustment should have been allocated to the sewer division, further stating a reasonable approach

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[92] Application, Exhibit 7, SAO, Reference L.

[93] Application, Exhibit 7, SAO, Reference L.

[94] USoA, Accounting Instruction 19 and 33.

[95] Application, Exhibit 7, SAO, Reference L.

[96] Mountain District's Response to Staff's Second Request, Item 27, Attachment 2-27b.

[97] Mountain District's Response to Staff's Third Request, Items 2 and 3.

would be to allocate it based upon customer numbers.[98] The Commission finds that this is a reasonable methodology based upon the information provided. Adjusting the end of year inventory results in a decrease of $34,926 to Materials and Supplies Expense.[99] The Commission also found expenditures for employee gift cards and food for employee events that do not relate to the provision of water service totaling $4,705.[100] The Commission finds these expenditures should be removed from the revenue requirement. The total adjustment to Materials and Supplies from the inventory adjustment and the employee event expenses is a reduction of $39,631. The Commission finds these adjustments are reasonable and accepts these adjustments to properly record tap fee capitalization, allocation of Mountain District's year-end inventory adjustment, and eliminate items unrelated to water service from rate recovery.

Contractual Services. Mountain District reported $283,727 in Contractual Services across five different categories during the test year.[101] Mountain District proposed four adjustments.[102] Mountain District proposed to remove engineering fees totaling $4,618 that were incurred as part of a construction project that were inadvertently reported as a test-year operating expense instead of Construction Work in Progress.[103] The Commission finds this adjustment to correct the accounting error is reasonable and accepts Mountain District's proposed adjustment.

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[98] Mountain District's Response to Staff's Third Request, Items 2 and 3.

[99] $292,758 * 11.93% = $34,926.

[100] Mountain District's Response to Staff's Second Request, Item 26.

[101] Application, Exhibit 7, SAO.

[102] Application, Exhibit 7, SAO.

[103] Application, Exhibit 7, SAO, Reference S.

Mountain District reported $76,189 for routine outside accounting, bookkeeping and audit fees related to water and sewer operations in Contractual Services - Accounting.[104] Mountain District proposed a decrease of $9,091 to allocate a portion of the expense to sewer operations, using customer counts as the allocation methodology.[105] The Commission finds this allocation methodology is reasonable and accepts Mountain District's proposed adjustment.

Mountain District reported $25,288 in Contractual Services – Legal during the test year.[106] Mountain District proposed one adjustment to decrease Contractual Services – Legal by $14,787 to account for costs being recorded in the wrong account and reclassified to Rate Case Expense, [107] which will be amortized as discussed below. The Commission finds this adjustment to correct the accounting error is reasonable and accepts Mountain District's proposed adjustment as it is related to the previous rate case and should not be included in regular operating expenses.

Mountain District reported $111,637 in Contractual Services – Other during the test year comprised mostly of temporary employees.[108] Mountain District proposed one adjustment to allocated temporary employee wages that benefited sewer operations following the allocation of wages, resulting in a reduction of $7,001.[109] The Commission

[104] Application, Exhibit 7, SAO at 1.

[105] Application, Exhibit 7, SAO, Reference T.

[106] Application, Exhibit 7, SAO at 1.

[107] Application, Exhibit 7, SAO, Reference U.

[108] Application, Exhibit 7, SAO at 1.

[109] Application, Exhibit 7, SAO, Reference V.

finds the allocation methodology is reasonable and accepts the adjustment to properly allocate the expense.

Transportation Expense. Mountain District reported $198,153 in transportation expense during the test year and proposed one adjustment.[110] Mountain District proposed a decrease of $31,717 to remove Transportation Expense allocated to sewer operations from water operations.[111] Instead of customer count, Mountain District based its allocation upon miles driven by the employees for sewer and water operations.[112] Additionally, Mountain District allocated the miles driven by shared employees, as well as miles driven by water operation employees who benefited multiple functions, using the pro forma wages of those employees.[113]

The Commission finds the proposed allocation methodology is reasonable because it uses miles driven to allocate costs largely influenced by that factor, including car maintenance and gas costs, which makes it more reasonable than customer count for this specific expense. Since the allocation methodology is reasonable, the Commission finds Mountain District's proposed adjustment is reasonable and should be accepted.

Insurance Expense. Mountain District reported $152,393 in general liability insurance expenses and $58,854 in workers' compensation insurance expense during the test year.[114] Mountain District proposed to allocate the general liability insurance

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[110] Application, Exhibit 7, SAO at 1.

[111] Application, Exhibit 7, SAO, Reference W.

[112] Application, Exhibit 7, SAO, Reference W.

[113] Application, Exhibit 7, SAO, Reference W.

[114] Application, Exhibit 7, SAO at 1.

between operations based on the number of customers served, for a decrease of $18,184, and to allocate the workers' compensation expense using pro forma wages, for a decrease of $10,012.[115]

The Commission finds the differing allocation methodologies are reasonable because the general liability insurance is a fixed cost that is reasonable to be split based upon the number of customers while workers' compensation expenses are reasonable to be allocated using the same wage allocations as those expenses are related to employee expenses. Because the methodology for both adjustments is reasonable, the Commission accepts Mountain District's proposed adjustments.

Rate Case Expense. Mountain District did not include any Rate Case Expenses during the test year.[116] Mountain District proposed to increase Rate Case Expense by $60,206 to amortize previous rate case expenses, in Case Nos. 2022-00366 and 2022-00367, which would include the legal fee reclassification discussed above, and the miscellaneous expense reclassification discussed below.[117] There were multiple post-case proceedings in the previous rate cases in which Mountain District stated that costs increased beyond those authorized for recovery during the rate case. In the final Orders for Case Nos. 2022-00366 and 2022-00367, $164,917 was approved for recovery over a three-year period;[118] however, Mountain District stated the total final cost was

[115] Application, Exhibit 7, SAO, References X and Y.

