

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
LEDBETTER WATER DISTRICT FOR A)	
PURCHASED WATER ADJUSTMENT)	CASE NO. 2026-00045
PURSUANT TO KRS 278.015 AND A)	
DEVIATION FROM 807 KAR 5:068,)	
SECTIONS 3(3) AND 3(5))	

VERIFIED APPLICATION

Pursuant to KRS 278.015 and 807 KAR 5:068, Ledbetter Water District (“Ledbetter District” or “the District”) applies to the Public Service Commission (“Commission”) for authority to adjust its rates to recover increases in the cost of purchased water due to the Commission’s Order in Case No. 2024-00278¹ adjusting the rates of the District’s wholesale water supplier, Crittenden-Livingston County Water District (“Crittenden-Livingston District”), and authorizing a deviation from 807 KAR 5:068, Sections 3(3) and 3(5) to permit the purchased water adjustment factor for this adjustment to be determined using the average of the District’s annual water purchases for 2022 through 2024. **The District requests that the Public Service Commission issue a decision of its application no later than March 26, 2026.**

In support of its Application, Ledbetter District states:

Background

1. The full name and post office address of Ledbetter District is: Ledbetter Water District, P.O. Box 123, Ledbetter, KY 42058-0123. Its e-mail address is ledbetterwaterdi@bellsouth.net.

¹ *Electronic Application of Crittenden-Livingston County Water District For An Alternative Rate Filing Pursuant to 807 KAR 5:076, Case No. 2024-00278 (Ky. PSC Nov. 4, 2025).*

2. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:²

Alan Fox
General Manager
P. O. Box 123
Ledbetter, KY 42058-0123
(270) 898-3236
ledbetterwaterdi@bellsouth.net

Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
300 West Vine Street, Ste 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3017
Fax: (859) 259-3517
gerald.wuetcher@skofirm.com

3. Ledbetter District is not a corporation, limited liability company or limited partnership. It has no articles of incorporation or partnership agreements.

4. Ledbetter District is a water district created under the provisions of KRS Chapter 74 by the Livingston County Court on January 7, 1964. A copy of the petition and order creating the District and the Livingston County Fiscal Court order of December 23, 2014 establishing the District's current boundaries are attached to this Application as **Exhibits A and B**.

5. As of December 31, 2024, Ledbetter District provided retail water service to approximately 1,273 customers in Livingston County, Kentucky.³

6. A copy of the Resolution of Ledbetter District's Board of Commissioners authorizing the filing of this Application is attached as **Exhibit C** to this Application.

² On February 18, 2026 pursuant to 807 KAR 5:001, Section 8, Ledbetter District requested that the Commission establish a docket for this matter and advised of its election of the use of electronic filing procedures.

³ *Annual Report of Ledbetter Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2024* ("2024 Annual Water Report") at Ref Page 27.

Application for Purchased Water Adjustment

7. Ledbetter District operates a water treatment facility that supplies more than fifty percent of its total water requirements. Since at least 2000 it has purchased its remaining water requirements from Crittenden-Livingston District.

8. On January 27, 2025, Crittenden-Livingston District applied to the Commission for authorization to adjust its rates for water service. On November 4, 2025, the Commission authorized Crittenden-Livingston District to adjust its rates to produce a 13.07 percent increase in revenues. More specifically, it authorized Crittenden-Livingston District to increase its rate for wholesale water service rendered on and after that date from \$3.34 per 1,000 gallons to \$3.78 per 1,000 gallons. A copy of the Order of November 4, 2025 is attached as **Exhibit D** to this Application.

9. On December 23, 2025, Crittenden-Livingston District advised the District by letter that it would place its authorized wholesale rate into effect on March 27, 2026. A copy of this letter is attached as **Exhibit E** to this Application.

10. KRS 278.015 provides in pertinent part that “[w]hen a wholesale supplier selling water or providing sewage treatment to a water district . . . increases its rates, the water district . . . shall have the authority to increase its rates commensurate with the wholesale supplier without prior approval by the commission.”

11. On February 17, 2026, Ledbetter District’s Board adopted a resolution increasing its rates for water service to recover the increased purchased water expense owing to the Commission’s Order of November 4, 2025 in Case No. 2024-00278, effective for service rendered on and after February 26, 2026. A copy of this resolution is attached to this Application as **Exhibit C**. In its resolution the Board determined that the appropriate purchase water adjustment factor to adjust its present rates for water service was **\$0.24 per 1,000 gallons**. This factor was

determined in part by using an average of Ledbetter District’s annual purchases from Crittenden-Livingston District for 2022–2024. Applying this factor to each volumetric rate block in the District’s rate schedule produces the following rates:

Customer Charge	\$7.74 Minimum Bill
First 25,000 gallons of water	\$0.00738 per Gallon
Over 25,000 gallons of water	\$0.00522 per Gallon

12. Because the District takes the position that the Commission’s Order of November 4, 2025 in Case No. 2024-00274 requires Crittenden-Livingston District to charge the approved wholesale rate for service on and after November 4, 2025, it proposes to implement its purchased water adjustment on February 26, 2026 rather than on March 27, 2026.⁴

13. 807 KAR 5:068, Section 4(1) requires the District to submit an application for purchased water adjustment containing the documents listed in 807 KAR 5:068, Section 1(1). This application, which includes a completed Purchase Adjustment Form 1, is attached as **Exhibit F** to this Application.

Deviation from 807 KAR 5:068, Section 3(3)

14. Because its cost to purchase water from Crittenden-Livingston District is generally less than the cost to produce water at its own water production facilities, Ledbetter District has historically purchased a large proportion of its water needs from Crittenden-Livingston. Under their water purchase contract, Ledbetter District is required to purchase from Crittenden-

⁴ Crittenden-Livingston District interprets the parties’ water purchase agreement as requiring 90 days’ written notice to Ledbetter District before implementing any rate adjustment. While the agreement does require such notice, it further provides that nothing in the contract is to be construed as “divesting the Public Service Commission of Kentucky of any of its authority, jurisdiction, control, or prerogatives in connection with either of the parties.” While Ledbetter District is not opposed to the effective date of the increase in Crittenden-Livingston District’s wholesale rate being March 27, 2026, the Commission’s Order of November 4, 2025 clearly states that its effective date as November 4, 2025 and that Order appears to supersede any contract provision. The District views any delay in implementing its purchase water adjustment as placing Ledbetter District at risk of being unable to recover a portion of the increased costs should the Commission agree that the effective date of the wholesale rate adjustment is November 4, 2025.

Livingston District a minimum of 2.5 million gallons of water per month. A copy of this agreement is attached to this Application as **Exhibit G**.⁵

15. Beginning in April 2024 and continuing through December 2025, Ledbetter District at Crittenden-Livingston District's request significantly reduced its water purchases from Crittenden-Livingston District. Crittenden-Livingston District requested this reduction because its production facility had reached maximum capacity and had difficulty meeting its customers' total demand.⁶ Crittenden-Livingston District temporarily suspended enforcement of water purchase contract's minimum purchase provision and charged Ledbetter District only for the volume of water actually purchased. See **Exhibit H** to this Application.

16. With the completion of improvements to its water production and storage facilities which improved its ability to meet its customers' water demands, Crittenden-Livingston District in January 2026 withdrew its request for voluntary reductions in Ledbetter District's water purchases and again began to enforce the minimum purchase provision.

17. Table 1 below shows Ledbetter District's purchases from Crittenden-Livingston District from 2021 through 2025. It shows the significant reduction in 2024 and 2025 in the volume of Ledbetter District's water purchases and those purchases as a percentage of total water purchased and produced.

⁵ Ledbetter District cannot confirm that a copy of the water purchase contract has been filed with the Public Service Commission. The District's counsel could not locate the contract on the Commission's website. An earlier version of this contract, executed on January 24, 2000, is available. On February 20, 2020, the Kentucky Supreme Court found the contract violated the Kentucky Constitution and was void. *Ledbetter Water District v. Crittenden-Livingston County Water District*, 2018-SC-000494-DG (Ky. Sup. Ct. Feb. 20, 2020). The current water purchase contract was executed after that decision.

⁶ See *Electronic Application of Crittenden-Livingston County Water District for a Declaratory Order or, in the Alternative, for a Certificate of Public Convenience and Necessity*, Case No. 2024-00386 (Ky. PSC Mar. 4, 2025), Order at 2-3. See also Crittenden-Livingston County Water District's Response to Commission Staff's First Request for Information, Response to Request 1-2 (filed Jan. 15, 2025 in Case No. 2024-00386).

TABLE 1					
Year	Total Purchased (gallons)	Total Produced (gallons)	Total Water (gallons)	Purchases As Percentage of Total Water	Sales (gallons)
2021	27,464,000	43,483,000	70,947,000	38.71	55,238,000
2022	32,469,000	46,879,000	79,348,000	40.92	61,773,000
2023	40,105,000	46,715,000	86,820,000	46.19	57,398,000
2024	26,701,000	53,177,000	79,878,000	33.43	57,886,000
2025	21,710,000	49,373,000	71,083,000	30.54	61,019,000

18. Under 807 KAR 5:068, Section 3, the following formula is used to determine the purchased water adjustment factor necessary to ensure that a water district’s full recovery of an increase in its water supplier’s rate:

$$\text{PWA Adjustment Factor} = \frac{(\text{Changed Rate} \times \text{Total Utility Water Purchases}) - (\text{Base Rate} \times \text{Total Utility Water Purchases})}{\text{Total Water Utility Sales}}$$

807 KAR 5:068, Section 3(3) requires the water district’s purchases of water be based upon purchases during a period of twelve (12) consecutive months within ninety (90) days immediately prior to the effective date of the water district’s rate adjustment. 807 KAR 5:068, Section 3(5) requires the same twelve (12) month period to determine total utility water purchases and total utility sales.

19. Because Ledbetter District’s purchases were artificially reduced in 2025 due to Crittenden-Livingston District’s problems meeting customer demand, strict application of 807 KAR 5:068, Section 3(3) would prevent Ledbetter District from recovering the full increase in Crittenden-Livingston District’s wholesale rate. During 2025 Ledbetter District purchased only **21.7 million gallons** of water. Going forward, with Crittenden-Livingston District reimposing the minimum purchase provision of the water purchase contract, however, Ledbetter District must purchase a **minimum of 30 million gallons**. Based upon its average annual purchases for 2022-2024, Ledbetter District is likely to purchase **33.1 million gallons**. As shown in **Exhibit I**,

Ledbetter District will fall significantly short of recovering the full cost of the wholesale rate increase if its 2025 water purchases are used to establish its purchased water adjustment factor.

20. Because use of the District's 2025 water purchases to establish its purchased water adjustment factor produces an anomalous result, the District chose instead to use its average annual purchases for 2022-2024 to determine its total water purchases. It used 2025 water sales to determine the total water sales component of the formula.

21. 807 KAR 5:068, Section 8 permits the Commission to deviate from the other provisions of 807 KAR 5:68 "in special cases, for good cause shown."

22. Good cause exists to deviate from 807 KAR 5:068, Section 3(3) and calculate Ledbetter District's purchased water adjustment factor using the District's average annual purchases for 2022-2024. The lower level of water purchases is well documented and explained. It resulted from the wholesale supplier and Ledbetter District taking reasonable measures to avoid water shortages. Given the minimum purchase provision of Ledbetter District's water purchase contract, which the wholesale supplier is again enforcing, Ledbetter District's purchase of at least 30 million gallons of water annually is certain and recent trends suggest the purchase of at least 33.1 million gallons of water for the near future is highly likely. In short, Ledbetter District should not be penalized for working to avert area water shortages that would have adversely affected public health and the local economy.

23. Good cause also exists to deviate from 807 KAR 5:068, Section 3(5). The District's 2025 sales are consistent with recent sales trends. Ledbetter District made no attempt to suppress or reduce its customers' demand for water during 2025. The use of the 2025 sales as opposed to average annual sales for 2022-2024 represents a conservative approach that benefits the District's customers.

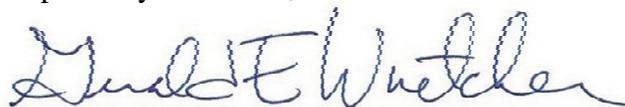
Requested Relief

WHEREFORE, Ledbetter District respectfully requests that the Commission:

1. Place this application at the head of its docket and issue a decision on the merits of the application no later than **March 26, 2026**;
2. Grant a deviation from 807 KAR 5:068, Sections 3(3) and 3(5) to permit the use of Ledbetter District's average annual purchases for 2022-2024 and its actual sales for 2025 to calculate the purchase adjustment factor to determine the adjustment of Ledbetter District's rates necessary to recover the increase in Ledbetter District's purchased water costs;
3. Approve a purchased water adjustment factor of \$0.24 per 1,000 gallons;
4. Approve the proposed rates set forth in Exhibit F; and
5. Grant any and all such other relief to which Ledbetter District may be entitled.

Dated: February 27, 2026

Respectfully submitted,

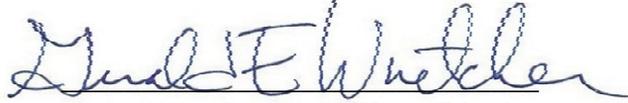


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Lexington, Kentucky 40507-1801
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gerald.wuetcher@skofirm.com

Counsel for Ledbetter Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8 and the Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on February 27, 2026 and that no parties have been excused from electronic filing procedures.

A handwritten signature in blue ink, appearing to read "Mark E. Wheeler". The signature is written in a cursive style with a horizontal line underneath the name.

Counsel for Ledbetter Water District

EXHIBITS

TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
A	Petition of Resident Freeholders for the Establishment of A Water District in Livingston County, Kentucky and Order of Livingston County Court Granting Petition (Jan. 7, 1964)
B	Livingston County Ordinance No. 2014-O12-23-04
C	A Resolution of the Board of Commissioners of Ledbetter Water District Adjusting Water Rates and Charges to Offset the Wholesale Rate Increase of Crittenden-Livingston County Water District and Authorizing an Application for a Deviation From 807 KAR 5:068
D	<i>Electronic Application of Crittenden-Livingston County Water District For An Alternative Rate Filing Pursuant to 807 KAR 5:076, Case No. 2024-00278 (Ky. PSC Nov. 4, 2025).</i>
E	Letter from Abbie Adamson, Superintendent, Crittenden-Livingston County Water District, to Ledbetter Water District (Dec. 23, 2025)
F	Purchased Water Adjustment Form 1and Related Attachments
G	Water Purchase Contract (executed Mar. 26, 2021)
H	Affidavit of Abbie Adamson, Superintendent, Crittenden-Livingston County Water District
I	Alternative Methods of Calculating Purchase Water Adjustment

EXHIBIT A

Filed in office Jan 7, 1964
TO THE COUNTY COURT

IN RE:

PETITION OF RESIDENT FREEHOLDERS FOR THE
ESTABLISHMENT OF A WATER DISTRICT IN
LIVINGSTON COUNTY, KENTUCKY

NO _____

PETITION TO ESTABLISH
AND
NAME PROPOSED WATER DISTRICT

MAY IT PLEASE THE COURT

THE UNDERSIGNED SUBMIT THIS PETITION PURSUANT TO THE PROVISIONS OF RE-
VISED KENTUCKY STATUTE, CHAPTER 74, HEREBY SEEKING ENTRY OF AN ORDER OF THE COURT
TO ESTABLISH A PROPOSED WATER DISTRICT IN LIVINGSTON
COUNTY (S), KENTUCKY; PETITIONERS REPRESENTS TO THE COURT AS FOLLOWS:

QUALIFICATION OF PETITION

EACH OF THE UNDERSIGNED REPRESENTS THAT HE OR SHE IS A FREEHOLDER RE-
SIDENT WITHIN THE BOUNDARIES OF THE PROPOSED WATER DISTRICT.

