

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SANDY HOOK	)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT	)	2024-00196
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 September 23, 2024, as amended by Orders entered December 16, 2024, and March 21, 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 March 21, 2025, Order, Sandy Hook Water District (Sandy Hook 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 Sandy Hook District to the Commission's July 22, 2021, Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission.



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

DATED MAR 24 2025

cc: Parties of Record

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<sup>1</sup> 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 SANDY HOOK WATER DISTRICT

Sandy Hook Water District (Sandy Hook 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 1,114 residential customers, 52 commercial customers, and 43 public authorities that reside in Morgan and Elliot counties, Kentucky.<sup>1</sup>

In Case No. 2022-00206, Sandy Hook District was ordered to apply for a rate adjustment by June 30, 2024, or to file a formal motion with a detailed analysis of its rates and revenues explaining the reasons why no modifications are necessary.<sup>2</sup> On June 30, 2024, Sandy Hook District filed a request for an extension of time of three months to file its application.<sup>3</sup> On July 25, 2024, the Commission denied the request and ordered Sandy

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<sup>1</sup> *Annual Report of Sandy Hook District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 12, 49.

<sup>2</sup> See Case No. 2022-00206, *Electronic Application of Sandy Hook Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving an Increase in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023* (Ky. PSC Feb. 22, 2023), Order at 3, ordering paragraph 1.

<sup>3</sup> Sandy Hook District filed its notice of filing of an alternative rate adjustment on June 17, 2024. Sandy Hook District's Request for an Extension of Time (March 17, 2025).

Hook District to file its application immediately.<sup>4</sup> On August 30, 2024, Sandy Hook 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,<sup>5</sup> Sandy Hook District used the calendar year ended December 31, 2023, as the basis for its application. Sandy Hook District's last base rate increase pursuant to the alternative rate filing procedure was in Case No. 2016-00265.<sup>6</sup> However, in Case No. 2022-00206,<sup>7</sup> Sandy Hook District was granted an approximate 30 percent increase as required by United States Department of Agriculture Rural Development in a bond agreement.<sup>8</sup>

To ensure the orderly review of the application, the Commission established a procedural schedule by Order of September 23, 2024, and amended by Orders entered December 16, 2024, and March 21, 2025, to afford Commission Staff the necessary time to request information and prepare and file the Commission Staff's Report.<sup>9</sup> Sandy Hook District responded to five requests for information,<sup>10</sup> in part due to its delays in Sandy

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<sup>4</sup> Order (Ky. PSC July 25, 2024).

<sup>5</sup> 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.

<sup>6</sup> Case No. 2016-00265, *Application of Sandy Hook Water District for Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 21, 2017).

<sup>7</sup> Case No. 2022-00206, *Electronic Application of Sandy Hook Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving an Increase in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023* (Ky. PSC Feb. 22, 2023).

<sup>8</sup> Case No. 2022-00206, August 10, 2022 Order at 3. The rate increase was a condition of the loan approved pursuant to KRS 278.023.

<sup>9</sup> Order (Ky. PSC Dec. 16, 2024) at 1–2.

<sup>10</sup> Sandy Hook District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Nov. 1, 2024); Sandy Hook District's Response to Commission Staff's Second Request for

Hook District's ability to reconcile the General Ledger accounts with the 2023 annual report.<sup>11</sup>

Commission Staff notes that during the review of the application, Sandy Hook District appeared to have difficulty providing requested information, particularly when the information was retained by an external source. Going forward, Commission Staff strongly encourages Sandy Hook District to retain necessary accounting and operational records so that review of the records can be efficient and timely.

### UNACCOUNTED-FOR WATER LOSS

Sandy Hook District produces approximately 98 percent of its own water from wells,<sup>12</sup> buying the remainder from Rattlesnake Ridge Water District and Rowan County Water District.<sup>13</sup> The Commission notes that in its 2023 Annual Report, Sandy Hook District reported a water loss of 9.9239 percent,<sup>14</sup> water loss percents of 11.2073<sup>15</sup> and 19.4825<sup>16</sup> in 2022 and 2021 respectively. 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

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Information (Staff's Second Request) (filed Nov. 27, 2024); Sandy Hook District's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Jan. 9, 2025); Sandy Hook District's Response to Commission Staff's Fourth Request for Information (Staff's Fourth Request) (filed Feb. 6, 2025); Sandy Hook District's Response to Commission Staff's Fifth Request for Information (Staff's Fifth Request) (filed Feb. 21, 2025).

<sup>11</sup> Sandy Hook District's Response to Staff's Third Request, Item 1c.

<sup>12</sup> 2023 Annual Report at 52.

<sup>13</sup> 2023 Annual Report at 54.

<sup>14</sup> 2023 Annual Report at 57.

<sup>15</sup> *Annual Report of Sandy Hook District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 58.

<sup>16</sup> *Annual Report of Sandy Hook District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 57.

operations. The table below shows that the 2023 total annual cost of water loss to Sandy Hook District is \$8,349, while the annual cost of water loss in excess of 15 percent is zero.

