

Exhibit A

SCHEDULE OF ADJUSTED OPERATIONS

Magoffin County Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	1,501,319	38,948	(A)	1,540,267
Other Water Revenues:				
Forfeited Discounts				-
Misc. Service Revenues				-
Other Water Revenues	40,149			40,149
Total Operating Revenues	1,541,468			1,580,416
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	371,021	(7,800)	(B)	
		26,893	(C)	390,114
Salaries and Wages - Officers		7,800	(B)	7,800
Employee Pensions and Benefits	158,415	7,857	(D)	
		(19,537)	(E)	
		1,125	(F)	147,860
Purchased Water	603,506			603,506
Purchased Power	64,067			64,067
Materials and Supplies	128,813			128,813
Contractual Services	5,400			5,400
Rental of Building/Real Property	14,300			14,300
Transportation Expenses	34,286			34,286
Insurance - Gen. Liab. & Workers Comp.				-
Insurance - Other	29,950			29,950
Advertising				-
Bad Debt	1,693			1,693
Miscellaneous Expenses	73,007			73,007
Total Operation and Mnt. Expenses	1,484,458			1,500,796
Depreciation Expense	325,898	(51,063)	(G)	274,835
Taxes Other Than Income	75,965	561	(C)	76,526
Total Operating Expenses	1,886,321			1,852,157
Total Utility Operating Income	(344,853)			(271,741)

REFERENCES

- A. The Current Billing Analysis results in pro forma water sales revenue of \$1,540,167. This reflects a full year at the retail rates that were effective in 2022 and indicates an increase to water sales of \$38,948 is required.
- B. An adjustment to reclassify Commissioner Salaries to the proper category is necessary and therefore \$7,800 was removed from Employee Wages and properly classified as Officer Salaries and Wages.
- C. Since 2022, there have been increases in wage rates and changes in personnel. These changes result in an annual wage increase of \$26,893 and increased payroll taxes of \$561.
- D. Due to the increases noted in Item (C) above, an increase of \$7,857 reflects increased pension expenses.
- E. A decrease to employee pensions and benefits adjustment of \$19,537 was made to reflect current commission precedent on amounts included in pension expense for the net pension liability adjustment typically made pursuant to GASB 68.
- F. Employee Pensions and Benefits was increased \$1,125 to reflect employee health insurance premium increases subsequent to the test period.
- G. 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 resulting in a decrease in depreciation expense of \$51,063.

REVENUE REQUIREMENTS

Pro Forma Operating Expenses	1,852,157
Plus: Average Annual Principal and Interest Payments	115,313
Additional Working Capital	23,063
Total Revenue Requirement	1,990,532
Less: Other Operating Revenue	40,149
Nonutility Income	20,000
Interest Income	930
Revenue Required From Sales of Water	<u>1,929,453</u>
Less: Revenue from Sales with Present Rates	<u>1,540,267</u>
Required Revenue Increase	389,186
Percent Increase	25.27%

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Magoffin County Water District

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>General Plant</u>							
Structures & Improvements					37.5	-	-
Communication & Computer Eqmt.					10.0	-	-
Office Furniture & Equipment	varies	\$ 35,245	10	3,525	22.5	1,566	(1,959)
Telemetry Equipment	varies	\$ 77,039	10	7,704	10.0	7,704	(0)
Tools, Shop, & Garage Equipment					17.5	-	-
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					10.0	-	-
Pumping Equipment	11/27/19	\$ 179,478	10.0	17,948	10.0	17,948	(0)
<u>Transmission & Distribution Plant</u>							
Hydrants					50.0	-	-
Transmission & Distribution Mains	varies	\$ 13,515,405	50	270,308	62.5	216,246	(54,062)
Vault	varies	\$ 28,610	50	572	50.0	572	0
Excavator	10/05/16	\$ 54,300	10	5,430	10.0	5,430	-
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services					40.0	-	-
Reservoirs & Tanks					45.0	-	-
Tank Improvements	10/01/17	\$ 205,973	50	4,120	15.0	13,732	9,612
<u>Transportation Equipment</u>							
Entire Group	varies	\$ 81,457	5.0	16,291	7.0	11,637	(4,654)
TOTALS		\$ 14,177,507		\$ 325,898		\$ 274,835	\$ (51,063)

