

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SIMPSON)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00068
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On March 21, 2024, Simpson County Water District (Simpson District) 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 9,¹ Simpson District used the calendar year ended December 31, 2022, as the basis for its application. The application was filed pursuant to the Commission’s final Order in Case No. 2022-00390 that required Simpson District to file an application for an adjustment of its base rates by March 24, 2024.²

Simpson District’s last base rate increase, also submitted pursuant to the alternative rate filing procedure, was in Case No. 1989-00219.³ Since that matter, Simpson District has only adjusted its rates pursuant to purchased water adjustments,

¹ 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.

² Case No. 2022-00390, *Electronic Purchased Water Adjustment Filing of Simpson County Water District* (Ky. PSC Dec. 16, 2022), Order at 6, ordering paragraph 5.

³ Case No. 1989-00219, *In the Matter of the Application of Simpson County Water District, Simpson County, Kentucky, Seeking Approval of an Increase in its Schedule of Water Service Rate, Such Increase to be Effective as of the of the 1st Day of October 1989* (Ky. PSC, Nov. 8, 1989).

financing approval, or in conjunction with an application for a Certificate of Public Convenience and Necessity, and Purchase Water Adjustments.

In its application, Simpson District requested rates that would increase its annual water sales revenues by \$148,646, or 5.81 percent.⁴

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated April 9, 2024. The procedural schedule was amended by Order entered July 9, 2024. There were no requests for intervention. Simpson District responded to three requests information requests from Commission Staff.⁵

On September 10, 2024, Commission Staff issued its report (Commission Staff's Report) summarizing its recommendations regarding Simpson District's requested rate adjustment. In Commission Staff's Report, Commission Staff recommended that Simpson District's adjusted test year operations support a total revenue requirement of \$85,745 or 3.35 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.⁶ In the absence of a cost of service study (COSS), Commission Staff allocated its recommended revenue increase evenly across the board of retail customers to calculate its recommended water rates.⁷

⁴ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Revenue Requirements Table.

⁵ Simpson District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed May 7, 2024); Simpson District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed June 5, 2024); and Simpson District's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed July 22, 2024).

⁶ Commission Staff's Report at 7.

⁷ Commission Staff's Report at 7–8.

On September 10, 2024, Simpson District filed its response to Commission Staff's Report.⁸ In its written comments, Simpson District stated that it does not agree with the removal of certain labor expenses from nonrecurring charges, but it did not wish to contest that adjustment.⁹ Additionally, Simpson District clarified the Badger M25 Radio Read Meters count.¹⁰ Commission Staff's Report stated that Simpson District currently has 213 Badger Meters.¹¹ Simpson District clarified that 213 represented a batch quantity of meters instead of individual meters, therefore Simpson District currently has approximately 2,272 Badger M25 Meters.¹² Simpson District concurred with the remainder of the findings in Commission Staff's Report¹³ and waived its right to request an informal conference or hearing.¹⁴ The case now stands submitted for a decision by the Commission.

LEGAL STANDARD

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

⁸ Simpson District's Response to Commission Staff's Report (filed Sept. 10, 2024).

⁹ Simpson District's Response to Commission Staff's Report, Item 1.

¹⁰ Simpson District's Response to Commission Staff's Report, Item 1.

¹¹ Commission Staff's Report at 25.

¹² Simpson District's Response to Commission Staff's Report, Item 2.

¹³ Simpson District's Response to Commission Staff's Report, Item 3.

¹⁴ Simpson District's Response to Commission Staff's Report, Item 4.

law, the utility is allowed to charge its customers “only fair, just and reasonable rates.”¹⁵ Further, the utility bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

BACKGROUND

Simpson District 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 3,191 residential customers, 368 commercial customers, and 21 industrial customers that reside in Simpson County, Kentucky.¹⁶ Simpson District currently purchases its water from White House Utility District (White House District) in White House, Tennessee.¹⁷ Simpson District participates in a joint operations agreement with Warren County Water District (Warren District), Warren County Water District Sewer Division (Warren Sewer District) and Butler County Water System, Inc. (Butler County Water).¹⁸

UNACCOUNTED-FOR WATER LOSS

The Commission notes that Simpson District reported a water loss of 15.0943 percent in its 2022 Annual Report.¹⁹ 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

¹⁵ *City of Covington v. Public Service Commission*, 313 S.W.2d 391 (Ky. 1958); and *Public Service Comm'n v. Dewitt Water District*, 720 S.W.2d 725 (Ky. 1986).

¹⁶ *Annual Report of Simpson District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 12 and 49.

¹⁷ 2022 Annual Report at 54.

¹⁸ Simpson District's Response to Staff's First Request, Item 3, Attachment 3_Allocation_Methodology.pdf, at 1.

¹⁹ 2022 Annual Report at 57.

in its own operations. The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold. The Commission views excessive water loss as a potential warning sign of problems with the financial health and operational well-being of water utilities.²⁰ The following table shows that the 2022 test year annual cost of water loss to Simpson District is \$175,935, while the annual cost of water loss in excess of 15 percent is \$1,098.

Description	Purchased Water	Purchased Power	Total
Pro Forma Expenses	\$ 1,134,622	\$ 30,953	\$ 1,165,575
Water Loss Percent	15.0943%	15.0943%	15.0943%
Total Water Loss	\$ 171,263	\$ 4,672	\$ 175,935

Description	Purchased Water	Purchased Power	Total
Pro Forma Expenses	\$ 1,134,622	\$ 30,953	\$ 1,165,575
Water Loss in Excess of 15 Percent	0.0943%	0.0943%	0.0943%
Disallowed Water Loss	\$ 1,069	\$ 29	\$ 1,098

TEST PERIOD

The calendar year ended December 31, 2022, was used as the test year to determine the reasonableness of Simpson District’s existing and proposed wastewater rates as required by 807 KAR 5:076, Section 9.

SUMMARY OF REVENUE AND EXPENSES

The Commission Staff’s Report summarizes Simpson Water’s pro forma income statement as follows:

²⁰ Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky’s Jurisdictional Water Utilities* (Ky. PSC Mar. 12, 2019), Order.

Description	Test Year	Total Proposed Adjustments	Commission Staff's Report Pro Forma
Total Operating Revenues	\$ 2,747,416	\$ (101,593)	\$2,645,823
Utility Operating Expenses ()	(2,552,640)	42,502	(2,510,138)
Net Utility Operating Income	194,776	(59,091)	135,685
Gains/ Losses from Disposal of Utility Property	(4,977)	-	(4,977)
Interest and Dividend Income	19,115	-	19,115
Nonutility Income	7,879	-	7,879
Total Utility Operating Income	\$ 216,793	\$ (59,091)	\$ 157,702

REVIEW OF COMMISSION STAFF'S RECOMMENDATIONS

Simpson District proposed adjustments to its revenues and expenses to reflect current and expected operating conditions. In the Commission Staff's Report, Commission Staff proposed additional adjustments. The Commission accepts the recommendations contained in the Commission Staff's Report with no further modifications. The following is the Commission's complete pro forma:

Description	Test Year	Total Proposed Adjustments	Commission Staff's Report Pro Forma	Commission Proposed Adjustment	Commission Pro Forma
Operating Revenues					
Total Metered Sales	\$ 2,611,738	\$ (93,251)	\$ 2,518,487	-	\$ 2,518,487
Private Fire Protection	41,703	(156)	41,547	-	\$ 41,547
Total Sales of Water	2,653,441	(93,407)	2,560,034	-	2,560,034
Other Water Revenues					
Forfeited Discounts	37,943	-	37,943	-	37,943.00
Misc. Service Revenues	16,785	(8,186)	8,599	-	8,599.00
Rents From Water Property	37,014	-	37,014	-	37,014.00
Other Water Revenues	2,233	-	2,233	-	2,233.00
Total Other Water Revenues	93,975	(8,186)	85,789	-	85,789
Total Operating Revenues	2,747,416	(101,593)	2,645,823	-	2,645,823
Operating Expenses					
Operation and Maintenance Expenses					
Salaries and Wages - Employees	228,656	52,616	281,272	-	281,272
Salaries and Wages - Officers	10,800	-	10,800	-	10,800
Employee Benefits	112,610	(20,531)	-	-	-
		(5)	-	-	-
Employee Pensions	-	11,996	104,070	-	104,070
Purchased Water	1,216,129	(81,507)	-	-	-
		(1,143)	1,133,479	-	1,133,479
Purchased Power	30,953	(29)	30,924	-	30,924
Materials and Supplies	38,961	-	38,961	-	38,961
Contractual Services- Accounting	6,029	-	6,029	-	6,029
Contractual Services- Legal	113	-	113	-	113
Contractual Services- Water Testing	6,812	-	6,812	-	6,812
Contractual Services- Other	127,101	-	127,101	-	127,101
Rental of Building/ Real Property	9,912	-	9,912	-	9,912
Transportation Expenses	37,509	-	37,509	-	37,509
Insurance - Vehicle	1,173	-	1,173	-	1,173
Insurance - Gen. Liability	11,946	-	11,946	-	11,946
Insurance - Workers' Compensation	1,445	-	1,445	-	1,445
Insurance - Other	804	-	804	-	804
Bad Debt	1,859	-	1,859	-	1,859
Miscellaneous Expense	5,226	-	5,226	-	5,226
Total Operation and Maintenance Expenses	1,848,038	(38,603)	1,809,435	-	1,809,435
Depreciation	700,686	11,035	-	-	-
		(155,930)	674,444	-	674,444
		76,999	-	-	-
Taxes Other Than Income	3,916	22,343	26,259	-	26,259
Utility Operating Expenses	2,552,640	(42,502)	2,510,138	-	2,510,138
Net Operating Income	194,776	(59,091)	135,685	-	135,685
Gains/ Losses from Disposal of Utility Property	(4,977)	-	(4,977)	-	(4,977)
Interest and Dividend Income	19,115	-	19,115	-	19,115
Nonutility Income	7,879	-	7,879	-	7,879
Income Available to Service Debt	\$ 216,793	\$ (59,091)	\$ 157,702	\$ -	\$ 157,702

Metered Water Sales-Billing Analysis. Simpson District provided a billing analysis listing the water usage and water sales revenue for the 12-month test year in its application.²¹ Simpson District reported total metered water sales revenue of \$2,611,738 for the test year in its Schedule of Adjusted Operations (SAO).²² Simpson District 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 \$2,518,487 and proposed an adjustment to decrease test-year water sales revenue by \$93,251 to reflect the revenues from water rates generated by the billing analysis.²³ In Commission Staff's report, Commission Staff noted that a portion of the decrease could be the result of some nonrecurring charges being recorded as Sales of Water.²⁴ Commission Staff recommended the Commission approve these adjustments.

The Commission finds that because the adjustment to Metered Sales to Retail Customers is a known and measurable change reflected in the evidence provided in the record, Simpson District's Metered Water Sales should be decrease by \$93,251.

Billing Analysis – Fire Protection Sales. Simpson District proposed a \$156 decrease to Private Fire Protection²⁵ as a necessary reduction given that the Current

²¹ Application, Attachment 6, Attachment, Billing Analysis.

²² Application, Attachment 4, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations.

²³ Application, Attachment 6, Attachment, Billing Analysis.

²⁴ Commission Staff's Report at 12–13.

²⁵ Application, Attachment 4, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment B.

Billing Analysis resulted in a revenue of \$41,547 for Private Fire Protection.²⁶ Commission Staff agreed with Simpson District's proposed adjustment.²⁷

The Commission finds that, because the adjustment to Private Fire Protection is a reasonable as it is a known and measurable change reflected in the evidence provided in the record, Simpson District's Private Fire Protection should be decreased by \$156.

Miscellaneous Service Revenues – Nonrecurring Charges. Simpson District provided the number of instances each nonrecurring charge was recorded during the test period,²⁸ as well as the cost justification sheets.²⁹ Commission Staff reviewed the responses, the cost justification sheets, and the general ledger,³⁰ and followed the Commission's precedent in removing field labor and office/clerical labor costs.³¹ Commission Staff calculated a decrease to Nonrecurring Charges of \$8,186, as shown in the table below.³² Commission Staff recommended the Commission accept Commission

²⁶ Application, Attachment 4, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, References, Adjustment B.

²⁷ Commission Staff's Report at 13.

²⁸ Simpson District's Response to Staff's First Request, Item 15, Attachment at 19.

²⁹ Simpson District's Response to Staff's First Request, Item 15a, Attachment at 19.

³⁰ Commission Staff's Report at 14.

³¹ 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).

³² Commission Staff's Report at 14.

Staff's adjustment to Miscellaneous Service Revenues because the amount is known and measurable.³³

Description	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma Revenues
SERVICE CONNECTION	283	\$ 25.00	\$ 8.00	(4,811)	2,264
SERVICE CONNECTION-AFTER HOURS	2	65.00	57.00	(16)	114
DELIQUENT SERVICE	315	25.00	16.00	(2,835)	5,040
METER READING RECHECK	0	25.00	8.00	-	-
SERVICE INVESTIGATION	2	25.00	12.00	(26)	24
SERVICE INVESTIGATION-AFTER HOURS	1	65.00	104.00	39	104
METER TEST REQUEST	1	50.00	5.00	(45)	5
METER INVESTIGATION	2	75.00	9.00	(132)	18
RETURNED CHECK	18	25.00	5.00	(360)	90
SERVICE LINE INSPECTION	0	50.00	12.00	-	-
Pro Forma Test Year NRC Revenue				<u>\$ (8,186)</u>	7,659
Less: Test Year NRC Revenue					15,845
Adjustment					<u>\$ (8,186)</u>

The Commission finds that the Commission Staff's recommendation is consistent with precedent, that labor expenses resulting from work performed during normal business hours should not be recovered through nonrecurring charges.³⁴ The Commission requires that charges be directly related to the actual cost incurred to provide the service. Only the marginal cost related to the service should be recovered through a nonrecurring charge for service provided during normal working hours. Thus, the Commission finds that Commission Staff's recommendation is reasonable, the revised nonrecurring charges as described in Appendix A to this Order to be reasonable and that Simpson District's Miscellaneous Service Revenue should be reduced by \$8,186 because

³³ Commission Staff's Report at 14.

³⁴ Case No. 2023-00090, *Electronic Application of Henry County Water District #2 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2023); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 4, 2024); Case No. 2023-00090, *Electronic Application of Kirksville Water Association Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00252, *Electronic Application of Oldham County Water District for an Alternative Rate Adjustment* (Ky. PSC June 18, 2024).

only the incremental cost related to the service should be recovered for service provided during normal business hours.

Salaries and Wages - Employees. Simpson District paid the actual cost for field crews, engineering, and non-administrative personnel.³⁵ The labor and equipment hours are tracked through Warren County Water District's (Warren District) timecard system, and hours recorded by each employee are charged to the appropriate Water System (Simpson District).³⁶ In its application, Simpson District proposed an adjustment to increase Salaries and Wages – Employees by \$52,616,³⁷ to reflect Warren District's current staff, the actuals hours of work done during the test period for Simpson District, and the current wage rates.³⁸ The labor and equipment hours are tracked through Warren District's timecard system and hours recorded by each employee is charged to the appropriate system.³⁹ Each system reimburses Warren District for the actual costs of these services on a monthly basis.⁴⁰ In addition, Simpson District determined that the customer service employees are not involved with the capital projects; therefore, on a going-forward basis, 100 percent of their hours will be expensed.⁴¹ Simpson District provided the test-year allocated employee position list with 55 full-time employees who

³⁵ Simpson District's Response to Staff's First Request, Item 3, 3_Allocation_Methodology.pdf.

³⁶ Simpson District's Response to Staff's First Request, Item 3, 3_Allocation_Methodology.pdf.

