

REFERENCES

- A. The Current Billing Analysis results in pro forma water sales revenue of \$1,526,004. This reflects a full year at the retail rates that were effective in 2024 from KYPSC Case No. 2024-00223 dated August 15, 2024. This indicates that an increase of \$84,549 to water sales is required.
- B. Water loss reduction surcharge collections of \$62,314 were included as Miscellaneous Revenues and have been excluded from the proforma revenues.
- C. Insurance proceeds of \$3,035 were included as Miscellaneous Revenues are not expected to recur and have been excluded from the proforma revenues.
- D. Tap fee collections of \$29,432 were included as Miscellaneous Revenues and have been excluded from the proforma revenues.
- E. Since 2024, there have been increases in wage rates and changes in personnel. These changes result in an annual wage increase of \$152,735.
- F. Employee pensions and benefits contain non-cash expense accruals for OPEB adjustments. These adjustments totaling \$32,841 have been excluded.
- G. The District pays 100 percent of its employees' single health insurance premiums. Applying the insurance rates to the number of eligible employees results in an addition to benefits expenses of \$20,316. The District has included the full amount of health insurance premiums in the revenue requirement. The District acknowledges that the PSC has previously required that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 78 percent for single coverage and 67 percent for families. Applying those percentages to premiums to be paid in the current year would have resulted in an addition to 2024 benefits expense of \$8,548.
- H. The District will add recently hired employees to KPPA/CERS retirement system for an increase in employer contribution to pensions of \$45,734.
- I. The increase in salaries and wages also results in higher payroll taxes of \$8,703.
- J. Labor and materials and supplies used on tap installations are excluded in the amounts of \$8,830 and \$20,602 respectively.
- K. Purchased water and purchased power above 15% water loss are excluded in the amounts of \$87,374 and \$3,013 respectively.
- L. The District has included the balances of the A/C Pipe Replacement Project and of the Meter Replacement Project currently underway in the fixed assets eligible for depreciation expenses in the revenue requirement in Table A. KYPSC 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 resulting in a increase in depreciation expense of \$51,900.

- M. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments of \$177,091 is added in the revenue requirement calculation.
- N. The amount shown in Table B for coverage on long-term debt is required by the District's loan documents. This amount of \$35,418 is included in the revenue requirement as Additional Working Capital.
- O. Rate case expenses are amortized over three years at \$10,000.