DESCRIPTION

OF
PROPOSED WATER DISTRICT

THE TERRITORY PROPOSED TO BE DESIGNATED AS THE LEDBETTER
WATER DISTRICT IS IN GENERAL COM-
POSED IN AND AROUND LIVINGSTON
COUNTY (S) NOT AT PRESENT BEING SERVED BY ANY PRIVATE, MUNICIPAL OR OTHER WATER
COMPANY AND SPECIFIED AND BOUNDED AND DESCRIBED AS FOLLOWS:

"BEGINNING at a point in the center of the Tennessee River and the centerline of U. S. Highway 60; thence in a North Westerly direction along the center of the Tennessee River for a distance of 4000' ± to a point; thence in a North Easterly direction parallel to and 4000' North of U. S. Highway 60 for a distance of 53,000' ± to a point; thence due East for a distance of 8,000 ft. to a point; thence in a South Westerly direction parallel to and 4000' South of U. S. Highway 60 for a distance of 53,000' ± to a point in the Tennessee River; thence in a North Westerly Direction for a distance of 4000 ft. to the point of beginning."

THE PETITIONERS ATTACH HERETO, A MAP OF SAID AREA. PROPOSED WATER DISTRICT BEING OUTLINED IN Red ON SAID MAP AND IS ADOPTED AS PART OF THIS PETITION AND MARKED FOR IDENTIFICATION PURPOSES, "A".

III

REASON A WATER DISTRICT IS NEEDED

THE TERRITORY OF THE PROPOSED WATER DISTRICT IS WITHOUT AN ADEQUATE AND EASILY ACCESSIBLE UNDERGROUND WATER TABLE WITH THE RESULTS BEING THAT WELLS ARE UNRELIABLE AND FREQUENTLY RUN DRY IN CERTAIN SEASONS OF THE YEAR,

WATER OBTAINED FROM SUCH WELLS IS FREQUENTLY IMPURE, MINERAL LADEN, AND OTHERWISE UNFIT FOR HUMAN CONSUMPTION.

THE USE OF CISTERNS IS CONSTANTLY THREATENED IN THE AREA DUE TO THE FREQUENT DRY SEASONS AND THE COST OF TRANSPORTING AND STORING OF WATER DURING SUCH SEASONS IS PROHIBITIVE.

THE COURT SHOULD TAKE JUDICIAL NOTICE OF THE POLLUTION OF SURFACE STREAMS, THROUGHOUT THE AREA BY DISCHARGE OF CONTAMINATED WATER FROM COAL, OIL, AND OTHER MINERAL SOURCES.

THE FOREGOING FACTORS, AND OTHERS, TOO NUMEROUS TO EMBODY WITHIN THIS PETITION, ALL CONTRIBUTE TO THE NECESSITY FOR A WATER DISTRICT IN THE AREA. THE ONLY MEANS OF CORRECTING THE INADEQUACIES MENTIONED HEREIN, IS THROUGH THE CONCERTED, COOPERATIVE ACTION OF ALL THE RESIDENTS AND CAN BE ACCOMPLISHED ONLY BY THE ESTABLISHMENT OF A LIVINGSTON COUNTY (S) WATER DISTRICT.

IV

HOW THE PROPOSED WATER DISTRICT
WILL ATTEMPT TO SOLVE THE PROBLEM

THE EXISTANCE OF AN ADEQUATE WATER SUPPLY FOR THE AREA TO BE USED BY THE NEW FORMED WATER DISTRICT IS KNOWN AND IT IS PROPOSED THAT SUCH WATER, AS IS NEEDED, WILL BE OBTAINED FROM (1) Wells or the River
(2) _____ (3) OTHER SOURCES: _____

THE UNDERSIGNED HAVE CAUSED HOLLIS & GRIGGS, INC., CONSULTING ENGINEERS, OF PADUCAH, KENTUCKY, A FIRM COMPRISED OF COMPETENT ENGINEERS, AND BLACKFORD & Co., INC., FISCAL AGENTS, A FIRM OF INVESTMENT BANKERS WITH EXPERIENCE IN CONSTRUCTION

AND FINANCING OF SUCH WATER SYSTEMS, TO MAKE A PRELIMINARY SURVEY TO ASCERTAIN AND REPORT THE FEASIBILITY OF SUCH A WATER DISTRICT.

WHEN AND IF, THE COURT DEEMS IT PROPER TO ENTER AN ORDER TO ESTABLISH A WATER DISTRICT, SAID COURT WILL APPOINT A COMMISSION WITH PROPER POWER, GRANTED UNDER CHAPTER 74, REVISED KENTUCKY STATUTES.

V

PROSPECTIVE SERVICE TO CONSUMERS
OUTSIDE DESIGNATED AREA

THE WATER PROBLEM SET FORTH HEREIN, BEFORE, IS NOT CONFINED TO THE AREA DESIGNATED BY DESCRIPTION HEREIN, BUT IS PECULIAR TO THE ENTIRE COUNTY AND IT IS PROPOSED THAT ACQUISITIONS MAY BE MADE BY THE COMMISSIONERS TO ENLARGE THAT AREA AND IT IS FURTHER PROPOSED THAT IN THE EVENT ANY EXISTING WATER DISTRICTS MAY DESIRE TO MERGE WITH THE PROPOSED DISTRICT THAT THE COURT MAY IN DUE TIME, AND AFTER PROPER PROCEDURE, BY ORDER, PERMIT SUCH ENLARGEMENT AND MERGER AS MAY BE POSSIBLE. THE COMMISSION SHALL BE EMPOWERED TO TAKE WHATEVER STEPS AS MAY BE NECESSARY TO INSURE AN ADEQUATE SUPPLY OF WATER TO OTHER AREAS, AT LATER DATES, NOT IN CONFLICT WITH THE OBLIGATIONS TO THIS COURT, THE ORIGINAL DISTRICT, OR ANY GOVERNMENTAL AGENCYS, FEDERAL OR STATE.

VI

REQUESTED NAME

WHEN AND IF, THE COURT ESTABLISHES THE DISTRICT PROPOSED BY THIS PETITION, IT IS REQUESTED BY THE PETITIONERS THAT THE WATER DISTRICT BE DESIGNATED AS: "LEDBETTER COUNTY (S) WATER DISTRICT."

VII

PRAYER

WHEREFORE, THE PETITIONERS PRAY THE ENTRY OF AN ORDER BY THE LIVINGSTON COUNTY COURT(S).

1. THAT THE PROPOSED CREATION OF A WATER DISTRICT IS REASONABLY NECESSARY FOR THE PURPOSES SET FORTH IN CHAPTER 74, KENTUCKY REVISED STATUTES.
2. THAT A WATER DISTRICT BE CREATED AND DESIGNATED, "LEDBETTER COUNTY (S) WATER DISTRICT".
3. THAT THE COURT APPOINT THREE (3) COMMISSIONERS FOR SAID DISTRICT, AS PROVIDED UNDER CHAPTER 74, REVISED KENTUCKY STATUTES AND FIX THEIR BOND ACCORDING TO LAW.

NAME

ADDRESS

NAME

ADDRESS

NAME

STATE OF KENTUCKY

LIVINGSTON COUNTY) SCT

I, Gabe McCandless, Clerk of the County Court, for the County and State aforesaid, do hereby certify the foregoing to be a true and correct copy of the Petition as filed in my said office on the 7th day of January 1964.

Given under my hand this the 28th day of January 1970

Gabe McCandless Clerk

By Gabe McCandless D.C.

ORDERS

LIVINGSTON

COURT

SPECIAL

Term

7th

Day of

JANUARY

1964

Court Met Pursuant to Adjournment with Honorable Eulen Ramage presiding

RE: LEDBETTER WATER DISTRICT

This day Petition for Establishment of and name a proposed water District was presented in open court; said Petition was read, examined and approved by the Court; whereupon said Water District was designated as Ledbetter Water District and the following named as officers thereof:

Lynn Heater, Chairman

Charles R. Blankenship, Sec. and Treas.

Lambert Scott, Committeeman

Thereupon the above officers/entered into Bond to the Commonwealth of Kentucky, with Fidelity and Deposit Company of Maryland as surety, in the penal sum of Three Hundred (\$300.00) Dollars each and said bonds and surety were accepted and approved by the Court.

Ordered court adjourn until further business

[Handwritten signatures]

STATE OF KENTUCKY

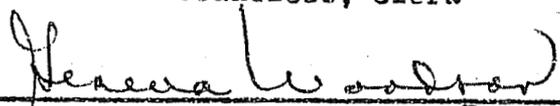
COUNTY OF LIVINGSTON

I, Gabe McCandless, Clerk of the County Court for the County and State aforesaid certify the foregoing Order to be a true and correct copy of same as appears of record in COUNTY COURT ORDERS DD, Page 199, records of my said office.

WITNESS my hand this 23 day of July, 1965.

Gabe McCandless, Clerk

By



Deputy Clerk

EXHIBIT B

Ordinance Number 2014 C12-23-04

AN ORDINANCE Relating To the boundaries of the Ledbetter Water District:

BE IT ORDAINED by the Fiscal Court of County of Livingston, Commonwealth of Kentucky:

WHEREAS the Ledbetter Water District was established by action of the Livingston County Fiscal Court on the tenth (10th) day of April, 1968, and

WHEREAS the service area of the water district has since been expanded a number of times to serve additional residents of southwest Livingston County, and

WHEREAS it is necessary and desirable for a water district to operate and provide service within fixed geographic boundaries,

NOW THEREFORE BE IT ORDAINED by the Fiscal Court of Livingston County, Commonwealth of Kentucky:

THAT the official boundaries of the Ledbetter Water District shall be updated to include all of the area that is presently served by the district, and

THAT the Ledbetter Water District's boundaries shall be described as:

Beginning at the confluence of the Ohio and Tennessee Rivers at a place known as Livingston Point, said point being at the approximate coordinates of X = 4103526 and Y=3559145, coordinates herein being based on NAD83 Kentucky single zone datum; thence along the South bank of the Ohio River the chord of which North 65 degrees 11 minutes East, 42,880 feet to a point on the South bank of the River at coordinates X=4142458 and Y=3577126; thence leaving the river bank South 41 degrees 56 minutes East, 6,055 feet to a point near coordinates X=4146504 and Y=3572621; thence North 77 degrees 13 minutes East, 2,075 feet to a point near US Highway 60 near coordinates X=4147955 and Y=3573078; thence North 43 degrees 52 minutes East, 2,404 feet to a point near coordinates X=4149622 and Y=3574812; thence North 84 degrees 33 minutes East, 4,009 feet to a point near Ky. Highway 453 with coordinates X=4153614 and Y=3575191; thence North 80 degrees 31 minutes East, 3,650 feet to a point near coordinates X=4157214 and Y=3575790; thence South 38 degrees 50 minutes East, 2,380 feet to a point near coordinates X=4158706 and Y=3573937; thence South 8 degrees 20 minutes West, 2,311 feet to a point near coordinates X=4158371 and Y=3571650; thence South 80 degrees 04 minutes East, 7,725 feet to a point near coordinates X=4165979 and Y=3570314; thence South 26 degrees 01 minutes West, 1,896 feet to Guess Creek near coordinates X=4165146 and Y=3568610; thence with the meanders of Guess Creek, the chord of which is South 33 degrees 11 minutes West, 3,759 feet to the point where the creek flows under Highway 453 near coordinates X=4163087 and Y=3565466; thence continuing with Guess Creek, the chord of which is South 26 degrees 12 minutes West, 8,063 feet to the Tennessee River near coordinates X=4159524 and Y=3558232; thence along the North Bank of the River, the chord of which is North 89 degrees 05 minutes West, 56,000 feet to the beginning point, the described area of the Ledbetter Water District encompassing approximately 16,800 acres or 26 square miles, and

THAT the attached map shall be incorporated by reference, and

THAT all Ordinances or parts of Ordinances in conflict herewith are, to the extent of such conflict, hereby repealed, and

THAT this Ordinance shall take effect and be in full force when passed, published and recorded according to law.

Passed the 25th day of November, 2014, by a vote of 4 yes to 0 no, on its first reading.

Enacted on its second reading on the 23 day of December, 2014, by a vote of 4 yes to 0 no.

Attest:

Hristina Questerow
Fiscal Court Clerk

OK LL
Livingston County Judge Executive

EXHIBIT C

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
LEDBETTER WATER DISTRICT ADJUSTING WATER RATES AND
CHARGES TO OFFSET THE WHOLESALE RATE INCREASE OF
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT AND
AUTHORIZING AN APPLICATION FOR A DEVIATION
FROM 807 KAR 5:068**

WHEREAS, Crittenden-Livingston County Water District (“Crittenden-Livingston District”) supplies water to Ledbetter Water District (“Ledbetter District”) because the cost to purchase water from Crittenden-Livingston District is less than the cost to produce water at Ledbetter District’s water production facilities;

WHEREAS, under their water purchase contract, Ledbetter District is required to purchase from Crittenden-Livingston District a minimum of 2.5 million gallons of water per month;

WHEREAS, beginning in April 2024 and continuing through December 2025, Crittenden-Livingston District requested Ledbetter District significantly reduced its purchases because Crittenden-Livingston District’s water treatment facilities had reached maximum capacity;

WHEREAS, Crittenden-Livingston District waived the water purchase contract’s minimum purchase requirement and charged Ledbetter District only for the volume of water purchased;

WHEREAS, due to recent improvements to its water production and storage facilities enabling it to meet its customers’ water demands, Crittenden-Livingston District has withdrawn its request for voluntary reductions in Ledbetter District’s water purchases and in January 2026 began enforcing the water purchase contract’s minimum purchase requirement again;

WHEREAS, on November 4, 2025, the Kentucky Public Service Commission in Case No. 2024-00278 adjusted Crittenden-Livingston District’s rates for water service, including increasing the rate charged to Ledbetter Water District for wholesale water service from \$3.34 per 1,000 gallons of water to \$3.78 per 1,000 gallons of water;

WHEREAS, prudent financial management dictates that Ledbetter District act to adjust its retail rates commensurate with Crittenden-Livingston District’s wholesale rate increase;

WHEREAS, KRS 278.015 and 807 KAR 5:068 provide the legal mechanism for Ledbetter District to increase its water rates commensurate with Crittenden-Livingston District’s wholesale rate increase via a Purchased Water Adjustment (“PWA”);

WHEREAS, under 807 KAR 5:068, Section 3(3), the amount of the adjustment to a water district’s rates to ensure full recovery of a water supplier’s increased rate is determined by the water district’s total purchases during a period of twelve (12) consecutive months within ninety (90) days immediately prior to the effective date of the water district’s rate adjustment;

WHEREAS, 807 KAR 5:068, Section 3(5) requires that the total water purchases and total water sales used to determine the amount of the adjustment to a water district’s rates to ensure full

recovery of a water supplier's increased rate must be based upon the same twelve (12) month period;

WHEREAS, because Ledbetter District's purchases were artificially reduced during the period required to calculate the adjustment, strict application of 807 KAR 5:068, Section 3(3) would prevent Ledbetter District from recovering the full increase in the wholesale rate;

WHEREAS, using the average of Ledbetter District's annual purchases for 2022–2024 more accurately reflects normal purchase levels and is necessary to ensure Ledbetter District's full recovery of the increased wholesale rate,

WHEREAS, the use of the average of Ledbetter District's purchases from Crittenden-Livingston District for the years 2022 through 2024 to calculate the adjustment to Ledbetter District's rates requires a deviation from 807 KAR 5:068, Section 3(3) and Section 3(5);

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF LEDBETTER WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are affirmed and incorporated as a part of this Resolution.

Section 2. The PWA factor is **\$0.24 per 1,000 gallons** and its calculation is shown in Appendix A, which is attached hereto and is incorporated herein by reference as a part of this Resolution.

