

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CRITTENDEN-	)	
LIVINGSTON COUNTY WATER DISTRICT FOR	)	CASE NO.
AN ALTERNATIVE RATE FILING PURSUANT TO	)	2024-00278
807 KAR 5:076	)	

ORDER

On January 27, 2025,¹ Crittenden-Livingston County Water District (Crittenden-Livingston District) filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. On January 27, 2025, the Commission issued an Order granting a deviation for good cause from the notice requirements set forth in 807 KAR 5:076, Section 5(4)(a), and deemed the application filed.²

In its application, Crittenden-Livingston District requested rates that would increase its base rate revenue by \$522,031, or 16.94 percent to pro forma present rate water revenues.³ To comply with the requirements of 807 KAR 5:076, Section 9,⁴ Crittenden-Livingston District used the calendar year ended December 31, 2023, as the basis for its application.

¹Crittenden-Livingston District tendered its application on November 12, 2024. By letter dated November 14, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on January 27, 2025.

² Order (Ky. PSC Jan. 27, 2025).

³ Application, Attachment 4, Revenue Requirement Table.

⁴ The reasonableness of the proposed rates shall be determined using a 12-month historical test period, adjusted for known and measurable changes, that coincides with the reporting period of the applicant's annual report for the immediate past year.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated February 11, 2025,⁵ and amended by Order dated May 29, 2025,⁶ and Order dated June 24, 2025.⁷ Crittenden-Livingston District responded to three requests for information.⁸ Crittenden-Livingston District initially responded to Public Service Commission Staff's (Staff) First Request for Information (Staff's First Request) on March 27, 2025, then filed supplemental responses to the same request on April 3, 2025, and April 4, 2025. Following a request for an extension, Crittenden-Livingston District responded to Staff's Second Request for Information (Staff's Second Request) on May 1, 2025. Crittenden-Livingston District responded to Staff's Third Request for Information on May 29, 2025. During the pendency of this case, two public comments⁹ were filed objecting to the proposed increase, asserting concerns regarding board governance and training, meeting attendance, maintenance of aging infrastructure and malfunctioning meters contributing to water loss, overtime expenditures, and general management/compliance practices.

Staff issued its report (Staff's Report) on July 14, 2025,¹⁰ summarizing its findings and recommendations regarding Crittenden-Livingston District's requested rate adjustment. In Staff's Report, Staff found that Crittenden-Livingston District's adjusted

⁵ Order (Ky. PSC Feb. 11, 2025).

⁶ Order (Ky. PSC May 29, 2025).

⁷ Order (Ky. PSC June 24, 2025).

⁸ Crittenden-Livingston District's Response to Staff's First Request for Information (Staff's First Request) (filed Mar. 27, 2025); Crittenden-Livingston District's Response to Staff's Second Request for Information (Staff's Second Request) (filed May 1, 2025); Crittenden-Livingston District's Response to Staff's Third Request for Information (Staff's Third Request) (filed May 29, 2025).

⁹ The Public Comments for this case are available at psc.ky.gov.

¹⁰ Staff's Report (issued July 14, 2025).

test-year operations support an overall revenue requirement of \$3,565,944 and that a \$392,368 revenue increase, or 12.74 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.¹¹ In the absence of a cost-of-service study (COSS), Staff allocated its recommended revenue increase evenly across all customer classes to calculate its recommended water rates.¹²

On July 29, 2025, Crittenden-Livingston District filed its response to Staff's Report,¹³ after requesting an extension to respond, which was granted by Order dated July 28, 2025.¹⁴ In its written comments, Crittenden-Livingston 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.¹⁵ Crittenden-Livingston District concurred with the remainder of the findings presented in Staff's Report and waived its right to request an informal conference or hearing in this case. 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

¹¹ Staff's Report at 5.

¹² Staff's Report at 6.

¹³ Crittenden-Livingston District's Response to Staff's Report (filed July 29, 2025).

¹⁴ Order (Ky. PSC July 28, 2025).

¹⁵ Crittenden-Livingston District's Response to Staff's Report, Item 1.

law, the utility is allowed to charge its customers “only fair, just and reasonable rates.”¹⁶ 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

Crittenden-Livingston District is a water utility organized pursuant to KRS Chapter 74 that owns and operates a distribution system which provides retail water service to approximately 3,553 residential customers, 162 commercial customers, seven public authorities, and three bulk loading stations located in Crittenden and Livingston counties, Kentucky.¹⁷ Crittenden-Livingston District’s last base rate increase, filed pursuant to the alternative rate filing procedure, was in Case No. 2018-00414.¹⁸

UNACCOUNTED-FOR WATER LOSS

Crittenden-Livingston District produces 96 percent of its water¹⁹ and purchases the remainder from Webster County Water District.²⁰ The Commission notes that in its 2023 Annual Report, Crittenden-Livingston District reported water loss of 23.9717 percent.²¹ Crittenden-Livingston District’s water loss was 19.7562 percent in 2021²² and

¹⁶ *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).

¹⁷ *Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 12, 49.

¹⁸ See Case No. 2018-00414, *Application of Crittenden-Livingston County Water District for an Alternative Rate Adjustment*.

¹⁹ 2023 Annual Report at 57.

²⁰ 2023 Annual Report at 54.

²¹ 2023 Annual Report at 58.

²² *Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 58.

16.5618 percent in 2022.²³ The Commission also notes that while unpublished, Crittenden-Livingston District's 2024 annual report indicates water loss above 39 percent.²⁴ Given Crittenden-Livingston District's excess water loss, the Commission cautions that continued high water loss poses risks to the district's financial health and operational reliability.²⁵ Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. The table below shows that the 2023 total annual cost of water loss to Crittenden-Livingston District is \$111,049, while the annual cost of water loss in excess of 15 percent is \$41,562.

Total Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	\$ 50,552	\$ 199,422	\$ 213,278	\$ 463,252
Water Loss Percent	23.9717%	23.9717%	23.9717%	23.9717%
Total Water Loss	<u>\$ 12,118</u>	<u>\$ 47,805</u>	<u>\$ 51,126</u>	<u>\$ 111,049</u>

Disallowed Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	\$ 50,552	\$ 199,422	\$ 213,278	\$ 463,252
Water Loss in Excess of 15%	8.9717%	8.9717%	8.9717%	8.9717%
Disallowed Water Loss	<u>\$ 4,535</u>	<u>\$ 17,892</u>	<u>\$ 19,135</u>	<u>\$ 41,562</u>

²³ *Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 58.

²⁴ Unpublished *Annual Report of Crittenden-Livingston District to the Public Service Commission for the Calendar Year Ended December 31, 2024* (2024 Annual Report) at 58.

²⁵ Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC Mar. 12, 2019), Order.

TEST PERIOD

The calendar year ended December 31, 2023, was used as the test year to determine the reasonableness of Crittenden-Livingston District's existing and proposed water rates as required by 807 KAR 5:076, Section 9.

SUMMARY OF REVENUE AND EXPENSES

The Staff's Report summarizes Crittenden-Livingston District's pro forma income statement as follows:

Description	Commission Staff's Report		
	Test Year Operations	Pro Forma Adjustments	Pro Forma Operations
Operating Revenues	\$ 3,130,556	\$ 29,118	\$ 3,159,674
Operating Expenses	2,716,061	(222,429)	2,493,632
Net Operating Income	414,495	251,547	666,042
Interest Income	13,902	0	13,902
Income Available to Service Debt	<u>\$ 428,397</u>	<u>\$ 251,547</u>	<u>\$ 679,944</u>

REVIEW AND MODIFICATION OF STAFF'S RECOMMENDATIONS

In its application, Crittenden-Livingston District proposed adjustments to its revenues and expenses to reflect current and expected operating conditions. In Staff's Report, Staff recommended additional pro forma adjustments.²⁶ The Commission finds that the recommendations contained in Staff's Report should be approved with further modifications. Due to a recent Circuit Court opinion regarding the process used by the Commission to consider employee contribution assumptions arising from a Bureau of Labor Statistics (BLS),²⁷ the Commission finds an adjustment should be made to include

²⁶ Staff's Report at 10.

