

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH	)	CASE NO.
MCLEAN COUNTY WATER DISTRICT FOR AN	)	2025-00009
ALTERNATIVE RATE FILING ADJUSTMENT	)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of July 11, 2025, the attached report containing the recommendations of Commission Staff (Staff) regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's July 11, 2025, Order, North McLean County Water District (North McLean District) is required to file written comments regarding the recommendations of Staff no later than 14 days from the date of service of this report. The Commission directs North McLean 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 NOV 6 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 NORTH MCLEAN COUNTY WATER DISTRICT

North McLean County Water District (North McLean 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 1,274 residential customers, 33 commercial customers and 4 industrial customers that reside in McLean County, Kentucky.²

On June 17, 2025,³ North McLean 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 9,⁴ North McLean District used the calendar year ended December 31, 2024, as the basis for its application. North McLean District's last base rate increase, filed pursuant to the alternative rate filing

² *Annual Report of North McLean District to the Public Service Commission for the Calendar Year Ended December 31, 2024* (2024 Annual Report) at 49 and 12.

³ North McLean District tendered its application on May 21, 2025. By letter dated May 27, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on June 17, 2025.

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

procedure, was in Case No. 2020-00238.⁵ Since that matter, North McLean 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 July 11, 2025. North McLean District timely responded to two requests for information from Commission Staff (Staff).⁶

UNACCOUNTED-FOR WATER LOSS

Over the last five years, North McLean District reported an average water loss of 20.0969 percent⁷ as shown in the following table:

<u>Year</u>	<u>Water Loss Percentage</u>
2020	16.5438%
2021	16.5381%
2022	20.3753%
2023	22.9134%
2024	24.1139%
Average	<u>20.0969%</u>

⁵ Case No. 2020-00238, *Electronic Application of North McLean County Water District for an Alternative Rate Adjustment* (Ky. PSC Jan. 27, 2021), final Order.

⁶ North McLean District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Aug. 1, 2025); and North McLean District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Sept. 19, 2025).

⁷ *Annual Report of North McLean District to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 57–58; *Annual Report of North McLean District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 57–58; *Annual Report of North McLean District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 57–58; *Annual Report of North McLean District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 57; and 2024 Annual Report at 57–58.

North McLean District purchases 100 percent of its water from the city of Harrodsburg, South Anderson Water District, and the city of Danville.⁸ Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. North McLean District reported test-year purchased water expense of \$510,460.⁹ However, as discussed in the Purchased Water Expense adjustment, Staff adjusted the amount to current rates which results in a Purchased Water expense is \$530,675. The table below shows that the 2024 total annual cost of water loss to North McLean District is \$131,204, while the annual cost of water loss in excess of 15 percent is \$49,588.

Total Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 530,675	\$ 13,424	\$ 544,099
Water Loss Percent	24.1139%	24.1139%	24.1139%
Total Water Loss	\$ 127,967	\$ 3,237	\$ 131,204

Disallowed Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 530,675	\$ 13,424	\$ 544,099
Water Loss in Excess of 15%	9.1139%	9.1139%	9.1139%
Disallowed Water Loss	\$ 48,365	\$ 1,223	\$ 49,588

⁸ 2023 Annual Report at 54 and 57.

⁹ Application (Remediation of Deficiencies), Schedule_of_Adjusted_Operations.pdf,

DISCUSSION

Using its pro forma test-year operations, North McLean determined that a base rate revenue increase of \$53,095, or 4.04 percent, was necessary to achieve the revenue requirement as shown in the table below:¹⁰

Description	North McLean District
Pro Forma Operating Expenses	\$ 1,201,872
Divided by: Operating Ratio Percentage	88%
Interest Expense	-
Overall Revenue Requirement	1,365,764
Other Operating Revenue ()	-
Interest Income ()	-
Revenue Required from Rates	1,365,764
Revenue from Sales at Present Rates ()	(1,312,669)
Required Revenue Increase / (Decrease)	<u>\$ 53,095</u>
Percentage Increase / (Decrease)	<u>4.04%</u>

To determine the reasonableness of the rates requested by North McLean District, Staff performed a limited review of North McLean District's test-year operations. The scope of 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

¹⁰ Remediation of Deficiencies, Revenue_Requirement_Calculation.pdf, Revenue Requirement Calculation – Operating Ratio Method table.

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).

deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Staff's recommendations are summarized in this report. William Foley reviewed the calculation of North McLean District's Overall Revenue Requirement, and Manuel Jerez Tamayo reviewed North McLean District's reported revenues and rate design.

