

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KNOX COUNTY)	CASE NO.
UTILITY COMMISSION FOR A RATE)	2023-00430
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of April 3, 2024, the attached report containing the recommendations of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's April 3, 2024 Order, Knox County Utility Commission (Knox County Commission) is required to file written comments regarding the recommendations of Commission Staff no later than 14 days from the date of service of this report. The Commission directs Knox County Commission to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED JUL 09 2024

cc: Parties of Record

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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COMMISSION STAFF'S REPORT
ON KNOX COUNTY UTILITY COMMISSION

Knox County Utility Commission (Knox County Commission) is a water utility organized pursuant to KRS Chapter 74 that owns and operates a distribution system through which it provides retail water service to approximately 2,768 residential customers, 56 commercial customers, and 55 public authorities that reside in Bell, Knox, and Whitley counties, Kentucky.¹ It also provides service to 17 wastewater customers.²

On March 18, 2024,³ Knox County Commission filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. To comply with the requirements of 807 KAR 5:076, Section 9,⁴ Knox County Commission used the calendar year ended December 31, 2022, as the basis for its application. Knox County Commission's last base rate increase pursuant to the

¹ *Annual Report of Knox County Commission to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report), at 12 and 49.

² *Annual Report (Sewer) of Knox County Commission to the Public Service Commission for the Calendar Year Ended December 31, 2022* at 25.

³ Knox County Commission tendered its application on February 27, 2024. By letters dated February 28, 2024, and March 13, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on March 18, 2024.

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.

alternative rate filing procedure was in Case No. 2020-00003.⁵ Since that matter, Knox County Commission has not adjusted its rates. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated April 3, 2024.⁶ Knox County Commission responded to two information requests from Commission Staff.⁷ Commission Staff notes that Knox County Commission responded late to both information requests. The first response was four days late and the second response was two days late. Staff also noted upon review of Knox County Commission's information that it had not filed its 2022 audit report. The Commission sent a reminder letter to Knox County Commission that this report had not been filed, and Knox County Commission responded by filing its 2022 audit report for both water and sewer service on June 18, 2024.⁸

UNACCOUNTED-FOR WATER LOSS

In its 2022 Annual Report, Knox County Commission reported a water loss of 14.2858 percent.⁹ 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.

⁵ Case No. 2020-00020, *Alternative Rate Adjustment Filing of Knox County Utility Commission* (Ky. PSC July 7, 2020).

⁶ Order (Ky. PSC Apr. 3, 2024).

⁷ Knox County Commission's Response to Commission Staff's First Request for Information (Staff's First Request) (filed May. 10, 2024); Knox County Commission's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed June 5, 2024).

⁸ 2022 Audit Report.

⁹ 2022 Annual Report at 57.

The table below shows that the 2022 total annual cost of water loss to Knox County Commission is \$55,867.

Description	Purchased			Total
	Water	Power	Chemicals	
Pro Forma Expenses	256,366	\$ 67,605	\$ 67,097	\$ 391,068
Water Loss Percent	14.2858%	14.2858%	14.2858%	14.2858%
Total Water Loss	<u>\$ 36,624</u>	<u>\$ 9,658</u>	<u>\$ 9,585</u>	<u>\$ 55,867</u>

DISCUSSION

Using its pro forma test-year operations, Knox County Commission initially requested a base rate revenue increase of \$101,572, or 6.19 percent.¹⁰ However, in response to Staff's Second Request, Knox County Commission realized it had not included the end of year adjustments in the test year amounts. When the corrections are included into the test year and the Schedule of Adjusted Operations corrected; Knox County Commission determined a corrected base rate revenue increase of \$102,127, or 6.22 percent, was necessary to achieve the revenue requirement as shown in the table below.¹¹ The difference between the initial revenue increase and the corrected revenue increase is \$555 or .546 percent, which is not a component of the noticed amount. Commission Staff does not believe this creates a material difference with the initial revenue increase.

¹⁰ Response to Commission's February 28, 2024 Notice of Deficiency (filed Mar. 12, 2024), Item 2.

¹¹ Knox County Commission's Response to Staff's Second Request, Attachments, Attachment 1, Revenue Requirement Calculation.

Description	Initial Knox County Commission	Corrected Knox County Commission
Pro Forma Operating Expenses	\$1,619,925	\$ 1,620,480
Plus: Average Annual Principal and Interest Payments	186,078	186,078
Plus: Additional Working Capital	3,000	3,000
Total Revenue Requirement	1,809,003	1,809,558
Less: Other Operating Revenue ()	(62,519)	(63,819)
Less: Non-operating Revenue ()	(1,300)	-
Less: Interest Income ()	(2,658)	(2,658)
Revenue Required from Rates	1,742,526	1,743,081
Less: Pro Forma Present Rate Service Revenues ()	(1,640,954)	(1,640,954)
Required Revenue Increase	<u>\$ 101,572</u>	<u>\$ 102,127</u>
Percentage Increase	<u>6.19%</u>	<u>6.22%</u>

To determine the reasonableness of the rates requested by Knox County Commission, Commission Staff performed a limited review of Knox County Commission’s test-year operations. The scope of Commission Staff’s review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable¹² changes to test-year operations were identified, and adjustments were made when their effects were deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

¹² Commission regulation 807 KAR 5:076, Section 9, sets the standard for the determination of the reasonableness of proposed rates and states, in pertinent part, that the test period shall be “adjusted for known and measurable changes.” See also Case No. 2001-00211, *Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 25, 2003); and Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

Commission Staff's recommendations are summarized in this report. William Foley reviewed the calculation of Knox County Commission's Overall Revenue Requirement, and Jason Green reviewed Knox County Commission's reported revenues and rate design.

