

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LEVEE ROAD)	CASE NO.
WATER ASSOCIATION, INC. FOR A RATE)	2024-00067
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 May 20, 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 May 20, 2024 Order, Levee Road Water Association (Levee Road Water) 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 Levee Road Water 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 AUG 28 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 LEVEE ROAD WATER ASSOCIATION

Levee Road Water Association (Levee Road Water) is a water utility organized pursuant to KRS Chapter 273 that owns and operates a distribution system through which it provides retail water service to approximately 877 residential customers and 12 commercial customers that reside in Montgomery County, Kentucky.¹

On May 1, 2024,² Levee Road Water 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 9,³ Levee Road Water used the calendar year ended December 31, 2022, as the basis for its application.⁴ The application was filed pursuant to the Commission's Order in Case No. 2021-00015 which required

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

² Levee Road Water tendered its application on April 11, 2024. By letter dated April 18, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on May 1, 2024.

³ 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.

⁴ By Order dated May 1, 2024, the Commission granted Levee Road Water a deviation 807 KAR 5:076 Section 9. Levee Road Water had not filed its 2023 Annual Report at that time and had requested an extension to do so at a later date.

Levee Road Water to file an application for an adjustment of its base rates by June 24, 2022.⁵ Levee Road Water did not request an extension to file its application late. Levee Road Water's last base rate increase pursuant to the alternative rate filing procedure was in Case No. 1992-00007.⁶ Since that matter, Levee Road Water has only adjusted its rates pursuant to purchased water adjustments. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated May 20, 2024. Levee Road Water responded to two requests for information from Commission Staff and provided a supplemental response on July 30, 2024.⁷

UNACCOUNTED-FOR WATER LOSS

Commission Staff notes that in its 2022 Annual Report, Levee Road Water reported a water loss of 19.8917 percent.⁸ 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. Levee Road Water purchases its water from Mount Sterling Water and Sewer Commission.⁹ The table below shows that the 2022 total annual cost of water

⁵ Case No. 2021-00015, *Electronic Application of Levee Road Water Association, Inc. 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 Jun. 24, 2021), ordering paragraph 1.

⁶ Case No. 1992-00007, *The Application of Levee Road Water Association for Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities*, (Ky. PSC Jul. 10, 1992).

⁷Levee Road Water's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Jun. 19, 2024). Levee Road Water's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Jul. 17, 2024). Supplemental filings with additional information were made on July 30, 2024.

⁸ 2022 Annual Report at 57.

⁹ 2022 Annual Report at 57.

loss to Levee Road Water is \$44,914, while the annual cost of water loss in excess of 15 percent is \$11,045.

Description	Purchased Water	Purchased Power	Total
Pro Forma Expenses	\$ 219,627	\$ 6,162	\$ 225,789
Multiply by: Total Water Loss Percent	19.8917%	19.8917%	19.8917%
Total Cost of Water Loss	\$ 43,688	\$ 1,226	\$ 44,914

Description	Purchased Water	Purchased Power	Total
Pro Forma Expenses	\$ 219,627	\$ 6,162	\$ 225,789
Multiply by: Water Loss in Excess of 15 Percent	4.8917%	4.8917%	4.8917%
Cost of Excess Water Loss	\$ 10,744	\$ 301	\$ 11,045

DISCUSSION

Using its pro forma test-year operations, Levee Road Water determined that a base rate revenue increase of \$61,588, or 14.13 percent, is necessary to achieve the revenue requirement as shown in the table below.¹⁰ Levee Road Water proposed utilizing the Operating Ratio method to determine the revenue requirement, which is discussed in the next section.¹¹ The rates requested by Levee Road Water would increase the residential monthly bill of a typical residential customer using 4,000 gallons per month by \$5.54, from \$39.25 to \$44.79, or approximately 14.13 percent.¹²

¹⁰ Application, Attachment 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Revenue Requirements Table.

¹¹ Application, Attachment 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Revenue Requirements Table.

¹² Application, Attachment 1, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Customer Notice.

Description	Levee Road Water
Pro Forma Operating Expenses	\$ 434,750
Divided by: 88 Percent Operating Ratio	88%
Plus: Average Interest Expense	7,199
Overall Revenue Requirement	<u>501,233</u>
Less: Other Operating Revenue	(3,607)
Interest Income	(54)
Revenue Required from Rates	<u>497,572</u>
Less: Revenue from Sales at Present Rates	(435,984)
Required Revenue Increase	<u><u>61,588</u></u>
Percentage Increase	<u><u>14.13%</u></u>

To determine the reasonableness of the rates requested by Levee Road Water, Commission Staff performed a limited review of Levee Road Water’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 measurable¹³ 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.

Commission Staff’s recommendations are summarized in this report. William Foley reviewed the calculation of Levee Road Water’s Overall Revenue Requirement,

¹³ 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).

and Elizabeth Stefanski reviewed Levee Road Water's reported revenues and rate design.

SUMMARY OF FINDINGS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Operating Ratio (OR) method, as generally accepted by the Commission, Commission Staff determined that Levee Road Water's required revenue from water sales is \$494,766 to meet the Total Revenue Requirement of \$495,429 and that a \$58,782 revenue increase, or 13.48 percent, to pro forma present rate revenues is calculated to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. Based upon the revenue requirement, Levee Road Water proposed to increase all of its monthly retail water service rates evenly across the board by approximately 14.13 percent. Levee Road Water is unaware of a cost-of-service study (COSS) being performed, and it did not anticipate having a COSS performed in conjunction with this application filing.¹⁴

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.¹⁵ Finding no such evidence in this case, Commission Staff

¹⁴ Levee Road Water's Response to Commission Staff's First Request, Item 12a, 12b, and 12d.