SUMMARY OF RECOMMENDATIONS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Operating Ratio (OR) method, which was requested by North McLean District¹² and has been previously accepted by the Commission, Staff determined that North McLean District's required revenue from water sales is \$1,156,543 compared to the Revenue from Sales at Present Rates of \$1,224,892 which results in an excess of \$68,349, or 5.58 percent. While Staff calculated a decrease in North McLean District's rates, it acknowledges that utilities have experienced operational cost increases and the annual inflation rates over the last five years.¹³

Period	Average Annual Inflation
2020	1.23%
2021	4.65%
2022	8.07%
2023	4.14%
2024	2.95%

Staff believes it to be reasonable to maintain North McLean District's current rates rather than to minimally decrease them.

¹² Application, Revenue_Requirement_Calculation.pdf, Revenue Requirement Calculation Table.

¹³ Bureau of Labor Statistics, Consumer Price Index Historic Tables for U.S. City Average, ([Historical Inflation Rates: 1914-2025](#)).

2. Monthly Water Service Rates. In its application, North McLean District proposed to increase its monthly water service rates by 4.04 percent to all its customers evenly across the board.¹⁴ North McLean District stated that it did not consider filing 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.¹⁵ The Commission has previously found that the allocation of a revenue adjustment evenly across the board to a utility's rate design is appropriate when there has been no evidence entered into the record demonstrating that this method is unreasonable and in the absence of a COSS.¹⁶ Staff calculated a decrease in the revenue requirement of \$68,349. The rates presented below are based upon the revenue requirement, as calculated by Staff, and will produce sufficient revenues from water sales to recover the \$1,156,543 revenue required from rates, an approximate 5.58 percent decrease. The monthly water bill for a typical residential customer using approximately 4,000 gallons per month would decrease from \$43.49 to \$41.06 for a decrease of \$2.43, or approximately 5.59 percent. However, as previously discussed due to operational cost increases and the current rate of inflation, instead of evenly decreasing across North McLean District's service rates Staff recommends maintaining North McLean District's current rates unchanged as they appear in its tariff.

¹⁴ Application (Remediation of Deficiencies), Attachment 2, Corrected Customer Notice (filed June 17, 2025).

¹⁵ North McLean District's Response to Staff's First Request, Item 14a-b.

¹⁶ Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

Rate Comparison

All Meter Sizes			Current	Staff Calculated	Decrease	Decrease Percent
First	2,000	Gallons	\$ 24.69	\$ 23.31	\$ (1.38)	-5.59%
Next	8,000	Gallons	0.00940	0.00888	(0.00052)	-5.53%
Next	30,000	Gallons	0.00868	0.00820	(0.00048)	-5.53%
Over	40,000	Gallons	0.00799	0.00754	(0.00045)	-5.63%

3. Nonrecurring Charges. North McLean District provided the cost justification for the Nonrecurring Charges.¹⁷ Following the Commission's previous decisions, Staff reviewed North McLean District's Nonrecurring Charges' cost justification information. Staff notes that North McLean District's current Nonrecurring Charges do not include expenses for labor performed during regular business hour nor office/clerical labor costs.¹⁸

North McLean District provided updated cost justification information for the Nonrecurring Charges¹⁹ as well as a list of the number of occurrences for each of its Nonrecurring Charges.²⁰ Staff reviewed the cost justification information, which included labor expense again, provided by North McLean 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. Staff also removed the Office/Clerical Labor

¹⁷ North McLean District's Response to Staff's First Request, Item 19, 19. 2025 Updated Non Recurring.doc. North McLean District's Response to Staff's Second Request, Item 10, 10.a.nonrecurring charges.pdf.

¹⁸ Case No. 2020-00238, final Order (Ky. PSC Jan. 27, 2021) at 4-5.

¹⁹ North McLean District's Response to Staff's First Request, Item 19, 19. 2025 Updated Non Recurring.doc. North McLean District's Response to Staff's Second Request, Item 10, 10.a.nonrecurring charges.pdf.

²⁰ North McLean District's Response to Staff's Second Request, Item 9, 9. Non Recurring Charges 2024.xlsx.

Costs from the After-Hours Re-connection Charge, as office labor is typically performed during normal business hours.