³⁷ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment C.

³⁸ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment C.

³⁹ Simpson District's Response to Staff's First Request, Item 3, 3_Allocation_Methodology.pdf.

⁴⁰ Simpson District's Response to Staff's First Request, Item 3, 3_Allocation_Methodology.pdf.

⁴¹ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment C. Simpson District's Response to Staff's Second Request, Item 1a, 1.a_Proforma_Simpson.xlsx, Rows 77–80.

performed work during the test year,⁴² allocated test-year hours worked for Simpson District of 6,976 normal hours and 1,061 overtime hours,⁴³ and the current wage rates.⁴⁴ Commission Staff calculated pro forma Salaries and Wages – Employees of \$281,272, which matched Simpson District’s proposed increase of \$52,616.⁴⁵ Commission Staff recommended the Commission accept Commission Staff’s \$52,616 increase to Salaries and Wages – Employee to reflect the normalization of test year Employee allocated hours at current salary wages.⁴⁶

The Commission finds that Simpson District’s recommended adjustment is reasonable and should be accepted. Simpson District’s Salaries and Wages- Employees should be increased by \$52,616 because the adjustment to normalize Salaries and Wages – Employees is a known and measurable change reflected in the evidence provided in the record.

Employee Benefits – Reclassify Payroll Tax. In its application, Simpson District proposed an adjustment to decrease Employee Benefits by \$20,531,⁴⁷ to account for the reclassification of payroll taxes from Employee Benefits to Taxes Other Than Income.⁴⁸

⁴² Simpson District’s Response to Staff’s Second Request, Item 1a, 1.a_Proforma_Simpson.xlsx, Column C.

⁴³ Simpson District’s Response to Staff’s Second Request, Item 1a, 1.a_CY__2022_Simpson_District.xlsx, Cells F103 and I103.

⁴⁴ Simpson District’s Response to Staff’s Second Request, Item 1a, 1a_Proforma_Simpson.xlsx, Column D.

⁴⁵ Commission Staff’s Report at 15.

⁴⁶ Commission Staff’s Report at 15.

⁴⁷ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment D.

⁴⁸ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment D.

Simpson District proposed to recalculate the payroll taxes in the Taxes Other Than Income adjustment below.⁴⁹ Commission Staff agreed with Simpson District's proposed adjustment to remove payroll taxes from Employee Benefits in order to properly record payroll taxes in the proper expense account.⁵⁰ Commission Staff recommended accepting Simpson District's proposed adjustment to reflect the reclassification of Payroll Taxes to the correct category.⁵¹

The Commission finds that Simpson District's adjustment is reasonable and should be accepted. Simpson District's Employee Benefits should be reduced by a total of \$38,510, to reflect the reclassification of payroll tax expenses into the correct expense category.

Employee Benefits – Insurance Premiums. In its application, Simpson District proposed an adjustment to increase Employee Benefits by \$783,⁵² to reflect the pro forma level of employee benefits.⁵³ Simpson District currently provides 70 percent of employees' health and dental insurance premiums.⁵⁴ 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 30 percent current employee contribution amount is

⁴⁹ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment D.

⁵⁰ Commission Staff's Report at 15–16.

⁵¹ Commission Staff's Report at 16.

⁵² Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment E.

⁵³ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment E.

⁵⁴ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment E.

greater than the minimum average percentage and is reasonably close to the Bureau of Labor Statistics (BLS) average of 21 percent⁵⁵ for single health insurance premium employee contributions, and 33 percent⁵⁶ for family insurance premium contributions. Commission Staff recommended the Commission accept the adjustment proposed by Simpson District for the contribution rate for single and family insurance premiums, as shown in the table below.⁵⁷

Commission Staff noted that Simpson District did not provide any evidence related to a wage or salary study or any other reason to vary from Commission's general findings related to employee benefits.⁵⁸ Consistent with precedent,⁵⁹ Commission Staff reduced Simpson District's pro forma employer contribution amount toward dental insurance premiums to 60 percent.⁶⁰

Simpson District provided the most recent copy of Warren District's health and dental insurance invoices, including current premium levels and number of employees enrolled.⁶¹ From the total insurance paid by Warren District, Commission Staff allocated

⁵⁵ Bureau of Labor Statistics, Healthcare Benefits, March 2023, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁵⁶ Bureau of Labor Statistics, Healthcare Benefits, March 2023, Table 4, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁵⁷ Commission Staff's Report at 16.

⁵⁸ Commission Staff's Report at 16.

⁵⁹ 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), Order at 14–15.

⁶⁰ See Case No. 2017-00263, *Electronic Application of Kentucky Frontier Gas, LLC for Alternative Rate Adjustment* (Ky. PSC Dec. 22, 2017), at 9-10, and *The Willis Benchmarking Survey, 2015*, at 62–63. (<https://www.slideshare.net/annette010/2015-willis-benefits-benchmarking-survey-report>).

⁶¹ Simpson District's Response to Staff's Second Request, Item 8, 8_Medical_and_Dental_Invoice.pdf.

to Simpson District 5.63 percent,⁶² based upon the allocation methodology of allocated hours worked⁶³ of total Employee Hours Worked, as shown in the table below.

Description	Hours Worked
Allocated Employee Hours	8,085
Total Employee Hours (69 employees x 2,080 annual Hours)	143,520
Allocation Factor	<u>5.63%</u>

Accordingly, utilizing the current invoice amount, Commission Staff calculated a pro forma Insurance premium amount of \$27,187,⁶⁴ which is \$5 less than the test year's \$27,192,⁶⁵ and \$788 less than Simpson District's proposed increase of \$783,⁶⁶ as shown in the following table:

⁶² Commission Staff's Report at 17.

⁶³ Simpson District's Response to Staff's Second Request, Item 1a, 1a_Proforma_Simpson.xlsx, Cell F103 Allocated Regular Hours 6,976 +Cell I103 Allocated Overtime Hours 1,061 = 8,038.

⁶⁴ Commission Staff's Report at 17.

⁶⁵ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations table.

⁶⁶ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations table, Adjustment E.

Type of Premium	Number of Employees	Employer Contributions	Employee Contribution Rate	Monthly Premium Adjustment	Pro Forma Monthly Premium
Medical Insurance					
Employee Only (E)	46	\$ 27,514	30%	\$ (8,254)	\$ 19,260
Employee/Spouse (ES)	8	8,699	30%	(2,610)	6,089.00
Employee/Children (EC)	4	3,828	30%	(1,148)	2,680.00
Family (F)	10	15,049	30%	(4,515)	10,534.00
Dental Insurance					
Employee Only (E)	35	1,063	60%	(638)	425.00
Employee/Spouse (ES)	10	630	60%	(378)	252.00
Employee/Children (EC)	5	370	60%	(222)	148.00
Family (F)	20	2,081	60%	(1,249)	832.00
Total Pro Forma Monthly Premium		59,234		(19,014)	40,220
Times: 12 Months		12		12	12
Total Annual Pro Forma Insurance Premium		<u>\$ 710,808</u>		<u>\$ (228,168)</u>	482,640
Multiplied by Allocation Percentage					5.63%
Total Allocated Insurance Premiums					27,187
Less: Test Year Insurance ()					(27,192)
Employee Benefits Adjustment					(5)
Less: Simpson District's Recommended Adjustment ()					(783)
Final Pro Forma Employee Benefits Adjustment					<u>\$ (788)</u>

Commission Staff recommended the Commission accept the \$5 decrease to Employee Benefits proposed by Commission Staff to reflect the reduction of employer insurance contributions to the average BLS and Willis benchmarking levels as well as changes in insurance premiums.⁶⁷

The Commission finds Commission Staff's recommended adjustment is reasonable and should be accepted. Simpson District's Employee Benefits are decreased by \$5, because it is consistent with the precedent established in previous cases regarding the evaluation of employees' total compensation packages for market and geographic competitiveness that ensure the development of a fair, just and

⁶⁷ Commission Staff's Report at 18.

reasonable rate.⁶⁸ In addition, it reflects the current expenses based on invoices contained in the record.