Section 3. All tiers of all meter sizes of Ledbetter Water District's existing tariff shall be increased by **\$0.24 per 1,000 gallons**, effective February 26, 2026, subject to any adjustments that may be made by the Kentucky Public Service Commission.

Section 4. The monthly water rates to be charged to and collected from the customers and users of Ledbetter Water District's water system shall be as set forth in **Appendix B**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. These monthly rates shall be in effect for all water service rendered on and after February 26, 2026.

Section 5. The Chairman, or his designated representative, is authorized and directed to apply to the Kentucky Public Service Commission for a deviation from 807 KAR 5:068 to permit the use of the 2022–2024 average annual purchase volume in calculating the PWA factor.

Section 6. The Chairman, or his designated representative, is further authorized and directed to execute and file a PWA Application, Tariff Sheet, and all other documents that may be required by the Kentucky Public Service Commission to effectuate the approved rate adjustment and implement the PWA.

Section 7. This Resolution shall take effect upon its adoption.

[Nothing further follows.]

ADOPTED BY THE BOARD OF COMMISSIONERS OF LEDBETTER WATER DISTRICT at a meeting held on February 17, 2026 signed by the Chairman and attested by the Secretary.



Terry Teifloff, Chairman

ATTEST:



Arnie Puckett, Secretary

APPENDIX A

CALCULATION OF PURCHASE WATER ADJUSTMENT FACTOR

Year	Total Purchased (gallons)	Total Produced (gallons)	Total Water (gallons)	Purchases As Percentage of Total Water	Sales (gallons)
2021	27,464,000	43,483,000	70,947,000	38.71	55,238,000
2022	32,469,000	46,879,000	79,348,000	40.92	61,773,000
2023	40,105,000	46,715,000	86,820,000	46.19	57,398,000
2024	26,701,000	53,177,000	79,878,000	33.43	57,886,000
2025	21,710,000	49,373,000	71,083,000	30.54	61,019,000

Total Purchases (2022-2024) = 32,469,000 + 40,105,000 + 26,701,000 = 99,275,000 gallons

Average Annual Purchases (2022-2024) = 99,275,000 gallons ÷ 3 years = 33,091,667 gallons

Increased Purchased Water Cost = (\$3.78 per 1,000 gallons x 33,091,667 gallons) – (\$3.34 per 1,000 gallons x 33,091,667 gallons)
= \$125,109.18 - \$110,526.17
= \$14,583.01

Total Sales (Calendar Year 2025) = 61,019,000 gallons

PWA Adjustment Factor = \$14,583.01 ÷ 61,019,000 gallons = \$0.239/1,000 gallons
= \$0.24/1,000 gallons (Rounded up)

APPENDIX B

**APPENDIX TO A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
LEDBETTER WATER DISTRICT DATED FEBRUARY 17, 2026**

Customer Charge	\$ 7.74 Minimum Bill
First 25,000 Gallons	\$ 0.00738 per Gallon
Over 25,000 Gallons	\$ 0.00522 per Gallon

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Ledbetter Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Ledbetter Water District at a meeting duly held on February 17, 2026; that said official action appears as a matter of public record in Ledbetter Water District's official records or journal; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

WITNESS my hand this 17 day of February 2026.



Arnie Puckett, Secretary

EXHIBIT D

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CRITTENDEN-)	
LIVINGSTON COUNTY WATER DISTRICT FOR)	
AN ALTERNATIVE RATE FILING PURSUANT TO)	CASE NO.
807 KAR 5:076)	2024-00278

ORDER

On January 27, 2025,¹ Crittenden-Livingston County Water District (Crittenden-Livingston District) filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. On January 27, 2025, the Commission issued an Order granting a deviation for good cause from the notice requirements set forth in 807 KAR 5:076, Section 5(4)(a), and deemed the application filed.²

In its application, Crittenden-Livingston District requested rates that would increase its base rate revenue by \$522,031, or 16.94 percent to pro forma present rate water revenues.³ To comply with the requirements of 807 KAR 5:076, Section 9,⁴ Crittenden-Livingston District used the calendar year ended December 31, 2023, as the basis for its application.

¹Crittenden-Livingston District tendered its application on November 12, 2024. By letter dated November 14, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on January 27, 2025.

² Order (Ky. PSC Jan. 27, 2025).

³ Application, Attachment 4, Revenue Requirement Table.

⁴ The reasonableness of the proposed rates shall be determined using a 12-month historical test period, adjusted for known and measurable changes, that coincides with the reporting period of the applicant's annual report for the immediate past year.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated February 11, 2025,⁵ and amended by Order dated May 29, 2025,⁶ and Order dated June 24, 2025.⁷ Crittenden-Livingston District responded to three requests for information.⁸ Crittenden-Livingston District initially responded to Public Service Commission Staff's (Staff) First Request for Information (Staff's First Request) on March 27, 2025, then filed supplemental responses to the same request on April 3, 2025, and April 4, 2025. Following a request for an extension, Crittenden-Livingston District responded to Staff's Second Request for Information (Staff's Second Request) on May 1, 2025. Crittenden-Livingston District responded to Staff's Third Request for Information on May 29, 2025. During the pendency of this case, two public comments⁹ were filed objecting to the proposed increase, asserting concerns regarding board governance and training, meeting attendance, maintenance of aging infrastructure and malfunctioning meters contributing to water loss, overtime expenditures, and general management/compliance practices.

Staff issued its report (Staff's Report) on July 14, 2025,¹⁰ summarizing its findings and recommendations regarding Crittenden-Livingston District's requested rate adjustment. In Staff's Report, Staff found that Crittenden-Livingston District's adjusted

⁵ Order (Ky. PSC Feb. 11, 2025).

⁶ Order (Ky. PSC May 29, 2025).

⁷ Order (Ky. PSC June 24, 2025).

⁸ Crittenden-Livingston District's Response to Staff's First Request for Information (Staff's First Request) (filed Mar. 27, 2025); Crittenden-Livingston District's Response to Staff's Second Request for Information (Staff's Second Request) (filed May 1, 2025); Crittenden-Livingston District's Response to Staff's Third Request for Information (Staff's Third Request) (filed May 29, 2025).

⁹ The Public Comments for this case are available at psc.ky.gov.

¹⁰ Staff's Report (issued July 14, 2025).

test-year operations support an overall revenue requirement of \$3,565,944 and that a \$392,368 revenue increase, or 12.74 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.¹¹ In the absence of a cost-of-service study (COSS), Staff allocated its recommended revenue increase evenly across all customer classes to calculate its recommended water rates.¹²

On July 29, 2025, Crittenden-Livingston District filed its response to Staff's Report,¹³ after requesting an extension to respond, which was granted by Order dated July 28, 2025.¹⁴ In its written comments, Crittenden-Livingston District stated that it does not agree with the removal of certain labor expenses from nonrecurring charges, but it did not wish to contest that adjustment.¹⁵ Crittenden-Livingston District concurred with the remainder of the findings presented in Staff's Report and waived its right to request an informal conference or hearing in this case. The case now stands submitted for a decision by the Commission.

LEGAL STANDARD

Alternative rate adjustment proceedings, such as this one, are governed by Commission regulation 807 KAR 5:076, which establishes a simplified process for small utilities to use to request rate adjustments, with the process designed to be less costly to the utility and the utility ratepayers. The Commission's standard of review of a utility's request for a rate increase is well established. In accordance with KRS 278.030 and case

¹¹ Staff's Report at 5.

¹² Staff's Report at 6.

¹³ Crittenden-Livingston District's Response to Staff's Report (filed July 29, 2025).

¹⁴ Order (Ky. PSC July 28, 2025).

¹⁵ Crittenden-Livingston District's Response to Staff's Report, Item 1.

law, the utility is allowed to charge its customers “only fair, just and reasonable rates.”¹⁶ Further, the utility bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

BACKGROUND

Crittenden-Livingston District is a water utility organized pursuant to KRS Chapter 74 that owns and operates a distribution system which provides retail water service to approximately 3,553 residential customers, 162 commercial customers, seven public authorities, and three bulk loading stations located in Crittenden and Livingston counties, Kentucky.¹⁷ Crittenden-Livingston District’s last base rate increase, filed pursuant to the alternative rate filing procedure, was in Case No. 2018-00414.¹⁸

UNACCOUNTED-FOR WATER LOSS

Crittenden-Livingston District produces 96 percent of its water¹⁹ and purchases the remainder from Webster County Water District.²⁰ The Commission notes that in its 2023 Annual Report, Crittenden-Livingston District reported water loss of 23.9717 percent.²¹ Crittenden-Livingston District’s water loss was 19.7562 percent in 2021²² and

¹⁶ *City of Covington v. Public Service Commission*, 313 S.W.2d 391 (Ky. 1958); and *Public Service Comm’n v. Dewitt Water District*, 720 S.W.2d 725 (Ky. 1986).

¹⁷ *Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 12, 49.

¹⁸ See Case No. 2018-00414, *Application of Crittenden-Livingston County Water District for an Alternative Rate Adjustment*.

¹⁹ 2023 Annual Report at 57.

²⁰ 2023 Annual Report at 54.

²¹ 2023 Annual Report at 58.

²² *Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 58.

16.5618 percent in 2022.²³ The Commission also notes that while unpublished, Crittenden-Livingston District's 2024 annual report indicates water loss above 39 percent.²⁴ Given Crittenden-Livingston District's excess water loss, the Commission cautions that continued high water loss poses risks to the district's financial health and operational reliability.²⁵ Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. The table below shows that the 2023 total annual cost of water loss to Crittenden-Livingston District is \$111,049, while the annual cost of water loss in excess of 15 percent is \$41,562.

Total Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	\$ 50,552	\$ 199,422	\$ 213,278	\$ 463,252
Water Loss Percent	23.9717%	23.9717%	23.9717%	23.9717%
Total Water Loss	<u>\$ 12,118</u>	<u>\$ 47,805</u>	<u>\$ 51,126</u>	<u>\$ 111,049</u>

Disallowed Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	\$ 50,552	\$ 199,422	\$ 213,278	\$ 463,252
Water Loss in Excess of 15%	8.9717%	8.9717%	8.9717%	8.9717%
Disallowed Water Loss	<u>\$ 4,535</u>	<u>\$ 17,892</u>	<u>\$ 19,135</u>	<u>\$ 41,562</u>

²³ *Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 58.

²⁴ *Unpublished Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2024* (2024 Annual Report) at 58.

²⁵ Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC Mar. 12, 2019), Order.

TEST PERIOD

The calendar year ended December 31, 2023, was used as the test year to determine the reasonableness of Crittenden-Livingston District's existing and proposed water rates as required by 807 KAR 5:076, Section 9.

SUMMARY OF REVENUE AND EXPENSES

The Staff's Report summarizes Crittenden-Livingston District's pro forma income statement as follows:

Description	Commission Staff's Report		
	Test Year Operations	Pro Forma Adjustments	Pro Forma Operations
Operating Revenues	\$ 3,130,556	\$ 29,118	\$ 3,159,674
Operating Expenses	2,716,061	(222,429)	2,493,632
Net Operating Income	414,495	251,547	666,042
Interest Income	13,902	0	13,902
Income Available to Service Debt	<u>\$ 428,397</u>	<u>\$ 251,547</u>	<u>\$ 679,944</u>

REVIEW AND MODIFICATION OF STAFF'S RECOMMENDATIONS

In its application, Crittenden-Livingston District proposed adjustments to its revenues and expenses to reflect current and expected operating conditions. In Staff's Report, Staff recommended additional pro forma adjustments.²⁶ The Commission finds that the recommendations contained in Staff's Report should be approved with further modifications. Due to a recent Circuit Court opinion regarding the process used by the Commission to consider employee contribution assumptions arising from a Bureau of Labor Statistics (BLS),²⁷ the Commission finds an adjustment should be made to include

²⁶ Staff's Report at 10.

²⁷ *Oldham Co. Water District v. Public Service Commission of Kentucky*, Franklin Circuit Court, Division 1, Civil Action No. 24-CI-00725 (Sept. 25, 2025), Opinion and Order.

those expenses in the revenue requirement. This results in an increase of \$9,983 or 0.32 percent to the revenue requirement recommended by Staff. The following is the Commission's complete pro forma.

Description	Test Year	Total Adjustments	Commission Staff Pro Forma	Commission Adjustments	Commission Approved Pro Forma
Operating Revenues					
Metered Retail Sales	\$ 2,502,135	\$ 67,499	\$ 2,569,634		\$2,569,634
Sales for Resale	512,317	(2,944)	509,373		509,373
Other Revenues					
Forfeited Discounts	67,097	0	67,097		67,097
Misc Service Revenues	12,420	463	12,883		12,883
Other	36,587	(35,900)	687		687
Total Operating Revenues	3,130,556	29,118	3,159,674	0	3,159,674
Operation and Maintenance					
Salaries and Wages - Employees	622,678	16,583			
		(10,566)	628,695		628,695
Salaries and Wages - Officers	6,200	(6,200)	0		
Employee Benefits - Medical	75,009	16,268			
		3,692			
		(22,332)	72,637	22,332	82,620
				(12,349)	
Employee Benefits - Retirement (CERS)		(16,268)			
		138,156			
		(21,523)			
		16,697	117,062		117,062
Purchased Water	50,552	(4,535)	46,017		46,017
Purchased Power	199,422	(17,892)	181,530		181,530
Chemicals	213,278	(19,135)	194,143		194,143
Materials and Supplies	548,579				
		(317,294)	231,285		231,285
Contractual Services - Prof Fees	69,911	(10,378)	59,533		59,533
Transportation Expenses	20,541		20,541		20,541
Insurance - Gen Liab & Workers Comp	60,792	15,422	76,214		76,214
Insurance - Other	1,145		1,145		1,145
Bad Debt	(611)		(611)		(611)
Miscellaneous Expenses	82,844	(3,917)	78,927		78,927
Total	1,950,340	(243,222)	1,707,118	9,983	1,717,101
Amortization		0	0		0
Depreciation Expense	720,392	24,285	744,677		744,677
Taxes Other Than Income	45,329	2,766	48,095		48,095
Total Operating Expenses	2,716,061	(216,171)	2,499,890	9,983	2,509,873
Net Operating Income	414,495	245,289	659,784	(9,983)	649,801
Interest Income	13,902	0	13,902		13,902
Income Available to Service Debt	\$ 428,397	\$ 245,289	\$ 673,686	\$ (9,983)	\$ 663,703

PRO FORMA OPERATING STATEMENT

Operating Revenues. Crittenden-Livingston District reported \$3,014,452 in Operating Revenues during the test year, comprised of \$2,502,135 in Metered Retail Sales and \$512,317 in Sales for Resale.²⁸ Crittenden-Livingston District proposed one adjustment to correct the Metered Retail Sales to the amount indicated in the billing analysis of \$2,569,634,²⁹ resulting in an increase of \$67,499 to Metered Retail Sales.³⁰ Staff reviewed Crittenden-Livingston District's billing analysis and calculated a revenue of \$509,373 based on wholesale gallons sold³¹ and the current wholesale tariff rate.³² As such, Staff recommended a reduction of \$2,944 to Sales for Resale revenues. After adjustments, the total pro forma Operating Revenues are \$3,079,007. Staff recommended the Commission accept its adjustments because the pro forma Operating Revenues were consistent with evidence provided in the case record and the amounts meet the ratemaking criteria of being known and measurable.³³

The Commission finds Staff's recommendations are reasonable and should be approved because the adjustment reflects verifiable usage and revenue data that were evaluated and normalized using the information provided in the record.

²⁸ Application, Attachment 4, Schedule of Adjusted Operations.

²⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 3, Rate Study, ExBA Tab.

³⁰ Application, Attachment 4, References, Reference A.

³¹ 2023 Annual Report at 56.

³² Crittenden-Livingston District's Tariff, PSC Ky. 1st Revised Sheet No. 4.2 at 7.