Disconnect Charge and Re-connection Charge both increased \$3.75, from \$17.25 to \$21.00, due to increasing costs of Transportation as shown in the cost justification provided by North McLean District.²¹ Disconnect Charge (After Hours) and Re-connection Charge (After Hours) both increased \$12.94, from \$54.06 to \$67.00, due to increasing costs on Field Labor and Transportation as shown in the cost justification provided.²² Service Call/Investigation increased \$2.36, from \$8.64 to \$11.00, due to increasing costs of Transportation as shown in the cost justification provided.²³ Service Call/Investigation (After Hours) increased \$7.58, from \$48.42 to \$56.00, due to increasing costs on Field Labor and Transportation as shown in the cost justification provided. Cut Lock increased \$2.37, from \$48.63 to \$51.00, due to increasing costs on Field Materials and Transportation as shown in the cost justification provided.²⁴ The cost justification information, shown in Appendix A, was provided by North McLean District and supports the adjustments to the Nonrecurring Charges. The adjustments discussed above result in the following revised Nonrecurring Charges:

²¹ North McLean District's Response to Staff's First Request, Item 19, 19. 2025 Updated Non Recurring.doc. North McLean District's Response to Staff's Second Request, Item 10, 10.a.nonrecurring charges.pdf.

²² North McLean District's Response to Staff's First Request, Item 19, 19. 2025 Updated Non Recurring.doc. North McLean District's Response to Staff's Second Request, Item 10, 10.a.nonrecurring charges.pdf.

²³ North McLean District's Response to Staff's First Request, Item 19, 19. 2025 Updated Non Recurring.doc. North McLean District's Response to Staff's Second Request, Item 10, 10.a.nonrecurring charges.pdf.

²⁴ North McLean District's Response to Staff's First Request, Item 19, 19. 2025 Updated Non Recurring.doc. North McLean District's Response to Staff's Second Request, Item 10, 10.a.nonrecurring charges.pdf.

Charge	Current Charge	Revised Charge
Disconnect Charge	\$ 17.25	\$ 21.00
Disconnect Charge (After Hours)	\$ 54.06	\$ 67.00
Re-connection Charge	\$ 17.25	\$ 21.00
Re-connection Charge (After Hours)	\$ 54.06	\$ 67.00
Service Call/Investigation	\$ 8.64	\$ 11.00
Service Call/Investigation (After Hours)	\$ 48.42	\$ 56.00
Cut Lock	\$ 48.63	\$ 51.00
Damage to Lid or Meter Equipment	Actual Cost	Actual Cost
Meter Relocate with or without a road bore	Actual Cost	Actual Cost
Meter Re-Read Charge	\$ 20.00	\$ 11.00
Meter Test Request	Actual Cost	Actual Cost

North McLean District provided an updated cost justification for its 5/8-Inch x 3/4-Inch Meter and 1-Inch Meter Connection/Tap-On Charge.²⁵ Staff reviewed the cost justification information provided by North McLean District and notes that the justification supports an increase in the 5/8-Inch x 3/4-Inch Meter and 1-Inch Meter Connection/Tap-On Charge. Staff recommends that the Commission accept North McLean District's supported increase for the Tap-On fee from \$1,000 to \$1,046 for the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge and from \$1,475 to \$1,563 for the 1-Inch Meter Connection/Tap-On Charge. Staff recommends increasing the tap on fees to allow for recovery of the full expense presented in the updated cost justification provided by North McLean District for both meter installs.

PRO FORMA OPERATING STATEMENT

North McLean District's Pro Forma Operating Statement for the test year ended December 31, 2024, as determined by Staff appears in the table below:

²⁵ North McLean District's Response to Staff's First Request, Item 20, 20. Cost Justification one inch meter.pdf and 20. Cost Justification Meter.pdf.

Description	Test Year	North McLean District Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Operating Revenues						
Metered Retail Sales	\$ 1,047,597	\$ 1,224,892	\$ (1,047,597)	\$ 177,295	(A)	\$ 1,224,892
Other Revenues						
Other Water Revenues	22,037	-	111	111	(B)	22,148
Total Operating Revenues	1,069,634	1,224,892	(1,047,486)	177,406		1,247,040
Operation and Maintenance						
Salaries and Wages - Employees	282,075	-	(21,252)	(21,252)	(C)	
			(3,285)	(3,285)	(D)	257,538
Salaries and Wages - Officers	-	-	6,300	6,300	(E)	6,300
Employee Benefits - Insurance	20,792	-	773	773	(F)	21,565
Employee Benefits - Retirement (IRA)	-	-	13,041	13,041	(G)	13,041
Purchased Water	510,460	-	20,215	20,215	(H)	
		-	(48,365)	(48,365)	(I)	482,310
Purchased Power	13,424		(1,223)	(1,223)	(I)	12,201
Materials and Supplies	35,441		(7,665)	(7,665)	(D)	27,776
Contractual Services	27,686			-		27,686
Transportation Expense	17,562			-		17,562
Insurance	15,689			-		15,689
Bad Debt Expense	3,033			-		3,033
Miscellaneous	57,636			-		57,636
Total	983,798	-	(41,461)	(41,461)		942,337
Depreciation Expense	85,836	-	991	991	(J)	
		-	274	274	(K)	87,101
Taxes Other Than Income	23,020	-	(2,585)	(2,585)	(L)	20,435
Total Operating Expenses	1,092,654	-	(42,781)	(42,781)		1,049,873
Net Operating Income	(23,020)	1,224,892	(1,004,705)	220,187		197,167
Interest Income	14,347			-		14,347
Income Available to Service Debt	\$ (8,673)	\$ 1,224,892	\$ (1,004,705)	\$ 220,187		\$ 211,514