Employee Pension – 401(a). Warren District provides its employees with a private pension fund and 401(a) benefit.⁶⁹ In its application, Simpson District proposed an adjustment increasing Employee Pensions by \$11,996,⁷⁰ to account for the increase in pro forma Salaries and Wages - Wages subsequent to the test year.⁷¹ Warren District contributes 7 percent of the Employee's Gross Salaries Expense for all full-time employees, not including bonuses, into the 401(a),⁷² and 12.83 percent to the pensions.⁷³

Utilizing the \$281,272 pro forma salaries calculated in the Salaries and Wages - Employees above and Simpson District's contribution rates, Commission Staff calculated a Pro Forma Employee Pension contribution of \$55,776.⁷⁴ Commission Staff agreed with Simpson District's proposed adjustment increasing Employee Pensions and Benefits by \$11,996, as shown in the following table.⁷⁵

⁶⁸ Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019) at 8–12.

⁶⁹ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment F.

⁷⁰ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment F.

⁷¹ Simpson District's Response to Staff's First Request, Item 5, 5_Simpson_County_Rate_Model, Pension & Benefits Tab, Cells B32 and B33.

⁷² Simpson District's Response to Staff's First Request, Item 5, 5_Simpson_County_Rate_Model, Pension & Benefits Tab, Cell E32.

⁷³ Simpson District's Response to Staff's First Request, Item 5, 5_Simpson_County_Rate_Model, Pension & Benefits Tab, Cell E33.

⁷⁴ Commission Staff's Report at 19.

⁷⁵ Commission Staff's Report at 19.

Description	Pro Forma Employee Salaries & Wages	Employer Contribution Rates	Total
401(k) Contribution	\$ 281,272	7.00%	\$ 19,689
Pension	281,272	12.83%	36,087
Pro Forma Employee Pensions		19.83%	55,776
Less: Test-Year Employee Pensions ()			(43,780)
Commission Staff's Proposed Adjustment			<u>\$ 11,996</u>

Commission Staff recommended accepting the proposed adjustment to reflect the increase in employee retirement benefits based upon Employee Salaries and Wage.⁷⁶

The Commission finds that Simpson District's recommended adjustments are reasonable and should be accepted. Simpson District's Employee Benefits – Pensions should be increased by \$11,996 because the known and measurable change is a direct result of changes to Salaries and Wages – Employees.

Purchased Water Expense – Normalization. During the test year, Simpson District reported a Purchased Water expense of \$1,216,129.⁷⁷ Also, during the test year, Simpson District filed and received a Purchase Water Adjustment;⁷⁸ therefore, the current rate is .00271 per gallon.⁷⁹ Commission Staff calculated the pro forma cost based on the current purchased rate.⁸⁰ Commission Staff's calculation resulted in a \$81,507 decrease

⁷⁶ Commission Staff's Report at 19.

⁷⁷ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations.

⁷⁸ Case No. 2022-00390, *Electronic Purchased Water Adjustment Filing of Simpson County Water District* (Ky. PSC Dec. 16, 2022), final Order.

⁷⁹ Case No. 2022-00390, Dec. 16, 2022 final Order, Appendix A.

⁸⁰ Case No. 2022-00390, Dec. 16, 2022 final Order.

to Purchased Water Expense, to reflect the normalization of test-year purchased water expenses at current rates⁸¹ as shown in the following table.

Description	Gallons Purchased	Cost Per Gallon	Total
White House Utility District (TN)	418,371,000	\$0.00271	\$1,134,622
Less: Test Year Purchased Water ()			(1,216,129)
Purchased Water Adjustment			<u>\$ (81,507)</u>

Commission Staff recommended the Commission accept Commission Staff's \$81,507 decrease to Purchased Water expense to reflect the normalization of test-year purchased water expenses at current rates.⁸²

The Commission finds Commission Staff's recommended adjustment is reasonable and should be accepted. Simpson District's Purchased Water expense should be decreased by \$81,507, because the known and measurable change is a direct result of changes to its water provider's rates subsequent to the filing of this application as approved in Case No. 2022-00390.⁸³

Water Loss in Excess of 15 Percent. In its application, Simpson District proposed adjustments to decrease Purchased Water expense by \$1,143, and Purchased Power expense by \$29,⁸⁴ to reflect the expense for water loss in excess of 15 percent.⁸⁵

⁸¹ Commission Staff's Report at 20.

⁸² Commission Staff's Report at 20.

⁸³ Case No. 2022-00390, Dec. 16, 2022 final Order.

⁸⁴ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment G.

⁸⁵ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment G.

Simpson District utilized water loss of 15.0943 percent for the test year.⁸⁶ Using the Purchased Water Expense calculated in the Purchased Water Normalization adjustment above of \$1,134,622, Commission Staff calculated a net decrease of \$1,069 to Purchased Water expense, which is \$74 less than proposed by Simpson District.⁸⁷ Commission Staff also calculated a net decrease of \$29 to Purchased Power expense as shown in the following table.

Description	Purchased Water	Purchased Power	Total
Pro Forma Expenses	\$ 1,134,622	\$ 30,953	\$ 1,165,575
Multiply by: Water loss in Excess of 15 Percent	0.0943%	0.0943%	0.0943%
Excess Cost	(1,069)	(29)	(1,098)
Less: Proposed Adjustment ()	1,143	29	1,172
Commission Staff's Adjustment	\$ 74	\$ -	\$ 74

Commission Staff recommended accepting its \$1,069 decrease to Purchased Water Expense and Simpson District's \$29 decrease to Purchased Power expense; to reflect the reduction expenses due to excess water loss above 15 percent.⁸⁸

The Commission finds Commission Staff's and Simpson District's recommended adjustments are reasonable and should be accepted. Simpson District's Purchased Water expense should be decreased by \$1,069; and Purchased Power should be decreased by \$29 since Commission regulation 807 KAR 5:066, Section 6(3), limits water loss to 15 percent for ratemaking purposes.

⁸⁶ 2022 Annual Report at 57.

⁸⁷ Commission Staff's Report at 20–21.

⁸⁸ Commission Staff's Report at 21.

Depreciation Expense – Adoption of NARUC Service Lives. In its application, Simpson District reported a test-year Depreciation Expense of \$700,686.⁸⁹ Simpson District also reported that during 2022, it adopted to using the midpoint of the National Association of Regulatory Utility Commissioners (NARUC) study titled *Depreciation Practices for Small Water Utilities* (NARUC Study).⁹⁰ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the same NARUC Study published in 1979. When no evidence exists to support a specific 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 agreed with Simpson District’s proposed transition to using the NARUC service lives.⁹¹ Before the additional proposed adjustments discussed below, Commission Staff calculated a Depreciation Expense of \$711,721. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Therefore, Commission Staff proposed an increase to Simpson District’s Depreciation Expense of \$11,035, as shown in the following table:

⁸⁹ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations.

⁹⁰ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment H.

⁹¹ Commission Staff’s Report at 21.

