

LIST OF ATTACHMENTS
NORTH MERCER WATER DISTRICT

- 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 – 2022 adjusted (excel file)**
- 8. Board Resolution**
- 9. Statements of Disclosure of Related Party Transaction**
- 10. RD Promissory note and amortization schedule**

Attachment #1

NOTICE

Notice is hereby given that North Mercer Water District intends to amend its application in Case No. 2023-00185 with the Public Service Commission on or about December 13, 2023, 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 or six (6) months from the date of the filing of the application, whichever occurs first.

<u>CURRENT AND PROPOSED RATES</u>							
North Mercer Water District							
<u>5/8 Inch Meter</u>			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
First	1,000	Gallons	\$20.48 per month	\$22.32 per month	\$1.84	8.97%	
Over	1,000	Gallons	\$0.00988 per gallon	\$0.01077 per gallon	\$0.00089	8.97%	
<u>1 Inch Meter</u>			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
First	2,500	Gallons	\$36.70 per month	\$39.99 per month	\$3.29	8.97%	
Over	2,500	Gallons	\$0.00988 per gallon	\$0.01077 per gallon	\$0.00089	8.97%	
<u>2 Inch Meter</u>			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
First	10,000	Gallons	\$109.80 per month	\$119.65 per month	\$9.85	8.97%	
Over	10,000	Gallons	\$0.00988 per gallon	\$0.01077 per gallon	\$0.00089	8.97%	
<u>Bulk Rate</u>			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
			\$0.00673 per gallon	\$0.00733 per Gallon	\$0.00060	8.97%	

If the Public Service Commission approves the proposed water rates, then the effect on the average monthly bill for each customer class is set out in the table below.

<u>Meter</u>	<u>Average Gallons</u>	<u>Existing</u>	<u>Proposed</u>	<u>\$</u>	<u>Percentage</u>
<u>Size</u>	<u>per Month</u>	<u>Bill</u>	<u>Water Bill</u>	<u>Change</u>	<u>Increase</u>
5/8"	4,000	\$ 50.12	\$ 54.62	\$ 4.50	8.97%
1"	10,000	\$ 110.80	\$ 120.74	\$ 9.94	8.97%
2"	19,000	\$ 198.72	\$ 216.55	\$ 17.83	8.97%
Bulk loading	1,000	\$ 6.73	\$ 7.33	\$ 0.60	8.97%

The Application may be examined at the utility's office located at 4795 Louisville Road Salvisa, Ky 40372; telephone (859) 865-2292.

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.

From: advertising@harrodsburgherald.com [mailto:advertising@harrodsburgherald.com]
Sent: Wednesday, December 06, 2023 9:02 PM
To: Mischell Lee
Subject: RE: ad

Mischell - attached is your proof. The cost is \$213.75 per week. We will run it all 3 weeks. Let me know if you have any changes or corrections. Thanks!

April Ellis,



From: "Mischell Lee" <mlee@northmercerwater.org>
Sent: 12/6/23 4:42 PM
To: <advertising@harrodsburgherald.com>
Cc: "Sam Reid" <sreid312@outlook.com>

Hi,

Would you please run the attached notice in the paper for the following 3 publications:

December 14
December 21
December 28.

We will need tear sheets and avadavits for each publication.

Thank you!

Mischell
North Mercer Water District
859-865-2292

Attachment #2

Reasons for Application

North Mercer Water District is requesting a 8.97 percent rates increase for all of its water customers. The rate increase will generate approximately \$265,098 in additional revenue.

The District needs the rate increase for the following reasons.

1. To restore the District to a sound financial condition;
2. To enable the District 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.
3. To comply with a Kentucky Public Service Commission Order issued in case No. 2021-00317.

Attachment #3

CURRENT AND PROPOSED RATES

North Mercer Water District

5/8 Inch Meter

			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	1,000	Gallons	\$20.48 per month	\$22.32 per month	\$1.84	8.97%
Over	1,000	Gallons	\$0.00988 per gallon	\$0.01077 per gallon	\$0.00089	8.97%

1 Inch Meter

			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	2,500	Gallons	\$36.70 per month	\$39.99 per month	\$3.29	8.97%
Over	2,500	Gallons	\$0.00988 per gallon	\$0.01077 per gallon	\$0.00089	8.97%

2 Inch Meter

			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	10,000	Gallons	\$109.80 per month	\$119.65 per month	\$9.85	8.97%
Over	10,000	Gallons	\$0.00988 per gallon	\$0.01077 per gallon	\$0.00089	8.97%

