

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH	)	CASE NO.
MARSHALL WATER DISTRICT FOR A RATE	)	2023-00134
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

ORDER

On May 15, 2023,<sup>1</sup> North Marshall Water District (North Marshall District) filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. The application was filed pursuant to the Commission’s Order in Case No. 2021-00333, which required North Marshall District to file an application for an adjustment of its base rates by February 21, 2023.<sup>2</sup> North Marshall District did not submit its application until May 15, 2023, and thus did not file the application within the deadline ordered by the Commission. North Marshall District based its application on a 12-month historical test year coinciding with its 2021 Annual Report. Commission regulation 807 KAR 5:076, Section 9, provides that in an Alternative Rate Filing (ARF), such as this, the reasonableness of the proposed rates shall be determined using a 12-month historical test year, adjusted for known and measurable changes, which coincides with the reporting period of the applicant’s annual report for the immediate past

---

<sup>1</sup> North Marshall District tendered its application on May 9, 2023. By letter dated May 10, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on May 15, 2023.

<sup>2</sup> Case No. 2021-00333, *Electronic Application of North Marshall Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving a Change in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023* (Ky. PSC Feb. 21, 2022) at 4, ordering paragraph 1.

year. Therefore, because North Marshall District filed its ARF application on May 15, 2023, it should have based its application on the 2022 test year. This is because utilities' annual reports are due to be filed with the Commission by March 31 each year. However, if North Marshall District had filed its application by February 21, 2023, the deadline established by the Commission in its February 21, 2022 Order in Case No. 2021-00333, 2021 would have been the correct test year because the 2022 Annual Report was not yet due to be filed with the Commission.<sup>3</sup> Because the application was inadvertently accepted for filing using an incorrect test-year, and because the test-year used would have been correct had the application been timely filed, the Commission, on its own motion finds good cause to grant a deviation from the requirement of 807 KAR 5:076, Section 9.

Although North Marshall District filed a letter in the post-case correspondence file for Case No. 2021-00333 on February 23, 2023, providing the Commission a status update on its ARF application, North Marshall District did not request an extension of time in which to file its application. Therefore, the Commission finds that North Marshall District violated a Commission Order. Any subsequent violations of Commission Orders by North Marshall District will result in the Commission determining whether the assessment of civil penalties as set forth in KRS 278.990 is warranted.

---

<sup>3</sup> 807 KAR 5:076, Section 1(2), defines "annual report for the immediate past year" as the annual report that covers the utility's operations for either the calendar year prior to the year in which the applicant's application for a rate adjustment is filed with the Commission; or the most recent calendar year period that 807 KAR,5:006, Section 4(1), requires the applicant to have on file with the Commission as of the date of filing its application for a rate adjustment. 807 KAR 5:006, Section 4(1), provides that annual reports are to be filed by March 31 each year.

Using its pro forma test-year operations, North Marshall District determined that a base rate revenue increase of \$473,800,<sup>4</sup> or 23.41 percent, is necessary to achieve the revenue requirement set forth in its application.<sup>5</sup>

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated June 2, 2023. North Marshall District responded to two discovery requests from Commission Staff.<sup>6</sup>

Commission Staff issued its report (Commission Staff's Report) on September 7, 2023, summarizing its findings and recommendations regarding North Marshall District's requested rate adjustment. In the Commission Staff's Report, Commission Staff found that North Marshall District's adjusted test-year operations support an overall revenue requirement of \$2,383,987 and that a \$341,224 revenue increase, or 16.97 percent, to pro forma present rate revenues is necessary to generate the overall revenue requirement. In the absence of a cost of service study (COSS), Commission Staff allocated its recommended revenue increase evenly across the board to calculate its recommended water rates.

On September 21, 2023, North Marshall District filed its response to Commission Staff's Report. In its response, North Marshall District stated that although it reserves the right to contest specific recommendations listed in Commission Staff's Report in future proceedings, for purposes of this proceeding, North Marshall District accepts the

---

<sup>4</sup> Commission Staff observed a rounding issue with this amount, \$2,497,969 - \$2,024,170 = \$473,799.

<sup>5</sup> Application, Attachment 4, Revenue Requirements, Operating Ratio Method.

<sup>6</sup> North Marshall District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed June 30, 2023). North Marshall District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed July 31, 2023).

Commission Staff Report's recommended revenue requirement and proposed rates. North Marshall District stated that it does not request a conference with Commission Staff, provided the Commission accepts the water service rates without change, and that it waives its right to a hearing in this matter.<sup>7</sup> Furthermore, North Marshall District stated that it requests the Commission issue an Order approving the rates recommending in the Commission Staff Report.<sup>8</sup> 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 law, the utility is allowed to charge its customers "only fair, just and reasonable rates."<sup>9</sup> 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

North Marshall District is a water utility organized pursuant to KRS Chapter 74 that owns and operates a water distribution system through which it provides retail water

---

<sup>7</sup> North Marshall District Response to Staff Report (filed Sept. 21, 2023), paragraph 1.

<sup>8</sup> North Marshall District Response to Staff Report at 3.

<sup>9</sup> *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).

service to approximately 5,340 residential customers, 220 commercial customers, and 4 multiple family dwellings in Livingston and Marshall counties, Kentucky.<sup>10</sup>

UNACCOUNTED-FOR WATER LOSS

The Commission notes that in its 2021 Annual Report, North Marshall District reported a water loss of 25.8658 percent.<sup>11</sup> 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 2021 total annual cost of water loss to North Marshall District is \$50,656, while the annual cost of water loss in excess of 15 percent is \$21,280.

Total Cost of Water Loss

	<u>Purchased Power</u>	<u>Chemicals &amp; Lab Testing</u>	<u>Total</u>
Pro Forma Expenses	\$ 167,123	\$ 28,720	\$ 195,843
Water Loss Percent	25.8658%	25.8658%	25.8658%
Total Water Loss	<u>\$ 43,228</u>	<u>\$ 7,429</u>	<u>\$ 50,656</u>

Cost of Water Loss in Excess of 15 Percent

	<u>Purchased Power</u>	<u>Chemicals &amp; Lab Testing</u>	<u>Total</u>
Pro Forma Expenses	\$ 167,123	\$ 28,720	\$ 195,843
Water loss in Excess of 15 Percent	10.8658%	10.8658%	10.8658%
Excess Cost	<u>\$ 18,159</u>	<u>\$ 3,121</u>	<u>\$ 21,280</u>

---

<sup>10</sup> Annual Report of North Marshall Water District to the Public Service Commission for the Calendar Year Ended December 31, 2021 (2021 Annual Report) at 12 and 49.

<sup>11</sup> 2021 Annual Report at 57–58.

TEST PERIOD

The calendar year ended December 31, 2021, was used as the test year to determine the reasonableness of North Marshall District's existing and proposed water rates.

SUMMARY OF REVENUE AND EXPENSES

The Commission Staff's Report summarizes North Marshall District's pro forma income statement as follows:<sup>12</sup>

	<u>North Marshall Test Year Operations</u>	<u>Commission Staff Proposed Adjustment</u>	<u>Commission Staff Report Pro Forma</u>
Total Operating Revenues	\$ 1,787,289	\$ 249,711	\$2,037,000
Utility Operating Expenses	<u>2,066,082</u>	<u>(64,794)</u>	<u>2,001,288</u>
Net Utility Operating Income	(278,793)	314,505	35,712
Interest and Dividend Income	<u>5,763</u>	<u>-</u>	<u>5,763</u>
Total Utility Operating Income	<u>\$ (273,030)</u>	<u>\$314,505</u>	<u>\$ 41,475</u>

REVIEW AND MODIFICATION OF  
COMMISSION STAFF'S RECOMMENDATIONS

North Marshall District proposed adjustments to revenues and expenses to reflect current and expected operating conditions. In the Commission Staff's Report, Commission Staff proposed additional adjustments. Upon review, the Commission discovered Commission Staff reduced Employee Pensions and Benefits – Insurance premiums by \$16,922 to reflect the reduction of single health insurance premiums by 22 percent and family health insurance premiums by 34 percent. The Commission

---

<sup>12</sup> Commission Staff Report at 10.

verified the current contribution rate is 21 percent for single<sup>13</sup> and 33 percent for family.<sup>14</sup> Correction for the difference in contribution rates results in an increase to the Revenue Requirement of \$1,609. The Commission finds that this correction to contribution rates is in conformity with Commission precedent of using the most current contribution rate for private industry workers according to the Bureau of Labor Statistics, and therefore should be used in calculating North Marshall District's Revenue Requirement. The following is the Commission Staff's complete pro forma:

---

<sup>13</sup> Bureau of Labor Statistics, Healthcare Benefits, March 2020, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

<sup>14</sup> Bureau of Labor Statistics, Healthcare Benefits, March 2021, Table 4, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

