

LIST OF ATTACHMENTS
NORTH MARSHALL 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:**
 - 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 – 2023 (excel file)**
- 8. Board Resolution**
- 9. Statements of Disclosure of Related Party Transaction**
- 10. RD Promissory note and amortization schedule**
- 11. Bond Resolutions**
- 12. Rate Study (excel file)**

Attachment #1

NOTICE

Notice is hereby given that North Marshall Water District expects to file an application with the Public Service Commission on or about April 10, 2025, 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>					
NORTH MARSHALL WATER DISTRICT					
<u>RATES</u>					
<u>Bi-monthly Customer Charge</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
5/8" x 3/4" Meter	\$ 27.50	\$ 30.27	\$ 2.77	10%	
1" Meter	\$ 38.38	\$ 42.25	\$ 3.87	10%	
1 1/2" Meter	\$ 56.54	\$ 62.24	\$ 5.70	10%	
2" Meter	\$ 78.37	\$ 86.28	\$ 7.91	10%	
3" Meter	\$ 129.24	\$ 142.28	\$ 13.04	10%	
4" Meter	\$ 201.94	\$ 222.31	\$ 20.37	10%	
6" Meter	\$ 383.65	\$ 422.36	\$ 38.71	10%	
<hr/>					
<u>Rate Per Gallon</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
All Water Usage	\$ 0.00383	\$ 0.00422	\$ 0.00039	10%	

If the Public Service Commission approves the proposed water rates, then the effect on the average monthly bill for each customer class is set out in the table below.

<u>Meter Size</u>	<u>Average Gallons</u>	<u>Existing Bill</u>	<u>Proposed Bill</u>	<u>\$ Change</u>	<u>Percentage Increase</u>
<u>AVERAGE BI-MONTHLY WATER BILLS</u>					
5/8"	8,000	\$ 58.14	\$ 64.03	\$ 5.89	10%
1"	30,000	153.28	168.85	15.57	10%
1 1/2"	50,000	248.04	\$ 273.24	25.20	10%
2"	75,000	512.24	\$ 564.28	52.04	10%
3"	100,000	512.24	564.28	52.04	10%
4"	200,000	967.94	1,066.31	98.37	10%
6"	500,000	2,298.65	2,532.36	233.71	10%

The Application may be examined at the utility's office located at 96 Carroll Road Benton, Ky 42025; telephone (270) 527-3208.

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

North Marshall Water District is requesting a 10 percent rate increase for all of its water customers. The rate increase will generate approximately \$240,591 in additional revenue.

The District needs the rate increase for the following reasons.

1. To restore the District to a sound financial condition;
2. To enable the District 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

TABLE C

CURRENT AND PROPOSED RATES
NORTH MARSHALL WATER DISTRICT

RATES

<u>Bi-monthly Customer Charge</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
5/8" x 3/4" Meter	\$ 27.50	\$ 30.27	\$ 2.77	10%
1" Meter	\$ 38.38	\$ 42.25	\$ 3.87	10%
1 1/2" Meter	\$ 56.54	\$ 62.24	\$ 5.70	10%
2" Meter	\$ 78.37	\$ 86.28	\$ 7.91	10%
3" Meter	\$ 129.24	\$ 142.28	\$ 13.04	10%
4" Meter	\$ 201.94	\$ 222.31	\$ 20.37	10%
6" Meter	\$ 383.65	\$ 422.36	\$ 38.71	10%
<u>Rate Per Gallon</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
All Water Usage	\$ 0.00383	\$ 0.00422	\$ 0.00039	10%

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS

North Marshall Water District

2023

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Sales to Residential Customers	1,614,963			1,614,963
Sales to Commercial Customers	311,634			311,634
Sales to Multiple Family Dwellings	2,892			2,892
Sales for Resale	60,318			60,318
		394,781	A	394,781
Other Water Revenues:				
Forfeited Discounts	23,106			23,106
Misc. Service Revenues	22,639	(14,419)	B	8,220
Other Water Revenues	600			600
Total Operating Revenues	2,036,152			2,416,514
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	670,301	136,404	C	
		(19,750)	D	786,955
Salaries and Wages - Officers	30,200			30,200
Employee Pensions and Benefits	330,769	(4,702)	E	
		(24,259)	F	301,808
Purchased Water				-
Purchased Power	166,835	(6,455)	G	160,380
Chemicals	31,147	(1,205)	G	29,942
Materials and Supplies	236,278	(46,084)	D	190,194
Contractual Services- Management Fees	6,000			6,000
Contractual Services-Acct.	17,250			17,250
Contractual Services-Legal	1,670			1,670
Contractual Services-Water testing	25,862			25,862
Contractual Services-Other	82,525			82,525
Rental of Building/Real Property				-
Rental of Equipment	1,316			1,316
Transportation Expenses	41,542			41,542
Insurance - Gen. Liab. & Workers Comp.	64,045			64,045
Insurance - Other	790			790
Advertising Expense	630			630
Miscellaneous Expenses	26,062			26,062
Total Operation and Mnt. Expenses	1,733,222			1,767,171
Depreciation Expense	412,737	(28)	H	412,709
Amortization Expense		7,768	I	7,768
Taxes Other Than Income	55,179	8,844	J	64,023
Total Operating Expenses	2,201,138			2,251,671
Total Utility Operating Income	(164,986)			164,843

