

**Farmdale Water District
100 Highwood Dr.
Frankfort, KY 40601**

Commissioners:

Scottie Wooldridge - Chairman

Jonathon Dailey - Secretary

Eddie Harrod - Treasurer

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November 20, 2025

Ms. Linda Bridwell
Executive Director
Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

RE: Case No. 2025-00192
Farmdale Water District
Response to Staff Report Dated November 12, 2025

Dear Ms. Bridwell:

Farmdale Water District (the "District") submits the following comments concerning the Commission Staff Report dated November 12, 2025:

1. Although the District does not agree with the Staff's recommendation to deny the District's request for a Water Loss Reduction Surcharge in the amount of \$2.73 per meter per month to provide financial resources to combat excessive water loss, the District does not wish to contest the Staff's recommendation in this proceeding. The District agrees with Staff that the District should review the full effects of the meter replacement project that was recently completed and base its decision on future projects to address water loss once the full effects of the meter replacement are known. The District does request that the Commission accept Staff's recommendation to include language in the final Order in this proceeding finding that the District may request a Water Loss Reduction Surcharge in a future tariff filing. This

permits the District the flexibility to request a surcharge if it identifies a water loss reduction project that can reasonably be funded through such a mechanism.

2. Although the District does not agree with the Staff's removal of certain labor expenses from nonrecurring charges, the District does not wish to contest that adjustment in this case. The District's failure to object to Staff's findings and recommendations concerning the reduction of certain Non-Recurring Charges shall not be construed to be a waiver of the District's right to contest a similar finding or recommendation in a future rate proceeding. The District expressly reserves its right to do so.
3. The District agrees with Staff that adding a provision to its tariff that states that single meter/multi-residence arrangements must cease when the ownership of such property changes is advisable and finds that adding the following statement to its tariff, Section II. Rules and Regulations, Subsection C-5-f would be beneficial:

“When a premises covered by this exception changes ownership, the customer will be required to purchase sufficient meters to individually meter each residence previously served by a single meter.”

As explained in the District's Response to Staff's First Request for Information, Item 24, the District has had “a one residence per meter” policy since 1991. The eight customers in the District's system who serve more than one residence with a single meter are all that remain of many such arrangements that existed prior to the District adopting this policy in 1991. In 2020 there were 10 such customers in the District's system, now there are only eight. Slowly, these arrangements are disappearing as property changes ownership and customers are doing exactly what the statement above articulates. The District agrees that including an explicit requirement in its tariff for single residence metering following a change in ownership can only serve to reinforce this standard.

The Staff Report indicates that the current tariff language seems to contemplate that a customer serving two residences with a single 5/8 x 3/4-Inch meter should be billed a minimum bill based on 4,000 gallons, the next 1,000 gallons at the second rate-step, the next 5,000 gallons at the third rate-step, and over 10,000 gallons at the last rate-step. However, the way the District bills “single meter/multi-residence” customers was designed decades ago to **reduce the incentive** for such arrangements to continue when the District gave its customers serving more than one residence with a single meter the option of installing separate meters or paying a minimum monthly charge per residence.

Prior to 1991, customers serving more than one residence with a single water meter were only paying one monthly minimum charge and obtaining the amount of water included with the one minimum charge. Those customers were then also charged the

volumetric rates applicable to each rate-step for the amount of water passing through the single meter. When Farmdale District adopted a tariff provision in March of 1991 requiring customers who had two or more residences served by a single meter to install separate meters or pay the minimum monthly charge per residence, the District was removing an incentive for the continuation of single meter/multi-residence arrangements. The purpose of adopting this billing method was to ensure that a customer choosing to continue to serve multiple residences with a single meter paid the **same bill** that he or she would have paid if the residences each had its own meter.

The District's billing method for these customers has remained **unchanged** since 1991. As an example using current rates, consider hypothetical Customer A who receives water through a single 5/8 x 3/4-Inch meter and serves a house and a mobile home. Customer A's meter recorded the use of 6,100 gallons of water in a billing period. Customer A was charged \$47.86 as a minimum bill ($\$23.93 \times 2 = \47.86). The minimum bill included 4,000 gallons of water. Therefore, 2,100 gallons of water remain to be charged according to the monthly volumetric rates (6,100 gallons – 4,000 gallons = 2,100 gallons). The next volumetric rate-step applicable to a 5/8 x 3/4-Inch meter is \$0.00866 per gallon for the next 3,000 gallons. Therefore, Customer A is billed an additional \$18.19 ($2,100 \times \$0.00866 = \18.186). Customer A's bill for this billing period is \$66.05 ($\$47.86 + \$18.19 = \66.05). This is illustrated below:

Monthly Rates		Customer A's Bill for 6,100 Gallons	
5/8 x 3/4-Inch Meter		5/8 x 3/4-Inch Meter	
First 2,000 Gallons	\$23.93 Min. Bill	Minimum Bill for 2 residences, 4,000 gallons of water included	\$47.86
Next 3,000 Gallons	0.00866 per gal	Charge for 2,100 gallons \$0.00866 per gallon	\$18.19
Next 5,000 Gallons	0.00767 per gal		
Over 10,000 Gallons	0.00668 per gal		
		Total Water Charges	\$66.05

This billing method complies with the tariff language stating that "Usage in excess of the monthly minimum amount is billed according to the Commission-approved volumetric rates pertaining to the meter size." This is because the Minimum Bill "rate" includes the amount of water that corresponds to it each time it is charged and the remaining number of gallons used are subject to each remaining rate-step. In our example 2,100 gallons remained to be billed once the "Minimum Bill" gallons were removed from the total. Those 2,100 gallons are billed using the next rate-step under which up to 3,000 gallons of usage is billed.

Bill for 6,100 Gallons		
Gallons Sold	Rate Applied	Amount Charged
4,000	Minimum Bill Rate	\$47.86
2,100	Next 3,000 gallons at \$0.00866	\$18.19
Total Water Charges		\$66.05

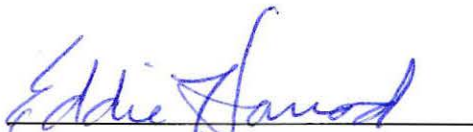
If Customer A were billed using the calculation suggested in the Staff Report, he or she would receive preferential billing not available to those customers that installed separate meters for each residence when the District adopted a "one residence per meter" policy.

Minimum Bill (Includes 4,000 gallons)	\$47.86
1,000 gallons billed at \$0.00866 per gal.	\$ 8.66
1,100 gallons billed at \$0.00767 per gal	\$ 8.44
Total Water Charges	\$64.96

The incentive to keep a single meter serving more than one residence is what the District was attempting **to avoid** in 1991 when it adopted the billing method it has used since it formally adopted a "one residence per meter" policy. Changing this billing method now would only serve to confuse customers who have been billed using this method for decades and would require the District to have its billing system reprogrammed. The District does not believe that the expense of reprogramming its billing system for eight customers is warranted or advisable.

4. The District concurs with the remainder of findings presented in the Staff Report.
5. The District waives its right to request an informal conference or hearing in this case.

Sincerely,



Eddie Harrod, Treasurer
Farmdale Water District