

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MUHLENBERG)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00404
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of January 31, 2025, the attached report containing the recommendations of Commission Staff regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's January 31, 2025 Order, Muhlenberg County Water District (Muhlenberg District) is required to file written comments regarding the recommendations of Commission Staff no later than 14 days from the date of service of this report. The Commission directs Muhlenberg District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission.



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

DATED MAY 16 2025

cc: Parties of Record

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

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COMMISSION STAFF'S REPORT
ON MUHLENBERG COUNTY WATER DISTRICT

Muhlenberg County Water District (Muhlenberg 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 5,678 residential customers, 319 commercial customers, and 10 industrial customers that reside in Muhlenberg County, Kentucky.¹

On January 10, 2025,² Muhlenberg 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 9,³ Muhlenberg District used the calendar year ended December 31, 2023, as the basis for its application. The application was filed pursuant to the Commission's Order in Case No. 2024-00213 which required Muhlenberg District to file an application for an adjustment of its base rates

¹ *Annual Report of Muhlenberg County Water District, Inc. to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 12 and 49.

² Muhlenberg District tendered its application on January 8, 2025. By letter dated January 9, 2025, the Commission rejected the application for filing deficiencies. The Commission issued a deviation Order on January 22, 2025, and the application is deemed filed on January 10, 2025.

³ The reasonableness of the proposed rates shall be determined using a 12-month historical test period, adjusted for known and measurable changes, that coincides with the reporting period of the applicant's annual report for the immediate past year.

by October 31, 2025.⁴ Muhlenberg District's last rate increase pursuant to the alternative rate filing procedure was in Case No. 2012-00009.⁵ Since that matter, Muhlenberg District has only adjusted its rates pursuant to purchased water adjustments. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated January 31, 2025. Muhlenberg District responded to two requests for information from Commission Staff.⁶

UNACCOUNTED-FOR WATER LOSS

The Commission notes that in its 2023 Annual Report, Muhlenberg District reported a water loss of 17.5485 percent.⁷ 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 Muhlenberg District is \$361,653, while the annual cost of water loss in excess of 15 percent is \$52,522.

⁴ Case No. 2024-00213, *Electronic Purchased Water Adjustment Filing of Muhlenberg County Water District*, (KY. PSC, Aug. 2, 2024), Order at 7, Ordering Paragraph 6.

⁵ Case No. 2012-00009, *Alternative Rate Adjustment Filing of Muhlenberg County Water District*, (KY. PSC Apr. 30, 2012).

⁶ Muhlenberg District's Response to Commission Staff's First Request for Information (Staff's First Request), (filed Mar. 10, 2025, Mar. 11, 2025, and Mar. 17, 2025). Muhlenberg District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Oct. 31, 2024).

⁷ 2023 Annual Report at 57.

Total Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Pro Forma Purchases	\$ 1,941,668	\$ 119,207	\$ 7,609	\$ 2,068,484
Water Loss Percent	17.5485%	17.5485%	17.5485%	17.5485%
Total Water Loss	\$ 340,734	\$ 20,919	\$ 1,335	\$ 361,653

Disallowed Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Pro Forma Purchases	\$ 1,941,668	\$ 119,207	\$ 7,609	\$ 2,060,875
Water Loss in Excess of 15%	2.5485%	2.5485%	2.5485%	2.5485%
Disallowed Water Loss	\$ 49,484	\$ 3,038	\$ 194	\$ 52,522

DISCUSSION

Using its pro forma test-year operations, Muhlenberg District determined that a base rate revenue increase of \$550,459 or 12.36 percent was necessary to achieve the revenue requirement as shown in the table below.⁸ Muhlenberg District proposed utilizing the Operating Ratio Method, using an 86 percent conversion factor, to determine the revenue requirement.⁹ The rate requested by Muhlenberg District would increase the residential monthly bill of a typical customer using 3,432 gallons per month by \$5.74, from \$46.48 to \$52.22, or approximately 12.36 percent.¹⁰

⁸ Application, Attachment 4, Revenue Requirement Using Operating Ratio Method.

⁹ Application, Attachment 4, Revenue Requirement Using Operating Ratio Method.

¹⁰ Corrected Customer Notice, (filed Jan. 10,2025), Corrected_Customer_Notice.pdf.

Description	Muhlenberg County Water District
Pro Forma Operating Expenses	\$ 4,703,671
Divided by: Operating Ratio Percentage	86%
Interest Expense	12,788
Overall Revenue Requirement	5,482,173
Other Operating Revenue ()	(468,577)
Interest Income ()	(8,131)
Revenue Required from Rates	5,005,465
Revenue from Sales at Present Rates ()	(4,455,006)
Required Revenue Increase / (Decrease)	<u>\$ 550,459</u>
Percentage Increase / (Decrease)	<u>12.36%</u>

To determine the reasonableness of the rates requested by Muhlenberg District, Commission Staff performed a limited review of Muhlenberg District's test-year operations. The scope of Commission Staff's review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable¹¹ changes to test-year operations were identified, and adjustments were made when their effects were deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Commission Staff's recommendations are summarized in this report. William Foley reviewed the calculation of Muhlenberg District's Overall Revenue Requirement,

¹¹ Commission regulation 807 KAR 5:076, Section 9, sets the standard for the determination of the reasonableness of proposed rates and states, in pertinent part, that the test period shall be "adjusted for known and measurable changes." See also Case No. 2001-00211, *Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 25, 2003); and Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

and Manuel Jerez Tamayo reviewed Muhlenberg District's reported revenues and rate design.

SUMMARY OF RECOMMENDATIONS

1. Overall Revenue Requirement and Required Revenue Increase. As discussed in the Overall Revenue Requirement section below, an 88 percent operating ratio will allow Muhlenberg District necessary working capital and revenues to cover its reasonable operating expenses to operate and provide for reasonable equity growth. Therefore, by applying the Operating Ratio (OR) method, requested by Muhlenberg District, and as previously accepted by the Commission, Commission Staff found that Muhlenberg District's required revenue from water sales is \$5,288,495 to meet the Overall Revenue Requirement of \$5,436,930, and that an \$833,489 revenue increase, or 18.71 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. In its application, Muhlenberg District proposed to increase its monthly water service rates by 12.36 percent to all its water customers across the board.¹² Muhlenberg District stated that it did not file a cost-of-service study (COSS) at this time considering there has been no material changes in the water system that would cause a new COSS to be prepared.¹³ The Commission has previously found that the allocation of a revenue adjustment evenly across the board to a utility's rate design is appropriate when there has been no evidence entered into the

¹² Application, Corrected_Customer_Notice.pdf,

¹³ Muhlenberg District's Response to Staff's First Request, Item 21.

record demonstrating that this method is unreasonable and in the absence of a COSS.¹⁴ Finding no such evidence in this case, Commission Staff allocated the \$833,490 revenue increase evenly across Muhlenberg District's monthly retail water service rates.

The rates recommended in Appendix B to this report are based upon the revenue requirement, as calculated by Commission Staff, and will produce sufficient revenues from water sales to recover the \$5,288,495 revenue required from rates, an approximate 18.71 percent increase. The monthly water bill for a typical residential customer using approximately 3,432 gallons per month¹⁵ will increase \$8.57 from \$46.48 to \$55.05, or approximately 18.44 percent.

3. Nonrecurring Charges. Following the Commission's recent decisions, Commission Staff reviewed Muhlenberg District's Nonrecurring Charges. The Commission has found that because district personnel are currently paid during normal business hours, estimated normal business hour labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated from the charges.¹⁶ Muhlenberg District provided updated cost justification information for the

¹⁴ Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

¹⁵ Application, Corrected Customer Notice (the average retail customer uses 3,432 gallons per month).

¹⁶ 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).

Nonrecurring Charges¹⁷ as well as a list of the number of occurrences for each of its Nonrecurring Charges.¹⁸ Commission Staff reviewed the cost justification information provided by Muhlenberg District and adjusted these charges by removing the Field Labor Costs and the Office/Clerical Labor Costs from those charges that occur during normal business hours. Commission Staff also removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor is typically performed during normal business hours. Connection/Turn-on Charge increased \$37, from \$15 to \$52, due in part to an increase in transportation and other Miscellaneous expenses as shown in the cost justification provided.¹⁹ Field Collection Charge and Service Call/Investigation both increased \$2, from \$35 to \$37, also due to the increase in transportation expense as shown in the cost justification provided.²⁰

Commission Staff recommends that the Commission accept the respective adjustments and increases for the charges mentioned above, as these were supported by Muhlenberg District in the cost justification provided²¹, and the amounts meet the ratemaking criteria of being known and measurable. The cost justification information, shown in Appendix A, was provided by Muhlenberg District and supports Commission

¹⁷ Muhlenberg District's Response to Staff's Second Request, Item 9, 9_Nonrecurring_Charges_Cost_Justifications.