¹⁵ Case No. 2023-00299, *Electronic Application of Magoffin County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 24, 2024); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 5, 2024); Case No. 2023-00258, *Electronic Application of Kirksville Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

followed the proposed allocation methodology by Levee Road Water and allocated Commission Staff's revenue increase of \$58,782 across the board to Levee Road Water's monthly retail water service rates.

The recommended 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 \$494,766 Revenue Required from Water Sales, an approximate 13.48 percent increase. These rates will increase a typical residential customer's monthly water bill, using approximately 4,000 gallons per month, from \$39.25 to \$44.54, an increase of \$5.29, or approximately 13.48 percent.¹⁶

3. Nonrecurring Charges and Meter Tap Fees. Following the Commission's recent decisions, Commission Staff has reviewed Levee Road Water's Nonrecurring Charges. The Commission has found that because district personnel are currently paid during normal business hours, estimated labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated from the charges.¹⁷ Levee Road Water provided updated cost justification information for the Nonrecurring Charges¹⁸ and Meter Tap charges.¹⁹ The expenses for the installation of the 5/8-inch x

¹⁶ Application, Attachment 1, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Customer Notice, the typical residential customer uses approximately 4,000 gallons per month.

¹⁷Case No. 2023-00299, *Electronic Application of Magoffin County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 24, 2024); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 5, 2024); Case No. 2023-00258, *Electronic Application of Kirksville Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00220, *Electronic Application of East Casey County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 21, 2024).

¹⁸ Levee Road Water's Response to Commission Staff's First Request, Item 15_a_LRWA_NRC_cost_justification.pdf.

¹⁹ Levee Road Water's Response to Commission Staff's First Request, Item 15_b_LRWA_tapfee_cost_just.pdf.

3/4-inch meter tap calculated to a total of \$1,285.32,²⁰ which is higher than the current tariff rate of \$1,070. Commission Staff recommends increasing the Tap-On Fee, even though Levee Road Water did not propose an increase to Tap-On Fees, the higher rate results in fair, just and reasonable rates as supported by the cost justification sheets. Commission Staff reviewed the cost justification information provided by Levee Road Water and adjusted these charges by removing the Field Labor Costs and the Office/Clerical Labor Costs from those charges that occur during normal business hours. Commission Staff also removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor is typically performed during normal business hours. The calculation of these adjustments to the Nonrecurring Charges are included in a table provided in Appendix A. Commission Staff's proposed nonrecurring charges and Tap-On Fee are listed below:

Nonrecurring Charges

	<u>Current Charge</u>	<u>Revised Charge</u>
Meter Turn-On	\$10	\$9
Meter Test Request	\$70	\$10
Disconnection Charge	\$18	\$9
Reconnection Charge	\$18	\$9
Reconnection Charge (After Hours)	\$40	\$59
Service Call/Investigation	\$18	\$9
Service Call/Investigation (After Hours)	\$40	\$59
Returned Check Fee	\$20	\$3
5/8-inch x 3/4-inch Meter Tap On	\$1,070	\$1,285
All other meters		actual cost

²⁰ Levee Road Water's Response to Commission Staff's First Request, Item 15_b_LRWA_tapfee_cost_just.pdf.

PRO FORMA OPERATING STATEMENT

Levee Road Water's Pro Forma Operating Statement for the test year ended

December 31, 2022, as determined by Commission Staff appears in the table below.

Description	Test Year	Levee Road Water Proposed Adjustments	Commission Staff's Proposed Adjustments	Total Proposed Adjustments	(Ref.)	Commission Staff's Pro Forma
Operating Revenues						
Total Metered Retail Sales	\$ 444,032	\$ (8,048)	\$ 9,910	\$ 1,862	(A)	\$ 445,894
Other Water Revenues:						
Forfeited Discounts		-	9,911	9,911	(B)	9,911
Other Water Revenues	3,607		(2,998)	(2,998)	(C)	609
Total Operating Revenues	447,639.00	(8,048.00)	16,823.00	8,775.00		456,414.00
Operating Expenses						
Operation and Maintenance						
Salaries and Wages - Employees	40,038	7,854	-	7,854	(D)	47,892
Salaries and Wages - Officers	12,350	-	-	-		12,350
Employee Pensions and Benefits	427		(427)	(427)	(E)	-
Purchased Water	196,648	22,979	-	22,979	(F)	
		(9,619)	(1,125)	(10,744)	(H)	208,883
Purchased Power	-	6,162	-	6,162	(G)	
		(301)	-	(301)	(H)	5,861
Materials and Supplies	3,434	12,563	-	12,563	(I)	
		(6,741)	-	(6,741)	(J)	9,256
Repairs and Maintenance			26,204	26,204	(K)	
		-	(2,889)	(2,889)	(J)	23,315
Contractual Service-Water Testing	1,478	-	-	-		1,478
Contractual Services-Other	6,130	-	-	-		6,130
Rents	2,500	-	-	-		2,500
Insurance	11,162	-	-	-		11,162
Bad Debt	12,033	-	-	-		12,033
Miscellaneous Expenses	57,574	(12,563)	-	(12,563)	(I)	
			(26,204)	(26,204)	(K)	
		(6,162)	-	(6,162)	(G)	
		-	(1,279)	(1,279)	(L)	11,366
Total Operation and Maintenance Expenses	343,774	14,172	(5,720)	8,452		352,226
Amortization	-	2,700	-	2,700	(M)	2,700
Depreciation Expense	91,158	(21,663)	(1,719)	(23,382)	(N)	
		-	227	227	(O)	68,003
Taxes Other Than Income	3,189	1,420	-	1,420	(P)	4,609
Total Operating Expenses	438,121	(3,371)	(7,212)	(10,583)		427,538
Net Operating Income	9,518	(4,677)	24,035	19,358		28,876
Interest Income	54		-	-		54
Income Available to Service Debt	\$ 9,572	\$ (4,677)	\$ 24,035	\$ 19,358		\$ 28,930