	North Marshall Test Year Operations	Commission Staff Proposed Adjustment	Commission Staff Pro Forma Operations	Commission Pro Forma Adjustment	Commission Pro Forma Operations
<b>Operating Revenues</b>					
Sales of Water					
Metered Water Sales	\$ 1,702,863	\$ 321,307 (13,612)	\$ 2,010,558		\$ 2,010,558
Other Water Revenues					
Forfeited Discounts		20,294	20,294		20,294
Misc. Service Revenues	16,249	(10,201)	6,048		6,048
Other Water Revenues	68,177	(20,294) (47,783)	100		100
<b>Total Operating Revenues</b>	<b>1,787,289</b>	<b>249,711</b>	<b>2,037,000</b>	<b>-</b>	<b>2,037,000</b>
<b>Operating Expenses</b>					
Operating and Maintenance Expenses					
Salaries and Wages- Employees	577,658	122,683 (9,158)	691,184 30,200		691,184 30,200
Salaries and Wages- Officers	30,200				
Employee Pensions (CERS)	255,453	(109,828)	163,495		163,495
Employee Benefits (Medical, Life)	130,384	(16,525) 1,655 2,082	117,596	1,609	119,205
Purchased Water	-				
Purchased Power	167,123	(18,159)	148,964		148,964
Chemicals	26,167	2,553 (3,121)	25,600		25,600
Materials and Supplies	174,017	(21,368)	152,650		152,650
Contractual Services- Eng.	1,868		1,868		1,868
Contractual Services- Acct.	12,400		12,400		12,400
Contractual Services- Legal	1,481		1,481		1,481
Contractual Services- Water Testing	14,092		14,092		14,092
Contractual Services- Other	79,028		79,028		79,028
Rental of Building/ Real Property	2,400		2,400		2,400
Rental of Equipment	1,153		1,153		1,153
Transportation Expenses	34,755		34,755		34,755
Insurance- Health, Gen. Liab & Worker Comp.	53,900		53,900		53,900
Insurance- Other	1,100		1,100		1,100
Advertising Expense	1,948		1,948		1,948
Miscellaneous Expenses	82,365	(527) 9,505 (55,886)	35,456		35,456
<b>Total Operation and Maintenance Expenses</b>	<b>1,647,492</b>	<b>(78,223)</b>	<b>1,569,270</b>	<b>1,609</b>	<b>1,570,879</b>
Depreciation Expenses	418,590	(46,635) 1,526	373,481		373,481
Amorization Expense		2,651	2,651		2,651
Taxes other than Income	-	55,886	55,886		55,886
<b>Total Operating Expenses</b>	<b>2,066,082</b>	<b>(64,794)</b>	<b>2,001,288</b>	<b>1,609</b>	<b>2,002,897</b>
Utility Operating Income	(278,793)	314,505	35,712	(1,609)	34,103
Interest and Dividend Income	5,763	-	5,763		5,763
<b>Total Other Revenues and Deductions</b>	<b>5,763</b>	<b>-</b>	<b>5,763</b>	<b>-</b>	<b>5,763</b>
<b>Net Income Before Contributions</b>	<b>\$ (273,030)</b>	<b>314,505</b>	<b>\$ 41,475</b>	<b>\$ (1,609)</b>	<b>\$ 39,866</b>

**Billing Analysis Adjustment.** North Marshall District proposed an increase of \$321,307 to its test-year revenues of \$1,702,863, for an adjusted test-year normalized revenue of \$2,024,170. North Marshall District adjusted revenues to meet the revenues generated by the billing analysis and to account for an increase in general service rates



approved in Case No. 2021-00333.<sup>15</sup> North Marshall District provided additional information in response to Staff's Second Request that North Marshall District had identified additional leak adjustments that were not included in the initial leak adjustments.

Commission Staff reduced total test-year General Water Service Revenues by \$13,612 for the additional leak adjustments.<sup>16</sup> This adjustment reduced the test-year pro forma General Water Service Revenues to \$2,010,588. Commission Staff reviewed North Marshall District's analysis and agreed with the adjustment made by North Marshall District. Commission Staff recommended that the Commission approve the adjustments by North Marshall District based on the evidence provided in the record.

The Commission finds Commission Staff's recommended adjustment is reasonable because the evidence provided shows that the adjustment accurately reflects the additional leak adjustments' effect on the revenues of the test year.

Late Payment Penalties. After review of North Marshall District's 2021 General Ledger account 471-2 Late Fees,<sup>17</sup> North Marshall District reported Late Payment Penalties of \$20,294.<sup>18</sup> Commission Staff determined that North Marshall District misclassified Late Payment Penalties as Other Water Revenues in its application.<sup>19</sup> Commission Staff reclassified the \$20,294 from Other Water Revenues to Forfeited

---

<sup>15</sup> Application, Attachment 4, SAO, Reference (A), and Case No. 2021-00333, Feb. 21, 2022, Order.

<sup>16</sup> North Marshall District's Response to Staff's Second Request, Item 7(b)(2).

<sup>17</sup> North Marshall District's Response to Staff's First Request, Item 1(a), 1a\_2021\_NMWD\_Ledger\_Analysis.xls and North Marshall District's Response to Staff's Second Request, Item 4(b)

<sup>18</sup> North Marshall District's Response to Staff's Second Request, Item 4, 4\_a\_General\_Ledger\_Late\_fees.pdf.

<sup>19</sup> Application, Attachment 4, SAO.

Discounts. Commission Staff recommended that the Commission approve the adjustment based on Commission Staff's analysis of Other Water Revenue components.

The Commission finds Commission Staff's recommended adjustment is reasonable because the evidence provided shows that the adjustment is necessary to properly classify North Marshall District's revenue and to conform to general accounting principles.

Miscellaneous Service Revenues. In its application, North Marshall District did not propose any adjustment to Miscellaneous Service Revenues, which totaled \$16,249 for the nonrecurring charges. In response to Staff's First Request for Information, North Marshall responded with an Excel worksheet with a total Miscellaneous Service Revenues of \$18,051.<sup>20</sup>

In response to Staff's Second Request for Information, North Marshall District provided the total amounts that it calculated after examining its records and the general ledger.<sup>21</sup> After this review North Marshall District stated that several items reported in its responses to Staff's First Request were misreported or miscalculated, for example: the Meter Re-Installation Charge of \$573 had been overstated by \$373 and should have been \$200; and the Turn-Off Fee should have been reported as Reconnection Fees and should have been \$5,950.<sup>22</sup> With the changes, North Marshall District's Miscellaneous Service Revenues was adjusted from the reported test-year revenues of \$16,249 by \$1,802

---

<sup>20</sup> North Marshall District's Response to Staff's Second Request, Item 18.

<sup>21</sup> North Marshall District's Response to Staff's Second Request, Item 6.

<sup>22</sup> North Marshall District's Response to Staff's Second Request, Item 6(b).

resulting in a revised Miscellaneous Service Revenues of \$18,051.<sup>23</sup> Additionally, North Marshall District provided updated cost justification sheets for the pro forma revenues.<sup>24</sup> Commission Staff reduced Miscellaneous Service Revenues by \$12,003 for changes to nonrecurring charge amounts for the removal of the labor costs and increased revenues by \$1,802 for a net decrease of \$10,201 to the test-year amount for a pro forma balance of \$6,048.

North Marshall District provided additional information in response to Commission Staff's Second Request regarding the Replace Box or Lid Fee and the Meter Relocation Fee. The Replace Box or Lid Fee is not specifically stated in the listing of nonrecurring charges. North Marshall District maintained that the Replace Box or Lid Fee is not stated in the nonrecurring charges as it is unnecessary to include this in this listing. North Marshall District directed Commission Staff to its Tariff.<sup>25</sup>

(2) No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure appurtenance or equipment which is a part of the utility's water system. Any person violating this provision will be subject to immediate arrest and/or discontinuance of water service and shall pay the cost of repairing or replacing the utility's facilities.

(3) If any loss or damage to the property of the utility or any accident or other injury to persons or property is caused by or results from the negligence or wrongful action of a customer, members of his/her household, his/her agent or employee, the cost of necessary repairs or replacements shall be paid by the customer of the utility and any liability otherwise resulting shall be that of the customer.

---

<sup>23</sup> North Marshall District's Response to Staff's Second Request, Item 5.

<sup>24</sup> North Marshall District's Response to Staff's First Request, Item 11.

<sup>25</sup> North Marshall District's Tariff, PSC Ky. No. 4, Original, Sheet No. 35 of the tariff, Z., Legal Disclaimers, paragraphs 2 and 3.

Commission Staff acknowledged this is North Marshall District's policy for the charge. However, the lack of inclusion of the charge in the listing of nonrecurring charges may be viewed as misleading to the customer. Commission Staff recommended that the Commission approve these adjustments and the inclusion of the Replace Box or Lid Fee at Actual Cost in the listing of nonrecurring charges and that North Marshall District should reference Section Z (2) and (3) of its tariff as the policy for this charge.