Total Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 3,925	\$ 80,205	\$ 84,130
Water Loss Percent	9.9239%	9.9239%	9.9239%
Total Water Loss	\$ 390	\$ 7,959	\$ 8,349

### DISCUSSION

Using its pro forma test-year operations, Sandy Hook District determined that a base rate revenue increase of \$90,485, or 9.53 percent, was necessary to achieve the revenue requirement as shown in the table below.<sup>17</sup>

Description	Sandy Hook Water District
Pro Forma Operating Expenses	\$ 860,484
Average Annual Principal and Interest Payments	175,534
Additional Working Capital at 20%	35,107
Total Revenue Requirement	1,071,125
Other Revenue ( )	(28,932)
Interest Income ( )	(2,394)
Revenue Required From Water Sales	1,039,799
Revenue from Sales at Present Rates ( )	(949,314)
Required Revenue Increase / (Decrease)	\$ 90,485
Percentage Increase / (Decrease)	9.53%

To determine the reasonableness of the rates requested by Sandy Hook District, Commission Staff performed a limited financial review of Sandy Hook District's test-year operations. The scope of Commission Staff's review was limited to determining whether

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2023 Annual Report at 57.

5, Revenue Requirement Calculation.

operations reported for the test year were representative of normal operations. Known and measurable<sup>18</sup> 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 Pearce reviewed the calculation of Sandy Hook District's Overall Revenue Requirement, and Manuel Jerez Tamayo reviewed Sandy Hook District's reported revenues and rate design.

### SUMMARY OF RECOMMENDATIONS

Overall Revenue Requirement and Required Revenue Increase. By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Commission Staff found that Sandy Hook District's required revenue from water sales is \$1,026,997 to meet an Overall Revenue Requirement of \$1,073,098, and that a \$121,618 revenue increase, or 13.43 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

Monthly Water Service Rates. In its application, Sandy Hook District proposed to increase all of its monthly retail and wholesale water service rates.<sup>19</sup> Sandy Hook District

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<sup>18</sup> 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).

<sup>19</sup> Application, Attachment 1, Customer Notice.

stated that it did not consider filing a cost-of-service study (COSS) at this time as there has been no material changes in the water system that would cause a new COSS to be prepared.<sup>20</sup> 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 in the absence of a COSS.<sup>21</sup> Finding no such evidence in this case, Commission Staff allocated the \$121,618 revenue increase evenly across Sandy Hook District's monthly retail water service rates.

The rates set forth in Appendix B to this report are based upon the revenue requirement, as calculated by Commission Staff, and will produce sufficient revenues from water sales to recover the \$1,026,997 Revenue Required from Rates, an approximate 13.43 percent increase. Commission Staff notes that its calculated revenue requirement increase is approximately 141 percent of Sandy Hook District's proposed rates,<sup>22</sup> which, if accepted by the utility, will require Sandy Hook District to provide re-notice of the proposed rate increase to its customers, based on 807 KAR 5:076, Section 11(3)(f). The monthly water bill for a typical residential customer using approximately 2,936 gallons per month will increase from \$50.76 to \$57.58 for an increase of \$6.82, or approximately 13.44 percent.<sup>23</sup>

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<sup>20</sup> Sandy Hook District's Response to Staff's First Request, Item 12a.

<sup>21</sup> Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

<sup>22</sup>  $13.43\% / 9.53\% = 140.929\%$

<sup>23</sup> Application, Attachment 1, Customer Notice, the average retail customer has a 5/8-Inch x 3/4-Inch Meter using 2,936 gallons per month as used by Sandy Hook District.

Non-recurring Charges. Sandy Hook District provided the cost justification for the Non-recurring Charges.<sup>24</sup> Following the Commission's previous decisions,<sup>25</sup> Commission Staff reviewed Sandy Hook District's Non-recurring Charges cost justification information. The Commission previously found that because district personnel are currently paid during normal business hours, estimated labor costs previously included in determining the amount of Non-recurring Charges should be eliminated from the charges considering those expenses are recovered as part of salaries and wages expense. Commission Staff reviewed the cost justification information provided by Sandy Hook District and adjusted these charges by removing Field Labor Costs and Office/Clerical Labor Costs from Non-recurring Charges completed during regular business hours.

Sandy Hook District provided a list of the number of occurrences for each of its Non-recurring Charges.<sup>26</sup> This list did not include Meter Re-read Charge and Damage to Meter, two charges listed in Sandy Hook District's current tariff. Sandy Hook District stated that it never charges to re-read a meter and generally only re-reads meters if something appears odd when doing the monthly radio meter reads.<sup>27</sup> Sandy Hook District also stated that the only time it charges for damage to meters is for meter lid replacements

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<sup>24</sup> Sandy Hook District's Response to Staff's First Request, Item 17, Attachment SHWD\_1\_(17)\_PSC\_Cost\_Justification (filed Nov. 27, 2024).

<sup>25</sup> Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020), Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020), Case No. 2020-00196, *Electronic Application of West Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020), and Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020).

<sup>26</sup> Sandy Hook District's Response to Staff's First Request, Item 16.

<sup>27</sup> Sandy Hook District's Response to Staff's Second Request, Item 6, SHWD\_6\_non-recurring-charges.pdf.



when the customer is at fault.<sup>28</sup> For 2023, Sandy Hook District billed for only one meter lid at a cost of \$75.00.<sup>29</sup> Based on Sandy Hook District's updated cost justification sheets, Commission Staff recommends that both charges remain in Sandy Hook District's tariff and only be adjusted by removing Field Labor Costs and Office/Clerical Labor Costs from Non-recurring Charges completed during regular business hours. For the after-hour charges, Commission Staff removed office labor as the charge would not occur during normal business hours nor would office staff perform duties outside of the normal job responsibilities.

