

LIST OF ATTACHMENTS

FOUNTAIN RUN WATER DISTRICT #1

1. Customer Notice of Proposed Rate Adjustments
2. Reasons for Application
3. Current and Proposed Rates
4. Statement of Adjusted Operations and Revenue Requirements with the following attachments
 - i. References
 - ii. Table A - Depreciation Expense Adjustments
 - iii. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Board Resolution
9. Statements of Disclosure of Related Party Transactions
10. Amortization Schedule
11. Bond Resolution
12. Rate Study (excel file)

Attachment #1

CUSTOMER NOTICE

Notice is hereby given that the Fountain Run Water District #1 expects to file an application with the Public Service Commission on or about April 30, 2026, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates or six (6) months from the date of the filing of the application whichever occurs first.

If the Public Service Commission approves the proposed water rates, then the effect on the average monthly bill for each customer class is set out in the table below.

<u>CURRENT AND PROPOSED BILLS</u> Fountain Run Water District #1						
	<u>Gallons</u>	<u>Meter</u>	<u>Existing</u>	<u>Proposed</u>		
	<u>per Month</u>	<u>Size</u>	<u>Bill</u>	<u>Bill</u>	<u>Change</u>	<u>Percentage</u>
First	2,000	5/8"	\$18.96	\$20.95	\$1.99	10.48%
First	5,000	1"	\$44.25	\$48.89	\$4.64	10.48%
First	20,000	2"	\$158.20	\$174.78	\$16.58	10.48%

The application may be examined at the utility's office located at 226 Main Street, Fountain Run, KY 42133,

The rates contained in this notice are the rates proposed by the utility. However, the PSC may order rates to be charged that differ from the proposed rates contained in this notice.

A person may examine this application at the Public Service Commission offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the PSC through its website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the PSC through its website or by mail to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602. You may contact the Public Service Commission at (502) 564-3940.

A person may submit a timely written request for intervention to the Public Service Commission, PO Box 615, Frankfort, KY, 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the Public Service Commission may take final action on the application.

Attachment #2

Reasons for Application

Fountain Run Water District #1 is requesting a 10.48 percent rate increase for all of its water customers. The rate increase will generate approximately \$36,320 in additional revenue. The District needs the rate increase for the following reasons.

1. To restore the District to a sound financial condition;
2. To enable the District to enhance its financial capacity to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.
3. To Comply with the Public Service Commission.

Attachment #3

CURRENT AND PROPOSED RATES

Monthly Water Rates

Fountain Run Water District #1

<u>Monthly Charge 5/8" x 3/4" Meter</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 2,000 Gallons (Minimum Bill)	\$ 18.96	\$ 20.95	\$ 1.99	10.48%
Next 8,000 gallons per gallon	\$ 0.00843	\$ 0.00931	\$ 0.00088	10.49%
Next 10,000 gallons per gallon	\$ 0.00718	\$ 0.00793	\$ 0.00075	10.49%
Over 20,000 gallons per gallon	\$ 0.00588	\$ 0.00650	\$ 0.00062	10.48%

<u>Monthly Charge 1" Meter</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 5,000 Gallons (Minimum bill)	\$ 44.25	\$ 48.89	\$ 4.64	10.48%
Next 5,000 Gallons per gallon	\$ 0.00843	\$ 0.00931	\$ 0.00088	10.49%
Next 10,000 gallons per gallon	\$ 0.00718	\$ 0.00793	\$ 0.00075	10.49%
Over 20,000 gallons per gallon	\$ 0.00588	\$ 0.00650	\$ 0.00062	10.48%

<u>Monthly Charge 2" Meter</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 20,000 Gallons (Minimum bill)	\$ 158.20	\$ 174.79	\$ 16.59	10.48%
Over 20,000 gallons per gallon	\$ 0.00588	\$ 0.00650	\$ 0.00062	10.48%