SUMMARY OF RECOMMENDATIONS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Commission Staff determined that Knox County Commission's required revenue from water sales is \$1,733,313 to meet the Overall Revenue Requirement of \$1,799,790 and that a \$92,359 revenue increase, or 5.63 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. Based upon the revenue requirement, Knox County Commission proposed to increase all of its monthly retail water service rates evenly across the board. Knox County Commission stated that it has never performed a cost of service study (COSS) and it did not consider having a COSS performed in conjunction with this application filing.¹³

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. Finding no such evidence in this case, Commission Staff followed the proposed allocation methodology by Knox County Commission and allocated

¹³ Knox County Commission's Response to Staff's First Request, Item 9a and 9b.

Commission Staff's revenue increase of \$92,359 across the board to Knox County Commission's monthly retail water service rates.

The rates set forth in Appendix B to this report are based upon the revenue requirement, as calculated by Commission Staff, and will produce sufficient revenues from water sales to recover the \$1,733,313 Revenue Required from Water Sales, an approximate 5.63 percent increase. These rates will increase a typical residential customer's monthly water bill, using approximately 3,000 gallons per month, from \$41.87 to \$44.23, an increase of \$2.36, or approximately 5.63 percent.¹⁴

3. Nonrecurring Charges. Following the Commission's recent decisions,¹⁵ Commission Staff has reviewed Knox County Commission's Nonrecurring Charges. The Commission found that, because district personnel are currently paid during normal business hours, estimated labor costs previously included in determining the amount of the Nonrecurring Charges should be eliminated from the charges. Knox County Commission provided the cost justification for the nonrecurring charges.¹⁶ Commission Staff reviewed the cost justification information provided by Knox County Commission and adjusted these charges by removing Field Labor Costs and Office/Clerical Labor Costs. The breakdown of cost for each nonrecurring charge and any Commission Staff adjustment can be found in Appendix A.

¹⁴ Application, Attachment 1, Customer Notice, the typical residential customer uses approximately 3,500 gallons per month.

¹⁵ 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).

¹⁶ Knox County Commission Response to Staff's First Request, Item 12b, Item_22_Water.pdf.

Knox County Commission records nonrecurring charges in both Miscellaneous Service Revenues and Other Water Revenues.¹⁷ Late fees of \$39,237 are also reported in the Other Water Revenues. The adjustments to the Nonrecurring Charges results in a decrease to Miscellaneous Service Revenues of \$6,142 and a decrease to Other Operating Revenue of \$53, for a net decrease of \$6,195 as shown in the following table.

Description	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma
<u>Miscellaneous Service Revenues</u>					
Connection/Turn-on Charge	334	\$15.00	\$14.00	\$ (334)	\$4,676
Connection/Turn-on Charge (After Hours)	0	\$30.00	\$42.00	-	-
Re-connection Charge	363	\$30.00	\$14.00	(5,808)	5,082
Re-connection Charge (After Hours)	0	\$50.00	\$42.00	-	-
<u>Other Water Revenues</u>					
Field Collection Charge	8	\$15.00	\$14.00	(8)	112
Meter Relocation Charge	1	Actual Cost	Actual Cost	-	448
Meter Re-read Charge	0	\$15.00	\$14.00	-	-
Meter Test Charge	2	\$40.00	\$90.00	100	180
Returned Check Charge	8	\$25.00	\$7.00	(144)	56
Service Call/Investigation	1	\$15.00	\$14.00	(1)	14
Service Call/Investigation (After Hours)	0	\$25.00	\$42.00	-	-
Service Line Inspection	0	\$40.00	\$14.00	-	-
Field Apparatus Penalty	2	Estimate	Estimate	-	470
Pro Forma Test Year NRC Revenue				<u>\$ (6,195)</u>	11,038
Less: Test Year NRC Revenue ()					(17,233)
Adjustment					<u>\$ (6,195)</u>

Additionally, Knox County Commission also provided updated cost justification information for its 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge.¹⁸ Commission Staff reviewed Knox County Commission's proposal of keeping the tap-on-fees unchanged at \$800. However, the cost justification sheet showed a total connection expense of \$1,452. Commission Staff recommends increasing the tap on fees to meet

¹⁷ Knox County Commission's Response to Staff's Second Request, Exhibit_1_2022_General_Ledger_-_SAO-W_Cross_Reference_Updated_June_3_2024.xlsx, Rows 12 thru 14, and Rows 21 thru 31.

¹⁸ Knox County Commission's Response to Staff's Second Request, Attachment 6 at 35.

the expenses presented in the updated cost justification provided by Knox County Commission to avoid under recovering \$652.00 per tap fee.

PRO FORMA OPERATING STATEMENT

Knox County Commission's Pro Forma Water Operating Statement for the test year ended December 31, 2022, as determined by Commission Staff appears in the table below.

