

LIST OF ATTACHMENTS
JUDY WATER ASSOCIATION, INC.

- 1. Customer Notice of proposed rate adjustments**
- 2. Reasons for application**
- 3. Current and proposed rates**
- 4. Statement of Adjusted Operations and Revenue Requirement with the following attachments:**
 - i. Refences**
 - ii. Table A – Depreciation Expense Adjustments**
 - iii. Table B – Debt Service Schedule**
- 5. Current Rates Billing Analysis**
- 6. Proposed Rates Billing Analysis**
- 7. Depreciation Schedule**
- 8. Board Resolution**
- 9. Statements of Disclosure of Related Party Transaction**

Attachment #1

NOTICE

Notice is hereby given that Judy Water Association, Inc. expects to file an application with the Kentucky Public Service Commission, seeking approval of a proposed adjustment to its rates for water service. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

<u>CURRENT AND PROPOSED RATES</u>						
JUDY WATER ASSOCIATION						
<u>RETAIL RATES</u>						
	Rate per Thousand Gallons per Month					
	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>			
First 1,000 Gallons	\$ 13.51	\$ 15.74	\$ 2.23	16.51%		
Next 4,000 Gallons	\$ 9.14	\$ 10.65	\$ 1.51	16.52%		
Next 5,000 Gallons	\$ 8.24	\$ 9.60	\$ 1.36	16.50%		
Over 10,000 Gallons	\$ 7.34	\$ 8.55	\$ 1.21	16.49%		

The monthly water bill for an average customer using 4,000 gallons per month will increase \$6.76 from \$40.93 to \$47.69 or 16.5%.

The Application may be examined at the utility's office located at 2010 Maysville Road, Mount Sterling, Kentucky 40353; telephone (859) 498-4809.

The rates contained in this notice are the rates proposed by the utility. However, the PSC may order rates to be charged that differ from the proposed rates contained in this notice.

A person may examine this application at the Public Service Commission offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 am to 4:30 pm or through the PSC website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the PSC through its website or by mail to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602. You may contact the Public Service Commission at (502) 564-3940.

A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the Public Service Commission may take final action on the application.

Attachment #2

Reasons for Application

Judy Water Association, Inc. is requesting a 16.5 percent rates increase for all of its water customers. The rate increase will generate approximately \$205,996 in additional revenue.

The Association needs the rate increase for the following reasons.

1. To restore the Association to a sound financial condition;
2. To enable the Association to enhance its financial capacity to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

Attachment #3

CURRENT AND PROPOSED RATES

JUDY WATER ASSOCIATION

RETAIL RATES

	Rate per Thousand Gallons per Month					
	<u>Current</u>		<u>Proposed</u>		<u>Difference</u>	
First 1,000 Gallons	\$	13.51	\$	15.74	\$	2.23 16.51%
Next 4,000 Gallons	\$	9.14	\$	10.65	\$	1.51 16.52%
Next 5,000 Gallons	\$	8.24	\$	9.60	\$	1.36 16.50%
Over 10,000 Gallons	\$	7.34	\$	8.55	\$	1.21 16.49%

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS
Judy Water Association, Inc.

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	1,334,276	(7,053)	A	
		(109,480)	B	1,217,743
Sales for Resale				
Other Water Revenues:				
Forfeited Discounts	413			413
Misc. Service Revenues				
Other Water Revenues	<u>22,000</u>	109,480	B	<u>131,480</u>
Total Operating Revenues	<u>1,356,689</u>			<u>1,349,636</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	182,987	43,265	C	
		(9,915)	D	216,337
Salaries and Wages - Officers	87,050			
		22,200	E	109,250
Employee Pensions and Benefits	34,582	824	F	35,406
Insurance -Health, Gen. Liab.	71,584	(724)	G	
& Workers Comp.		(6,199)	H	65,485
Purchased Water	568,098	(14,330)	I	
		28,883	J	582,650
Purchased Power	-	3,554	K	
		(90)	I	3,464
Chemicals	-			-
Materials and Supplies	43,776	(23,135)	D	20,641
Contractual Services	14,315			14,315
Miscellaneous Expenses	141,573	(22,200)	E	
		(3,554)	J	<u>115,819</u>
	<u>1,143,965</u>			<u>1,163,367</u>
Depreciation Expense	262,481	(85,033)	L	177,448
Taxes Other Than Income	<u>20,957</u>	3,011	M	<u>23,968</u>
Total Operating Expenses	<u>1,427,403</u>			<u>1,364,783</u>
Total Utility Operating Income	(70,714)			(15,147)

