

LIST OF ATTACHMENTS
LEVEE ROAD 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 for each division:**
 - 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**
- 10. RD Promissory notes and amortization schedule**
- 11. Application supporting information.**

Attachment #1

NOTICE

Notice is hereby given that Levee Road Water Association, Inc. expects to file an application with the Public Service Commission on or about April 10, 2024, 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>					
Levee Road Water Association					
<u>RETAIL RATES</u>					
	<u>Current</u>	<u>Proposed</u>		<u>Difference</u>	<u>Percent</u>
First 2,000 Gallons	\$ 23.25	\$ 26.53	Minimum Bill	\$ 3.28	14.13%
Next 5,000 Gallons	\$ 0.00800	\$ 0.00913	Per Gallon	\$ 0.00113	14.13%
Next 13,000 Gallons	\$ 0.00600	\$ 0.00685	Per Gallon	\$ 0.00085	14.13%
Over 20,000 Gallons	\$ 0.00550	\$ 0.00628	Per Gallon	\$ 0.00078	14.13%
Commercial Hauler	0.00533	\$ 0.00608	Per Gallon	\$ 0.00075	14.13%
Individual private loading	0.00533	\$ 0.00608	Per Gallon	\$ 0.00075	14.13%
Bulk Sales	0.00583	\$ 0.00665	Per Gallon	\$ 0.00082	14.13%

The monthly water bill for an average customer using 4,000 gallons per month will increase \$5.54 from \$39.25 to \$44.79 or 14.13%.

The Application may be examined at the utility's office located at 6900 Levee Rd, Jeffersonville, Ky. 40337; telephone (859) 498-6980. 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

Levee Road Water Association (Levee Road) is requesting a 14.13 percent rate increase for all of its water customers an approximately \$61,588 in additional revenues. The rate increase will result in approximately \$501,232 in total revenues for the Levee Road.

The Levee Road needs the rate increase for the following reasons.

1. To restore Levee Road to a sound financial condition;
2. To enable Levee Road 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

Levee Road Water Association

RETAIL RATES

	<u>Current</u>	<u>Proposed</u>		<u>Difference</u>	<u>Percent</u>
First 2,000 Gallons	\$ 23.25	\$ 26.53	Minimum Bill	\$ 3.28	14.13%
Next 5,000 Gallons	\$ 0.00800	\$ 0.00913	Per Gallon	\$ 0.00113	14.13%
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Commercial Hauler	0.00533	\$ 0.00608	Per Gallon	\$ 0.00075	14.13%
Individual private loading	0.00533	\$ 0.00608	Per Gallon	\$ 0.00075	14.13%
Bulk Sales	0.00583	\$ 0.00665	Per Gallon	\$ 0.00082	14.13%

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS

Levee Road Water Association, Inc.

2022

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	444,032	(8,048)	A	435,984
Sales for Resale				
Other Water Revenues:				
Forfeited Discounts				-
Interest and Dividend income				
Other Water Revenues	<u>3,607</u>			<u>3,607</u>
Total Operating Revenues	<u>447,639</u>			<u>439,591</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	40,038	7,854	B	47,892
Salaries and Wages - Officers	12,350			12,350
Employee Pensions and Benefits	427			427
Insurance -Health, Gen. Liab. & Workers Comp.				-
Purchased Water	196,648	(9,619)	C	
		22,979	D	210,008
Purchased Power		6,162	E	
		(301)	C	5,860
Materials and Supplies	3,434	12,563	F	
		(6,741)	G	9,256
Contractual Service-Water Testing	1,478			1,478
Contractual Services-Other	6,130			6,130
Rents	2,500			2,500
Insurance	11,162			11,162
Bad Debt	12,033			12,033
Miscellaneous Expenses	57,574	(12,563)	F	
		(6,162)	E	38,849
Total Operation and Maintenance expense	<u>343,774</u>			<u>357,946</u>
Amortization		2,700	H	2,700
Depreciation Expense	91,158	(21,663)	I	69,495
Taxes Other Than Income	<u>3,189</u>	1,420	J	<u>4,609</u>
Total Operating Expenses	<u>438,121</u>			<u>434,750</u>
Total Utility Operating Income	9,518			4,841