¹⁸ Muhlenberg District's Response to Staff's First Request, Item 25, 25_Nonrecurring_Charges.

¹⁹ Muhlenberg District's Response to Staff's Second Request, Item 9, 9_Nonrecurring_Charges_Cost_Justifications at 1.

²⁰ Muhlenberg District's Response to Staff's Second Request, Item 9, 9_Nonrecurring_Charges_Cost_Justifications at 2 & 6.

²¹ Muhlenberg District's Response to Staff's Second Request, Item 9, 9_Nonrecurring_Charges_Cost_Justifications.

Staff's adjustments to the Nonrecurring Charges. The adjustments discussed above result in the following revised Nonrecurring Charges:

Nonrecurring Charges	Current Charge	Revised Charge
Connection/Turn-on Charge	\$ 15.00	\$ 52.00
Field Collection Charge	\$ 35.00	\$ 37.00
Meter Relocation Charge	Actual Cost	Actual Cost
Reconnection Charge	\$ 50.00	\$ 37.00
Returned Check Charge	\$ 25.00	\$ 4.00
Service Call/Investigation	\$ 35.00	\$ 37.00
Meter Test Request	\$ 75.00	\$ 38.00

The adjustments to the Nonrecurring Charges result in an increase in Miscellaneous Service Revenues of \$9,952 as shown below.

Charge	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma
Connection/Turn-on Charge	470	\$15.00	\$52.00	\$17,390	\$24,440
Field Collection Charge	0	\$35.00	\$37.00	0	0
Meter Relocation Charge	0	Actual Cost	Actual Cost	0	0
Reconnection Charge	481	\$50.00	\$37.00	(6,253)	17,797
Returned Check Charge	57	\$25.00	\$4.00	(1,197)	228
Service Call/Investigation	6	\$35.00	\$37.00	12	222
Meter Test Request	0	\$75.00	\$38.00	0	0
Pro Forma Test Year NRC Revenue				<u>\$9,952</u>	\$42,687
Less: Test Year NRC Revenue ()					(32,735)
Adjustment					<u>\$9,952</u>

Muhlenberg District provided an updated cost justification for its 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge.²² Commission Staff reviewed the cost justification information provided by Muhlenberg District and noted it supports an increase in the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge. Commission Staff recommends that the Commission accept Muhlenberg District's supported increase for the Tap-On fee from

²² Muhlenberg District's Response to Staff's Second Request, Item 10, 10_Tap_Fee_Cost_Jusitification.

\$570 to \$1,440 for the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge, as \$1,440 represents the actual costs associated with performing this service.

PRO FORMA OPERATING STATEMENT

Muhlenberg District's Pro Forma Operating Statement for the 2023 test year ended December 31, 2023, as determined by Commission Staff appears in the table below.

Description	Test Year	Muhlenberg District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Operating Revenues						
Metered Retail Sales	\$4,095,760	\$ 359,246	\$ -	\$ 359,246	(A)	\$4,455,006
Forfeited Discounts	68,761	-	-	-		68,761
Miscellaneous Service Revenues	76,838	-	9,952	9,952	(B1)	
			(15,247)	(15,247)	(B2)	71,543
Total Operating Revenues	4,241,359	359,246	(5,295)	353,951		4,595,310
Operation and Maintenance						
Salaries and Wages - Employees	956,992	(38,555)	117,622	79,067	(C)	
			(7,011)	(7,011)	(D)	1,029,048
Salaries and Wages - Officers	18,000	-	-	-		18,000
Employee Benefits	415,986	(129,917)	29,395	(100,522)	(E)	315,464
Employee Pensions	129,182	(47,141)	47,141	-	(F1)	
			-	110,688	(F2)	
			-	(56,415)	(F3)	
			-	(774)	(F4)	182,681
Purchased Water	1,609,028	325,715	6,925	332,640	(G)	
		(49,308)	(176)	(49,484)	(H)	1,892,184
Purchased Power	119,207	(3,038)	-	(3,038)	(H)	116,169
Chemicals	7,609	(194)	-	(194)	(H)	7,415
Materials and Supplies	191,565	159,751	(159,751)	-	(I)	
			-	(16,359)	(D)	175,206
Contractual Services	96,736	13,110	(822)	12,288	(J)	109,024
Rental of Building/ Real Property	2,511	-	-	-		2,511
Transportation Expense	72,286	-	-	-		72,286
Insurance - General Liability & Workers Comp.	16,471	-	-	-		16,471
Insurance - Other	60,480	-	-	-		60,480
Advertising	2,604	-	-	-		2,604
Water Resource Conservation Expense	24,800	-	-	-		24,800
Miscellaneous	185,161	-	-	-		185,161
Total	3,908,618	230,423	70,463	300,886		4,209,504
Depreciation Expense	523,144	(37,110)	(19,460)	(56,570)	(K)	
			550	550	(L)	467,124
Amortization Expense	-	8,335	702	9,037	(M)	9,037
Taxes Other Than Income	80,633	(10,373)	17,432	7,059	(N)	87,692
Total Operating Expenses	4,512,395	191,275	69,687	260,962		4,773,357
Net Operating Income	(271,036)	167,971	(74,982)	92,989		(178,047)
Interest Income	8,131	-	-	-		8,131
Income Available to Service Debt	\$ (262,905)	\$ 167,971	\$ (74,982)	\$ 92,989		\$ (169,916)

(A) Total Sales of Water. Muhlenberg District provided a billing analysis listing the water usage and water sales revenue for the 12-month test year in its application.²³ Muhlenberg District reported total metered water sales revenue of \$4,095,760 for the test year in its Schedule of Adjusted Operations.²⁴ Muhlenberg 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 \$4,455,006 and proposed an adjustment to increase test-year water sales revenue by \$359,246 to reflect the revenues of \$325,715 from the recent purchased water adjustment²⁵ and \$33,531 in other adjustments based on current water rates.²⁶ Commission Staff recommends that the Commission accept the adjustment because the amount is known and measurable.

(B) Miscellaneous Service Revenues. In the application, Muhlenberg District reported \$76,838 for Miscellaneous Service Revenues.²⁷ Miscellaneous Service Revenues include Materials, Pipe, Parts Sold, Miscellaneous Revenues, 911 Surcharges, and Cash/Over which is unpaid credit card transactions.²⁸ A summary of miscellaneous service revenues by component and the related adjustments is presented in the table that follows the explanation of adjustments below.

²³ Application, ARF_Application.pdf, Attachment 5, Current Billing Analysis – Current Usage & Existing Rates.

²⁴ Application, ARF_Application.pdf, Attachment 4, Statement of Adjusted Operations.

²⁵ Case No. 2024-00213, *Electronic Purchased Water Adjustment Filing of Muhlenberg County Water District* (Ky. PSC, Aug. 2, 2024).

²⁶ Application, ARF_Application.pdf, Attachment 5, Current Billing Analysis – Current Usage & Existing Rates.

²⁷ Application, ARF_Application.pdf, Attachment 4, Statement of Adjusted Operations.

²⁸ Muhlenberg District's Response to Staff's First Request, Item 1c, Item_1c_Cross_Reference.xlsx, Rows 17 thru 24.

Nonrecurring Charges - As discussed in the non-recurring charges section of the Summary of Recommendations above, Commission Staff removed normal business hour field labor and office/clerical labor costs²⁹ and determined that pro forma non-recurring charges should be \$42,687. The adjustment to non-recurring charges, results in an increase of \$9,952 (B1) to Miscellaneous Service Revenues. Commission Staff recommends the Commission accept Commission Staff's adjustment to Miscellaneous Service Revenues because the amount meets the ratemaking criteria of being known and measurable.