²⁷ *Oldham Co. Water District v. Public Service Commission of Kentucky*, Franklin Circuit Court, Division 1, Civil Action No. 24-CI-00725 (Sept. 25, 2025), Opinion and Order.

those expenses in the revenue requirement. This results in an increase of \$9,983 or 0.32 percent to the revenue requirement recommended by Staff. The following is the Commission's complete pro forma.

Description	Test Year	Total Adjustments	Commission Staff Pro Forma	Commission Adjustments	Commission Approved Pro Forma
Operating Revenues					
Metered Retail Sales	\$ 2,502,135	\$ 67,499	\$ 2,569,634		\$2,569,634
Sales for Resale	512,317	(2,944)	509,373		509,373
Other Revenues					
Forfeited Discounts	67,097	0	67,097		67,097
Misc Service Revenues	12,420	463	12,883		12,883
Other	36,587	(35,900)	687		687
Total Operating Revenues	3,130,556	29,118	3,159,674	0	3,159,674
Operation and Maintenance					
Salaries and Wages - Employees	622,678	16,583			
		(10,566)	628,695		628,695
Salaries and Wages - Officers	6,200	(6,200)	0		
Employee Benefits - Medical	75,009	16,268			
		3,692			
		(22,332)	72,637	22,332	82,620
				(12,349)	
Employee Benefits - Retirement (CERS)		(16,268)			
		138,156			
		(21,523)			
		16,697	117,062		117,062
Purchased Water	50,552	(4,535)	46,017		46,017
Purchased Power	199,422	(17,892)	181,530		181,530
Chemicals	213,278	(19,135)	194,143		194,143
Materials and Supplies	548,579				
		(317,294)	231,285		231,285
Contractual Services - Prof Fees	69,911	(10,378)	59,533		59,533
Transportation Expenses	20,541		20,541		20,541
Insurance - Gen Liab & Workers Comp	60,792	15,422	76,214		76,214
Insurance - Other	1,145		1,145		1,145
Bad Debt	(611)		(611)		(611)
Miscellaneous Expenses	82,844	(3,917)	78,927		78,927
Total	1,950,340	(243,222)	1,707,118	9,983	1,717,101
Amortization		0	0		0
Depreciation Expense	720,392	24,285	744,677		744,677
Taxes Other Than Income	45,329	2,766	48,095		48,095
Total Operating Expenses	2,716,061	(216,171)	2,499,890	9,983	2,509,873
Net Operating Income	414,495	245,289	659,784	(9,983)	649,801
Interest Income	13,902	0	13,902		13,902
Income Available to Service Debt	\$ 428,397	\$ 245,289	\$ 673,686	\$ (9,983)	\$ 663,703

PRO FORMA OPERATING STATEMENT

Operating Revenues. Crittenden-Livingston District reported \$3,014,452 in Operating Revenues during the test year, comprised of \$2,502,135 in Metered Retail Sales and \$512,317 in Sales for Resale.²⁸ Crittenden-Livingston District proposed one adjustment to correct the Metered Retail Sales to the amount indicated in the billing analysis of \$2,569,634,²⁹ resulting in an increase of \$67,499 to Metered Retail Sales.³⁰ Staff reviewed Crittenden-Livingston District's billing analysis and calculated a revenue of \$509,373 based on wholesale gallons sold³¹ and the current wholesale tariff rate.³² As such, Staff recommended a reduction of \$2,944 to Sales for Resale revenues. After adjustments, the total pro forma Operating Revenues are \$3,079,007. Staff recommended the Commission accept its adjustments because the pro forma Operating Revenues were consistent with evidence provided in the case record and the amounts meet the ratemaking criteria of being known and measurable.³³

The Commission finds Staff's recommendations are reasonable and should be approved because the adjustment reflects verifiable usage and revenue data that were evaluated and normalized using the information provided in the record.

²⁸ Application, Attachment 4, Schedule of Adjusted Operations.

²⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 3, Rate Study, ExBA Tab.

³⁰ Application, Attachment 4, References, Reference A.

³¹ 2023 Annual Report at 56.

³² Crittenden-Livingston District's Tariff, PSC Ky. 1st Revised Sheet No. 4.2 at 7.

³³ Staff's Report at 11.

Other Revenues. Crittenden-Livingston District reported \$116,104 in Other Revenues during the test year.³⁴ This amount was comprised of \$67,097 in Forfeited Discounts, \$12,420 in Miscellaneous Service Revenues, which is Nonrecurring Charges revenue, and \$36,587 in Other Revenues. During its review, Staff determined Crittenden-Livingston District should have recovered \$17,825 from its Nonrecurring Charges during the test year, based on the reported occurrences³⁵ and the current charges listed in the tariff,³⁶ instead of the \$12,420 amount it reported. However, Staff was unable to determine the location in the general ledger where the difference in the revenues were recorded. Staff recommended an increase of \$463 to Miscellaneous Service Revenues to match the pro forma Non-recurring Charge revenue of \$12,883 shown in the table below.³⁷

³⁴ Application, Attachment 4, Schedule of Adjusted Operations.

³⁵ Crittenden-Livingston District's Response to Staff's First Request, Item 18.

³⁶ Crittenden-Livingston District's Tariff, PSC Ky. Original Sheet No. 7 at 10.

³⁷ Staff's Report at 12.

Charge	Occurrences	Current Charge	Revised Charge	Pro Forma
Connection / Turn-on Charge	92	\$35.00	\$21.00	\$1,932
Connection / Turn-on Charge After Hrs.	0	\$80.00	\$71.00	-
Reconnection Fee	179	\$50.00	\$42.00	7,518
Reconnection Fee After Hrs.	0	\$90.00	\$92.00	-
Field Collection Charge	0	\$35.00	\$21.00	-
Meter Relocation Charge	0	Actual Cost	Actual Cost	-
Meter Reading Re-Check	0	\$35.00	\$21.00	-
Meter Test Request	0	\$80.00	\$42.00	-
Broken Meter Lock Fee	5	Actual Cost	Actual Cost	100
Meter Valve Replacement Fee	0	Actual Cost	Actual Cost	-
Meter Box Replacement Fee	0	Actual Cost	Actual Cost	-
Meter Box Top Replacement Fee	0	Actual Cost	Actual Cost	-
Service Call / Investigation	153	\$35.00	\$21.00	3,213
Service Call / Investigation After Hrs.	0	\$80.00	\$71.00	-
Returned Check Charge	8	\$25.00	\$15.00	120
Pro Forma Test Year NRC Revenue				12,883
Test Year NRC Revenue ()				(12,420)
Adjustment				<u>\$463</u>

Finally, Crittenden-Livingston District stated \$35,900 of the revenues recorded in the test year in Other Revenues were from insurance proceeds and would not recur.³⁸ Staff recommended removing the insurance proceeds in the amount \$35,900 (B2) from Other Revenues. The remaining Other Revenues consisted of \$100 in miscellaneous income and \$587 in scrap metal sales.³⁹ Overall, Staff's recommendation resulted in Pro Forma Other Revenues of \$80,667. Staff recommended the Commission approve its adjustment to the test-year revenues as they are based on known and measurable changes to the revenues.⁴⁰

³⁸ Crittenden-Livingston District's Response to Staff's First Request, Item 15.

³⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 15.

⁴⁰ Staff's Report at 13.

The Commission finds that Staff's recommendations are reasonable and consistent with recent Commission decisions addressing labor expenses resulting from work occurring during regular business hours, expenses that are already recovered in base rates, should not also be recovered through nonrecurring charges as discussed in more detail below.⁴¹ Nonrecurring charges must be directly related to the actual cost incurred to provide the service. It is unreasonable to allocate an expense already incurred and recovered in customer rates as a day-to-day cost of maintaining a system, such as the salary of a distribution operator, to a nonrecurring service such as the connection and reconnection of a meter during regular working hours. Thus, the Commission finds that the revised nonrecurring charges set forth in Appendix B to this Order and the increase of \$463 to Other Water Revenue are reasonable and accepts both items. The Commission further finds the exclusion of insurance proceeds not expected to recur is reasonable and agrees with Staff's adjustment.

Salaries and Wages - Employees. Crittenden-Livingston District reported \$622,678 in Salaries and Wages – Employees during the test year and proposed no changes.⁴² Using the 2024 hours and wage information,⁴³ Staff calculated total wages

⁴¹ 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).