[116] Application, Exhibit 7, SAO at 1.

[117] Application, Exhibit 7, SAO, Reference Z.

[118] Case No. 2022-00366, Final Order (Oct. 31, 2023) at 19; Case No. 2022-00367, *Electronic Application of Mountain Water District for a General Adjustment of Sewer Rates,* Final Order (Oct. 31, 2023) at 9-10.

$205,090.[119] Also, due to the delays, Mountain District stated that the rates, including amortization of expenses, were not in effect during the test year, so it has not received all the necessary revenues to recover those expenses.[120] Mountain District's adjustment proposed to amortize the full amount over three years with a portion of the cost being allocated to the sewer division.[121]

The rates put forth in the final Order in Case No. 2022-00366 were put into effect on February 23, 2024; therefore, Mountain District should have recovered two years of the Rate Case Expense at the time of this Order. The Commission finds an adjustment is necessary and calculated an adjustment to decrease the proposed Rate Case Expense for expenses already recovered. Finding that Mountain District's total updated rate case expense of $205,090 should be accepted, the Commission calculated that there should be $68,364 remaining to be recovered to cover the increase of rate case expense and the remaining amount unrecovered from rates, allocated a portion of the remaining expense to the sewer division using the number of customers, and finds that it should be amortized over three years resulting in an annual recovery of $20,069 as shown in the table below. This results in a $40,137 decrease from Mountain District's proposed increase. The Commission finds the updated annual amortization of previous rate case expense of $20,069 is reasonable because those costs have not been recovered by Mountain District and the proposed amortization period is reasonable.

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[119] Mountain District's Response to Staff's Second Request, Item 21.

[120] Mountain District's Response to Staff's Second Request, Item 21.

[121] Application, Exhibit 7, SAO, Reference Z.

Description	Amount
Total Rate Case Expense	$ 205,090
Amortization Period (Years)	3
Annual Expenses Recovered	68,363
2 Years of Recovery	136,726
Rate Case Expense Remaining	68,364
Less: (Sewer Allocation)	(8,157)
Water Rate Case Expense	60,207
Amoritization Period (Years)	3
Annual Rate Case Expense	$ 20,069

Mountain District also proposed an increase of $18,807 to amortize current Rate Case Expense.[122] Mountain District estimated $60,000 in Rate Case Expense for the current case, with $30,000 for the COSS performed and $30,000 for other application costs such as legal and accounting fees.[123] Some of the COSS expense was allocated to the sewer division using customer count, but all of the application costs were included for recovery in this proceeding.[124] The Commission finds the allocation methodology is reasonable because the COSS applies to both water and sewer and should be allocated while the application was only for water so those costs should not include an allocation to sewer.

The total rate case expense proposed to be amortized was $56,420. Mountain District proposed to amortize these costs over three years.[125] The Commission finds this amortization period is reasonable because utilities are expected to file for a rate case

[122] Application, Exhibit 7, SAO, Reference AA.

[123] Application, Exhibit 7, SAO, Reference AA.

[124] Application, Exhibit 7, SAO, Reference AA.

[125] Application, Exhibit 7, SAO, Reference AA.

every three to five years. Mountain District provided initial invoices in its response to Staff's First Request[126] and additional invoices on February 16, 2026.[127] The invoices provided totaled $82,824 and after applying the allocation methodology proposed by Mountain District results in total rate case expense of $78,373. Amortized over three years, this results in annual rate case expense of $26,124, shown in the table below, which is a $7,317 increase from Mountain District proposed adjustment. The Commission finds the updated Annualized Rate Case Expense of $26,124 is reasonable because Mountain District has provided evidence to support the amounts and because the amortization period is reasonable.

Description	Amount	Allocation Percentage	Total Allocated
Accounting	$ 16,035	100.00%	$ 16,035
Legal	29,484	100.00%	29,484
Consulting (COSS)	37,305	88.07%	32,854
Total	$ 82,824		78,373
Amortization Period			3
Annual Rate Case Expense			$ 26,124

Bad Debt Expense. Mountain District reported $35,418 in Bad Debt Expense during the test year and proposed an adjustment to decrease it by $6,476 to allocate the expense from sewer operations based on test-year billed water and sewer revenues from regulated retail customers.[128] The Commission finds that the allocation methodology for bad debt expense to be based on revenues is reasonable because bad debts directly correlate to revenues, instead of customer count. The Commission finds that because

[126] Mountain District's Response to Staff's First Request, Item 7.

[127] Mountain District's Supplemental Response to Staff's First Request, Item 7 (filed Feb 16, 2026).

[128] Application, Exhibit 7, SAO, Reference AB.

the allocation methodology is reasonable, Mountain District's proposed adjustment is accepted.

Miscellaneous Expense. Mountain District reported $456,356 in Miscellaneous Expenses during the test year.[129] Mountain District proposed three adjustments to decrease Miscellaneous Expenses, one to decrease Miscellaneous Expenses by $18,282 to account for costs being recorded in the wrong account and that were reclassified to Rate Case Expense, as discussed above.[130] The Commission finds this adjustment is reasonable to reclassify expenses to the proper category and accepts Mountain District's adjustment.

Second, Mountain District proposed a decrease of $3,810 to allocate a portion of PSC Assessment Fees to the sewer division based on total pro forma present rate operating revenue of each operation.[131] The Commission finds this allocation methodology is reasonable as the PSC Assessment Fee is based on revenues[132] and accepts Mountain District's proposed adjustment.