Nonrecurring Revenues –Miscellaneous Service Revenue components of \$1,607 for Material, Pipes, parts Sold³⁰ and \$13,640 for Cash/Over,³¹ which are unpaid credit card transactions are considered unusual transactions not expected to reoccur and, therefore, should be removed from the test year. Commission Staff recommends the Commission accept Commission Staff's adjustment to decrease Miscellaneous Service Revenues by \$15,247 (B2). The net effect of the above adjustments results in a pro forma Miscellaneous Service Revenues of \$71,543, as shown in the following table, which is a net decrease of \$5,295 from Muhlenberg District's proposed pro forma amount.

²⁹ 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).

³⁰ Muhlenberg District's Response to Staff's First Request, Item 1c, Item_1c_Cross_Reference.xlsx, Rows 19.

³¹ Muhlenberg District's Response to Staff's First Request, Item 1c, Item_1c_Cross_Reference.xlsx, Rows 21.

Description	Test Year	Commission Staff	
		Adjustment	Pro Forma
Non-Recurring Charges	\$ 32,735	\$ 9,952	\$ 42,687
Credit Card Processing Income	21,678		21,678
Materials, Pipes, Parts Sold	1,607	(1,607)	0
Miscellaneous	3,513		3,513
Cash/Over	13,640	(13,640)	(0)
911 Fee	3,666		3,666
Total	\$ 76,838	\$ (5,295)	\$ 71,543

(C) Salaries and Wages - Employees. In its application, Muhlenberg District proposed an adjustment to decrease Salaries and Wages – Employees by \$38,555³² to reflect changes in wage rates.³³ Muhlenberg District provided the test year employee list,³⁴ test year total hours worked,³⁵ current wage rates,³⁶ and a current employee list.³⁷ Muhlenberg District considers full employment as 14 full time employees and 3 part-time/seasonal employees.³⁸ Commission Staff normalized the full time employees' regular hours to 2,080.³⁹ In addition, employees received an increase in wages during

³² Application, Attachment 4, Schedule of Adjusted Operations, Adjustment B.

³³ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment B.

³⁴ Muhlenberg District's Response to Staff's First Request, Item 6, 6_Employee_Hours_Wages_and_Benefits.xlsx, 2023 Tab, Column A.

³⁵ Muhlenberg District's Response to Staff's First Request, Item 6, 6_Employee_Hours_Wages_and_Benefits.xlsx, 2023 Tab,

³⁶ Muhlenberg District's Response to Staff's Second Request, Item 3a, 3a_Positions_Titles_and_Pay.xlsx.

³⁷ Muhlenberg District's Response to Staff's Second Request, Item 3a, 3a_Positions_Titles_and_Pay.xlsx.

³⁸ Muhlenberg District's Response to Staff's Second Request, Item 3c.

³⁹ 8 hours a day x 5 days a week x 52 weeks a year = 2,080 hours a year.

2024 and 2025.⁴⁰ Currently the three part-time/seasonal positions are vacant, Muhlenberg District's intent is to rehire these positions as soon as the district gets approved for a rate increase.⁴¹ The seasonal employees work for nine months a year; therefore, Commission Staff normalized their hours worked at 1,560.⁴² The housekeeping position works ten hours a week for a normalized 520 hours annually.⁴³

Additionally, Muhlenberg District provides several other methods to compensate employees aside from Salaries and Wages. First, Muhlenberg District provides an annual boot allowance of \$150 paid at the beginning of each year so that employees can purchase a new pair of boots each year.⁴⁴ Since the boot allowance is to compensate employees for the purchase of boots, Commission Staff agrees with including the boot allowance in Pro-Forma Salaries and Wages – Employees. Next, Muhlenberg District provided an excerpt from its employee handbook explaining that “at the end of each quarter if there have been no accidents each employee will be paid a safety bonus of \$150.”⁴⁵ Since the bonus is performance based relying on safety records, Commission Staff agrees with including the Safety Bonus in Pro-Forma Salaries and Wages – Employees. Additionally, Muhlenberg District provides a truck allowance, which is \$15

⁴⁰ Muhlenberg District's Response to Staff's Second Request, Item 3a, 3a_Positions_Titles_and_Pay.xlsx.

⁴¹ Muhlenberg District's Response to Staff's Second Request, Item 3b.

⁴² 2,080 full-time annual Hours x (9/12) = 1,560 Hours.

⁴³ Muhlenberg District's Response to Staff's Second Request, Item 3b.

⁴⁴ Muhlenberg District's Response to Staff's Second Request, Item 2a.

⁴⁵ Muhlenberg District's Response to Staff's Second Request, Item 2a, 2a_Safety_Bonus.pdf.

per week for the use of personal vehicles by field employees subject to being on-call.⁴⁶ During the test year, the truck allowance was expanded to include all field employees subject to being on call.⁴⁷ Commission Staff agrees with including the truck allowance for on-call employees in Pro-Forma Salaries and Wages – Employees. Muhlenberg District also provides a Sample Testing pay. Sample testing pay is paid to the two superintendents every weekend day and holiday.⁴⁸ Since sample testing is mandatory from the Division of Water and specific site must be tested for chlorine residual daily, even the weekends and holidays, the Superintendents are performing work during their days off when they must test for chlorine on these days.⁴⁹ Commission Staff agrees with including the sample testing pay as a direct form of compensation. Muhlenberg District also provides on-call pay to field employees.⁵⁰ One worker takes the on-call phone each week and answers emergency call after hours.⁵¹ In addition, the General Manager and Superintendent are considered to always be on call.⁵² Since the on-call pay is

⁴⁶ Additional information on Truck Allowance included in wages (filed Apr. 16, 2025), Read_First_Additional_Information_Truck_Allowance.pdf.

⁴⁷ Additional information on Truck Allowance included in wages (filed Apr. 16, 2025), Read_First_Additional_Information_Truck_Allowance.pdf.

⁴⁸ Muhlenberg District's Response to Staff's Second Request, Item 2d, 2d_Sample_Testing_Pay.pdf.

⁴⁹ Muhlenberg District's Response to Staff's Second Request, Item 2d, 2d_Sample_Testing_Pay.pdf.

⁵⁰ Muhlenberg District's Response to Staff's Second Request, Item 2c.

⁵¹ Muhlenberg District's Response to Staff's Second Request, Item 2c, 2c_Employee_Handbook_Extact_On_Call_Pay.pdf.

⁵² Muhlenberg District's Response to Staff's Second Request, Item 2c, 2c_Employee_Handbook_Extact_On_Call_Pay.pdf.

compensation for an employee to be available to work in case of emergencies, Commission Staff agrees with including the on-call pay as a direct form of compensation.

With all the compensation forms described above, Commission Staff calculated a Total Salaries and Wages – Employees of \$1,036,059, which is \$79,067 more than the test year Salaries and Wages – Employee of \$956,992, as shown in the table below.

Employee #	Employee Position	Normalized Regular Hours	Pro Forma Wage Rate	Pro Forma Reg. Wages	Pro Forma O. T. Hours	Pro Forma O. T. Wages	Boot Allowance	Safety Bonus	Truck Allowance	Sample Testing	On Call Pay	Pro Forma Wages
Employee 1	General Manager	2,080	\$1,524/ Week	\$ 79,248	\$ 216	-	\$ 173.71	\$ 695	\$ 780		\$ 520	\$ 81,417.00
Employee 2	Superintendent	2,080	1,366/ Week	71,011	458	-	174	695	780	\$ 7,050	4,240	83,950
Employee 3	Asst. Superintendent	2,080	1,388/ Week	72,155	502	-	174	695	780	7,050	4,240	85,094
Employee 4	Maintenance Foreman	2,080	29.18	60,694	200	\$ 8,754	174	695	780	-	1,800	72,897
Employee 5	Telemetry	2,080	27.73	57,678	223	9,276	174	695	780	-	3,020	71,623
Employee 6	OPERATIONS	2,080	27.17	56,514	168	6,847	174	695	780	-	1,320	66,329
Employee 7	OPERATIONS	2,080	27.10	56,368	149	6,057	174	695	780	-	1,640	65,713
Employee 8	OPERATIONS	2,080	26.29	54,683	-	-	174	695	780	-	1,380	57,712
Employee 9	OPERATIONS	2,080	26.29	54,683	291	11,476	174	695	780	-	1,700	69,507
Employee 10	OPERATIONS	2,080	26.29	54,683	223	8,794	174	695	780	-	1,380	66,506
Employee 11	Office Manager	2,080	27.16	56,493	207	8,433	-	695	-	-	-	65,621
Employee 12	Asst Office Manager	2,080	25.80	53,664	-	-	-	695	-	-	-	54,359
Employee 13	Clerical	2,080	25.00	52,000	115	4,313	174	695	-	-	-	57,181
Employee 14	Clerical	2,080	25.00	52,000	58	2,175	174	695	-	-	-	55,044
Employee 15	10 hrs/week	520	17.08	8,882	-	-	-	-	-	-	-	8,882
Employee 16	9 months a year	1,560	23.79	37,112	-	-	-	-	-	-	-	37,112
Employee 17	9 months a year	1,560	23.79	37,112	-	-	-	-	-	-	-	37,112
Total		32,760		\$ 914,982	\$ 2,810	\$ 66,124	\$ 2,085	\$9,728	\$ 7,800	\$ 14,100	\$ 21,240	1,036,059 (956,992)
Test Year Salaries and Wages - Employees ()												
Commission Staff's Adjustment												79,067
Muhlenberg District's Adjustment												38,555
Difference between Muhlenberg District's and Commission Staff's Adjustments												\$ 117,622