⁴² Application, Attachment 4, Schedule of Adjusted Operations.

⁴³ Crittenden-Livingston District's Response to Staff's First Request, Item 4, Employee Detail 2024 Excel Document.

based on employees' salaries and test year salary rates and identified that an increase of \$16,583 was necessary, as shown in the table below.

Employee Number	Job Title	Pay Rate	Overtime Pay Rate	Regular Hours	Overtime Hours	Regular Wages	Overtime Wages	Total Wages
1	Superintendent	Salary	Salary	Salary	Salary	\$ 43,717	\$ -	\$43,717
2	Office Manager	\$24.40	\$36.60	2,114	166	51,582	6,057	57,639
3	Water Plant Manager	\$24.82	\$37.23	2,183	414	54,170	15,413	69,583
4	Distribution Manager	\$24.45	\$36.68	2,057	189	50,281	6,914	57,196
5	Customer Service Rep	\$18.10	\$27.15	2,080	51	37,648	1,391	39,039
7	Water Distribution Operator	\$22.03	\$33.05	2,241	405	49,369	13,369	62,738
8	Water Distribution Operator	\$16.70	\$25.05	2,109	140	35,220	3,494	38,715
9	Water Distribution Operator	\$17.85	\$26.78	2,215	393	39,529	10,511	50,040
18	Meter Reader/ Laborer	\$16.00	\$24.00	997	91	15,952	2,184	18,136
10	Meter Reader/ Laborer	\$16.49	\$24.74	975	60	16,070	1,484	17,554
12	Water Plant Operator	\$20.96	\$31.44	2,078	289	43,555	9,086	52,641
13	Water Plant Operator	\$21.33	\$32.00	2,154	279	45,945	8,928	54,873
14	Water Plant Operator	\$16.10	\$24.15	369	24	5,937	580	6,516
15	Water Plant Operator	\$16.49	\$24.74	2,147	361	35,404	8,931	44,335
19	Water Plant Operator	\$15.00	\$22.50	80	2	1,200	45	1,245
20	Water Plant Operator	\$18.00	\$27.00	1,175	154	21,150	4,145	25,295
Total				24,972	3,015	\$ 546,728	\$ 92,533	639,261
Test Year Salaries and Wages ()								(622,678)
Adjustment								<u>\$16,583</u>

Crittenden-Livingston District stated it did not remove tap fees from its labor expense, but did capitalize the materials portion of the expense.⁴⁴ Staff proposed to remove the labor cost for each tap installation estimated at 30 percent of the tap fees installed during the test year.⁴⁵ Crittenden-Livingston District stated that 43 installations were completed in the test year,⁴⁶ at the rate provided in Crittenden-Livingston District's current tariff.⁴⁷ The removal of the labor portion of the tap fees installed during the test year results in a reduction of \$10,566 to Crittenden-Livingston District's salary and wage expense as shown in the table below. The Uniform System of Accounts for Class A/B

⁴⁴ Crittenden-Livingston District's Response to Staff's First Request, Item 11b.

⁴⁵ Staff's Report at 14.

⁴⁶ Crittenden-Livingston District's Response to Staff's First Request, Item 11a.

⁴⁷ Crittenden-Livingston District's Current Tariff, 1st Revised Sheet No. 6.

Water Systems (USoA) categorizes these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.⁴⁸ Staff capitalized the costs and made a corresponding adjustment to the test-year depreciation of \$235 in the depreciation section below.

Description	Amount
Tap Fees Collected	\$ 35,221
Allocated Percentage	30%
Adjustment	<u>\$ 10,566</u>

Staff recommended the Commission accept Staff's adjustments as the adjustments reflect known, approved staffing numbers and pay rates, and appropriate accounting for labor costs associated with tap installations.⁴⁹

The Commission finds that Staff's recommendation is reasonable and approves the adjustment because the amount meets the ratemaking criteria of being known and measurable.

Salaries and Wages - Officers. Crittenden-Livingston District reported \$6,200 in Salaries and Wages - Officers during the test year.⁵⁰ Crittenden-Livingston District has six commissioners who are each paid \$1,200 yearly,⁵¹ resulting in total commissioner wages of \$7,200. Crittenden-Livingston District provided training records for four of its

⁴⁸ USoA, Accounting Instruction 19 and 33.

⁴⁹ Staff's Report at 14.

⁵⁰ Application, Attachment 4, Schedule of Adjusted Operations.

⁵¹ Crittenden-Livingston District's Supplemental Response to Staff's First Request (filed Apr. 3, 2025), Item 10, Board Members Excel Document.

six commissioners⁵² and Fiscal Court Minutes that approved their appointments⁵³ but did not provide documentation authorizing the commissioners' pay from the Fiscal Court. KRS 74.020(6) states that "[e]ach commissioner shall receive an annual salary of not more than thirty-six hundred dollars (\$3,600)" and that "[i]n fixing and approving the salary of the commissioners, the county judge/executive and the fiscal court shall take into consideration the financial condition of the district and its ability to meet its obligations as they mature."⁵⁴ Because Crittenden-Livingston District did not provide the salary authorization or the training records for all of its commissioners, Staff recommended removing the full amount of Crittenden-Livingston District's commissioners' salaries, or \$6,200.⁵⁵

The Commission finds that Staff's recommendation that the Commission deny recovery of Crittenden-Livingston District's commissioner compensation is reasonable and should be approved as it is consistent with KRS 74.020(6).

Employee Benefits - Medical. Crittenden-Livingston District reported \$75,009 in Employee Benefits during the test year.⁵⁶ Staff determined that the separation of the medical-related benefits costs from retirement benefits would better facilitate discussion of the respective adjustments. Based upon the cross-reference submitted by Crittenden-Livingston District, the test-year amount contained a negative \$16,268 in retirement

⁵² Crittenden-Livingston District's Supplemental Response to Staff's Second Request, Item 10b.

⁵³ Crittenden-Livingston District's Supplemental Response to Staff's First Request, Item 10a.

⁵⁴ KRS 74.020(6), Appointment of commissioners – Number – Terms – Removal – Vacancies – Organization – Bond – Compensation – Mandatory Training – Notice of Vacancy.

⁵⁵ Staff's Report at 15.

⁵⁶ Application, Attachment 4, Schedule of Adjusted Operations.

expenses due to reductions for accounting purposes that are discussed in the Employee Benefits – Retirement section below.⁵⁷ Staff recommended reclassifying this expense to the Employee Benefits – Retirement section below,⁵⁸ resulting in test-year medical-related benefit costs of \$91,277.⁵⁹

Crittenden-Livingston District has 11 employees who receive employee-only medical coverage, one employee who receives single employee and one dependent medical coverage, and two employees who receive single employee and multiple dependents' medical coverage.⁶⁰ All 14 employees also receive single dental, life, and vision coverage, with one employee receiving dependent dental in addition to their own coverage.⁶¹ Using the descriptions provided by Crittenden-Livingston District of its offered benefits⁶² and the submitted 2025 invoices,⁶³ Staff calculated an increase of \$3,692 to reach the Total Annual Net Health Insurance Cost of \$94,968 shown in the table below.

Crittenden-Livingston District proposed a reduction of \$15,710 to reflect the Bureau of Labor Statistics (BLS) national averages related to employee benefit coverage

⁵⁷ Crittenden-Livingston District's Response to Staff's First Request, Item 1c, Cross Reference Excel Document.

⁵⁸ Staff's Report at 16.

⁵⁹ $\$75,009 - (\$16,268) = \$91,277$.

⁶⁰ Crittenden-Livingston District's Response to Staff's First Request, Item 5b, Medical 2025 Invoice.

⁶¹ Crittenden-Livingston District's Response to Staff's First Request, Item 5b, Dental 2025 and Life Insurance 2025 Invoices.

⁶² Crittenden-Livingston District's Response to Staff's First Request, Item 5.