Categories	NARUC Service Life Range	Test Year Depreciation	Depreciation Adjustment	Pro Forma Depreciation
3044 Structures & Improvements	35 - 40	\$ 56	\$ -	\$ 56
3045 Structures & Improvements - Warehouses	35 - 40		-	-
3112 Electric Pumping Equipment	20	91,449	58,042	149,491
3304 Standpipes - Reservoirs and Tanks	35 - 45	105,346	(39,053)	66,293
3314 Transmission & Distribution Mains	50 - 75	220,127	1,057	221,184
3324 SCADA - Communication Equipment	10	27,372	13	27,385
3334 Meters Services	30 - 50	43,766	1,110	44,876
3344 Meters - Radio Read Meters	20	74,126	-	74,126
3344 Meters AMR Meters	20	67,093	5,112	72,205
3345- Meter Installations	40 - 50	23,264	663	23,927
3354 Hydrants	50	12,981	76	13,057
3392 Other Pumping Equipment	25	-	24	24
3400 Software Billing System - Office Equipment	20 - 25	18,043	(3,025)	15,018
3401 Hardware Billing System - Office Equipment	20 - 25	5,340	(4,709)	631
3405 Furniture & Office Equipment	20 - 25	256	(24)	232
3415 Transportation Equipment	7	-	367	367
3435 Tools, Shop & Garage Equipment	15 - 20	1,193	(392)	801
3465 Communications Equipment	10	2,048	-	2,048
Total		<u>\$ 692,460</u>	<u>\$ 19,261</u>	711,721
Less: Butler Water's Test Year Depreciation Expense ()				(700,686)
Commission Staff's Proposed Adjustment				<u>\$ 11,035</u>

Commission Staff recommended the Commission accept Commission Staff's \$11,035 increase to Depreciation expense; to reflect the adoption of the NARUC midpoint service lives for fixed assets.⁹²

The Commission finds Commission Staff's recommended adjustment is reasonable and should be accepted. Simpson District's Depreciation expense should be decreased by \$11,035, to align Simpson District's capital assets' useful lives with the NARUC recommended useful lives.

Depreciation Expense – Fully Depreciated Assets. In 2022, Simpson District adopted the midpoint of the NARUC Study.⁹³ In its application, Simpson District proposed

⁹² Commission Staff's Report at 22.

⁹³ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment H.

a decrease to Depreciation expense of \$155,930,⁹⁴ to reflect the one-time adjustment to depreciation expense resulting from assets that exceed the remaining service lives after Simpson District started using the NARUC Study.⁹⁵ Since the conversion to the NARUC midpoint methodology was a one-time occurrence, and not likely to reoccur in the future; Commission Staff agreed with reducing Depreciation Expense of \$155,930 as shown in the following table:⁹⁶

Account Number	Account Title	2022 Adjustment to NARUC
3044	Structures & Improvements	\$ 56
3112	Electric Pumping Equipment	45,043
3304	Standpipes - Reservoirs and Tanks	1,217
3324	SCADA - Communication Equipment	25,282
3334	Meters Services	9,356
3344	Meters - Radio Read Meters	74,126
3345	Meter Installations	850
Total Depreciation Adjustment		<u>\$ 155,930</u>

Commission Staff recommended the Commission accept Simpson District's \$155,930 decrease to Depreciation Expense; to reflect the one-time adjustment for account for fully depreciated assets due to the conversion to the NARUC midpoint methodology.

The Commission finds Simpson District's recommended adjustment is reasonable and should be accepted. Simpson District's Depreciation expense is decreased by \$155,930, because the conversion to the NARUC depreciation methodology is an

⁹⁴ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment H.

⁹⁵ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment H.

⁹⁶ Commission Staff's Report at 22–23.

unusual event, not likely to reoccur. The Commission finds that a reduction of \$155,930 should be made.

Depreciation Expense – Post Test Year Asset Additions. In its application, Simpson District proposed an adjustment to increase Depreciation Expense by \$82,024,⁹⁷ to reflect depreciation of its post-test year plant additions at the appropriate NARUC depreciation lives.⁹⁸ Simpson District provided a list of its fixed asset list used to generate the depreciation schedule,⁹⁹ as well as the projects and assets that were added subsequent to the test year.¹⁰⁰ Commission Staff agreed with the inclusion of post-test year asset additions¹⁰¹ since the proposed rates should be sufficient to recover the cost for the depreciation of these assets on a going forward basis. However, Commission Staff disagreed with some of the proposed useful lives and changed them to reflect the NARUC study's useful lives.¹⁰² Commission Staff calculated additional Depreciation expense of \$76,999, which is \$5,025 less than the \$82,024 proposed by Simpson District, as shown in the following table.

⁹⁷ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment I.

⁹⁸ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment I.

⁹⁹ Simpson District's Response to Staff's First Request, Item 16, 16_Depreciation.xlsx.

¹⁰⁰ Simpson District's Response to Staff's First Request, Item 5, 5_Simpson_County_Rate_Model.xlsx, Dep Adj Tab.

¹⁰¹ Commission Staff's Report at 23–24.

¹⁰² Commission Staff's Report at 23–24.

Project Description	NARUC Asset Class	Total Project	Depreciation Lives	Annual Depreciation	Completion Date
SCADA Replacement	Communication Equipment	\$ 609,700	10.0	\$ 60,970	In-Progress
Botanical Gardens Line Extension	Transmission and Distribution Mains	270,615	62.5	4,330	12/31/2023
Cross Creek Commons Line Extension	Transmission and Distribution Mains	212,990	62.5	3,408	12/31/2023
Fire Service Installations (3)	Fire Mains	60,948	62.5	975	2023
Truck - Dodge Ram 4WD	Transportation Equipment	39,805	7.0	5,686	12/31/2022
Fisher Contracting Line Extension	Transmission and Distribution Mains	27,750	62.5	444	12/31/2023
Citworks Software Implementation	Office Furniture and Equipment	26,694	22.5	1,186	12/31/2023
Totals		<u>\$ 1,248,502</u>		<u>76,999</u>	
Less: Simpson District's Proposed Adjustment ()				<u>(82,024)</u>	
Commission Staff's Proposed Adjustment				<u>\$ (5,025)</u>	

Commission Staff recommended the Commission accept Commission Staff's \$76,999 increase to Depreciation Expense; to reflect the inclusion of post-test year asset additions.

The Commission finds that Commission Staff's adjustment is a known and measurable change to depreciation expense, is reasonable, and should be accepted. Including the actual assets in the depreciation schedule ensures that Simpson District will be able to recover these costs.

Depreciation Expense – Badger M25 Radio Read Meters. In the application, Simpson District proposed an adjustment to increase Depreciation Expense by \$41,654,¹⁰³ to reflect the reduction of the estimated useful service lives for the Badger 5/8-Inch M25 meters from 20 years to 10 years.¹⁰⁴ Simpson District has approximately 2,272 Badger M25 meters.¹⁰⁵ Simpson District reported that the 20-year service life for the Badger M25 meters was established based the performance of a similar Sensus DR11 meters utilized by Warren District, Butler County Water, and Simpson District that

¹⁰³ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment J.

¹⁰⁴ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment J.

¹⁰⁵ Simpson District's Response to Commission Staff's Report, Item 2.

maintains accuracy beyond 20 years.¹⁰⁶ Simpson District reported that in March 2023, 64.58 percent of the Badger M25 meters tested in service for ten years failed the American Waters Works Association (AWWA) meter accuracy testing among the three water utilities under the joint operation agreement.¹⁰⁷

Between January and July 2023, 422 other Badger M25 meters were tested after nine years of service and only 21.8 percent failed accuracy standards.¹⁰⁸ Simpson District also reported that the Badger M25 Meters were purchased with a 15-year warranty.¹⁰⁹ Simpson District stated that setting these meters to a 15-year useful life would not be reasonable.¹¹⁰ Simpson District stated that, for the Badger M25, test data indicates a substantial number of meters will fail around ten years of age. If a 15-year useful life is applied, meters failing at ten years will have residual book values.¹¹¹ Simpson District stated it would be required to write off the residual value and record a disposition loss as Badger M25 meters are removed from service.¹¹²

Simpson District stated that the other water meters it uses maintain accuracy, with only 5.47 percent failing accuracy tests after 20 years.¹¹³

¹⁰⁶ Simpson District's Response to Staff's Second Request, Item 5.

¹⁰⁷ Simpson District's Response to Staff's Second Request, Item 5.

¹⁰⁸ Simpson District's Response to Staff's Second Request, Item 5.

¹⁰⁹ Simpson District's Response to Staff's Second Request, Item 6. *See also* Case No 2024-00061, *Electronic Application of Butler County Water System, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (issued Aug. 28, 2024), Commission Staff Report.

¹¹⁰ Simpson District's Response to Staff's Third Request, Item 4.

¹¹¹ Simpson District's Response to Staff's Third Request, Item 4.

