

**LIST OF ATTACHMENTS**  
**NORTH NELSON 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 for each division:**
  - i. Refences**
  - ii. Table A – Depreciation Expense Adjustments**
- 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. Application supporting information.**

**\*Note: North Nelson Water District has no outstanding debt**

# **Attachment #1**

## NOTICE

Notice is hereby given that North Nelson Water District expects to file an application with the Public Service Commission on or about August 7, 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.

### CURRENT AND PROPOSED RATES

#### **NORTH NELSON WATER DISTRICT**

<u>All Meter Types</u>			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	<u>Difference</u>
					\$	%
First	2,000	gallons	\$ 16.21 per month	\$ 17.05 per month	\$ 0.84	5.2%
Next	3,000	gallons	\$ 0.00493 per gallon	\$ 0.00519 per gallon	\$ 0.00026	5.2%
Next	5,000	gallons	\$ 0.00441 per gallon	\$ 0.00464 per gallon	\$ 0.00023	5.2%
Over	10,000	gallons	\$ 0.00406 per gallon	\$ 0.00427 per gallon	\$ 0.00021	5.2%
<u>Bulk Sales</u>			<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	<u>Difference</u>
					\$	%
			\$ 0.00774 per gallon	\$ 0.00814 per gallon	\$ 0.00040	5.2%

The monthly water bill for an average customer using 4,000 gallons per month will increase \$1.36 from \$26.07 to \$27.43 or 5.2%.

The Application may be examined at the utility's office located at 5555 Louisville Rd, Cox's Creek, Ky. 40013; telephone (502)348-8342 . 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. The Kentucky Public Service Commission has established Case No. 2024-00234 to review the District's application. 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/Case/ViewCaseFilings/2024-00234>. Comments regarding the application may be submitted to the PSC through its website at <https://psc.ky.gov/Case/PublicComments/2024-00234> 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, or by email to [psced@ky.gov](mailto:psced@ky.gov) 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 proposed rates.

# **Attachment #2**

## Reasons for Application

North Nelson Water District (North Nelson) is requesting a 5.2 percent rate increase for all of its water customers an approximately \$91,357 in additional revenues. The rate increase will result in approximately \$2,024,761 in total revenues for North Nelson.

North Nelson needs the rate increase for the following reasons.

1. To restore North Nelson to a sound financial condition;
2. To enable North Nelson 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 the Public Service Commission Order in case No. 2022-00146.

# **Attachment #3**

**CURRENT AND PROPOSED RATES**

**NORTH NELSON WATER DISTRICT**

	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 2,000 gallons	\$16.21 per month	\$17.05000 per month	\$0.84	5.2%
Next 3,000 gallons	\$0.00493 per gallon	\$0.00519 per gallon	\$0.00026	5.2%
Next 5,000 gallons	\$0.00441 per gallon	\$0.00464 per gallon	\$0.00023	5.2%
Over 10,000 gallons	\$0.00406 per gallon	\$0.00427 per gallon	\$0.00021	5.2%
 <u>Bulk Sales</u>	 <u>Current</u>	 <u>Proposed</u>	 <u>Difference</u>	
	\$0.00774 per gallon	\$0.00814 per gallon	\$0.00040	5.2%

# **Attachment #4**



**SCHEDULE OF ADJUSTED OPERATIONS**

**NORTH NELSON WATER DISTRICT**

2023

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Metered Residential Sales	1,630,425			
Metered Commercial Sales	53,622			
Sales to Public authorities	1,147			
Sales to Multiple Family Dwellings	21,180			
		48,571	A	1,754,945
Other Water Revenues:				
Forfeited Discounts				-
Miscellaneous Service Revenues	29,485	-		29,485
<b>Total Operating Revenues</b>	<hr/> 1,735,859	48,571		<hr/> 1,784,430
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	261,770	(34,920)	B	
		46,819	C	
				273,669
Salaries and Wages - Officers	7,200			7,200
Employee Pensions and Benefits	120,883	4,145	D	
		(13,191)	E	
				111,837
Purchased Water	830,468	24,011	F	854,479
Purchased Power	16,686			16,686
Fuel for Power Production				-
Materials and Supplies	111,754	(81,480)	G	
		-		30,274
Contractual Services- Accounting	12,342	-		12,342
Contractual Services - Legal	11,322	-		11,322
Contractual Services - Other	113,740	-		113,740
Transportation Expenses	15,749	-		15,749
Insurance - Gen. Liab.	8,027	-		8,027
Insurance - Workers Comp.	12,069	-		12,069
Insurance - Other	2,069	-		2,069
Bad Debt		-		-
Miscellaneous Expenses	14,104			14,104
<b>Total Operation and Mnt. Expenses</b>	<hr/> 1,538,183	(54,616)		<hr/> 1,483,567
Depreciation Expense	344,282	(73,967)	H	270,315
Taxes Other Than Income	22,141	2,017	I	24,158
Amortization		3,750	J	3,750
<b>Total Operating Expenses</b>	<hr/> 1,904,606	(122,817)		<hr/> 1,781,789
<b>Total Utility Operating Income</b>	(168,747)	171,387		2,640