⁶³ Crittenden-Livingston District's Response to Staff's First Request, Item 5b.

contributions.⁶⁴ Because of the reclassified, and further adjusted Medical Benefit cost, Staff recommended an additional reduction of \$6,622 to reach the BLS average contribution amount of \$22,332.⁶⁵ Staff recommended the Commission accept Staff's adjustments as the amounts are known and measurable, are consistent with Commission precedent, and match the information provided in the case record.⁶⁶

The Commission does not find sufficient evidence to support making Crittenden-Livingston District's proposed BLS adjustment nor can it adopt the additional BLS adjustment recommended in the Staff Report, for the reasons explained in the modifications to Staff's Report section above. Instead, the Commission has calculated the adjustment based on Crittenden-Livingston District's current contributions as described below.

Currently, Crittenden-Livingston District stated it pays 100 percent premium for its employees but enrolling any additional spouse or dependents would result in the additional premium being deducted from their paychecks.⁶⁷ Because Crittenden-Livingston District already recovers employee salaries, included in Salaries and Wages – Employees, that would be to cover dependent insurance premiums, granting 100 percent premium recovery in Employee Benefits – Medical would result in double recovery and is not reasonable. Therefore, the Commission finds Crittenden-Livingston District's Employee Benefits - Medical should be decreased by \$12,2349 to account for current

⁶⁴ Application, Attachment 4, References, Reference B.

⁶⁵ Staff's Report at 17.

⁶⁶ Staff's Report at 17.

⁶⁷ Crittenden-Livingston District's Response to Staff's First Request, Item 5.

employee contribution amounts. This results in an increase of \$9,983 from Staff's Report recommended amount for a pro forma Medical Benefit cost of \$82,620 as shown in the table below.⁶⁸

Type of Premium	Number of Employees	Cost	Current Employee Contribution Amount	Employer Contribution	Staff Recommended Contribution Amount	Difference between Staff and Current Contributions
Medical Insurance - Employee Only	11	\$ 4,579	\$ -	\$ 4,579	\$ (916)	\$ (916)
Medical Insurance - Employee + Dependent	1	749	(333)	416	(240)	93
Medical Insurance - Employee + Dependents	2	1,499	(666)	833	(480)	187
Total Medical Insurance		6,827	(999)	5,828	(1,635)	(636)
Dental Insurance	14	377	\$ (30)	347	(226)	\$ (196)
Life Insurance	14	552		552	-	
Vision Insurance	14	88		88	-	
Administration Fee	14	70		70	-	
Total Monthly Pro Forma Premium		7,914	(1,029)	6,885	(1,861)	(832)
Multiplied by: 12 Months		12	12	12	12	12
Total Annual Net Health Insurance Cost		\$ 94,968	\$ (12,349)	\$ 82,620	\$ (22,332)	\$ (9,983)

Employee Benefits - Retirement. As discussed in the Employee Benefits – Medical section above, Staff recommended reclassifying a negative \$16,268 amount to Employee Benefits – Retirement based on the cross-reference provided by Crittenden-Livingston District.⁶⁹ Crittenden-Livingston District participates in the County Employees Retirement System (CERS) managed by the Kentucky Public Pension Authority (KPPA).⁷⁰ The district stated the reason for the negative Retirement in the test year was due to large credits recorded as end-of-year adjustments in relation to GASB 68 and 75.⁷¹ In Case

⁶⁸ A rounding error was discovered in the formula that resulted in an increase of \$1 to the current employee contribution amount of \$12,349 in the table above. The table in Staff's Report indicated an amount of \$12,348. The plans identified in the table are from the benefits invoice provided by Crittenden-Livingston District.

⁶⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 1c, Cross Reference Excel Document.

⁷⁰ Crittenden-Livingston District's Response to Staff's First Request, Item 5.

⁷¹ Crittenden-Livingston District's Response to Staff's Second Request, Item 1.

No. 2016-00163,⁷² Staff discussed in detail how reporting requirements for GASB 68 would affect a utility's income statement and balance sheet. In that proceeding, the Commission found that the annual pension expense should be equal to the amount of a district's contributions to CERS.

Staff recommended three adjustments to Crittenden-Livingston District's CERS contributions. First, Staff recommended an increase of \$138,156 for Pension and Other Post Employment Benefits (OPEB) related to GASB 68 and GASB 75, shown in the table below.

Description	Prior Year	Test Year
Deferred Outflow - Pension	102,440	120,589
Deferred Outflow - OPEB	131,504	61,000
Liability - Pension ()	(1,310,259)	(1,133,797)
Liability - OPEB ()	(357,640)	24,395
Deferred Inflow - ()	(46,586)	(161,304)
Deferred Inflow - ()	(147,500)	(400,768)
Net Liability	<u>(1,628,041)</u>	<u>(1,489,885)</u>
Decrease / (Increase)		<u>(138,156)</u>

Staff also recommended a decrease of \$21,523 to account for the reduction in the CERS contribution rate from the test year.⁷³ Third, Staff recommended an increase of \$16,697 to account for the increase in wages discussed above. The recommended adjustments result in a pro forma amount of \$117,062 as shown in the table below. Staff recommended that the Commission accept Staff's adjustments as the amounts are known and measurable.

⁷² Case No. 2016-00163, *Alternative Rate Adjustment Filing of Marion County Water District* (Ky. PSC Nov. 10, 2016), Order at 11–15.

⁷³ CERS Board of Trustees December 2, 2024 Meeting, Minutes, Page 2. CERS Contribution Rate in the test year was 26.79% and is 18.62% in the current year.

Description	Test Year	Pro Forma
Wages	\$ 622,678	\$ 628,695
Contribution Rate	22.08%	18.62%
Contributions	137,466	117,062
GASB 68 and 75 Accounting Adjustment	(138,156)	0
Unidentified Amounts	(15,578)	0
Total	<u>\$ (16,268)</u>	<u>\$ 117,062</u>
Increase / (Decrease)		<u>\$ 133,330</u>
<i>Reconciliation</i>		<u>Adjustment</u>
Eliminate GASB 68 and 75 Adjustments		\$ 138,156
Change in Contribution Rate		(21,523)
Change in Wages		16,697
Total Adjustment		<u>\$ 133,330</u>

The Commission finds that Staff's adjustments should be approved because the amounts are properly calculated using actual contribution rates and pro forma wages and do not include non-cash accounting adjustments from GASB 68 and 75. .

Excess Water Loss. Crittenden-Livingston District produces 96 percent of its water⁷⁴ and purchases the remainder from Webster County Water District.⁷⁵ The Commission notes that in its 2023 Annual Report, Crittenden-Livingston District reported a water loss of 23.9717 percent.⁷⁶ Crittenden-Livingston District proposed adjustments for water loss above 15 percent, 8.9717 percent in the amounts \$4,535 (G1), \$17,892 (G2), and \$19,135 (G3) for purchased water, purchased power, and chemicals, respectively, as shown in the table below. Staff reviewed Crittenden-Livingston District's

⁷⁴ 2023 Annual Report at 57.

⁷⁵ 2023 Annual Report at 54.

⁷⁶ 2023 Annual Report at 58.

purchased water information⁷⁷ as well as the general ledger account for purchased power and chemicals and determined no additional adjustments were necessary. Staff recommended the Commission accept Crittenden-Livingston District's \$4,535 decrease to Purchased Water, \$17,892 decrease to Purchased Power, and \$19,135 decrease to Chemicals, since 807 KAR 5:066 limits the excess water loss recoverable for rate making purposes to 15 percent.⁷⁸

Disallowed Water Loss	Purchased Water	Purchased Power	Purchased Chemicals	Total
Pro Forma Purchases	\$ 50,552	\$ 199,422	\$ 213,278	\$ 463,252
Water Loss in Excess of 15%	8.9717%	8.9717%	8.9717%	8.9717%
Disallowed Water Loss	<u>\$ 4,535</u>	<u>\$ 17,892</u>	<u>\$ 19,135</u>	<u>\$ 41,562</u>

The Commission finds Staff's adjustments are reasonable and approves the adjustments because it is supported by the evidence of purchased water, purchased power and chemical expense provided in the case record exceeding the 15 percent water loss threshold.

Materials and Supplies. Crittenden-Livingston District reported \$548,579 in Materials and Supplies expenses during the test year.⁷⁹ Crittenden-Livingston District stated there were two transactions that should have not been included in the test year amount. The first item was due to the amount being refunded, Ferguson Waterworks in the amount of \$12,814,⁸⁰ and the other was funded through insurance proceeds,

⁷⁷ Crittenden-Livingston District's Response to Staff's First Request, Items 7 and 8.