³³ Staff's Report at 11.

Other Revenues. Crittenden-Livingston District reported \$116,104 in Other Revenues during the test year.³⁴ This amount was comprised of \$67,097 in Forfeited Discounts, \$12,420 in Miscellaneous Service Revenues, which is Nonrecurring Charges revenue, and \$36,587 in Other Revenues. During its review, Staff determined Crittenden-Livingston District should have recovered \$17,825 from its Nonrecurring Charges during the test year, based on the reported occurrences³⁵ and the current charges listed in the tariff,³⁶ instead of the \$12,420 amount it reported. However, Staff was unable to determine the location in the general ledger where the difference in the revenues were recorded. Staff recommended an increase of \$463 to Miscellaneous Service Revenues to match the pro forma Non-recurring Charge revenue of \$12,883 shown in the table below.³⁷

³⁴ Application, Attachment 4, Schedule of Adjusted Operations.

³⁵ Crittenden-Livingston District's Response to Staff's First Request, Item 18.

³⁶ Crittenden-Livingston District's Tariff, PSC Ky. Original Sheet No. 7 at 10.

³⁷ Staff's Report at 12.

Charge	Occurrences	Current Charge	Revised Charge	Pro Forma
Connection / Turn-on Charge	92	\$35.00	\$21.00	\$1,932
Connection / Turn-on Charge After Hrs.	0	\$80.00	\$71.00	-
Reconnection Fee	179	\$50.00	\$42.00	7,518
Reconnection Fee After Hrs.	0	\$90.00	\$92.00	-
Field Collection Charge	0	\$35.00	\$21.00	-
Meter Relocation Charge	0	Actual Cost	Actual Cost	-
Meter Reading Re-Check	0	\$35.00	\$21.00	-
Meter Test Request	0	\$80.00	\$42.00	-
Broken Meter Lock Fee	5	Actual Cost	Actual Cost	100
Meter Valve Replacement Fee	0	Actual Cost	Actual Cost	-
Meter Box Replacement Fee	0	Actual Cost	Actual Cost	-
Meter Box Top Replacement Fee	0	Actual Cost	Actual Cost	-
Service Call / Investigation	153	\$35.00	\$21.00	3,213
Service Call / Investigation After Hrs.	0	\$80.00	\$71.00	-
Returned Check Charge	8	\$25.00	\$15.00	120
Pro Forma Test Year NRC Revenue				12,883
Test Year NRC Revenue ()				(12,420)
Adjustment				<u>\$463</u>

Finally, Crittenden-Livingston District stated \$35,900 of the revenues recorded in the test year in Other Revenues were from insurance proceeds and would not recur.³⁸ Staff recommended removing the insurance proceeds in the amount \$35,900 (B2) from Other Revenues. The remaining Other Revenues consisted of \$100 in miscellaneous income and \$587 in scrap metal sales.³⁹ Overall, Staff's recommendation resulted in Pro Forma Other Revenues of \$80,667. Staff recommended the Commission approve its adjustment to the test-year revenues as they are based on known and measurable changes to the revenues.⁴⁰

³⁸ Crittenden-Livingston District's Response to Staff's First Request, Item 15.

³⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 15.

⁴⁰ Staff's Report at 13.

The Commission finds that Staff's recommendations are reasonable and consistent with recent Commission decisions addressing labor expenses resulting from work occurring during regular business hours, expenses that are already recovered in base rates, should not also be recovered through nonrecurring charges as discussed in more detail below.⁴¹ Nonrecurring charges must be directly related to the actual cost incurred to provide the service. It is unreasonable to allocate an expense already incurred and recovered in customer rates as a day-to-day cost of maintaining a system, such as the salary of a distribution operator, to a nonrecurring service such as the connection and reconnection of a meter during regular working hours. Thus, the Commission finds that the revised nonrecurring charges set forth in Appendix B to this Order and the increase of \$463 to Other Water Revenue are reasonable and accepts both items. The Commission further finds the exclusion of insurance proceeds not expected to recur is reasonable and agrees with Staff's adjustment.

Salaries and Wages - Employees. Crittenden-Livingston District reported \$622,678 in Salaries and Wages – Employees during the test year and proposed no changes.⁴² Using the 2024 hours and wage information,⁴³ Staff calculated total wages

⁴¹ Case No. 2023-00090, *Electronic Application of Henry County Water District #2 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2023); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 4, 2024); Case No. 2023-00090, *Electronic Application of Kirksville Water Association Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00252, *Electronic Application of Oldham County Water District for an Alternative Rate Adjustment* (Ky. PSC June 18, 2024).

⁴² Application, Attachment 4, Schedule of Adjusted Operations.

⁴³ Crittenden-Livingston District's Response to Staff's First Request, Item 4, Employee Detail 2024 Excel Document.

based on employees' salaries and test year salary rates and identified that an increase of \$16,583 was necessary, as shown in the table below.

Employee Number	Job Title	Pay Rate	Overtime Pay Rate	Regular Hours	Overtime Hours	Regular Wages	Overtime Wages	Total Wages
1	Superintendent	Salary	Salary	Salary	Salary	\$ 43,717	\$ -	\$43,717
2	Office Manager	\$24.40	\$36.60	2,114	166	51,582	6,057	57,639
3	Water Plant Manager	\$24.82	\$37.23	2,183	414	54,170	15,413	69,583
4	Distribution Manager	\$24.45	\$36.68	2,057	189	50,281	6,914	57,196
5	Customer Service Rep	\$18.10	\$27.15	2,080	51	37,648	1,391	39,039
7	Water Distribution Operator	\$22.03	\$33.05	2,241	405	49,369	13,369	62,738
8	Water Distribution Operator	\$16.70	\$25.05	2,109	140	35,220	3,494	38,715
9	Water Distribution Operator	\$17.85	\$26.78	2,215	393	39,529	10,511	50,040
18	Meter Reader/ Laborer	\$16.00	\$24.00	997	91	15,952	2,184	18,136
10	Meter Reader/ Laborer	\$16.49	\$24.74	975	60	16,070	1,484	17,554
12	Water Plant Operator	\$20.96	\$31.44	2,078	289	43,555	9,086	52,641
13	Water Plant Operator	\$21.33	\$32.00	2,154	279	45,945	8,928	54,873
14	Water Plant Operator	\$16.10	\$24.15	369	24	5,937	580	6,516
15	Water Plant Operator	\$16.49	\$24.74	2,147	361	35,404	8,931	44,335
19	Water Plant Operator	\$15.00	\$22.50	80	2	1,200	45	1,245
20	Water Plant Operator	\$18.00	\$27.00	1,175	154	21,150	4,145	25,295
Total				24,972	3,015	\$ 546,728	\$ 92,533	639,261
Test Year Salaries and Wages ()								(622,678)
Adjustment								<u>\$16,583</u>

Crittenden-Livingston District stated it did not remove tap fees from its labor expense, but did capitalize the materials portion of the expense.⁴⁴ Staff proposed to remove the labor cost for each tap installation estimated at 30 percent of the tap fees installed during the test year.⁴⁵ Crittenden-Livingston District stated that 43 installations were completed in the test year,⁴⁶ at the rate provided in Crittenden-Livingston District's current tariff.⁴⁷ The removal of the labor portion of the tap fees installed during the test year results in a reduction of \$10,566 to Crittenden-Livingston District's salary and wage expense as shown in the table below. The Uniform System of Accounts for Class A/B

⁴⁴ Crittenden-Livingston District's Response to Staff's First Request, Item 11b.

⁴⁵ Staff's Report at 14.

⁴⁶ Crittenden-Livingston District's Response to Staff's First Request, Item 11a.

⁴⁷ Crittenden-Livingston District's Current Tariff, 1st Revised Sheet No. 6.

Water Systems (USoA) categorizes these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.⁴⁸ Staff capitalized the costs and made a corresponding adjustment to the test-year depreciation of \$235 in the depreciation section below.

Description	Amount
Tap Fees Collected	\$ 35,221
Allocated Percentage	30%
Adjustment	<u>\$ 10,566</u>

Staff recommended the Commission accept Staff's adjustments as the adjustments reflect known, approved staffing numbers and pay rates, and appropriate accounting for labor costs associated with tap installations.⁴⁹

The Commission finds that Staff's recommendation is reasonable and approves the adjustment because the amount meets the ratemaking criteria of being known and measurable.

Salaries and Wages - Officers. Crittenden-Livingston District reported \$6,200 in Salaries and Wages - Officers during the test year.⁵⁰ Crittenden-Livingston District has six commissioners who are each paid \$1,200 yearly,⁵¹ resulting in total commissioner wages of \$7,200. Crittenden-Livingston District provided training records for four of its

⁴⁸ USoA, Accounting Instruction 19 and 33.

⁴⁹ Staff's Report at 14.

⁵⁰ Application, Attachment 4, Schedule of Adjusted Operations.

⁵¹ Crittenden-Livingston District's Supplemental Response to Staff's First Request (filed Apr. 3, 2025), Item 10, Board Members Excel Document.

six commissioners⁵² and Fiscal Court Minutes that approved their appointments⁵³ but did not provide documentation authorizing the commissioners' pay from the Fiscal Court. KRS 74.020(6) states that “[e]ach commissioner shall receive an annual salary of not more than thirty-six hundred dollars (\$3,600)” and that “[i]n fixing and approving the salary of the commissioners, the county judge/executive and the fiscal court shall take into consideration the financial condition of the district and its ability to meet its obligations as they mature.”⁵⁴ Because Crittenden-Livingston District did not provide the salary authorization or the training records for all of its commissioners, Staff recommended removing the full amount of Crittenden-Livingston District’s commissioners’ salaries, or \$6,200.⁵⁵

The Commission finds that Staff’s recommendation that the Commission deny recovery of Crittenden-Livingston District’s commissioner compensation is reasonable and should be approved as it is consistent with KRS 74.020(6).

Employee Benefits - Medical. Crittenden-Livingston District reported \$75,009 in Employee Benefits during the test year.⁵⁶ Staff determined that the separation of the medical-related benefits costs from retirement benefits would better facilitate discussion of the respective adjustments. Based upon the cross-reference submitted by Crittenden-Livingston District, the test-year amount contained a negative \$16,268 in retirement

⁵² Crittenden-Livingston District’s Supplemental Response to Staff’s Second Request, Item 10b.

⁵³ Crittenden-Livingston District’s Supplemental Response to Staff’s First Request, Item 10a.

⁵⁴ KRS 74.020(6), Appointment of commissioners – Number – Terms – Removal – Vacancies – Organization – Bond – Compensation – Mandatory Training – Notice of Vacancy.

⁵⁵ Staff’s Report at 15.

⁵⁶ Application, Attachment 4, Schedule of Adjusted Operations.

expenses due to reductions for accounting purposes that are discussed in the Employee Benefits – Retirement section below.⁵⁷ Staff recommended reclassifying this expense to the Employee Benefits – Retirement section below,⁵⁸ resulting in test-year medical-related benefit costs of \$91,277.⁵⁹

Crittenden-Livingston District has 11 employees who receive employee-only medical coverage, one employee who receives single employee and one dependent medical coverage, and two employees who receive single employee and multiple dependents' medical coverage.⁶⁰ All 14 employees also receive single dental, life, and vision coverage, with one employee receiving dependent dental in addition to their own coverage.⁶¹ Using the descriptions provided by Crittenden-Livingston District of its offered benefits⁶² and the submitted 2025 invoices,⁶³ Staff calculated an increase of \$3,692 to reach the Total Annual Net Health Insurance Cost of \$94,968 shown in the table below.

Crittenden-Livingston District proposed a reduction of \$15,710 to reflect the Bureau of Labor Statistics (BLS) national averages related to employee benefit coverage

⁵⁷ Crittenden-Livingston District's Response to Staff's First Request, Item 1c, Cross Reference Excel Document.

⁵⁸ Staff's Report at 16.

⁵⁹ $\$75,009 - (\$16,268) = \$91,277$.

⁶⁰ Crittenden-Livingston District's Response to Staff's First Request, Item 5b, Medical 2025 Invoice.

⁶¹ Crittenden-Livingston District's Response to Staff's First Request, Item 5b, Dental 2025 and Life Insurance 2025 Invoices.

⁶² Crittenden-Livingston District's Response to Staff's First Request, Item 5.

⁶³ Crittenden-Livingston District's Response to Staff's First Request, Item 5b.

contributions.⁶⁴ Because of the reclassified, and further adjusted Medical Benefit cost, Staff recommended an additional reduction of \$6,622 to reach the BLS average contribution amount of \$22,332.⁶⁵ Staff recommended the Commission accept Staff's adjustments as the amounts are known and measurable, are consistent with Commission precedent, and match the information provided in the case record.⁶⁶

The Commission does not find sufficient evidence to support making Crittenden-Livingston District's proposed BLS adjustment nor can it adopt the additional BLS adjustment recommended in the Staff Report, for the reasons explained in the modifications to Staff's Report section above. Instead, the Commission has calculated the adjustment based on Crittenden-Livingston District's current contributions as described below.

Currently, Crittenden-Livingston District stated it pays 100 percent premium for its employees but enrolling any additional spouse or dependents would result in the additional premium being deducted from their paychecks.⁶⁷ Because Crittenden-Livingston District already recovers employee salaries, included in Salaries and Wages – Employees, that would be to cover dependent insurance premiums, granting 100 percent premium recovery in Employee Benefits – Medical would result in double recovery and is not reasonable. Therefore, the Commission finds Crittenden-Livingston District's Employee Benefits - Medical should be decreased by \$12,2349 to account for current

⁶⁴ Application, Attachment 4, References, Reference B.

⁶⁵ Staff's Report at 17.

⁶⁶ Staff's Report at 17.

⁶⁷ Crittenden-Livingston District's Response to Staff's First Request, Item 5.

employee contribution amounts. This results in an increase of \$9,983 from Staff's Report recommended amount for a pro forma Medical Benefit cost of \$82,620 as shown in the table below.⁶⁸

Type of Premium	Number of Employees	Cost	Current Employee Contribution Amount	Employer Contribution	Staff Recommended Contribution Amount	Difference between Staff and Current Contributions
Medical Insurance - Employee Only	11	\$ 4,579	\$ -	\$ 4,579	\$ (916)	\$ (916)
Medical Insurance - Employee + Dependent	1	749	(333)	416	(240)	93
Medical Insurance - Employee + Dependents	2	1,499	(666)	833	(480)	187
Total Medical Insurance		6,827	(999)	5,828	(1,635)	(636)
Dental Insurance	14	377	(30)	347	(226)	(196)
Life Insurance	14	552		552	-	
Vision Insurance	14	88		88	-	
Administration Fee	14	70		70	-	
Total Monthly Pro Forma Premium		7,914	(1,029)	6,885	(1,861)	(832)
Multiplied by: 12 Months		12	12	12	12	12
Total Annual Net Health Insurance Cost		\$ 94,968	\$ (12,349)	\$ 82,620	\$ (22,332)	\$ (9,983)

Employee Benefits - Retirement. As discussed in the Employee Benefits – Medical section above, Staff recommended reclassifying a negative \$16,268 amount to Employee Benefits – Retirement based on the cross-reference provided by Crittenden-Livingston District.⁶⁹ Crittenden-Livingston District participates in the County Employees Retirement System (CERS) managed by the Kentucky Public Pension Authority (KPPA).⁷⁰ The district stated the reason for the negative Retirement in the test year was due to large credits recorded as end-of-year adjustments in relation to GASB 68 and 75.⁷¹ In Case

⁶⁸ A rounding error was discovered in the formula that resulted in an increase of \$1 to the current employee contribution amount of \$12,349 in the table above. The table in Staff's Report indicated an amount of \$12,348. The plans identified in the table are from the benefits invoice provided by Crittenden-Livingston District.

⁶⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 1c, Cross Reference Excel Document.