REVENUE REQUIREMENTS

Operating Ratio Method

Pro Forma Operating Expenses	434,750
Divide Operating expenses by Operating Ratio of .88	K 59,284
Five year Average interest expense	L <u>7,199</u>
Total Revenue Requirement	501,232
Less: Other Operating Revenue	3,607
Private Fire Protection	
Interest Income	<u>54</u>
Revenue Required From Sales of Water	497,571
Less: Revenue from Sales with Present Rates	<u>435,984</u>
Required Revenue Increase	61,588
Percent Increase	14.13%

REFERENCES

- A Adjustment to revenues to match test year billing analysis with current rates.
- B Increase in wage rates resulting in an annual wage increase of \$7,854.
- C The utility's test year water loss was 19.89 percent. The PSC's maximum allowable loss for rate-making purposes is 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 \$9,619 and Purchased power expense was decreased by \$301
- D The utility's wholesale water supplier increased its wholesale rate to the utility resulting in an annual increase of \$22,979 in purchased water expense.
- E Reclassify \$6,162 purchased power expense that was included in Miscellaneous Expenses in 2022 PSC annual report.
- F Reclassify \$12,563 Meter supplies expense that was included in Miscellaneous Expenses in 2022 PSC annual report.
- G The utility collected \$9,630 in tapping fees in 2022. These taps were installed by a contractor for the utility. Materials and supplies expense has been reduced by \$6,741 or 70% of the tapping fees.
- H Increase amortization expense in the amount of \$2,700 to recover rate case expense (\$8,100) amortized over three years.
- I 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 \$21,663. See Table A.
- J Increase to payroll taxes by \$1,420, due to increase in employee wages.
- K Revenue requirement is computed using the Operating Ratio Method. This method is used when systems have little or no debt. Operating expenses are divided by an Operating Ratio of .88.
- L The five year average interest expense on loans is added to the Revenue Requirement.

TABLE A
DEPRECIATION EXPENSE ADJUSTMENTS

Levee Road 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	01/01/22	\$ 475,872	40	11,897	37.5	12,690	793
Communication & Computer Eq.	various	\$ 7,519	5	251	10.0	752	501
Office Furniture & Equipment	various	\$ 18,313	various	1,900	22.5	814	(1,086)
<u>Source of Supply Plant</u>							
Collecting & Impounding Reservoirs	12/01/87	\$ 5,097	50	102	62.5	82	(20)
<u>Pumping Plant</u>							
Structures & Improvements	03/31/10	\$ 55,247	40	1,381	37.5	1,473	92
<u>Transmission & Distribution Plant</u>							
Hydrants	various	\$ 5,561	varies	139	50.0	111	(28)
Transmission & Distribution Mains	various	\$ 1,928,273	varies	45,586	62.5	30,852	(14,734)
Meter Installations	various	\$ 448,102	varies	15,543	45.0	9,958	(5,585)
Reservoirs & Tanks	various	\$ 574,363	40	14,359	45.0	12,764	(1,595)
TOTALS		\$ 3,518,347		\$ 91,158		\$ 69,496	\$ (21,663)

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

TABLE B
DEBT SERVICE SCHEDULE
Levee Road Water Association
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	
1985 RD 91-03	6,832	976	7,118	498							15,425
1995 RD 91-04	1,464	1,232	1,534	1,162	1,618	1,078	1,703	993	1,794	902	13,480
RD 91-06	29,852	6,877	30,338	6,391	30,886	5,843	31,427	5,302	31,990	4,739	183,645
TOTALS	38,147	9,086	38,990	8,051	32,504	6,921	33,129	6,296	33,784	5,641	212,550
Average Annual Principal & Interest											\$ 42,510
Average Annual Coverage											\$ 8,502