⁷⁸ Staff's Report at 21.

⁷⁹ Application, Attachment 4, Schedule of Adjusted Operations.

⁸⁰ Crittenden-Livingston District's Response to Staff's Third Request, Item 1a.

GlobalTech Power, in the amount of \$10,000,⁸¹ resulting in a total reduction of \$22,814. Staff recommended removing these amounts from the Revenue Requirement because they are not test year expenses and should be recovered in rates over the useful lives of each item.

During Staff's review of Crittenden-Livingston District's general ledger accounts for Materials and Supplies, Staff also identified several large expenditures that should have been capitalized. When Staff asked for further information about the expenditures, Crittenden-Livingston District stated that none of the remaining expenditures should have been capitalized,⁸² and said it was advised by its accountant that, because it was service performed on existing equipment and not purchasing new equipment, it could not be capitalized.⁸³ Crittenden-Livingston District provided a timeline for a portion of the items stating how often it expects to perform the activity described with the remaining items not being given a timeline and instead stating they do not recur and are only performed as needed.⁸⁴ Accounting Instruction 27 B(1) of the USoA for Class A/B Water Systems states that the cost of retirement units added to utility plant shall be accounted for as provided in Accounting Instruction 21 of the USoA, which provides methodology for capitalization of purchased assets including nonrecurring maintenance expenses that extend the useful life of an asset.⁸⁵ Further, the inclusion of expenses that are not

⁸¹ Crittenden-Livingston District's Response to Staff's Second Request, Item 4.

⁸² Crittenden-Livingston District's Response to Staff's Second Request, Items 2–11.

⁸³ Crittenden-Livingston District's Response to Staff's Third Request, Item 1d.

⁸⁴ Crittenden-Livingston District's Response to Staff's Third Request, Item 1c.

⁸⁵ USoA, Accounting Instruction 27 B(1), at 33.

recurring every year in a recurring Revenue Requirement does not meet the criteria of fair, just and reasonable rates.

Therefore, Staff recommended removing the amounts from Materials and Supplies expense and amortizing the cost of each asset's estimated useful life as part of Depreciation Expense, which is included as an adjustment below.⁸⁶ This results in a net reduction of \$294,480 from Materials and Supplies and combined with the adjustment described above result in a total reduction of \$317,293 as shown in the table below, resulting in a pro forma amount of \$231,285. Staff recommended that the Commission accept Staff's adjustment as the expenditures included were used to extend the life of an existing asset and should therefore be capitalized according to the USoA instructions for utility plant accounting.

Date	Number	Vendor	Description	Amount
01/11/2023	31044	Ferguson Waterworks	Pressure Valves and Setters	\$ 12,814
01/27/2023	7403334	GlobalTech Power	covered by insurance	10,000
03/29/2023	232611-1	All Service Contracting Corp.	Filter Rehab project	22,446
04/18/2023	21395	Pittsburg Tank & Tower Maint. Co.	Filter Rehab project	29,427
04/20/2023	42680	Southern Electric Motor Sales & Service,	replace variable frequency drive at water plant	16,237
06/08/2023	31384	All Service Contracting Corp.	Filter Rehab project	125,562
08/23/2023	08232301	HTI, Inc.	SCADA upgrades	9,412
10/12/2023	401287104	Xylem	backwash lagoon cleanout	4,268
12/29/2023	143295	Mainstream Commercial Divers, Inc.	divers to install plug in wet well	4,127
Total				<u>\$ 234,293</u>

621.03 Repairs & Maint - Pumps & Tanks

Date	Number	Vendor	Description	Amount
03/02/2023	2323	Complete Restoration LLC	water tank painting	\$ 17,973
03/14/2023	2323-1	Complete Restoration LLC	water tank painting	17,973
04/20/2023	42679	Southern Electric Motor Sales & Service,	complete pump rebuild	7,454
05/18/2023	42733	Southern Electric Motor Sales & Service,	Filter Rehab project	2,060
10/17/2023	1102	Independent Tank and Tower, Inc.	painted tank head	11,000
11/03/2023	43061	Southern Electric Motor Sales & Service,	rebuilt river pump	13,607
11/30/2023	41000	Guthrie Sales & Service	replacing piping in wet well	3,617
12/28/2023	2301	Midco Diving & Marine Services, Inc	divers mounted blank of end of pipe in river	9,317
Total				<u>\$ 83,001</u>
Combined Total				<u><u>\$ 317,293</u></u>

⁸⁶ Staff's Report at 22.

The Commission finds that Staff's adjustments are reasonable because it is consistent with the USoA and therefore, should be approved.

Contractual Services – Prof Fees. Crittenden-Livingston District reported \$69,911 in Contractual Services – Prof Fees during the test year.⁸⁷ Crittenden-Livingston District provided invoices for Kemper CPA Group during the test year, totaling \$23,378, that showed the test year amount included fees for the preparation of both the 2021 and 2022 audits.⁸⁸ Crittenden-Livingston District provided an estimate for the preparation of the 2024 audit at approximately \$13,000.⁸⁹ Staff recommended a decrease of \$10,378⁹⁰ to account for the cost of an previous year's audit being included in the test year amount. Staff recommended the Commission accept Staff's adjustment because it is based on reliable information in the record and reflects values that have been provided as a reasonable estimate.

The Commission finds Staff's adjustments are reasonable and approves the adjustments because expenses incurred outside the test year should be excluded and because the amount is supported by invoices provided in evidence in the case record.

Insurance – Gen Liab & Workers Comp. Crittenden-Livingston District reported \$60,792 in Insurance – Gen Liab & Workers Comp, representing expenses for general liability and workers compensation insurance during the test year.⁹¹ Staff reviewed the

⁸⁷ Application, Attachment 4, Schedule of Adjusted Operations.

⁸⁸ Crittenden-Livingston District's Response to Staff's Second Request, Item 13a.

⁸⁹ Crittenden-Livingston District's Response to Staff's Second Request, Item 13c.

⁹⁰ \$23,378 - \$13,000 = \$10,378.

⁹¹ Application, Attachment 4, Schedule of Adjusted Operations.

submitted Workers' Compensation Invoice⁹² and Liability Invoice⁹³ and determined an increase of \$15,422 was necessary to account for the increased cost, as shown in the table below. Staff recommended the Commission accept Staff's recommended adjustment as the information in the case record supports the amount.

Description	Amount
2025 Workers Comp Invoice	\$ 19,519
2025 KACO Liability Invoice	56,695
Total Insurance	<u>76,214</u>
Test Year ()	<u>(60,792)</u>
Staff Adjustment	<u>\$ 15,422</u>

The Commission finds Staff's adjustments are reasonable and approves the adjustments because it is supported by actual amounts set forth in invoices provided in evidence in the case record.

Miscellaneous Expenses. Crittenden-Livingston District reported \$82,844 in Miscellaneous Expenses during the test year.⁹⁴ Staff identified expenses totaling \$3,917, shown in the table below, in Crittenden-Livingston District's test year general ledger that it recommended for removal from the revenue requirement. First, Staff recommended removing the expenses related to the Christmas party because these costs are not directly related to Crittenden-Livingston District's ability to provide service to its customers and therefore should not be recovered through rates. Second, Staff recommended removing the expenses related to employee safety awards because Crittenden-

⁹² Crittenden-Livingston District's Response to Staff's First Request, Item 6, Workers Comp Invoice.pdf.

⁹³ Crittenden-Livingston District's Response to Staff's First Request, Item 6, Liability Invoice.pdf.

⁹⁴ Application, Attachment 4, Schedule of Adjusted Operations.

Livingston District does not have any written policies or procedures in place that address the bonuses.⁹⁵ The adjustments resulted in a total reduction of \$3,917 as shown in the table below. Staff recommended the Commission accept Staff's adjustment as the amounts are known and measurable.