Description	Test Year	Knox County Commission's Adjustments	Commission Staff Proposed Adjustments	Total Adjustments	(Ref.)	Commission Proposed Pro Forma
Operating Revenues						
Metered Water Sales	\$ 1,540,856	\$ 100,098	\$ -	\$ 100,098	(A)	\$ 1,640,954
Total Sales of Water	1,540,856	100,098	-	100,098		1,640,954
Other Water Revenues						
Miscellaneous Service Revenues	15,930	-	(6,142)	(6,142)	(B)	9,788
Other Water Revenues	47,889	-	(53)	(53)	(B)	47,836
Total Other Water Revenues	63,819	-	(6,195)	(6,195)		57,624
Total Operating Revenues	1,604,675	100,098	(6,195)	93,903		1,698,578
Operating Expenses						
Operation and Maintenance Expenses						
Salaries and Wages - Employees	362,592	45,000	21,268	66,268	(C)	
		-	(8,640)	(8,640)	(D)	420,220
Salaries and Wages - Officers	14,400	-	-	-		14,400
Employee Benefits	145,433	-	(27,499)	(27,499)	(E)	117,934
Employee Pensions	98,380	-	(13,852)	(13,852)	(F)	84,528
Purchased Water	250,847	9,691	(4,172)	5,519	(G)	256,366
Purchased Power	67,605	-	-	-		67,605
Chemicals	67,097	-	-	-		67,097
Contractual Services	16,000	-	-	-		16,000
Contractual Services - Water Testing	10,074	-	-	-		10,074
Transportation	35,363	-	-	-		35,363
Insurance	41,429	-	-	-		41,429
Bad Debt	23,690	-	-	-		23,690
Miscellaneous Expense	162,658	-	(20,160)	(20,160)	(D)	142,498
Total Operation and Maintenance Expenses	1,295,568	54,691	(53,055)	1,636		1,297,204
Depreciation	239,386	-	5,567	5,567	(H)	
		-	394	394	(I)	245,347
Taxes Other Than Income	30,835	-	3,074	3,074	(J)	33,909
Total Operating Expenses	1,565,789	54,691	(44,020)	10,671		1,576,460
Net Operating Income	38,886	45,407	37,825	83,232		122,118
Interest and Dividend Income	2,658	-	-	-		2,658
Income Available to Service Debt	\$ 41,544	\$ 45,407	\$ 37,825	\$ 83,232		\$ 124,776

(A) Billing Analysis. Knox County Commission provided a billing analysis listing the water usage and water sales revenue for the 12-month test year in its application.¹⁹ It reported total metered water sales revenue of \$1,540,856 for the test year in its Schedule of Adjusted Operations.²⁰ Knox County Commission provided a billing analysis to calculate a normalized revenue amount based on the usage during the test year using the rates authorized in its current tariff to be \$1,640,954 and proposed an adjustment to increase test-year water sales revenue by \$100,098 to reflect the revenues from water rates generated by the billing analysis.²¹ Commission Staff notes that a portion of the increase could be the result of some nonrecurring charges being recorded as Sales of Water. Commission Staff recommends the Commission accept the adjustments because the amounts are known and measurable.

(B) Nonrecurring Charges. Knox County Commission provided the number of instances each nonrecurring charge was performed during the test period,²² as well as the cost justification sheets.²³ Commission Staff reviewed the responses, the cost justification sheets, and the general ledger. Commission Staff followed the Commission's precedent in removing field labor and office/clerical labor costs.²⁴ Using this information

¹⁹ Application, Attachment #5, Current Billing Analysis at 20.

²⁰ Knox County Commission's Response to Staff's Second Request, Attachment #2, Updated Schedule of Adjusted Operations – Water Utility at 15.

²¹ Application, Attachment #6, Proposed Billing Analysis at 22.

²² Knox County Commission's Response to Staff's First Request, Item 12a.

²³ Knox County Commission's Response to Staff's First Request, Item 12b.

²⁴ 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).

as well as the current nonrecurring charge amount listed in its current tariff, Commission Staff calculated a net test-period adjustment to revenue from Nonrecurring Charges of \$6,195. This results in a decrease to Miscellaneous Service Revenues of \$6,142 and Other Water Revenues of \$53. Therefore, Commission Staff recommends a total adjustment of \$6,195.²⁵

(C) Salaries and Wages – Employees. In its application, Knox County Commission proposed an increase to Salaries and Wages – Employees by \$45,000,²⁶ to reflect employee raises over the past two years and changes in personnel.²⁷ Knox County Commission provided the test year employee list,²⁸ test year hours worked,²⁹ current wage rates,³⁰ and a current employee list,³¹ as well as an explanation for changes to employees subsequent to the application being filed.³² Commission Staff normalized current staffing to 2,080 hours. In addition, subsequent to the test year, employees received an increase in wages.³³ Commission Staff calculated a Normalized Salaries and Wages – Employees amount of \$428,860. Commission Staff's calculated amount is an

²⁵ \$6,142 (Miscellaneous Service Revenues + \$53 (Other Water Revenues)) = \$6,195.

²⁶ Knox County Commission's Response to Staff's Second Request, Attachment 2, Schedule of Adjusted Operations – Water Utility, at 15, Adjustment C.

²⁷ Knox County Commission's Response to Staff's Second Request, Attachment 2, References, Adjustment C.

²⁸ Knox County Commission's Response to Staff's First Request, Item 3, 2022 Table.

²⁹ Knox County Commission's Response to Staff's First Request, Item 3, 2022 Table.

³⁰ Knox County Commission's Response to Staff's First Request, Item 3, 2024 Projected Table.

³¹ Knox County Commission's Response to Staff's First Request, Item 3, 2024 Projected Table.

³² Knox County Commission's Response to Staff's Second Request, Item 6a and 6b.

³³ Knox County Commission's Response to Staff's First Request, Item 3.

increase of \$66,268, which is \$21,268 more than Knox County Commission’s proposed \$45,000 increase, as shown in the following table.