¹¹² Simpson District's Response to Staff's Third Request, Item 4.

¹¹³ Simpson District's Response to Staff's Third Request, Item 3.

Given the failure rates of the Badger M25 meters, Commission Staff agreed with Simpson District's statement that a 20-year service life is overstating the life expectancy of the Bader M25 meters.¹¹⁴ Commission Staff agreed with Simpson District's proposed adjustment to reduce the Depreciation service lives for only the Bader M25 Meters from the projected 20 years to 10 years.¹¹⁵ Therefore, Commission Staff agreed with the proposed increase to Depreciation expense of \$41,654.¹¹⁶

Commission Staff recommended the Commission accept Commission Staff's agreement with Simpson District's proposed \$41,654 increase to Depreciation Expense; to reflect the reduction of Badger M25 meter's useful lives from 20 to 10 years.¹¹⁷

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Simpson District's proposed increase of \$41,654 is reasonable and should be accepted. Having reviewed the record and the Commission Staff's Report, the Commission agrees that, in this case, Simpson District has provided sufficient evidence as to why acceleration of the Badger M25 Meters is reasonable. The Commission has previously stated that when the life of an asset is determined to be less than or more than the estimated life during the asset's life, an adjustment to the life and

¹¹⁴ Commission Staff's Report at 24–28.

¹¹⁵ Commission Staff's Report at 24–28.

¹¹⁶ Commission Staff's Report at 24–28.

¹¹⁷ Commission Staff's Report at 24–28.

corresponding depreciation rate should be made.¹¹⁸ Simpson District has demonstrated that the asset is determined to be less than its estimated life.

Taxes Other Than Income – Federal Insurance Contributions Act (FICA). In the application, Simpson District proposed an adjustment to increase Taxes Other Than Income by \$22,343,¹¹⁹ to account for changes in Payroll taxes as a result of changes to Salaries and Wages – Employees.¹²⁰ As discussed in the Salaries and Wages – Employee adjustment, Commission Staff agreed with Simpson District’s proposal to remove Payroll taxes from Employee Benefits. As stated above, Commission Staff agreed with Simpson District’s calculation of pro forma Salaries and Wages – Employees of \$281,272, and Salaries and Wages – Officers of \$10,800.¹²¹ Therefore, Commission Staff agreed with Simpson District’s proposed adjustment to Taxes Other Than Income¹²² since the calculation is a direct result of changes to Salaries and Wages – Employees, resulting in pro forma payroll taxes increase of \$22,343 and a pro forma Taxes Other Than Income of \$26,259 as shown in the following table.

¹¹⁸ Case No. 2019-00399, *Application of Salt River Electric Cooperative Corporation for an Order Issuing a Certificate of Public Convenience and Necessity to Construct an Advanced Metering Infrastructure System (AMI) Pursuant to 807 KAR 5:001 and KRS 278.020* (Ky. PSC Mar. 12, 2020), Order at 7.

¹¹⁹ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Schedule of Adjusted Operations, Adjustment K.

¹²⁰ Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment K.

¹²¹ Simpson District’s Response to Staff’s First Request, Item 9.

¹²² Commission Staff’s Report at 28.

Description	Amount
Salaries and Wages - Employees	\$ 281,272.0
Salaries and Wages - Officers	10,800
Total Pro Forma Salaries	292,072
Times: 7.65 Percent FICA Rate	7.65%
Total Pro Forma Payroll Taxes	22,343
Plus: PSC Assessment	3,916
Total Taxes Other Than Income	26,259
Less: Test Year Taxes other than Income ()	(3,916)
Total Taxes Other Than Income Adjustment	\$ 22,343

Commission Staff recommended the Commission accept Simpson District's \$22,343 increase to Taxes Other Than Income; to reflect the payroll taxes due to changes in Salaries and Wages - Employees.¹²³

The Commission finds that Simpson District's proposed adjustments are reasonable and should be accepted. Simpson District's Taxes Other Than Income should be increased by \$41,714 because the known and measurable change is a direct result of changes to Salaries and Wages – Employees.

SUMMARY OF ADJUSTMENTS

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

¹²³ Commission Staff's Report at 28–29.

Description	Commission		
	Staff's Report Pro Forma	Commission Adjustments	Commission Pro Forma
Total Operating Revenues	\$ 2,645,823	\$ -	\$ 2,645,823
Utility Operating Expenses ()	(2,510,138)	-	(2,510,138)
Utility Operating Income	135,685	-	135,685
Gains/ Losses from Disposal of Utility Property	(4,977)	-	(4,977)
Interest and Dividend Income	19,115	-	19,115
Nonutility Income	7,879	-	7,879
Income Available for Debt Service	\$ 157,702	\$ -	\$ 157,702

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

¹²⁴ 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); and 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).

¹²⁵ 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).

Description	Commission Staff's Report	Commission Approved
Pro Forma Operating Expenses	\$ 2,510,138	\$2,510,138
Plus: Avg. Annual Principal and Interest Payments	202,873	202,873
Additional Working Capital	40,575	40,575
Total Revenues Requirement	2,753,585	2,753,585
Plus: Losses from Disposal of Utility Property	4,977	4,977
Less: Other Operating Revenue ()	(85,789)	(85,789)
Less: Interest and Dividend Income ()	(19,115)	(19,115)
Less: Nonutility Income ()	(7,879)	(7,879)
Revenue Required From Water Sales	2,645,779	2,645,779
Less: Revenue from Sales at Present Rates ()	(2,560,034)	(2,560,034)
Required Revenue Increase	\$ 85,745	\$ 85,745
Percentage Increase	3.35%	3.35%

Average Annual Principal and Interest Payments. At the time of Commission Staff's review, Simpson District had one U.S. Department of Agriculture's (USDA) Loan¹²⁶ and one Kentucky Rural Water Finance Corporation (KRWFC) loan.¹²⁷ In its application, Simpson District 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 five years following the test year, which is 2024 through 2028.¹²⁸ However, because the statutory date for a final Order to be issued in this proceeding is January 21,

¹²⁶ Case No. 2019-00395, *Electronic Application of Simpson County Water District, (A) for a Certificate of Public Convenience and Necessity, Pursuant to KRS 278.020 and 278.023, Authorizing Said District to Construct Improvements and Extensions to its Existing Water System Which Improvements and Extensions will be Financed in Part Under Terms of an Agreement Between the Water District and the United States Department of Agriculture; Rural Development, (B) for Authority to Issue Certain Securities as Required by 278.300; and (C) for Approval of Water Rates and Charges*, (Ky. PSC Nov. 26, 2019).

¹²⁷ Case No. 2021-00014, *Electronic Application of the Simpson County Water District to Issue Securities in the Approximate Principal Amount of \$1,620,000 for the Purpose of Refunding and Reamortizing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Mar. 24, 2021).

¹²⁸ Simpson District's Response to Staff's First Request, Item 5, 5_Simpson_County_Rate_Model, Debt Sch Tab.

2025, the 2024 debt service payments will be recovered through Simpson District'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 Simpson District'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 2029. As shown in the following table, Commission Staff calculated an Average Principal and Interest expense of \$202,873.

Debt Issuance	2025		2026		2027		2028		2029		Total
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
USDA Loan 91-09	\$ 28,000	\$26,409	\$ 28,500	\$25,880	\$ 29,000	\$25,341	\$ 29,500	\$24,792	\$ 30,000	\$24,234	\$ 271,656
KRWFC Series 2021A	110,000	37,550	115,000	32,769	120,000	27,775	125,000	22,569	135,000	17,044	742,707
Total	\$138,000	\$63,959	\$143,500	\$58,649	\$149,000	\$53,116	\$154,500	\$47,361	\$165,000	\$41,278	1,014,363
Divided by: 5 years											5
Average Annual Principal and Interest Payments											<u><u>\$ 202,873</u></u>

The Commission finds Commission Staff's proposed Average Interest and Principal Payments of \$202,873 should be included in Simpson District's Revenue Requirement because the DSC methodology allows for the recovery of the principal and interest payments.