The cost for a Meter Test Charge increased substantially from \$55 to \$193 as listed by Sandy Hook District in the cost justification sheets provided.<sup>30</sup> In the cost justification sheets, Sandy Hook District noted that the main cost for this service is the cost of the replacement meter. Commission Staff recommends that the Commission accept the increase to the Meter Test Charge as the amount is known and measurable. In addition, prolonged under-recovery for a service could impact the utility's financial wellness. The cost justification information shown in Appendix A was provided by Sandy Hook District and supports the requested increase. The adjustments discussed above result in the following revised Non-recurring Charges:

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<sup>28</sup> Sandy Hook District's Response to Staff's Second Request, Item 6, SHWD\_6\_non-recurring-charges.pdf.

<sup>29</sup> Sandy Hook District's Response to Staff's Second Request, Item 6, Attachment SHWD\_6\_non-recurring\_charges.

<sup>30</sup> Sandy Hook District's Response to Staff's First Request, Item 17, Attachment SHWD\_1\_(17)\_PSC\_Cost\_Justification (filed Nov. 27, 2024).

Description	Current Charge	Revised Charge
Returned Check Charge	\$28.00	\$3.00
Meter Turn-On Charge	\$45.00	\$13.00
Meter Relocation Charge	Actual Cost	Actual Cost
Meter Re-read Charge	\$45.00	\$13.00
Meter Test Charge	\$55.00	\$193.00
Service Call / Investigation Charge	\$45.00	\$13.00
Service Call / Investigation Charge - After Hours	\$70.00	\$40.00
Service Reconnection Charge	\$55.00	\$13.00
Service Reconnection Charge - After Hours	\$70.00	\$40.00
Damage to Meter	Actual Cost	Actual Cost

The adjustments to the Non-recurring Charges result in a decrease of \$8,387 to Other Revenues as shown below.

Description	Occurrences	Current Charge	Revised Charge	Pro Forma
Returned Check Charge	6	\$ 28.00	\$ 3.00	\$ 18.00
Meter Turn-On Charge	104	\$ 45.00	\$ 13.00	1,352
Meter Relocation Charge	0	Actual Cost	Actual Cost	0
Meter Re-read Charge	0	\$ 45.00	\$ 13.00	0
Meter Test Charge	0	\$ 55.00	\$ 193.00	0
Service Call / Investigation Charge	0	\$ 45.00	\$ 13.00	0
Service Call / Investigation Charge - After Hours	0	\$ 70.00	\$ 40.00	0
Service Reconnection Charge	91	\$ 55.00	\$ 13.00	1,183
Service Reconnection Charge - After Hours	0	\$ 70.00	\$ 40.00	0
Damage to Meter	1	Actual Cost	Actual Cost	75
Pro Forma				\$ 2,628
Test Year NRC Revenue ( )				(11,015)
Adjustment				\$ (8,387)

Sandy Hook District provided an updated cost justification for its 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge.<sup>31</sup> Commission Staff reviewed the cost justification information provided and determined that it supports an increase in the Meter Connection/Tap-On Charge. Commission Staff recommends that the Commission

<sup>31</sup> Sandy Hook District's Response to Staff's Fourth Request, Item 10b, Attachment SHWD\_DR4\_10b.

accept Sandy Hook District's supported increase for the tap-on fee from \$800 to \$1,731 for the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge to avoid under-recovering each tap fee by \$931. As mentioned above, the under-recovery may cause a material impact to a utility to occur cumulatively over time.

### PRO FORMA OPERATING STATEMENT

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

Description	Test Year	Sandy Hook Water District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	Ref	Pro Forma
<b>Operating Revenues</b>						
Sales of Water	\$ 949,314		\$ (43,935)	\$ (43,935)	A	\$ 905,379
<b>Other Revenues</b>						
Forfeited Discounts	0		23,162	23,162	B1	23,162
Other	28,932		(8,387)	(8,387)	B2	20,545
<b>Total Operating Revenues</b>	<b>978,246</b>	<b>0</b>	<b>(29,160)</b>	<b>(29,160)</b>		<b>949,086</b>
<b>Operation and Maintenance</b>						
Salaries and Wages - Employees	280,666		(26,541)	(26,541)	C	
			(3,600)	(3,600)	C	250,525
Salaries and Wages - Officers	18,000		(18,000)	(18,000)	D	0
Employee Benefits - Medical	0		61,613	61,613	E1	
			(149)	(149)	E2	
			(14,376)	(14,376)	E3	47,088
Employee Benefits - Retirement (CERS)	(1,102)		66,077	66,077	F1	
			(13,247)	(13,247)	F2	
			(4,410)	(4,410)	F3	47,318
Purchased Water	9,810		(5,899)	(5,899)	G	3,911
Purchased Power	80,205		(6,192)	(6,192)	H	74,013
Materials and Supplies	133,709		(8,400)	(8,400)	I	125,309
Contractual Services	16,959			0		16,959
Water Testing	4,422			0		4,422
Insurance	85,085		(61,613)	(61,613)	E1	23,472
Bad Debt Expense	3,017			0		3,017
Miscellaneous Expenses	44,230		6,192	6,192	H	50,422
<b>Total</b>	<b>675,001</b>	<b>0</b>	<b>(28,545)</b>	<b>(28,545)</b>		<b>646,456</b>
Depreciation Expense	211,673	(34,133)	267	(33,866)	J	177,807
Taxes Other Than Income	7,943		11,498	11,498	K	19,441
<b>Total Operating Expenses</b>	<b>894,617</b>	<b>(34,133)</b>	<b>(16,780)</b>	<b>(50,913)</b>		<b>843,704</b>
<b>Net Operating Income</b>	<b>83,629</b>	<b>34,133</b>	<b>(12,380)</b>	<b>21,753</b>		<b>105,382</b>
Interest Income	2,394			0		2,394
<b>Income Available to Service Debt</b>	<b>\$ 86,023</b>	<b>\$ 34,133</b>	<b>\$ (12,380)</b>	<b>\$ 21,753</b>		<b>\$ 107,776</b>