(A) Billing Analysis. North McLean District provided a billing analysis listing the water usage and water sales revenue for the 12-month test year in its application.²⁶ North McLean District reported total metered water sales revenue of \$1,047,597 for the test year in its Schedule of Adjusted Operations (SAO).²⁷ North McLean District provided a billing analysis to calculate a normalized revenue amount based on the usage during the

²⁶ Application (Remediation of Deficiencies), Attachment 3, Current and Proposed Rates Tables (filed June 17, 2025).

²⁷ Application (Remediation of Deficiencies), Attachment 4, Schedule of Adjusted Operations (filed June 17, 2025).

test year using the rates authorized in its current tariff to be \$2,272,489 and proposed an adjustment to decrease test-year water sales revenue by \$1,224,892 to reflect the revenues from water rates generated by the billing analysis.²⁸ North McLean District stated that the adjustment of \$1,224,892 to Metered Water Sales was the result of an approved Purchased Water Adjustment (PWA) that was approved in March 2025²⁹ that impacted the current rates.³⁰ Later, North McLean District stated that the \$1,224,892 proposed adjustment should have been to the pro forma Metered Water Sales in its SAO.³¹ As a result, Staff proposed an adjustment of \$177,295 to Meter Retail Sales to normalize the revenue from the billing analysis based on the usage during the test year using the rates authorized in North McLean District's tariff.

Staff recommends the Commission accept its calculated increase of \$177,295 to Metered Water Sales because the amount meets the rate making criteria of being known and measurable.

(B) Other Water Revenues. During the test year, North McLean District recorded \$22,037 for Other Revenues.³² Miscellaneous Service Revenues are

²⁸ Application (Remediation of Deficiencies), Attachment 4, Schedule of Adjusted Operations (filed June 17, 2025).

²⁹ Case No. 2025-00026, *Electronic Purchased Water Adjustment Filing of North Mclean County Water* (Ky. PSC Mar. 18, 2025), final Order.

³⁰ North McLean District's Response to Staff's First Request, Item 2, 2. Explanation of Remediation of Deficiencies.pdf.

³¹ North McLean District's Response to Staff's Second Request, Item 3.

³² Application (Remediation of Deficiencies), Attachment 4, Schedule of Adjusted Operations (filed June 17, 2025).

composed of three subparts; Forfeited Discounts, Nonrecurring Charges, and Other Revenues.

Forfeited Discounts (Late Fees). In the application, North McLean District recorded \$16,987 for Forfeited Discounts, as part of Miscellaneous Service Revenue.³³ North McLean District reports all late fees collected as Penalties.³⁴ Penalties are also called Forfeited Discounts.³⁵ North McLean District reported 2,849 occurrences and \$17,619 collected.³⁶ In order to account for all the late fees collected, Staff increased Forfeited Discounts by \$632, for a pro forma of \$17,619.

Nonrecurring Charges. As discussed in the Nonrecurring Charges section of the Summary of Recommendations above, Staff determined that pro forma Nonrecurring Charges should be \$3,318. The adjustments to the Nonrecurring Charges result in an increase in Other Revenues of \$593 as shown in the table below.

³³ North McLean District's Response to Staff's First Request, Item 17.

³⁴ North McLean District's Response to Staff's First Request, Item 17.

³⁵ North McLean District's Response to Staff's First Request, Item 1b, 1.b.Trial_Balance_Dec_2024, Sheet1 Tab, Account 410 Penalty-Forfeited Disc.

³⁶ North McLean District's Response to Staff's First Request, Item 17.