⁷⁰ Crittenden-Livingston District's Response to Staff's First Request, Item 5.

⁷¹ Crittenden-Livingston District's Response to Staff's Second Request, Item 1.

No. 2016-00163,⁷² Staff discussed in detail how reporting requirements for GASB 68 would affect a utility’s income statement and balance sheet. In that proceeding, the Commission found that the annual pension expense should be equal to the amount of a district’s contributions to CERS.

Staff recommended three adjustments to Crittenden-Livingston District’s CERS contributions. First, Staff recommended an increase of \$138,156 for Pension and Other Post Employment Benefits (OPEB) related to GASB 68 and GASB 75, shown in the table below.

Description	Prior Year	Test Year
Deferred Outflow - Pension	102,440	120,589
Deferred Outflow - OPEB	131,504	61,000
Liability - Pension ()	(1,310,259)	(1,133,797)
Liability - OPEB ()	(357,640)	24,395
Deferred Inflow - ()	(46,586)	(161,304)
Deferred Inflow - ()	(147,500)	(400,768)
Net Liability	<u>(1,628,041)</u>	<u>(1,489,885)</u>
Decrease / (Increase)		<u>(138,156)</u>

Staff also recommended a decrease of \$21,523 to account for the reduction in the CERS contribution rate from the test year.⁷³ Third, Staff recommended an increase of \$16,697 to account for the increase in wages discussed above. The recommended adjustments result in a pro forma amount of \$117,062 as shown in the table below. Staff recommended that the Commission accept Staff’s adjustments as the amounts are known and measurable.

⁷² Case No. 2016-00163, *Alternative Rate Adjustment Filing of Marion County Water District* (Ky. PSC Nov. 10, 2016), Order at 11–15.

⁷³ CERS Board of Trustees December 2, 2024 Meeting, Minutes, Page 2. CERS Contribution Rate in the test year was 26.79% and is 18.62% in the current year.

Description	Test Year	Pro Forma
Wages	\$ 622,678	\$ 628,695
Contribution Rate	22.08%	18.62%
Contributions	137,466	117,062
GASB 68 and 75 Accounting Adjustment	(138,156)	0
Unidentified Amounts	(15,578)	0
Total	<u>\$ (16,268)</u>	<u>\$ 117,062</u>
Increase / (Decrease)		<u>\$ 133,330</u>
<i>Reconciliation</i>		<u>Adjustment</u>
Eliminate GASB 68 and 75 Adjustments		\$ 138,156
Change in Contribution Rate		(21,523)
Change in Wages		16,697
Total Adjustment		<u>\$ 133,330</u>

The Commission finds that Staff's adjustments should be approved because the amounts are properly calculated using actual contribution rates and pro forma wages and do not include non-cash accounting adjustments from GASB 68 and 75. .

Excess Water Loss. Crittenden-Livingston District produces 96 percent of its water⁷⁴ and purchases the remainder from Webster County Water District.⁷⁵ The Commission notes that in its 2023 Annual Report, Crittenden-Livingston District reported a water loss of 23.9717 percent.⁷⁶ Crittenden-Livingston District proposed adjustments for water loss above 15 percent, 8.9717 percent in the amounts \$4,535 (G1), \$17,892 (G2), and \$19,135 (G3) for purchased water, purchased power, and chemicals, respectively, as shown in the table below. Staff reviewed Crittenden-Livingston District's

⁷⁴ 2023 Annual Report at 57.

⁷⁵ 2023 Annual Report at 54.

⁷⁶ 2023 Annual Report at 58.

purchased water information⁷⁷ as well as the general ledger account for purchased power and chemicals and determined no additional adjustments were necessary. Staff recommended the Commission accept Crittenden-Livingston District's \$4,535 decrease to Purchased Water, \$17,892 decrease to Purchased Power, and \$19,135 decrease to Chemicals, since 807 KAR 5:066 limits the excess water loss recoverable for rate making purposes to 15 percent.⁷⁸

Disallowed Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	\$ 50,552	\$ 199,422	\$ 213,278	\$ 463,252
Water Loss in Excess of 15%	8.9717%	8.9717%	8.9717%	8.9717%
Disallowed Water Loss	\$ 4,535	\$ 17,892	\$ 19,135	\$ 41,562

The Commission finds Staff's adjustments are reasonable and approves the adjustments because it is supported by the evidence of purchased water, purchased power and chemical expense provided in the case record exceeding the 15 percent water loss threshold.

Materials and Supplies. Crittenden-Livingston District reported \$548,579 in Materials and Supplies expenses during the test year.⁷⁹ Crittenden-Livingston District stated there were two transactions that should have not been included in the test year amount. The first item was due to the amount being refunded, Ferguson Waterworks in the amount of \$12,814,⁸⁰ and the other was funded through insurance proceeds,

⁷⁷ Crittenden-Livingston District's Response to Staff's First Request, Items 7 and 8.

⁷⁸ Staff's Report at 21.

⁷⁹ Application, Attachment 4, Schedule of Adjusted Operations.

⁸⁰ Crittenden-Livingston District's Response to Staff's Third Request, Item 1a.

GlobalTech Power, in the amount of \$10,000,⁸¹ resulting in a total reduction of \$22,814. Staff recommended removing these amounts from the Revenue Requirement because they are not test year expenses and should be recovered in rates over the useful lives of each item.

During Staff's review of Crittenden-Livingston District's general ledger accounts for Materials and Supplies, Staff also identified several large expenditures that should have been capitalized. When Staff asked for further information about the expenditures, Crittenden-Livingston District stated that none of the remaining expenditures should have been capitalized,⁸² and said it was advised by its accountant that, because it was service performed on existing equipment and not purchasing new equipment, it could not be capitalized.⁸³ Crittenden-Livingston District provided a timeline for a portion of the items stating how often it expects to perform the activity described with the remaining items not being given a timeline and instead stating they do not recur and are only performed as needed.⁸⁴ Accounting Instruction 27 B(1) of the USoA for Class A/B Water Systems states that the cost of retirement units added to utility plant shall be accounted for as provided in Accounting Instruction 21 of the USoA, which provides methodology for capitalization of purchased assets including nonrecurring maintenance expenses that extend the useful life of an asset.⁸⁵ Further, the inclusion of expenses that are not

⁸¹ Crittenden-Livingston District's Response to Staff's Second Request, Item 4.

⁸² Crittenden-Livingston District's Response to Staff's Second Request, Items 2–11.

⁸³ Crittenden-Livingston District's Response to Staff's Third Request, Item 1d.

⁸⁴ Crittenden-Livingston District's Response to Staff's Third Request, Item 1c.

⁸⁵ USoA, Accounting Instruction 27 B(1), at 33.

recurring every year in a recurring Revenue Requirement does not meet the criteria of fair, just and reasonable rates.

Therefore, Staff recommended removing the amounts from Materials and Supplies expense and amortizing the cost of each asset's estimated useful life as part of Depreciation Expense, which is included as an adjustment below.⁸⁶ This results in a net reduction of \$294,480 from Materials and Supplies and combined with the adjustment described above result in a total reduction of \$317,293 as shown in the table below, resulting in a pro forma amount of \$231,285. Staff recommended that the Commission accept Staff's adjustment as the expenditures included were used to extend the life of an existing asset and should therefore be capitalized according to the USoA instructions for utility plant accounting.

Date	Number	Vendor	Description	Amount
01/11/2023	31044	Ferguson Waterworks	Pressure Valves and Setters	\$ 12,814
01/27/2023	7403334	GlobalTech Power	covered by insurance	10,000
03/29/2023	232611-1	All Service Contracting Corp.	Filter Rehab project	22,446
04/18/2023	21395	Pittsburg Tank & Tower Maint. Co.	Filter Rehab project	29,427
04/20/2023	42680	Southern Electric Motor Sales & Service,	replace variable frequency drive at water plant	16,237
06/08/2023	31384	All Service Contracting Corp.	Filter Rehab project	125,562
08/23/2023	08232301	HTI, Inc.	SCADA upgrades	9,412
10/12/2023	401287104	Xylem	backwash lagoon cleanout	4,268
12/29/2023	143295	Mainstream Commercial Divers, Inc.	divers to install plug in wet well	4,127
Total				<u>\$ 234,293</u>

621.03 Repairs & Maint - Pumps & Tanks

Date	Number	Vendor	Description	Amount
03/02/2023	2323	Complete Restoration LLC	water tank painting	\$ 17,973
03/14/2023	2323-1	Complete Restoration LLC	water tank painting	17,973
04/20/2023	42679	Southern Electric Motor Sales & Service,	complete pump rebuild	7,454
05/18/2023	42733	Southern Electric Motor Sales & Service,	Filter Rehab project	2,060
10/17/2023	1102	Independent Tank and Tower, Inc.	painted tank head	11,000
11/03/2023	43061	Southern Electric Motor Sales & Service,	rebuilt river pump	13,607
11/30/2023	41000	Guthrie Sales & Service	replacing piping in wet well	3,617
12/28/2023	2301	Midco Diving & Marine Services, Inc	divers mounted blank of end of pipe in river	9,317
Total				<u>\$ 83,001</u>
Combined Total				<u>\$ 317,293</u>

⁸⁶ Staff's Report at 22.

The Commission finds that Staff's adjustments are reasonable because it is consistent with the USoA and therefore, should be approved.

Contractual Services – Prof Fees. Crittenden-Livingston District reported \$69,911 in Contractual Services – Prof Fees during the test year.⁸⁷ Crittenden-Livingston District provided invoices for Kemper CPA Group during the test year, totaling \$23,378, that showed the test year amount included fees for the preparation of both the 2021 and 2022 audits.⁸⁸ Crittenden-Livingston District provided an estimate for the preparation of the 2024 audit at approximately \$13,000.⁸⁹ Staff recommended a decrease of \$10,378⁹⁰ to account for the cost of an previous year's audit being included in the test year amount. Staff recommended the Commission accept Staff's adjustment because it is based on reliable information in the record and reflects values that have been provided as a reasonable estimate.

The Commission finds Staff's adjustments are reasonable and approves the adjustments because expenses incurred outside the test year should be excluded and because the amount is supported by invoices provided in evidence in the case record.

Insurance – Gen Liab & Workers Comp. Crittenden-Livingston District reported \$60,792 in Insurance – Gen Liab & Workers Comp, representing expenses for general liability and workers compensation insurance during the test year.⁹¹ Staff reviewed the

⁸⁷ Application, Attachment 4, Schedule of Adjusted Operations.

⁸⁸ Crittenden-Livingston District's Response to Staff's Second Request, Item 13a.

⁸⁹ Crittenden-Livingston District's Response to Staff's Second Request, Item 13c.

⁹⁰ \$23,378 - \$13,000 = \$10,378.

⁹¹ Application, Attachment 4, Schedule of Adjusted Operations.

submitted Workers' Compensation Invoice⁹² and Liability Invoice⁹³ and determined an increase of \$15,422 was necessary to account for the increased cost, as shown in the table below. Staff recommended the Commission accept Staff's recommended adjustment as the information in the case record supports the amount.

Description	Amount
2025 Workers Comp Invoice	\$ 19,519
2025 KACO Liability Invoice	56,695
Total Insurance	<u>76,214</u>
Test Year ()	<u>(60,792)</u>
Staff Adjustment	<u><u>\$ 15,422</u></u>

The Commission finds Staff's adjustments are reasonable and approves the adjustments because it is supported by actual amounts set forth in invoices provided in evidence in the case record.

Miscellaneous Expenses. Crittenden-Livingston District reported \$82,844 in Miscellaneous Expenses during the test year.⁹⁴ Staff identified expenses totaling \$3,917, shown in the table below, in Crittenden-Livingston District's test year general ledger that it recommended for removal from the revenue requirement. First, Staff recommended removing the expenses related to the Christmas party because these costs are not directly related to Crittenden-Livingston District's ability to provide service to its customers and therefore should not be recovered through rates. Second, Staff recommended removing the expenses related to employee safety awards because Crittenden-

⁹² Crittenden-Livingston District's Response to Staff's First Request, Item 6, Workers Comp Invoice.pdf.

⁹³ Crittenden-Livingston District's Response to Staff's First Request, Item 6, Liability Invoice.pdf.

⁹⁴ Application, Attachment 4, Schedule of Adjusted Operations.

Livingston District does not have any written policies or procedures in place that address the bonuses.⁹⁵ The adjustments resulted in a total reduction of \$3,917 as shown in the table below. Staff recommended the Commission accept Staff's adjustment as the amounts are known and measurable.

Date	Vendor	Description	Amount
01/05/2023	Mellow Mushroom	Employee Christmas Party	\$ 538
01/05/2023	Mellow Mushroom	Gift Cards for Employees working and unable to attend Christmas Party	60
12/15/2023	Wal-Mart	employee safety awards	1,034
12/15/2023	Wal-Mart	employee safety awards	1,034
12/19/2023	Wal-Mart	employee safety award	621
12/22/2023	Feed Mill Restaurant	Employee Christmas Party	629
Total			<u>\$ 3,917</u>

The Commission finds that Staff's recommended adjustment is reasonable and should be accepted because Crittenden Livingston District did not provide sufficient evidence to convince the Commission the expenses were reasonable. The Commission has also consistently found cause to remove the recovery for bonuses that are nonrecurring transactions, including one-time annual performance incentives that are not tied in a formal policy to operational performance of the utility, and are not likely to occur subsequent to the test year.

Depreciation Expense. Crittenden-Livingston District reported \$720,392 in Depreciation Expenses during the test year.⁹⁶ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the National Association of Regulatory Utility Commissioners (NARUC) titled Depreciation Practices for Small Utilities (NARUC Study). When no evidence exists to support a specific life that is outside the NARUC ranges, the Commission has historically

⁹⁵ Crittenden-Livingston District's Response to Staff's Third Request, Item 2.

⁹⁶ Application, Attachment 4, Schedule of Adjusted Operations.

used the midpoint of the NARUC ranges to depreciate the utility plant.⁹⁷ Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Staff reviewed Crittenden-Livingston District's depreciation information⁹⁸ and determined no adjustment was necessary.

As discussed in both the Salaries and Wages section and the Materials and Supplies section above, Staff recommended that some expenses be capitalized that were incurred during the test year. Staff increased Depreciation Expense by \$24,285 as shown in the table below. Staff used the midpoint expected replacement timeline for each asset's life when provided by Crittenden-Livingston District⁹⁹ and used the NARUC Study asset lives when that information was not provided. Staff recommended the Commission accept Staff's adjustment to account for the additional assets included in Depreciation.

⁹⁷ See Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020), Order; Case 2023-00134, *Electronic Application of North Marshall Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC, Dec. 22, 2023), Order at 30; Case 2023-00154, *Electronic Application of Harrison County Water Association, Inc. for an Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024), Order at 36.

⁹⁸ Crittenden-Livingston District's Response to Staff's First Request, Item 11c, Fixed Asset Register Excel Document.

⁹⁹ Crittenden-Livingston District's Response to Staff's Third Request, Item 1c.

Asset	Original Cost	Asset Life	Depreciation
Tap Fees	<u>\$ 10,566.00</u>	45.00	<u>\$ 235.00</u>
Filter Rehab	22,446.00	12.50	1,796.00
Filter Rehab	29,427.30	12.50	2,354.00
Variable Frequency Drive at Water Plant	16,237.11	12.50	1,299.00
Filter Rehab	125,562.00	12.50	10,045.00
SCADA upgrades	9,412.00	10.00	941.00
Backwash lagoon cleanout	4,267.56	2.00	2,134.00
Divers to install plug in wet well	4,127.10	30.00	138.00
Water Tank Painting	17,972.50	12.50	1,438.00
Water Tank Painting	17,972.50	12.50	1,438.00
Pump Rebuild	7,454.23	20.00	373.00
Filter Rehab project	2,060.00	12.50	165.00
Painted Tank Head	11,000.00	12.50	880.00
River Pump	13,607.38	20.00	680.00
Replace Piping in Wet well	3,616.63	30.00	121.00
Mounting End of Pipe in River	9,317.35	37.50	248.00
sub-total	<u>\$ 294,479.66</u>		<u>\$ 24,050.00</u>
Total Adjustment			<u><u>\$ 24,285.00</u></u>

The Commission finds Staff's adjustments are reasonable and should be accepted as the adjustments were based on the NARUC study discussed above and because the amounts are known and measurable.