Commission Staff recommends the Commission accept Commission Staff's adjustment of a \$79,067 increase to Salaries and Wages – Employees, as it is known and measurable change because it reflects the normalized and test year hours at current wage rates with current employees.

(D) Expenses Related to Meter Installations. During the test year, Muhlenberg District reported \$24,700 to Tap On Fees.⁵³ The Uniform System of Accounts for Class A/B Water Systems (USoA) requires that these costs be capitalized as Utility Plant in

⁵³ Muhlenberg District's Response to Staff's First Request, Item 1b, 1b_Trial_Balance_2023.xlsx, Account 474-01 Tap On Fees.

Service and depreciated over their estimated useful lives.⁵⁴ During the test year, Muhlenberg District installed 41 new water connections.⁵⁵ Using the current rate of \$570 per connection, Commission Staff calculated \$23,370 of Tap Fees expenses to be capitalized. Therefore, Commission Staff calculated a decrease to Salaries and Wages – Employees Expense of \$7,011 and Materials and Supplies of \$16,359, as shown in the following table.

Description	Salaries and Wages	Materials and Supplies
Tap Fees Collected	\$ 23,370	\$ 23,370
Allocated Percentage	30%	70%
Commission Staff's Adjustment	<u>\$ (7,011)</u>	<u>\$ (16,359)</u>

Additionally, Muhlenberg District confirmed that it did not capitalize the water tap labor or the Material costs.⁵⁶ Therefore, Commission Staff capitalized the labor, materials and supplies costs, and made a corresponding increase to test-year depreciation of \$550, as shown in Adjustment (L).

Commission Staff recommends the Commission accept Muhlenberg District's proposed adjustments to decrease Salaries and Wages – Employees by \$7,011 and decrease Materials and Supplies by \$16,359 because it reflects the proper accounting for water connection expenses according to the USoA.

⁵⁴ USoA, Accounting Instruction 19 and 33.

⁵⁵ Muhlenberg District's Response to Staff's First Request, Item 18a.

⁵⁶ Muhlenberg District's Response to Staff's First Request, Item 18b and 18c.

(E) Employee Benefits. In its application, Muhlenberg District proposed an adjustment to decrease Employee Pensions and Benefits by \$129,917⁵⁷ to reflect current Commission precedent regarding employee medical and dental insurance benefits.⁵⁸ Muhlenberg District provided complete health benefits to all employees, at no cost to the employee, for the test year with Anthem.⁵⁹ In addition, Muhlenberg District provided full vision through Anthem and dental through Paramount Dental with no charge to the employee.⁶⁰ The Commission continues to place greater emphasis on evaluating employees' total compensation packages, including both salary and benefits programs, for market and geographic competitiveness to ensure the development of a fair, just and reasonable rate.

The Commission has found that, in most cases, 100 percent of employer-funded health care does not meet those criteria.⁶¹ Consistent with precedent,⁶² Commission Staff agrees with Muhlenberg District's methodology but calculated a different amount. In the application, Muhlenberg District utilized the contribution levels recommended in 2022

⁵⁷ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment C.

⁵⁸ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment C.

⁵⁹ Muhlenberg District's Response to Staff's First Request, Item 4.

⁶⁰ Muhlenberg District's Response to Staff's First Request, Item 4.

⁶¹ Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020); Case No. 2020-00296, *Electronic Application of Allen County Water District for an Alternative Rate Adjustment* (Ky. PSC Feb. 3, 2021).

⁶² Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019), Order at 8–12.

contribution analysis for single⁶³ and family⁶⁴, rather the most recent 2024 contribution levels. Commission Staff calculated Muhlenberg District's Employer contribution for single health insurance plan premiums contribution expense at 80 percent,⁶⁵ and family insurance plan premiums contribution expense at 68 percent,⁶⁶ as shown in the table below. In addition, Commission Staff calculated Muhlenberg District's contribution to dental insurance at 60 percent.⁶⁷ Muhlenberg District provided the most recent copy of its health insurance,⁶⁸ dental Insurance,⁶⁹ and life insurance⁷⁰ invoices. The invoices show 14 employees currently receive insurance through Muhlenberg District.⁷¹ Accordingly, utilizing the most recent invoice amounts, Commission Staff calculated a decreased to Employee Benefits - Insurance of \$100,522, which is \$29,395 less than the \$129,917 decrease proposed by Muhlenberg District, as shown below.

⁶³ Bureau of Labor Statistics, Healthcare Benefits, March 2022, Table 3, private industry workers. ([Employee Benefits in the United States - March 2022](#)).

⁶⁴ Bureau of Labor Statistics, Healthcare Benefits, March 2022, Table 4, private industry workers. ([Employee Benefits in the United States - March 2022](#)).

⁶⁵ Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁶⁶ Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 4, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>).

⁶⁷ 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>).

⁶⁸ Muhlenberg District's Response to Staff's First Request, Item 5, 5_Medical.pdf.

⁶⁹ Muhlenberg District's Response to Staff's First Request, Item 5, 5_Dental.pdf.

⁷⁰ Muhlenberg District's Response to Staff's First Request, Item 5, 5_Life.pdf.

⁷¹ Muhlenberg District's Response to Staff's First Request, Item 5, 5_Medical.pdf.

Type of Premium	Number of Employees	Employer Contributions	Average Employee Contribution Rate	Monthly Premium Adjustment	Pro Forma Monthly Premium
Medical Insurance - Employee Only	1	\$ 1,045	20%	\$ (209)	\$ 836
Medical Insurance - Employee Spouse	2	4,389	32%	(1,404)	2,984
Medical Insurance - Employee Child	2	3,762	32%	(1,204)	2,558
Medical Insurance - Family	9	27,272	32%	(8,727)	18,545
Dental Insurance	14	1,316	60%	(789)	526
Life Insurance	14	839	0%	-	839
Total Monthly Pro Forma Premium		38,622		(12,333)	26,289
Multiplied by: 12 Months		12		12	12
Total Annual Health Insurance Premium		<u>\$ 463,466</u>		<u>(148,001)</u>	315,464
Less: Test Year Insurance Premium ()					(415,986)
Commission Staff's Proposed Adjustment					(100,522)
Less: Muhlenberg District's Proposed Adjustment ()					129,917
Difference between Muhlenberg District's and Commission Staff's Adjustments					<u>\$ 29,395</u>

Commission Staff recommends the Commission accept Commission Staff's adjustment of a \$100,522 decrease to Employee Benefits to reflect the change in insurance premiums and the reduction of employer contributions. The adjustment reflects the average amount based on national statistical information.⁷² as well as the fact that the case record does not contain sufficient evidence that 100 percent employer contribution was necessary to retain employees or normal for employers in the area.

(F) Employee Pensions (CERS). Muhlenberg District participates in the County Employee Retirement System (CERS),⁷³ which is managed by the Kentucky Public Pension Authority (KPPA). Muhlenberg District proposed one decrease to Employee Pensions and Benefits to reflect the reduced pension contribution rate that took effect on

⁷² Bureau of Labor Statistics, Healthcare Benefits, March 2022, Table 3, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>). Bureau of Labor Statistics, Healthcare Benefits, March 2024, Table 4, private industry workers. (<https://www.bls.gov/news.release/pdf/ebs2.pdf>). And the Willis Benchmarking Survey, 2015, at 62-63. (<https://www.slideshare.net/annette010/2015-willis-benefits-benchmarking-survey-report>).