(A) Billing Analysis. In its application, Levee Road Water proposed a decrease of \$8,048 to Total Metered Retail Sales for the test year of 2022 to reflect the current

billing analysis.²¹ Levee Road Water reported total metered water sales for the test year of \$444,032.²² Levee Road Water provided a billing analysis to calculate a normalized revenue amount of \$445,355, based on the usage during the test year and using the rates authorized in its current tariff.²³ In its application, Levee Road Water calculated billing adjustments totaling \$9,371, which decreased total water sales from \$445,355 to the normalized amount of \$435,984.²⁴ Levee Road Water provided a detailed list of billing adjustments from the test year, which totaled 9,371.²⁵ Commission Staff recommends Commission approval of the adjustment to decrease Total Retail Metered Sales by \$8,048, because it meets the ratemaking criteria of being known and measurable.

(B) Forfeited Discounts. Levee Road Water provided the number of occurrences and dollar amount of \$9,911 for penalties in the test year.²⁶ Levee Road Water did not report any revenue for late fees in its 2022 Annual Report.²⁷ Commission Staff could not identify where forfeited discounts are recorded in the general ledger but believes the amounts are embedded in metered water sales and are a substantial contributor to the \$8,048 reduction noted above. Commission Staff recommends that

²¹ Application, Attachment 4, LRWA_Attachment_1_-_11_List of_attachments.pdf, Schedule of Adjusted Operations, Adjustment A.

²² 2022 Annual Report at 49.

²³ Application, Attachment 5, LRWA_Attachment_1_-_11_List of_attachments.pdf, Current Billing Analysis.

²⁴ Application, Attachment 5, LRWA_Attachment_1_-_11_List of_attachments.pdf, Current Billing Analysis.

²⁵ Levee Road Water's Response to Staff's Second Request (filed July 17, 2024), Item 8.

²⁶ Levee Road Water's Response to Staff's First Request, Item 14__Late_fees.pdf.

²⁷ 2022 Annual Report at 49.

Other Water Revenues – Forfeited Discounts be increased by \$9,911 based on the information provided by Levee Road Water.

Commission Staff recommends the Commission approve the adjustment to increase Forfeited Discounts by \$9,911, in order to ensure the late fees collected during the test year are recorded in the correct account.

(C) Other Water Revenues – Nonrecurring Charges. As discussed in the Nonrecurring Charges section above, nonrecurring charges were adjusted by removing Field Labor Costs and the Office/Clerical Labor Costs from those charges that occur during normal business hours. The adjustments to the nonrecurring charges result in a decrease of \$2,998 to Other Water Revenue. Levee Road Water provided information to Commission Staff about the number of occurrences and the amounts recorded for nonrecurring charges totaling \$1,456.²⁸ It reported \$3,607 in Other Water Revenues for the test year.²⁹ Commission Staff requested an itemized list of Other Water Revenue totaling \$3,607 to which Levee Road Water identified the amount as a year-end adjusting entry.³⁰ Commission Staff calculated an adjustment amount for Other Water Revenue based on the evidence of actual nonrecurring charge revenue, subject to the removal of labor as discussed earlier. As shown in the table below, a decrease to Other Water Revenue in the amount of \$2,998 is recommended by Commission Staff.

²⁸ Levee Road Water's Response to Staff's First Request, Item 15__NRC_occurrences.pdf.

²⁹ 2022 Annual Report at 49.

³⁰ Levee Road Water's Response to Staff's Second Request, Item 9.

Nonrecurring Charges	Occurrences	Current Charge	Calculated Amount	Revised Charge	Adjustment	Pro Forma Revenue
Meter Turn-On	0	\$ 10	\$ -	\$ 9	\$ -	\$ -
Meter Test Request	0	\$ 70	0	\$ 10	0	0
Disconnection Charge	43	\$ 18	774	\$ 9	(387)	387
Reconnection Charge	19	\$ 18	342	\$ 9	(171)	171
Reconnection Charge (After Hours)	0	\$ 40	0	\$ 59	0	0
Service Call/Investigation	0	\$ 18	0	\$ 9	0	0
Service Call/Investigation (After Hours)	0	\$ 40	0	\$ 59	0	0
Returned Check Fee	17	\$ 20	340	\$ 3	(289)	51
Total Nonrecurring Charges			\$ 1,456		\$ (847)	\$ 609
Test Year Other Water Revenue ()			(3,607)		(2,151)	
Total Adjustment			\$ (2,151)		\$ (2,998)	
Pro Forma Other Water Revenue						\$609

(D) Salaries and Wages – Employees. In its application, Levee Road Water proposed an adjustment to increase Salaries and Wages – Employees by \$7,854,³¹ to reflect an increase in salaries and wages.³² Levee Road Water has two part-time employees.³³ It provided the current salary rates for each.³⁴ Commission Staff calculated a Current Salaries and Wages – Employees amount of \$47,892, using the test-year employees and current wage rates. Commission Staff agrees with Levee Road Water’s proposed increase of \$7,854, as shown in the following table.

³¹ Application, Attachment 4, LRWA_Attachment_1_-_11_List of_attachments.pdf, Schedule of Adjusted Operations, Adjustment B.