North Marshall District additionally charges a "fraud charge" for the inability to access funds in a customer's bank account via an automated transfer of funds. North Marshall District stated that this charge is assessed when a customer can prove through the bank that the event occurred due to the bank's response to fraudulent activity on the customer's bank account.<sup>26</sup> This charge is not stated in the tariff but is added to a customer's account for the inability to access the account. North Marshall District charges \$10 for this inability to access the customer's account. North Marshall District provided no cost justification sheet and did not provide an explanation or any written policy for this charge.

Commission Staff recommended that the Commission require North Marshall District to include this charge in its tariff and provide a cost justification sheet at the close of this case through the Electronic Tariff Filing System for inclusion in the listing of nonrecurring charges.

The Commission finds Commission Staff's recommended adjustments are reasonable because the evidence provided shows that the Commission Staff followed Commission precedent in reviewing and removing the labor costs that were performed

---

<sup>26</sup> North Marshall District's Response to Staff's Second Request, Item 6.

during normal working hours. Additionally, the Commission finds that including a Replace Box or Lid Fee as a nonrecurring charge is reasonable, and that the charge should be the actual cost to North Marshall District to replace the item, as North Marshall anticipates assessing this charge at actual cost. This is the type of charge that customers expect to be listed as a nonrecurring charge, and including it in the tariff with all other nonrecurring charges is reasonable.

The Commission also finds that the proposed “fraud charge” should be designated as an “Automated Clearing House (ACH) Return Charge,” which more appropriately reflects the nature of the charge, and that North Marshall District must file, using the Electronic Tariff Filing System, a cost justification sheet setting forth the adoption of this charge and supporting the proposition that \$10 is a fair, just and reasonable amount, along with a tariff sheet setting forth this charge, if it plans to assess this charge.

Other Water Revenues. In its application, North Marshall District did not propose any adjustment to Other Water Revenues, which totaled \$68,177. In response to Staff’s Second Request, North Marshall District provided additional information concerning the Other Water Revenues included in the test-year total.<sup>27</sup> The majority of these revenue amounts were misclassified, and Commission Staff has removed them from the Other Water Revenues as explained below.

Commission Staff decreased the test-year revenues by \$30,525 for misclassified Tap Fees that should have been capitalized. The Commission finds that this adjustment is consistent with acceptable accounting practices outlined in the Uniform System of

---

<sup>27</sup> North Marshall District’s Response to Staff’s Second Request, Item 8.

Accounts for Class A/B water districts and associations (USoA),<sup>28</sup> is reasonable and should be accepted.<sup>29</sup> As discussed above, Other Water Revenue was also reduced by \$750 for misclassified Meter Installations that should have been included in the Miscellaneous Service Revenues, and reduced by \$20,294 for misclassified Forfeited Discounts as discussed above. Additionally, Other Water Revenues were increased by \$13,612 for misclassified Leak Adjustments that were not removed from the billing analysis.<sup>30</sup> Finally, \$30,120 was removed for Insurance Reimbursements, that were for property and general liability claims due to the tornado and storm event of December 2021. This amount is not considered revenues, it is not a routine transaction in the normal course of business and should be removed from the test year.<sup>31</sup> After adjustments shown in the chart below, the pro forma Other Water Revenues are \$100,<sup>32</sup> which represents sewer disconnections and reconnections for when a customer fails to pay its sewer bill with the Marshall County Sanitation District.<sup>33</sup>

Insurance Reimbursement	\$	30,120
Tap Fees		30,525
Meter Installation		750
Leak Adjustments		(13,612)
Total Adjustment (D)	\$	<u>47,783</u>

---

<sup>28</sup> The USoA, which has been adopted as the acceptable accounting standard for water districts by the Commission, requires water districts to credit contributions from customers that pay all or part of the cost of service to account 432 – Proceeds from Capital Contributions and the corresponding expenses associated with the installation of such services to account 215.2 – Donated Capital.

<sup>29</sup> North Marshall District's Response to Staff's Second Request, Item 8(b).

<sup>30</sup> North Marshall District's Response to Staff's Second Request, Item 7(b)(2).

<sup>31</sup> North Marshall District's Response to Staff's Second Request, Item 8(a).

<sup>32</sup> Test Year Amount \$67,177 – Forfeited Discount Adjustment \$20,294 – Total Other Water Revenue Adjustments \$47,783 = Pro Forma Other Water Revenues \$100.

<sup>33</sup> North Marshall District's Response to Staff's Second Request, Item 8(d).

The Commission finds Commission Staff's recommended adjustments are reasonable and North Marshall District's Other Water Revenue is decreased by \$47,783.

Salaries and Wages – Employees. In its application, North Marshall District proposed an adjustment to increase test-year Salaries and Wages - Employees by \$122,683 to account for increases in Wage rates and an additional employee.<sup>34</sup> North Marshall District provided its test-year, and current employee list, hours worked, and employee wages.<sup>35</sup> Subsequent to the test year a new employee was hired.<sup>36</sup>

Commission Staff calculated the test-year Salaries and Wages – Employees, utilizing the normalized test year's hours at 2,080, the hours worked when an employee is required to work on a holiday,<sup>37</sup> and the current wage rates including the new full-time employee. Based on the normalized test year, Commission Staff agrees with North Marshall District's proposed adjustment and increased Salaries and Wages – Employees by \$122,683, which results in a Salaries and Wages – Employees expense of \$700,341, as was proposed by North Marshall District.

---

<sup>34</sup> Application, Attachment 4, References, Adjustment B.

<sup>35</sup> North Marshall District's Response to Staff's First Request, Item 1(d).

<sup>36</sup> Application, Attachment 4, References, Adjustment B.

<sup>37</sup> North Marshall District's Response to Commission Staff's Telephone Request for Information (Staff's Telephone Request) (filed Aug. 10, 2023), Item 1.

Test Year hours with Current Wages									
Employee Position	Total Hours	Test Year Normal Hours	Test Year Holiday Hours	Current Wages Rates	Pro Forma Normal & Holiday Wages	Test Year Overtime Hours	Current Overtime Wage Rates	Pro Forma Overtime Wages	Total Pro Forma Wages
Manager	2,080	2,080		Salary	\$ 102,024				\$ 102,024
Class III Operator	2,116	2,080	36	\$ 25.80	54,593	210.00	\$ 38.70	\$ 8,127	62,720
Class III Operator	2,120	2,080	40	28.85	61,162	236.50	43.28	10,235	71,397
Billing Clerk	2,080	2,080		23.70	49,296		35.55	-	49,296
Class III Operator	2,115	2,080	35	24.00	50,748	169.50	36.00	6,102	56,850
Class III Operator	2,116	2,080	36	31.05	65,702	127.00	46.58	5,915	71,617
Class III Operator	2,120	2,080	40	29.00	61,480	104.00	43.50	4,524	66,004
Office Personnel	2,080	2,080		24.15	50,232	2.00	36.23	72	50,304
Bookkeeper	1,863	1,863		25.55	47,600		38.33	-	47,600
Class III Operator	2,080	2,080		29.10	60,528	216.50	43.65	9,450	69,978
Class III Operator	2,120	2,080	40	23.50	49,820	77.50	35.25	2,732	52,552
	<u>22,890</u>				<u>\$ 653,184</u>			<u>\$ 47,157</u>	
Total Collection- Labor, Materials and Expenses									700,341
Less: Collection- Labor, Materials and Expenses									<u>(577,658)</u>
Collection- Labor, Materials and Expenses Adjustment									<u>\$ 122,683</u>

The Commission finds that this adjustment is reasonable and North Marshall District's Salaries and Wages – Employees is increased by \$122,683 because North Marshall District provided sufficient evidence that its employee salaries increased during and subsequent to the test year and the calculations are based upon test year hours worked and the current wage rates, and therefore should be accepted.

Expenses Related to Meter Installations. In its application, North Marshall District proposed an adjustment to decrease test-year Materials and Supplies by \$40,180<sup>38</sup> and Salaries and Wages – Employees by \$17,220<sup>39</sup> to account for tapping fees that were included as part of these expenses. During 2021, North Marshall District installed 44 new water connections.<sup>40</sup> The USoA requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.<sup>41</sup>

<sup>38</sup> Application, Attachment 4, References, Adjustment J.

<sup>39</sup> Application, Attachment 4, References, Adjustment C.

<sup>40</sup> North Marshall District's Response to Staff's First Request, Item 6, 6.NMWD\_2021\_TAPS.pdf.

<sup>41</sup> USoA, Accounting Instruction 19 and 33.



Commission Staff agrees with North Marshall District’s proposed methodology. However, in the application, North Marshall District reported it had collected \$57,400 in tapping fees.<sup>42</sup> In subsequent discovery, North Marshall District adjusted the tap fee collected in the test year to \$30,525.<sup>43</sup> Therefore, Commission Staff calculated a net decrease to the expense using the \$30,525 tap fees collected, decreased the Materials and Supplies expense by \$21,368, which is \$18,813 less than North Marshall District Proposed and decreased Salaries and Wages – Employees by \$9,158, which is \$8,063 less than North Marshall District’s proposal as shown below. Additionally, Commission Staff capitalized the costs and made a corresponding adjustment to test-year depreciation as shown.