Attachment #4

Schedule of Adjusted Operations Fountain Run Water District #1

	2024			
	<u>Test Year</u>	<u>Adjustments</u>		<u>Proforma</u>
<u>Operating Revenues</u>				
Total Sales of Water	345,986	10,009	A	355,995
Other Water Revenues	-	-		-
Total Operating Revenues	345,986	10,009		355,995
<u>Operating Expenses</u>				
Salaries and Wages-Employees	101,017	-		-
		10,624	B	111,641
Salaries and Wages-Directors	5,900	-		5,900
Employee Pensions and Benefits		-		-
		-		-
Purchased Water	104,073	(6,001)	C	98,072
Purchased Power	9,836	(567)	C	9,269
Materials and Supplies	15,953	-		15,953
Contractual Services-Engineering		-		-
Contractual Services-Accounting	15,750	-		15,750
Contractual Services-Legal		-		-
Contractual Services-Other	4,054	-		4,054
Transportation	1,936	-		1,936
Insurance-General Liability	18,120	-		18,120
Insurance-Workers Compensation		-		-
Rate Case Expense	-	3,112	D	3,112
Miscellaneous Expense	15,808	-		15,808
Total Operating Expenses	292,447	7,168		299,615
<u>Other Expenses</u>				
Depreciation	49,002	18,753	E	67,755
Taxes	7,128	1,413	F	8,541
Total Other Expenses	56,130	20,165		76,295
<u>Other Income</u>				
Interest Income	2,787	-		2,787
Non-Utility Income	22,434	-		22,434
Total Other Income	25,221	-		25,221
Net Income	22,630	(17,324)		5,306

Schedule of Revenue Requirements				
Fountain Run Water District #1				
Pro Forma Expenses				
	Total Operating Expenses			299,615
	Total Other Expenses			76,295
	Average Annual Principal and Interest Payments		G	35,521
	Debt Service Coverage		H	7,104
Total Revenue Requirement				418,536
Exclusions from Revenue Requirement				
	Other Water Revenues			-
	Other Income			25,221
Total Exclusions from Revenue Requirement				25,221
Revenue Required From Sales of Water				393,315
Less:	Revenue from Sales with Present Rates			355,995
Required Revenue Increase				37,320
Overall Percent Increase				10.48%

REFERENCES

- A. The Current Billing Analysis results in pro forma water sales revenue of \$355,955. This indicates that an increase of \$10,009 to water sales is required due to metered sales revenue from rate increase 12/1/2024.
- B. Since 2024, there have been changes in wage rates. These changes result in an average annual wage increase of \$10,624.
- C. Water loss allowable by PSC is 15%. Fountain Run Water District #1 has water loss of 20.77%. Therefore, the expenses for purchased water and purchase power above the 15% limit are not allowed in the rate base and can be deducted. Purchased water expenses was decreased by \$6,001 and purchased power was decreased by \$601.
- D. The estimated cost of the rate case expenses is amortized over three years in the amount of \$3,112.
- E. KYPSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "*Depreciation Practices for Small Utilities*". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges resulting in an increase in depreciation expense of \$18,753.
- F. The increase in salaries and wages also results in higher payroll taxes of \$1,413.
- G. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments of \$35,521 is added in the revenue requirement calculation.
- H. The amount shown in Table B for coverage on long-term debt is required by the District's loan documents. This amount of \$7,104 is included in the revenue requirement as Additional Working Capital.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Fountain Run Water District #1

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported</u>		<u>Proforma</u>		<u>Depreciation Expense</u>
			<u>Life</u>	<u>Depr. Exp.</u>	<u>Life</u>	<u>Depr. Exp.</u>	<u>Adjustment</u>
General Plant							
Structures & Improvements	various	\$ 113,718	varies	\$ 1,347	37.5	3,032	1,685
Communication & Computer Eqmt.	various	\$ 100,872	varies	\$ 9,693	10.0	10,087	394
Office Furniture & Equipment	various	\$ 8,265		\$ -	22.5	367	367
Power Operated Equipment	various	\$ 22,742	varies	\$ 446	12.5	1,819	1,373
Tools, Shop, & Garage Equipment	various	\$ 8,383	varies	-	17.5	479	479
Miscellaneous Intangibles	various	\$ 50,000		-		-	
Transmission & Distribution Plant							
Hydrants	various	\$ 14,789	50	\$ 124	50.0	124	-
Transmission & Distribution Mains	various	\$ 863,264	63	\$ 13,812	62.5	13,812	-
Meters	various	\$ 201,542	40	\$ 5,039	20.0	10,077	5,039
Meter Installations					45.0	-	-
Pump Equipment	various	\$ 99,326		-	20.0	4,966	4,966
Tank Fence					37.5	-	-
Services	various	\$ 38,638	50	\$ 305	40.0	966	661
Reservoirs & Tanks	various	\$ 820,651	45	\$ 18,237	45.0	18,237	-
2023 Water System Improvements Project				\$ -	62.5	-	-
Transportation Equipment							
Entire Group	various	\$ 26,513		\$ -	7.0	3,788	3,788
Land	NA	\$ 28,948		-			
TOTALS		\$ 2,397,652		\$ 49,002		\$ 67,755	\$ 18,753

* Includes only costs associated with assets that contributed to depreciation expense in the test year.