Charge	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma
Disconnect Charge	79	\$ 17.25	\$ 21.00	\$ 296	\$ 1,659
Disconnect Charge (After Hours)	0	\$ 54.06	\$ 67.00	-	-
Re-connection Charge	79	\$ 17.25	\$ 21.00	296	1,659
Re-connection Charge (After Hours)	0	\$ 54.06	\$ 67.00	-	-
Service Call/Investigation	0	\$ 8.64	\$ 11.00	-	-
Service Call/Investigation (After Hours)	0	\$ 48.42	\$ 56.00	-	-
Cut Lock	0	\$ 48.63	\$ 51.00	-	-
Damage to Lid or Meter Equipment	0	Actual Cost	Actual Cost	-	-
Meter Relocate With or Without a Road Bore	0	Actual Cost	Actual Cost	-	-
Meter Re-Read Charge	0	\$ 20.00	\$ 11.00	-	-
Meter Test Request	0	Actual Cost	Actual Cost	-	-
Pro Forma NRC Revenue				<u>\$ 592</u>	<u>\$ 3,318</u>
Test Year NRC Revenue ()					(2,726)
Adjustment					<u>\$ 593</u>

Other Water Revenues. In the application, North McLean District included \$2,324 Other Water Revenues as part of Other Revenue's \$22,037.³⁷ The \$2,324 is composed of \$1,211 for Meter Fees and \$1,113 for Reimbursements for Heaters.³⁸ The \$1,113 reimbursement is not considered revenue and should be removed from the test year.

Description	Test Year	Utility Adjustments	Commission Staff Adjustments	Pro Forma
Forfeited Discounts	\$ 16,987	\$ -	\$ 632	\$ 17,619
Nonrecurring Charges	2,726	-	592	3,318
Miscellaneous				
Meter Fee	1,211	-	-	1,211
Reimbursement for Heater	1,113	-	(1,113)	-
Total	<u>2,324</u>	<u>-</u>	<u>(1,113)</u>	<u>1,211</u>
Total Other Revenues	<u>\$ 22,037</u>	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 22,148</u>

³⁷ North McLean District's Response to Staff's First Request, Item 16, 16._2024_Other_Water_Revenue_Misc_Receipts.xlsx.

³⁸ North McLean District's Response to Staff's First Request, Item 16, 16._2024_Other_Water_Revenue_Misc_Receipts.xlsx.

The net effect of the above adjustments results in a pro forma Other Revenues of \$22,148, as shown in the preceding table, which is a net increase of \$111 to North McLean District's test year amount of \$22,037.

Staff recommends the Commission accept its calculated increase of \$111 to Other Revenues to account for all late fees collected during the test year; its increase to Other Revenues from adjusting Nonrecurring Charges because the amount meet the rate making criteria of being known and measurable; as well as its decrease to Other Water Revenues by the amount of the reimbursement because the amount is not revenue.

(C) Salaries and Wages Employees. In its application, North McLean District recorded a test year Salaries and Wages – Employees of \$282,075.³⁹ North McLean District submitted its test year and current employee and wage information.⁴⁰

North McLean District included the Salaries and Wages for Commissioners⁴¹ and Individual Retirement Account (IRA) contributions in the test year Salaries and Wages - employees calculation.⁴² When Staff calculated the total Salaries and Wages – Employees it did not include either in the calculated amount. Instead, the other items are calculated in separate adjustments below.

³⁹ Application (Remediation of Deficiencies), Attachment 4, Schedule of Adjusted Operations (filed June 17, 2025).

⁴⁰ North McLean District's Response to Staff's First Request, Item 4, 4._Employees_Wages_2024__2025, 2025 Tab.

⁴¹ North McLean District's Response to Staff's First Request, Item 4, 4._Employees_Wages_2024__2025, 2024 Tab, rows 23 – 31.

⁴² North McLean District's Response to Staff's First Request, Item 4, 4._Employees_Wages_2024__2025, 2024 Tab, Column O.

Staff calculated total Salaries and Wages – Employees of \$260,824, which is \$21,251 less than the test year Salaries and Wages – Employees of \$282,075, as shown in the table below.

Position	Regular Hours Worked	Pay Rate	Regular Hour Wages	Overtime Hours Worked	OT Pay Rate	Overtime Hour Wages	Total Wages Paid
Maintenance Superintendent	2,088	\$ 30.19	\$ 63,037	397	\$ 45.29	\$ 17,980	\$ 81,017
Maintenance Worker	2,096	\$ 25.14	52,693	402	\$ 37.71	15,159	67,852
Office Secretary	2,098	\$ 29.99	62,919	39	\$ 44.99	1,755	64,674
Secretary	2,064	\$ 22.75	46,956	10	\$ 34.13	324	47,280
Total	<u>8,346</u>		<u>\$ 225,605</u>	<u>848</u>		<u>\$ 35,218</u>	<u>260,823</u>
Test Year ()							(282,075)
Adjustment							<u>\$ (21,252)</u>

Staff recommends the Commission accept its calculated decrease of \$21,252 to Salaries and Wages – Employees, as it is a known and measurable change because it reflects the normalized, test year hours at current wage rates with current employees.