³² Application, Exhibit 4, LRWA_Attachment_1_-_11_List of_attachments.pdf, References, Adjustment B.

³³ Levee Road Water’s Response to Staff’s First Request, Item 5.

³⁴ Application, Attachment 11, 11_2_Levee_Road_WA_Rate Study.xlsx, Wages Tab, Rows 6–7.

Employee	Pro Forma Reg. Hrs	Pro Forma Regular Wages	Total Pro Forma Wages
Manager	Salary	\$ 30,000	\$ 30,000
Office Staff	Salary	17,892	17,892
Total Gross Wages			47,892
Less: Test Year Salaries & Wages Expense			(40,038)
Pro Forma Salaries & Wages Adjustment			<u>\$ 7,854</u>

Commission Staff recommends the Commission accept the proposed increase of \$7,854 to Salaries and Wages – Employees because it is known and measurable.

(E) Employee Pension and Benefits. During the test year Levee Road Water recorded \$427 in Employee Pensions and Benefits.³⁵ However, Levee Road Water does not provide benefits to current employees.³⁶ Both of Levee Road Water’s current employees are part-time employees.³⁷ The \$427 was retirement benefit for the former manager who retired in 2022.³⁸ Levee Road Water stated that the \$427 will not reoccur and should be adjusted to reduce Employee Pensions and Benefits by \$427.³⁹ Commission Staff agrees with Levee Road Water’s recommendation to reduce Employee Pensions and Benefits by \$427

³⁵ Application, Attachment 4, LRWA_Attachment_1_-_11_List of_attachments.pdf, Schedule of Adjusted Operations.

³⁶ Levee Road Water’s Response to Staff’s First Request, Item 7 and Levee Road Water’s Response to Staff’s Second Request, Item 1a, and 1b.

³⁷ Levee Road Water’s Response to Staff’s First Request, Item 5.

³⁸ Levee Road Water’s Response to Staff’s Second Request, Item 1a.

³⁹ Levee Road Water’s Supplemental filing to Staff’s Second Request, (filed July 30, 2024), Item 1.

Commission Staff recommends the Commission accept Commission Staff's agreement of Levee Road Water's proposed \$427 decrease to Employee Pension and Benefits to reflect the removal on an unusual nonrecurring expense.

(F) Purchased Water. In its application, Levee Road Water proposed an adjustment to increase its Purchased Water Expense by \$22,979,⁴⁰ to reflect an increase to its wholesale water supplier's rate.⁴¹ Subsequent to the test year, Mount Sterling Water and Sewer Commission (Mount Sterling Commission) increased its wholesale rate to Levee Road Water to \$.00367 per gallon.⁴² Commission Staff calculated Purchased Water Expense using the test-year gallons purchased of 59,844,000⁴³ from Mount Sterling Commission⁴⁴ and the current rates.⁴⁵ This resulted in a Purchased Water Expense of \$219,627, which results in a \$22,979 increase to Purchased Water Expense. Therefore, Commission Staff agrees with Levee Road Water's proposed increase. Subsequent to the filing of this application, Mount Sterling Commission filed for another increase to its wholesale rate to Levee Road Water;⁴⁶ however, at the time of Commission Staff's Report, it is still not finalized.

⁴⁰ Application, Attachment 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, Adjustment D.

⁴¹ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, References, Adjustment D.

⁴² Mount Sterling Commission Tariff, P.S.C. Ky. 11 (issued July 1, 2023), effective August 1, 2023.

⁴³ 2022 Annual Report at 57.

⁴⁴ 2022 Annual Report at 54.

⁴⁵ Mount Sterling Commission Tariff, P.S.C. Ky. 11 (issued July 1, 2023), effective August 1, 2023.

⁴⁶ TFS2024-00329 (Ky. PSC July 17, 2024).

Commission Staff recommends the Commission accept Commission Staff's agreement of Levee Road Water's proposed \$22,979 increase to Purchased Water Expense to reflect the normalization of purchased water at current rates.

(G) Purchased Power – Reclassify from Miscellaneous Expense. In its application, Levee Road Water proposed an adjustment to increase Purchased Power Expense and to decrease Miscellaneous Expense by \$6,162⁴⁷ to reclassify Purchased Power Expense from Miscellaneous Expense. Commission Staff reviewed the Miscellaneous Expense accounts and determined purchased power expense was included in Miscellaneous Expense.⁴⁸ Therefore, Commission Staff agrees with Levee Road Water's proposed methodology to report the expenses into the proper classification. Therefore, Commission Staff agrees with Levee Road Water's proposed reclassification and recommends the Commission accept the proposed adjustment.

(H) Excess Water Loss. In its application, Levee Road Water proposed adjustments to decrease Purchased Water Expense by \$19,619 and Purchased Power Expense by \$301.⁴⁹ The adjustments are to reflect the expense for water loss in excess of 15 percent.⁵⁰ During the test year, Levee Road Water reported water loss of 19.8917 percent.⁵¹ As discussed earlier in the report, Commission regulation states that for

⁴⁷ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, Adjustment E.

⁴⁸ Supplemental information response to Staff's Initial Request for information, (filed July 2, 2024), LRWA_SAO_reconciled.xlsx, Cell L53.

⁴⁹ Application, Attachment 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, Adjustment C.

⁵⁰ Application, Attachment 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, References, Adjustment C.