**REVENUE REQUIREMENTS USING OPERATING RATIO METHOD**

Pro Forma Operating Expenses	1,781,789
Divided by: Operating Ratio	88%
Subtotal	2,024,761
Plus: Interest Expense	-
Total Revenue Requirement	2,024,761
Less: Other Operating Revenue	29,485
Interest and Dividend Income	107,105
Non-Utility Income	41,869
Revenue Required From Sales of Water	<hr/> 1,846,302
Less: Revenue from Sales with Present Rates	1,754,945
Sales for Resale	
Required Revenue Increase	91,357
Percent Increase	5.21%

## REFERENCES

A	Adjust metered sales revenue to test year billing analysis with rates Effective 7/1/2024(PWA 2024-156)
B	The utility collected \$116,400 in tapping fees in 2023. These taps were installed by the utility and were recorded as labor and material expenses. Labor expense was reduced by \$34,920 or 30% of the tapping fees. Materials and supplies expense has been reduced by \$81,480 or 70% of the tapping fees.
C	Increase wage expense for 2024 wage rates
D	Adjustment to Pension contribution due to wage rate increase and revised contribution rate
E	Adjustment in allowable health and Dental insurance expense reflecting PSC policy
F	The utility's wholesale water supplier increased its rate to the utility resulting in an annual increase of \$24,011 in purchased water expense.
G	The utility collected \$116,400 in tapping fees in 2023. These taps were installed by the utility and were recorded as labor and material expenses. Materials and supplies expense has been reduced by \$81,480 or 70% of the tapping fees. Labor expense was reduced by \$34,920 or 30% of the tapping fees.
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 are included to bring asset lives to the midpoint of the recommended ranges, depreciation expense was reduced by \$73,976. See Table A.
I	Increased salaries results in increased payroll taxes of \$2,017.
J	Amortization of rate case expense \$11,250 over three years
K	Revenue requirement is computed using the Operating Ratio Method. This method is used when systems have little or no debt. North Nelson Water District has no debt.

**Table A**  
**DEPRECIATION EXPENSE ADJUSTMENTS**  
**NORTH NELSON WATER DISTRICT**  
**1/1/2023 - 12/31/23**

<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>
<b><u>General Plant</u></b>							
Structures & Improvements	various	\$ 253,451	varies	\$ 6,474	37.5	\$ 6,759	\$ 285
Communication & Computer Eqmt.	various	12,989	varies	2,011	10.0	1,299	(712)
Tools, Shop, & Garage Equipment	various	5,754	5	1,151	17.5	329	(822)
<b><u>Transmission &amp; Distribution Plant</u></b>							
Hydrants	various	5,622	40	141	50.0	112	(29)
Transmission & Distribution Mains	various	11,756,754	40	243,726	62.5	188,108	(55,618)
Meter Installations	various	1,269,991	40	31,750	45.0	28,222	(3,528)
Meter Change-outs	various	180,680	10	18,068	15.0	12,045	(6,023)
Reservoirs & Tanks	various	958,261	40	23,957	45.0	21,295	(2,662)
<b><u>Transportation Equipment</u></b>							
Entire Group	various	85,020	5	17,004	7.0	12,146	(4,858)
<b>TOTALS for 2023 Depreciation Expense</b>		<b>\$ 14,528,521</b>		<b>\$ 344,282</b>		<b>\$ 270,315</b>	<b>\$ (73,968)</b>
Depreciation Expense 2023 PSC Annual Report				<b>\$ 344,282</b>		<b>\$ 270,315</b>	<b>\$ (73,967)</b>

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

# **Attachment #5**

**CURRENT BILLING ANALYSIS WITH 2023 USAGE & EXISTING RATES**  
**North Nelson Water District**

**SUMMARY**

<b>COMPONENT</b>	<b><u>BILLS</u></b>	<b><u>GALLONS</u></b>	<b><u>REVENUE</u></b>
RETAIL	61,049	273,905,100	\$ 1,758,221
BULK SALES (\$0.00774 per gallon)		-	\$ -
LESS ADJUSTMENTS (leak Adjustments)			<u>\$ (3,276)</u>
NET METERED WATER SALES			\$ 1,754,944.53
FROM PSC ANNUAL REPORT metered sales			<u>\$ 1,706,374.00</u>
DIFFERENCE			\$ 48,570.53

