

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LAUREL COUNTY)	CASE NO.
WATER DISTRICT #2 FOR A RATE ADJUSTMENT)	2025-00353
PURSUANT TO 807 KAR 5:076)	

LAUREL COUNTY WATER DISTRICT #2 RESPONSE TO COMMISSION STAFF REPORT

Pursuant to the Commission’s Order of April 28, 2026, the Laurel County Water District #2 (“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 District does not request a conference with Commission staff and waives its right to a hearing in this matter.
2. The District disagrees with the removal of labor costs related to the non-recurring charges. The District provided cost justification forms for each non-recurring charge in response to Staff’s request for information in this application. The 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 “The Commission previously found that because district personnel are paid during normal business hours, estimated labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated from the charges considering those expenses are recovered as part of salaries and wage expense.” 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.

3. The District disagrees with the Staff recommended decrease for the Service Reconnection Fee. District personnel make two trips to provide this service. One trip to turn the water off and then a second trip to turn the water on. The Staff recommended fee of \$15.00 will not sufficiently recover the expenses incurred by the District. The fee would need to be \$30.00 to cover only the mileage expense.

The District also disagrees with the Staff recommended decrease for the Meter Test Charge from \$27.00 to \$17.00. District personnel make two trips to provide this service. One trip to remove the meter to be tested and then a second trip to put the original meter back in the meter base if it passes the test which they normally do. The Staff recommended fee of \$17.00 will not sufficiently recover the expenses incurred by the District. The fee would need to be \$32.00 to cover only the \$30.00 mileage expense and \$2.00 for the water for the meter test.

4. The District does not request a hearing or conference with Commission Staff, but the District requests that the Public Service Commission consider the arguments and evidence set forth in its response in rendering its decision on the proposed rates. The district is not waiving its rights to contest or dispute any findings and recommendations in future proceedings.

DATED: May 12, 2026

Respectfully Submitted:

Wanda Smith

Wanda Smith, Office Manager/Accountant
Laurel County Water District #2

The foregoing Response was signed, acknowledged and sworn to before this
12th day of May, 2026. By Wanda Smith.

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Notary Public

My Commission Expires: 3-16-2027