(A) Metered Water Sales. Sandy Hook District reported \$949,314 in revenues from metered water sales and did not propose any adjustments.<sup>32</sup> Commission Staff determined a decrease of \$43,935 was required to reach the amount of \$905,379 reported in the current billing analysis<sup>33</sup> and recommends making an adjustment. Late payment fee revenue that should have been recorded in Other Revenues in the amount \$23,162 was embedded in metered water sales and Commission Staff's resulting adjustment.<sup>34</sup> Commission Staff recommends the Commission accept Commission Staff's adjustment because the pro forma metered water sales has been reconciled with evidence provided in the case record.

(B) Other Water Revenue. Sandy Hook District reported \$28,932 of revenue from other water revenues and did not propose an adjustment to the account.<sup>35</sup> As discussed in Metered Water Sales above, embedded in the billing analysis, was \$23,162 (B1) in late payment penalty revenue that should be recorded in Other Water Revenues. Other items included in the test-year Other Water Revenue were \$8,317 in credit card service fees,<sup>36</sup> \$11,015 in Non-recurring Charge revenue,<sup>37</sup> and \$9,600 in compensation for collection and billing of wastewater customers by the city of Sandy Hook as shown in the chart below.<sup>38</sup>

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<sup>32</sup> Application, Attachment #4, Schedule of Adjusted Operations (SAO).

<sup>33</sup> Sandy Hook District's Response to Staff's First Request, Item 13a, Billing Analysis Excel File.

<sup>34</sup> Sandy Hook District's Response to Staff's Third Request, Item 1, Reconciliation Workbook Excel Document.

<sup>35</sup> Application, Attachment #4, SAO.

<sup>36</sup> Sandy Hook District's Response to Staff's Fourth Request, Item 5.

<sup>37</sup> Sandy Hook District's Response to Staff's Fourth Request, Item 6.

<sup>38</sup> Sandy Hook District's Response to Staff's Fourth Request, Item 7.

Commission Staff recommends a reduction of \$8,387 (B2) to the test year Non-recurring Charge revenue of \$11,015 in order to reach the pro forma Non-recurring Charge revenue of \$2,628 as discussed in the Non-recurring Charges section above. Using the information described above, Commission Staff calculated pro forma Other Water Revenues of \$20,545 as shown in the chart below. Commission Staff recommends the Commission accept Commission Staff's recommended adjustments to Other Water Revenue because the amounts are known and measurable.

Description	Test Year	Sandy Hook Water District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Sewer Collection Fees	\$ 9,600			0		\$ 9,600
Service Fee Income	11,015		(8,387)	(8,387)	B2	2,628
Other Income	8,317			0		8,317
<b>Total</b>	<b>\$ 28,932</b>		<b>\$ (8,387)</b>	<b>\$ (8,387)</b>		<b>\$ 20,545</b>

(C) Salaries and Wages – Employees. Sandy Hook District reported \$280,666 of expenses related to Salaries and Wages for employees and did not propose an adjustment to these expenses.<sup>39</sup> Commission Staff recommends two adjustments. First, Commission Staff proposes an adjustment to the pro forma wages to account for a reduction in Sandy Hook District's staffing from the test year. Sandy Hook District provided a document with its proposed wages at full staffing,<sup>40</sup> which Commission Staff used to calculate pro forma wages of \$254,125, resulting in a reduction of \$26,541.

Commission Staff also recommends a second reduction of \$3,400 to remove the labor portion, as shown in the chart below, of 30 percent of the tap fees installed by Sandy Hook District during the test year. The Uniform System of Accounts (USoA) for Class A/B

<sup>39</sup> Application, Attachment #4, SAO.

<sup>40</sup> Sandy Hook District's Response to Staff's Second Request, Item 8, SHWD\_8\_Salaries.

Water Systems requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.<sup>41</sup> Commission Staff capitalized the costs and made a corresponding adjustment to test-year depreciation in the depreciation expense below. Commission Staff recommends the Commission accept Commission Staff's recommended adjustments because the amounts are known and measurable and because it matches the evidence provided in the case record.

New Meter Connections		15												
Fees Recorded		\$12,000												
<table style="width: 100%; border-collapse: collapse; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="border-bottom: 1px solid black; width: 40%;">Description</th> <th style="border-bottom: 1px solid black; width: 20%;">Percent</th> <th style="border-bottom: 1px solid black; width: 40%;">Dollars</th> </tr> </thead> <tbody> <tr> <td>Labor</td> <td style="text-align: center;">30%</td> <td style="text-align: right;">3,600</td> </tr> <tr> <td>Materials</td> <td style="text-align: center;">70%</td> <td style="text-align: right;">8,400</td> </tr> <tr> <td style="padding-top: 5px;">Total</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$12,000</td> </tr> </tbody> </table>			Description	Percent	Dollars	Labor	30%	3,600	Materials	70%	8,400	Total		\$12,000
Description	Percent	Dollars												
Labor	30%	3,600												
Materials	70%	8,400												
Total		\$12,000												

(D) Salaries and Wages – Officers. Sandy Hook District reported \$18,000 of expenses related to salary and wages for officers and did not propose an adjustment to these expenses.<sup>42</sup> Sandy Hook District has five commissioners appointed to its Board of Commissioners (Board) that are each paid \$300 a month. Commission Staff requested documentation from the Fiscal Court that authorized each commissioner's appointment and compensation, as well as the training records for each commissioner. Sandy Hook District provided documentation of its commissioners' appointments and the respective Commissioner Training Certificates<sup>43</sup> but did not provide the Fiscal Court Minutes authorizing its commissioners' compensation. Sandy Hook District stated that the county

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<sup>41</sup> USoA, Accounting Instruction 19 and 33.