Job Title	Total Hours	Test Year (decimals omitted for hour and wage totals)						Total
		Current Regular Wages	Test Year Normal Hours	Regular Wages	Test Year Overtime	Overtime Wages	Test Year Overtime Pay	
Office Manager	2,177	\$27.46	2,080	\$ 57,117	97.00	\$41.19	\$ 3,995	\$ 61,112
Superintendent	3,430	Salary	3,265	73,944	-	\$0.00	-	73,944
Backhoe Operator	2,209	\$25.05	2,080	52,104	128.50	\$37.58	4,828	56,932
Distribution Laborer	2,109	\$20.55	2,064	42,415	44.50	\$30.83	1,372	43,787
Plant Operator	2,375	\$22.55	2,116	47,716	258.50	\$33.83	8,744	56,460
Distribution Laborer	2,307	\$19.55	2,077	40,596	230.00	\$29.33	6,745	47,340
Office Clerk (Part Time)	410	\$14.00	410	5,745	-	\$21.00	-	5,745
Office Clerk (Part Time)	410	\$14.00	410	5,745	-	\$21.00	-	5,745
Plant Operator	2,186	\$17.00	2,080	35,360	106.00	\$25.50	2,703	38,063
Plant Operator	2,464	\$15.00	2,093	31,395	370.50	\$22.50	8,336	39,731
Totals	<u>20,075</u>		<u>18,675</u>	<u>\$ 392,137</u>	<u>1,235.00</u>		<u>\$ 36,723</u>	<u>\$ 428,860</u>
Less: Test Year Salaries and Wages								(362,592)
Salaries and Wages Adjustment								66,268
Less: Proposed Salaries and Wages Adjustment								(45,000)
Commission Staff's Adjustment								<u>\$ 21,268</u>

(D) Expenses Related to Meter Installations. The Uniform System of Accounts for Class A/B Water Systems (USoA) requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.³⁴ During the test year, Knox County Commission installed 36 new water connections³⁵ and therefore collected \$28,800.³⁶ Knox County Commission records the Materials and Supplies used for new tap installations as part of the Miscellaneous sub-expense 00521-0000 Distribution.³⁷ Therefore, Commission Staff decreased Salaries and Wages – Employee by \$8,640, and decreased Miscellaneous Expense by \$20,160, as shown in the following table.

³⁴ USoA, Accounting Instruction 19 and 33.

³⁵ Knox County Commission’s Response to Staff’s First Request, Item 8a.

³⁶ 36 Taps Installs * Tariff Tap Fee \$800 = \$28,800.

³⁷ Knox County Commission’s Response to Staff’s First Request, Item 8c.

Description	Salaries and Wages	
	Employees	Distribution
Tap Fees Collected	\$ 28,800	\$ 28,800
Times: Allocation Percent	30%	70%
Proposed Adjustment ()	\$ (8,640)	\$ (20,160)

(E) Employee Benefits – Insurance Premiums. In its application, Knox County Commission reported \$243,813³⁸ for Employee Pensions and Benefits. Of this amount, \$145,433 is for medical benefits and disability insurance, and \$98,380 is for pension.³⁹ Knox County Commission currently withholds approximately 9.39 percent for single coverage premiums and approximately 29.70 percent for couples and family insurance premiums. Knox County Commission contributes the remaining 90.61 percent for single coverage premiums and 70.30 percent for couples and family insurance premiums,⁴⁰ as shown in the following table.

³⁸ Knox County Commission’s Response to Staff’s Second Request, Attachment 2, Schedule of Adjusted Operations – Water Utility, at 15.

³⁹ Knox County Commission’s Response to Staff’s Second Request, Item 2m, EXHIBIT_6_2022_Trial_Balance_after_adjustments.xls. Accounts 00512-0000 Health Insurance \$140,559 and 00514-0000 Disability Insurance \$4,874 represent medical benefits. Accounts 00510-0000 Retirement Expense, net of \$30,130 credit for GASB 68 and GASB 75 adjustments represents retirement expense.

⁴⁰ Knox County Commission’s Supplement to Staff’s First Request (filed June 24, 2024), Item 4, Supplement_to_DR1_4.pdf.

Insurance Type	Plan	Medical (Employer) Contribution	Percentage	Medical (Employee) Contribution	Percentage	Admin Provider Fee	Total
LivingWell PPO	Single	\$ 859.90	90.61%	\$ 89.14	9.39%	\$ 8.00	\$ 957.04
LivingWell PPO	Single	859.90	90.61%	89.14	9.39%	8.00	957
LivingWell PPO	Couple	1,409.86	71.15%	571.76	28.85%	8.00	1,990
LivingWell PPO	Couple	1,409.86	71.15%	571.76	28.85%	8.00	1,990
LivingWell PPO	Single	859.90	90.61%	89.14	9.39%	8.00	957
LivingWell PPO	Couple	1,409.86	71.15%	571.76	28.85%	8.00	1,990
LivingWell PPO	Couple	1,409.86	71.15%	571.76	28.85%	8.00	1,990
LivingWell PPO	Family	1,469.14	67.21%	716.64	32.79%	8.00	2,194
Total	8	\$ 9,688	77.95%	\$ 3,271	25.24%	\$ 64	\$ 13,023

The Commission continues to review 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 ruled that if the employee contribution percentage is less than 12 percent, it would adjust the contribution percentage to the national average.⁴¹ Since the current 9.39 percent single contribution rate is less than the 12 percent minimum recommended employee contribution amount, Commission Staff reduced Knox County Commission's contribution amount to single health insurance premiums to align with the 21 percent national average.⁴² Additionally, the determination is based on each coverage class, not in aggregate.⁴³ However, because the 29.7 percent current contribution amount for couples

⁴¹ Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019), Order at 9.