Third, Mountain District proposed to decrease Miscellaneous Expenses by $47,714 to allocate Miscellaneous Expenses reported by water operations that also benefitted Mountain District's sewer operations.[133] Mountain District allocated these

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[129] Application, Exhibit 7, SAO at 1.

[130] Application, Exhibit 7, SAO, Reference U.

[131] Application, Exhibit 7, SAO, Reference AC.

[132] The PSC Assessment Fee is assessed pursuant to KRS 278.130. This statute was amended, and the assessment amount increased, effective July 15, 2026; however, it did not impact the test year utilized by Mountain District in this case.

[133] Application, Exhibit 7, SAO, Reference AD.

Miscellaneous Expenses based on the number of customers served by each operation.[134] The Commission finds this allocation methodology reasonable and accepts Mountain District's proposed adjustment.

Depreciation Expense. Mountain District reported $3,051,489 in Depreciation Expense during the test year and proposed three adjustments.[135] First, Mountain District proposed a decrease of $458,882 to adjust depreciable lives to those recommended in the National Association of Regulatory Utility Commissioners' (NARUC) study titled Depreciation Practices for Small Water Utilities (NARUC Study) and remove assets that became fully depreciated during the test year.[136]

Second, Mountain District proposed to increase Depreciation Expense by $284,337 to account for a change in the depreciable lives of poorly conditioned transmission and distribution mains from a 62.5-year life to a 50-year life.[137] Mountain District stated that "given the apparent poor condition of the District's water transmission and distribution main, there is good cause for . . . a life shorter than the mid-point of the NARUC study."[138] In support of the request, Mountain District provided testimony by Connie Allen in its application and in its previous rate case, in which the Commission denied Mountain District's request for a 55-year life to be used for the transmission and distribution mains.[139] Mountain District also argued that the 50-year life was within the

[134] Application, Exhibit 7, SAO, Reference AD.

[135] Application, Exhibit 7, SAO at 1.

[136] Application, Exhibit 7, SAO, Reference AE.

[137] Application, Exhibit 7, SAO, Reference AF.

[138] Application, Exhibit 7, SAO, Reference AF.

[139] Mountain District's Response to Staff's Second Request, Item 24.

50- to 75-year life set forth in the NARUC study and that, due to the unique topographical and soil conditions, this would warrant a shorter life.[140] The Commission finds that Mountain District has not provided substantially different information from that provided in the previous case in which the Commission denied a similar request. Therefore, the Commission finds the 62.5 midpoint life from the NARUC study should be used to calculate the depreciation expense and Mountain District's proposed $284,337 adjustment should be denied.

Third, Mountain District proposed a decrease of $1,636 to allocate a portion of the office equipment and billing system depreciation to the sewer division based on the number of customers.[141] The Commission finds the allocation methodology is reasonable and accepts Mountain District's proposed adjustment.

<u>Taxes Other Than Income.</u> Mountain District reported $205,770 in Taxes Other Than Income during the test year[142] and proposed an increase of $5,771 to account for increased FICA taxes due to the increased wages and allocated a portion of the expense to the sewer division.[143] The Commission reviewed the calculation and finds that the allocation methodology is reasonable and accepts Mountain District's proposed adjustment.

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[140] Application, Exhibit 7, SAO, Reference AF.

[141] Application, Exhibit 7, SAO, Reference AG.

[142] Application, Exhibit 7, SAO, at pdf page 46.

[143] Application, Exhibit 7, SAO, Reference AH.

SUMMARY OF ADJUSTMENTS TO OPERATING EXPENSES AND REVENUES

The following schedule is a summary of Mountain District's test-year operating revenues and expenses, including appropriate adjustments found reasonable herein. The chart in Appendix C, attached to this Order, is a detailed pro forma Income Statement that shows the proposed, revised, and accepted adjustments for Mountain District:

Description	2024 Test Year	Commission Approved Adjustments	Commission Approved Pro Forma
Total Operating Revenues	10,218,503	(136,059)	10,082,444
Total Operating Expenses ( )	(12,203,035)	1,053,956	(11,149,080)
Net Operating Income	(1,984,532)	917,897	(1,066,636)

DEBT SERVICE COVERAGE

Mountain District proposed the Debt Service Coverage Method (DSC) method to calculate its revenue requirement.[144] The Commission has historically applied a DSC method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of (1) cash-related pro forma operating expenses; (2) depreciation expense, a noncash item, to provide working capital;[145] (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense. The Commission finds that the three-

[144] Application, JSL-2, Schedule B, Calculation of Revenue Requirement.

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

year Principal and Interest DSC method is appropriate given the debt currently held by Mountain District. This will allow for the proper funding of the debt service obligations.

1. Average Annual Principal and Interest Payments (Long-Term Debt). Mountain District reported a Rural Development (RD) Loan[146] and a Kentucky Rural Water Finance Corporation (KRWFC) Loan[147] for its water division.[148] Mountain District also has outstanding debts for its sewer operations but did not request recovery of those loan payments in this proceeding. In its application, Mountain District requested recovery of the average annual principal and interest on its indebtedness for the water division based on an average of the annual principal, interest, and fee payments for the three years 2026 through 2028.[149]

The Commission calculated the average annual principal and interest on a three-year average for the years 2026 through 2028 and agrees with Mountain District's proposed amount shown in the table below.

