

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH MARSHALL)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2025-00102
PURSUANT TO 807 KAR 5:076)	

NORTH MARSHALL WATER DISTRICT RESPONSE TO COMMISSION STAFF REPORT

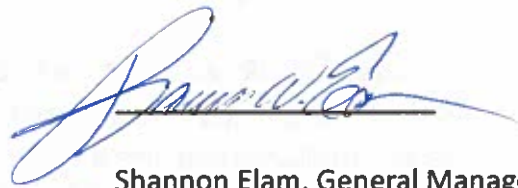
Pursuant to the Commission's Order of August 26, 2025, the North Marshall Water District ("District") responds to the Commission Staff Report ("Report") as follows:

1. The District reserves the right to contest specific recommendations listed in the Report in future Commission proceedings but accepts for purposes of this proceeding the Report's recommended revenue requirement. Provided that the Report's recommended revenue requirement is accepted without change, the North Marshall Water District does not request a conference with Commission staff and waives its right to a hearing in this matter.
2. While the District accepts for purposes of this proceeding the Report's recommended revenue requirement, it does not agree with the Commission Staff's recommended rates. The Report applies the revenue requirement determined by Staff, to the Cost-of-Service Study (COSS) calculations to develop water rates. The District Board reviewed the COSS and determined that the resulting impact of following the COSS calculation of rates creates an undue burden on the residential and low-income customers of the system. The District Board voted to pursue an across-the-board percentage increase to the current rates in this rate filing. The COSS calculation of rates significantly increase the rates, disproportionately to the low volume users a group who are least able to absorb any increase. The District requests the Commission apply an across-the-board percentage increase method, as requested in the application, to establish the water rates.
3. While the North Marshall Water District accepts for purposes of this proceeding the Report's recommended revenue requirement, it does not agree with the Report's recommendation that labor costs related to the non-recurring charges listed in the Report be removed from those charges. North Marshall has provided cost justification forms for each non-recurring charge in response to Staff's request for information in this application. North Marshall Water District's non-recurring charges are consistent

with 807 KAR 5:006, Section 9 which provides that utility may “make special nonrecurring charges to recover customer specific costs incurred that would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken.” The regulation does not limit a utility’s recovery to marginal costs associated with the service provided. The staff report states that “Previously, the Commission has found that, because district personnel are currently paid during normal business hours, estimated normal business hour labor costs previously included in determining the amount of nonrecurring charges should be eliminated from the charges.” While the total labor expense is used to determine the total revenue requirement of the district, the total revenue of the system is obtained from various sources including miscellaneous service revenues such as non-recurring charges. The fees gained from miscellaneous service revenues are not included in the net revenue used to calculate the usage rates for the system. The district requests the Commission establish non-recurring charges at the level supported by the updated cost justification sheets provided in the case.

DATED: September 8, 2025

Respectfully Submitted:

A handwritten signature in blue ink, appearing to read "Shannon Elam", is written over a horizontal line.

Shannon Elam, General Manager
North Marshall Water District