<sup>42</sup> Application, Attachment #4, SAO.

<sup>43</sup> Sandy Hook District's Response to Staff's First Request, Item 9, SHWD\_9\_Commissioners\_2024\_appointment\_and\_certification.pdf

clerk's office was busy with early voting and did not have time to find the minutes.<sup>44</sup> Sandy Hook District later responded that it would provide the minutes if the County Clerk's office is able to locate them.<sup>45</sup> As of the issuance of the Staff Report, Sandy Hook District has not provided the minutes authorizing its commissioners' compensation. 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."<sup>46</sup> Commission Staff recommends the Commission accept its recommendation to exclude commissioners' salaries of \$18,000 from the revenue requirement because Sandy Hook District did not provide evidence to support the compensation amounts as required by KRS 74.020(6).

(E) Employee Benefits - Medical. Sandy Hook District reported (\$1,102) in test year employee benefits and did not propose an adjustment to employee benefits for either medical or pension.<sup>47</sup> Commission Staff determined that separation of the medical-related benefits costs from retirement benefits would better facilitate discussion of the respective adjustments. Commission Staff reclassified the (\$1,102) reported in the test-year Employee Benefits to the Employee Benefits - Retirement section below because

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<sup>44</sup> Sandy Hook District's Response to Staff's First Request, Item 9a.

<sup>45</sup> Sandy Hook District's Response to Staff's Fourth Request, Item 9.

<sup>46</sup> KRS 74.020(6), Appointment of commissioners – Number – Terms – Removal – Vacancies – Organization – Bond – Compensation – Mandatory Training – Notice of Vacancy.

<sup>47</sup> Application, Attachment #4, SAO.

the reconciliation provided by Sandy Hook District classified the amount to that category,<sup>48</sup> resulting in a test year amount of \$0 for Employee Benefits – Medical.

Sandy Hook District has six employees who receive life insurance, and five employees who receive health, vision, and dental insurance.<sup>49</sup> The health insurance expenses incurred during the test year were reported in the Insurance category. Commission Staff recommends an increase to Employee Benefits – Medical for the reclassification of Health Insurance in the amount of \$61,613 (E1) and a corresponding decrease of the same amount to insurance.

Commission Staff reviewed the most recent health insurance invoices<sup>50</sup> provided by Sandy Hook District and recommends a reduction of \$149 (E2) based on the amounts provided in the invoices to reach the Total Annual Net Health Insurance Cost of \$61,464 outlined in the table below. Sandy Hook District’s employees currently contribute an average of 6.82 percent in Health Insurance Premiums, which is lower than the average employee contributions for private industry workers of 21 percent for single coverage and 33 percent for family coverage provided by the Bureau of Labor Statistics Study (BLS Study),<sup>51</sup> and do not contribute any employee portion to dental insurance coverage, which

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<sup>48</sup> Sandy Hook District’s Response to Staff’s Third Request, Item 1, Reconciliation Workbook Excel Document.

<sup>49</sup> Sandy Hook District’s Response to Staff’s Fifth Request, Item 1, SHWD\_Employee\_Benefits.

<sup>50</sup> Sandy Hook District’s Response to Staff’s Fifth Request, Item 1, SHWD\_employee\_benefit\_invoices.

<sup>51</sup> U.S. Bureau of Labor Statistics, Share of Premiums Paid by Employer and Employee for Single Coverage, March 2023 <https://www.bls.gov/news.release/ebs2.t03.htm>, U.S. Bureau of Labor Statistics, Share of Premiums Paid by Employer and Employee for Family Coverage, March 2023 <https://www.bls.gov/news.release/ebs2.t04.htm>.



is lower than the national average of 60 percent, provided by the Willis Benchmarking Survey.<sup>52</sup>

Commission Staff recommends a total reduction of \$14,376 (E3) for employer contribution amounts, with two parts, as explained below. First, Commission Staff recommends an adjustment of \$13,608 to decrease Sandy Hook District's employer contribution amount to health insurance to align with the average employee contribution rates in the BLS Study. The second adjustment, consistent with Commission precedent,<sup>53</sup> is a reduction of \$768 to adjust the dental employer contribution to 60 percent based upon the national average for an employer's share of dental insurance contribution outlined in the Willis Benchmarking Survey. Sandy Hook District did not provide any evidence of a wage study or comparative information in the record to support any variance from the averages contained in a nationally recognized survey. The adjustments described above result in a pro forma yearly benefit cost of \$47,088 as shown in the table below. Commission Staff recommends the Commission accept Commission Staff's recommended adjustments as the amounts are known and measurable, are consistent with Commission precedent, and match the information provided in the case record.