	Salaries and Wages Employees	Materials and Supplies
Tap Fees	\$ 30,525	\$ 30,525
Times Allocation percent:	30%	70%
Total Proposed Adjustment	(9,158)	\$ (21,368)
Less: North Marshall District Proposed Adjustment	17,220	40,180
Commission Staff Proposed Adjustment	<u>\$ 8,063</u>	<u>\$ 18,813</u>

The Commission finds that Commission Staff’s adjustment is reasonable since the USoA requires that these costs be capitalized as utility plant in service and depreciated over their estimated useful lives and should be accepted.

Employee Pensions and Benefits - Pensions. In its application, North Marshall District proposed an adjustment to increase Employee Pensions and Benefits by \$29,915

---

<sup>42</sup> Application, Attachment 4, References, Adjustment C.

<sup>43</sup> North Marshall District’s Supplemental Response to Staff’s Telephone Request (filed Aug. 24, 2023), Item 2.

to reflect an increase in County Employee Retirement System (CERS) contributions due to an increase in Salaries and Wages.<sup>44</sup> As explained above, Commission Staff increased Salaries and Wages - Employees to \$700,341.

Commission Staff noted that North Marshall District used a 25.065 percent contribution rate for CERS.<sup>45</sup> Effective July 1, 2023, the contribution rate for nonhazardous employees is 23.34 percent.<sup>46</sup> Further, Commission Staff noted that North Marshall District did not make a Governmental Accounting Standards Board (GASB) adjustment of 68 and 74<sup>47</sup> to its test-year CERS contributions. Commission Staff calculated two adjustments using the information above and the table below. The first adjustment is a \$12,045 decrease to North Marshall District's proposed adjustment resulting in a net total decrease of \$17,870 to Employee Pensions (CERS) expense to reflect the correct CERS contribution percent of 23.345.

---

<sup>44</sup> Application, Attachment #4, Adjustment E.

<sup>45</sup> North Marshall District's Response to Staff's First Request, Item 1h, NMWD\_Rate\_Study.xlsx.

<sup>46</sup> Kentucky Public Pensions Authority, CERS Employer Contribution Rates, Contribution Rates - Kentucky Public Pensions Authority (<https://www.kyret.ky.gov/Employers/Pages/Contribution-Rates.aspx>).

<sup>47</sup> Kentucky Public Pensions Authority, GASB Overview (<https://www.kyret.ky.gov/Employers/GASB/Pages/default.aspx>).

	<u>Commission Adjustment</u>
Salaries and Wages - Employees	\$ 700,341
Multiplied by: Current CERS Contribution Rate	<u>23.35%</u>
CERS Retirement- Employer Contribution	163,495
Less: Test Year Pension & OPEB Expense	<u>(145,625)</u>
Employee Pensions and Benefits Adjustment	17,870
Less: North Marshall District Proposed Adjustment	<u>(29,915)</u>
Commission Staff Proposed Adjustment	<u><u>\$ (12,045)</u></u>

The second is a \$109,828 decrease to Employee Pensions (CERS) expense to reflect the GASB 68 and 74 adjustment for expense amounts recorded in excess of contributions.

	<u>North Marshall District</u>	<u>Commission Staff</u>	<u>Commission Adjustments</u>
Pension/OPEB			
Wages Applicable to CERS Payments	700,341	\$ 700,341	\$ -
Percent Pension Contribution Rate	<u>25.065%</u>	<u>23.345%</u>	<u>-1.72%</u>
Pro Forma Pension Contribution	<u>\$ 175,540</u>	<u>\$ 163,495</u>	<u>\$ (12,045)</u>
Test Year Walkforward to Pro Forma			
Test Year Pension	\$ 255,453	\$ 255,453	\$ -
GASB 68 and 74 Adjustment	-	(109,828)	(109,828)
Adjustment	<u>29,915</u>	<u>17,870</u>	<u>(12,045)</u>
Total Commission Staff Adjustments	<u>\$ 285,368</u>	<u>\$ 163,495</u>	<u>\$ (121,873)</u>

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's Employee Pensions and Benefits should be increased by \$17,870 because the adjustment used the evidence provided to adjust the contribution expense to account for both the normalization of Salaries and Wages and the update to the required contribution percent by CERS.

Employee Pensions and Benefits – Insurance. In the application, North Marshall District proposed to increase Employee Pensions and benefits by \$397 to reflect an increase in health and dental insurance to allowable employer share.<sup>48</sup> North Marshall District currently pays 100 percent for full-time employees' health insurance plans.<sup>49</sup> The Commission continues to place greater emphasis on evaluating employees' total compensation packages, including both salary and benefits programs, for market and geographic competitiveness to ensure the development of a fair, just and reasonable rate. The Commission has found that, in most cases, 100 percent of employer-funded health care does not meet those criteria.<sup>50</sup>

Consistent with precedent,<sup>51</sup> Commission Staff proposed to reduce North Marshall District's single health insurance premiums by 22 percent,<sup>52</sup> family insurance premiums by 34 percent,<sup>53</sup> and dental insurance premiums by 60 percent<sup>54</sup> as shown in the calculation below. North Marshall District provided the most recent copy of its health and

---

<sup>48</sup> Application, Attachment 4, References, Adjustment D.

<sup>49</sup> North Marshall District's Response to Staff's Telephone Request, Item 1.

<sup>50</sup> Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020); Case No. 2020-00296, *Electronic Application of Allen County Water District for an Alternative Rate Adjustment* (Ky. PSC Feb. 3, 2021).

<sup>51</sup> Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates*, (Ky. PSC June 20, 2019) at 8–12.

<sup>52</sup> Bureau of Labor Statistics, Healthcare Benefits, March 2020, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

<sup>53</sup> Bureau of Labor Statistics, Healthcare Benefits, March 2021, Table 4, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

<sup>54</sup> Case No. 2019-00268, *Application of Knott County Water and Sewer District for an Alternative Rate Adjustment* (Ky. PSC Mar. 24, 2020). Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Mar. 5, 2021). Case No. 2020-00296, *Electronic Application of Allen County Water District for an Alternative Rate Adjustment* (Ky. PSC Feb. 3, 2021).

dental insurance invoices,<sup>55</sup> allowing Commission Staff to include the increase to insurance premiums in the calculations, and the test-year amount reported for insurance premiums.<sup>56</sup> Accordingly, utilizing the most recent invoice amounts, Commission Staff recalculated the proposed adjustment and decreased Employee Pension and Benefits by \$16,525, which is \$16,922 more than North Marshall District initially proposed as shown in the table below.

Type of Premium	Number of Employees	Employer Contributions	Average Employee Contribution Rate	Monthly Premium Adjustment	Pro Forma Monthly Premium
Single Health Insurance	6	\$ 3,621	22%	\$ (797)	\$ 2,824
Family Health Insurance	5	6,396	34%	(2,175)	4,221
Dental Insurance	11	765	60%	(459)	306
Total Pro Forma Monthly Premium Times: 12 Months		10,782 <u>12</u>		(3,431) <u>12</u>	7,351 <u>12</u>
Total Annual Pro Forma Premium		<u>\$ 129,384</u>		<u>\$ (41,172)</u>	88,212
Less: Test Year Health and Dental Insurance Premiums					<u>(104,737)</u>
Employee Pension and Benefits Adjustment					(16,525)
Less: North Marshall District Proposed Adjustment					<u>(397)</u>
Final Employee Pension and Benefits Adjustment					<u>\$ (16,922)</u>

Consistent with Commission precedent, the Commission evaluates employee total compensation packages, including both salary and benefits programs, for market and geographic competitiveness to ensure fair rate development and has determined that in most cases, 100 percent employer-funded health and dental care does not meet those criteria. North Marshall District should establish a policy of reasonably limiting its

<sup>55</sup> North Marshall District's Response to Staff's First Request, Item 4, 4. NMWD\_Health-Vision-Dental.pdf.

<sup>56</sup> North Marshall District's Response to Staff's First Request, Item 1a, 1. (a)\_2021\_NMWD\_Trial\_Balance.xls, account 60400001 Hospital Insurance \$95,126 and 60400004 Life/Dental Insurance \$9,611.

employer contributions to health and dental insurance costs by requiring that all employees pay a portion of those premiums. Accordingly, for ratemaking purposes, the Commission will adjust test-year health and dental expenses for all employees based on the national average of employee contribution rates.

The Commission finds that Commission Staff's recommendation should be modified, since Commission Staff used the 2022 contribution percentage of 22 percent for single insurance and 34 percent for family insurance premium instead of the 2023 contribution rate of 21 percent and 33 percent. Further, based upon the Bureau of Labor Statistics data and Commission precedent<sup>57</sup> the Commission finds that dental insurance contributions should reflect 40 percent contribution by employer and 60 percent contribution by employee. Accounting for the current contribution percentages means North Marshall District's Employee Pensions and Benefits – Insurance should only be decreased by \$15,313, which is \$1,609 less than Commission Staff recommended, as shown below.