⁵¹ 2022 Annual Report at 57.

ratemaking purposes, expenses for water loss in excess of 15 percent shall be excluded for ratemaking purposes. Commission Staff agreed with Levee Road Water's normalization of Purchased Water Expense of \$219,627 in Adjustment (F) above. However, when Levee Road Water calculated the Excess Purchased Water Expense it used the test year amount of \$196,648 instead of the pro forma amount of \$219,627.⁵² Commission Staff calculated a net decrease of \$10,744 to Purchased Water Expense, which is \$1,125 more than proposed by Levee Road Water. Levee Road Water proposed to reduce Purchased Power Expense by \$301, and Commission Staff agrees with the proposed adjustment, as shown in following table.

Description	Purchased Water	Purchased Power	Total
Pro Forma Expenses	\$ 219,627	\$ 6,162	\$ 225,789
Multiply by: Water Loss in Excess of 15 Percent	4.89%	4.89%	4.89%
Excess Cost	(10,744)	(301)	(11,045)
Less: Proposed Adjustments	9,619	301	9,920
Commission Staff Adjustment	\$ (1,125)	\$ -	\$ (1,125)

Commission Staff recommends the Commission accept Commission Staff's \$10,744 total decrease to Purchased Water, and \$301 total decrease to Purchased Power Expense; to reflect the reduction in expenses due to excess water loss above 15 percent.

(l) Materials and Supplies Reclassify from Miscellaneous Expense. In its application, Levee Road Water proposed an adjustment to increase Materials and Supplies Expense and decrease Miscellaneous Expense by \$12,563,⁵³ to appropriately

⁵² Application, Attachment 11, 11_2_Levee_Road_WA_Rate Study.xlsx, Water Loss Tab, Cell B30.

⁵³ Application, Exhibit 4, LRWA_Attachment_1_-_11_List of_attachments.pdf, Schedule of Adjusted Operations, Adjustment F.

classify meter supplies expense.⁵⁴ Commission Staff reviewed the Miscellaneous Expense accounts and determined Meter Supplies was included in Miscellaneous Expense.⁵⁵ Therefore, Commission Staff agrees with the proposed reclassification of Meter Supplies from Miscellaneous Expense to Materials and Supplies, and recommends the Commission accept the proposed adjustment.

(J) Expenses Related to Meter Installations. In its application, Levee Road Water proposed an adjustment to decrease Materials and Supplies by \$6,741,⁵⁶ to account for tap fee expenses that were included as part of these expenses during the test year.⁵⁷ During the test year, Levee Road Water installed nine new water connections.⁵⁸ 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.⁵⁹ Commission Staff agrees with Levee Road Water's proposed adjustment methodology. Levee Road Water confirmed the contractual labor used to install meters is a part of Repairs and Maintenance Expense.⁶⁰ Therefore, Commission Staff decreased Materials and Supplies by \$6,741, as shown in the following table. Additionally, Levee

⁵⁴ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, References, Adjustment F.

⁵⁵ Supplemental information response to Staff's Initial Request for information (filed July 2, 2024), LRWA_SAO_reconciled_.xlsx, Cell L62.

⁵⁶ Application, Attachment 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, Adjustment G.

⁵⁷ Application, Attachment 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, References, Adjustment G.

⁵⁸ Levee Road Water's Response to Staff's First Request, Item 11a.

⁵⁹ USoA, Accounting Instruction 19 and 33.

⁶⁰ Levee Road Water's Response to Staff's Second Request, Item 4.

Road Water confirmed that it has not capitalized the material costs,⁶¹ Therefore, Commission Staff capitalized the costs, and made a corresponding adjustment to test-year depreciation as shown in Adjustment (O).

Commission Staff recommends the Commission accept Levee Road Water’s \$6,741 decrease to Materials and Supplies to reflect the capitalization of expenses related to meter installation.

Description	Materials and Supplies
Tap Fees Collected	\$9,630
Allocated Percent	70%
Proposed Adjustment	(6,741)
Less: Levee Road Water's Proposed Adjustments ()	6,741
Commission Staff's Proposed Adjustment	<u>\$ -</u>

(K) Repairs and Maintenance Reclassify from Miscellaneous Expense. During the test year, Levee Road Water recorded \$26,204 in Miscellaneous Expenses that should have been classified as Repairs and Maintenance.⁶² Commission Staff reviewed the Miscellaneous Expense accounts and determined Repairs and Maintenance and Line Repair Materials were included in Miscellaneous Expense.⁶³ Therefore, Commission Staff recommends reducing Miscellaneous Expense by a net of \$26,204 and a corresponding increase to Repairs and Maintenance expense. Commission Staff

⁶¹ Levee Road Water’s Response to Staff’s First Request, Item 11c.

⁶² Supplemental information response to Staff’s Initial Request for information (filed July 2, 2024), LRWA_SAO_reconciled_.xlsx, Cell L57 \$17,826 + Cell L63 \$8,378.

⁶³ Supplemental information response to Staff’s Initial Request for information (filed July 2, 2024), LRWA_SAO_reconciled_.xlsx, Cell L57 and Cell L63.

recommends the Commission accept Commission Staff's reclassification of Repairs and Maintenance and Line Repair Materials to their correct category.

(L) Miscellaneous Expense. Levee Road Water reported \$57,574 for Miscellaneous Expenses.⁶⁴ In addition to the adjustments addressed above, Commission Staff identified expenditures for a Christmas bonus for employees as well as Christmas gifts, Honey Baked Hams for Directors.⁶⁵ The costs for these expenditures were \$600 and \$679, respectively. According to precedent,⁶⁶ Commission Staff proposed to remove these expenses from the Miscellaneous Expense, resulting in a decrease to Miscellaneous Expense of \$1,279. Commission Staff recommends the Commission accept Commission Staff's decrease to Miscellaneous Expense; to reflect the removal of expenses not related to the generation, distribution of water service.

