

SCHEDULE OF ADJUSTED OPERATIONS
Cannonsburg Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Total Retail Metered Sales	\$ 3,015,525	\$ (500,765)	A	
		(11,441)	B	\$ 2,503,319
Other Water Revenues:				
Forfeited Discounts	45,386	0		45,386
Misc. Service Revenues	15,795	0		15,795
Other Water Revenues	10,321	0		10,321
Total Operating Revenues	<u>3,087,027</u>	<u>(512,206)</u>		<u>2,574,821</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	493,021	(64,126)	C	
		(6,653)	D	422,242
Salaries and Wages - Officers	30,000	0		30,000
Employee Pensions and Benefits	440,452	(102,430)	E	
		70,392	F	408,414
Purchased Water	950,237	(23,969)	G	926,268
Purchased Power	74,871	(1,889)	G	72,982
Materials and Supplies	147,263	(15,522)	D	131,741
Contractual Services - Acct.	8,450	0		8,450
Contractual Services - Legal	383	0		383
Contractual Services - Other	137,730	0		137,730
Transportation Expenses	34,534	0		34,534
Insurance - Gen. Liability	29,764	0		29,764
Insurance - Worker's Comp	12,002	0		12,002
Miscellaneous Expenses	128,227	0		128,227
Total Operation and Mnt. Expenses	<u>2,486,934</u>	<u>(144,197)</u>		<u>2,342,737</u>
Depreciation Expense	271,042	(54,085)	H	216,957
Taxes Other Than Income	60,452	(18,977)	I	41,475
Total Operating Expenses	<u>2,818,428</u>	<u>(217,259)</u>		<u>2,601,169</u>
Net Utility Operating Income	<u>\$ 268,599</u>	<u>\$ (294,947)</u>		<u>\$ (26,348)</u>

REVENUE REQUIREMENTS

Pro Forma Operating Expenses	\$ 2,601,169
Divide by Operating Ratio	<u>88%</u>
Subtotal	2,955,874
Add: Average Annual Interest Expense	J 38,861
Total Revenue Requirement	<u>2,994,735</u>
Less: Other Operating Revenue	(71,502)
Interest Income	(1,375)
Nonutility Income	<u>(21,075)</u>
Revenue Required from Rates	2,921,858
Less: Normalized Revenues from Water Sales	<u>(2,503,319)</u>
Required Revenue Increase	<u>\$ 418,539</u>
Percentage Increase	<u>16.72%</u>

REFERENCES

A. Cannonsburg District incorrectly recorded payments in transit from the lending agencies as revenue from water sales. The purpose of these payments are for specific projects and are not connected to the provision of water service. For this reason, Revenue from Water Sales is being eliminated from the Revenue Requirement calculation.

B. The Current Billing Analysis results in pro forma metered sales revenue of \$2,503,319. This reflects a full year at the retail rates that were effective at the beginning of 2022 and indicates a decrease to reported Metered Water Sale revenues of \$11,441 is required.

C. In the test-year Cannonsburg District's staff consisted of 11 employees. In 2024 several of Cannonsburg District's employees resigned and several of the vacant positions were filled. Applying the 2023 employee wage rates to Cannonsburg District's current staff level of 10 employees results in a decrease to Employee Salaries and Wages expense of \$64,126.

D. In 2022, Cannonsburg District installed 19 3/4-Inch by 5/8-Inch meters, and a single 1-Inch meter, a single 2-Inch meter and a single 3-Inch meter. Cannonsburg District collected total tap-on fees of \$22,175. The test-year taps were installed by Cannonsburg District employees and were recorded as labor and materials expenses. To correct the reporting errors, Cannonsburg District is reducing Labor expense by \$6,653 or 30 percent of the tapping fees while Materials and Supplies expense is being reduced by \$15,522 or 70 percent of the tapping fees.

E. The County Employee Retirement System's (CERS) employer contribution rate that became effective on July 1, 2024 is 19.71 percent. Applying the salaries for qualifying employees of \$428,895 to the current employer CERS rate of 19.71 percent results in a decrease to Employee Pensions and Benefit expense of \$102,430.