---

<sup>57</sup> Case No. 2017-00263 *Electronic Application of Kentucky Frontier Gas, LLC for Alternative Rate Adjustment* (Ky. PSC Dec. 2, 2017), Order at 9–10.

Type of Premium	Number of Employees	Employer Contributions	Average Employee Contribution Rate	Monthly Premium Adjustment	Pro Forma Monthly Premium
Single Health Insurance	6	\$ 3,621	21%	\$ (760)	\$ 2,861
Family Health Insurance	5	6,396	33%	(2,111)	4,285
Dental Insurance	11	765	60%	(459)	306
Total Pro Forma Monthly Premium		10,782		(3,330)	7,452
Times: 12 Months		12		12	12
Total Annual Pro Forma Premium		<u>\$ 129,384</u>		<u>\$ (39,960)</u>	89,424
Less: Test Year Health and Dental Insurance Premiums					(104,737)
Commission Approved Health and Dental Insurance Premiums					(15,313)
Less: Commission Staff Proposed Adjustment					<u>16,922</u>
Revenue Reuirement Adjustment					<u>\$ 1,609</u>

The adjustment results in an increase to the Revenue Requirement of \$1,609 and is consistent with past Commission precedent regarding premiums paid for health insurance.

Employee Pensions and Benefits - Disability. In the application, North Marshall District proposed an adjustment to increase Employee Pension and Benefits by \$1,051, to account for an increase in disability insurance costs.<sup>58</sup> North Marshall District provided the most recent invoice for life and disability insurance.<sup>59</sup>

Commission Staff compared the most recent invoice with the test-year disability insurance of \$11,276.<sup>60</sup> Therefore, based on the normalized test year, Commission Staff increased Employee Pensions and Benefits by \$1,655, which is \$604 more than what was proposed by North Marshall District.

<sup>58</sup> Application, Attachment 4, References, Adjustment F.

<sup>59</sup> North Marshall District's Response to Staff's First Request, Item 4, 4. NMWD Lincoln (ST-LT-Life).xlsx.

<sup>60</sup> North Marshall District's Response to Staff's First Request, Item 1a, 1. (a)\_2021\_NMWD\_Trial\_Balance.xls, account 60400003 Disability insurance.

Accidental Death and Dismemberment	\$	25
Weekly Income		445
Long Term Disability		608
		<hr/>
Total Life and Disability Insurance		1,078
Times 12 months		12
		<hr/>
Annual Disability Insurance		12,931
Less Test Year Disability Insurance		(11,276)
		<hr/>
Total Disability Insurance		1,655
Less Noth Marshall District Proposed Adjustment		(1,051)
		<hr/>
Commission Staff Proposed Adjustment	\$	<u>604</u>

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's Employee Benefits is increased by \$1,655 because the invoices provided in the case file displays an increase in disability insurance premiums.

Employee Pensions and Benefits – Education and Training. In the application, North Marshall District proposed an adjustment to increase Employee Pension and Benefits by \$2,065, to account for an increase in education and training expenses that occurred in 2022.<sup>61</sup> North Marshall District provided a list of the training programs in which it now participates. North Marshall District has implemented an asset management system that will require annual training in order to remain current.<sup>62</sup> North Marshall District

---

<sup>61</sup> Application, Attachment 4, References, Adjustment G.

<sup>62</sup> North Marshall District's Response to Staff's Telephone Request, Item 2.



has seven certified operators that require 24 hours of training every two years, one more employee than during the test year.<sup>63</sup>

These additional trainings in addition to an increase in individual training sessions justifies an increase in test year training and education expense. Commission Staff reconciled the test year education and training expense account<sup>64</sup> with the 2022 education and training expense account<sup>65</sup> and determined an increase of \$2,082, which is \$17 more than what was proposed by North Marshall District, is required as shown below.

2022 Education and Training Expense	\$ 14,542
Test year Education and Training Expense	<u>(12,459)</u>
Training and Education and Training Adjustment	2,082
Less: North Marshall District Proposed Adjustment	<u>(2,065)</u>
Commission Staff Proposed Adjustment	<u>\$ 17</u>

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's Employee Benefit's is increased by \$2,082 because the increase in the number of employees and trainings reflects an increase in both the frequency and per unit cost increases in education and training.

Chemicals. In the application, North Marshall District proposed an adjustment to increase Chemical Expense by \$7,355 due to an increase in vendor costs.<sup>66</sup> North

---

<sup>63</sup> North Marshall District's Response to Staff's Telephone Request, Item 2.

<sup>64</sup> North Marshall District's Response to Staff's First Request, Item 1a, 1. (a)\_2021\_NMWD\_Trial\_Balance.xls, account 60400005 Education and Training Exp.

<sup>65</sup> North Marshall District's Response to Staff's First Request, Item 1a, 1. (a)\_2022\_NMWD\_Trial\_Balance.xls, account 60400005 Education and Training Exp.

<sup>66</sup> Application, Attachment 4, References, Adjustment I.

Marshall District provided the test year chemicals purchased amounts,<sup>67</sup> and the current purchased rate for chemicals.<sup>68</sup>

To normalize the Chemical Expense, Commission Staff calculated a revised pro forma purchased water expense using the test year volumes purchased and the current unit prices. This results in a purchased water expense of \$28,720. Therefore, Commission Staff increased Chemical expense by \$2,553, which is \$4,802 less than proposed by North Marshall District as shown below.

Month	Chlorine						Hydrofluorosilic Acid				Ortho- Phosphate				Total
	Current Vendor	Volume (lbs)	Unit Price	Container Deposit	Trans., Ins & Sec	Sub-Total	Current Vendor	Volume (lbs)	Unit Price	Sub-total	Current Vendor	Volume (lbs)	Unit Price (lbs)	Sub-Total	
January	Brentagg	600	\$1,285	\$ -	\$ 59	\$1,343	Chemstream	2,200	0.6	\$ 1,324	Hawkins				\$ 2,668
February	Brentagg	-	-	-	-	-	Chemstream				Hawkins				-
March	Brentagg	-	-	-	-	-	Chemstream	2,200	0.6	1,324	Hawkins	2,479	0.41	\$3,044	4,368
April	Brentagg	300	642	(500)	168	310	Chemstream				Hawkins				310
May	Brentagg	150	321	-	60	381	Chemstream	2,200	0.6	1,324	Hawkins				1,706
June	Brentagg	300	642	(500)	90	232	Chemstream	2,200	0.6	1,324	Hawkins	2,508	0.41	3,080	4,637
July	Brentagg	300	642	-	91	734	Chemstream	1,100	0.6	662	Hawkins				1,396
August	Brentagg	450	963	-	183	1,146	Chemstream	2,200	0.6	1,324	Hawkins				2,470
September	Brentagg	450	963	100	100	1,163	Chemstream	1,100	0.6	662	Hawkins	3,135	0.41	3,850	5,676
October	Brentagg	450	963	-	200	1,163	Chemstream	1,650	0.6	993	Hawkins				2,157
November	Brentagg	300	642	-	100	742	Chemstream	1,100	0.6	662	Hawkins				1,404
December	Brentagg	400	856	100	311	1,268	Chemstream	1,100	0.6	662	Hawkins				1,930
						\$8,483				\$10,264				\$9,974	
										Total Chemical Expenses					28,720
										Less: Test Year Chemical Expense					(26,167)
										Chemical Expense Adjustment					2,553
										Less: North Marshall District Proposed Adjustment					(7,355)
										Total Chemical Expense Adjustment					<u>\$ (4,802)</u>

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall's Chemical expense should be increased by \$2,553 because the invoices submitted in the case show an increase in the per unit chemical expense.

Expenses Attributable to Water Loss. North Marshall District proposed adjustments to reduce Purchased Power Expense by \$18,159, and Chemical Expense

<sup>67</sup> North Marshall District's Response to Staff's First Request, Item 8, 8.CHEMICAL\_SUM.xlsx.

<sup>68</sup> North Marshall District's Response to Staff's First Request, Item 9, 9. Current ChemicalUnitPrices.pdf.

by \$2,843 to reflect the removal of costs for water in excess of 15 percent.<sup>69</sup> During the test year, North Marshall District reported a water loss of 25.8658 percent.<sup>70</sup>

As previously mentioned, Commission regulations prohibit the recovery of expenses for water loss in excess of 15 percent. Commission Staff reviewed purchased power and chemical expenses and agrees with North Marshall District’s proposed methodology. Commission Staff calculated a different adjustment for purchased power and chemical costs. When the adjustment to determine Chemical Expenses is taken into account, Commission Staff calculated an overall decrease to Chemical Expense of \$3,121, which is an additional decrease of \$278 more than what North Marshall District proposed, as shown in the table below.