[146] See Case No. 2019-00346, *Application of Mountain Water District for a Certificate of Public Convenience and Necessity to Construct a Water Improvements Project and an Order Authorizing the Issuance of Securities Pursuant to KRS 278.023.*

[147] See Case No. 2021-00412, *Electronic Application of Mountain Water District to Issue Securities in the Approximate Principal Amount of $5,930,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 And 807 KAR 5:001.*

[148] Application, JSL-2, Schedule C and Mountain District's 2024 Annual Report.

[149] Application, JSL-2, Schedule C.

Water Operations - Long-Term Debt

	Year		Principal		Interest	Service Fees		Annual Payment
RD Loan No. 91-45:	2026	$	62,500	$	42,763		$	105,263
$3,150,000 at 0.15%	2027		63,500		41,826			105,326
	2028		64,400		40,873			105,273
*KRWFC Series 2022A:	2026	$	276,071	$	139,325	388		415,784
$4,813,985 at 2% - 5.2%	2027		284,698		124,745	388		409,831
	2028		289,012		109,829	388		399,229
3-Year Total Payment								1,540,706
Divide by: 3 Years								3
3-Year Average							$	513,569

2. Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital equal to the minimum net revenues required by a district's lenders above its average annual debt payments. In its application, Mountain District requested recovery of an allowance for working capital equal to 120 percent of its average annual debt payments for outstanding loans at the time of its application.[150] Following its historic practice,[151] the Commission agrees with Mountain District's methodology and determined $102,714 should be included in the revenue requirement as shown in the table below.

[150] Application, JSL-2, Schedule B, Calculation of Revenue Requirement.

[151] Case No. 2022-00431, *Electronic Application of Letcher County Water and Sewer District for a Rate Adjustment Pursuant To 807 KAR 5:076* (Ky. PSC Nov. 17, 2023). Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. For An Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024). Case No. 2023-00182, *Electronic Application of Western Mason County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Jan. 4, 2024).

Description	Amount
Average Annual Principal and Interest	513,569
Times: DSC Coverage Ratio	120%
Total Net Revenues Required	616,283
Less: Average Annual Principal and Interest Payments ( )	(513,569)
Additional Working Capital	102,714

3. Average Annual Principal and Interest Payments (Short-term Debt). Mountain District also requested recovery of payments on its short-term debt outstanding at the time of its application.[152] Mountain District provided history of its previous short-term debt, and the Commission found no material differences in the current request.[153] The Commission finds $125,797 should be included in the revenue requirement as shown in the table below.

[152] Application, JSL-2, Schedule C, Mountain District's Short-Term Debt Payments.

[153] Mountain District's Response to Staff's Third Request, Item 13.

Water Operation - Short-Term Debt
2-Year Notes Amortized Up To 6 Years

	Monthly Payment	Anticipated Payoff Date Month-Year	Annual Principal and Interest Payments 2026	2027	2028
Toyota Tacoma 4WD	$ 835	Oct-27	$ 10,016	$ 8,347	-
Chevy Silverado 3500 4WD	1,323	Oct-27	15,874	13,229	-
RAM 2500 4WD	1,210	Apr-28	14,519	14,519	$ 4,840
RAM 1500 4WD	996	Apr-28	11,956	11,956	3,985
Toyota Tacoma 4WD	943	Oct-28	11,314	11,314	9,429
Chevy Silerado 2500 4WD H	1,341	Oct-29	16,096	16,096	16,096
Nissan Frontier Ext Cab 4V	884	Oct-29	10,603	10,603	10,603
Nissan Frontier Ext Cab 4V	847	Oct-29	10,166	10,166	10,166
Equipment Trailer	472	Apr-30	5,663	5,663	5,663
Tool, Shop, and Garage Stru	2,660	Apr-31	31,920	31,920	31,920
Kawasaki Mule UTV 4X4	850	Mar-27	10,200	2,550	-
Annual Totals			$ 148,328	$ 136,363	$ 92,701
3-Year Total					$ 377,392
Divide by: 3 Years					3
3-Year Average					$ 125,797

Overall Revenue Requirement

Applying the DSC method to Mountain District's pro forma operations results in an Overall Revenue Requirement of $11,891,160 and based upon pro forma present rate service revenues of $9,787,414, a revenue increase of $1,721,929 from water service rates is necessary to generate the overall revenue requirement.

Description	Mountain Water	Mountain Water (Corrected)	Commission Staff
Pro Forma Operating Expenses	$ 1,542,785	$ 11,542,786	$ 11,149,080
Average Annual Principal and Interest Payments	513,569	513,569	513,569
Additional Working Capital at 20%	102,714	102,714	102,714
Three-Year Average Short-Term Debt Payments	125,797	125,797	125,797
Total Revenue Requirement	2,284,865	12,284,866	11,891,160
Other Revenue ( )	(295,030)	(295,030)	(295,030)
Interest Income ( )	(86,787)	(86,787)	(86,787)
Revenue Required From Water Sales	1,903,048	11,903,049	11,509,343
Revenue from Sales at Present Rates ( )	(9,708,628)	(9,708,627)	(9,787,414)
Required Revenue Increase / (Decrease)	$ (7,805,580)	$ 2,194,422	$ 1,721,929
Percentage Increase / (Decrease)	(80.40%)	22.60%	17.59%

RATE DESIGN

COSS. Mountain District proposed to increase its monthly retail water service rates and its monthly wholesale service rates by 22.60 percent.[154] Mountain District commissioned a COSS in its application.[155] At the request of Mountain District, Jack Scott Lawless performed an analysis of Mountain District's regulated operations to determine the reasonableness of its general rates for water service. The rate design recommended by the COSS includes a Customer Charge based on meter size and a Volumetric Charge applied uniformly to all gallons of water sold to retail customers. Mountain District stated that meter charges based on meter capacity align rate recovery of demand costs with meter size.[156]

The COSS that Mountain District commissioned as part of its application did not provide an analysis of how cost-based rates were determined based on the service

[154] Application at 4.

