

**RFI Question 7A:**

*Refer to reference J which reflects an increase of \$9,235 to Miscellaneous Service Revenue for the customer fee charged to Elkhorn Water District. Describe the scope of services provided to Elkhorn Water District.*

**PMWD Response:** Peaks Mill Water District (PMWD) provides administrative support services for the Elkhorn Water District (EWD), including the following activities: customers service (telephone, internet and walk-in), billing services, work order management, support for contract operations, bookkeeping services, accounts payable/receivable, bank deposits, records management, and support of board meetings (agenda, minutes, administrative support). PMWD leases the office location at 7165 US 127 North, Franklin County, Kentucky from Maakali Properties and allows EWD to use the office for customer service, board meetings, staff meetings, operational meetings and storage of records.

PMWD and EWD entered into an Agreement for Business and Customer Services Billing on March 14, 2017. The fee for services provided to the Elkhorn Water District were determined to be \$2.71 per month for each active customer. A copy of the executed agreement filed with the Commission is attached.

Due to the rising cost of office rent and cost of operations since 2017, PMWD has executed an Amendment to the 2017 Agreement for Business and Customer Services Billing that increases the fee reflect actual costs experienced in 2023. The new fee agreed upon is \$3.90 per customer per month, an increase of \$1.19 per customer. Based on a EWD customer count of 605, the additional monthly revenue is estimated at \$719.95, or \$8,639.40 annually. A copy of the new Agreement is attached as Exhibit 7A.

Note: At the time of the rate filing, the fee was estimated at \$3.98 per customer per month for 606 customers yielding an estimated \$9,235.44 of additional revenue. The revised additional revenue is forecast to be \$8,639.40 based on a full year of 2023 actual costs and the December 2023 customer counts of PMWD and EWD.

Response Prepared By:

Greg C. Heitzman

BlueWater Kentucky

1/11/24

Exhibit 7A

**CONTRACT AMENDMENT #1  
AGREEMENT FOR BUSINESS AND CUSTOMER SERVICES BILLING  
FOR  
PEAKS MILL WATER DISTRICT AND ELKHORN WATER DISTRICT**

The Peaks Mill Water District (Peaks Mill) and the Elkhorn Water District (Elkhorn) entered into an Agreement on March 14, 2017, whereby Peaks Mill provides business and customer services to Elkhorn at a rate of \$2.71 per active customer per month. Peaks Mill invoices Elkhorn on a monthly basis for these services. The business and customer services costs include the following: administrative staff labor and overhead; office electric; office pest control; office rent; and office telephone, internet and security.

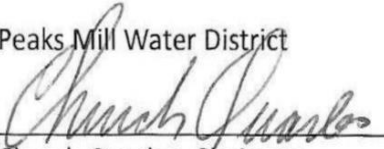
As of December 31, 2023, Peaks Mill had 1,215 active customers (67% of total) and Elkhorn had 605 active customers (33% of total) for a total active customer count of 1,820. Peaks Mill and Elkhorn agree to share in business and customer service costs using an allocation of 67 percent for Peaks Mill and 33% for Elkhorn.

Peaks Mill has updated its cost for business and customer services using actual cost data from 2023 and has prepared a projection of costs for 2024 as shown in Exhibit A. Based on this analysis, the administrative fee for these services will increase from \$2.71 per customer per month to \$3.90 per customer per month, beginning January 2024.

Other shared costs (i.e. office supplies) of the Parties not identified in Exhibit A will be allocated on a 67% Peaks Mill and 33% Elkhorn for the duration of this Amendment.

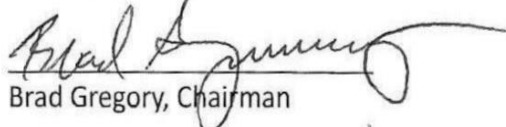
Peaks Mill will review its annual business and customer services costs following completion of the calendar year and adjust the monthly administrative fee and allocation percentages through an amendment executed in writing by both Parties.