(F) Employee Benefits – Retirement (CERS). As discussed in the Employee Benefits – Medical, Commission Staff reduced Retirement expenses by \$1,102 based

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<sup>52</sup> The Willis Benchmarking Survey, 2015, at 62-63. ([https://www.willis.com/Documents/publications/Services/Employee\\_Benefits/20151230\\_2015WillisBenefitsBenchmarkingSurveyReport.pdf](https://www.willis.com/Documents/publications/Services/Employee_Benefits/20151230_2015WillisBenefitsBenchmarkingSurveyReport.pdf)).

<sup>53</sup> See Case No. 2017-00263, *Electronic Application of Kentucky Frontier Gas, LLC for Alternative Rate Adjustment* (Ky. PSC Dec. 22, 2017), Order at 9-10.

upon the reconciliation provided by Sandy Hook District.<sup>54</sup> Sandy Hook District participates in the County Employees Retirement System (CERS),<sup>55</sup> which is managed by the Kentucky Public Pension Authority (KPPA). In Case No. 2016-00163,<sup>56</sup> Commission 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.

Therefore, Commission Staff recommends three adjustments to Sandy Hook District's CERS contribution. First, Commission Staff recommends an increase of \$66,077 (F1) to account for GASB 68 and 75 adjustments. Second, Commission Staff recommends a decrease of \$13,247 (F2) based upon the change in contribution rate from the test year and contribution rate effective July 1, 2025.<sup>57</sup> Finally, Commission Staff recommends a decrease of \$4,410 (F3) to account for the reduction in wages from the test year to the pro forma amount. Commission Staff's recommended adjustments result in a pro forma CERS contribution expense of \$47,318. Commission Staff recommends the Commission accept Commission Staff's recommended adjustment because the amounts are known and measurable and are consistent with Commission precedent.

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<sup>54</sup> Sandy Hook District's Response to Staff's Third Request, Item 1, Reconciliation Workbook Excel Document.

<sup>55</sup> Sandy Hook District's Response to Staff's Fifth Request, Item 1, SHWD\_Employee\_Benefits.

<sup>56</sup> Case No. 2016-00163, *Alternative Rate Adjustment Filing of Marion County Water District* (Ky. PSC Nov. 10, 2016), Order at 11–15.

<sup>57</sup> CERS Board Meeting December 2, 2024.  
<https://www.kyret.ky.gov/Employers/Pages/Contribution-Rates.aspx>

(G) Purchased Water. Sandy Hook District mainly produces its water from wells<sup>58</sup> and purchases the remaining water from Rowan County Water District and Rattlesnake Ridge Water District.<sup>59</sup> Sandy Hook District reported \$9,810 in purchased water expenses and provided no adjustment for this account.<sup>60</sup> Commission Staff requested the gallons and cost of water purchased during the test year, to which Sandy Hook District responded after a delay with invoices for the test-year purchased water expenses.<sup>61</sup> Commission Staff used the amounts provided in the invoices and calculated a total pro forma cost of \$3,911, and therefore recommends a reduction of \$5,899 to reach that amount. The general ledger Sandy Hook District provided did not include the purchased water account indicated in the reconciliation workpaper. Commission Staff recommends accepting Commission Staff's adjustment as it is reasonable based on the documentation of gallons purchased and the cost in the case record.

(H) Purchased Power. Sandy Hook District reported \$80,205 in purchased power expenses in its application and proposed no adjustment to the account.<sup>62</sup> In its review of Sandy Hook District's purchased power general ledger, Commission Staff identified \$6,192 in telephone expenses included in the account that Commission Staff recommends be reclassified to Miscellaneous Expenses, resulting in a reduction to Purchased Power and corresponding increase to Miscellaneous Expenses. This results

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<sup>58</sup> 2023 Annual Report at 52.

<sup>59</sup> 2023 Annual Report at 54.

<sup>60</sup> Application, Attachment #4, SAO.

<sup>61</sup> Sandy Hook District's Response to Staff's Second Request, Item 1, SHWD\_1\_(7)\_Water\_purchased\_2023.

<sup>62</sup> Application, Attachment #4, SAO.

in a pro forma Purchased Power expense of \$74,013. Commission Staff recommends the Commission accept Commission Staff's recommended adjustment to classify expenses in the proper account.

(I) Materials and Supplies. Sandy Hook District reported a Materials and Supplies expense of \$133,709 and proposed no adjustment.<sup>63</sup> Commission Staff recommends a reduction of \$8,400 to remove the materials portion, 70 percent of the tap-fees installed by Sandy Hook District during the test year, resulting in a pro forma amount of \$125,309. The USoA for Class A/B Water Systems requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.<sup>64</sup> Commission Staff capitalized the costs and made a corresponding adjustment to depreciation expense. Commission Staff recommends the Commission accept the Commission Staff's recommendation because the amount is known and measurable.

(J) Depreciation Expense. Sandy Hook District reported \$211,673 of expenses related to depreciation in the test year<sup>65</sup> and proposed a reduction of \$34,133 to the account, stating that its adjustment was made to reflect adjustments commonly made by the Kentucky Public Service Commission.<sup>66</sup> Commission Staff reviewed Sandy Hook District's depreciation adjustment and determined it was intended to bring asset lives to the midpoint set forth in the National Association of Regulatory Utility Commissioners (NARUC) publication titled Depreciation Practices for Small Utilities. To evaluate the

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<sup>63</sup> Application, Attachment #4, SAO.

<sup>64</sup> USoA, Accounting Instruction 19 and 33.