(D) Expenses Related to Meter Installations. The USoA requires that costs, such as tap fee expenses, be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.⁴³ During the test year, North McLean District installed seven new water connections⁴⁴ and reported collecting \$10,950,⁴⁵ as shown in the following table:

Meter	Connections	Unit Cost	Amount
5/8 x 3/4" Meter	6	\$ 1,000	\$ 6,000
1 Inch Meter	-	Actual Cost	-
All Large Meters	1	Actual Cost	4,950
Total	<u>7</u>		<u>\$ 10,950</u>

⁴³ USoA, Accounting Instruction 19 and 33.

⁴⁴ North McLean District's Response to Staff's First Request, Item 12a, 12._a-c.New_Tap_Installations_2024.pdf.

⁴⁵ North McLean District's Response to Staff's First Request, Item 12, 12._a-c.New_Tap_Installations_2024.pdf.

Staff made two adjustments. First it reduced Salaries and Wages – Employees by \$3,285, then reduced Materials and Supplies by \$7,665, as shown in the following table:

Description	Salaries and Wages	Materials and Supplies
Tap Fees Collected	\$ 10,950	\$ 10,950
Allocated Percentage	30%	70%
Total	<u>\$ (3,285)</u>	<u>\$ (7,665)</u>

Staff additionally capitalized the labor and material costs and made a corresponding adjustment to test-year depreciation as shown in the Capitalization of Water Tap Labor Adjustment.

Staff recommends the Commission accept its adjustments to decrease Salaries and Wages – Employees by \$3,285 and decrease Materials and Supplies by \$7,665 because they reflect the proper accounting for water connection expenses according to the USoA.

(E) Salaries and Wages - Officers. During the test year, North McLean District recorded its commissioners' salaries as part of Salaries and Wages – Employees.⁴⁶ However, as discussed in the Salaries and Wages – Employee adjustment, Staff did not include the Commissioner's salaries when it calculated the pro forma salaries. North McLean District's Board of Commissioners (Board) consists of five members - four are paid \$225 monthly, and the chairman is paid \$300 monthly.⁴⁷ North McLean District

⁴⁶ North McLean District's Response to Staff's First Request, item 4a, 4._Employee_benefit_2024__2025.xlsx.

⁴⁷ North McLean District's Response to Staff's Second Request, Item 1, 1._Board_Minutes.pdf, at 3.

provided the fiscal court minutes that authorized compensation for Board members.⁴⁸ North McLean District provided training records for two of its commissioners,⁴⁹ but stated that Carrol Troutman, Dale Chandler, and Gary Floyd have not completed the required 12 hours of training as required by KRS 74.020(8)(a)-(b).⁵⁰ Because North McLean District has provided no evidence that Carrol Troutman, Dale Chandler, or Gary Floyd has attended the mandatory commissioner training as required by KRS 74.020, Staff removed each of their salaries from its calculation and calculated a pro forma Salaries and Wages – Officer of \$6,300, as shown in the following table:

Commissioners	Pro Forma Salaries
Keith M. Ayer (Chairman)	\$ 3,600
Russell W. Bell	2,700
Dale Chandler	-
Gary M. Floyd	-
Carrol B. Troutman	-
Total	<u>\$ 6,300</u>

Staff recommends the Commission accept its calculated increase of \$6,300 to Salaries and Wages – Officers, since that is the normalization for the two Commissioners who have fulfilled the mandatory training as required by statute to qualify as a water district commissioner. Staff further recommends opening a separate case to investigate the statuses of Carrol Troutman, Dale Chandler, and Gary Floyd as commissioners since

⁴⁸ North McLean District's Response to Staff's Second Request, Item 1, 1._Fiscal_Court_Minutes_for_Commissioner_Compensation_c.pdf.

⁴⁹ North McLean District's Response to Staff's First Request, item 10b, 10._b._Commissioner_Training.pdf.

⁵⁰ North McLean District's Response to Staff's Second Request, Item 2.

they are currently serving as commissioners without ever attending the training as required by KRS 74.020(8)(a)-(b).

(F) Employee Benefits – Insurance. North McLean District pays 100 percent of the cost of the single plan insurance for each employee.⁵¹ As discussed above, North McLean District currently has four full-time employees,⁵² only two of which participate in the insurance provided.⁵³ North McLean District provided the most recent copies of its health insurance invoice.⁵⁴ Staff calculated the total current premiums for insurance benefits of \$21,565, which is an increase of \$773 from North McLean District's test-year amount, as shown below.