Bulk Rate

			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
			\$0.00673 per gallon	\$0.00733 per Gallon	\$0.00060	8.97%

Attachment #4

**SCHEDULE OF ADJUSTED OPERATIONS
North Mercer Water District**

	2022			
	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	\$ 2,891,183	\$ 63,663	A	\$ 2,954,846
Private Fire Protection				-
Sales for Resale				
Other Water Revenues:				
Forfeited Discounts	30,838			30,838
Miscellaneous Service Revenues	21,853	-		21,853
Other Water Revenues	25,107	-		25,107
Total Operating Revenues	<u>2,968,981</u>	<u>63,663</u>		<u>3,032,644</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	591,437			
		72,452	B	663,889
Salaries and Wages - Officers	29,602	398	C	30,000
Employee Pensions and Benefits	365,747			
		(43,944)	D	
		(9,930)	E	
				311,873
Purchased Water	931,374	(36,400)	F	
		121,118	G	1,016,092
Purchased Power	35,460	(1,386)	F	34,074
Materials and Supplies	40,351			40,351
Contractual Services				
Accounting	11,300			11,300
Legal	6,000			6,000
Water Testing	6,045			6,045
Other	40,028			40,028
Transportation Expenses	42,756			42,756
Insurance - Other				
Insurance - Gen. Liab. & Workers Comp.	29,282			29,282
Insurance - Worker's Compensation	6,792			6,792
Bad Debt	17,262			17,262
Miscellaneous Expenses	61,422			61,422
Total Operation and Mnt. Expenses	<u>2,214,858</u>	<u>102,308</u>		<u>2,317,166</u>
Depreciation Expense	466,529	(65,094)	H	401,435
Taxes Other Than Income	53,494	3,454	I	56,948
Total Operating Expenses	<u>2,734,881</u>	<u>40,668</u>		<u>2,775,549</u>
Gains(Losses) from disposition of property				
Total Utility Operating Income	\$ 234,100	\$ 22,995		\$ 257,095

REVENUE REQUIREMENTS USING DEBT SERVICE COVERAGE METHOD

Pro Forma Operating Expenses				\$ 2,775,549
Plus: Average Annual Principal and Interest Payments			J	457,552
Additional Working Capital			K	91,510
Total Revenue Requirement				3,324,612
Less: Other Operating Revenue				77,798
Income from Leased utility plant				6,000
Interest and Dividend Income	28,745	(7,876)	L	20,869
Revenue Required From Sales of Water				3,219,945
Less: Revenue from Sales with Present Rates				2,954,846
Sales for Resale				-
Required Revenue Increase				\$ 265,098
Percent Increase				8.97%

References

- A Adjustment to revenues to match billing analysis with current rates.
- B Since 2022, there have been increase in wage rates, employee turnover and an additional employee, resulting in an annual wage increase of \$72,452.
- C Officers salaries increase by \$398 to reflect five current Commissioners. There was a vacancy on the Board for part of 2022.
- D Decrease allowable Health and Dental insurance reflecting PSC policy.
- E Decrease in pension benefits to reflect change in salaries and current contribution rates.

The utility's test year water loss was 18.91 percent. The PSC's maximum allowable loss for rate-making purposes in 15.0 percent. Therefore, the expenses for purchased water and

- F purchased power above the 15 percent limit is not allowed in the rate base and must be deducted. Purchased water expense was decreased by \$36,400 and Purchased power expense was decreased by \$1,386.

- G Increase in purchased water expense due to suppliers rate increase. \$121,118 calculated by PSC in case 2023-00268.

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 \$65,049. See Table A.

- H

- I Increased wages results in an increase to payroll taxes of \$3,454.

Revenue requirements were computed using the Debt Service Coverage Method. Annual

- J debt service payments for the utility's debt are shown in Table B. the five-year average of these payments \$457,552 is added in the revenue requirement calculation.

The amount of \$91,510 is included in the revenue requirement as additional working capital.

- K The amount shown in Table B for coverage on long term debt is required by the utility's loan documents.