REVENUE REQUIREMENTS USING OPERATING RATIO METHOD

Pro Forma Operating Expenses	2,251,671
Divided by: Operating Ratio	K 88%
Subtotal	2,558,717
Plus: Interest Expense	109,148
Total Revenue Requirement	2,667,865
Less: Other Operating Revenue	31,926
Interest Income	10,761
Revenue Required From Sales of Water	2,625,178
Less: Revenue from Sales with Present Rates	2,384,588
Required Revenue Increase	240,591
 Percent Increase	 10.09%

REFERENCES

- | | |
|----|---|
| | REFERENCES |
| A. | Adjustment to metered sales revenues due to rate increase approved in Case No 2023-00134. |
| B. | Miscellaneous Servous Revenues reduced due to decrease in non-recurring charge rates approved in Case No 2023-00134. |
| C. | Since 2023, there have been increases to individual wage rates and employee turnover, resulting in an increase to wages of \$136,404. |
| D. | The utility collected \$65,834 in tapping fees in 2023. These taps were installed by the utility and were recorded as labor and material expenses. Labor expense has been reduced by \$19,750 or 30% of the tapping fees while materials and supplies expense has been reduced by \$46,084 or 70% of the tapping fees. |
| E. | Decrease Health and Dental insurance by \$4,702 to allowable employer share |
| F. | Decrease in pension benefits to reflect decrease in CERS pension contribution rate. |
| G. | The utility's test year water loss was 18.87 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for purchased power and chemicals above the 15 percent limit is not allowed in the rate base and must be deducted. Purchased power expense was decreased by \$6,455 and chemical expense was reduced by \$1,205. |
| 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". Adjustments are included to bring asset lives to the midpoint of the recommended ranges. NMWD fixed assets scheduled omitted two items from the total depreciation expense was decreased by \$28. See Table A. |
| I. | Total amortization expense of \$7,768. Recovery of Rate Case Expense, allowed by the Public Service Commission in Case No. 2023-00134 in the amount of \$7,954 amortized over a three year period($7,954/3\text{yrs}=\$2,651$) . Additionally, KRWA consulting fees in the amount of \$15,350 amortized over a three year period for the current project($\$15,350/3\text{yrs}=\$5,117$). |
| J. | Increased payroll taxes due to increased salaries. |
| K. | Revenue requirement is computed using the Operating Ratio Method. This method is used when systems have little or no debt. |

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
North Marshall Water District

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Proforma Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>General Plant</u>							
Structures & Improvements	Various	\$ 21,147	17.5	1,208	37.5	564	(644)
<u>Transmission & Distribution Plant</u>							
Transmission & Distribution Mains	Various	\$ 3,967	62.5	0	62.5	63.5	63
<u>Water Treatment Plant</u>							
Structures and Improvements	Various	\$ 5,800	40.0	0	40.0	145	145
Water Treatment Equipment	Various	\$ 14,073	27.5	396	17.5	804	408
Total adjustments to 2023 Depreciation Expense		\$ 44,988		\$ 1,605		\$ 1,577	\$ (28)
Depreciation Expense 2023 PSC annual report				\$ 412,737		\$ (28)	\$ 412,709

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

Table B
DEBT SERVICE SCHEDULE
North Marshall Water District
CY 2025 - 2029

	<u>CY 2025</u>		<u>CY 2026</u>		<u>CY 2027</u>		<u>CY 2028</u>		<u>CY 2029</u>		<u>TOTALS</u>
	<u>Principal</u>	<u>Interest & Fees</u>									
2014 Bond(\$3,850,000)	71,000	75,792	73,000	74,172	75,000	72,506	77,000	70,796	79,000	69,042	737,308
2021 Bond(\$2,715,000)	50,613	38,239	51,377	37,474	52,153	36,698	52,941	35,911	53,741	35,111	444,258
TOTALS	121,613	114,031	124,377	111,646	127,153	109,204	129,941	106,707	132,741	104,153	1,181,566
Average Annual Principal & Interest										\$ 236,313	
Average Annual Coverage										\$ 47,263	
Average interest & Fees										\$ 109,148	

Attachment #5

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

SUMMARY			
COMPONENT	BILLS	GALLONS	REVENUE
CUSTOMER CHARGE	34,044		\$ 973,272
USAGE		369,352,590	\$1,414,620
LESS ADJUSTMENTS			\$ (3,304)
NET METERED WATER SALES			\$2,384,588
FROM PSC ANNUAL REPORT			\$1,989,807
DIFFERENCE			\$ 394,781