	Purchased Power	Chemical	Total
Pro Forma Expenses	\$ 167,123	\$ 28,720	\$ 195,843
Water loss in Excess of 15 Percent	<u>10.8658%</u>	<u>10.8658%</u>	<u>10.8658%</u>
Excess Water Loss Adjustment	18,159	3,121	21,280
Less: North Marshall District Proposed Adjustment	<u>(18,159)</u>	<u>(2,843)</u>	<u>(21,002)</u>
	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 278</u>

The Commission finds Commission Staff’s recommended adjustment is reasonable and purchased power should be reduced by \$18,159, and chemical expense reduced by \$3,121 because Commission regulation 807 KAR 5:066, Section 6(3), limits water loss to 15 percent for ratemaking purposes.

---

<sup>69</sup> Application, Attachment 4, References, Adjustment H.

<sup>70</sup> Application, Attachment 4, References, Adjustment H.

Miscellaneous Expense – Reconciliation. North Marshall District reported a net Miscellaneous Expense of \$82,365.<sup>71</sup> Commission Staff reviewed the Adjusted Trial Balance and determined Miscellaneous Expenses should be \$81,838.<sup>72</sup> Commission Staff reduced Miscellaneous Expense by \$527 in order to reconcile the application to the Adjusted Trial Balance, as shown below.

<u>Miscellaneous Expenses</u>		
61600001	Generator Expense	\$ 617
40810000	Regulatory Agency Expense	3,269
40812000	Payroll Tax	46,381
40813000	Unemployment Insurance	2,295
63400001	GIS Fees	6,000
65800001	Injuries And Damages	233
67500003	Maintenance Of General Plant	775
67500004	Telephone Expense	19,258
67500005	Sewer Exp-To Set Up	550
67510000	Safety Supplies	<u>2,460</u>
Total Test Year Miscellaneous Expenses		81,838
Less: Test Year Miscellaneous Expenses		<u>(82,365)</u>
Pro Forma Miscellaneous Expense Adjustment		<u><u>\$ (527)</u></u>

The Commission finds Commission Staff's recommended adjustment is reasonable, and North Marshall District's Miscellaneous Expense should be decreased by \$527; because the evidence provided, in the adjusted trial balance, shows that North Marshall District's test-year Miscellaneous Expense was overstated by \$527. Therefore,

<sup>71</sup> Application, Attachment 4, Statement of Adjusted Operations.

<sup>72</sup> North Marshall District's Response to Staff's First Request, Item 1a, 1. (a)\_2021\_NMWD\_Trial\_Balance.xls.

in order to reconcile the adjusted trial balance and North Marshall District's test year needed to be decreased by \$527 in order to be reconciled with the adjusted trial balance.

Miscellaneous Expense – Payroll. In its application, North Marshall District proposed to increase Taxes Other Than Income by \$9,505 to account for an increase in payroll taxes due to the proposed increase in Salaries and Wages Expense.<sup>73</sup>

As explained above, Commission Staff agreed with North Marshall District's pro forma Salaries and Wages – Employees of \$700,341. Commission Staff calculated an increase to Taxes Other Than Income of \$9,505 as shown below. Therefore, Commission Staff agreed with North Marshall District's proposed adjustment to increase Miscellaneous Expense by \$9,505, as shown below.

	Staff Pro Forma
Salareis and Wages - Employees	\$ 700,341
Salareis and Wages - Officers	30,200
	<hr/>
Total Pro Forma Salaries	730,541
Times: 7.65 Percent FICA Rate	7.65%
	<hr/>
Total Pro Forma Payroll Taxes	55,886
Less: Test Year Payroll Taxes	(46,381)
	<hr/>
Payroll Tax Adjustment	9,505
Less: North Marshall District Proposed Adjustment	(9,505)
	<hr/>
Commission Staff Proposed Adjustment	<u>\$ -</u>

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's miscellaneous expense is increased by \$9,505

---

<sup>73</sup> Application, Attachment 4, Adjustment K.

because the evidence provided shows that the change is a direct result to changes to Salaries and Wages - Employees.

Miscellaneous Expense – Reclassify Payroll Taxes. During the test year, North Marshall District reported the Payroll Taxes as part of Miscellaneous Expenses rather than Taxes Other Than Income.<sup>74</sup>

As discussed above, Commission Staff calculated a payroll tax expense of \$55,886 and adjusted Miscellaneous Expense to account for the change. Therefore, in order to make sure the payroll taxes were recorded in the correct category, Commission Staff reduced Miscellaneous Expense by \$55,886 and increased Taxes Other Than Income by \$55,886.

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's miscellaneous expense is decreased by \$55,886, and Taxes other than income expense should be increased by the same \$55,886 to reflect the payroll taxes reclassified as Taxes Other Than Income.

Depreciation Expense. In its application, North Marshall District proposed an increase in Depreciation Expense of \$8,205 to account for additional assets added subsequent to the test year and to adjust the service lives of assets using the National Association of Regulatory Utility Commissioners (NARUC) titled *Depreciation Practices for Small Water Utilities* (NARUC Study).<sup>75</sup> To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the same NARUC Study published in 1979. When no evidence exists to support a specific

---

<sup>74</sup> 2021 Annual Report at 51.

<sup>75</sup> Application, Attachment 4, Adjustment L.

life that is outside the NARUC ranges, the Commission has used the midpoint of the NARUC ranges to depreciate the utility plant.

Upon examination, Commission Staff calculated a depreciation expense of \$379,837. North Marshall District proposed to depreciate meter change-outs over 15 years.<sup>76</sup> North Marshall District provided evidence that a 20-year useful life would be appropriate for its electronic radio read meters;<sup>77</sup> therefore, Commission Staff recommended depreciating meters over a 20-year service life. Commission Staff found no evidence to support depreciable lives for the remaining assets other than the midpoint of the NARUC ranges, and decreased North Marshall District's Depreciation Expense by \$46,635, a net decrease of \$54,840 compared to North Marshall District's proposed adjustment, as shown below.

---

<sup>76</sup> Application, Attachment 4, Table A, Depreciation Expense Adjustments.

<sup>77</sup> North Marshall District's Response to Staff's Telephone Request, Item 3.

Asset Category	Service Life Range	Test Year Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Structures and Improvements	35 - 40	\$ 68,439	\$ 14,659	\$ 83,098
Wells and Springs	25 - 35	4,502	3,001	7,503
Supply Mains	50 - 75	10	(2)	8
Water Treatment Equipment	20 - 35	1,197	467	1,664
Pumping Equipment	20	8,139	3,863	12,002
Services	30 - 50	29	7	37
Hydrants	40 - 60	288	(129)	159
Transmission & Distribution Mains	50 - 75	143,160	(28,632)	114,528
Meter Change-outs	20	63,764	10,493	74,256
Meter Installations	40 - 50	36,036	(19,780)	16,256
Reservoirs & Tanks	30- 60	18,787	2,087	20,874
Transportation Equipment	7	37,935	(11,604)	26,332
Office Furniture and Equipment	20 - 25	2,015	(1,499)	517
Tools, Shop, & Garage Equipment	15 - 20	8,220.87	(5,872)	2,348.82
Power Operated Equipment	10 - 15	3,950.00	(2,370)	1,580.00
Communications & Computer Eqmt.	10	22,120	(11,327)	10,793
Total		<u>\$ 418,590</u>	(46,635)	<u>\$ 371,955</u>
Less: North Marshall Proposed Adjustment			<u>(8,205)</u>	
Commission Staff's proposed adjustment			<u>\$ (54,840)</u>	

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's Depreciation expense is decreased by \$46,635, in order to align North Marshall District's capital assets' useful lives with the NARUC recommended useful lives.

Capitalization of Test-Year Water Taps. As explained above, the expenses related to the installation of new water connections are capital expenditures that should be capitalized as Utility Plant in Service and depreciated over their estimated useful lives. Since North Marshall District uses radio read meters and provided evidence for an alternative service life, Commission Staff utilized a 20-year service life.



A review of the depreciation schedule for the test year did not record any new meters added to the assets for the year.<sup>78</sup> Therefore, Commission Staff calculated the annual depreciation amount for the test year and increased depreciation expense by \$1,526 as shown below.

Test Year Water Connections Expenses	\$ 30,525
Divided by: Useful Life of 20 Years	<u>20.0</u>
Depreciation Adjustment	<u>\$ 1,526</u>

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's depreciation expense is increased by \$1,526 because as stated above, the USoA requires the assets to be depreciated over their estimated useful lives.

Rate Case Expense. In the application, North Marshall District proposed an adjustment to increase Amortization Expense by \$2,500 to reflect the three-year amortization of the estimated rate case expense.<sup>79</sup> North Marshall District contracted with Kentucky Rural Water Association (KRWA) to assist with the application.<sup>80</sup> KRWA provided a quote for \$7,500 to prepare the rate case.<sup>81</sup> Furthermore, North Marshall District has incurred an additional \$454 to publish the public notice.<sup>82</sup>

---

<sup>78</sup> Application, Attachment 7, 7.\_2021\_Depreciation\_Schedcule.xls.

<sup>79</sup> Application, Attachment 4, Adjustment M.

<sup>80</sup> North Marshall District's Response to Staff's Second Request, Item 2a.