[155] Mountain District's Response to Staff's First Request, Item 33.

[156] Application, Exhibit 18.

equivalence meter size ratios and did not analyze the rate of return of each rate class. In Mountain District's next general rate case, this analysis should be included. Despite the study's flaws in this case, the COSS reflects the actual allocation of costs toward customer classes. The development of a COSS to establish utility rates is the most fair, just, and reasonable method to ensure each customer class is charged for services based on the actual cost to serve that particular class.

The Commission finds that the COSS rate design will help Mountain District recover its required revenue in a more sustainable manner than an across-the-board increase. Although Mountain District did not propose a phase in approach to a rate increase, the Commission finds that a two-year Phase-In of the rates as allocated utilizing the COSS would gradually implement the changes, rather than using a single-year adjustment. The Commission recognizes that, without a phase-in, the increase might negatively impact lower income or lower usage customers at a higher percentage. The Commission finds that the COSS should be used to set rates using the 17.59 percent revenue requirement increase, as it reflects the actual allocation of costs toward customer classes.

For comparative reasons, the Commission analyzed the impact of an across-the-board increase with a two year Phase-In on the total monthly bill of a Residential customer using 3,117 gallons[157]; the impact of Phase 1 on the monthly bill would be an increase of \$3.94, or 8.47 percent, from \$46.49 to \$50.43 per month. The water loss surcharge is

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[157] Application Exhibit 5A, Newspaper Notice.

3.41 percent of the bill, authorized to be collected in Mountain District's last rate case.[158] For a Residential customer using an average of 3,117 gallons, after Phase 2 the monthly bill would increase by $3.94, or 7.81 percent, from $50.43 to $54.37 per month. The water loss surcharge is 3.16 percent of the bill.

Using Mountain District's provided COSS, the Commission calculated the rates found in Appendix B based on the revenue requirement, implemented in a two-year Phase-In. The rates provided in Appendix B will produce sufficient revenues from water sales to recover the $11,509,343 revenue required from rates, which results in an approximately 17.59 percent increase. For a Residential Customer using an average of 3,117 gallons, the impact of Phase 1 will increase the monthly bill by $4.11, from $46.49 to $50.61, an increase of 8.85 percent. The water loss surcharge is 3.70 percent of the bill. For a Residential Customer using an average of 3,117 gallons, after Phase 2, the monthly bill will increase by $4.11, from $50.61 to $54.72, an increase of 8.12 percent. The water loss surcharge is 3.14 percent of the bill.

The chart below shows Mountain District's rate design using the Commission's analysis of the provided COSS.

[158] Case No. 2022-00366, *Electronic Application of Mountain Water District for a General Adjustment of Water Rates*, Final Order Appendix B (filed October 31, 2023), as amended by Order (filed Nov. 29, 2023) at 3-4, ordering paragraph 4.

	Current Rate	Customer Charge Phase 1	Customer Charge Phase 2	Change to Current Rates $	Change to Current Rates %	Average Monthly Gallons	Water Loss Surcharge	Average Bill Per Month Current	Average Bill Per Month New	Increase $	Increase %
Retail Rates											
Customer Charge by Meter Size:											
5/8"x3/4"	$ 8.99	$ 8.90	$ 8.80	$ (0.19)	-2.11%	3,116.95	$1.72	$ 44.77	$ 53.00	$ 8.23	18.37%
1"	12.59	14.75	16.90	4.31	34.23%	9,575.24	$1.72	122.51	152.68	30.16	24.62%
2"	26.07	36.04	46.00	19.93	76.45%	33,182.43	$1.72	407.00	516.53	109.52	26.91%
3"	98.89	95.02	91.15	(7.74)	-7.83%	57,591.95	$1.72	760.05	907.80	147.76	19.44%
4"	125.86	133.26	140.65	14.79	11.75%	134,403.85	$1.72	1,668.82	2,046.50	377.68	22.63%
6"	188.79	229.40	270.00	81.21	43.02%	49,943.31	$1.72	762.14	978.20	216.06	28.35%
Multiple Family Dwellings, Per Unit	8.99	8.88	8.76	(0.23)	-2.56%	3,025.89	$1.72	43.73	51.67	7.94	18.16%
Volumetric Rate Per Gallon	$ 0.01148	$ 0.01283	$ 0.01418	$ 0.00270	23.52%						
Wholesale Rate Per Gallon											
City of Elkhorn	$ 0.00452	$ 0.00475	$ 0.00498	$ 0.00046	10.18%	5,118,583	$1.72	$ 23,136.00	$ 25,490.55	$ 2,354.55	10.18%
Mingo County Public Service District	0.00452	0.00475	0.00498	0.00046	10.18%	169,200	$1.72	764.78	842.62	77.83	10.18%
Martin County Water District	0.00452	0.00475	0.00498	0.00046	10.18%	-	$1.72				
Jenkins Utilities	0.00452	0.00475	0.00498	0.00046	10.18%	-	$1.72				

Water Loss Surcharge/Notice Requirements. In its last rate proceeding, Mountain District was granted a water loss surcharge of $1.72 per meter, for 48 months or until $1,365,608 is assessed, whichever occurs first.[159] Case No. 2023-00351 was established to monitor the water loss surcharge.[160] Mountain District began collecting the surcharge in January of 2024,[161] and collection of the surcharge is ongoing. Mountain District has not requested any modification or increase in that established surcharge in this proceeding. However, Mountain District failed to include the surcharge amount in its customer notice or in the calculation of the total proposed rates in the COSS.