Peaks Mill Water District

  
Church Quarles, Chairman

Board Approval Date: 1/10/2024

Elkhorn Water District

  
Brad Gregory, Chairman

Board Approval Date: 1/9/2024

Exhibit 7A

<b>ANALYSIS OF ADMINISTRATION COSTS PMWD/EWD</b>		
1/6/2024 GH		
Current EWD Administrative Fee = \$2.71/Customer since 2017		
Propose EWD Administrative Fee = \$3.90/Customer effective January 2024		

Employee Name	2022 Annual Pay	2023 Annual Pay
Andrea Breeck - \$20.19/hr	\$10,641.61	\$14,322.92
Nancy Sherrow - \$22.50/hr	\$29,106.96	\$31,630.04
Roseanne Wise - 18.71/hr	\$11,850.60	\$13,011.70

	2022	2023
Social Security (6.2%)	\$3,199.15	\$3,655.84
Medicare (1.45%)	\$748.19	\$855.02
KY Unemployment (0.2%)	\$103.20	\$122.62
KY SCUF	\$0.00	\$16.08
Total Employer Tax	\$4,050.53	\$4,649.56
Total Employee Pay	\$51,599.17	\$58,964.66
% of Payroll	7.850%	7.885%

Item	2022 Actual	2023 Actual
Payroll	\$51,599.17	\$58,964.66
Payroll Taxes	\$4,050.53	\$4,649.56
Payroll Paychex Fee @ 4%	\$2,063.97	\$2,063.97
Total Administrative Labor Costs	\$57,713.67	\$65,678.19
Computer System Support	Not shared, paid by each District	
Electric - Office	\$2,752.31	\$3,098.19
Office Supplies	Shared 67% PMWD and 33% EWD	
Pest Control	\$300.00	\$300.00
Postage	Not shared, paid by each District	
Rent (not incl Yard)	\$12,000.00	\$12,000.00
Security System	\$341.00	\$371.88
FPB Telephone/Internet/Security	Included in shared allocation, beginning Jan 2024	
Total Non-Labor	\$15,393.31	\$15,770.07
<b>Total Administrative Costs</b>	<b>\$73,106.98</b>	<b>\$81,448.26</b>

2024 Forecast	PMWD Portion	EWD Portion	Total	Comment
\$59,849.13	\$39,954.23	\$19,894.90	\$59,849.13	Assume 3% wage increase at mid year
\$4,698.16	\$3,136.41	\$1,561.75	\$4,698.16	FICA at 7.85% Average
\$2,393.97	\$1,598.17	\$795.80	\$2,393.97	Payroll Process Fee Average
\$66,941.25	\$44,688.80	\$22,252.45	\$66,941.25	Total Labor Costs
\$3,098.19	\$2,068.30	\$1,029.89	\$3,098.19	Use 2023 Actual
\$300.00	\$200.27	\$99.73	\$300.00	\$25.00 per month
\$12,600.00	\$8,411.54	\$4,188.46	\$12,600.00	Monthly office Rent = \$10,500 beginning 1/2024 \$1050
N/A	N/A	N/A	N/A	Security included in FPB Telephone/Electric
\$2,136.24	\$1,426.12	\$710.12	\$2,136.24	\$178.02 per month for Telephone, Internet and Security
\$18,134.43	\$12,106.23	\$6,028.20	\$18,134.43	Total Non-Labor Costs
<b>\$85,075.68</b>	<b>\$56,795.03</b>	<b>\$28,280.65</b>	<b>\$85,075.68</b>	Total Administrative Costs

Total # of Customers	1,803	1820
Annual Cost/Customer	\$40.55	\$44.75
Monthly Cost/Customer	\$3.38	\$3.73

1820	1215	605	1820	Customer Count
\$46.74	\$46.74	\$46.74	\$46.74	Annual Cost/Customer
\$3.90	\$3.90	\$3.90	\$3.90	Monthly Cost/Customer
\$85,075.68	\$56,795.03	\$28,280.65	\$85,075.68	Allocated Cost
% Share	66.8%	33.2%	100.00%	Percent Allocated

Number of Customers	12/31/2022	12/31/2023
PMWD	1204	1215
EWD	599	605
Total	1803	1820
% PWW	66.78%	66.76%
% EWD	33.22%	33.24%
Total	100.00%	100.00%