⁴² Bureau of Labor Statistics, *Healthcare Benefits*, March 2023, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁴³ See Case No. 2022-00161, *Electronic Application of Northern Kentucky Water District for an Adjustment of Rates; Issuance of Bonds; Financing; and Tariff Revisions* (Ky. PSC Mar. 16, 2023), Order at 6. "The Commission clarifies that the 12 percent threshold applies to each class individually, and that all classes are to be adjusted if any class's contribution is below 12 percent."

and families is greater than the minimum recommended percentage and is reasonably close to the BLS average of 33 percent, Commission Staff recommends the Commission accept Knox County Commission's contribution rate for couples and family insurance premiums, as shown in the table below. Knox County Commission provided the most recent copy of its health invoices.⁴⁴ Accordingly, utilizing the most recent invoice amounts, Commission Staff calculated a total annual pro forma premium amount of \$113,060 which is \$27,499 less than the test year, as shown in the following table.

Coverage Type / Descr	Number of Employees	Gross Cost	Average Employee Contribution Rate	Monthly Employee Contribution Adjustment	Pro Forma
Single	3	\$ 2,847	21.00%	\$ (598)	\$ 2,249
Couple / Family (actual percent)	5	10,112	29.70%	(3,004)	7,109
Admin Provider Fee		64		-	64
Total Pro Forma Monthly Premium	8	\$ 13,023		\$ (3,602)	\$ 9,422
Times: 12 Months		12		12	12
Total Annual Pro Forma Premium		\$ 156,281		\$ (43,220)	113,060
Plus: Disability Insurance					4,874
Total Employee Benefits					117,934
Less: Test Year Net Cost ()					(145,433)
Commission Staff Adjustment					\$ (27,499)

Commission Staff recommends the Commission accept Commission Staff's \$27,499 decrease to Employee Benefits, which reflects the reduction of employer insurance contributions to the BLS average level for single health insurance and Knox County Commission's current couples and family's contribution levels.

(F) Employee Pensions – County Employee Retirement System (CERS).

During the test year, Knox County Commission reported Retirement Expenses of

⁴⁴ Knox County Commission's Supplement to Staff's First Request, Item 4, Supplement_to_DR1_4.pdf.

\$128,509⁴⁵ but excluded \$30,130 from the test year to remove the excess of Pension and OPEB Expense over the contribution amount,⁴⁶ for a net of \$98,380. Knox County Commission participates in the CERS, which is administered by the Kentucky Public Pensions Authority (KPPA).⁴⁷ As discussed in Adjustment (C), Commission Staff calculated a normalized Salaries and Wages – Employees’ expense of \$428,860. In addition, on December 4, 2023, the CERS Board approved a contribution rate for non-hazardous employees of 19.71 percent for the 2025 state fiscal year that begins July 1, 2024.⁴⁸ Using the full time Salaries and Wages – Employees, of \$428,860 and the most recent contribution rate, Commission Staff calculated a CERS contribution of \$84,528, which is a decrease of \$13,852 to Knox County Commission’s test year pension contribution amount of \$98,380, as shown in the following table.

Decription	Commission Adjustment
Salaries and Wages - Employees	\$ 428,860
Multiplied by: Current CERS Contribution Rate	19.71%
CERS Retirement- Employer Expense	84,528
Less: Test Year Pension Expense ()	(98,380)
Employee Pensions and Benefits Adjustment	<u>\$ (13,852)</u>

⁴⁵ Knox County Commission’s Response to Staff’s Second Request, Item 2m, Exhibit_6_2022_Trial_Balance_after_adjustments.xls.

⁴⁶ Knox County Commission’s Response to Staff’s Second Request, Exhibit_1_2022_General_Ledger_-_SAO-W_Cross_Reference_Updated_June_3_2024.xlsx, Cell E51.

⁴⁷ Knox County Commission’s Response to Staff’s First Request, Item 4, Exhibit 5.

⁴⁸ December 4, 2023 CERS Board Meeting Minutes.pdf (ky.gov).

(G) Normalize Purchased Water Expense. Knox County Commission proposed to increase Purchased Power Expense by \$9,691,⁴⁹ to reflect an increase in the wholesale rate for water purchased from the City of Pineville.⁵⁰ Knox County Commission calculated the adjustment by multiplying the test year gallons purchased of 15,871,000 at the test year rate of \$2.96 for a total of \$46,978.⁵¹ Knox County Commission then calculated the projected 2024 gallons purchased of 18,399,000 at the current rate of \$3.08 for a total of \$56,669.⁵² Knox County Commission then calculated the difference between the two and determined the adjustment of \$9,691.

Commission Staff disagrees with this methodology, by using the projected 2024 gallons purchased Knox County Commission is not performing a direct comparison to the test year purchased water expense. The amount used in the second part of that calculation by Knox County Commission is speculative and not known and measurable. It is also outside of the test year. Instead, Commission Staff calculated Purchased Water Expense using the test year gallons purchased,⁵³ at the current wholesale rates,⁵⁴ and determined a Purchased Water Expense of \$256,365. Therefore, Commission Staff proposed an adjustment to increase Purchased Water Expense by \$5,519, which \$4,172 less than proposed by Knox County Commission, as shown in the following table.

⁴⁹ Knox County Commission's Response to Staff's Second Request, Attachment 2, Schedule of Adjusted Operations, at 15, Adjustment C.

⁵⁰ Knox County Commission's Response to Staff's Second Request, Attachment 2, References, Adjustment C.