Pursuant to 807 KAR 5:001 Section 17(4)(b), a utility's notice of a general rate adjustment must include "the present rates and proposed rates for each customer classification to which the proposed rates will apply." Mountain District's water loss

[159] Case No. 2022-00366, Order (Ky. PSC Nov. 29, 2023) at 3-4, ordering paragraph 4.

[160] Case No. 2023-00351, *Electronic Mountain Water District Unaccounted-for Water Loss Reduction Plan, Surcharge and Monitoring* Order (Ky. PSC Oct. 31, 2023).

[161] Case No. 2023-00351, Mountain District's Monthly Surcharge Report (filed Feb. 15, 2024).

surcharge is part of the existing rates charged to its customers, and as collection of the surcharge is still authorized and ongoing, the rates its customers will ultimately be charged after any adjustment granted in this proceeding will include the addition of the surcharge amount as well. While Mountain District failed to include the existing surcharge in the customer notice with this application, the Commission, on its own motion, grants Mountain District a deviation in this instance, since no actual change in the surcharge amount is being made in this case. The revenue requirement, found to be reasonable in this Order, is not impacted by the surcharge not being included in the notice as those revenues are not part of the calculation of the revenue requirement. This exclusion impacts only the notice given to customers and the calculated average residential bill including ongoing surcharges/fees. The inclusion of the surcharge in the calculated average residential bill does not affect the increase, as the surcharge was already being collected prior to this proceeding. The rates being granted by the Commission in this proceeding provided in Appendix B, are inclusive of the surcharge previously granted in Mountain District's last rate case. The Commission would caution that any such existing surcharge should be included in customer notice regarding any prospective general rate adjustment.

NONRECURRING CHARGES

The Commission continues to follow its previous decisions regarding nonrecurring 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 nonrecurring service such as the connection and reconnection of a meter during normal working hours. Only the marginal costs related to the service should be recovered through a special nonrecurring charge for service provided during normal working hours.[162]

The tables in Appendix A show the calculation of the adjustment of the increase to the test year nonrecurring charges and how each nonrecurring charge was adjusted. Mountain District provided cost justification that included labor expenses, and because district personnel are currently paid during normal business hours, estimated normal business hour labor costs included in determining the amount of Nonrecurring Charges should be eliminated from the charges as those expenses are already recovered in base rates. The Commission reviewed the cost justification information[163] and made adjustments to the Nonrecurring Charges resulting in an increase in Miscellaneous Services Revenues of $7,499 as shown below.

Charge	Occurrences	Current Charge	Revised Charge	Test Year	Adjustment	Pro Forma
Connection / Turn-on Charge	1,207	$14.50	$16.00	$ 17,502	$ (1,811)	$19,312
Connection / Turn-on Charge After Hrs.	68	$53.00	$53.00	$ 3,604	$ -	$3,604
Disconnection Charge	1,517	$14.50	$16.00	$ 21,997	$ (2,276)	$24,272
Hydrant Installation Charge	0	$6,700.00	$6,705.00	$ -	$ -	$0
Meter Re-read Charge	15	$14.50	$16.00	$ 218	$ (23)	$240
Meter Test Charge	2	$12.50	$16.00	$ -	$ -	$0
Reconnection Charge	1,462	$14.50	$16.00	$ 21,199	$ (2,193)	$23,392
Returned Check Charge	469	$1.50	$2.00	$ 704	$ (235)	$938
Service Call/Investigation	0	$14.50	$16.00	$ -	$ -	$0
Service Call/Investigation (After Hours)	0	$92.00	$95.00	$ -	$ -	$0
Termination Charge	0	$14.50	$16.00	$ -	$ -	$0
Turn On Charge	15	$14.50	$16.00	$ -	$ -	$0
Unauthorized Service Investigation	25	$12.50	$51.00	$ 313	$ (963)	$1,275
Nonrecurring Charges Sub-total				$ 65,535	$ (7,499)	$73,033
Less: Test Year NRC Revenue ( )						$ (65,535)
Adjustment						$ 7,499

[162] Case No. 2022-00366, *Electronic Application of Mountain Water District for a General Adjustment of Water Rates* (Ky. PSC Oct. 31, 2023).

[163] Mountain District's Response to Staff's First Request for Information, Item 36.

The Commission accordingly finds the revised nonrecurring charges set out in Appendix B are reasonable and should be accepted.

Meter Connections/Tap-On Fee. Mountain District provided updated cost justification sheets for its 5/8-inch x 3/4-Inch Meter Connection/Tap-On Fee reflecting an updated cost of $1,407.98, rounded to $1,408, an increase of $182.98 over the current charge of $1,225. The Commission finds this increase to Mountain District's Service Connection Fees to be reasonable and should be approved. Consistent under-recovery of actual expenses may impact a utility's long-term financial health.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Mountain District in its application and supplemental statement of adjusted operations are denied.

2. The rates for Phase 1 in Appendix B to this Order are approved for service on and after the date of this Order.

3. The rates for Phase 2 in Appendix B to this Order are approved for service on year after the date of this Order.

4. Thirty days prior to the effective date of the Phase 2 service rates, Mountain District shall publish notice following the requirements of KRS 278.015 and 807 KAR 5:068, Section 5(4). The customer notice shall contain only the rate comparison being implemented for the rate phase.

5. A deviation from the notice requirement set out in 807 KAR 5:001, Section 17(4)(b) is granted.

6. In its next rate case, Mountain District shall provide an analysis of how cost-based rates are determined based on the service equivalence meter size ratios and analyze the rate of return of each rate class.