Type of Premium	Employer Contributions
Monthly Premium	1,797
Multiplied by: 12 Months	12
Total Annual Health Insurance Premium	21,565
Less: Test Year Insurance Premium ()	(20,792)
Staff's Adjustment	<u>\$ 773</u>

Staff recommends the Commission accept its calculated increase of \$773 to Employee Benefits, to normalize the current insurance premiums for the two employee who receive insurance through North McLean District.

⁵¹ North McLean District's Response to Staff's First Request, Item 5, 5._Employee_benefit_2024.pdf, item 1.

⁵² North McLean District's Response to Staff's First Request, Item 4, 4._Employees_Wages_2024__2025.xlsx, 2025 tab.

⁵³ North McLean District's Response to Staff's First Request, Item 5, 5._Employee_benefit_2024.pdf.

⁵⁴ North McLean District's Response to Staff's First Request, Item 5, 5._a-b_2024_2025_Invoices.pdf.

(G) Employee Benefits – Retirement. North McLean District provides its employees with an IRA account,⁵⁵ and matches the amount each employee contributes into their IRA account, up to a 5 percent salary level for all full-time employees.⁵⁶

Utilizing the total wages calculated in the Salaries and Wages – Employee adjustment, North McLean District included the IRA contribution in the test-year Salaries and Wages - Employee calculation.⁵⁷ Of the \$260,824 and North McLean District's 5 percent contribution rate to each IRA plan, Staff calculated a pro forma retirement contribution of \$13,041, which as shown in the following table.

Description	Amount
Salaries and Wages - Employees	\$ 260,824
Contribution Rate	5%
Total Retirement Contribution	<u>\$ 13,041</u>

Staff recommends the Commission accept its calculated increase of \$13,041 to Employee Pensions, because it is a known and measurable change that reflects the rise in employee retirement expense due to a change in Salaries and Wages – Employees, while also placing pensions in the correct expense category.

(H) Purchased Water Expense. During the test year, North McLean District recorded Purchased Water expense of \$510,460.⁵⁸ As addressed in the Unaccounted for Water loss, North McLean District purchases water from the McLean Regional Water,

⁵⁵ North McLean District's Response to Staff's First Request, Item 5, 5._Employee_benefit_2024.pdf, item 2.

⁵⁶ North McLean District's Response to Staff's First Request, Item 5, 5._Employee_benefit_2024.pdf, item 2.

⁵⁸ Remediation of Deficiencies, Schedule_of_Adjusted_Operations.pdf.

Daviess County Water District, and Ohio County Water District.⁵⁹ Effective March 1, 2025, McLean Regional Water increased its wholesale rate to North McLean District to \$0.00392 per gallon.⁶⁰ North McLean District provided the current rate charged by each of its water vendors,⁶¹ as well as the gallons purchased from each vendor throughout the test year.⁶² Staff calculated Purchased Water Expense using the test-year gallons purchased and the current rates, resulting in a pro forma Purchased Water Expense of \$530,675, an increase of \$20,215, as shown in the following table:

Month	McLean County Regional			Daviess District			Total
	Gallons	Unit Cost	Sub-Total	Gallons	Unit Cost	Sub-Total	
Jan-24	9,773,000	\$ 0.00392	\$ 38,310	632,000	\$ 0.00417	\$ 2,635	\$ 40,945
Feb-24	9,062,000	0.00392	35,523	397,000	0.00417	1,655	37,178
Mar-24	10,079,000	0.00392	39,510	416,000	0.00417	1,735	41,245
Apr-24	10,126,000	0.00392	39,694	558,000	0.00417	2,327	42,021
May-24	12,462,000	0.00392	48,851	398,000	0.00417	1,660	50,511
Jun-24	12,548,000	0.00392	49,188	616,000	0.00417	2,569	51,757
Jul-24	14,354,000	0.00392	56,268	573,500	0.00417	2,391	58,659
Aug-24	12,974,000	0.00392	50,858	568,000	0.00417	2,369	53,227
Sep-24	10,683,000	0.00392	41,877	495,000	0.00417	2,064	43,941
Oct-24	9,249,000	0.00392	36,256	443,000	0.00417	1,847	38,103
Nov-24	8,892,000	0.00392	34,857	258,000	0.00417	1,076	35,933
Dec-24	9,041,000	0.00392	35,441	411,000	0.00417	1,714	37,155
Total	<u>129,243,000</u>		<u>\$ 506,633</u>	<u>5,765,500</u>		<u>\$ 24,042</u>	530,675
Test Year Purchased Power ()							(510,460)
Purchased Water Adjustment							<u>\$ 20,215</u>

⁵⁹ 2024 Annual Report at 54.

⁶⁰ Case 2025-00026, *Electronic Purchased Water Adjustment Filing of North Mclean County Water District*, Case_no_2025-00026_PWA_North_McLean_County_Water_District.pdf, Exhibit A.