F. In Case No. 2018-00376 Commission Staff noted that Cannonsburg District's policy was to require a 12 percent employee contribution for their health insurance coverage and that an employee contribution was not required for their dental insurance coverage. Commission Staff proposed, and the Commission

accepted adjusting the pro forma employee health and dental insurance premiums to reflect the employee contribution rate of 12 percent for health insurance, and the Commission's employee contribution rate of 60 percent for dental coverage. Cannonsburg District currently requires its employees to contribute approximately 14 percent toward the cost of their health insurance premiums but continues its policy of not requiring an employee contribution for dental insurance. To be consistent with the Commission's decision in Case No. 2018-00376 Cannonsburg District is adjusting its current employee benefit premiums to reflect an employee contribution rate of approximately 14.0 percent for health insurance coverage and a 60.0 percent contribution rate for employee dental. Cannonsburg District is proposing to increase test-year Employee Insurance and Benefit expense by \$70,392.

G. Cannonsburg District's test year water loss was 17.52 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for Purchased Water and Power related to water purchased and pumped above the 15 percent limit are not allowed in the rate base and must be deducted. Cannonsburg is proposing to decrease Purchased Water expense and Purchased Power expense by \$23,969 and \$1,869, respectively.

H. 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 totaling \$52,908 are included to bring asset lives to the midpoint of the recommended ranges. See Table A.

I. Applying the Federal Insurance Contributions Act (FICA) tax rate of 7.65 percent to pro forma Salaries and Wages expense subject to the withholdings of \$458,895 results in a decrease of \$18,977 to test-year FICA taxes of \$54,082.

J. The annual interest payments for Cannonsburg District's Rural Development bonds are shown in Table B. The five-year average of these interest payments is added in the revenue requirement calculation.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Cannonsburg Water District