⁷³ Muhlenberg District's Response to Staff's First Request, Item 5, 5_Retirement.pdf.

July 1, 2024, of 19.71 percent, in the amount of \$47,141 (F1).⁷⁴ Commission Staff calculated three adjustments based on the calculation of the pro forma Salaries and Wages – Employees as well as contribution percentage, and GASB 68 and 75 accounting.

First, Commission Staff calculated an increase of \$110,668 (F2) for Pension and Other Post Employment Benefits (OPEB) related to GASB 68 and GASB 75 from Muhlenberg District's test year amount. In Case No. 2016-00163,⁷⁵ Commission Staff discussed 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. Consistent with Commission precedent,⁷⁶ Commission Staff added \$110,688 (F2) as an adjustment related to GASB 68 as well as GASB 75, which did not become effective until after GASB 68.

Commission Staff made a decrease of \$56,415 (F3) to account for the reduction in the CERS contribution rate from the test year.⁷⁷ The decrease in contributable wages resulted in a decrease of \$774 (F4) for Muhlenberg District's CERS expense. The above adjustments result in a pro forma amount of \$182,681, as shown in the table below. Commission Staff recommends the Commission accept Commission Staff's proposed

⁷⁴ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment D.

⁷⁵ Case No. 2016-00163, *Alternative Rate Adjustment Filing of Marion County Water District* (Ky. PSC Nov. 10, 2016), Order at 11–15.

⁷⁶ Case No. 2022-00044, *Electronic Application of Big Sandy Water District for an Adjustment of its Water Rates Pursuant to 807 KAR 5:076* (Ky. PSC Sept. 13, 2022), Order at 11–12.

⁷⁷ CERS Board of Trustees December 4, 2023, Meeting, Minutes, Page 2. CERS Contribution Rate in test year was 26.79, and 19.71 in current year.

adjustments as the amounts are known and measurable based on current Salaries and Wages at current contribution levels.

Description	Pro Forma
Wages Applicable to CERS Payments	\$ 952,953
Multiplied by: Average Contribution Rate	19.17%
Total Pension Contribution Contributions	182,681

(G) Purchased Water. In its application, Muhlenberg District proposed an adjustment to increase its Purchased Water Expense by \$325,715⁷⁸ to reflect the recent purchased water adjustment.⁷⁹ Muhlenberg District purchases water from Todd County Water District (Todd District) and the City of Central City (Central City).⁸⁰ Subsequent to the test year, Muhlenberg District filed a Purchased Water Adjustment, effective July 1, 2024 to reflect Central City increasing its wholesale rate to Muhlenberg District to \$0.00457 per gallon.⁸¹ Todd District also received an increase in its wholesale rates, increasing Muhlenberg District's cost of water to \$.00591 per gallon.⁸² Muhlenberg District provided the current rate charged by each of its water vendors,⁸³ as well as the gallons purchased from each vendor throughout the test year.⁸⁴ Commission Staff calculated Purchased Water Expense using the test-year gallons purchased, and the

⁷⁸ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment F.

⁷⁹ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment F.

⁸⁰ 2023 Annual report at 54.

⁸¹ Case No, 2024-00213, Application, Exhibit A, Notice.

⁸² Case No. 2025-00004, *Electronic Purchased Water Adjustment Filing of Todd County Water District*, (KY. PSC, Feb. 13, 2025).

⁸³ Muhlenberg District's Response to Staff's First Request, Item 20.

⁸⁴ Muhlenberg District's Response to Staff's First Request, Item 19, 19_Water_Purchased_Corrected.xlsx.

current rates resulting in a pro forma Purchased Water Expense of \$1,941,668, as shown in the following table. Commission Staff calculated an increase to Purchased Water Expense of \$332,640, which is \$6,925 more than proposed by Muhlenberg District.

Month	Todd County		Central City		Total
	Gallons	Cost	Gallons	Cost	
January	\$ 228,600	\$ 0.00591	\$ 35,565,300	\$ 0.00457	\$ 163,884
February	180,400	0.00591	38,120,800	0.00457	175,278
March	219,700	0.00591	32,163,900	0.00457	148,287
April	197,700	0.00591	35,016,990	0.00457	161,196
May	275,100	0.00591	31,032,300	0.00457	143,443
June	146,200	0.00591	38,079,100	0.00457	174,886
July	286,500	0.00591	37,350,300	0.00457	172,384
August	283,600	0.00591	37,207,900	0.00457	171,716
September	235,400	0.00591	34,785,300	0.00457	160,360
October	207,000	0.00591	32,573,000	0.00457	150,082
November	176,200	0.00591	36,237,400	0.00457	166,646
December	360,800	0.00591	33,122,900	0.00457	153,504
Total	<u>2,797,200</u>		<u>421,255,190</u>		1,941,668
Less Test Year Purchased Water ()					(1,609,028)
Commission Staff's Adjustment					332,640
Less: Muhlenberg District's Proposed Adjustment ()					(325,715)
Difference between Muhlenberg District's and Commission Staff's Adjustment					<u>\$ 6,925</u>

Commission Staff recommends the Commission accept Commission Staff's adjustment of a \$332,640 increase to Purchase Water Expense as this is a known and measurable change that reflects the normalization of water purchased during the test year to current rates charged.

(H) Excess Water Loss. In its application, Muhlenberg District proposed adjustments to decrease Purchased Water Expense by \$49,308,⁸⁵ Purchased Power Expense by \$3,038⁸⁶ and Chemicals Expense by \$194.⁸⁷ The adjustments are to reflect

⁸⁵ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment G.

⁸⁶ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment G.

⁸⁷ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment G.

the expense for water loss in excess of 15 percent.⁸⁸ During the test year, Muhlenberg District reported water loss of 17.5485 percent.⁸⁹ As noted earlier in the report, Commission regulations state that for ratemaking purposes, expenses for water loss in excess of 15 percent shall not be included for ratemaking purposes.⁹⁰ Muhlenberg District proposed to reduce Purchased Water Expense by \$49,308 and Commission Staff disagreed with the calculation, as discussed in the Purchased Water Expense adjustment (G), Commission Staff determined a Purchased Water Expense of \$1,941,668. Therefore, Commission Staff decreased Purchased Water Expense by \$49,484, which is \$176 more than proposed by Muhlenberg District, as shown in the following table. Additionally, Muhlenberg District proposed to reduce Purchased Power Expense by \$3,038 and Chemical Expense by \$194, which Commission Staff agrees with both adjustments, as shown in following table.

Description	Purchased Water	Purchased Power	Chemicals	Total
Adjusted Costs	\$ 1,941,668	\$ 119,207	\$ 7,609	\$ 2,068,484
Water Loss in Excess of 15% ()	-2.5485%	-2.5485%	-2.5485%	-2.5485%
Commission Staff's Adjustment	(49,484)	(3,038)	(194)	(52,716)
Muhlenberg District's Proposed Adjustment	49,308	3,038	194	52,540
Difference between Muhlenberg District's and Commission Staff's Adjustments	\$ (176)	\$ -	\$ -	\$ (176)

⁸⁸ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment G.

⁸⁹ 2023 Annual Water Report at 57.

⁹⁰ Commission regulation 807 KAR 5:076, Section 9, sets the standard for the determination of the reasonableness of proposed rates and states, in pertinent part, that the test period shall be "adjusted for known and measurable changes." See also Case No. 2001-00211, *Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 25, 2003); and Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

Commission Staff recommends the Commission accept Commission Staff's adjustment of a \$49,484 decrease to Purchase Water Expense, as well as Muhlenberg District's proposed adjustment of a \$3,038 decrease to Purchased Power Expense, and a \$194 decrease to Chemical Expense, since the amounts reflect the limit of costs related to excess water loss to 15 percent.