Date	Vendor	Description	Amount
01/05/2023	Mellow Mushroom	Employee Christmas Party	\$ 538
01/05/2023	Mellow Mushroom	Gift Cards for Employees working and unable to attend Christmas Party	60
12/15/2023	Wal-Mart	employee safety awards	1,034
12/15/2023	Wal-Mart	employee safety awards	1,034
12/19/2023	Wal-Mart	employee safety award	621
12/22/2023	Feed Mill Restaurant	Employee Christmas Party	629
Total			<u>\$ 3,917</u>

The Commission finds that Staff's recommended adjustment is reasonable and should be accepted because Crittenden Livingston District did not provide sufficient evidence to convince the Commission the expenses were reasonable. The Commission has also consistently found cause to remove the recovery for bonuses that are nonrecurring transactions, including one-time annual performance incentives that are not tied in a formal policy to operational performance of the utility, and are not likely to occur subsequent to the test year.

Depreciation Expense. Crittenden-Livingston District reported \$720,392 in Depreciation Expenses during the test year.⁹⁶ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the National Association of Regulatory Utility Commissioners (NARUC) titled Depreciation Practices for Small Utilities (NARUC Study). When no evidence exists to support a specific life that is outside the NARUC ranges, the Commission has historically

⁹⁵ Crittenden-Livingston District's Response to Staff's Third Request, Item 2.

⁹⁶ Application, Attachment 4, Schedule of Adjusted Operations.

used the midpoint of the NARUC ranges to depreciate the utility plant.⁹⁷ Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Staff reviewed Crittenden-Livingston District's depreciation information⁹⁸ and determined no adjustment was necessary.

As discussed in both the Salaries and Wages section and the Materials and Supplies section above, Staff recommended that some expenses be capitalized that were incurred during the test year. Staff increased Depreciation Expense by \$24,285 as shown in the table below. Staff used the midpoint expected replacement timeline for each asset's life when provided by Crittenden-Livingston District⁹⁹ and used the NARUC Study asset lives when that information was not provided. Staff recommended the Commission accept Staff's adjustment to account for the additional assets included in Depreciation.

⁹⁷ 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.

⁹⁸ Crittenden-Livingston District's Response to Staff's First Request, Item 11c, Fixed Asset Register Excel Document.

⁹⁹ Crittenden-Livingston District's Response to Staff's Third Request, Item 1c.

Asset	Original Cost	Asset Life	Depreciation
Tap Fees	\$ 10,566.00	45.00	\$ 235.00
Filter Rehab	22,446.00	12.50	1,796.00
Filter Rehab	29,427.30	12.50	2,354.00
Variable Frequency Drive at Water Plant	16,237.11	12.50	1,299.00
Filter Rehab	125,562.00	12.50	10,045.00
SCADA upgrades	9,412.00	10.00	941.00
Backwash lagoon cleanout	4,267.56	2.00	2,134.00
Divers to install plug in wet well	4,127.10	30.00	138.00
Water Tank Painting	17,972.50	12.50	1,438.00
Water Tank Painting	17,972.50	12.50	1,438.00
Pump Rebuild	7,454.23	20.00	373.00
Filter Rehab project	2,060.00	12.50	165.00
Painted Tank Head	11,000.00	12.50	880.00
River Pump	13,607.38	20.00	680.00
Replace Piping in Wet well	3,616.63	30.00	121.00
Mounting End of Pipe in River	9,317.35	37.50	248.00
sub-total	<u>\$ 294,479.66</u>		<u>\$ 24,050.00</u>
Total Adjustment			<u><u>\$ 24,285.00</u></u>

The Commission finds Staff's adjustments are reasonable and should be accepted as the adjustments were based on the NARUC study discussed above and because the amounts are known and measurable.

Taxes Other Than Income. Crittenden-Livingston District reported \$45,329 in Taxes Other Than Income during the test year and did not propose an adjustment.¹⁰⁰ Staff calculated updated FICA taxes for the additional employees and updated wage rates in the amount of \$48,646 as shown in the table below. Staff increased Taxes Other Than Income by \$3,317 to reach the Pro Forma amount from the test-year amount. Staff recommended that the Commission accept the Staff's adjustments as the amounts are known and measurable.

¹⁰⁰ Application, Attachment 4, Schedule of Adjusted Operations.

Description	Amount
Salaries and Wages - Employees	\$ 628,695
Salaries and Wages - Officers	-
Total Salaries and Wages	628,695
FICA Percent	7.65%
Pro Forma FICA	48,095
Test Year Taxes Other than Income (	(45,329)
Adjustment	\$ 2,766

The Commission finds that Staff's adjustments related to Taxes Other Than Income are reasonable and should be accepted because the amounts are known and measurable.

OVERALL REVENUE REQUIREMENT AND
REQUIRED REVENUE INCREASE

In its application, Crittenden-Livingston District proposed using the Debt Service Coverage Method.¹⁰¹ The Commission has historically applied a Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations. 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

¹⁰¹ Application, Exhibit 4, Revenue Requirements Table.

capital;¹⁰² (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

Description	Crittenden-Livingston District	Commission Staff	Commission Approved
Pro Forma Operating Expenses	\$ 2,658,789	\$ 2,499,890	\$ 2,509,873
Average Annual Principal and Interest Payments	896,000	888,378	888,378
Additional Working Capital at 20%	179,200	177,676	177,676
Total Revenue Requirement	3,733,988	3,565,944	3,575,927
Other Revenue ()	(116,104)	(80,667)	(80,667)
Interest Income ()	(13,902)	(13,902)	(13,902)
Revenue Required From Water Sales	3,603,982	3,471,375	3,481,358
Revenue from Sales at Present Rates ()	(3,081,951)	(3,079,007)	(3,079,007)
Required Revenue Increase / (Decrease)	\$ 522,031	\$ 392,368	\$ 402,351
Percentage Increase / (Decrease)	16.94%	12.74%	13.07%

Average Annual Principal and Interest Payments and Additional Working Capital.

Crittenden-Livingston District requested to recover debt service of \$896,000 on one Rural Development Bond, two 2013 C Bonds, three Kentucky Infrastructure Authority (KIA) Loans, and three Kentucky Association of Counties (KACo) Loans based on a five-year average of the annual principal, interest, and fee payments for years 2024-2028.¹⁰³ Staff recalculated the amount based on the years 2025–2029. Those changes resulted in a

¹⁰² 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).

¹⁰³ Remediated Application, Attachment 9, Amortization Schedules (filed Jan 9, 2025).

revised average annual principal, interest, and fee payments of \$888,378 as shown in the table below.

The DSC method, as historically applied by the Commission, includes an allowance for additional working capital equal to the minimum net revenues required by a district's lenders above its average annual debt payments. In its exhibits, Crittenden-Livingston District requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments, or \$179,200.¹⁰⁴ Following the Commission's historic practice of including additional working capital, Staff agreed with the inclusion of a working capital provision; however, it calculated the amount at \$177,676 based on the revision to the debt service discussed above.

Loan	2025	2026	2027	2028	2029	Total
2008 RD Bonds	\$ 54,143	\$ 52,208	\$ 55,134	\$ 52,921	\$ 16,474	\$ 230,880
2013 C	312,573	307,574	308,678	294,355	299,868	1,523,048
2013 C	128,429	125,673	123,291	125,734	128,011	631,138
KIA Radio Read	18,550	18,518	18,487	18,455	18,422	92,432
Moore Hill Water Tower	59,953	59,834	59,713	59,591	59,466	298,557
KIA - Meters	20,624	20,598	20,572	20,544	20,517	102,855
2018 KACo	148,844	149,469	149,844	149,969	150,369	748,495
2017 KACo	162,192	161,964	161,473	163,493	165,365	814,487
Totals	<u>\$907,333</u>	<u>\$897,864</u>	<u>\$899,219</u>	<u>\$887,090</u>	<u>\$860,521</u>	<u>4,441,892</u>
Divided by 5 Years						5
5 Year Average Principal Interest and Fees						<u>888,378</u>
Additional Working Capital at 20%						<u>\$ 177,676</u>

Staff recommended the Commission approve Staff's inclusion of \$888,378 and \$177,676 to the Revenue Requirement to account for average annual principal and interest payments, and additional working capital, respectively, because DSC methodology allows for the recovery of principal and interest payments and the additional

¹⁰⁴ Application, Attachment 4, Revenue Requirements Calculation Chart.

working capital is a direct result of the calculated Annual Debt Principal and Interest payments.¹⁰⁵

The Commission finds that using the DSC method is appropriate and that including \$888,378 in the revenue requirement calculation for average annual principal, as well as interest and fee payments for debt obligations is a known and measurable amount. The Commission finds Staff's recommendation to calculate debt service from payments from 2025-2029 is reasonable because the costs are more representative going forward than Crittenden-Livingston District's proposed 2024-2028 timeline. The Commission finds the amount to be reasonable and as such, accepts inclusion of the amount in the revenue requirement. The Commission further finds that including additional working capital of \$177,676 in the revenue requirement calculation is reasonable and should be accepted.