Taxes Other Than Income. Crittenden-Livingston District reported \$45,329 in Taxes Other Than Income during the test year and did not propose an adjustment.¹⁰⁰ Staff calculated updated FICA taxes for the additional employees and updated wage rates in the amount of \$48,646 as shown in the table below. Staff increased Taxes Other Than Income by \$3,317 to reach the Pro Forma amount from the test-year amount. Staff recommended that the Commission accept the Staff's adjustments as the amounts are known and measurable.

¹⁰⁰ Application, Attachment 4, Schedule of Adjusted Operations.

Description	Amount
Salaries and Wages - Employees	\$ 628,695
Salaries and Wages - Officers	-
Total Salaries and Wages	628,695
FICA Percent	7.65%
Pro Forma FICA	48,095
Test Year Taxes Other than Income ((45,329)
Adjustment	<u>\$ 2,766</u>

The Commission finds that Staff's adjustments related to Taxes Other Than Income are reasonable and should be accepted because the amounts are known and measurable.

OVERALL REVENUE REQUIREMENT AND
REQUIRED REVENUE INCREASE

In its application, Crittenden-Livingston District proposed using the Debt Service Coverage Method.¹⁰¹ The Commission has historically applied a Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of (1) cash-related pro forma operating expenses; (2) recovery of depreciation expense, a non-cash item, to provide working

¹⁰¹ Application, Exhibit 4, Revenue Requirements Table.

capital;¹⁰² (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

Description	Crittenden-Livingston District	Commission Staff	Commission Approved
Pro Forma Operating Expenses	\$ 2,658,789	\$ 2,499,890	\$ 2,509,873
Average Annual Principal and Interest Payments	896,000	888,378	888,378
Additional Working Capital at 20%	179,200	177,676	177,676
Total Revenue Requirement	3,733,988	3,565,944	3,575,927
Other Revenue ()	(116,104)	(80,667)	(80,667)
Interest Income ()	(13,902)	(13,902)	(13,902)
Revenue Required From Water Sales	3,603,982	3,471,375	3,481,358
Revenue from Sales at Present Rates ()	(3,081,951)	(3,079,007)	(3,079,007)
Required Revenue Increase / (Decrease)	\$ 522,031	\$ 392,368	\$ 402,351
Percentage Increase / (Decrease)	16.94%	12.74%	13.07%

Average Annual Principal and Interest Payments and Additional Working Capital.

Crittenden-Livingston District requested to recover debt service of \$896,000 on one Rural Development Bond, two 2013 C Bonds, three Kentucky Infrastructure Authority (KIA) Loans, and three Kentucky Association of Counties (KACo) Loans based on a five-year average of the annual principal, interest, and fee payments for years 2024-2028.¹⁰³ Staff recalculated the amount based on the years 2025–2029. Those changes resulted in a

¹⁰² The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. See *Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. See Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

¹⁰³ Remediated Application, Attachment 9, Amortization Schedules (filed Jan 9, 2025).

revised average annual principal, interest, and fee payments of \$888,378 as shown in the table below.

The DSC method, as historically applied by the Commission, includes an allowance for additional working capital equal to the minimum net revenues required by a district’s lenders above its average annual debt payments. In its exhibits, Crittenden-Livingston District requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments, or \$179,200.¹⁰⁴ Following the Commission’s historic practice of including additional working capital, Staff agreed with the inclusion of a working capital provision; however, it calculated the amount at \$177,676 based on the revision to the debt service discussed above.

Loan	2025	2026	2027	2028	2029	Total
2008 RD Bonds	\$ 54,143	\$ 52,208	\$ 55,134	\$ 52,921	\$ 16,474	\$ 230,880
2013 C	312,573	307,574	308,678	294,355	299,868	1,523,048
2013 C	128,429	125,673	123,291	125,734	128,011	631,138
KIA Radio Read	18,550	18,518	18,487	18,455	18,422	92,432
Moore Hill Water Tower	59,953	59,834	59,713	59,591	59,466	298,557
KIA - Meters	20,624	20,598	20,572	20,544	20,517	102,855
2018 KACo	148,844	149,469	149,844	149,969	150,369	748,495
2017 KACo	162,192	161,964	161,473	163,493	165,365	814,487
Totals	<u>\$907,333</u>	<u>\$897,864</u>	<u>\$899,219</u>	<u>\$887,090</u>	<u>\$860,521</u>	<u>4,441,892</u>
Divided by 5 Years						5
5 Year Average Principal Interest and Fees						<u>888,378</u>
Additional Working Capital at 20%						<u>\$ 177,676</u>

Staff recommended the Commission approve Staff’s inclusion of \$888,378 and \$177,676 to the Revenue Requirement to account for average annual principal and interest payments, and additional working capital, respectively, because DSC methodology allows for the recovery of principal and interest payments and the additional

¹⁰⁴ Application, Attachment 4, Revenue Requirements Calculation Chart.

working capital is a direct result of the calculated Annual Debt Principal and Interest payments.¹⁰⁵

The Commission finds that using the DSC method is appropriate and that including \$888,378 in the revenue requirement calculation for average annual principal, as well as interest and fee payments for debt obligations is a known and measurable amount. The Commission finds Staff's recommendation to calculate debt service from payments from 2025-2029 is reasonable because the costs are more representative going forward than Crittenden-Livingston District's proposed 2024-2028 timeline. The Commission finds the amount to be reasonable and as such, accepts inclusion of the amount in the revenue requirement. The Commission further finds that including additional working capital of \$177,676 in the revenue requirement calculation is reasonable and should be accepted.

RATE DESIGN

In its application, Crittenden-Livingston District proposed to increase its monthly water service rates by 16.94 percent to all its water customers evenly across the board.¹⁰⁶ Crittenden-Livingston District sells to both retail and six wholesale customers: the cities of Grand Rivers, Smithland, Salem, and Marion; and two water districts, Ledbetter Water District and Lyon Co. Water District.¹⁰⁷ Crittenden-Livingston District also proposed to add a 3-inch and a 4-inch meter rate to the current Rate Schedule in its tariff.¹⁰⁸ Crittenden-Livingston District stated that it did not consider filing a COSS at this time,

¹⁰⁵ Staff's Report at 30.

¹⁰⁶ Remediated Application, Attachment 1, Customer Notice.

¹⁰⁷ 2023 Annual Report at 55.

¹⁰⁸ Remediated Application, Attachment 1, Customer Notice.

considering there have been no material changes in the water system that would cause a new COSS to be prepared.¹⁰⁹ Staff agreed with Crittenden-Livingston District recommendation to add 3-inch and a 4-inch meter rates to its tariff. Staff recommended that the Commission require Crittenden-Livingston District to file a COSS 24 months after the new rates have been put into effect, or once they have collected sufficient customer usage data to justify the reasonableness and fairness of the newly established rates.

The Commission has previously found that the allocation of a revenue adjustment evenly across the board to a utility's rate design is appropriate when there has been no evidence entered into the record demonstrating that this method is unreasonable and in the absence of a COSS.¹¹⁰ Finding no such evidence in this case, Staff allocated the \$392,368 revenue increase evenly across Crittenden-Livingston District's monthly retail water service rates in the Staff Report. However, as discussed above, removing the BLS study adjustment increased the revenue requirement; and as a result, following the same approach, the Commission allocated the revised \$402,351 increase evenly across monthly retail water service rates.

The rates, as calculated by the Commission, which are set forth in Appendix B to this Order are based upon the revenue requirement the Commission has found to be fair, just, and reasonable, and will produce sufficient revenues from water sales to recover the updated revenue required from rates of \$3,481,358; representing an approximate 13.07 percent increase. The monthly water bill for a typical residential customer using

¹⁰⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 13.

¹¹⁰ Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

approximately 4,000 gallons per month¹¹¹ will increase \$8.74 from \$67.00 to \$75.74, or 13.04 percent.

The Commission finds that the evidence provided in the record and the analysis shows that the updated revenue requirement and the allocation methodology used by Staff are fair, just and reasonable and should be approved. The Commission further finds that adding 3-inch and 4-inch meter classes to Crittenden-Livingston District's tariff is reasonable at this time. The record reflects that Crittenden-Livingston District has or anticipates customers that will be served by these meter sizes; establishing tariffed rates for these meters provides transparency and avoids ad-hoc billing. The initial rates for the new classes are developed on the same rate-making basis and maintain the proportional relationship used for the existing meter sizes. Accordingly, the Commission concludes that the rates recommended by Staff are fair, just and reasonable and should be approved.

As a result of Crittenden-Livingston District's proposed new meter classes, Staff recommended requiring Crittenden-Livingston District to file a COSS 24 months after the new rates have been put into effect, or once they have collected sufficient customer usage data to justify the reasonableness and fairness of the newly established rates.¹¹² The Commission agrees with the Staff's recommendation to justify the reasonableness and fairness of the newly established rates but finds the requirement should be done in a different manner. First, the Commission finds Crittenden-Livingston District should file a COSS study by November 30, 2027. Once the COSS is complete, a new rate case will

¹¹¹ Remediated Application, Attachment 1, Customer Notice (The average retail customer uses 4,000 gallons per month).

¹¹² Staff's Report at 5-6.

be necessary to assess and implement the new rate allocation. Accordingly, the Commission finds Crittenden-Livingston District should file an application for a general rate adjustment, an alternative rate adjustment, or tender a detailed explanation with supporting documentation to show cause why a rate adjustment is unnecessary, on or before November 30, 2028, using a 2027 test year, to ensure the reasonableness and fairness of the newly established rates.

Nonrecurring Charges. Staff reviewed Crittenden-Livingston District's nonrecurring charges. The Commission found that because district personnel are currently paid during regular business hours, estimated labor costs arising from periods within regular business hours previously included in determining the amount of nonrecurring charges should be eliminated from the charges.¹¹³ Crittenden-Livingston District provided updated cost justification information for the nonrecurring charges¹¹⁴ as well as a list of the number of occurrences for each of its nonrecurring charges.¹¹⁵ Staff reviewed the cost justification information provided by Crittenden-Livingston District and adjusted these charges by removing the Field Labor Costs and the Office/Clerical Labor Costs from those charges that occur during regular business hours. Staff also removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor

¹¹³ Case No. 2023-00299, *Electronic Application of Magoffin County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 24, 2024); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 5, 2024); Case No. 2023-00258, *Electronic Application of Kirksville Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00220, *Electronic Application of East Casey County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 21, 2024).

¹¹⁴ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 19, 19_Nonrecurring_Charges_Cost_Justifications.

¹¹⁵ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 18.

is typically performed during regular business hours. Following these adjustments the After-Hours Reconnection Fee increased by \$2, from \$90 to \$92, due in part to an increase in labor and transportation expenses, as shown in the cost justification provided in response to Staff's First Request.¹¹⁶

Staff recommended that the Commission accept the increase to Reconnection Fee After Hours, as this increase is supported in the cost justification provided by Crittenden-Livingston District,¹¹⁷ and the amount meets the ratemaking criteria of being known and measurable. Staff also recommended that the Commission accept the other nonrecurring charge revisions, as the Staff-proposed charge reflects the actual cost that needs to be recovered in rates. The cost justification information, shown in Appendix A, was provided by Crittenden-Livingston District and supports Staff's adjustments to the Nonrecurring Charges. The adjustments discussed above result in the following revised Nonrecurring Charges:

¹¹⁶ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 19, 19_Nonrecurring_Charges_Cost_Justifications at 4.

¹¹⁷ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 19, 19_Nonrecurring_Charges_Cost_Justifications.

Nonrecurring Charges	Current Charge	Revised Charge
Connection / Turn-on Charge	\$ 35.00	\$ 21.00
Connection / Turn-on Charge After Hrs.	\$ 80.00	\$ 71.00
Reconnection Fee	\$ 50.00	\$ 42.00
Reconnection Fee After Hrs.	\$ 90.00	\$ 92.00
Field Collection Charge	\$ 35.00	\$ 21.00
Meter Relocation Charge	Actual Cost	Actual Cost
Meter Reading Re-Check	\$ 35.00	\$ 21.00
Meter Test Request	\$ 80.00	\$ 42.00
Broken Meter Lock Fee	Actual Cost	Actual Cost
Meter Valve Replacement Fee	Actual Cost	Actual Cost
Meter Box Replacement Fee	Actual Cost	Actual Cost
Meter Box Top Replacement Fee	Actual Cost	Actual Cost
Service Call / Investigation	\$ 35.00	\$ 21.00
Service Call / Investigation After Hrs.	\$ 80.00	\$ 71.00
Returned Check Charge	\$ 25.00	\$ 15.00

The Commission finds that the Staff's recommended increase to Reconnection Fee After Hours is appropriate considering the provided cost justification supports the increase, and the amount meets the ratemaking criteria of being known and measurable.

The Commission finds that the Staff's Report recommendations are consistent with excluding additional labor expenses resulting from work performed during regular business hours as they are already being recovered and should not also be recovered through nonrecurring charges.¹¹⁸ The Commission requires that charges be directly related to the actual cost incurred to provide the service. Only the marginal cost related to the service should be recovered through a special nonrecurring charge for service

¹¹⁸ Case No. 2023-00090, *Electronic Application of Henry County Water District #2 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2023); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 4, 2024); Case No. 2023-00090, *Electronic Application of Kirksville Water Association Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00252, *Electronic Application of Oldham County Water District for an Alternative Rate Adjustment* (Ky. PSC June 18, 2024).

provided during regular working hours. For the reasons discussed above, the estimated labor expenses previously included in determining the rate of nonrecurring charges should be eliminated from the charges, as proposed by the Staff. The Commission finds that Commission Staff's recommendations are reasonable, and the revised nonrecurring charges described above and in Appendix B to be reasonable.

Tap-On Fees. Crittenden-Livingston District proposed to increase tap-on fees for its 5/8-inch x 3/4-inch Meter from \$750 to \$1,114, and 1-inch Meter from \$850 to \$1,462.¹¹⁹ Crittenden-Livingston District provided an updated cost justification for its 5/8-inch x 3/4-inch Meter, 1-inch Meter, and 2-inch Meter Connection/Tap-On Charge.¹²⁰ Staff reviewed the cost justification information provided by Crittenden-Livingston District and noted it supports an increase in the 5/8-inch x 3/4-inch Meter and 1-inch Meter Connection/Tap-On Charge larger than the proposed increase by Crittenden-Livingston District in its application. Staff recommended that the Commission reject Crittenden-Livingston District proposed tap-on charges and accept Crittenden-Livingston District's actual cost-supported increase for the 5/8-inch x 3/4-inch Meter, and the 1-inch Meter Connection/Tap-On Charge. Staff recommended increasing the tap-on fees to meet the expenses presented in the updated cost justification provided by Crittenden-Livingston District for both meter installs. Specifically, Staff recommended that the 5/8-inch x 3/4-inch Meter be increased from \$750 to \$1,950, and that the 1-inch meter charge be increased from \$850 to \$2,364. In addition, Crittenden-Livingston District stated it would

¹¹⁹ Remediated Application, Attachment 1, Customer Notice.

¹²⁰ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 20, 20_Meter_Tap_Cost_Justifications.

like to keep its 2-inch or larger Meter Connection/Tap-On Charges at Actual Cost.¹²¹ Staff recommended keeping the charge as Actual Cost, as cost fluctuations for these larger meter sizes can differ greatly due to construction requirements.