(M) Amortization of Rate Case Expense. In the application, Levee Road Water proposed an adjustment to increase Amortization Expense by \$2,700,⁶⁷ to reflect the three-year amortization of the estimated rate case expense.⁶⁸ Levee Road District contracted with Kentucky Rural Water Association (KRWA) to assist with the

⁶⁴ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations.

⁶⁵ Levee Road Water's Response to Staff's First Request, Item 1a, 1_a_2022_General_Ledger.xlsx, Row 1498, Gifts, and Row 1405, Christmas Bonus.

⁶⁶ Case 2022-00044, *Electronic Application of Big Sandy Water District for an Adjustment of its Water Rates Pursuant to 807 KAR 5:076*, (Ky. PSC, Sep. 13, 2022), Order at 9.

⁶⁷ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, Adjustment H.

⁶⁸ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, References, Adjustment H.

application.⁶⁹ KRWA provided a quote for \$8,100 to prepare the rate case.⁷⁰ Commission Staff reviewed the rate study proposal and agrees with the proposed recovery of the \$8,100 over three years at an annual rate case expense of \$2,700 as shown below.

Description	Amount
ARF Rate Study	\$ 6,000
Public Service Commission Filing	1,500
Travel	600
Total Rate Case Expense	8,100
Divided by 3 years	3
Annual Rate Case Expense	\$ 2,700

Commission Staff recommends the Commission accept Commission Staff's \$2,700 increase to Amortization Expense to reflect the recovery of Rate Case Expense over a three-year period based on prior precedent.⁷¹

(N) Depreciation Expense. In the application, Levee Road Water proposed an adjustment to decrease Depreciation Expense by \$21,663,⁷² to adjust the service lives of assets using the National Association of Regulatory Utility Commissioners (NARUC) titled *Depreciation Practices for Small Utilities* (NARUC Study).⁷³ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the same NARUC study. When no evidence exists to support a

⁶⁹ Application, Attachment 11, 11_1_KRWA_Rate_Study_Proposal.pdf.

⁷⁰ Application, Attachment 11, 11_1_KRWA_Rate_Study_Proposal.pdf.

⁷¹ Case No. 2023-00134, *Electronic Application of North Marshall Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Dec. 22, 2023), at 33–34.

⁷² Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, Adjustment I.

⁷³ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, References, Adjustment I.

specific life that is outside the NARUC ranges, the Commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant.⁷⁴ Upon examination, Commission Staff agrees with Levee Road Water’s methodology to adjust depreciation expense. However, when Commission Staff calculated Depreciation Expense it calculated a Depreciation Expense of \$67,776. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Therefore, Commission Staff decreased Levee Road Water’s Depreciation Expense by \$23,382, which is \$1,719 more than proposed by Levee Road Water, as shown in the following table. Commission Staff recommends the Commission accept Commission Staff’s \$23,382 decrease to Depreciation Expense, to reflect the NARUC service lives for Depreciation Expense.

Asset Class	Service Life Range	Test Year Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Land & Land Rights	N/A	\$ -	\$ -	\$ -
Structures and Improvements	35 - 40	11,897	793	12,690
Communication Equipment	10	251	501	752
Office Furniture & Equipment	20 - 25	1,900	(1,086)	814
Collection & Impounding Reservoirs	50 - 75	102	(20)	82
Reservoirs and Tanks	30 - 60	1,381	(153)	1,228
Hydrants	40 - 60	139	(28)	111
Transmission & Distribution Mains	50 - 75	45,586	(14,734)	30,852
Meter Installation	40 - 50	15,543	(7,060)	8,483
Reservoirs and Tanks	30 - 60	14,359	(1,595)	12,764
Total		<u>\$ 91,158</u>	<u>(23,382)</u>	<u>\$ 67,776</u>
Less: Levee Road Water's Proposed Adjustment ()			21,663	
Total Depreciation Adjustment			<u>\$ (1,719)</u>	

⁷⁴ See Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020), Order; Case 2023-00134 *Electronic Application of North Marshall Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC, Dec. 22, 2023), Order at 30; Case 2023-00154, *Electronic Application of Harrison County Water Association, Inc. for an Alternative Rate Adjustment* (Ky. PSC, Jan. 11, 2024), Order at 36.

(O) Capitalization of Water Tap Expenses. As explained in Adjustment (K) 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. Levee Road Water stated that it did not capitalize materials cost.⁷⁵ Commission Staff calculated the annual depreciation amount for the test year and increased depreciation expense to account for the Tap Fee Material Expense of \$159, as shown below:

Description	Materials and Supplies
Test Year Connections Expense	\$ 6,741
Divided by NARUC Proposed Service Lives	42.5
Pro Forma Depreciation Adjustment	<u>\$ 159</u>

Commission Staff recommends the Commission approve the total adjustment to increase Depreciation Expense by \$159, because it conforms to USoA requirement for assets to be depreciated over their estimated useful lives.

(P) Taxes other than Income – (Federal Insurance Contribution Act (FICA)). In the application, Levee Road Water proposed an adjustment to increase Taxes Other Than Income by \$1,420,⁷⁶ to reflect changes in payroll tax as a result of changes to Salaries and Wages – Employees.⁷⁷ Commission Staff recalculated the payroll taxes,

⁷⁵ Levee Road Water’s Response to Staff’s First Request, Item 11c.

⁷⁶ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Schedule of Adjusted Operations, Adjustment J.