Account Title	UPIS Balance	Accum. Dep 01/01/22	2022 Dep. Exp.	Accum. Dep 12/31/22	Dep. Lives	Dep Lives NARUC	NARUC Dep. Lexp	NARUC Dep. Adj.
MISCELLANEOUS:								
ROOF PUMP HOUSE	1,340	1,125	34	1,159	40.0	37.5	36	2
ROOF MAIN OFFICE	650	547	16	563	40.0	37.5	17	1
BUILDING ADDITION	32,828	23,070	1,094	24,164	30.0	37.5	875	(219)
SHOP BUILDING IMPROVEMENTS	1,694	1,524	85	1,609	20.0	37.5	45	(40)
CHAIN LINK FENCE MAIN OFFICE	2,720	2,505	136	2,641	20.0	37.5	73	(63)
SHOP IMPROVEMENTS	4,848	4,135	241	4,376	20.0	37.5	129	(112)
SHOP FURANCE	229	194	12	206	20.0	37.5	6	(6)
NEW FRONT DOOR	944	802	47	849	20.0	37.5	25	(22)
NEW WINDOWS	852	724	43	767	20.0	37.5	23	(20)
KY GLASSED LINE TANK	53,557	38,535	1,189	39,724	45.0	45.0	1,190	1
FENCE	643	643	0	643	10.0	12.5	0	0
CHLORINE SYSTEM	3,735	2,739	299	3,038	12.5	37.5	100	(199)
IMPROVEMENTS	436	322	21	343	20.0	37.5	12	(9)
IMPROVEMENTS	2,278	1,822	114	1,936	20.0	37.5	61	(53)
IMPROVEMENTS	4,229	3,366	211	3,577	20.0	37.5	113	(98)
OFFICE SIGN	378	291	19	310	20.0	37.5	10	(9)
ECONOBARN	1,173	906	59	965	20.0	37.5	31	(28)
SUBTOTAL	\$ 112,534	\$ 83,250	\$ 3,620	\$ 86,870			\$ 2,746	\$ (874)
PUMPING EQUIPMENT:								
PS MARSH RUN	16,643	15,811	333	16,144	50.0	37.5	444	111
PUMP STSTION ADDITIONS	790	751	15	766	50.0	37.5	21	6
PUMPING EQUIPMENT	28,865	17,560	2,886	20,446	10.0	20.0	1,443	(1,443)
REBEL ROAD PUMP STSTION	34,541	5,469	3,454	8,923	10.0	20.0	1,727	(1,727)
SUBTOTAL	\$ 80,839	\$ 39,591	\$ 6,688	\$ 46,279			\$ 3,635	\$ (3,053)
HYDRANTS:								
HYDRANTS RT 5 EXTENSION	21,216	20,038	643	20,681	33.0	50.0	424	(219)
HYDRANT ARBYS	600	556	18	574	33.0	50.0	12	(6)
HYDRABTS PONDEROSA	1,252	1,163	38	1,201	33.0	50.0	25	(13)
HYDRANTS 1995	610	496	18	514	33.0	50.0	12	(6)
HYDRANTS	6,627	4,217	201	4,418	33.0	50.0	133	(68)
HYDRANTS CANNONBURG RD	1,330	860	40	900	33.0	50.0	27	(13)
HYDRANTS SHOPES CREEK	2,431	1,596	74	1,670	33.0	50.0	49	(25)
HYDRANTS MAIN OFFICE	596	341	19	360	33.0	50.0	12	(7)
HYDRANTS	2,297	1,044	70	1,114	33.0	50.0	46	(24)
HYDRANTS	2,567	1,154	78	1,232	33.0	50.0	51	(27)
HYDRANTS	3,274	1,439	99	1,538	33.0	50.0	65	(34)
HYDRANTS	5,765	2,475	175	2,650	33.0	50.0	115	(60)
HYDRANTS	3,117	1,228	94	1,322	33.0	50.0	62	(32)
FIRE DEPARTMENT TRANCFER	(6,611)	(2,087)	(200)	(2,287)	33.0	50.0	(132)	68
SUBTOTAL	\$ 45,071	\$ 34,520	\$ 1,367	\$ 35,887			\$ 902	\$ (466)
METERS:								
METERS	558	552	6	558	15.0	20.0	0	(6)
METERS	1,529	1,503	26	1,529	15.0	20.0	0	(26)
METERS	6,311	6,101	210	6,311	15.0	20.0	0	(210)
METERS	1,846	1,775	71	1,846	15.0	20.0	0	(71)
METERS	1,317	1,259	58	1,317	15.0	20.0	0	(58)
METERS	986	931	55	986	15.0	20.0	0	(55)