- L Decrease due to \$7,876 one-time interest earnings recognized on interim financing payoff

Table A
DEPRECIATION EXPENSE ADJUSTMENTS

North Mercer Water District

1/1/2022 - 12/31/22

<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	265,270	varies	7,853	37.5	7,074	(779)
Communication & Computer Eqmt.	various	579,303	varies	30,833	10.0	57,930	27,097
Office Furniture & Equipment	various	5,437	varies	487	22.5	242	(246)
Power Operated Equipment	various	50,196	varies	2,771	12.5	4,016	1,245
Tools, Shop, & Garage Equipment	various	5,300	varies	1,060	17.5	303	(757)
Tank Repairs & Painting	various	16,720	varies	1,115	15.0	1,115	(0)
<u>Pumping Plant</u>							
Structures & Improvements	various	504,124	varies	12,603	37.5	13,443	840
Telemetry	various	129,711	40	3,243	10.0	12,971	9,728
Pumping Equipment	various		varies		20.0	-	-
<u>Transmission & Distribution Plant</u>							
Hydrants	various	21,588	40	540	50.0	540	-
Transmission & Distribution Mains	various	12,187,626	40	304,691	62.5	195,002	(109,689)
Meter Installations	various	1,496,260	varies	37,426	45.0	33,250	(4,176)
Meter Change-outs	various	425,779	varies	12,036	15.0	28,385	16,349
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services	various	1,000	40	25	40.0	25	-
Reservoirs & Tanks	various	1,619,558	40	40,489	45.0	35,990	(4,499)
Tank Painting & Repairs	various	62,214	40	1,555	15.0	4,148	2,592
<u>Transportation Equipment</u>							
Entire Group	Various	49,015	5	9,803	7.0	7,002	(2,801)
<u>Water Treatment Plant</u>							
Transmission & Distribution Mains					62.5	-	-
TOTALS for Depreciation Expense 2022		17,419,101		\$ 466,529		\$ 401,436	\$ (65,094)

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

Table B
DEBT SERVICE SCHEDULE
North Mercer Water District
CY 2024 - 2028

	CY 2024		CY 2025		CY 2026		CY 2027		CY 2028		TOTALS
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
		& Fees		& Fees		& Fees		& Fees		& Fees	
2010C	40,000	20,451	45,000	18,871	50,000	17,038	50,000	14,938	55,000	12,837	\$ 324,135
Series D (91-10)	30,500	52,716	31,500	51,553	33,000	50,344	34,500	49,078	36,000	47,756	416,947
Series A (91-11)	28,000	32,940	29,000	32,085	30,000	31,200	31,000	30,285	32,000	29,340	305,850
2016 D	70,000	58,875	70,000	56,005	75,000	52,658	75,000	49,208	80,000	46,030	632,776
2022	59,000	62,662	60,000	61,556	61,000	60,431	62,500	59,287	63,500	58,115	608,051
TOTALS	227,500	227,644	235,500	220,070	249,000	211,671	253,000	202,796	266,500	194,078	2,287,759
Average Annual Principal & Interest											\$ 457,552
Average Annual Coverage											\$ 91,510

Attachment #5

BILLING ANALYSIS WITH 2022 USAGE & EXISTING RATES
North Mercer Water District

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
Total Retail Sales	56,508	247,733,900	\$ 3,109,620
Less Adjustments			\$ (154,774)
Total			\$ 2,954,846
From PSC 2022 Annual Report			\$ 2,891,183
Difference			\$ 63,663

CONSUMPTION BY RATE INCREMENT 5/8 INCH METER

	USAGE	BILLS	GALLONS	First 1,000	Over 1,000	Total
First	1,000	9,396	3,453,360	3,453,360		3,453,360
Over	1,000	46,653	238,629,530	46,653,000	191,976,530	238,629,530
		56,049	242,082,890	50,106,360	191,976,530	242,082,890

REVENUE BY RATE INCREMENT 5/8 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	1,000	56,049	50,106,360	\$20.48 per month	\$ 1,147,884.00
Over	1,000		191,976,530	\$0.00988 per gallon	\$ 1,896,728.00
			242,082,890		\$ 3,044,612.00

CONSUMPTION BY RATE INCREMENT 1 INCH METER

	USAGE	BILLS	GALLONS	First 2,500	Over 2,500	Total
First	2,500	126	130,300	130,300		260,600
Over	2,500	261	3,964,760	652,500	3,312,260	3,964,760
		387	4,095,060	782,800	3,312,260	4,095,060

REVENUE BY RATE INCREMENT 1 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	2,500	387	782,800	\$36.70 per month	\$ 14,203.00
Over	2,500		3,312,260	\$0.00988 per gallon	\$ 32,725.00
			4,095,060		\$ 46,928.00