(l) Materials and Supplies. In its application, Muhlenberg District proposed an adjustment to increase Materials and Supplies expense by \$159,751⁹¹ reflecting a substantial increase in Materials and Supplies expense.⁹² Muhlenberg District calculated the increase by totaling the June 2023 year to date and the June 2024 year to date total for Maintenance of Mains and Maintenance of Meters, then multiplying the difference by two to determine a full year difference compared to the test year.⁹³

Commission Staff disagrees with Muhlenberg District's methodology. The proposed approach shows a mid-year to mid-year comparison of accounting activity without consideration of year-end adjustments for changes in materials inventory or capitalization of items to fixed assets that were initially recorded as expense during the year. Both 2023⁹⁴ and 2024⁹⁵ reflect large year-end adjustments that reduce spending that occurred throughout the year. In addition, system performance may be a more

⁹¹ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment H.

⁹² Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment H.

⁹³ Muhlenberg District's Response to Staff's First Request, Item 1d, 1d_Rate_Study.xlsx, Materials and Supplies Tab.

⁹⁴ Muhlenberg District's Response to Staff's First Request, Item 1a, 1a_General_Ledger_2023.xlsx. Account 00636-0006 Maintenance of Mains

⁹⁵ Muhlenberg District's Response to Staff's First Request, Item 1a, 1a_General_Ledger_2024.xlsx. Account 00636-0006 Maintenance of Mains

significant cost driver in one-year verses another and not inflation. A simple comparison of two periods does not establish an inflationary or ongoing performance conclusion.

Commission Staff compared the full year trial balance amounts for all materials and supplies sub-accounts during 2023⁹⁶ and 2024.⁹⁷ This comparison reflects a decrease in the total from \$191,565 in 2023 to \$148,981 in 2024, as shown in the table below.

Materials and Supplies Accounts	2023	2024	Difference
620-08 Materials & Supplies AD&G	\$ 7,818	\$ 4,686	\$ (3,132)
620-01 Pump Station Operation Supplies	194	129	(65)
620-02 Operation Supplies & Exp	16,147	16,917	770
636-02 Equip Maint & Repairs	14,819	8,548	(6,271)
635-05 Main Dist Reser & Standpipe	7,699	578	(7,121)
636-06 Maintenance of Mains	91,010	74,908	(16,102)
637-06 Maintenance of Meters	29,251	34,137	4,886
636-01 Maint of Pumping Equip	24,627	9,078	(15,549)
Total Materials and Supplies	\$ 191,565	\$ 148,981	\$(42,584)

Commission Staff recommends the Commission reject Muhlenberg District's adjustment of a \$159,751 increase to Materials and Supplies Expense, since the calculation methodology does not reflect consideration of year end accounting adjustment impact. Commission Staff recommends the Commission authorize the test year amount of 191,565 with no adjustments for an increase in materials and supplies expenses as spending will vary from year to year.

⁹⁶ Muhlenberg District's Response to Staff's First Request, Item 1a, 1a_General_Ledger_2023.xls, Column F.

⁹⁷ Muhlenberg District's Response to Staff's First Request, Item 1a, 1a_General_Ledger_2024.xls, Column F.

(J) Contractual Services. In its application, Muhlenberg District proposed an adjustment to increase Contractual Services by \$13,110⁹⁸ to reflect an additional annual maintenance fee for billing software.⁹⁹ Muhlenberg supplied a copy of the signed contract,¹⁰⁰ and the contract identified a monthly payment of \$1,024.¹⁰¹ Muhlenberg District stated that the fee is \$12,888 yearly.¹⁰² Commission Staff calculated an annual payment of \$12,288 based on \$1,024 per month for 12 months, which is \$822 less than proposed by Muhlenberg District, as shown in the table below.

Description	Amount
Monthly Contract Payments	\$ 1,024
Times: 12 months	12
Commission Staff's Adjustment	12,288
Muhlenberg District's proposed Adjustment ()	(13,110)
Difference between Muhlenberg District's and Commission Staff's Adjustments	<u>\$ (822)</u>

Commission Staff recommends the Commission accept Commission Staff's \$12,288 increase to Contractual Services to reflect the implementation of a new maintenance contract for billing software.

(K) Depreciation Expense. In its application, Muhlenberg District proposed an adjustment to reduce Depreciation Expense by \$37,110¹⁰³ to reflect the "useful lives allowed by the Commission."¹⁰⁴ To evaluate the reasonableness of the depreciation

⁹⁸ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment I.

⁹⁹ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment I.

¹⁰⁰ Muhlenberg District's Response, to Staff's Second Request, Item 4c, 4c_Contract.pdf.

¹⁰¹ Muhlenberg District's Response, to Staff's Second Request, Item 4c, 4c_Contract.pdf, at 6.

¹⁰² Muhlenberg District's Response, to Staff's Second Request, Item 4c.

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

¹⁰⁴ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment J.

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).¹⁰⁵ 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.¹⁰⁶ Upon examination, Commission Staff agrees with Muhlenberg District's methodology to adjust depreciation expense. Commission Staff's calculation differed from Muhlenberg District in four sub-categories: Hydrants; Radio Read Meters, Transportation Equipment; and Structures and Improvements.

When Muhlenberg District calculated the Depreciation Expense for Hydrants, it depreciated all but one at the NARUC recommended 50-year useful service life; however, one of the hydrants was depreciated over a 10-year service life, with no explanation why it was different from all other hydrants. Commission Staff disagrees with using 10-years for the hydrant and calculated the Depreciation Expense for all hydrants over the NARUC recommended 50-year service life. Additionally, Muhlenberg District proposed a service life for Radio Read meters of 15-years. The Commission has ordered that, unless evidence is supplied to justify a different useful life, radio read meters will be depreciated

¹⁰⁵ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment K.

¹⁰⁶ 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.

over a 20-year service life.¹⁰⁷ Muhlenberg District provided warranty information for their meters, stating the meters had a 20-year warranty period.¹⁰⁸ Therefore, Commission Staff calculated depreciation for the meters over the 20-year service life. When Muhlenberg District calculated the adjustment for the Transportation Equipment it included six assets that had have been disposed of, Commission Staff did not include these six assets in its calculation. Finally, when Muhlenberg District calculated the adjustment for the water treatment plant's structures and improvements it included two assets that had no residual book value. Commission Staff did not include these two assets in its calculation.

Commission Staff calculated a Depreciation Expense of \$466,574, as shown in the following table, which is \$56,570 less than the reported test year amount of \$523,143 and \$19,460 less than Muhlenberg District's proposed \$37,110 decrease to Depreciation Expense.

¹⁰⁷ Case No. 2024-00061, *Electronic Application of Butler County Water System, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Nov. 1, 2024), Order at 19–20. Case No. 2024-00068, *Electronic Application of Simpson County Water District for a Rate Adjustment Pursuant To 807 KAR 5:076* (Ky. PSC Oct. 29, 2024), Order at 21–22.

¹⁰⁸ Muhlenberg District's Response to Staff's First Request, Item 9a.

Asset Category	NARUC			Pro Forma Depreciation
	Recommended Service Life Range	Test Year Depreciation	Depreciation Adjustment	
Structures and Improvements	35-40	\$ 11,028	\$ (2,823)	\$ 8,205
Communication Equipment	10	3,304	3,633	6,937
Power Operated Equipment	10 - 15	1,303	(573)	730
Tools, Shop, & Garage Rquipment	15 - 20	3,121	(1,609)	1,512
Structures and Improvements	35 - 40	600	40	640
Communication Equipment	10	10,141	-	10,141
Pumping Equipment	20	3,884	118	4,002
Hydrants	40 - 60	485	(249)	236
Transmission & Distribution Lines	50 - 75	135,290	(37,585)	97,705
Meter Change-Outs	20	85,598	(21,487)	64,111
Services	30 - 50	4,285	(2,678)	1,607
Reservoirs & Tanks	30 - 60	67,300	(15,831)	51,469
Transportation Equipment	7	123,798	(1,448)	122,350
Structures and Improvements	35 - 40	72,668	24,194	96,862
Water Treatment Equipment	20-35	339	(272)	67
Total Depreciation Expense		<u>\$ 523,144</u>	<u>(56,570)</u>	<u>\$ 466,574</u>
Muhlenberg District's Proposed Adjustment ()			37,110	
Difference Between Muhenberg District and Commission Staff's Adjustment			<u>\$ (19,460)</u>	

Commission Staff recommends the Commission accept Commission Staff's \$56,569 decrease to Depreciation Expense to reflect the annualization of Depreciation expense at the recommended NARUC midpoint service lives for capital assets with a remaining book value.