⁵¹ Knox County Commission's Response to Staff's First Request, Item 2d.

⁵² Knox County Commission's Response to Staff's First Request, Item 2d.

⁵³ Knox County Commission's Response to Staff's Second Request, Item 15.

⁵⁴ Knox County Commission's Response to Staff's Second Request, Item 15.

Period	Test Year Gallons Purchased	Current Cost per Gallon	Monthly Service Charges	Total
Barbonville Utility Commission				
Artemus	2,642,900	\$0.00279	\$ 44	\$ 7,906
Bimble	319,640	0.00279	23	1,166
Pineville Water	15,871,000	0.00308		48,883
Corbin Utilities Commission	89,914,000	0.00220	50	198,411
Total	108,747,540			256,366
Less: Test Year Purchased Water ()				(250,847)
Purchased Water Adjustment				5,519
Less: Knox Water Commission Proposed Adjustment ()				(9,691)
Commission Staff's Proposed Adjustment				<u>\$ (4,172)</u>

(H) Depreciation Expense. During the test year, Knox County Commission reported Depreciation Expense as \$239,386.⁵⁵ 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 Water Utilities* (NARUC Study), published in 1979.⁵⁶ When no evidence exists to support a specific life that is outside the NARUC ranges, the Commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant. Upon examination, Commission Staff calculated a pro forma depreciation expense of \$244,953. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. However, Commission Staff did identify certain assets that were capitalized during 2022 that only reflected a half

⁵⁵ Application, Attachment 4, Schedule of Adjusted Operations – Water Utility, at 15. Also, Knox County Commission’s response to Staff’s Second Request, Attachment 2, Schedule of Adjusted Operations – Water Utility, at 15.

⁵⁶ Application, Adjusted Operations, References, Water Division, Adjustment G.

year depreciation. Commission Staff increased pro forma depreciation by \$5,567 to reflect full year amounts.

Categories	Service Life Range	Test Year Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Group 157: - Land	N/A	\$ -	\$ -	\$ -
Group 165: Structures & Impr	35 - 40	5,553	(43)	5,510
Group 170: Office Furniture	20 -25	3,965	(3,071)	894
Group 172: Other Equipment	15 - 20	8,463	(426)	8,037
Group 175: Pumping Equipment	20	11,801	(1,163)	10,637
Group 180: Meters & Installs	35 - 45	12,943	865	13,808
Group 181: Trans & Dist Mains	50 - 75	153,802	-	153,802
Group 182: New Service	30 - 40	10,311	466	10,777
Group 183: Hydrants	40 - 60	871	97	968
Group 184: Tanks	30 - 60	21,569	-	21,569
Group 185: Transportation Equipment	7	10,109	8,842	18,951
Total		<u>\$ 239,386</u>	5,567	244,953
Less: Reported Test year Depreciation Expense ()				(239,386)
Depreciation Expense Adjustment				<u>\$ 5,567</u>

(l) Capitalization of Water Tap Labor. As explained in Adjustment (D) 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. Knox County Commission confirmed that it has already capitalized \$6,602 for labor costs⁵⁷ and \$12,044 for materials cost.⁵⁸ Therefore, Commission Staff calculated the annual depreciation amount for the test year and increased depreciation expense to account for the additional Tap Fee Labor Expense of \$203 and \$191 for the remaining Tap Fee Material Expense, for a total increase of \$394 as shown below:

⁵⁷ Knox County Commission's Response to Staff's First Request, Item 8b.

⁵⁸ Knox County Commission's Response to Staff's First Request, Item 8c.

Description	Labor Expense	
	Amount	Materials
Test Year Water Connections Labor Expense	\$ 8,640	\$ 20,160
Less: Expense Already Capitalized ()	(6,602)	(12,044)
Total Amount Capitalized	2,038	8,116
Divided by: NARUC Proposed Service Lives	42.5	42.5
Pro Forma Depreciation Adjustment	\$ 203	191
Total Capitalized Expense increase		\$ 394

(J) Taxes other than Income – Payroll Taxes. During the test year, Knox County Commission reported \$30,835 in Taxes Other Than Income.⁵⁹ However, as explained in Adjustment (E) above, Commission Staff calculated pro forma Salaries and Wages – Employees of \$428,860 and Knox County Commission reported Salaries and Wages – Officers of \$14,400.⁶⁰ Therefore, Commission Staff calculated an increase to Taxes Other Than Income of \$33,909; which is an increase of \$3,074, as shown in the following table.

Description	Commission Staff Adjustment
Salaries and Wages - Employees	\$ 428,860
Salaries and Wages - Officers	14,400
Total Pro Forma Salaries	443,260
Times: 7.65 Percent FICA Rate	7.65%
Total Pro Forma Taxes Other Than Income	33,909
Adjusted Test Year Taxes Other Than Income ()	(30,835)
Payroll Tax Adjustment	\$ 3,074

⁵⁹ Knox County Commission's Response to Staff's Second Request, Item 2m, EXHIBIT_6_2022_Trial_Balance_after_adjustments.xls, Cell L168.

⁶⁰ Knox County Commission's Response to Staff's Second Request, Item 2m, EXHIBIT_6_2022_Trial_Balance_after_adjustments.xls, Cell L166.