RATE DESIGN

In its application, Crittenden-Livingston District proposed to increase its monthly water service rates by 16.94 percent to all its water customers evenly across the board.¹⁰⁶ Crittenden-Livingston District sells to both retail and six wholesale customers: the cities of Grand Rivers, Smithland, Salem, and Marion; and two water districts, Ledbetter Water District and Lyon Co. Water District.¹⁰⁷ Crittenden-Livingston District also proposed to add a 3-inch and a 4-inch meter rate to the current Rate Schedule in its tariff.¹⁰⁸ Crittenden-Livingston District stated that it did not consider filing a COSS at this time,

¹⁰⁵ Staff's Report at 30.

¹⁰⁶ Remediated Application, Attachment 1, Customer Notice.

¹⁰⁷ 2023 Annual Report at 55.

¹⁰⁸ Remediated Application, Attachment 1, Customer Notice.

considering there have been no material changes in the water system that would cause a new COSS to be prepared.¹⁰⁹ Staff agreed with Crittenden-Livingston District recommendation to add 3-inch and a 4-inch meter rates to its tariff. Staff recommended that the Commission require Crittenden-Livingston District to file a COSS 24 months after the new rates have been put into effect, or once they have collected sufficient customer usage data to justify the reasonableness and fairness of the newly established rates.

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.¹¹⁰ Finding no such evidence in this case, Staff allocated the \$392,368 revenue increase evenly across Crittenden-Livingston District's monthly retail water service rates in the Staff Report. However, as discussed above, removing the BLS study adjustment increased the revenue requirement; and as a result, following the same approach, the Commission allocated the revised \$402,351 increase evenly across monthly retail water service rates.

The rates, as calculated by the Commission, which are set forth in Appendix B to this Order are based upon the revenue requirement the Commission has found to be fair, just, and reasonable, and will produce sufficient revenues from water sales to recover the updated revenue required from rates of \$3,481,358; representing an approximate 13.07 percent increase. The monthly water bill for a typical residential customer using

¹⁰⁹ Crittenden-Livingston District's Response to Staff's First Request, Item 13.

¹¹⁰ Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

approximately 4,000 gallons per month¹¹¹ will increase \$8.74 from \$67.00 to \$75.74, or 13.04 percent.

The Commission finds that the evidence provided in the record and the analysis shows that the updated revenue requirement and the allocation methodology used by Staff are fair, just and reasonable and should be approved. The Commission further finds that adding 3-inch and 4-inch meter classes to Crittenden-Livingston District's tariff is reasonable at this time. The record reflects that Crittenden-Livingston District has or anticipates customers that will be served by these meter sizes; establishing tariffed rates for these meters provides transparency and avoids ad-hoc billing. The initial rates for the new classes are developed on the same rate-making basis and maintain the proportional relationship used for the existing meter sizes. Accordingly, the Commission concludes that the rates recommended by Staff are fair, just and reasonable and should be approved.

As a result of Crittenden-Livingston District's proposed new meter classes, Staff recommended requiring Crittenden-Livingston District to file a COSS 24 months after the new rates have been put into effect, or once they have collected sufficient customer usage data to justify the reasonableness and fairness of the newly established rates.¹¹² The Commission agrees with the Staff's recommendation to justify the reasonableness and fairness of the newly established rates but finds the requirement should be done in a different manner. First, the Commission finds Crittenden-Livingston District should file a COSS study by November 30, 2027. Once the COSS is complete, a new rate case will

¹¹¹ Remediated Application, Attachment 1, Customer Notice (The average retail customer uses 4,000 gallons per month).

¹¹² Staff's Report at 5-6.

be necessary to assess and implement the new rate allocation. Accordingly, the Commission finds Crittenden-Livingston District should file an application for a general rate adjustment, an alternative rate adjustment, or tender a detailed explanation with supporting documentation to show cause why a rate adjustment is unnecessary, on or before November 30, 2028, using a 2027 test year, to ensure the reasonableness and fairness of the newly established rates.

Nonrecurring Charges. Staff reviewed Crittenden-Livingston District's nonrecurring charges. The Commission found that because district personnel are currently paid during regular business hours, estimated labor costs arising from periods within regular business hours previously included in determining the amount of nonrecurring charges should be eliminated from the charges.¹¹³ Crittenden-Livingston District provided updated cost justification information for the nonrecurring charges¹¹⁴ as well as a list of the number of occurrences for each of its nonrecurring charges.¹¹⁵ Staff reviewed the cost justification information provided by Crittenden-Livingston District and adjusted these charges by removing the Field Labor Costs and the Office/Clerical Labor Costs from those charges that occur during regular business hours. Staff also removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor

¹¹³ 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. 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).

¹¹⁴ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 19, 19_Nonrecurring_Charges_Cost_Justifications.

¹¹⁵ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 18.

is typically performed during regular business hours. Following these adjustments the After-Hours Reconnection Fee increased by \$2, from \$90 to \$92, due in part to an increase in labor and transportation expenses, as shown in the cost justification provided in response to Staff's First Request.¹¹⁶

Staff recommended that the Commission accept the increase to Reconnection Fee After Hours, as this increase is supported in the cost justification provided by Crittenden-Livingston District,¹¹⁷ and the amount meets the ratemaking criteria of being known and measurable. Staff also recommended that the Commission accept the other nonrecurring charge revisions, as the Staff-proposed charge reflects the actual cost that needs to be recovered in rates. The cost justification information, shown in Appendix A, was provided by Crittenden-Livingston District and supports Staff's adjustments to the Nonrecurring Charges. The adjustments discussed above result in the following revised Nonrecurring Charges:

¹¹⁶ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 19, 19_Nonrecurring_Charges_Cost_Justifications at 4.

¹¹⁷ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 19, 19_Nonrecurring_Charges_Cost_Justifications.

Nonrecurring Charges	Current Charge	Revised Charge
Connection / Turn-on Charge	\$ 35.00	\$ 21.00
Connection / Turn-on Charge After Hrs.	\$ 80.00	\$ 71.00
Reconnection Fee	\$ 50.00	\$ 42.00
Reconnection Fee After Hrs.	\$ 90.00	\$ 92.00
Field Collection Charge	\$ 35.00	\$ 21.00
Meter Relocation Charge	Actual Cost	Actual Cost
Meter Reading Re-Check	\$ 35.00	\$ 21.00
Meter Test Request	\$ 80.00	\$ 42.00
Broken Meter Lock Fee	Actual Cost	Actual Cost
Meter Valve Replacement Fee	Actual Cost	Actual Cost
Meter Box Replacement Fee	Actual Cost	Actual Cost
Meter Box Top Replacement Fee	Actual Cost	Actual Cost
Service Call / Investigation	\$ 35.00	\$ 21.00
Service Call / Investigation After Hrs.	\$ 80.00	\$ 71.00
Returned Check Charge	\$ 25.00	\$ 15.00

The Commission finds that the Staff's recommended increase to Reconnection Fee After Hours is appropriate considering the provided cost justification supports the increase, and the amount meets the ratemaking criteria of being known and measurable.

The Commission finds that the Staff's Report recommendations are consistent with excluding additional labor expenses resulting from work performed during regular business hours as they are already being recovered and should not also be recovered through nonrecurring charges.¹¹⁸ 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

¹¹⁸ 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).

provided during regular working hours. For the reasons discussed above, the estimated labor expenses previously included in determining the rate of nonrecurring charges should be eliminated from the charges, as proposed by the Staff. The Commission finds that Commission Staff's recommendations are reasonable, and the revised nonrecurring charges described above and in Appendix B to be reasonable.