7. Within 20 days of the date of this Order, Mountain District shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates, charges, and modifications approved or as required herein and reflecting their effective date and that they were authorized by this Order.

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

Entered on this 2nd day of September, 2026.

PUBLIC SERVICE COMMISSION

Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:

Justin McNeil RP

Justin McNeil
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00327 DATED SEP 02 2026

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection / Turn-on Charge

	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($25.73 at 1 hours)	$ 25.73	
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 56.38	$ 16.00
Current Rate	$14.50	

Connection / Turn-on Charge After Hrs.

	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($38.97 at 1 hours)	$ 38.97	$ 38.97
Office Supplies	$ 1.60	$ -
Office Labor	$ 22.52	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 77.09	$ 53.00
Current Rate	$53.00	

Disconnection Charge

	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($25.73 at 1 hours)	$ 25.73	$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 56.38	$ 16.00
Current Rate	$14.50	

Hydrant Installation Charge		
	Cost Justification	Staff Revised Charge
Field Materials	$ 6,500.96	$ 6,500.96
Field Labor ($76.83 at 6 hours)	$ 460.98	
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation (2 Trucks @ 30 Miles Each)	$ 42.00	$ 42.00
Misc. (Excavator 4HR)	$ 160.00	$ 160.00
Total Revised Charge*	$ 7,180.59	$ 6,705.00
Current Rate	$6,700.00	

Meter Re-read Charge		
	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($25.73 at 3/4 hours)	$ 19.48	$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 8.49	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 43.57	$ 16.00
Current Rate	$14.50	

Meter Test Charge		
	Cost Justification	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor ($25.73 at 1 hours)	$ 25.73	$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc.	$ 0.12	$ 0.12
Total Revised Charge*	$ 56.50	$ 16.00
Current Rate	$12.50	

Reconnection Charge		
	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($25.73 at 1 hours)	$ 25.73	$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 56.38	$ 16.00
Current Rate	$14.50	

Returned Check Charge	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor (2hrs $16.50/hr)		$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 7.53	$ -
Transportation		$ -
Misc.		$ -
Total Revised Charge*	$ 9.13	$ 2.00
Current Rate	$1.50	

Service Call / Investigation	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($25.73 at 1 hours)	$ 25.73	$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 56.38	$ 16.00
Current Rate	$14.50	

Service Call / Investigation (After Hours)	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($38.97 at 2 hours)	$ 77.94	$ 77.94
Office Supplies	$ 2.60	$ 2.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc. (Bank Charge)		$ -
Total Revised Charge*	$ 109.59	$ 95.00
Current Rate	$92.00	

Termination Charge	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($25.73 at 1 hours)	$ 25.73	$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 56.38	$ 16.00
Current Rate	$14.50	

Turn On Charge		
	Cost Justification	Staff Revised Charge
Field Materials		$ -
Field Labor ($25.73 at 1 hours)	$ 25.73	$ -
Office Supplies	$ 1.60	$ 1.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc.		$ -
Total Revised Charge*	$ 56.38	$ 16.00
Current Rate	$14.50	

Unauthorized Service Investigation		
	Cost Justification	Staff Revised Charge
Field Materials	$ 33.85	$ 33.85
Field Labor ($28.13 at 2 hours)	$ 56.26	$ -
Office Supplies	$ 2.60	$ 2.60
Office Labor	$ 15.05	$ -
Transportation	$ 14.00	$ 14.00
Misc. (Bank Charge)		$ -
Total Revised Charge*	$ 121.76	$ 51.00
Current Rate	$12.50	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00327 DATED SEP 02 2026

The following rates and charges are prescribed for the customers in the area served by Mountain 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

PHASE 1

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

Customer Charge	$8.90	Minimum Bill
Volumetric Rate	$0.01283	Per Gallon

5/8-Inch x 3/4-Inch Meter, Multiple Users

Customer Charge	$8.90	Minimum Bill
Volumetric Rate	$0.01283	Per Gallon

1-Inch Meter

Customer Charge	$14.75	Minimum Bill
Volumetric Rate	$0.01283	Per Gallon

2-Inch Meter

Customer Charge	$36.04	Minimum Bill
Volumetric Rate	$0.01283	Per Gallon

3-Inch Meter

Customer Charge	$95.02	Minimum Bill
Volumetric Rate	$0.01283	Per Gallon

4-Inch Meter

Customer Charge	$133.26	Minimum Bill
Volumetric Rate	$0.01283	Per Gallon

6-Inch Meter

Customer Charge	$229.40	Minimum Bill
Volumetric Rate	$0.01283	Per Gallon

<u>Wholesale Rate</u>		
Wholesale Rate	$0.00475	Per Gallon

Water Loss Surcharge $1.72 Per Meter
The Water Loss Surcharge is to be collected per meter for 4 years from January 2024 or until a total amount of $1,368,516 is collected.

<u>PHASE 2</u>
<u>To be implemented one year after Phase 1</u>

<u>5/8-Inch x 3/4-Inch Meter</u>		
Customer Charge	$8.80	Minimum Bill
Volumetric Rate	$0.01418	Per Gallon
<u>5/8-Inch x 3/4-Inch Meter, Multiple Users</u>		
Customer Charge	$8.80	Minimum Bill
Volumetric Rate	$0.01418	Per Gallon
<u>1-Inch Meter</u>		
Customer Charge	$16.90	Minimum Bill
Volumetric Rate	$0.01418	Per Gallon
<u>2-Inch Meter</u>		
Customer Charge	$46.00	Minimum Bill
Volumetric Rate	$0.01418	Per Gallon
<u>3-Inch Meter</u>		
Customer Charge	$91.15	Minimum Bill
Volumetric Rate	$0.01418	Per Gallon
<u>4-Inch Meter</u>		
Customer Charge	$140.65	Minimum Bill
Volumetric Rate	$0.01418	Per Gallon
<u>6-Inch Meter</u>		
Customer Charge	$270.00	Minimum Bill
Volumetric Rate	$0.01418	Per Gallon
<u>Wholesale Rate</u>		
Wholesale Rate	$0.00498	Per Gallon

Water Loss Surcharge $1.72 Per Meter
The Water Loss Surcharge is to be collected per meter for 4 years from January 2024 or until a total amount of $1,368,516 is collected.