Table B
DEBT SERVICE SCHEDULE
Fountain Run Water District #1
FY 2026 - 2030

	2026		2027		2028		2029		2030		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
1988 Series Bond	11,000	1,425	11,000	875	12,000	300			-	-	36,600
2009 Series Bond	16,000	12,226	16,000	11,826	17,000	11,413	17,000	10,988	18,000	10,551	141,004
											0
											0
											0
Total	27,000	13,651	27,000	12,701	29,000	11,713	17,000	10,988	18,000	10,551	177,604
Average Annual Principal & Interest											\$ 35,521
Average Annual Coverage											\$ 7,104

ATTACHMENT #5

ATTACHMENT #6

Table F
Billing Analysis With 2024 Usage and Proposed Rates
Fountain Run Water District #1

COMPONENT	BILLS	GALLONS	REVENUE	Next 10,000	over 20,000	Total
Total Sales	6,473	39,300,400	\$ 393,312			
Less Adjustments			\$ -			
Total			\$ 393,312			
Revenue Requirement			\$ 393,315			
Difference			\$ (2)			
			0.00%			
5/8 x 3/4 Meters						
CONSUMPTION BY RATE INCREMENT	USAGE	BILLS	GALLONS	First 2,000	Next 8,000	over 20,000
First	2,000	2,840	2,288,100	2,288,100	-	-
Next	8,000	2,910	12,671,900	5,820,000	6,851,900	12,671,900
Next	10,000	270	3,727,000	540,000	2,160,000	3,727,000
over	20,000	235	12,772,800	470,000	1,880,000	12,772,800
		6,255	31,459,800	9,118,100	10,891,900	31,459,800
REVENUE BY RATE INCREMENT	USAGE	BILLS	GALLONS	RATE	REVENUE	
First	2,000	6,255	9,118,100	\$ 20.95	\$ 131,027	
Next	8,000		10,891,900	\$ 0.00931	\$ 101,447	
Next	10,000		3,777,000	\$ 0.00793	\$ 26,790	
over	20,000		8,072,800	\$ 0.00650	\$ 52,441	
		6,255	31,459,800	\$ -	\$ 311,705	
1" Meters						
CONSUMPTION BY RATE INCREMENT	USAGE	BILLS	GALLONS	First 5,000	Next 5,000	over 20,000
First	5,000	58	102,900	102,900	-	102,900
Next	5,000	18	134,300	90,000	44,300	134,300
Next	10,000	8	115,500	40,000	40,000	115,500
over	20,000	73	7,487,900	365,000	365,000	7,487,900
		157	7,840,600	597,900	449,300	7,840,600
REVENUE BY RATE INCREMENT	USAGE	BILLS	GALLONS	RATE	REVENUE	
First	5,000	157	597,900	\$ 48.89	\$ 7,676	
Next	5,000		449,300	\$ 0.00931	\$ 4,185	
Next	10,000		765,500	\$ 0.00793	\$ 6,073	
Over	20,000		6,027,900	\$ 0.00650	\$ 39,157	
		157	7,840,600	\$ -	\$ 57,090	
2" Meters						
CONSUMPTION BY RATE INCREMENT	USAGE	BILLS	GALLONS	First 20,000	over 20,000	Total
First	20,000	25	188,000	188,000	-	188,000
over	20,000	36	2,132,900	720,000	1,412,900	2,132,900
Total		61	2,320,900	908,000	1,412,900	2,320,900
REVENUE BY RATE INCREMENT	USAGE	BILLS	GALLONS	RATE	REVENUE	
First	20,000	61	188,000	\$ 174.78	\$ 10,662	
over	20,000		2,132,900	\$ 0.006496	\$ 13,855	
		61	2,320,900	\$ -	\$ 24,517	

ATTACHMENT #7

(see file Attmt_7_FR_Depr_Sch.xlsx)

Attachment #8

(see file Attmt_8_FR_Board_Res.pdf)

Attachment #9

(see the attached file Attmt_9_FR_ARF_Form_3.pdf)

Attachment #10

(see the attached file Attmt_10_FR_Amort_Sch.xlsx)

Attachment #11

(see the attached file Attmt_11_Bond_Resol.pdf)

Attachment #12

(see the attached file, Attmt_12_Rate Study FR.xlsx)