<sup>81</sup> North Marshall District's Response to Staff's Second Request, Item 2a, 2. North\_Marshall\_WD\_Proposal.pdf.

<sup>82</sup> North Marshall District's Response to Staff's Second Request, Item 2a.

Commission Staff calculated the rate case expense, including the newspaper fees, and determined an annual rate case expense of \$2,651. Therefore, Commission Staff increased North Marshall District's Amortization Expense by \$2,651, which is \$151 more than North Marshall District's proposed adjustment.

Research, analysis, and PSC filings	\$ 6,000
Kentucky Rural Water Association administrative Services	1,500
Other Expenses	<u>454</u>
 Total Rate Case Expense	 7,954
Amortized over three years	<u>3</u>
 Annual Amortization of Rate Case Expense	 2,651
Less North Marshall District's Proposed Adjustment	<u>(2,500)</u>
 Commission Staff's Proposed Adjustment	 <u><u>\$ 151</u></u>

The Commission finds Commission Staff's recommended adjustment is reasonable and North Marshall District's amortization expense is increased by \$2,651 because the Commission finds that an increase in rate case expense of \$2,651 is necessary to allow for the recovery of the cost of rate case assistance.

Based upon the Commission's findings discussed above, the following table summarizes North Marshall District's adjusted pro forma:

	<u>Commission Staff Report Pro Forma</u>	<u>Commission Pro Forma Adjustment</u>	<u>Commission Pro Forma Operations</u>
Total Operating Revenues	\$ 2,037,000	\$ -	\$2,037,000
Utility Operating Expenses	<u>2,001,288</u>	<u>1,609</u>	<u>2,002,897</u>
Utility Operating Income	35,712	(1,609)	34,103
Interest and Dividend Income	<u>5,763</u>	<u>-</u>	<u>5,763</u>
Net Income Before Contributions	<u>\$ 41,475</u>	<u>\$ (1,609)</u>	<u>\$ 39,866</u>

### OVERALL REVENUE REQUIREMENT

The Commission has historically used an Operating Ratio (OR) method to calculate the revenue requirement for water districts or associations with little to no outstanding long-term debt. The Commission finds the OR method is appropriate for North Marshall District because at the time of Commission Staff's review, North Marshall District only had two outstanding United States Department of Agriculture Rural Development (RD) Bonds. An OR of 88 percent will allow North Marshall District sufficient revenues to cover its operating expenses and provide for reasonable equity growth. Based upon the Commission's findings and determinations herein, by applying the OR method, the Commission found North Marshall District's Revenue Requirement from Rates for Service to be \$2,351,782. A revenue increase of \$341,224, or 16.97 percent, is necessary to generate the Overall Revenue Requirement of \$2,383,987.

After reviewing the evidence provided, the Commission finds that the application of the OR method is appropriate, but an adjustment to Commission Staff's proposal is necessary and determined a Revenue Requirement from Water Sales of \$2,353,610. This adjustment is because the Commission made an additional increase to the revenue requirement to account for the correction of the premiums paid for health insurance. A

revenue increase of \$343,052, or 17.06 percent, is necessary to generate the Overall Revenue Requirement of \$2,385,815.

	<u>Commission Staff's Report</u>	<u>Commission Approved</u>
Pro Forma Operating Expenses	\$ 2,001,288	\$ 2,002,897
Divided by: Operating Ratio	88%	88%
Plus: Average Interest Expense	<u>109,796</u>	<u>109,796</u>
 Total Revenues Requirement	 2,383,987	 2,385,815
Less: Other Operating Revenue	(26,442)	(26,442)
Interest Income	<u>(5,763)</u>	<u>(5,763)</u>
 Revenue Required From Water Sales	 2,351,782	 2,353,610
Revenue from Sales at Present Rates	<u>(2,010,558)</u>	<u>(2,010,558)</u>
 Required Revenue Increase	 <u>\$ 341,224</u>	 <u>\$ 343,052</u>
Percentage Increase	<u>16.97%</u>	<u>17.06%</u>

Average Annual Interest and Fees Payments. In its application, North Marshall District requested recovery of the average annual interest on its indebtedness.<sup>83</sup> At the time of Commission Staff's review, North Marshall District had two outstanding RD bonds. Since the statutory date for an Order to be issued in this proceeding is March 15, 2024, the 2023 payments will be recovered through North Marshall District's existing rates.

Therefore, Commission Staff included the average annual interest on a five-year average for the years 2024 through 2028. Commission Staff calculated an Average Interest Expense of \$109,796 as shown below. The Commission agrees with Commission Staff's recommendation since North Marshall District provided the amortization schedule for its existing debt.<sup>84</sup>

---

<sup>83</sup> Application, Attachment 4, Revenue Requirements Using Operating Ratio Method.

<sup>84</sup> Application, Attachment 11, 11\_RD\_NOTE\_AMORTIZATION\_2014\_2022.xlsx.

Debt Service Schedule			
Year	USDA Series 2014 Bond Interest	USDA Series 2022 Bond Interest	Total
2024	\$ 75,792	\$ 39,975	\$ 115,767
2025	74,172	39,210	113,382
2026	72,506	38,438	110,944
2027	67,191	37,650	104,841
2028	67,191	36,855	104,046
Total	<u>\$ 356,852</u>	<u>\$ 192,128</u>	548,980
	Divide by: 5 years		<u>5</u>
	Average Annual Interest Payment		<u>\$ 109,796</u>

Interest and Dividend Income. In its application, North Marshall District reported \$0 Interest Income in the Revenue Requirement calculation.<sup>85</sup> The general ledger includes interest income of \$5,763.<sup>86</sup>

Commission Staff reduced the Overall Revenue Requirement by \$5,763 given that the OR Method to calculate the Overall Revenue Requirement does not allow for the recovery of Interest and Dividend Income.

The Commission finds Commission Staff's recommended adjustment is reasonable because given that the OR Method to calculate the Overall Revenue Requirement does not allow for the recovery of Interest and Dividend Income.

<sup>85</sup> Application, Attachment 4, Revenue Requirements Using Operating Ratio Method.

<sup>86</sup> North Marshall District's Response to Staff's First Request, Item 1a, 1. (a)\_2021\_NMWD\_Trial\_Balance.xls, account 41900000 Interest Income.

## RATE DESIGN

North Marshall District proposed to increase its bi-monthly retail water service rates by approximately 23.41 percent across the board. North Marshall District has not performed a cost of service study (COSS). North Marshall District stated that it did not complete a COSS at this time as there have been no material changes in the water system.<sup>87</sup>

The Commission has previously found that the allocation of a revenue increase 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.<sup>88</sup> Finding no such evidence in this case, Commission Staff followed the method previously accepted by the Commission and allocated the \$343,052 revenue increase evenly across the board to North Marshall District's monthly retail and wholesale water service rates.

The rates, which are set forth in Appendix B to this report, are based upon the revenue requirement, as calculated by Commission Staff, and modified by the Commission as stated in this Order, and will produce sufficient revenues from water sales to recover the \$2,353,610 Revenue Required from Rates. The rates will increase a typical residential customer's bi-monthly water bill from \$49.65 to \$58.14, an increase of \$8.49, or approximately 17.10 percent.<sup>89</sup> The Commission finds the manner of analysis is

---

<sup>87</sup> North Marshall District's Response to Staff's First Request, Item 14.

<sup>88</sup> Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

<sup>89</sup> The typical residential customer uses approximately 8,000 gallons bi-monthly. Application, Attachment 1.

appropriate because the evidence provided shows that the revenue requirement and the method used by Commission Staff follows Commission precedent.

Nonrecurring Charges. Following the Commission's recent decisions,<sup>90</sup> Commission Staff has reviewed North Marshall District's Nonrecurring Charges. The Commission found that because district personnel are currently paid during normal business hours and the labor costs are recovered in rates, estimated labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated to avoid double recovery of the same expense. Commission Staff reviewed the cost justification information provided by North Marshall District and adjusted these charges by removing Field Labor Costs of \$27.33 per hour and Office/Clerical Labor Costs of \$24.47 per hour from those charges which occur during normal business hours.<sup>91</sup> Appendix A of the Staff Report provided Commission Staff's adjustment calculations for the nonrecurring charges.<sup>92</sup> Commission Staff recommended Nonrecurring Charge amounts are as follows:

Connection/Turn-On Charge	\$5.25
Connection Charge After Hours	\$92.50
Field Collection Charge	\$5.25
Meter Box or Lid Replacement Charge	Actual Costs
Meter Re-installation Charge	\$10.50

---

<sup>90</sup> Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020); Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020); Case No. 2020- 00196, *Electronic Application of West Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020); and Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020).

<sup>91</sup> North Marshall District's Response to Staff's First Request, Item 19, 19.Non\_Recurring\_Charges.pdf.

<sup>92</sup> Staff Report at Appendix A.