REVENUE REQUIREMENTS

Operating Ratio Method

Pro Forma Operating Expenses	1,364,783
Divide Operating expenses by	N
Operating Ratio of .88	
Total Revenue Requirement	1,550,889
Less: Other Operating Revenue	131,893
Private Fire Protection	
Interest Income	
Revenue Required From Sales of Water	1,418,996
Less: Revenue from Sales with Present Rates	<u>1,217,743</u>
Required Revenue Increase	201,253
Percent Increase	16.53%

REFERENCES

- A. Adjustment to revenues to match billing analysis with current rates.
- B. Reclassify surcharge revenues that were inadvertently included in metered sales in the utility's 2021 PSC annual report.
- C. Since 2021, there have been increase in wage rates, employee turnover and an additional employee, resulting in an annual wage increase of \$43,265.
- D. The utility collected \$33,050 in tapping fees in 2021. These taps were installed by the utility and were recorded as labor and material expenses. Labor expense has been reduced by \$9,915 or 30% of the tapping fees while materials and supplies expense has been reduced by \$23,135 or 70% of the tapping fees.
- E. Reclassify officer salaries and wages the were inadvertently included in Miscellaneous Expenses in 2021 PSC annual report.
- F. Increase in pension benefits to reflect increase in salaries.
- G. Decrease in annual health insurance expense.
- H. Decrease in allowable health insurance premium reflecting PSC policy.
- I. The utility's test year water loss was 17.52 percent. The PSC's maximum allowable loss for rate-making purposes in 15.0 percent. Therefore, the expenses for purchased water and purchased power above the 15 percent limit is not allowed in the rate base and must be deducted. Purchased water expense was decreased by \$14,330 and Purchased power expense was decreased by \$90.
- J. One of the utility's wholesale water suppliers increased its rate to the utility resulting in an annual increase of \$28,883 in purchased water expense.
- K. Reclassify purchased power expense that was inadvertently included in Miscellaneous Expenses in 2021 PSC annual report.
- L. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for small utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges, depreciation expense was reduced by \$85,033. See Table A.
- M. Increased salaries results in increased payroll taxes of \$3,011.
- N. Revenue requirements were computed using the Operating Ratio Method. This method is used when systems have little or no debt.

TABLE A
DEPRECIATION EXPENSE ADJUSTMENTS
Judy Water Association

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Proforma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>General Plant</u>							
Structures & Improvements	various	\$ 186,830	varies	5,120	37.5	4,982	(138)
Communication & Computer Eq.	various	\$ 27,475	varies	4,908	10.0	2,748	(2,161)
Office Furniture & Equipment					22.5	-	-
Power Operated Equipment					12.5	-	-
Tools, Shop, & Garage Equipment	various	\$ 95,485	varies	11,220	17.5	5,456	(5,764)
Tank Repairs & Painting					15.0	-	-
<u>Source of Supply Plant</u>							
Collecting & Impounding Reservoirs					62.5	-	-
Supply Mains					62.5	-	-
<u>Pumping Plant</u>							
Structures & Improvements					37.5	-	-
Telemetry	12/29/21	\$ 19,205	10		10.0	1,921	1,921
Pumping Equipment					20.0	-	-
<u>Transmission & Distribution Plant</u>							
Hydrants	various	\$ 112,060	varies	2,801	50.0	2,241	(560)
Transmission & Distribution Mains	various	\$ 7,370,180	varies	180,814	62.5	117,923	(62,891)
Meter Installations	various	\$ 91,210	varies	8,835	45.0	2,027	(6,808)
Meter Change-outs		\$ 221,895		20,434	15.0	14,793	(5,641)
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services					40.0	-	-
Reservoirs & Tanks	various	\$ 646,276	varies	16,157	45.0	14,362	(1,795)
Tank Painting & Repairs	various	\$ 39,277	varies	3,928	15.0	2,618	(1,310)
<u>Transportation Equipment</u>							
Entire Group	various	\$ 58,642	varies	8,259	7.0	8,377	118
<u>Water Treatment Plant</u>							
Structures and Improvements					62.5	-	-
Water Treatment Equipment					27.5	-	-
TOTALS		\$ 8,868,535		\$ 262,476		\$ 177,448	\$ (85,028)

* Includes only costs associated with assets that contributed to depreciation expense in the test year.