<sup>65</sup> Application, Attachment #4, SAO.

<sup>66</sup> Application, Attachment #4, References, Reference A.

reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the NARUC study. 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. Commission Staff found no evidence to support depreciable lives that vary significantly from the midpoint of the NARUC ranges. Commission Staff agreed with the calculation and adjustment made by Sandy Hook District to bring asset lives to the midpoint of the NARUC study.

Commission Staff further calculated an increase of \$267 to account for the capitalization of \$12,000 in tap fees as discussed in the Salaries and Wages – Employees and Materials and Supplies sections above, and as shown in the chart below. Commission Staff recommends the Commission accept Commission Staff’s calculated adjustment because the amounts are known and measurable.

Description	Cost	NARUC Life (years)	Depreciation
Labor Portion of Tap Fees	<u>\$ 12,000</u>	45.00	<u>\$ 267</u>

(K) Taxes Other Than Income. Sandy Hook District reported \$7,943 of expenses related to taxes and other income and proposed no adjustment for the account.<sup>67</sup> Commission Staff calculated an increase of \$11,498 to bring the Taxes Other Than Income to the amount calculated in the table below, for FICA taxes at the pro forma wages. Commission Staff recommends the Commission accept Commission Staff’s adjustment because the amounts are known and measurable.

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<sup>67</sup> Application, Attachment #4, SAO.

Description	Amount
Pro Forma Wages	\$ 254,125
FICA Tax Percent	7.650%
Payroll Taxes	<u>\$ 19,441</u>

OVERALL REVENUE REQUIREMENT AND  
REQUIRED REVENUE INCREASE

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 capital;<sup>68</sup> (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

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<sup>68</sup> The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. See *Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. See Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

Description	Sandy Hook Water District	Commission Staff
Pro Forma Operating Expenses	\$ 860,484	\$ 843,704
Average Annual Principal and Interest Payments	175,534	191,162
Additional Working Capital at 20%	35,107	38,232
Total Revenue Requirement	1,071,125	1,073,098
Other Revenue ( )	(28,932)	(43,707)
Interest Income ( )	(2,394)	(2,394)
Revenue Required From Water Sales	1,039,799	1,026,997
Revenue from Sales at Present Rates ( )	(949,314)	(905,379)
Required Revenue Increase / (Decrease)	<u>\$ 90,485</u>	<u>\$ 121,618</u>
Percentage Increase / (Decrease)	<u>9.53%</u>	<u>13.43%</u>

1. Average Annual Principal and Interest Payments. Sandy Hook District requested to recover debt service of \$175,534 on seven loans from the United States Department of Agriculture Rural Development (Rural Development) based on a five-year average of the annual principal, interest and fee payments for years 2024–2028.<sup>69</sup> Commission Staff recalculated the amount based on the years 2025–2029, which resulted in a revised average annual principal and interest payment of \$191,162 as shown in the table below.

Loan	2025	2026	2027	2028	2029	Total
91-03	\$ 17,438	\$ 17,531	\$ 17,563	\$ 17,531	\$ -	\$ 70,063
91-04	18,350.00	18,625.00	17,875.00	18,100.00	18,275.00	91,225.00
91-07	14,506.25	14,567.50	14,117.50	14,156.25	14,172.50	71,520.00
91-10	27,152.50	27,056.25	26,937.50	27,285.00	27,098.75	135,530.00
91-14	21,591.25	21,316.25	21,534.38	21,245.63	21,450.00	107,137.51
66018	37,655.75	37,398.55	37,618.36	37,352.91	37,534.86	187,560.43
91-17	58,567.50	58,568.75	58,562.50	58,548.75	58,527.50	292,775.00
Totals	<u>\$ 195,261</u>	<u>\$ 195,064</u>	<u>\$ 194,208</u>	<u>\$ 194,220</u>	<u>\$ 177,059</u>	<u>\$ 955,810</u>
5 Year Average						<u>\$ 191,162</u>

<sup>69</sup> Application, Attachment #5, Revenue Requirement Calculation.

2. Additional Working Capital. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In its exhibits, Sandy Hook District requested recovery of an allowance for working capital that is equal to 120 percent of its average annual debt payments, or \$35,107.<sup>70</sup> Following the Commission's historic practice of including additional working capital, Commission Staff agrees with inclusion of a working capital provision; however, it calculated the amount at \$38,232 based on the revision to the debt service discussed above.

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<sup>70</sup> Application, Attachment #5, Revenue Requirement Calculation.



## Signatures

/S/ William Pearce

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

/S/ Manuel Jerez Tamayo

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

APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00196 DATED MAR 24 2025

\* Denotes Rounding

**Non-recurring Charges Adjustments**

	Returned Check Charge	
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor	\$ -	\$ -
Office Supplies	\$ -	\$ -
Office Labor	\$ 25.50	\$ -
Transportation	\$ -	\$ -
Misc. (Bank Fee)	\$ 2.50	\$ 2.50
<b>Total Revised Charge*</b>	<b>\$ 28.00</b>	<b>\$ 3.00</b>
Current Rate	\$ 28.00	

	Meter Turn-On Charge	
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1 hour max)	\$ 18.00	\$ -
Office Supplies	\$ -	\$ -
Office Labor (30 min @ \$10/hour)	\$ 5.00	\$ -
Transportation (30 miles round trip @ \$0.43/mile)	\$ 12.90	\$ 12.90
Misc.	\$ -	\$ -
<b>Total Revised Charge*</b>	<b>\$ 35.90</b>	<b>\$ 13.00</b>
Current Rate	\$ 45.00	