Tap-On Fees. Crittenden-Livingston District proposed to increase tap-on fees for its 5/8-inch x 3/4-inch Meter from \$750 to \$1,114, and 1-inch Meter from \$850 to \$1,462.¹¹⁹ Crittenden-Livingston District provided an updated cost justification for its 5/8-inch x 3/4-inch Meter, 1-inch Meter, and 2-inch Meter Connection/Tap-On Charge.¹²⁰ Staff reviewed the cost justification information provided by Crittenden-Livingston District and noted it supports an increase in the 5/8-inch x 3/4-inch Meter and 1-inch Meter Connection/Tap-On Charge larger than the proposed increase by Crittenden-Livingston District in its application. Staff recommended that the Commission reject Crittenden-Livingston District proposed tap-on charges and accept Crittenden-Livingston District's actual cost-supported increase for the 5/8-inch x 3/4-inch Meter, and the 1-inch Meter Connection/Tap-On Charge. Staff recommended increasing the tap-on fees to meet the expenses presented in the updated cost justification provided by Crittenden-Livingston District for both meter installs. Specifically, Staff recommended that the 5/8-inch x 3/4-inch Meter be increased from \$750 to \$1,950, and that the 1-inch meter charge be increased from \$850 to \$2,364. In addition, Crittenden-Livingston District stated it would

¹¹⁹ Remediated Application, Attachment 1, Customer Notice.

¹²⁰ Crittenden-Livingston District's First Supplemental Response to Staff's First Request, Item 20, 20_Meter_Tap_Cost_Justifications.

like to keep its 2-inch or larger Meter Connection/Tap-On Charges at Actual Cost.¹²¹ Staff recommended keeping the charge as Actual Cost, as cost fluctuations for these larger meter sizes can differ greatly due to construction requirements.

The Commission rejects Crittenden-Livingston District's proposed tap-on charges and agrees with the Staff's recommendation to increase the 5/8-inch x 3/4-inch Meter and 1-inch Meter Connection/Tap-On Charge to \$1,950 and to \$2,364, respectively, to reflect the current expenses incurred to install new taps, in order to prevent an under-recovery for both tap fees. Increasing the tap fee rates in line with Crittenden-Livingston District's actual cost will result in a fair, just or reasonable rate. In addition, over time, under-recovery of a particular charge will result in degradation of the utility's financial condition.

The Commission agrees with the Staff's recommendation of keeping the 2-inch or larger Meter Connection/Tap-On Charges at Actual Cost, because cost fluctuations for these larger meter sizes can differ greatly due to construction requirements.

SUMMARY

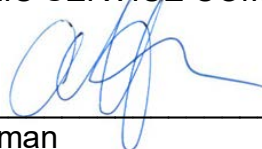
After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in Staff's Report with the modifications discussed above are supported by the evidence of record and are reasonable. Applying the DSC method to Crittenden-Livingston District's pro forma operations, results in an Overall Revenue Requirement of \$3,575,927 and indicate a \$402,351 revenue increase, or 13.07 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

¹²¹ Crittenden-Livingston District's Response to Staff's Second Request, Item 29.

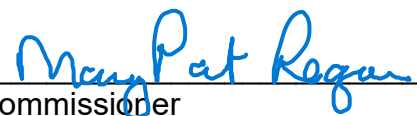
IT IS THEREFORE ORDERED that:

1. The recommendations contained in Staff's Report, are adopted as modified above and incorporated by reference into this Order as if fully set out herein.
2. The water service rates proposed by Crittenden-Livingston District are denied.
3. The water service rates set forth in Appendix B to this Order are approved for service rendered by Crittenden-Livingston District on or after the date of this Order.
4. Within 20 days of the date of service of this Order, Crittenden-Livingston 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. Crittenden-Livingston District shall file a COSS study by November 30, 2027.
6. Crittenden-Livingston District shall file an application for a general rate adjustment, an alternative rate adjustment, or tender a detailed explanation with supporting documentation to show cause why a rate adjustment is unnecessary, on or before November 30, 2027, using a 2027 test year, to ensure the reasonableness and fairness of the newly established rates.
7. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



Case No. 2024-00278

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00278 DATED NOV 4 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection / Turn-on Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	\$ 70.00	\$ 21.00	
Current Rate	\$35.00		

Connection / Turn-on Charge After Hrs.			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$24.75/hr)	\$ 49.50	\$ 49.50	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	\$ 86.50	\$ 71.00	
Current Rate	\$80.00		

Reconnection Fee			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 42.00	\$ 42.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	\$ 91.00	\$ 42.00	
Current Rate	\$50.00		

Reconnection Fee After Hrs.			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$24.75/hr)	\$ 49.50	\$ 49.50	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 42.00	\$ 42.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 107.50</u>	<u>\$ 92.00</u>	
Current Rate	\$90.00		

Field Collection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 70.00</u>	<u>\$ 21.00</u>	
Current Rate	\$35.00		

Meter Reading Re-Check			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 70.00</u>	<u>\$ 21.00</u>	
Current Rate	\$35.00		

Meter Test Request			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (1hr \$20/hr and 2hrs \$16.50/hr)	\$ 53.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 16.00	\$ -	
Transportation	\$ 42.00	\$ 42.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 111.00</u>	<u>\$ 42.00</u>	
Current Rate	\$80.00		

Service Call / Investigation			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (2hrs \$16.50/hr)	\$ 33.00	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 16.00	\$	-
Transportation	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	<u>\$ 70.00</u>	<u>\$</u>	<u>21.00</u>
Current Rate	\$35.00		

Service Call / Investigation After Hrs.			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (2hrs \$24.75/hr)	\$ 49.50	\$	49.50
Office Supplies	\$ -	\$	-
Office Labor	\$ 16.00	\$	-
Transportation	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	<u>\$ 86.50</u>	<u>\$</u>	<u>71.00</u>
Current Rate	\$80.00		

Returned Check Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor	\$ -	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 22.57	\$	-
Transportation	\$ -	\$	-
Misc. (Bank Charge)	\$ 15.00	\$	15.00
Total Revised Charge*	<u>\$ 37.57</u>	<u>\$</u>	<u>15.00</u>
Current Rate	\$25.00		

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00278 DATED NOV 4 2025

The following rates and charges are prescribed for the customers in the area served by Crittenden-Livingston 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 Water Rates

5/8- x 3/4-Inch Meter

First	1,000	Gallons	\$ 27.98	Minimum Bill
Next	9,000	Gallons	0.01592	Per Gallon
Next	10,000	Gallons	0.01362	Per Gallon
Over	20,000	Gallons	0.01076	Per Gallon

1-Inch Meter

First	5,000	Gallons	\$ 91.68	Minimum Bill
Next	5,000	Gallons	0.01592	Per Gallon
Next	10,000	Gallons	0.01362	Per Gallon
Over	20,000	Gallons	0.01076	Per Gallon

2-Inch Meter

First	15,000	Gallons	\$ 239.46	Minimum Bill
Next	5,000	Gallons	0.01362	Per Gallon
Over	20,000	Gallons	0.01076	Per Gallon

3-Inch Meter

First	50,000	Gallons	\$ 630.35	Minimum Bill
Over	50,000	Gallons	0.01076	Per Gallon

4-Inch Meter

First	75,000	Gallons	\$ 899.46	Minimum Bill
Over	75,000	Gallons	0.01076	Per Gallon

Bulk Sales

\$ 0.01076 Per Gallon

Wholesale Rate

\$ 0.00378 Per Gallon

Meter Connection/Tap-On Charges

5/8 Inch X 3/4 Inch Meter	\$ 1,950.00
1 Inch Meter	\$ 2,364.00

<u>Nonrecurring Charges</u>	<u>Revised Charge</u>
Connection / Turn-on Charge	\$ 21.00
Connection / Turn-on Charge After Hrs.	\$ 71.00
Reconnection Fee	\$ 42.00
Reconnection Fee After Hrs.	\$ 92.00
Field Collection Charge	\$ 21.00
Meter Relocation Charge	Actual Cost
Meter Reading Re-Check	\$ 21.00
Meter Test Request	\$ 42.00
Broken Meter Lock Fee	Actual Cost
Meter Valve Replacement Fee	Actual Cost
Meter Box Replacement Fee	Actual Cost
Meter Box Top Replacement Fee	Actual Cost
Service Call / Investigation	\$ 21.00
Service Call / Investigation After Hrs.	\$ 71.00
Returned Check Charge	\$ 15.00

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