5 yr. Average Interest & Fees 7,199

Attachment #5

CURRENT BILLING ANALYSIS WITH 2022 USAGE & EXISTING RATES

Levee Road Water Association

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE	
RETAIL	10,576	46,135,100	\$ 445,355	
BULK SALES			\$ -	
LESS ADJUSTMENTS			<u>\$ (9,371)</u>	LRWA 2022 BA Summary Rate Analysis Report
NET METERED WATER SALES			\$ 435,984	
FROM PSC ANNUAL REPORT			<u>\$ 444,032</u>	
DIFFERENCE			\$ (8,048)	ADJUSTMENT TO SAO BILLED RETAIL REVENUES

RETAIL USAGE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 5,000	NEXT 13,000	ALL OVER 20,000	TOTAL
FIRST	2,000	3,846	3,809,760	3,809,760	-	-	-	3,809,760
NEXT	5,000	5,586	20,620,680	11,172,000	9,448,680	-	-	20,620,680
NEXT	13,000	973	10,151,950	1,946,000	4,865,000	3,340,950	-	10,151,950
ALL OVER	20,000	171	11,552,710	342,000	855,000	2,223,000	8,132,710	11,552,710
TOTAL		10,576	46,135,100	17,269,760	15,168,680	5,563,950	8,132,710	46,135,100

RETAIL REVENUE BY RATE INCREMENT

	BILLS	THOUSAND GALLONS	RATE	REVENUE
FIRST	2,000	17,269,760	\$ 23.25	\$ 245,892.00
NEXT	5,000	15,168,680	\$ 0.00800	\$ 121,349.44
NEXT	13,000	5,563,950	\$ 0.00600	\$ 33,383.70
ALL OVER	20,000	<u>8,132,710</u>	\$ 0.00550	<u>\$ 44,729.91</u>
TOTAL	10,576	46,135,100		\$ 445,355.05

Attachment #6

CURRENT BILLING ANALYSIS WITH 2022 USAGE & PROPOSED RATES

Levee Road Water Association

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
RETAIL	10,576	46,135,100	\$ 508,266
BULK SALES			\$ -
LESS ADJUSTMENTS			<u>\$ (9,371)</u>
NET METERED WATER SALES			\$ 498,895
REVENUE REQUIREMENT FROM WATER RATES			<u>\$ 497,571</u>
DIFFERENCE			\$ 1,324

LRWA 2022 BA Summary Rate Analysis Report

RETAIL USAGE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 5,000	NEXT 13,000	ALL OVER 20,000	TOTAL
FIRST	2,000	3,846	3,809,760	3,809,760	-	-	-	3,809,760
NEXT	5,000	5,586	20,620,680	11,172,000	9,448,680	-	-	20,620,680
NEXT	13,000	973	10,151,950	1,946,000	4,865,000	3,340,950	-	10,151,950
ALL OVER	20,000	171	11,552,710	342,000	855,000	2,223,000	8,132,710	11,552,710
TOTAL		10,576	46,135,100	17,269,760	15,168,680	5,563,950	8,132,710	46,135,100

RETAIL REVENUE BY RATE INCREMENT

	BILLS	THOUSAND GALLONS	RATE	REVENUE
FIRST	2,000	10,576	17,269,760 \$ 26.53	\$ 280,626.97
NEXT	5,000		15,168,680 \$ 0.00913	\$ 138,491.57
NEXT	13,000		5,563,950 \$ 0.00685	\$ 38,099.70
ALL OVER	20,000		<u>8,132,710 \$ 0.00628</u>	<u>\$ 51,048.21</u>
TOTAL	10,576	46,135,100		\$ 508,266.45

Attachment #7

(see files Attached titled 7_Levee Fixed Asset 2022.pdf)

Attachment #8

(see file Attachment 8_LRWA Board resolution.pdf)

Attachment #9

(see files attached titled 9_ARF Form 3.pdf)

Attachment #10

(see attached files titled)

10_Amortization_Calculator Levee 91-03.xlsx
10_Amortization_Calculator Levee 91-04.xlsx
10_Amortization_Calculator Levee 91-06.xlsx
10_91-03.pdf
10_91-04.pdf
10_91-06.pdf

Attachment #11

(Application supporting files - see files attached:)

11_1_KRWA Rate Study Proposal.pdf

11_2_Levee Road WA Rate Study.xlsx