(L) Depreciation – Capitalization of Water Tap Labor. As explained in the expenses related to water installations above, the expenses related to the installation of new water connections are capital expenditures that should be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.¹⁰⁹ Muhlenberg District confirmed that it had not capitalized the labor costs of the water meter¹¹⁰ or the costs of

¹⁰⁹ USoA, Accounting Instruction 19 and 33.

¹¹⁰ Muhlenberg District's Response to Staff's First Request, Item 18b.

materials used.¹¹¹ Therefore, Commission Staff calculated the annual depreciation amount for the test year and increased depreciation expense by \$550 to account for the Tap Fee labor and materials, as shown below:

Description	Labor Expenses	Material Expenses
Test Year Water Connections Expense	\$ 7,011	\$ 16,359
Divided by: NARUC Proposed Service Lives	42.5	42.5
Total Capitalized Expense Increase	\$ 165	385
Total Capitalized Expense		\$ 550

Commission Staff recommends the Commission accept Commission Staff's \$550 increase to Depreciation Expense, because the USoA requires the assets to be depreciated over their estimated useful lives.

(M) Amortization Expense. In its application, Muhlenberg District proposed an adjustment to increase Amortization Expense by \$8,335¹¹² to reflect the five-year amortization of the installation costs for upgrades for the billing system.¹¹³ During 2023, United Systems contacted Muhlenberg District and informed its staff that upgrades would be necessary to continue utilizing its billing software. Muhlenberg District submitted the invoices for the initial cost of the upgrades needed.¹¹⁴ Also, Muhlenberg District provided a breakdown of the invoices identifying those that were included in the initial outlay.¹¹⁵ Totalling the invoices, Commission Staff calculated a total initial expense of \$45,186.

¹¹¹ Muhlenberg District's Response to Staff's First Request, Item 18c.

¹¹² Application, Attachment 4, Schedule of Adjusted Operations, Adjustment I.

¹¹³ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment I.

¹¹⁴ Muhlenberg District's Response to Staff's First Request, Item 8, 8_Billing_Software.pdf.

¹¹⁵ Muhlenberg District's Response to Staff's Second Request, Item 4a, 4a_Billing_Software_Upgrade_Invoices.xlsx.

Muhlenberg District proposed to amortize the initial upgrade expense over a five-year period.¹¹⁶ Therefore, Commission Staff calculated an annual amortization of \$9,037 for the cost of the Billing Software upgrade, which is \$702 more than proposed by Muhlenberg District, as shown in the following table.

Description	Invoice	Cost
Lang Professional Services	842051	\$ 750
Wireless router, internal hard drives, and miscellaneous items	842052	1,790
Miscellaneous Items	842090	2,706
Dell Precision Server, Vmware Sub Only vSphere 8 Essentials Kit 3 Years Lics, and Professional Svcs	844530	12,265
Miscellaneous Items	CW5312	214
Network Drop Installation	None	2,800
SQL Server 2019 Open Business and SQL 2019 Open Business User	109661	2,966
Alliance UMS G5 Software, Service Order Conversions, UMS Data Conversion, and Alliance Setup	111493	18,600
G5 Portal Setup Fee	111792 Line 1	2,095
Remote Technical Services	111792 Line 3	1,000
Total Initial Cost for Billing Software Upgrades		45,186
Amortized over Five Years		5
Commission Staff's Adjustment		9,037
Muhlenberg District's Adjustment ()		(8,335)
Difference between Muhlenberg and Commission Staff's Adjustments		\$ 702

Commission Staff recommends the Commission accept Commission Staff's \$9,037 increase to Amortization Expense as well as the five-year period to reflect the annualization of the Billing Software upgrades over a five-year period.

(N) Taxes Other Than Income. In its application, Muhlenberg District proposed an adjustment to decrease Payroll Taxes by \$10,373,¹¹⁷ to reflect the decrease to Salaries and Wages.¹¹⁸ As explained in Salaries and Wages – Employees adjustment above, Commission Staff calculated Muhlenberg District's pro forma Salaries and Wages – Employees of \$1,036,059. Therefore, Commission Staff calculated an increase of \$7,059 to Taxes Other Than Income, which is \$17,432 more than Muhlenberg District's proposed adjustment, as shown in the following table.

¹¹⁶ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment I.

¹¹⁷ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment E.

¹¹⁸ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment E.

Description	Amount
Salaries and Wages - Employees	\$ 1,036,059
Salaries and Wages - Officers	18,000
Total Salaries and Wages	1,054,059
Times: 7.65 Percent FICA Rate	7.65%
Total Pro Forma Payroll Taxes	80,636
Total Taxes Other Than Income	80,636
Test Year Payroll Taxes ()	(73,577)
Commission Staff's Taxes Other Than Income Adjustment	7,059
Muhlenberg District's Proposed Adjustment ()	10,373
Difference between Commission Staff's Adjustment and Muhlenberg District's	\$ 17,432

Commission Staff recommends the Commission approve Commission Staff's adjustment to decrease Taxes other than Income by \$7,059, because it is a known and measurable change that is a direct result from changes to Salaries and Wages – Employees, and Salaries and Wages - Officers.

OVERALL REVENUE REQUIREMENT

The Operating Ratio methodology¹¹⁹ is used when there is no basis for a rate of return determination, the cost of the utility has fully or largely been funded through contributions, or there is little or no outstanding long-term debt. The Operating Ratio is a method to provide the utility with necessary working capital to operation effectively. Muhlenberg District proposed to use an Operating Ratio of 86 percent in its application.¹²⁰ Commission Staff has historically used an Operating Ratio at 88 percent to calculate the additional working capital. Muhlenberg District provided no evidence to demonstrate that

¹¹⁹ Operating Ratio is defined as the ratio of expenses, including depreciation and taxes, to gross revenues. It is illustrated by the following equation:

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

¹²⁰ Application, Attachment 4, Revenue Requirement Using Operating Ratio Method.

an Operating Ratio of 86 percent was more appropriate or necessary. An Operating Ratio of 88 percent will allow Muhlenberg District necessary working capital and revenues to cover its reasonable operating expenses to operate and provide for reasonable equity growth. If the Commission used the Debt Service Recovery method, Muhlenberg District would only recover \$175,193 for the Debt Service and Additional Working Capital, as shown in the following table.

Description	Debt Service Coverage Methodology
Pro Forma Operating Expenses	\$ 4,773,358
Average Annual Principal and Interest Payments	146,121
Additional Working Capital at 20%	29,224
Total Revenue Requirement	4,948,703
Pro Forma Expense ()	(4,773,358)
Additional Capital	<u>\$ 175,345</u>

The Operating Ratio method provides \$650,912 additional working capital. Commission Staff is of the opinion that, due to Muhlenberg District’s low debt service requirement, the rate increase from the debt service coverage method would not provide Muhlenberg District with sufficient working capital to operate effectively to provide adequate, efficient, and reasonable service. Muhlenberg District currently has one outstanding debt, a Kentucky Rural Water Finance Corporation (KRWFC) Loan.¹²¹ Commission Staff recommends using the Operating Ratio method to calculate the revenue requirement for Muhlenberg District.

¹²¹ Case No. 2007-00163, *Application of The Muhlenberg County Water District to Issue Securities in the Approximate Principal Amount of \$1,897,000 Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, (Ky. PSC May 24, 2007).

By applying the Operating Ratio method, Commission Staff found Muhlenberg District's Revenue Requirement from Rates for Service to be \$5,288,496. A revenue increase of \$833,489, or 18.71 percent, is necessary to generate the Overall Revenue Requirement of \$5,436,930.

Description	Muhlenberg County Water District	Commission Staff
Pro Forma Operating Expenses	4,703,671	\$ 4,773,357
Divided by: Operating Ratio Percentage	86%	88%
Interest Expense	12,788	12,661 (1)
Overall Revenue Requirement	5,482,173	5,436,930
Other Operating Revenue ()	(468,577)	(140,304) (2)
Interest Income ()	(8,131)	(8,131)
Revenue Required from Rates	5,005,465	5,288,495
Revenue from Sales at Present Rates ()	(4,455,006)	(4,455,006)
Required Revenue Increase / (Decrease)	<u>\$ 550,459</u>	<u>\$ 833,489</u>
Percentage Increase / (Decrease)	<u>12.36%</u>	<u>18.71%</u>

1. Average Annual Interest and Fees Payments. At the time of Commission Staff's review, Muhlenberg District had one outstanding KRWFC Bond.¹²² Therefore, Commission Staff included the average annual interest on a three-year average for the years 2025 through 2027. Commission Staff calculated an average Interest Expense of \$12,661 as shown in the following table.