The Commission rejects Crittenden-Livingston District's proposed tap-on charges and agrees with the Staff's recommendation to increase the 5/8-inch x 3/4-inch Meter and 1-inch Meter Connection/Tap-On Charge to \$1,950 and to \$2,364, respectively, to reflect the current expenses incurred to install new taps, in order to prevent an under-recovery for both tap fees. Increasing the tap fee rates in line with Crittenden-Livingston District's actual cost will result in a fair, just or reasonable rate. In addition, over time, under-recovery of a particular charge will result in degradation of the utility's financial condition.

The Commission agrees with the Staff's recommendation of keeping the 2-inch or larger Meter Connection/Tap-On Charges at Actual Cost, because cost fluctuations for these larger meter sizes can differ greatly due to construction requirements.

SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in Staff's Report with the modifications discussed above are supported by the evidence of record and are reasonable. Applying the DSC method to Crittenden-Livingston District's pro forma operations, results in an Overall Revenue Requirement of \$3,575,927 and indicate a \$402,351 revenue increase, or 13.07 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

¹²¹ Crittenden-Livingston District's Response to Staff's Second Request, Item 29.

IT IS THEREFORE ORDERED that:

1. The recommendations contained in Staff's Report, are adopted as modified above and incorporated by reference into this Order as if fully set out herein.
2. The water service rates proposed by Crittenden-Livingston District are denied.
3. The water service rates set forth in Appendix B to this Order are approved for service rendered by Crittenden-Livingston District on or after the date of this Order.
4. Within 20 days of the date of service of this Order, Crittenden-Livingston District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.
5. Crittenden-Livingston District shall file a COSS study by November 30, 2027.
6. Crittenden-Livingston District shall file an application for a general rate adjustment, an alternative rate adjustment, or tender a detailed explanation with supporting documentation to show cause why a rate adjustment is unnecessary, on or before November 30, 2027, using a 2027 test year, to ensure the reasonableness and fairness of the newly established rates.
7. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00278 DATED NOV 4 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection / Turn-on Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 70.00</u>	<u>\$ 21.00</u>	
Current Rate	\$35.00		
Connection / Turn-on Charge After Hrs.			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$24.75/hr)	\$ 49.50	\$ 49.50	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 86.50</u>	<u>\$ 71.00</u>	
Current Rate	\$80.00		
Reconnection Fee			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 42.00	\$ 42.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 91.00</u>	<u>\$ 42.00</u>	
Current Rate	\$50.00		

Reconnection Fee After Hrs.			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$24.75/hr)	\$ 49.50	\$ 49.50	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 42.00	\$ 42.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 107.50</u>	<u>\$ 92.00</u>	
Current Rate			\$90.00

Field Collection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 70.00</u>	<u>\$ 21.00</u>	
Current Rate			\$35.00

Meter Reading Re-Check			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 70.00</u>	<u>\$ 21.00</u>	
Current Rate			\$35.00

Meter Test Request			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (1hr \$20/hr and 2hrs \$16.50/hr)	\$ 53.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 42.00	\$ 42.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 111.00</u>	<u>\$ 42.00</u>	
Current Rate			\$80.00

Service Call / Investigation			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 70.00</u>	<u>\$ 21.00</u>	
Current Rate			\$35.00

Service Call / Investigation After Hrs.			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$24.75/hr)	\$ 49.50	\$ 49.50	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 86.50</u>	<u>\$ 71.00</u>	
Current Rate			\$80.00

Returned Check Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor	\$ -	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 22.57	\$ -	
Transportation	\$ -	\$ -	
Misc. (Bank Charge)	\$ 15.00	\$ 15.00	
Total Revised Charge*	<u>\$ 37.57</u>	<u>\$ 15.00</u>	
Current Rate			\$25.00

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00278 DATED NOV 4 2025

The following rates and charges are prescribed for the customers in the area served by Crittenden-Livingston County Water District. All other rates and charges not specifically mentioned herein remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	1,000	Gallons	\$	27.98	Minimum Bill
Next	9,000	Gallons		0.01592	Per Gallon
Next	10,000	Gallons		0.01362	Per Gallon
Over	20,000	Gallons		0.01076	Per Gallon

1-Inch Meter

First	5,000	Gallons	\$	91.68	Minimum Bill
Next	5,000	Gallons		0.01592	Per Gallon
Next	10,000	Gallons		0.01362	Per Gallon
Over	20,000	Gallons		0.01076	Per Gallon

2-Inch Meter

First	15,000	Gallons	\$	239.46	Minimum Bill
Next	5,000	Gallons		0.01362	Per Gallon
Over	20,000	Gallons		0.01076	Per Gallon

3-Inch Meter

First	50,000	Gallons	\$	630.35	Minimum Bill
Over	50,000	Gallons		0.01076	Per Gallon

4-Inch Meter

First	75,000	Gallons	\$	899.46	Minimum Bill
Over	75,000	Gallons		0.01076	Per Gallon

Bulk Sales

\$ 0.01076 Per Gallon

Wholesale Rate

\$ 0.00378 Per Gallon

Meter Connection/Tap-On Charges

5/8 Inch X 3/4 Inch Meter	\$ 1,950.00
1 Inch Meter	\$ 2,364.00

<u>Nonrecurring Charges</u>	<u>Revised Charge</u>
Connection / Turn-on Charge	\$ 21.00
Connection / Turn-on Charge After Hrs.	\$ 71.00
Reconnection Fee	\$ 42.00
Reconnection Fee After Hrs.	\$ 92.00
Field Collection Charge	\$ 21.00
Meter Relocation Charge	Actual Cost
Meter Reading Re-Check	\$ 21.00
Meter Test Request	\$ 42.00
Broken Meter Lock Fee	Actual Cost
Meter Valve Replacement Fee	Actual Cost
Meter Box Replacement Fee	Actual Cost
Meter Box Top Replacement Fee	Actual Cost
Service Call / Investigation	\$ 21.00
Service Call / Investigation After Hrs.	\$ 71.00
Returned Check Charge	\$ 15.00

*Crittenden-Livingston County Water District
620 East Main Street
P. O. Box 495
Salem, KY 42078

*Ariel Baker
Kentucky Rural Water Association
Post Office Box 1424
1151 Old Porter Pike
Bowling Green, KY 42102-1424

*Robert K. Miller
Straightline Kentucky LLC
113 North Birchwood Ave.
Louisville, KY 40206

*Tony Travis
Commissioner
Crittenden-Livingston County Water District
620 East Main Street
P. O. Box 495
Salem, KY 42078

EXHIBIT E



CRITTENDEN-LIVINGSTON

COUNTY WATER DISTRICT

620 E. Main St. • Salem, Kentucky 42078

Phone (270) 988-2680 • Fax (270) 988-4892

December 23, 2025

To The Ledbetter Water Distict:

This letter is to inform you of an upcoming increase of 13.07% to our water rates for wholesale customers. The new rate for wholesale customers will be \$0.00378 per gallon and will be effective as of March 27, 2026.

I have included an update rate sheet and will be happy to answer any questions in regards to this increase.

Thank You,

Abbie Adamson
Superintendent

EXHIBIT F

PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND WATER ASSOCIATIONS
(807 KAR 5:068)

Name of Utility	Ledbetter Water District	
Date	February 26, 2026	
Address	P.O. Box 123	
City, State, Zip	Ledbetter, Kentucky	42058
Telephone Number	(270) 898-3236	
Email Address	ledbetterwaterdi@bellsouth.net	

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

Supplier(s)	Base Rate	Changed Rate
Crittenden-Livingston WD	3.34 per 1,000 gallons	\$3.78 per 1,000 gallons

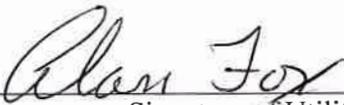
1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit 1.

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).*

From	January 2025	through	December 2025
	(month and year)		(month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

* Ledbetter Water District has requested a deviation from 807 KAR 5:068, Sections 3(3) and 3(5) to use the average annual purchases for 2022-2024.

Supplier(s)	Gallons Purchased during 12 month period
Crittenden-Livingston Water District	33,091,667*
TOTAL PURCHASES	33,091,667*
4. Total gallons sold for the 12 month period	61,019,000**
5. Increased water cost	\$14,583
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate. The calculation and all supporting documents used to determine the change in purchased water costs sufficient to determine the accuracy of the calculation is attached as Exhibit 2.	
6. Purchased water adjustment factor	\$0.24 per 1,000 gallons
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice.	
7. A schedule listing the current and proposed rates is attached as Exhibit 3.	
8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as Exhibit 4.	
9. Proposed effective date	February 26, 2026
 Signature of Utility Officer Manager Title	

*Represents the annual average purchases for 2022-2024.

**Represents total sales for calendar year 2025.

Exhibit 1

Wholesale Supplier's Notice/PSC Order of November 4, 2025



CRITTENDEN-LIVINGSTON
COUNTY WATER DISTRICT

620 E. Main St. • Salem, Kentucky 42078

Phone (270) 988-2680 • Fax (270) 988-4892

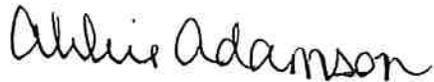
December 23, 2025

To The Ledbetter Water Distict:

This letter is to inform you of an upcoming increase of 13.07% to our water rates for wholesale customers. The new rate for wholesale customers will be \$0.00378 per gallon and will be effective as of March 27, 2026.

I have included an update rate sheet and will be happy to answer any questions in regards to this increase.

Thank You,



Abbie Adamson
Superintendent

Exhibit 2

Ledbetter Water District's Water Purchases (2022-2024)
Ledbetter Water District's Water Purchases & Sales (Calendar Year 2025)
Calculation of Increased Water Cost and Purchased Water Adjustment Factor

LEDBETTER WATER DISTRICT PURCHASES (2022-2024)			
Year	Month	Purchases (gals)	Annual Purchase (gals)
2022	January	1,953,000	32,469,000
	February	1,739,000	
	March	2,053,000	
	April	3,481,000	
	May	2,492,000	
	June	2,893,000	
	July	2,692,000	
	August	3,089,000	
	September	3,307,000	
	October	2,993,000	
	November	2,795,000	
	December	2,982,000	
2023	January	2,813,000	40,105,000
	February	2,371,000	
	March	2,604,000	
	April	4,336,000	
	May	3,371,000	
	June	4,809,000	
	July	3,743,000	
	August	3,474,000	
	September	3,068,000	
	October	3,196,000	
	November	3,108,000	
	December	3,212,000	
2024	January	3,698,000	26,701,000
	February	3,039,000	
	March	3,256,000	
	April	2,290,000	
	May	1,846,000	
	June	1,902,000	
	July	2,217,000	
	August	2,261,000	
	September	1,756,000	
	October	1,599,000	
	November	1,339,000	
	December	1,498,000	
Annual Average:			33,091,667

**LEDBETTER WATER DISTRICT PURCHASES AND SALES
CALENDAR YEAR 2025**

Month	Water Produced (000s gal)	Water Purchased (000s gal)	Total Produced + Purchased (000s gal)	Total Water Sales (000s gal)
January	5,107	1,725	6,832	5,615
February	4,342	1,529	5,871	5,497
March	4,605	1,683	6,288	5,752
April	4,276	1,520	5,796	4,275
May	4,508	1,675	6,183	4,843
June	3,875	1,812	5,687	5,613
July	4,144	2,035	6,179	4,849
August	4,299	2,052	6,351	6,313
September	4,006	1,785	5,791	5,129
October	3,512	1,542	5,054	4,350
November	3,148	2,010	5,158	3,945
December	3,551	2,342	5,893	4,838
TOTAL	49,373	21,710	71,083	61,019

**CALCULATION OF INCREASED WATER COST
AND PURCHASE WATER ADJUSTMENT**

Total Purchases (2022-2024) = 32,469,000 gallons + 40,105,000 gallons + 26,701,000 gallons
= 99,275,000 gallons

Total Sales (Calendar Year 2025) = 61,019,000 gallons

Average Annual Purchases (2022-2024) = 99,275,000 gallons ÷ 3 years = 33,091,667 gallons

Increased Purchased Water Cost = (\$3.78 per 1,000 gallons x 33,091,667 gallons) – (\$3.34 per 1,000 gallons x 33,091,667 gallons)
= \$125,109.18 - \$110,526.17
= \$14,583.01

PWA Adjustment Factor = \$14, 583.01 ÷ 61,019,000 gallons = \$0.239/1,000 gallons
= \$0.24/1,000 gallons (Rounded up)

Exhibit 3
Current and Proposed Rates

CURRENT AND PROPOSED RATES

Current Rates

Customer Charge	\$ 7.74 Minimum Bill
First 25,000 Gallons	\$ 0.00714 per Gallon
Over 25,000 Gallons	\$ 0.00498 per Gallon

Proposed Rates

Customer Charge	\$ 7.74 Minimum Bill
First 25,000 Gallons	\$ 0.00738 per Gallon
Over 25,000 Gallons	\$ 0.00522 per Gallon

Exhibit 4
Resolution Adjusting Rates to Reflect Increased Water Costs

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
LEDBETTER WATER DISTRICT ADJUSTING WATER RATES AND
CHARGES TO OFFSET THE WHOLESALE RATE INCREASE OF
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT AND
AUTHORIZING AN APPLICATION FOR A DEVIATION
FROM 807 KAR 5:068**

WHEREAS, Crittenden-Livingston County Water District (“Crittenden-Livingston District”) supplies water to Ledbetter Water District (“Ledbetter District”) because the cost to purchase water from Crittenden-Livingston District is less than the cost to produce water at Ledbetter District’s water production facilities;

WHEREAS, under their water purchase contract, Ledbetter District is required to purchase from Crittenden-Livingston District a minimum of 2.5 million gallons of water per month;

WHEREAS, beginning in April 2024 and continuing through December 2025, Crittenden-Livingston District requested Ledbetter District significantly reduced its purchases because Crittenden-Livingston District’s water treatment facilities had reached maximum capacity;

WHEREAS, Crittenden-Livingston District waived the water purchase contract’s minimum purchase requirement and charged Ledbetter District only for the volume of water purchased;

WHEREAS, due to recent improvements to its water production and storage facilities enabling it to meet its customers’ water demands, Crittenden-Livingston District has withdrawn its request for voluntary reductions in Ledbetter District’s water purchases and in January 2026 began enforcing the water purchase contract’s minimum purchase requirement again;

WHEREAS, on November 4, 2025, the Kentucky Public Service Commission in Case No. 2024-00278 adjusted Crittenden-Livingston District’s rates for water service, including increasing the rate charged to Ledbetter Water District for wholesale water service from \$3.34 per 1,000 gallons of water to \$3.78 per 1,000 gallons of water;

WHEREAS, prudent financial management dictates that Ledbetter District act to adjust its retail rates commensurate with Crittenden-Livingston District’s wholesale rate increase;

WHEREAS, KRS 278.015 and 807 KAR 5:068 provide the legal mechanism for Ledbetter District to increase its water rates commensurate with Crittenden-Livingston District’s wholesale rate increase via a Purchased Water Adjustment (“PWA”);

WHEREAS, under 807 KAR 5:068, Section 3(3), the amount of the adjustment to a water district’s rates to ensure full recovery of a water supplier’s increased rate is determined by the water district’s total purchases during a period of twelve (12) consecutive months within ninety (90) days immediately prior to the effective date of the water district’s rate adjustment;

WHEREAS, 807 KAR 5:068, Section 3(5) requires that the total water purchases and total water sales used to determine the amount of the adjustment to a water district’s rates to ensure full

recovery of a water supplier's increased rate must be based upon the same twelve (12) month period;

WHEREAS, because Ledbetter District's purchases were artificially reduced during the period required to calculate the adjustment, strict application of 807 KAR 5:068, Section 3(3) would prevent Ledbetter District from recovering the full increase in the wholesale rate;

WHEREAS, using the average of Ledbetter District's annual purchases for 2022–2024 more accurately reflects normal purchase levels and is necessary to ensure Ledbetter District's full recovery of the increased wholesale rate,

WHEREAS, the use of the average of Ledbetter District's purchases from Crittenden-Livingston District for the years 2022 through 2024 to calculate the adjustment to Ledbetter District's rates requires a deviation from 807 KAR 5:068, Section 3(3) and Section 3(5);

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF LEDBETTER WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are affirmed and incorporated as a part of this Resolution.