⁷⁷ Application, Exhibit 4, LRWA_Attachment_1_-_11_List_of_attachments.pdf, References, Adjustment J.

accounting for Adjustment (D) above, Commission Staff calculated pro forma Salaries and Wages – Employees of \$47,892 and Levee Road Water provided the test-year Salaries and Wages – Officers of \$12,350, as shown in the following table.⁷⁸

Commissioner	Term	Wages
Arthur Gibson	2022 - 2027	\$ 2,400
James Shipp	2019 - 2024	2,400
Rusty Dunn	2021 - 2026	2,400
Brenda Murphy	2023 - 2028	2,550
Beverly Carpenter	2020 - 2025	2,600
Total		<u>\$ 12,350</u>

Commission Staff calculated a pro forma Taxes Other Than Income of \$4,609; therefore, Commission Staff agrees with Levee Road Water’s proposed increase, as shown in the following table.

Description	Amount
Salaries and Wages - Employees	\$ 47,892
Salaries and Wages - Officers	12,350
Total Salaries and Wages	60,242
Times: 7.65 Percent FICA Rate	7.65%
Total Taxes Other Than Income	4,609
Less: Test Year Taxes Other Than Income	(3,189)
Taxes Other Than Income Tax Adjustment	1,420
Less: Proposed Adjustment	(1,420)
Commission Staff's Proposed Adjustment	<u>\$ -</u>

Commission Staff recommends the Commission approve the adjustment to increase Taxes Other Than Income by \$1,420, because it is a direct result from changes to Salaries and Wages – Employees.

⁷⁸ Levee Road Water’s Response to Staff’s First Request, Item 10.

OVERALL REVENUE REQUIREMENT

The Operating Ratio methodology⁷⁹ is used when there is no basis for a rate of return determination, the cost of the utility has fully or largely been funded through contributions, or there is little or no outstanding long-term debt. The Operating Ratio is a method to provide the utility with necessary working capital to operate effectively. Commission Staff recommends the Operating Ratio method as at the time of Commission Staff's review, Levee Road Water had three bonds with the United States Department of Agriculture (USDA)⁸⁰ Rural Development (RD). Since Levee Road Water only has three outstanding bonds Commission Staff is of the opinion that an operating ratio of 88 percent will allow Levee Road Water the necessary working capital and revenues to cover its reasonable operating expenses to operate and provide for reasonable equity growth.

By applying the Operating Ratio method, Commission Staff calculated that Levee Road Water's Revenue Requirement from Rates for Service should be \$494,766. A revenue increase of \$58,782, or 13.48 percent, is necessary to generate the Overall Revenue Requirement of \$495,429.

⁷⁹ Operating Ratio is defined as the ratio of expenses, including depreciation and taxes, to gross revenues. It is illustrated by the following equation:

$$\text{Operating Ratio} = \frac{\text{Operating Expenses} + \text{Depreciation} + \text{Taxes}}{\text{Gross Revenues}}$$

⁸⁰ The Farmers Home Administration (FmHA) is a former U.S. Department of Agriculture (USDA) agency created to finance and insure loans for rural families and farmers. The FmHA provided credit and technical assistance through housing, utility, business, and community development programs. FmHA has since been renamed multiple times and is currently known as USDA Rural Development.

Description	Levee Road Water	Commission Staff	
Pro Forma Operating Expenses	\$ 434,750	\$ 430,359	
Divided by: 88 Percent Operating Ratio	88%	88%	
Plus: Average Interest Expense	7,199	6,385	(1)
Overall Revenue Requirement	501,233	495,429	
Less: Other Operating Revenue	(3,607)	(609)	
Interest Income	(54)	(54)	
Revenue Required from Rates	497,572	494,766	
Less: Revenue from Sales at Present Rates	(435,984)	(435,984)	
Required Revenue Increase	<u>\$ 61,588</u>	<u>\$ 58,782</u>	
Percentage Increase	<u>14.13%</u>	<u>13.48%</u>	

Even though Levee Road Water has three outstanding debt, the average annual interest and principal payments is \$42,510, which is less than 10 percent of the Pro Forma Operating Expenses; therefore, use of the Debt Service Coverage method for calculating Revenue Requirement would produce a revenue increase of \$44,724 as shown in the following table:

Description	Debt Service Coverage
Pro Forma Operating Expenses	\$ 430,359
Plus: Average Annual Principal and Interest Payments	42,510
Additional Working Capital	8,502
Overall Revenue Requirement	481,371
Less: Other Operating Revenue	(609)
Interest Income	(54)
Revenue Required from Rates	480,708
Less: Pro Forma Present Rate Service Revenues	(435,984)
Required Revenue Increase	<u>\$ 44,724</u>
Percentage Increase	<u>9.30%</u>

1. Average Annual Interest and Fees Payments. At the time of Commission Staff's review, Levee Road Water had three bonds with USDA-RD.⁸¹ In its application, Levee Road Water requested recovery of the five-year average interest expense on its outstanding loans.⁸² Since the statutory date for a final Order to be issued in this proceeding is March 1, 2025, the 2024 interest payments will be recovered through Levee Road Water's existing rates. Therefore, Commission Staff calculated the average annual interest on a five-year average for the years 2025 through 2029. Commission Staff calculated an average Interest Expense of \$6,385 as shown in the following table.

Debt Service Schedule				
Year	RD 91-03 Interest	RD 91-04 Interest	RD 91-06 Interest	Total
2025	\$ 498	\$ 1,162	\$ 6,391	\$ 8,051
2026	-	1,078	5,843	6,921
2027	-	993	5,302	6,296
2028	-	902	4,739	5,641
2029	-	812	4,204	5,016
Total	\$ 498	\$ 4,947	\$ 26,479	\$ 31,924
Divide by: 5 years				5
Average Interest Expense				<u>\$ 6,385</u>

⁸¹ Case 1900-9410, *The Application of the Levee Road Water Association, Inc., for (1) a Certificate of Public Convenience and Necessity to Expand its Distribution System, (2) Approval of the Proposed Plan of Financing of Said Projects and (3) Approval of the Proposed Water Rates* (Ky. PSC Oct. 11, 1985). Case No. 1994-00455, *In the Matter of Application of Levee Road Water Association, Inc. for a Certificate of Public Convenience and Necessity to Construct and Finance Under KRS 278.023* (Ky. PSC Dec. 15, 1994). Case No. 2021-00015, *Electronic Application of Levee Road Water Association, Inc. 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 June 24, 2021).