METERS	25,481	22,084	1,699	23,783	15.0	20.0	1,274	(425)
METERS	30,162	22,119	2,011	24,130	15.0	20.0	1,508	(503)
METERS	11,568	7,712	771	8,483	15.0	20.0	578	(193)
METERS	7,033	4,220	469	4,689	15.0	20.0	352	(117)
METERS	15,914	8,487	1,061	9,548	15.0	20.0	796	(265)
METERS	15,327	7,153	1,021	8,174	15.0	20.0	766	(255)
METERS	39,601	16,941	2,640	19,581	15.0	20.0	1,980	(660)
METERS	36,883	9,835	2,459	12,294	15.0	20.0	1,844	(615)
METERS	238,620	15,908	15,908	31,816	15.0	20.0	11,931	(3,977)
METERS	690,508	46,034	46,034	92,068	15.0	20.0	34,525	(11,509)
SUBTOTAL	\$ 1,123,644	\$ 172,614	\$ 74,499	\$ 247,113			\$ 55,555	\$ (18,945)
STORAGE TANKS:								
50,000 GALLON TANK	46,000	43,700	920	44,620	50.0	45.0	1,022	102
1,000,000 GALLON TANK	257,359	196,869	5,147	202,016	50.0	45.0	5,719	572
1,000,000 GALLON TANK ADDITION	7,300	5,524	166	5,690	44.0	45.0	162	(4)
50,000 GALLON TANK BRIAR WOOD	58,986	40,888	1,341	42,229	44.0	45.0	1,311	(30)
141,000 GALLON TANK	101,528	53,641	2,031	55,672	50.0	45.0	2,296	225
BRIARWOOD TANK SITE	1,596	484	32	516	50.0	45.0	35	3
HICKORY POINT LANE EXTENSION	21,664	6,210	433	6,643	50.0	45.0	481	48
SUBTOTAL	\$ 494,433	\$ 347,316	\$ 10,070	\$ 357,386			\$ 10,987	\$ 916
MAINS & WATER LINES:								
ADDITIONS	2,746,587	2,206,813	54,932	2,261,745	50.0	62.5	43,945	(10,987)
ADDITIONS	87,224	30,529	1,744	32,273	50.0	62.5	1,396	(348)
ADDITIONS	306,802	101,245	6,136	107,381	50.0	62.5	4,909	(1,227)
LANDFILL	188	57	4	61	50.0	62.5	3	(1)
LANDFILL	14,807	4,516	296	4,812	50.0	62.5	237	(59)
LANDFILL	1,275	389	26	415	50.0	62.5	20	(6)
CARRIAGE CT	801	240	16	256	50.0	62.5	13	(3)
GRAYDON HIGHTS	26,589	7,977	531	8,508	50.0	62.5	425	(106)
BRIARWOOD	584	175	12	187	50.0	62.5	9	(3)
LANDFILL	2,104	631	42	673	50.0	62.5	34	(8)
ADDITIONS	2,281	684	46	730	50.0	62.5	37	(10)
ADDITIONS	30,181	7,847	604	8,451	50.0	62.5	483	(121)
ADDITIONS	1,077,369	237,021	21,547	258,568	50.0	62.5	17,238	(4,309)
BOYD COUNTY SCHOOL LINE	267,620	53,524	5,352	58,876	50.0	62.5	4,282	(1,070)
ADDITIONS	118,727	19,001	2,375	21,376	50.0	62.5	1,900	(475)
ADDITIONS	2,052,371	164,190	41,047	205,237	50.0	62.5	32,838	(8,209)
ADDITIONS	622,000	0	12,440	12,440	50.0	62.5	9,952	(2,488)
SUBTOTAL	\$ 7,357,510	\$ 2,834,839	\$ 147,150	\$ 2,981,989			\$ 117,720	\$ (29,430)
EQUIPMENT:								
KUBOTA EXCAVATOR AND BUCKET	52,774	46,177	5,278	51,455	10.0	12.5	4,222	(1,056)
SCASA UPGRADES	209,943	36,740	20,994	57,734	10.0	10.0	20,994	0
SUBTOTAL	\$ 262,717	\$ 82,917	\$ 26,272	\$ 109,189			\$ 25,216	\$ (1,056)
TOTALS	\$ 9,476,748	\$ 3,595,047	\$ 269,666	\$ 3,864,713			\$ 216,761	\$ (52,908)