Nonrecurring Charges

Connection / Turn-on Charge	$ 16.00
Connection / Turn-on Charge After Hrs.	$ 53.00
Disconnection Charge	$ 16.00
Hydrant Installation Charge	$ 6,705.00
Meter Re-read Charge	$ 16.00
Meter Test Charge	$ 16.00
Reconnection Charge	$ 16.00
Returned Check Charge	$ 2.00
Service Call/Investigation	$ 16.00
Service Call/Investigation (After Hours)	$ 95.00
Termination Charge	$ 16.00
Turn On Charge	$ 16.00
Unauthorized Service Investigation	$ 51.00
Meter Connection/Tap On Charges	$ 1,408.00
All Connections Greater than 5/8 Inch	Actual Cost

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00327 DATED SEP 02 2026

Description	Test Year	Mountain Water Proposed Adjustments	Commission Adjustments	Total Adjustment	Pro Forma
Operating Revenues					
Metered Retail Sales	$ 10,046,504	$ 43,497		$ 43,497	
		(10,411)		(10,411)	
		(233,893)		(233,893)	
		(94,982)		(94,982)	
				-	
		29,344		29,344	
		(78,787)	$ 78,787	-	$ 9,780,059
Customer Billing Adjustments	(374,436)	94,982		94,982	(279,454)
Net Retail Water Sales	9,672,068	(250,250)	78,787	(171,463)	9,500,605
Wholesale	307,222	(20,413)		(20,413)	286,809
Customer Billing Adjustments	(100,805)	100,805		100,805	0
Total Water Sales	9,878,485	(169,858)	78,787	(91,071)	9,787,414
Other Revenues					
Special Service Sprinkler System	1,463			0	1,463
Forfeited Discounts	220,135	(41,746)		(41,746)	178,389
Miscellaneous Service Revenues	118,420	(3,242)		(3,242)	115,178
Total Other Revenues	340,018	(44,988)	0	(44,988)	295,030
Total Operating Revenues	10,218,503	(214,846)	78,787	(136,059)	10,082,444
Operation and Maintenance					
Salaries and Wages - Employees	2,585,307	(41,448)		(41,448)	
		172,983		172,983	2,716,842
Salaries and Wages - Officers	30,000	(3,580)		(3,580)	26,420
Employee Benefits - Medical	1,195,786	123,594		123,594	
		(103,265)		(103,265)	
			(36,917)	(36,917)	1,179,198
Purchased Power					
Sewer Operations	239,035	(239,035)		(239,035)	0
Non-Pumping Power	12,248	(1,462)		(1,462)	10,786
Water Treatment Plant	98,832	(13,431)		(13,431)	85,401
Water Distribution System	1,165,559	(158,399)		(158,399)	1,007,160
Purchased Water	1,080,267	(146,808)		(146,808)	933,459
Chemicals	204,263	(27,759)		(27,759)	176,504
Materials and Supplies	1,146,310	41,448	(39,631)	1,817	1,148,127
Contractual Services - Engineering	4,618	(4,618)		(4,618)	0
Contractual Services - Accounting	76,189	(9,091)		(9,091)	67,098
Contractual Services - Legal	25,288	(14,787)		(14,787)	10,501
Contractual Services - Water Testing	65,995			0	65,995
Contractual Services - Other	111,637	(7,001)		(7,001)	104,636
Transportation Expense	198,153	(31,717)		(31,717)	166,436
Insurance - General Liability	152,393	(18,184)		(18,184)	134,209
Insurance - Worker's Compensation	58,854	(10,012)		(10,012)	48,842
Rate Case Expense		60,206	(40,137)	20,069	
		18,807	7,317	26,124	46,193
Advertising	3,268			0	3,268
Bad Debt Expense	35,418	(6,476)		(6,476)	28,942
Miscellaneous Expense	456,356	(18,282)		(18,282)	
		(3,810)		(3,810)	
		(47,714)		(47,714)	386,551
Total	8,945,776	(489,840)	(109,368)	(599,209)	8,346,568
Depreciation Expense	3,051,489	(458,882)		(458,882)	
		284,337	(284,337)	0	
		(1,636)		(1,636)	2,590,971
Taxes Other Than Income	205,770	5,771		5,771	211,541
Total Operating Expenses	12,203,035	(660,250)	(393,705)	(1,053,956)	11,149,080
Net Operating Income	(1,984,532)	445,404	472,492	917,896	(1,066,636)
Nonutility Income/Water Loss Surcharge	334,649	(334,649)		(334,649)	0
Interest Income	111,835	(25,048)		(25,048)	86,787
Income Available to Service Debt	$ (1,538,048)	$ 85,707	$ 472,492	$ 558,199	$ (979,849)

Service List for Case 2025-00327

* Carrie Hatfield
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* Jack Scott Lawless
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* Kevin Lowe
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* Michael Spears
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* Melissa Wright
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* Randy Tackett
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* Tina C. Frederick
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* Tammy Olson
Mountain Water District
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* Denotes served by Email