OVERALL REVENUE REQUIREMENT

The Commission has historically applied a Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations.⁶¹ 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 capital;⁶² (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	Revised Knox County Commission	Commission Staff
Pro Forma Operating Expenses	\$ 1,620,480	\$ 1,576,460
Plus: Average Annual Principal and Interest Payments	186,078	186,108
Plus: Additional Working Capital	3,000	37,222
Total Revenue Requirement	1,809,558	1,799,790
Less: Other Operating Revenue ()	(63,819)	(62,519)
Less: Non-operating Revenue ()	-	(1,300)
Less: Interest Income ()	(2,658)	(2,658)
Revenue Required from Rates	1,743,081	1,733,313
Less: Pro Forma Present Rate Service Revenues ()	(1,640,954)	(1,640,954)
Required Revenue Increase	\$ 102,127	\$ 92,359
Percentage Increase	6.22%	5.63%

⁶¹ Case No. 2022-00124, *Electronic Application of Elkhorn Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2022). Case No. 2021-00475, *Electronic Application of Carroll County Water District #1 for an Adjustment of Rates Pursuant to 807 KAR 5:076* (Ky. PSC June 28, 2022).

⁶² 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).

1. Average Annual Principal and Interest Payments. At the time of Commission Staff's review, Knox County Commission had one Kentucky Rural Water Finance Corporation (KRWFC) Revenue Bonds Series 2015B,⁶³ and one Kentucky Infrastructure Authority (KIA) loan.⁶⁴ In its application, Knox County Commission requested recovery of the average annual principal and interest on its indebtedness based on an average of the annual principal, and interest and fee payments for the three years following the test year, which is 2024 through 2026.⁶⁵ However, because the statutory date for a final Order to be issued in this proceeding is January 18, 2025, the 2024 debt service payments will be recovered through Knox County Commission's existing rates. Therefore, only the debt service payments that will be made after the new rates are placed into effect should be considered in determining Knox County Commission's Annual Principal and Interest Expense. Commission Staff calculated the average annual principal and interest on a five-year average for the years 2025 through 2027. As shown below, Commission Staff calculated an Average Principal and Interest expense of \$186,108.

⁶³ Case No. 2014-00442, *Application of Knox County Utility Commission to Issue Securities in the Approximate Principal Amount of \$2,490,000 for the Purpose of Refunding Certain Outstanding Revenue Bonds of the District Pursuant to the Provisions of KRS 278.300 And 807 KAR 5:001*, (Ky. PSC Jan. 14, 2015).

⁶⁴ Case No. 2023-00003, *Electronic Application of Knox County Utility Commission for Authorization to Execute an Assistance Agreement with the Kentucky Infrastructure Authority and for a Certificate of Public Convenience and Necessity to Construct the Barbourville Connection-Ky 225 Project* (Ky. PSC Mar. 24, 2023).

⁶⁵ Response to Commissions March 13, 2024 Notice of Deficiency (filed Mar. 18, 2024), *Case_No_2023-00430_NOD_Response.pdf*, Item 2. Also, Application, Revenue Requirements Calculation, Table A, Debt Service Schedule.

Description	2025		2026		2027		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
Series 2015B	\$100,000	\$55,538	\$105,000	\$52,206	\$105,000	\$48,794	\$466,538
F22-017 (KIA)	29,232	1,364	29,305	1,291	29,378	1,217	\$91,786
Total	<u>\$129,232</u>	<u>\$56,901</u>	<u>\$134,305</u>	<u>\$53,497</u>	<u>\$134,378</u>	<u>\$50,011</u>	558,324
Divided by: 3 years							3
Average Annual Debt Principal and Interest Payments							<u>\$186,108</u>

Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In its application, Knox County Commission requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments for its bonds at the time of its application for a total of \$3,000.⁶⁶ Following the Commission's historic practice,⁶⁷ Commission Staff agrees with Knox County Commission's methodology. However, Commission Staff calculated a different amount, calculating the additional working capital equal to 120 percent of its average annual debt payments for its outstanding debt issuances at the time of its application for a total of \$37,222 as shown in the following table:

Average Annual Principal and Interest	\$ 186,108
Times: DSC Coverage Ratio	120%
Total Net Revenues Required	<u>223,330</u>
Less: Average Annual Principal and Interest Payments ()	(186,108)
Additional Working Capital	<u>\$ 37,222</u>

⁶⁶ Response to Commissions March 13, 2024 Notice of Deficiency, Item 2.

⁶⁷ Case No. 2022-00431, *Electronic Application of Letcher County Water and Sewer District for a Rate Adjustment Pursuant To 807 KAR 5:076* (Ky. PSC Nov. 17, 2023). Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. For An Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024). Case No. 2023-00182, *Electronic Application of Western Mason County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Jan. 4, 2024).

Signatures

/s/ William M. Foley

Prepared by: William Foley
Revenue Requirement Branch
Division of Financial Analysis

/s/ Jason Green

Prepared by: Jason Green
Rate Design Branch
Division of Financial Analysis

/s/ Manuel Jerez Tamayo

Prepared by: Manuel Jerez Tamayo
Rate Design Branch
Division of Financial Analysis

APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00430 DATED JUL 09 2024

Staff's Total Revised Charge is rounded to the nearest dollar.