Table B
DEBT SERVICE SCHEDULE
Magoffin County Water District
 CY 2022 - 2026

	<u>CY 2023</u>		<u>CY 2024</u>		<u>CY 2025</u>		<u>CY 2026</u>		<u>CY 2027</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>	
KRWFC	75,000	39,513	80,000	36,994	80,000	34,394	85,000	31,713	85,000	28,950	576,563
TOTALS	75,000	39,513	80,000	36,994	80,000	34,394	85,000	31,713	85,000	28,950	\$ 576,563
Average Annual Principal & Interest											\$ 115,313
Average Annual Coverage											\$ 23,063

CURRENT BILLING ANALYSIS WITH 2022 USAGE & EXISTING RATES
Magoffin County Water District

SUMMARY

	BILLS	GALLONS	REVENUE		
5/8" X 3/4" Meters	42,050	152,925,100	\$ 1,502,291		
3/4" Meters	490	1,887,700	\$ 17,491		
1" Residential Meters	48	341,500	\$ 2,947		
1" Commercial Meters	72	327,700	\$ 4,013		
2" Meters	60	2,310,200	\$ 13,698		
TOTAL WATER SALES	42,720	157,792,200	\$ 1,540,440		
LESS ADJUSTMENTS			\$ (172)		
NET METERED WATER SALES			\$ 1,540,267		
FROM PSC ANNUAL REPORT			\$ 1,501,319		
DIFFERENCE			\$ 38,948	ADJUSTMENT TO SAO BILLED RETAIL REVENUES	2.59%

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000	TOTAL
FIRST	2,000	17,006	16,004,900	16,004,900	-	-	-	16,004,900
NEXT	3,000	17,375	57,214,300	34,750,000	22,464,300	-	-	57,214,300
NEXT	5,000	6,067	40,766,000	12,134,000	18,201,000	10,431,000	-	40,766,000
ALL OVER	10,000	1,602	38,939,900	3,204,000	4,806,000	8,010,000	22,919,900	38,939,900
TOTAL		42,050	152,925,100	66,092,900	45,471,300	18,441,000	22,919,900	152,925,100

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	42,050	\$ 19.05	\$ 801,053
NEXT	3,000	45,471,300	\$ 8.53	387,870
NEXT	5,000	18,441,000	\$ 7.92	146,053
ALL OVER	10,000	22,919,900	\$ 7.30	167,315
TOTAL	42,050	152,925,100		\$ 1,502,291

PROPOSED BILLING ANALYSIS WITH 2022 USAGE & PROPOSED RATES
Magoffin County Water District

SUMMARY

	BILLS	GALLONS	REVENUE
5/8" X 3/4" Meters	42,050	152,925,100	\$ 1,881,920
3/4" Meters	490	1,887,700	\$ 21,911
1" Residential Meters	48	341,500	\$ 3,691
1" Commercial Meters	72	327,700	\$ 5,027
2" Meters	60	2,310,200	\$ 17,160
TOTAL WATER SALES	<hr/> 42,720	<hr/> 157,792,200	<hr/> \$ 1,929,709
LESS ADJUSTMENTS			\$ (172)
NET METERED WATER SALES			<hr/> \$ 1,929,537
LESS REVENUE REQUIREMENT			\$ 1,929,453
DIFFERENCE			<hr/> \$ 84

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000
FIRST	2,000	17,006	16,004,900	16,004,900	-	-	-
NEXT	3,000	17,375	57,214,300	34,750,000	22,464,300	-	-
NEXT	5,000	6,067	40,766,000	12,134,000	18,201,000	10,431,000	-
ALL OVER	10,000	1,602	38,939,900	3,204,000	4,806,000	8,010,000	22,919,900
TOTAL		<hr/> 42,050	<hr/> 152,925,100	<hr/> 66,092,900	<hr/> 45,471,300	<hr/> 18,441,000	<hr/> 22,919,900

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	42,050	\$ 23.86	\$ 1,003,478
NEXT	3,000	45,471,300	\$ 10.69	485,885
NEXT	5,000	18,441,000	\$ 9.92	182,960
ALL OVER	10,000	<hr/> 22,919,900	\$ 9.14	<hr/> 209,596

Exhibit B

MAGOFFIN COUNTY WATER DISTRICT CUSTOMER NOTICE

Notice is hereby given that the Magoffin County Water District expects to file an application with the Kentucky Public Service Commission on or about August 24, 2023, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