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, Simpson District requested recovery of an allowance

for working capital that is equal to 120 percent of its average annual debt payments for its loans, at the time of its application, for a total of \$39,776.¹²⁹

Following the Commission’s historic practice,¹³⁰ Commission Staff agreed with Simpson District’s methodology. Therefore, when the change from 2024 through 2028 to 2025 through 2029 is taken into account, \$40,575 is included in the revenue requirement as shown in the following table:

Average Annual Principal and Interest	\$ 202,873
Times: DSC Coverage Ratio	120%
Total Net Revenues Required	<u>243,447</u>
Less: Average Annual Principal and Interest Payments	<u>(202,873)</u>
Additional Working Capital	<u><u>\$ 40,575</u></u>

The Commission finds Commission Staff’s proposed Additional Working Capital of \$40,575 should be included in Simpson District’s Revenue Requirement because the Additional Working Capital is a direct result of the calculated Annual Debt Principal and Interest payments.

Interest Income and Nonutility Income. In the application, Simpson District recorded \$14,635 for its test year Interest and Dividend Income and \$7,790 for Nonutility Income.¹³¹ However, Simpson District reported that these amounts were from 2021

¹²⁹ Simpson District’s Response to Staff’s First Request, Item 5, 5_Simpson_County_Rate_Model, SAO-DSC Tab, Cell L52.

¹³⁰ 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).

¹³¹ Application, Attachment 4, 4_SAO_With_Attachments.pdf, Revenue Requirements table.

instead of the test year.¹³² Commission Staff updated these figures to represent the test-year amounts. Therefore, Interest Income was updated to \$19,115,¹³³ and Nonutility Income was updated to \$7,879.¹³⁴

The Commission finds Commission Staff's Commission Staff's proposed Interest Income and Nonutility Income of \$28,352 and \$684 should be included in Simpson District's Revenue Requirement because the updated amounts properly reflect the test year instead of the previous calendar year.

RATE DESIGN

In its application, Simpson District proposed to increase all of its monthly retail water service rates by 5.81 percent evenly across the board.¹³⁵ Simpson District stated that it did not complete a COSS at this time as there has been no material changes in the water system,¹³⁶ and it did not anticipate having a COSS performed.¹³⁷ 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.¹³⁸

¹³² Simpson District's Response to Staff's First Request, Item 13a and 13b.

¹³³ Simpson District's Response to Staff's First Request, Item 13a.

¹³⁴ Simpson District's Response to Staff's First Request, Item 13b.

¹³⁵ Application, Attachment 1, Customer Notice, 1_Customer_Notice.pdf.

¹³⁶ Simpson District's Response to Staff's First Request, Item 11a.

¹³⁷ Simpson District's Response to Staff's First Request, Item 11c.

¹³⁸ 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,

Commission Staff followed the allocation methodology proposed by Simpson District and allocated Commission Staff's revenue increase of \$85,745 across the board to Simpson District's monthly retail water service rates.

The Commission accepts Commission Staff's recommendation and finds that this allocation is reasonable. The rates set forth in Appendix B to this Order are based upon the revenue requirement, as calculated by Commission Staff, and will produce sufficient revenues from water sales to recover the \$2,645,779 Revenue Required from Rates, an approximate 3.35 percent increase. These rates will increase a typical residential customer's monthly water bill, using 4,615 gallons per month, from \$34.71 to \$35.87, an increase of \$1.16, or approximately 3.34 percent.¹³⁹

The Commission finds that the evidence provided in the record and the analysis shows that the revenue requirement and the allocation methodology used by Commission Staff are fair, just and reasonable and should be approved.

Nonrecurring Charges. Simpson District provided the cost justification for the nonrecurring charges.¹⁴⁰ Commission Staff reviewed the cost justification information provided by Simpson District and adjusted these charges by removing Field Labor Costs and Office/Clerical Labor Costs.¹⁴¹ The Commission Staff's proposed nonrecurring charges are listed below. The Commission finds that the Commission Staff's Report is

Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment (Ky. PSC Jan. 5, 2022).

¹³⁹ The average retail customer has a 5/8 Inch meter using 4,615 gallons per month as used by Simpson District in its Application, Attachment 1, 1_Customer_Notice at 3.

¹⁴⁰ Simpson District's Response to Staff's First Request, Item 15a, Attachment at 19.

¹⁴¹ Commission Staff's Report at 8–10.

consistent with recent Commission decisions, that labor expenses resulting from work performed during normal business hours should not be recovered through nonrecurring charges.¹⁴² The Commission requires that charges be directly related to the actual cost incurred to provide the service. Only the marginal cost related to the service should be recovered through a special nonrecurring charge for service provided during normal working hours. For the reasons discussed above, the estimated labor expenses previously included in determining the rate for nonrecurring charges should be eliminated from the charges, as proposed by Commission Staff.

The breakdown of cost for each nonrecurring charge and any Commission Staff adjustment can be found in Appendix A to this Order.

Description	Current Charge	Revised Charge
Service Connection	\$25.00	\$8.00
Service Connection-After Hours	\$65.00	\$57.00
Delinquent Service	\$25.00	\$16.00
Meter Reading Recheck	\$25.00	\$8.00
Service Investigation	\$25.00	\$12.00
Service Investigation-After Hours	\$65.00	\$104.00
Meter Test Request	\$50.00	\$5.00
Meter Investigation	\$75.00	\$9.00
Returned Check	\$25.00	\$5.00
Service Line Inspection	\$50.00	\$12.00

¹⁴² Case No. 2023-00090, *Electronic Application of Henry County Water District #2 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2023); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 4, 2024); Case No. 2023-00090, *Electronic Application of Kirksville Water Association Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00252, *Electronic Application of Oldham County Water District for an Alternative Rate Adjustment* (Ky. PSC June 18, 2024).

The Commission finds that Commission Staff's recommendation is reasonable, and the revised nonrecurring charges as described above and in Appendix B to this Order to be reasonable.

Tap-On Fee: Simpson District provided updated cost justification information for its 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge.¹⁴³ Commission Staff reviewed Simpson District's proposal of keeping the tap-on-charge unchanged at \$1,600. However, the cost justification sheet showed a total connection expense of \$1,647. Commission Staff recommended increasing the tap-on charge to reflect the expenses presented in the updated cost justification provided by Simpson District to avoid under recovering \$47 per tap-on charge.¹⁴⁴

The Commission agrees with Commission Staff's recommendation to increase the Tap-on fee to \$1,647, to reflect the current expenses incurred to install new taps, in order to prevent an under recovery of \$47 per tap fee. Although the Commission is cognizant of a utility's desire to keep rates affordable, not increasing the tap fee rate in line with the utility's actual cost does not result in a fair, just or reasonable rate.

SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in the Commission Staff's Report, are supported by the evidence of record and are reasonable. By applying the DSC method to Simpson District's pro forma operations results in an Overall Revenue Requirement of \$2,753,585 and that a \$85,745 revenue increase, or 3.35 percent, to pro

¹⁴³ Simpson District's Response to Staff's First Request, Item 15b, Attachment at 19.

¹⁴⁴ Commission Staff's Report at 8–11.

forma present rate revenues is necessary to generate the Overall Revenue Requirement. The rates contained in Appendix B to this Order are fair, just and reasonable based on the evidence in the record.


IT IS THEREFORE ORDERED that:

1. The recommendations contained in the Commission Staff's Report, are adopted and incorporated by reference into this Order as if fully set out herein.
2. The water service rates proposed by Simpson District are denied.
3. The water service rates set forth in Appendix B to this Order are approved for service rendered by Simpson District on or after the date of this Order.
4. Within 20 days of the date of service of this Order, Simpson District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.
5. This case is closed and removed from the Commission's docket.