¹²² Case 2007-00163, *Application of The Muhlenberg County Water District to Issue Securities in the Approximate Principal Amount of \$1,897,000 Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, (Ky. PSC May 24, 2007).

Year	2007D Bonds		Total
	Interest	Fees	
2025	\$ 18,200	\$ 450	\$ 18,650
2026	12,513	450	12,963
2027	6,370	-	6,370
Total	<u>37,083</u>	<u>0</u>	<u>37,983</u>
Divided by: 3 years			<u>3</u>
Average Annual Interest and Fees			<u>\$ 12,661</u>

2. Other Operating Revenues. In the application, Muhlenberg District reported \$468,577 for the test year Other Operating Revenues Income.¹²³ However, Commission Staff reviewed the calculations and determined this amount was incorrect, the \$468,577 Muhlenberg District reported reflects a combination of Chemicals, Materials and Supplies, and Contractual Services expenses.¹²⁴ Commission recalculated the Other Operating Revenues based on the pro forma adjustments. Therefore, using the pro forma Forfeited Discounts of \$68,761 and Other Water Revenues of \$71,543, as shown in the Schedule of Adjusted Operations above, result in a net Other Operating Revenue of \$140,304.

¹²³ Application, Attachment 4, Revenue Requirement using Operating Ratio Method.

¹²⁴ Muhlenberg District's Response to Staff's First Request, Item 1d, 1d_Rate_Study.xlsx, Revenue Requirement Tab, Cell G21.

Signatures

/s/ William Foley

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

/s/ Manuel Alejandro Jerez Tamayo

Prepared by: Manuel Jerez Tamayo
Rate Design Branch
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APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00404 DATED MAY 16 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection/Turn-on Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1hr @ \$27.73)	\$ 27.73	\$ -
Office Supplies (Paperwork)	\$ 1.50	\$ 1.50
Office Labor (30min @ \$25.00)	\$ 12.50	\$ -
Transportation (50miles @ 70 cents)	\$ 35.00	\$ 35.00
Misc. (Office expenses for establishing new account + billing record)	\$ 15.00	\$ 15.00
Total Revised Charge*	\$ 91.73	\$ 52.00
Current Rate	\$15.00	
Field Collection Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (2hr @ \$27.73)	\$ 55.46	\$ -
Office Supplies (Paperwork)	\$ 1.50	\$ 1.50
Office Labor (30min @ \$25.00)	\$ 12.50	\$ -
Transportation (50miles @ 70 cents)	\$ 35.00	\$ 35.00
Misc.	\$ -	\$ -
Total Revised Charge*	\$ 104.46	\$ 37.00
Current Rate	\$35.00	
Meter Relocation Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor	\$ -	\$ -
Office Supplies	\$ -	\$ -
Office Labor	\$ -	\$ -
Transportation	\$ -	\$ -
Misc.	\$ -	\$ -
Total Revised Charge*	\$ -	\$ -
Current Rate	Actual Cost	Actual Cost

Reconnection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (1hr @ \$27.73)	\$ 27.73	\$ -	
Office Supplies (Paperwork)	\$ 1.50	\$ 1.50	
Office Labor (30min @ \$25.00)	\$ 12.50	\$ -	
Transportation (50miles @ 70 cents)	\$ 35.00	\$ 35.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 76.73</u>	<u>\$ 37.00</u>	
Current Rate	\$50.00		

Returned Check Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor	\$ -	\$ -	
Office Supplies (Envelope, paper, stamp)	\$ 3.23	\$ 3.23	
Office Labor (30min @ \$25.00)	\$ 12.50	\$ -	
Transportation	\$ -	\$ -	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 15.73</u>	<u>\$ 4.00</u>	
Current Rate	\$25.00		

Service Call/Investigation			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hr @ \$27.73)	\$ 55.46	\$ -	
Office Supplies (Paperwork)	\$ 1.50	\$ 1.50	
Office Labor (15min @ \$25.00)	\$ 6.25	\$ -	
Transportation (50miles @ 70 cents)	\$ 35.00	\$ 35.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 98.21</u>	<u>\$ 37.00</u>	
Current Rate	\$35.00		

Meter Test Request			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2hr @ \$27.17)	\$ 54.34	\$ -	
Office Supplies (Paper)	\$ 1.50	\$ 1.50	
Office Labor (1hr @ \$25.00)	\$ 25.00	\$ -	
Transportation (50miles @ 70 cents)	\$ 35.00	\$ 35.00	
Misc. (220 gallons water)	\$ 1.01	\$ 1.01	
Total Revised Charge*	<u>\$ 116.85</u>	<u>\$ 38.00</u>	
Current Rate	\$75.00		

5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge

	Utility Revised Charge	Staff Revised Charge
Materials Expense	\$ 903.35	\$ 903.35
Service Pipe Expense	\$ 11.25	\$ 11.25
Installation Labor Expense	\$ 221.84	\$ 221.84
Installation Equipment Expense	\$ 200.00	\$ 200.00
Installation Miscellaneous Expense	\$ 41.60	\$ 41.60
Overhead Expense	\$ 46.34	\$ 46.34
Administrative Expense	\$ 15.00	\$ 15.00
Total Revised Charge*	<u>\$ 1,439.38</u>	<u>\$ 1,440.00</u>
Current Rate	\$570.00	

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00404 DATED MAY 16 2025

The following rates and charges are recommended by Commission Staff based on the adjustments in Commission Staff's Report for the customers in the area served by Muhlenberg County Water District. All other rates and charges not specifically mentioned herein shall remain the same.

Monthly Water Rates

5/8" X 3/4" Meters

First	2,000	Gallons	\$ 35.87	Minimum Bill
Next	8,000	Gallons	\$ 0.01339	Per Gallon
Next	10,000	Gallons	\$ 0.01260	Per Gallon
Next	30,000	Gallons	\$ 0.01183	Per Gallon
Over	50,000	Gallons	\$ 0.01105	Per Gallon

1" Meters

First	5,000	Gallons	\$ 76.25	Minimum Bill
Next	5,000	Gallons	\$ 0.01339	Per Gallon
Next	10,000	Gallons	\$ 0.01260	Per Gallon
Next	30,000	Gallons	\$ 0.01183	Per Gallon
Over	50,000	Gallons	\$ 0.01105	Per Gallon

1 1/2" Meters

First	11,000	Gallons	\$ 156.06	Minimum Bill
Next	9,000	Gallons	\$ 0.01260	Per Gallon
Next	30,000	Gallons	\$ 0.01183	Per Gallon
Over	50,000	Gallons	\$ 0.01105	Per Gallon

2" Meters

First	16,000	Gallons	\$ 219.30	Minimum Bill
Next	4,000	Gallons	\$ 0.01260	Per Gallon
Next	30,000	Gallons	\$ 0.01183	Per Gallon
Over	50,000	Gallons	\$ 0.01105	Per Gallon

3" Meters

First	26,000	Gallons	\$ 341.16	Minimum Bill
Next	24,000	Gallons	\$ 0.01183	Per Gallon
Over	50,000	Gallons	\$ 0.01105	Per Gallon

4" Meters

First	36,000	Gallons	\$ 459.97	Minimum Bill
Next	14,000	Gallons	\$ 0.01183	Per Gallon
Over	50,000	Gallons	\$ 0.01105	Per Gallon

Wholesale Rate

\$ 0.00809 Per Gallon

<u>Nonrecurring Charges</u>	<u>Revised Charge</u>
Connection/Turn-on Charge	\$ 52.00
Field Collection Charge	\$ 37.00
Meter Relocation Charge	Actual Cost
Reconnection Charge	\$ 37.00
Returned Check Charge	\$ 4.00
Service Call/Investigation	\$ 37.00
Meter Test Request	\$ 38.00

Meter Connection/Tap-On Charges

5/8 Inch X 3/4 Inch \$ 1,440.00

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