Customer Charge by Meter Size

<u>Meter Size</u>	Annual	Bimonthly	
	<u>BILLS</u>	<u>Rate</u>	<u>Total</u>
5/8" x 3/4" Meter	32,688	\$ 27.50	898,920
1" Meter	906	\$ 38.38	34,772
1 1/2" Meter	162	\$ 56.54	9,159
2" Meter	198	\$ 78.37	15,517
3" Meter	60	\$ 129.24	7,754
4" Meter	24	\$ 201.94	4,847
6" Meter	<u>6</u>	<u>\$ 383.65</u>	<u>2,302</u>
TOTAL	34,044		\$ 973,271.88

Usage Revenue

<u>Meter Size</u>	<u>Gallons</u>	RATE	<u>REVENUE</u>
		<u>per 1,000</u>	
5/8" x 3/4" Meter	255,746,890	0.00383	\$ 979,510.59
1" Meter	18,003,600	0.00383	68,953.79
1 1/2" Meter	7,852,300	0.00383	30,074.31
2" Meter	16,389,600	0.00383	62,772.17
3" Meter	17,260,100	0.00383	66,106.18
4" Meter	41,671,500	0.00383	159,601.85
6" Meter	<u>12,428,600</u>	0.00383	<u>47,601.54</u>
TOTAL	369,352,590		\$ 1,414,620.42

Total Revenue from water sales \$ 2,387,892.30

Attachment #6

CURRENT BILLING ANALYSIS WITH 2023 USAGE AT PROPOSED RATES
North Marshall Water District

SUMMARY			
COMPONENT	BILLS	GALLONS	REVENUE
CUSTOMER CHARGE	34,044	369,352,590	\$ 1,071,317
USAGE			\$ 1,558,668
LESS ADJUSTMENTS			\$ (3,304)
NET METERED WATER SALES			\$ 2,626,681
TEST YEAR METERED SALES			\$ 2,384,588
DIFFERENCE			\$ 242,093
PERCENTAGE INCREASE			10.15%

Customer Charge Revenue by Meter Size

<u>Meter Size</u>	Annual	Bimonthly	
	<u>BILLS</u>	<u>Rate</u>	<u>Total</u>
5/8" x 3/4" Meter	32,688	\$ 30.27	\$ 989,465.76
1" Meter	906	\$ 42.25	\$ 38,278.50
1 1/2" Meter	162	\$ 62.24	\$ 10,082.88
2" Meter	198	\$ 86.28	\$ 17,083.44
3" Meter	60	\$ 142.28	\$ 8,536.80
4" Meter	24	\$ 222.31	\$ 5,335.44
6" Meter	6	\$ 422.36	\$ 2,534.16
TOTAL	34,044		\$ 1,071,316.98

Usage Revenue

<u>Meter Size</u>	<u>Gallons</u>	RATE	<u>REVENUE</u>
		<u>per 1,000</u>	
5/8" x 3/4" Meter	255,746,890	0.00422	\$ 1,079,251.88
1" Meter	18,003,600	0.00422	\$ 75,975.19
1 1/2" Meter	7,852,300	0.00422	\$ 33,136.71
2" Meter	16,389,600	0.00422	\$ 69,164.11
3" Meter	17,260,100	0.00422	\$ 72,837.62
4" Meter	41,671,500	0.00422	\$ 175,853.73
6" Meter	<u>12,428,600</u>	0.00422	<u>\$ 52,448.69</u>
TOTAL	369,352,590		\$ 1,558,667.93

Total Revenue from water sales at proposed rates \$ 2,629,984.91

Attachment #7

(see file Attachment 7 - 2023 NMWD Fixed Asset Schedule.xls)

Attachment #8

(see file Attachment 8 - NMWD Board resolution.pdf)

Attachment #9

(see the attached files)

Attachment 9 - NMWD Statement of Disclosure - Adair.pdf

Attachment 9 - NMWD Statement of Disclosure - Draffen.pdf

Attachment 9 - NMWD Statement of Disclosure - Driskill.pdf

Attachment 9 - NMWD Statement of Disclosure - Elam.pdf

Attachment 9 - NMWD Statement of Disclosure - Leonard.pdf

Attachment 9 - NMWD Statement of Disclosure - McCoy.pdf

Attachment #10

(see the attached file titled, Attachment 10 – 2014 & 2022 Note Amortization
Schedule.xlsx)

Attachment #11

**(see the attached files, Attachment 11 – Bond Resolution series 2015.pdf
and Attachment 11 – Bond Resolution series 2021.pdf)**

Attachment #12

(see the attached file, Attachment 12 – NMWD Rate Study 25-102.xlsx)