⁸² Application, LRWA_Attachment_1_-_11_List_of_attachments.pdf, Attachment 4, Schedule of Adjusted Operations, References, Adjustment L.

Signatures

/s/ William Foley

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

/s/ Elizabeth Stefanski

Prepared by: Elizabeth Stefanski
Rate Design Branch
Division of Financial Analysis

APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00067 DATED AUG 28 2024

* Denotes Rounding

Nonrecurring Charges Adjustments

	Meter Turn on Charge Utility Revised Charge	Staff Revised Charge*
Field Materials		
Field Labor (\$19.20 per hour)	\$19.20	
Office Supplies	\$1.50	\$1.50
Office Labor (1/2 hour @ \$14.50/hr)	\$7.25	
Transportation (10 miles @ \$0.67/mile)	\$6.70	\$7.00
Misc.		
Total Revised Charge	<u>\$34.65</u>	<u>\$9.00</u>
Current Rate	\$10.00	

	Meter Test Charge Utility Revised Charge	Staff Revised Charge*
Field Materials		
Field Labor (3 hours @\$19.20/hr)	\$57.60	
Office Supplies	\$2.50	\$2.50
Office Labor (1/4 hour @ \$14.50/hr)	\$3.62	
Transportation (10 miles @ \$0.67/mile)	\$6.70	\$7.00
Misc.		
Total Revised Charge	<u>\$70.42</u>	<u>\$10.00</u>
Current Rate	\$70.00	

	Disconnection Charge Utility Revised Charge	Staff Revised Charge*
Field Materials		
Field Labor (\$19.20 per hour)	\$19.20	
Office Supplies	\$1.50	\$1.50
Office Labor (1/4 hour @ \$14.50/hr)	\$3.62	
Transportation (10 miles @ \$0.67/mile)	\$6.70	\$7.00
Misc.		

Total Revised Charge	\$31.02	\$9.00
Current Rate	\$18.00	

	Meter Reconnection Charge Utility Revised Charge	Staff Revised Charge*
Field Materials		
Field Labor (\$19.20 per hour)	\$19.20	
Office Supplies	\$1.50	\$1.50
Office Labor (1/4 hour @ \$14.50/hr)	\$3.62	
Transportation	\$6.70	\$7.00
Misc.		
Total Revised Charge	\$31.02	\$9.00
Current Rate	\$18.00	

	Meter Reconnection Charge-After Hours Utility Revised Charge	Staff Revised Charge*
Field Materials		
Contract Labor (2 hours at \$25/hr.)	\$50.00	\$50.00
Office Supplies	\$1.50	\$1.50
Office Labor (1/4 hour @ \$14.50/hr)	\$3.62	
Transportation	\$6.70	\$7.00
Misc.		
Total Revised Charge	\$61.82	\$59.00
Current Rate	\$40.00	

	Service Call Charge Utility Revised Charge	Staff Revised Charge*
Field Materials		
Field Labor (\$19.20 per hour)	\$19.20	
Office Supplies	\$1.50	\$1.50
Office Labor (1/2 hour @ \$14.50/hr)	\$7.25	
Transportation	\$6.70	\$7.00
Misc.		
Total Revised Charge	\$34.65	\$9.00
Current Rate	\$18.00	

Service Call Investigation Charge - After Hours		
	Utility Revised Charge	Staff Revised Charge*
Field Materials		
Contract Labor (2 hours at \$25/hr.)	\$50.00	\$50.00
Office Supplies	\$1.50	\$1.50
Office Labor (1/2 hour @ \$14.50/hr)	\$7.25	
Transportation	\$6.70	\$7.00
Misc.		
Total Revised Charge	<u>\$65.45</u>	<u>\$59.00</u>
Current Rate	\$40.00	

Returned Check Charge		
	Utility Revised Charge	Staff Revised Charge*
Field Materials		
Field Labor		
Office Supplies	\$2.50	\$3.00
Office Labor (\$14.50 at 1 hour)	\$14.50	
Transportation		
Misc.		
Total Revised Charge	<u>\$17.00</u>	<u>\$3.00</u>
Current Rate	\$20.00	

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00067 DATED AUG 28 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 Levee Road Water Association. All other rates and charges not specifically mentioned herein are recommended to remain the same.

Monthly Water Rates

First	2,000 Gallons	\$26.38	Minimum Bill
Next	5,000 Gallons	0.00908	Per Gallon
Next	13,000 Gallons	0.00674	Per Gallon
Over	20,000 Gallons	0.00618	Per Gallon
Commercial Hauler		0.00605	Per Gallon
Individual private loading		0.00605	Per Gallon
Bulk Sales		0.00662	Per Gallon

Nonrecurring Charges

Meter Turn-On	\$9.00
Meter Test Request	10.00
Disconnection Charge	9.00
Reconnection Charge	9.00
Reconnection Charge (After Hours)	59.00
Service Call/Investigation	9.00
Service Call/Investigation (After Hours)	59.00
Returned Check Fee	3.00
5/8- x 3/4-Inch Water Tap On	\$1,285.00
All Other Meters	Actual Cost

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