CURRENT AND PROPOSED MONTHLY RATES Magoffin County Water District											
<u>CURRENT RATE SCHEDULE</u>					<u>PROPOSED RATE SCHEDULE</u>					<u>DIFFERENCE PERCENT</u>	
<u>5/8" x 3/4" Meters</u>					<u>5/8" x 3/4" Meters</u>						
First	2,000	gallons	\$ 19.05	Minimum Bill	First	2,000	gallons	\$ 26.90	Minimum Bill	\$ 7.85	41.21%
Next	3,000	gallons	8.53	per 1,000 gallons	Next	3,000	gallons	12.05	per 1,000 gallons	\$ 3.52	41.27%
Next	5,000	gallons	7.92	per 1,000 gallons	Next	5,000	gallons	11.19	per 1,000 gallons	\$ 3.27	41.29%
Over	10,000	gallons	7.30	per 1,000 gallons	Over	10,000	gallons	10.31	per 1,000 gallons	\$ 3.01	41.23%
<u>3/4" Commercial Meters</u>					<u>3/4" Commercial Meters</u>						
First	3,000	gallons	\$ 33.96	Minimum Bill	First	3,000	gallons	\$ 47.96	Minimum Bill	\$ 14.00	41.22%
Next	2,000	gallons	10.89	per 1,000 gallons	Next	2,000	gallons	15.38	per 1,000 gallons	\$ 4.49	41.23%
Next	5,000	gallons	10.08	per 1,000 gallons	Next	5,000	gallons	14.24	per 1,000 gallons	\$ 4.16	41.27%
Next	5,000	gallons	9.28	per 1,000 gallons	Next	5,000	gallons	13.11	per 1,000 gallons	\$ 3.83	41.27%
Over	15,000	gallons	8.91	per 1,000 gallons	Over	15,000	gallons	12.58	per 1,000 gallons	\$ 3.67	41.19%
<u>1" Residential Meters</u>					<u>1" Residential Meters</u>						
First	5,000	gallons	\$ 44.64	Minimum Bill	First	5,000	gallons	\$ 63.05	Minimum Bill	\$ 18.41	41.24%
Next	5,000	gallons	7.92	per 1,000 gallons	Next	5,000	gallons	11.19	per 1,000 gallons	\$ 3.27	41.29%
Over	10,000	gallons	7.30	per 1,000 gallons	Over	10,000	gallons	10.31	per 1,000 gallons	\$ 3.01	41.23%
<u>1" Commercial Meters</u>					<u>1" Commercial Meters</u>						
First	5,000	gallons	\$ 55.74	Minimum Bill	First	5,000	gallons	\$ 78.72	Minimum Bill	\$ 22.98	41.23%
Next	5,000	gallons	\$ 10.08		Next	5,000	gallons	\$ 14.24	per 1,000 gallons	\$ 4.16	41.27%
Next	5,000	gallons	\$ 9.28		Next	5,000	gallons	\$ 13.11	per 1,000 gallons	\$ 3.83	41.27%
Over	15,000	gallons	8.91	per 1,000 gallons	Over	15,000	gallons	12.58	per 1,000 gallons	\$ 3.67	41.19%
<u>2" Meters</u>					<u>2" Meters</u>						
First	15,000	gallons	\$ 152.54	Minimum Bill	First	15,000	gallons	\$ 215.43	Minimum Bill	\$ 62.89	41.23%
Over	15,000	gallons	8.91	per 1,000 gallons	Over	15,000	gallons	12.58	per 1,000 gallons	\$ 3.67	41.19%

If the Public Service Commission approves the proposed water rates, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$36.11 to \$51.00. This is an increase of \$14.89 or 41.24%.

The rates contained in this notice are the rates proposed by Magoffin County Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates shown in this notice.

Magoffin County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 870 Parkway Dr, Salyersville, KY 41465. You may contact the office at 606-349-6812.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, Kentucky, 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, PO 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.

Exhibit C

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between MADOFFIN County Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Dwayne Arnett
(Print Name)

Dwayne Arnett
(Signed)

Manager
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Magoffin

Subscribed and sworn to before me by Dwayne Arnett
(Name)

this 25th day of October, 20 23.

Megan Carol Gorden
NOTARY PUBLIC
State-at-Large ex. 11/10/2020
#KYNP01917

Exhibit D

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

Magoffin County Water District is requesting a 25.27 percent rate increase for its water customers. The rate increase will generate an approximate total of \$389,186 in additional annual revenue. The District requires the increase for the following reasons:

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