Table B
DEBT SERVICE SCHEDULE
Cannonsburg Water District
CY 2024 - 2028

Summary

C.Y.	Principal	Interest	Service Fee	Annual Payment
2024	\$ 189,760	\$ 42,524	\$ 333	\$ 232,617
2025	30,634	39,422	88	70,144
2026	31,680	38,701	83	70,464
2027	32,728	37,228	77	70,033
2028	33,776	36,430	72	70,278
TOTALS	\$ 318,578	\$ 194,305	\$ 653	\$ 513,536
5 Year Avg	\$ 63,716	\$ 38,861	\$ 131	\$ 102,707

KIA #B18-011

C.Y.	Principal	Interest	Service Fee	Annual Payment
2024	\$ 2,589	\$ 817	\$ 93	3,499
2025	2,634	772	88	3,494
2026	2,680	726	83	3,489
2027	2,728	678	77	3,483
2028	2,776	630	72	3,478
TOTALS	13,407	3,623	413	17,443
5-Year Avg	2,681	725	83	3,489

KIA #C20-001

C.Y.	Principal	Interest	Service Fee	Annual Payment
2024	\$ 160,171	\$ 2,407	\$ 240	162,818
2025	-	-	-	0
2026	-	-	-	0
2027	-	-	-	0
2028	-	-	-	0
TOTALS	160,171	2,407	240	162,818
5-Year Avg	32,034	481	48	32,564

RD

C.Y.	Principal	Interest	Service Fee	Annual Payment
2023	27,000	39,300	0	66,300
2024	28,000	38,650	0	66,650
2025	29,000	37,975	0	66,975
2026	30,000	36,550	0	66,550
2027	31,000	35,800	0	66,800
2028				
TOTALS	118,000	148,975	-	266,975
5-Year Avg	29,500	37,244	0	66,744

Table C
Current and Proposed Rates
Cannonsburg Water District

		Existing Rates		Proposed Rates		Differences	
						\$	%
3/4-Inch x 5/8-Inch Meter							
First	2,000 Gallons	\$ 25.33	Min. Bill	\$ 29.59	Min. Bill	\$ 4.26	16.82%
Next	3,000 Gallons	0.009540	per Gallon	0.011140	per Gallon	0.001600	16.77%
Next	15,000 Gallons	0.008770	per Gallon	0.010240	per Gallon	0.001470	16.76%
Next	30,000 Gallons	0.008090	per Gallon	0.009450	per Gallon	0.001360	16.81%
Next	50,000 Gallons	0.007720	per Gallon	0.009010	per Gallon	0.001290	16.71%
Over	100,000 Gallons	0.006770	per Gallon	0.007910	per Gallon	0.001140	16.84%
1-Inch Meter							
First	5,000 Gallons	\$ 53.96	Min. Bill	\$ 63.02	Min. Bill	\$ 9.06	16.79%
Next	15,000 Gallons	0.008770	per Gallon	0.010240	per Gallon	0.001470	16.76%
Next	30,000 Gallons	0.008090	per Gallon	0.009450	per Gallon	0.001360	16.81%
Next	50,000 Gallons	0.007720	per Gallon	0.009010	per Gallon	0.001290	16.71%
Over	100,000 Gallons	0.006770	per Gallon	0.007910	per Gallon	0.001140	16.84%
2-Inch Meter							
First	20,000 Gallons	\$ 185.42	Min. Bill	\$ 216.52	Min. Bill	\$ 31.10	16.77%
Next	30,000 Gallons	0.008090	per Gallon	0.009450	per Gallon	0.001360	16.81%
Next	50,000 Gallons	0.007720	per Gallon	0.009010	per Gallon	0.001290	16.71%
Over	100,000 Gallons	0.006770	per Gallon	0.007910	per Gallon	0.001140	16.84%
3-Inch Meter							
First	20,000 Gallons	\$ 185.42	Min. Bill	\$ 216.52	Min. Bill	\$ 31.10	16.77%
Next	30,000 Gallons	0.008090	per Gallon	0.009450	per Gallon	0.001360	16.81%
Next	50,000 Gallons	0.007720	per Gallon	0.009010	per Gallon	0.001290	16.71%
Over	100,000 Gallons	0.006770	per Gallon	0.007910	per Gallon	0.001140	16.84%
6-Inch Meter							
First	50,000 Gallons	\$ 428.03	Min. Bill	\$ 499.82	Min. Bill	\$ 71.79	16.77%
Next	50,000 Gallons	0.007720	per Gallon	0.009010	per Gallon	0.001290	16.71%
Over	100,000 Gallons	0.006770	per Gallon	0.007910	per Gallon	0.001140	16.84%
12-Inch Meter							
First	100,000 Gallons	\$ 814.17	Min. Bill	\$ 950.72	Min. Bill	\$ 136.55	16.77%
Over	100,000 Gallons	0.006770	per Gallon	0.007910	per Gallon	0.001140	16.84%
Wholesale							
Over	100,000 Gallons	\$ 0.004600	per Gallon	\$ 0.005370	per Gallon	\$ 0.000770	16.74%
Leak Adjustment:							
Rate		\$ 0.004560	per Gallon	\$ 0.005320	per Gallon	\$ 0.000760	16.67%