**RETAIL USAGE BY RATE INCREMENT**

	<b>USAGE</b>	<b>BILLS</b>	<b>GALLONS</b>	<b>FIRST 2,000</b>	<b>NEXT 3,000</b>	<b>NEXT 5,000</b>	<b>ALL OVER 10,000</b>	<b>TOTAL</b>
FIRST	2,000	17,802	19,685,300	19,685,300	-	-	-	19,685,300
NEXT	3,000	28,260	96,946,500	56,520,000	40,426,500	-	-	96,946,500
NEXT	5,000	11,509	78,333,200	23,018,000	34,527,000	20,788,200	-	78,333,200
ALL OVER	10,000	3,478	78,940,100	6,956,000	10,434,000	17,390,000	44,160,100	78,940,100
	<u>TOTAL</u>	61,049	273,905,100	106,179,300	85,387,500	38,178,200	44,160,100	273,905,100

**RETAIL REVENUE BY RATE INCREMENT**

	<b>USAGE</b>	<b>BILLS</b>	<b>GALLONS</b>	<b>RATE</b>	<b>REVENUE</b>
FIRST	2,000	61,049	106,179,300	\$ 16.21	\$ 989,604.29
NEXT	3,000		85,387,500	\$ 0.00493	\$ 420,960.38
NEXT	5,000		38,178,200	\$ 0.00441	\$ 168,365.86
ALL OVER	10,000		44,160,100	\$ 0.00406	\$ 179,290.01
	<u>TOTAL</u>	61,049	273,905,100		<u>\$ 1,758,220.53</u>

# **Attachment #6**

**BILLING ANALYSIS WITH 2023 USAGE & PROPOSED RATES**  
**North Nelson Water District**

**SUMMARY**

<b>COMPONENT</b>	<b><u>BILLS</u></b>	<b><u>GALLONS</u></b>	<b><u>REVENUE</u></b>	
RETAIL	61,049	273,905,100	\$ 1,849,757	
BULK SALES			\$ -	
LESS ADJUSTMENTS (Leak adjustments)			<u>\$ (3,276)</u>	
NET METERED WATER SALES			\$ 1,846,481.05	
Metered sales ExBA			<u>\$ 1,754,944.53</u>	<u>Percent Increase</u>
DIFFERENCE			\$ 91,536.52	5.22%

**RETAIL USAGE BY RATE INCREMENT**

	<b>USAGE</b>	<b>BILLS</b>	<b>GALLONS</b>	<b>FIRST 2,000</b>	<b>NEXT 3,000</b>	<b>NEXT 5,000</b>	<b>ALL OVER 10,000</b>	<b>TOTAL</b>
FIRST	2,000	17,802	19,685,300	19,685,300	-	-	-	19,685,300
NEXT	3,000	28,260	96,946,500	56,520,000	40,426,500	-	-	96,946,500
NEXT	5,000	11,509	78,333,200	23,018,000	34,527,000	20,788,200	-	78,333,200
ALL OVER	10,000	3,478	78,940,100	6,956,000	10,434,000	17,390,000	44,160,100	78,940,100
	<u>TOTAL</u>	61,049	273,905,100	106,179,300	85,387,500	38,178,200	44,160,100	273,905,100

**RETAIL REVENUE BY RATE INCREMENT**

	<b>USAGE</b>	<b>BILLS</b>	<b>GALLONS</b>	<b>RATE</b>	<b>REVENUE</b>
FIRST	2,000	61,049	106,179,300	\$ 17.05	\$ 1,040,885.45
NEXT	3,000		85,387,500	\$ 0.00519	\$ 443,161.13
NEXT	5,000		38,178,200	\$ 0.00464	\$ 177,146.85
ALL OVER	10,000		<u>44,160,100</u>	\$ 0.00427	<u>\$ 188,563.63</u>
	<u>TOTAL</u>	61,049	273,905,100		<u>\$ 1,849,757.05</u>

# **Attachment #7**

**(see file Attached titled, 7\_North Nelson Detail Depreciation Schedule.xlsx)**



# **Attachment #8**

**(see file Attachment 8\_NNWD Board Resolution.pdf)**

# **Attachment #9**

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

# Attachment #10

(Application supporting Information- see attached files titled)

10\_1\_2023 NNWD Gen Ledger.xlsx

10\_2\_North Nelson rate study.xlsx

10\_3\_North Nelson rate study proposal.pdf