REFERENCES

A. The Current Billing Analysis results in pro forma water sales revenue of $3,675,651. This indicates that an increase of $21,584 to water sales is required.

B. Labor and materials and supplies used on tap installations were already capitalized for 2024.

C. Since 2024, there have been changes in wage rates and changes in personnel. These changes result in an annual wage increase of $17,003.

D. Pension contribution rates have decreased from 2024 resulting in a decrease to employee pensions and benefits of $16,218.

E. The increase in salaries and wages also results in higher payroll taxes of $2,994.

F. The District pays 100 percent of its employee-only health insurance premiums and 85 percent of its family premiums. The PSC requires 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 results in a decrease to 2024 benefits expense of $14,470.

G. 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 an increase in depreciation expense of $5,942.

H. The estimated cost of the rate case expenses is amortized over three years in the amount of $3,112.

I. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments of $745,625 is added in the revenue requirement calculation.

J. The amount shown in Table B for coverage on long-term debt is required by the District's loan documents. This amount of $149,125 is included in the revenue requirement as Additional Working Capital.