	Actual Costs
Meter Relocation Charge	
Meter Reread	\$5.25
Meter Test Charge	\$13.00
Reconnection Charge	\$21.00
Reconnection Charge After Hours	\$98.00
Returned Check Charge	\$15.60
5/8 x 3/4 Meter Tap On Fee	\$1,400

The revised nonrecurring charges resulted in a decrease to test-year Other Water Revenues and an increase to the total revenue requirement of \$12,003 as explained in the Nonrecurring Charges adjustment above, and in the tables in Appendix A.

#### SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in the Commission Staff's Report as modified in the Order are supported by the evidence of record and are reasonable. The Commission has historically used an OR method to calculate the revenue requirement for water districts or associations with little or no outstanding long-term debt. Therefore, applying the OR method to North Marshall District's pro forma operations results in an Overall Revenue Requirement of \$2,385,815, a required revenue from water sales of \$2,353,610, and an increase in revenue from water sales of \$343,052, or 17.06 percent.

The Commission finds that allocating the calculated revenue increase across the board to North Marshall District's monthly water service rates to be fair, just and reasonable.




IT IS THEREFORE ORDERED that:

1. North Marshall District is granted a deviation from the requirement of 807 KAR 5:076, Section 9.
2. The recommendations contained in the Commission's Staff's Report are adopted as modified in this Order and incorporated by reference into this Order.
3. The water service rates proposed by North Marshall District are denied.
4. The rates set forth in Appendix B to this Order are approved for service rendered by North Marshall District on and after December 15, 2023.
5. The Nonrecurring Charges set forth in Appendix B to this Order are approved for service rendered by North Marshall District on and after December 15, 2023.
6. Within 20 days of the date of service of this Order, North Marshall District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved by this Order and the effective date of December 15, 2023, and stating that the rates and charges were authorized by this Order.
7. Before assessing the ACH Return Charge, North Marshall District shall file with this Commission, using the Commission's electronic Tariff Filing System, a new tariff sheet setting forth the ACH Return Charge and a cost justification sheet for the charge.
8. North Marshall District shall use the midpoint of the depreciable lives of the NARUC Study ranges, as recommended by Commission Staff, to depreciate water plant assets for accounting purposes in all future reporting periods. North Marshall District shall not make adjustments to accumulated depreciation or retained earnings to account for this change in the accounting estimate.

9. This case is close and removed from the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Vice Chairman

  
\_\_\_\_\_  
Commissioner

ENTERED  
DEC 22 2023 bsb  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director *For*

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00134 DATED DEC 22 2023

	Num.	Current Rate	Total	Revised Rate	Adj	Pro Forma
Miscellaneous Service Revenues:						
Connection/Turn-On Charge	404	\$25.00	\$10,100	\$5.25	(\$7,979)	\$2,121
Connection Charge After Hours	0	\$67.00	\$0	\$92.50	\$0	\$0
Field Collection Charge	0	\$25.00	\$0	\$5.25	\$0	\$0
Meter Box or Lid Replacement Charge			\$400		\$0	\$400
Meter Re-installation Charge	4	\$50.00	\$200	\$10.50	(\$158)	\$42
Meter Relocation Charge			\$411		\$0	\$411
Meter Reread	0	\$25.00	\$0	\$5.25	\$0	\$0
Meter Test Charge	1	\$50.00	\$50	\$13.00	(\$37)	\$13
Reconnection Charge	119	\$50.00	\$5,950	\$21.00	(\$3,451)	\$2,499
Reconnection Charge After Hours	0	\$92.00	\$0	\$98.00	\$0	\$0
Returned Check Charge	36	\$25.00	\$940	\$15.60	(\$378)	\$562
<b>Total Miscellaneous Service Revenues</b>	<b>564</b>		<b>\$18,051</b>		<b>(\$12,003)</b>	<b>\$6,048</b>

**Nonrecurring Charges Adjustments**

Connection/Turn-On/Field Collection/Meter Reread

	North Marshall District Updated Charge	Commission Staff Revised Charge
Field Labor at \$27.33 for 0.5 hour	\$13.67	\$0.00
Supplies	\$0.00	\$0.00
Office Labor at \$24.47 for 0.25 hours	\$6.12	\$0.00
Transportation Expense	\$ 5.24	\$5.24
<b>Total Nonrecurring Charge Expense</b>	<b>\$25.02</b>	<b>\$5.24</b>
Rounded to	\$25.00	\$5.25
<b>Current Rate</b>	<b>\$25.00</b>	

Connection/Turn-On After Hours Charge

	North Marshall District Updated Charge	Commission Staff Revised Charge
Field Labor Overtime at \$27.33 for 3.0 hour	\$81.99	\$81.99
Supplies	\$0.00	\$0.00
Office Labor at \$24.47 for 0.25 hours	\$6.12	\$0.00
Transportation Expense	\$10.48	\$10.48

Total Nonrecurring Charge Expense	\$98.59	\$92.47
Rounded to	\$98.60	\$92.50
Current Rate	\$67.00	

Meter Re-Installation Charge

	North Marshall District Updated Charge	Commission Staff Revised Charge
Field Labor at \$27.33 for 1.0 hour	\$27.33	\$0.00
Supplies	\$0.00	\$0.00
Office Labor at \$24.47 for 0.5 hours	\$12.24	\$0.00
Transportation Expense	\$10.48	\$10.48
Total Nonrecurring Charge Expense	\$50.05	\$10.48
Rounded to	\$50.00	\$10.50
Current Rate	\$50.00	

Meter Test Charge

	North Marshall District Updated Charge	Commission Staff Revised Charge
Field Labor at \$27.33 for 1.0 hour	\$27.33	\$0.00
Supplies	\$0.00	\$0.00
Office Labor at \$24.47 for 0.5 hours	\$12.24	\$0.00
Transportation Expense	\$13.10	\$13.10
Total Nonrecurring Charge Expense	\$52.67	\$13.10
Rounded to	\$53.00	\$13.00
Current Rate	\$50.00	

Reconnection Charge

	North Marshall District Updated Charge	Commission Staff Revised Charge
Field Labor at \$27.33 for 1.0 hour	\$27.33	\$0.00
Supplies	\$0.00	\$0.00
Office Labor at \$24.47 for 0.5 hours	\$12.24	\$0.00
Transportation Expense	\$20.96	\$20.96
Total Nonrecurring Charge Expense	\$60.54	\$20.96
Rounded to	\$60.50	\$21.00
Current Rate	\$50.00	

Reconnection After Hours Charge

	North Marshall District Updated Charge	Commission Staff Revised Charge
Field Labor Overtime at \$27.33 for 3.0 hour	\$81.99	\$81.99
Supplies	\$0.00	\$0.00
Office Labor at \$24.47 for 0.50 hours	\$12.24	\$0.00
Transportation Expense	\$15.72	\$15.72
Total Nonrecurring Charge Expense	\$109.95	\$97.71
Rounded to	\$110.00	\$98.00
Current Rate	\$92.00	

Returned Check Charge

	North Marshall District Updated Charge	Commission Staff Revised Charge
Field Labor	\$0.00	\$0.00
Supplies	\$0.00	\$0.00
Office Labor at \$24.47 for 0.333 hours	\$8.15	\$0.00
Transportation Expense	\$0.00	\$0.00
Bank Charge	\$15.00	\$15.00
Postage	\$0.55	\$0.55
Total Nonrecurring Charge Expense	\$33.82	\$15.55
Rounded to	\$34.00	\$15.60
Current Rate	\$25.00	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00134 DATED DEC 22 2023

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

Bi-Monthly Water Rates

<u>Meter Charge</u>		
<u>5/8- x 3/4-Inch Meter</u>	\$ 27.50	Minimum Bill
<u>1-Inch Meter</u>	\$ 38.38	Minimum Bill
<u>1 1/2-Inch Meter</u>	\$ 56.54	Minimum Bill
<u>2-Inch Meter</u>	\$ 78.37	Minimum Bill
<u>3-Inch Meter</u>	\$ 129.24	Minimum Bill
<u>4-Inch Meter</u>	\$ 201.94	Minimum Bill
<u>6-Inch Meter</u>	\$ 383.65	Minimum Bill
<u>Usage Charge</u>	0.00383	Per Gallon

**Nonrecurring Charges**

Connection/Turn-On Charge	\$5.25
Connection Charge After Hours	\$92.50
Field Collection Charge	\$5.25
Meter Box or Lid Replacement Charge	Actual Costs
Meter Re-installation Charge	\$10.50
Meter Relocation Charge	Actual Costs
Meter Reread	\$5.25
Meter Test Charge	\$13.00
Reconnection Charge	\$21.00
Reconnection Charge After Hours	\$98.00
Returned Check Charge	\$15.60
5/8 x 3/4 Meter Tap On Fee	\$1,400

\*Kimberly Smith  
North Marshall Water District  
96 Carroll Road  
Benton, KY 42025

\*Roger Colburn  
North Marshall Water District  
96 Carroll Road  
Benton, KY 42025

\*North Marshall Water District  
96 Carroll Road  
Benton, KY 42025

\*Sam Reid  
Judy Water Association, Inc.  
P. O. Box 781  
Mt. Sterling, KY 40353-0781