CONSUMPTION BY RATE INCREMENT 2 INCH METER

	USAGE	BILLS	GALLONS	First 10,000	Over 10,000	Total
First	10,000	33	74,890	74,890		149,780
Over	10,000	39	1,288,760	390,000	898,760	1,288,760
		72	1,363,650	464,890	898,760	1,363,650

REVENUE BY RATE INCREMENT 2 INCH METER

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	10,000	72	464,890	\$109.80 per month	\$ 7,906.00
Over	10,000		898,760	\$0.00988 per gallon	\$ 8,880.00
			1,363,650		\$ 16,786.00

Bulk loading station

REVENUE BY RATE INCREMENT	Bulk		REVENUE
	2022 GALLONS	RATE	
	192,300	\$0.00673 per gallon	\$ 1,294

Attachment #6

PROPOSED BILLING ANALYSIS WITH 2022 USAGE & PROPOSED RATES

North Mercer Water District

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
Total Retail Sales	56,508	247,733,900	\$ 3,388,542
Less Adjustments			\$ (154,774)
Total			\$ 3,233,768
Pro forma Revenue Requirement from water rates			\$ 3,219,945
Difference			\$ 13,824

CONSUMPTION BY RATE INCREMENT		5/8 INCH METER				
	USAGE	BILLS	GALLONS	First 1,000	Over 1,000	Total
First	1,000	9,396	3,453,360	3,453,360		3,453,360
Over	1,000	46,653	238,629,530	46,653,000	191,976,530	238,629,530
		56,049	242,082,890	50,106,360	191,976,530	242,082,890

REVENUE BY RATE INCREMENT		5/8 INCH METER				
	USAGE	BILLS	GALLONS	RATE	REVENUE	
First	1,000	56,049	50,106,360	\$22.32 per month	\$ 1,250,846.00	
Over	1,000		191,976,530	\$0.01077 per gallon	\$ 2,066,858.00	
			242,082,890		\$ 3,317,704.00	

CONSUMPTION BY RATE INCREMENT		1 INCH METER				
	USAGE	BILLS	GALLONS	First 2,500	Over 2,500	Total
First	2,500	126	130,300	130,300		260,600
Over	2,500	261	3,964,760	652,500	3,312,260	3,964,760
		387	4,095,060	782,800	3,312,260	4,095,060

REVENUE BY RATE INCREMENT		1 INCH METER				
	USAGE	BILLS	GALLONS	RATE	REVENUE	
First	2,500	387	782,800	\$39.99 per month	\$ 15,477.00	
Over	2,500		3,312,260	\$0.01077 per gallon	\$ 35,660.00	
			4,095,060		\$ 51,137.00	

CONSUMPTION BY RATE INCREMENT		2 INCH METER				
	USAGE	BILLS	GALLONS	First 10,000	Over 10,000	Total
First	10,000	33	74,890	74,890		149,780
Over	10,000	39	1,288,760	390,000	898,760	1,288,760
		72	1,363,650	464,890	898,760	1,363,650

REVENUE BY RATE INCREMENT		2 INCH METER				
	USAGE	BILLS	GALLONS	RATE	REVENUE	
First	10,000	72	464,890	\$119.65 per month	\$ 8,615.00	
Over	10,000		898,760	\$0.01077 per gallon	\$ 9,676.00	
			1,363,650		\$ 18,291.00	

CONSUMPTION BY RATE INCREMENT		Bulk loading station				

REVENUE BY RATE INCREMENT		Bulk				
	GALLONS	RATE	REVENUE			
	192,300	\$0.00733 per gallon	\$ 1,410			

Attachment #7

(see file attached titled, 7_NMWD 2022 Depreciation Schedule.xls)

Attachment #8

(see file attached titled, 8_9_NMWD Board resolution and ARF Form 3.pdf)

Attachment #9

(see file attached titled, 8_9_NMWD Board resolution and ARF Form 3.pdf)

Attachment #10

see files attached titled:

10_NMWD AMORT Schedule.xlsx,

10_Bond_Resolution_Series 2022.pdf

10_Assistance Agreement NMWD series2010C Bond.pdf

10_Board Resolution 2016 for 2016D Bond.pdf

10_Bond_Resolution_Series 2011.pdf

10_Bond_Resolution_series 2011A.pdf

10_Bond_Resolution_series 2022 article II.pdf

10_NMWD 2016 Assistance Agreement.pdf