	Meter Relocation Charge	
	Utility Revised Charge	Staff Revised Charge
	\$ -	\$ -
Current Rate	Actual Cost	Actual Cost

	Meter Re-read Charge	
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1 hour max)	\$ 18.00	\$ -
Office Supplies	\$ -	\$ -
Office Labor (5 min @ \$15/hour)	\$ 1.25	\$ -
Transportation (30 miles round trip @ \$0.43/mile)	\$ 12.90	\$ 12.90

Misc.	\$	-	\$	-
Total Revised Charge*	\$	32.15	\$	13.00
Current Rate	\$	45.00		

Meter Test Charge

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1 hour)	\$ 18.00	\$ -
Office Supplies	\$ -	\$ -
Office Labor (5 min @ \$15/hour)	\$ 1.25	\$ -
Transportation (15 miles @ \$0.43/mile)	\$ 6.45	\$ 6.45
Misc. (New Meter installed as Old Meter is removed for testing)	\$ 185.78	\$ 185.78
Total Revised Charge*	\$ 211.48	\$ 193.00
Current Rate	\$ 55.00	

Service Call / Investigation Charge

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1 hour)	\$ 18.00	\$ -
Office Supplies	\$ -	\$ -
Office Labor	\$ -	\$ -
Transportation (30 miles round trip @ \$0.43/mile)	\$ 12.90	\$ 12.90
Misc.	\$ -	\$ -
Total Revised Charge*	\$ 30.90	\$ 13.00
Current Rate	\$ 45.00	

Service Call / Investigation Charge - After Hours

	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1 hour - Over Time)	\$ 27.00	\$ 27.00
Office Supplies	\$ -	\$ -
Office Labor	\$ -	\$ -
Transportation (30 miles round trip @ \$0.43/mile)	\$ 12.90	\$ 12.90
Misc.	\$ -	\$ -
Total Revised Charge*	\$ 39.90	\$ 40.00
Current Rate	\$ 70.00	

Service Reconnection Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1 hour)	\$ 18.00	\$ -
Office Supplies	\$ -	\$ -
Office Labor (10 min @ \$15/hour)	\$ 2.50	\$ -
Transportation (30 miles round trip @ \$0.43/mile)	\$ 12.90	\$ 12.90
Misc.	\$ -	\$ -
<b>Total Revised Charge*</b>	<b>\$ 33.40</b>	<b>\$ 13.00</b>
Current Rate	\$ 55.00	

Service Reconnection Charge - After Hours		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1 hour - Over Time)	\$ 27.00	\$ 27.00
Office Supplies	\$ -	\$ -
Office Labor (10 min @ \$15/hour)	\$ 2.50	\$ -
Transportation (30 miles round trip @ \$0.43/mile)	\$ 12.90	\$ 12.90
Misc.	\$ -	\$ -
<b>Total Revised Charge*</b>	<b>\$ 42.40</b>	<b>\$ 40.00</b>
Current Rate	\$ 70.00	

Damage to Meter		
	Utility Revised Charge	Staff Revised Charge
	\$ -	\$ -
Current Rate	Actual Cost	Actual Cost

5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge		
	Utility Revised Charge	Staff Revised Charge
Materials Expense	\$ 1,077.37	\$ 1,077.37
Service Pipe Expense	\$ 30.00	\$ 30.00
Installation Labor Expense	\$ 116.00	\$ 116.00
Installation Equipment Expense	\$ 346.00	\$ 346.00
Installation Miscellaneous Expense	\$ 116.00	\$ 116.00
Overhead Expense	\$ -	\$ -
Administrative Expense	\$ 45.00	\$ 45.00
<b>Total Revised Charge*</b>	<b>\$ 1,730.37</b>	<b>\$ 1,731.00</b>
Current Rate	\$ 800.00	

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00196 DATED MAR 24 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 Sandy Hook Water District. All other rates and charges not specifically mentioned herein shall remain the same.

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	2,000 Gallons	\$	42.14	Minimum Bill
Next	8,000 Gallons		0.01650	Per Gallon
Next	40,000 Gallons		0.01475	Per Gallon
Over	50,000 Gallons		0.01299	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$	91.63	Minimum Bill
Next	5,000 Gallons		0.01650	Per Gallon
Next	40,000 Gallons		0.01475	Per Gallon
Over	50,000 Gallons		0.01299	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$	174.14	Minimum Bill
Next	40,000 Gallons		0.01475	Per Gallon
Over	50,000 Gallons		0.01299	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$	321.60	Minimum Bill
Next	30,000 Gallons		0.01475	Per Gallon
Over	50,000 Gallons		0.01299	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$	469.06	Minimum Bill
Next	20,000 Gallons		0.01475	Per Gallon
Over	50,000 Gallons		0.01299	Per Gallon

Nonrecurring Charges

Returned Check Charge	\$3.00
Meter Turn-On Charge	\$13.00
Meter Relocation Charge	Actual Cost
Meter Re-read Charge	\$13.00
Meter Test Charge	\$193.00
Service Call / Investigation Charge	\$13.00
Service Call / Investigation Charge - After Hours	\$40.00
Service Reconnection Charge	\$13.00
Service Reconnection Charge - After Hours	\$40.00
Damage to Meter	Actual Cost
<u>Tap-On Fee</u>	
5/8-Inch x 3/4-Inch Meter	\$1,731.00

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