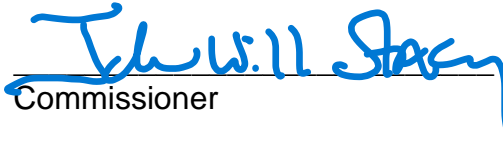
PUBLIC SERVICE COMMISSION



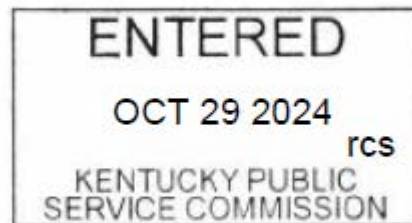
Chairman



Commissioner



Commissioner



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00068 DATED OCT 29 2024

* Denotes Rounding

Nonrecurring Charges Adjustments

SERVICE CONNECTION		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (0.76 Hours x \$ 35.86)	\$27.17	\$0.00
Office Supplies	\$0.00	\$0.00
Office Labor (0.42 Hours X \$ 33.22)	\$13.95	\$0.00
Transportation (0.76 Hours X \$ 10.00)	\$7.58	\$7.58
Misc.	\$0.00	\$0.00
Total Revised Charge*	\$48.70	\$8.00
Current Rate	\$25.00	

SERVICE CONNECTION-AFTER HOURS		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (0.76 Hours x \$ 53.78)	\$40.75	\$40.75
Office Supplies	\$0.00	\$0.00
Office Labor (0.42 Hours X \$ 33.22)	\$13.95	\$0.00
Transportation (0.76 Hours X \$ 10.00)	\$7.58	\$7.58
Misc. (Combined Communications - After Hour Call Service)	\$8.97	\$8.97
Total Revised Charge*	\$71.25	\$57.00
Current Rate	\$65.00	

DELINQUENT SERVICE		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1.12 Hours x \$ 44.04)	\$92.58	\$0.00
Office Supplies	\$1.11	\$1.11
Office Labor (0.20 Hours x \$ 33.22)	\$6.63	\$0.00
Transportation (1.12 Hours x \$ 10.00)	\$15.35	\$15.35
Misc.	\$0.00	\$0.00
Total Revised Charge*	\$115.67	\$16.00

Current Rate \$25.00

METER READING RECHECK

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (0.79 Hours x \$ 39.42)	\$30.99	\$0.00
Office Supplies	\$0.00	\$0.00
Office Labor (0.33 Hours X \$ 33.22)	\$11.07	\$0.00
Transportation (0.79 Hours X \$ 10.00)	\$7.86	\$7.86
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$49.92</u>	<u>\$8.00</u>
Current Rate	\$25.00	

SERVICE INVESTIGATION

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1.16 Hours x \$ 47.51)	\$55.32	\$0.00
Office Supplies	\$0.00	\$0.00
Office Labor (0.23 Hours X \$ 33.22)	\$7.75	\$0.00
Transportation (1.16 Hours X \$ 10.00)	\$11.64	\$11.64
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$74.71</u>	<u>\$12.00</u>
Current Rate	\$25.00	

SERVICE INVESTIGATION-AFTER HOURS

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1.16 Hours x \$ 71 .27)	\$82.98	\$82.98
Office Supplies	\$0.00	\$0.00
Office Labor (0.23 Hours X \$ 33.22)	\$7.75	\$0.00
Transportation (1.16 Hours X \$ 10.00)	\$11.64	\$11.64
Misc. (Combined Communication After Hours Call Service)	\$8.97	\$8.97
Total Revised Charge*	<u>\$111.34</u>	<u>\$104.00</u>
Current Rate	\$65.00	

METER TEST REQUEST

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1.75 Hours x \$ 41.05)	\$71.84	\$0.00

Office Supplies	\$0.00	\$0.00
Office Labor (0.13 Hours X \$ 33.22)	\$4.43	\$0.00
Transportation (0.50 Hours X \$ 10.00)	\$5.00	\$5.00
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$81.27</u>	<u>\$5.00</u>
Current Rate	\$50.00	

METER INVESTIGATION

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (0.95 Hours x \$ 44.17)	\$41.74	\$0.00
Office Supplies	\$0.00	\$0.00
Office Labor (1.22 Hours X \$ 33.22)	\$40.41	\$0.00
Transportation (0.945 Hours X \$ 10.00)	\$9.45	\$9.45
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$91.60</u>	<u>\$9.00</u>
Current Rate	\$75.00	

RETURNED CHECK

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor	\$0.00	\$0.00
Office Supplies	\$0.00	\$0.00
Office Labor (0.60 Hours X \$ 33.22)	\$19.93	\$0.00
Transportation	\$0.00	\$0.00
Misc. (Bank Fee - Returned Check)	\$5.00	\$5.00
Total Revised Charge*	<u>\$24.93</u>	<u>\$5.00</u>
Current Rate	\$25.00	

SERVICE LINE INSPECTION

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$0.00	\$0.00
Field Labor (1.16 Hours x \$ 47.51)	\$55.03	\$0.00
Office Supplies	\$0.00	\$0.00
Office Labor (0.2333 Hours X \$ 33.22)	\$7.75	\$0.00
Transportation (1.1583 Hours X \$ 10.00)	\$11.58	\$11.58
Misc.	\$0.00	\$0.00
Total Revised Charge*	<u>\$74.36</u>	<u>\$12.00</u>

Current Rate

\$50.00

Tap-On Fee 5/8-Inch x 3/4-Inch Meter		
	Utility Revised Charge	Staff Revised Charge
Materials Expense	\$801.34	\$801.34
Service Pipe Expense	\$11.20	\$11.20
Installation Labor Expense	\$434.07	\$434.07
Installation Equipment Expense	\$161.69	\$161.69
Installation Miscellaneous Expense	\$42.50	\$42.50
Overhead Expense	\$131.43	\$131.43
Administrative Expense	\$64.65	\$64.65
Total Revised Charge*	<u>\$1,646.88</u>	<u>\$1,647.00</u>
Current Rate	\$1,600.00	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00068 DATED OCT 29 2024

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

Monthly Rates

5/8-Inch Meter

First	2,000 Gallons	\$18.43	Min. Bill
Next	8,000 Gallons	0.00667	per Gallon
Next	190,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

3/4-Inch Meter

First	3,000 Gallons	\$25.68	Min. Bill
Next	7,000 Gallons	0.00667	per Gallon
Next	190,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

1-Inch Meter

First	5,000 Gallons	\$39.57	Min. Bill
Next	5,000 Gallons	0.00667	per Gallon
Next	190,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$79.70	Min. Bill
Next	190,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

2-Inch Meter

First	16,000 Gallons	\$117.23	Min. Bill
Next	184,000 Gallons	0.00597	per Gallon

Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

3-Inch Meter

First	30,000 Gallons	\$231.49	Min. Bill
Next	170,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

4-Inch Meter

First	50,000 Gallons	\$357.69	Min. Bill
Next	150,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

6-Inch Meter

First	100,000 Gallons	\$672.10	Min. Bill
Next	100,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

8-Inch Meter

First	160,000 Gallons	\$1,053.02	Min. Bill
Next	40,000 Gallons	0.00597	per Gallon
Next	400,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

10-Inch Meter

First	550,000 Gallons	\$3,264.10	Min. Bill
Next	50,000 Gallons	0.00559	per Gallon
Over	600,000 Gallons	0.00414	per Gallon

Private Fire Service Rates:

1-Inch	\$10.72
1.5- Inch	\$18.04
2-Inch	\$27.94
3-Inch	\$70.13
4-Inch	\$147.75
6-Inch	\$367.49
8-Inch	\$736.98
10-Inch	\$1,295.35

Nonrecurring Charges

Service Connection	\$8.00
Service Connection-After Hours	\$57.00
Delinquent Service	\$16.00
Meter Reading Recheck	\$8.00
Service Investigation	\$12.00
Service Investigation-After Hours	\$104.00
Meter Test Request	\$5.00
Meter Investigation	\$9.00
Returned Check	\$5.00
Service Line Inspection	\$12.00

Tap-On Fee

5/8-Inch x 3/4-Inch Meter	\$1,647.00
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