* Denotes Rounding

Nonrecurring Charges Adjustments

	Connection/Turn-on Charge Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@18.95/hour average)	\$18.95	\$0.00
Office Supplies	\$1.20	\$1.20
Office Labor	\$18.98	\$0.00
Transportation (2 times 14 miles @.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	\$51.73	\$14.00
Current Rate	\$15.00	

	Connection/Turn-on Charge (After Hours) Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@28.43/hour average)	\$28.43	\$28.43
Office Supplies	\$1.20	\$1.20
Office Labor	\$28.47	\$0.00
Transportation (2 times 14 miles@.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	\$70.70	\$42.00
Current Rate	\$30.00	

	Field Collection Charge Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@ 18.95/hour average)	\$18.95	\$0.00
Office Supplies	\$1.20	\$1.20

Office Labor	\$18.98	\$0.00
Transportation (2 times 14 miles @.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$51.73</u>	<u>\$14.00</u>
Current Rate	\$15.00	

Meter Relocation Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (3 empl 4 hours@18.95/hour average)	\$0.00	\$0.00
Office Supplies	\$0.00	\$0.00
Office Labor	\$0.00	\$0.00
Transportation (2 times 14 miles @.45/mile)	\$0.00	\$0.00
Misc. (Backhoe 4 hours@100/hour)	\$0.00	\$0.00
Total Revised Charge*	<u>\$0.00</u>	<u>\$0.00</u>
Current Rate	Actual Charge	Actual Charge

Meter Re-read Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@ 18.95/hour average)	\$18.95	\$0.00
Office Supplies	\$1.20	\$1.20
Office Labor	\$18.98	\$0.00
Transportation (2 times 14 miles @.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$51.73</u>	<u>\$14.00</u>
Current Rate	\$15.00	

Meter Test Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@ 18.95/hour average)	\$18.95	\$0.00
Office Supplies	\$1.20	\$1.20
Office Labor	\$18.98	\$0.00
Transportation (2 times 14 miles @.45/mile)	\$12.60	\$12.60
Misc.(Shipping / Citgo Water-Meter Test Fee)	\$76.13	\$76.13
Total Revised Charge*	<u>\$127.86</u>	<u>\$90.00</u>

Current Rate \$40.00

Re-connection Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@18.95/hour average)	\$18.95	\$0.00
Office Supplies	\$1.20	\$1.20
Office Labor	\$18.98	\$0.00
Transportation (2 times 14 miles@.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$51.73</u>	<u>\$14.00</u>
Current Rate	\$30.00	

Re-connection Charge (After Hours)		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@28.43/hour average)	\$28.43	\$28.43
Office Supplies	\$1.20	\$1.20
Office Labor	\$28.47	\$0.00
Transportation (2 times 14 miles@.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$70.70</u>	<u>\$42.00</u>
Current Rate	\$50.00	

Returned Check Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor	\$0.00	\$0.00
Office Supplies	\$2.08	\$2.08
Office Labor	\$18.98	\$0.00
Transportation (2 times 5 miles@.45/mile)	\$4.50	\$4.50
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$25.56</u>	<u>\$7.00</u>
Current Rate	\$25.00	

Service Call/Investigation		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00

Field Labor (1 hour round trip@18.95/hour average)	\$18.95	\$0.00
Office Supplies	\$1.20	\$1.20
Office Labor	\$18.98	\$0.00
Transportation (2 times 14 miles@.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$51.73</u>	<u>\$14.00</u>
Current Rate	\$15.00	

Service Call/Investigation (After Hours)

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@28.43/hour average)	\$28.43	\$28.43
Office Supplies	\$1.20	\$1.20
Office Labor	\$28.47	\$0.00
Transportation (2 times 14 miles@.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$70.70</u>	<u>\$42.00</u>
Current Rate	\$25.00	

Service Line Inspection

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1 hour round trip@18.95/hour average)	\$18.95	\$0.00
Office Supplies	\$1.20	\$1.20
Office Labor	\$18.98	\$0.00
Transportation (2 times 14 miles@.45/mile)	\$12.60	\$12.60
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$51.73</u>	<u>\$14.00</u>
Current Rate	\$40.00	

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00430 DATED JUL 09 2024

The following rates and charges are recommended by Commission Staff based on the adjustments in Commission Staff's Report for the customers in the area served by Knox County Commission. All other rates and charges not specifically mentioned herein are recommended to remain the same as those in effect under the authority of the Commission.

Monthly Service Rates

5/8- x 3/4-Inch Meter

First 1,000 Gallons	\$22.26	Minimum Bill
Over 1,000 Gallons	\$0.00879	Per Gallon

1-Inch Meter

First 5,000 Gallons	\$57.42	Minimum Bill
Over 5,000 Gallons	\$0.00879	Per Gallon

2-Inch Meter

First 20,000 Gallons	\$189.28	Minimum Bill
Over 20,000 Gallons	\$0.00879	Per Gallon

3-Inch Meter

First 30,000 Gallons	\$277.19	Minimum Bill
Over 30,000 Gallons	\$0.00879	Per Gallon

4-Inch Meter

First 50,000 Gallons	\$453.00	Minimum Bill
Over 50,000 Gallons	\$0.00879	Per Gallon

Nonrecurring Charges

Connection/Turn-on Charge	\$14.00
Connection/Turn-on Charge (After Hours)	\$42.00
Re-connection Charge	\$14.00
Re-connection Charge (After Hours)	\$42.00
Field Collection Charge	\$14.00
Meter Re-read Charge	\$14.00
Meter Test Charge	\$90.00
Returned Check Charge	\$7.00
Service Call/Investigation	\$14.00
Service Call/Investigation (After Hours)	\$42.00
Service Line Inspection	\$14.00

Meter Connection/ Tap-On Charges

5/8" X 3/4"	\$ 1,452
All Larger Meters	Actual Cost

*Knox County Utility Commission
1905 Highway 930
Barbourville, KY 40906

*Michelle Stewart
Knox County Utility Commission
P. O. Box 1630
Barbourville, KY 40906

*Mr. Kenneth Taylor
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452 Versailles Road
Frankfort, KENTUCKY 40602