TABLE B
DEBT SERVICE SCHEDULE
Judy Water Association
CY 2022 - 2026

	<u>CY 2022</u>		<u>CY 2023</u>		<u>CY 2024</u>		<u>CY 2025</u>		<u>CY 2026</u>		<u>TOTALS</u>
	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	
	Loan 5	29,093	44,249	30,547	42,795	32,075	41,267	33,678	39,664	35,362	
Loan 7	14,309	22,897	14,917	22,289	15,551	21,655	16,212	20,994	16,901	20,305	186,030
											-
TOTALS	43,402	67,146	45,465	65,083	47,626	62,922	49,891	60,657	52,264	58,284	552,740
Average Annual Principal & Interest											\$ 110,548
Average Annual Coverage											\$ 22,110

Attachment #5

CURRENT BILLING ANALYSIS WITH 2021 USAGE & EXISTING RATES
Judy Water Association, Inc.

SUMMARY			
COMPONENT	BILLS	GALLONS	REVENUE
RETAIL	24,381	130,155,870	\$ 1,235,106
LESS ADJUSTMENTS			\$ (17,363)
NET METERED WATER SALES			\$ 1,217,743
FROM PSC ANNUAL REPORT (adjusted by surcharge revenues)			\$ 1,224,796
DIFFERENCE			\$ (7,053)

2021 Customer Activity Report, Leak adjustment

ADJUSTMENT TO SAO BILLED RETAIL REVENUES

RETAIL USAGE BY RATE INCREMENT						
USAGE	BILLS	THOUSAND GALLONS	FIRST 1,000	NEXT 4,000	NEXT 5,000	ALL OVER 10,000
FIRST 1,000		3,917	1,555,070	1,555,070	-	1,555,070
NEXT 4,000		13,748	39,528,400	13,748,000	-	39,528,400
NEXT 5,000		4,541	30,980,000	4,541,000	8,275,000	30,980,000
ALL OVER 10,000		2,175	58,092,400	2,175,000	10,875,000	58,092,400
TOTAL	24,381	130,155,870	22,019,070	52,644,400	19,150,000	36,342,400

RETAIL REVENUE BY RATE INCREMENT					
THOUSAND	BILLS	GALLONS	RATE	REVENUE	
FIRST 1,000	24,381	22,019,070	\$ 13.51	\$ 329,387.31	
NEXT 4,000		52,644,400	\$ 9.14	\$ 481,169.82	
NEXT 5,000		19,150,000	\$ 8.24	\$ 157,796.00	
ALL OVER 10,000		36,342,400	\$ 7.34	\$ 266,753.22	
TOTAL	24,381	130,155,870		\$ 1,235,106.34	

Attachment #6

BILLING ANALYSIS WITH 2021 USAGE & PROPOSED RATES
Judy Water Association, Inc.

<u>COMPONENT</u>	<u>BILLS</u>	<u>GALLONS</u>	<u>REVENUE</u>
TOTAL METERED WATER SALES	24,381	130,155,870	\$ 1,438,987
LESS ADJUSTMENTS			\$ (17,363)
NET METERED WATER SALES			2021 Customer Activity Report, Leak adjustment 1,421,624

RETAIL USAGE BY RATE INCREMENT									
	<u>USAGE</u>	<u>BILLS</u>	<u>GALLONS</u>	<u>THOUSAND</u>	<u>FIRST</u>	<u>NEXT</u>	<u>NEXT</u>	<u>ALL OVER</u>	<u>TOTAL</u>
FIRST	1,000	3,917	1,555,070		1,555,070	4,000	-	-	1,555,070
NEXT	4,000	13,748	39,528,400		13,748,000	25,780,400	-	-	39,528,400
NEXT	5,000	4,541	30,980,000		4,541,000	18,164,000	8,275,000	-	30,980,000
ALL OVER	10,000	2,175	58,092,400		2,175,000	8,700,000	10,875,000	36,342,400	58,092,400
		24,381	130,155,870		22,019,070	52,644,400	19,150,000	36,342,400	130,155,870

RETAIL REVENUE BY RATE INCREMENT					
	<u>BILLS</u>	<u>THOUSAND</u>	<u>GALLONS</u>	<u>PROPOSED</u>	<u>REVENUE</u>
FIRST	1,000		22,019,070	\$ 15.74	\$ 383,756.94
NEXT	4,000		52,644,400	\$ 10.65	\$ 560,662.86
NEXT	5,000		19,150,000	\$ 9.60	\$ 183,840.00
ALL OVER	10,000		36,342,400	\$ 8.55	\$ 310,727.52
TOTAL	24,381		130,155,870		\$1,438,987.32

Attachment #7

(see file Attachment 7 Judy WA Depreciation Schedule 2021.pdf)

Attachment #8

and #9

(see file Attachment 8 - 9.pdf)