Section 2. The PWA factor is **\$0.24 per 1,000 gallons** and its calculation is shown in Appendix A, which is attached hereto and is incorporated herein by reference as a part of this Resolution.

Section 3. All tiers of all meter sizes of Ledbetter Water District's existing tariff shall be increased by **\$0.24 per 1,000 gallons**, effective February 26, 2026, subject to any adjustments that may be made by the Kentucky Public Service Commission.

Section 4. The monthly water rates to be charged to and collected from the customers and users of Ledbetter Water District's water system shall be as set forth in **Appendix B**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. These monthly rates shall be in effect for all water service rendered on and after February 26, 2026.

Section 5. The Chairman, or his designated representative, is authorized and directed to apply to the Kentucky Public Service Commission for a deviation from 807 KAR 5:068 to permit the use of the 2022–2024 average annual purchase volume in calculating the PWA factor.

Section 6. The Chairman, or his designated representative, is further authorized and directed to execute and file a PWA Application, Tariff Sheet, and all other documents that may be required by the Kentucky Public Service Commission to effectuate the approved rate adjustment and implement the PWA.

Section 7. This Resolution shall take effect upon its adoption.

[Nothing further follows.]

ADOPTED BY THE BOARD OF COMMISSIONERS OF LEDBETTER WATER DISTRICT at a meeting held on February 17, 2026 signed by the Chairman and attested by the Secretary.



Terry Teifloff, Chairman

ATTEST:



Arnie Puckett, Secretary

APPENDIX A

CALCULATION OF PURCHASE WATER ADJUSTMENT FACTOR

Year	Total Purchased (gallons)	Total Produced (gallons)	Total Water (gallons)	Purchases As Percentage of Total Water	Sales (gallons)
2021	27,464,000	43,483,000	70,947,000	38.71	55,238,000
2022	32,469,000	46,879,000	79,348,000	40.92	61,773,000
2023	40,105,000	46,715,000	86,820,000	46.19	57,398,000
2024	26,701,000	53,177,000	79,878,000	33.43	57,886,000
2025	21,710,000	49,373,000	71,083,000	30.54	61,019,000

Total Purchases (2022-2024) = 32,469,000 + 40,105,000 + 26,701,000 = 99,275,000 gallons

Average Annual Purchases (2022-2024) = 99,275,000 gallons ÷ 3 years = 33,091,667 gallons

Increased Purchased Water Cost = (\$3.78 per 1,000 gallons x 33,091,667 gallons) – (\$3.34 per 1,000 gallons x 33,091,667 gallons)
= \$125,109.18 - \$110,526.17
= \$14,583.01

Total Sales (Calendar Year 2025) = 61,019,000 gallons

PWA Adjustment Factor = \$14,583.01 ÷ 61,019,000 gallons = \$0.239/1,000 gallons
= \$0.24/1,000 gallons (Rounded up)

APPENDIX B

**APPENDIX TO A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
LEDBETTER WATER DISTRICT DATED FEBRUARY 17, 2026**

Customer Charge	\$ 7.74 Minimum Bill
First 25,000 Gallons	\$ 0.00738 per Gallon
Over 25,000 Gallons	\$ 0.00522 per Gallon

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Ledbetter Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Ledbetter Water District at a meeting duly held on February 17, 2026; that said official action appears as a matter of public record in Ledbetter Water District's official records or journal; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

WITNESS my hand this 17 day of February 2026.



Arnie Puckett, Secretary

EXHIBIT G

WATER PURCHASE CONTRACT

THIS CONTRACT, made and entered into this 26 day of March 2021 by and between the CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, a municipal corporation organized as a water district under Chapter 74 of the Kentucky Revised Statutes, party of the first part, hereinafter referred to as the "Seller", and the LEDBETTER WATER DISTRICT, a municipal corporation organized under the laws of the Commonwealth of Kentucky, party of the second part, hereinafter referred to as the "Purchaser",

WITNESSETH:

WHEREAS, the Seller has a waterworks system, including a water treatment plant and distribution system, to serve residents of the territory embraced by the seller, and

WHEREAS, The Purchaser contemplates the need, in the foreseeable future, of an additional source of water to serve the citizens and residents of its service area, and

WHEREAS, the Seller has a water plant or plants of sufficient capacity to provide for the currently anticipated needs and requirements of the customers of the Seller and further to serve the Purchaser all of the necessary water needed by the Purchaser, and

WHEREAS, the Seller is willing to sell the Purchaser a supply of available water at such times, as the Purchaser shall need water, which is reasonably expected to be available to the Seller after providing for the reasonably anticipated water service obligations of the Seller to its own residents, and

WHEREAS, the governing bodies of the Purchaser and of the Seller have authorized the execution of this Contract,

NOW, THEREFORE, in consideration of the premises, or the mutual covenants and agreements herein contained, of the prompt payment of the rates as herein agreed to and set out, and of the prompt delivery of the water supply as herein agreed to and set out, the parties hereto have agreed as follows:

1. This contract shall become effective immediately upon its execution and the Purchaser shall be entitled to receive water hereunder, at the option of the Purchaser, as needed, and this contract shall continue for a period of 13 years, at which time it may be renegotiated or extended by mutual agreement of both parties.
2. The effectiveness of this Contract is subject to the approval of the Public Service Commission of Kentucky.
3. The quality of water delivered by the Seller to the Purchaser hereunder shall meet the standards of the United States Public Health Service Limitations for Drinking Water.
4. The Seller shall maintain water pressure of not less than 50 psi at the Connection Point at all times, except in cases of unavoidable casualty, acts of God, strikes, or other instances beyond the control of the Seller.
5. The Seller shall use reasonable diligence and care to provide a regular and uninterrupted supply of water to the Purchaser and to avoid any shortage or interruption of service thereof. The maximum amount which the Seller must furnish during any twenty-four (24) hour period shall be an amount not to exceed a total of 100,000 gallons of water for such twenty-four (24) hour period or not to exceed a rate of 70 gallons per minute during any twenty-four (24) hour period. The purchaser may exceed 100,000 gallons per day or 70 gallons per minute in cases of unavoidable casualty, acts of God, strikes, or other instances beyond the control of the purchaser. The Seller shall not be liable for any failure, interruption, or shortage of water or any loss or damage resulting therefrom, occasioned in whole or in part by any cause beyond the reasonable control of the Seller.
6. That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
7. The Master Meter shall be checked by both the Seller and the Purchaser through their authorized agent(s) or employee(s), and said Master Meter shall be maintained and tested according to any applicable rules and regulations of the Public Service Commission of

Kentucky, and if found to be inaccurate, shall be corrected as soon as practicable (and adjustments based on such meter testings shall be made in previous payments to conform to the results of such tests if purchaser does not make a reasonable effort to correct the problem in a timely manner).

8. The Master Meter shall measure the water furnished by the Seller and used by the Purchaser on a daily basis, and will determine the monthly amounts to be paid by the Purchaser to the Seller for such water. Said Master Meter shall be read periodically, at least once a month, by an officially designated employee of the Seller and such Master Meter shall be accessible at all reasonable times to an officially designated employee of the Seller for the purpose of reading and checking same. The official readings, which will determine the basis of the charges rendered to the Purchaser, will be the readings made by the Seller.
9. The Seller will sell water to the Purchaser and will deliver same to the Connection Point, and the Purchaser agrees to purchase a minimum of 2,500,000 gallons each month and pay for such water at a rate of \$3.08 for 1,000 gallons; provided, however, such rate may be adjusted by the Seller upon 90 days' written notice from the Seller to the Purchaser, as follows:

Upon written request of either party, made at least ninety (90) days in advance of the proposed effective date of such adjustment, which requests shall not be made more frequently than once per year, such rates shall be adjusted based on any increase or decrease in the costs borne by the Seller since the beginning of the initial effective period of such rates, or since the last adjustment in rates between the parties, whichever is later, the cost increases so taken into account being the costs of producing and delivering water to the Master Meter of the Purchaser, such costs to be determined based upon the certified audit of the records of the Seller by a certified public accountant, a copy of which audit shall be furnished to the Purchaser. Any adjustment in rates shall be subject to review and final approval by the Public Service Commission of Kentucky. Such costs per 1,000 gallons of producing water shall be based on the total number of

gallons of water produced by the Seller, regardless of the amount of water sold by the Seller to the Purchaser.

As set out above, any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization (being defined as "increased valuation without capital expenditure") of the Seller's system. Other provisions of this Contract may be modified or altered by mutual agreement.

10. The Purchaser agrees to maintain and repair, and keep all of its mains, pipes, services, and facilities in reasonably good condition to enable it to continue purchasing water from the Seller.
11. The Purchaser assumes all responsibility for its own billing and for maintenance of its own system, the responsibility of the Seller being solely to deliver water to the Purchaser at the Connection Point. The Purchaser will assume the burden and cost of distribution of the water to its customers from the point of the Master Meter, including the cost of all electric power, insurance, pumping, storage, and related expense. If any booster pumping station is required by the Purchaser in order to effect the distribution of water purchased from the Seller from the point of the Master Meter to the customers of the Purchaser, the entire cost of such booster pumping station will be borne by the Purchaser, provided, however, that if and to the extent that any such booster pumping station shall be required in order to enable the Seller to deliver water at the Connection Point, the cost thereof will be borne by the Seller.
12. In the event that the population of the territory of the Seller increase to such an extent that the existing facilities of the Seller cannot adequately serve said population, and if same should occur before existing facilities can be expanded by Seller to meet such contingency, the quantity of water supplied to the Purchaser may then be reduced by the same percentage as such quantity is reduced to all other customers of the Seller, for a period of time sufficient to allow the Seller to expand.

13. Nothing contained in this Contract is to be construed or intended by the parties as divesting the Public Service Commission of Kentucky of any of its authority, jurisdiction, control, or prerogatives in connection with either of the parties.
14. In the event of any occurrence rendering the Purchaser incapable of performing under this Contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
15. If any section, paragraph, or clause of this Contract be held invalid, the invalidity of such section, paragraph, or clause shall not affect any of the remaining provisions of this Contract.
16. The seller will not charge the purchaser the 2.5 million gallon minimum per month if by some occurrence of unavoidable casualty, acts of God, or other instances beyond the control of the seller, the purchaser will be charged only what they use.

IN WITNESS WHEREOF, the Seller, by resolution duly adopted by its Board of Commissioners, authorizing its Chairman and its Secretary, and the Purchaser, by resolution duly adopted by its Board of Commissioners, authorizing its Chairman and its Secretary to affix their respective signatures, together with the seals of said respective parties, have hereunto executed this Contract, as of the date first herein above written.

By _____

Chairman

(Seal of District)

Attest:

Alan H. Hoot
Secretary

LEDBETTER WATER DISTRICT

By Terry Lichoff
Chairman

Joseph H. Kaiser

(Seal of District)

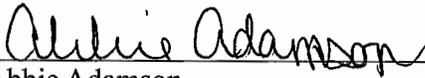
Donna Miller
2/23/2021

EXHIBIT H

5. During the period in which Ledbetter Water District reduced its purchases, the District constructed improvements to its water production and storage facilities enabling it to meet customer demand. These improvements were the subject of Public Service Commission Case No. 2024-00386.

6. Beginning in January 2026, the District began again to enforce the minimum purchase provision of its water purchase contract and Ledbetter Water District again purchased at least 2.5 million gallons of water monthly.

Further the affiant sayeth naught.


Abbie Adamson
Superintendent
Crittenden-Livingston County Water District

Subscribed, sworn to, and acknowledged before me on this 27th day of February, 2026 by Abbie Adamson.


Notary Public, State at Large

My commission expires: 02/01/2030.

Notary ID No. KYNP43916

EXHIBIT I

ALTERNATIVE METHODS FOR CALCULATING PURCHASED WATER ADJUSTMENT FACTOR

1. Using actual purchase and sale volumes for calendar year 2025:

Total Purchases: 21,700,000 gallons

Total Sales: 61,019,000 gallons

Increased Purchased Water Cost = (\$3.78 per 1,000 gallons x 21,700,000 gallons) – (\$3.34 per 1,000 gallons x 21,700,000 gallons)

= \$82,026 - \$72,478

= \$9,548.00

PWA Adjustment Factor = \$9,548.00 ÷ 61,019,000 gallons = \$0.1568 per 1,000 gallons

= **\$0.16 per 1,000 gallons** (Rounded)

2. Using contract minimum purchases (2.5 million gallons per month) and sale volumes for calendar year 2025:

Total Purchases: 30,000,000 gallons

Total Sales: 61,019,000 gallons

Increased Purchased Water Cost = (\$3.78 per 1,000 gallons x 30,000,000 gallons) – (\$3.34 per 1,000 gallons x 30,000,000 gallons)

= \$113,400 - \$100,200

= \$13,200.00

PWA Adjustment Factor = \$9,548.00 ÷ 61,019,000 gallons = \$0.2163 per 1,000 gallons

= **\$0.22 per 1,000 gallons** (Rounded)

3. Using average annual purchases 2022-2024 and sale volumes for calendar year 2025:

Total Purchases (2022-2024) = 32,469,000 gallons + 40,105,000 gallons + 26,701,000 gallons
= 99,275,000 gallons

Average Annual Purchases (2022-2024) = 99,275,000 gallons ÷ 3 years = 33,091,667 gallons

Total Sales = 61,019,000 gallons

Increased Purchased Water Cost = (\$3.78 per 1,000 gallons x 33,091,667 gallons) – (\$3.34 per 1,000 gallons x 33,091,667 gallons)

= \$125,109.18 - \$110,526.17

= \$14,583.01

PWA Adjustment Factor = \$14,583.01 ÷ 61,019,000 gallons = \$0.239/1,000 gallons

= **\$0.24/1,000 gallons** (Rounded)

4. **Using average annual purchases and sales volume for 2022-2024 period:**

$$\begin{aligned} \text{Total Purchases (2022-2024)} &= 32,469,000 \text{ gallons} + 40,105,000 \text{ gallons} + 26,701,000 \text{ gallons} \\ &= 99,275,000 \text{ gallons} \end{aligned}$$

$$\text{Average Annual Purchases (2022-2024)} = 99,275,000 \text{ gallons} \div 3 \text{ years} = 33,091,667 \text{ gallons}$$

$$\begin{aligned} \text{Total Sales (2022-2024)} &= 61,773,000 \text{ gallons} + 57,398,000 \text{ gallons} + 57,886,000 \text{ gallons} \\ &= 177,057,000 \end{aligned}$$

$$\text{Average Annual Sales (2022-2024)} = 177,057,000 \text{ gallons} \div 3 \text{ years} = 59,019,000 \text{ gallons}$$

$$\begin{aligned} \text{Increased Purchased Water Cost} &= (\$3.78 \text{ per } 1,000 \text{ gallons} \times 33,091,667 \text{ gallons}) - (\$3.34 \text{ per} \\ &1,000 \text{ gallons} \times 33,091,667 \text{ gallons}) \end{aligned}$$

$$= \$125,109.18 - \$110,526.17$$

$$= \$14,583.01$$

$$\text{PWA Adjustment Factor} = \$14,583.01 \div 59,019,000 \text{ gallons} = \$0.2471/1,000 \text{ gallons}$$

$$= \mathbf{\$0.25/1,000 \text{ gallons}} \text{ (Rounded)}$$