⁶¹ North McLean District's Response to Staff's First Request, Item 8.

⁶² North McLean District's Response to Staff's First Request, Item 7, 7_Supporting_Documents.pdf.

Staff recommends the Commission accept its calculated increase of \$20,215 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.

(I) Excess Water Loss. During the test year, North McLean District recorded water loss of 24.1139 percent.⁶³ 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. As discussed in the Purchased Water adjustment above, Staff determined a Purchased Water Expense of \$530,675. As a result of excess water loss exceeding 15 percent, Staff decreased Purchased Water Expense by \$48,365, and reduced Purchased Power Expense by \$1,223, as shown in the following table:

Pro Forma Water and Power	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 530,675	\$ 13,424	\$ 544,099
Water Loss in Excess of 15%	9.1139%	9.1139%	9.1139%
Water Loss Adjustment	<u>\$ (48,365)</u>	<u>\$ (1,223)</u>	<u>\$ (49,589)</u>

Staff recommends the Commission accept its calculated decrease of \$48,365 to Purchase Water Expense and a \$1,223 decrease to Purchased Power Expense, because of Commission regulation 807 KAR 5:066, Section 6(3), limiting water loss to 15 percent for ratemaking purposes.

(J) Depreciation Expense. During the test year, North McLean District recorded Depreciation Expense of \$85,836.⁶⁴ To evaluate the reasonableness of the

⁶³ 2024 Annual Report at 57 – 58.

⁶⁴ Remediation of Deficiencies, Schedule_of_Adjusted_Operations.pdf.

depreciation practices of small water utilities, the Commission has historically relied upon the National Association of Regulatory Utility Commissioners (NARUC) Study, *Depreciation Practices for Small Water Utilities*. 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.⁶⁵ Using the NARUC Study midpoints for each asset class, Staff calculated a total depreciation expense of \$86,827, as shown in the following table, which is \$991 more than the reported test year amount of \$85,836:

Asset Class	NARUC Recommended Service Lives	Test Year Depreciation	Depreciation Adjustment	Pro Forma Depreciation
Pumping Equipment	20	\$ 2,480	\$ 2,217	\$ 4,697
Hydrants	40 - 60	836	(89)	747
Meter Installation	45	902	(96)	806
Meters	40	1,688	(148)	1,540
Radio Read Meters	20	6,401	225	6,626
Laboratory Equipoment	15 - 20	1,702	(1,057)	645
Office Furniture and Equipment	20 - 25	2,950	(1,210)	1,740
Power Operated Equipment	10 - 15	5,600	(1,123)	4,477
Structures and Improvements	35 - 40	12,023	(23)	12,000
Reservoirs and Tanks	30 - 60	4,306	299	4,605
Tools, Shop, & Garage Equipment	15 - 20	68	(10)	58
Transmission & Distribution Mains	50 - 75	44,027	783	44,810
Transportation Equipment	7	2,853	1,223	4,076
Total		<u>\$ 85,836</u>	<u>\$ 991</u>	<u>\$ 86,827</u>

Staff recommends the Commission accept its calculated increase of \$991 to Depreciation Expense to reflect the annualization of Depreciation expense at the

⁶⁵ 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.

recommended NARUC midpoint service lives for capital assets with a remaining book value.

(K) Capitalization of Water Tap Labor. As discussed in the Expenses Related to Meter Installations adjustment 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.⁶⁶ Staff calculated the annual depreciation amount for the test year and increased depreciation expense by \$274 to account for the Tap Fee labor and materials as shown below:

Description	Labor Expenses	Materials Expense
Test Year Water Connections Expense	\$ 3,285	\$ 7,665
Divided by: Recommended Useful Lives	40.0	40.0
Total Capitalized Expense Increase	<u>\$ 82</u>	<u>192</u>
		<u>\$ 274</u>

Staff recommends the Commission accept its calculated increase of \$274 to Depreciation Expense because the USoA requires the assets to be depreciated over their estimated useful lives.

(L) Taxes Other Than Income – Federal Insurance Contribution Act (FICA). During the test year, North McLean District recorded Taxes Other Than Income of \$23,020.⁶⁷ As explained above, Staff calculated North McLean District's total Salaries and Wages – Employees of \$260,823, and Salaries and Wages – Officers of \$6,300. Staff calculated a pro forma Taxes Other Than Income of \$20,435, which is \$2,585 less

⁶⁶ USoA, Accounting Instruction 19 and 33.

⁶⁷ Remediation of Deficiencies, Schedule_of_Adjusted_Operations.pdf.

than the \$23,020 test year recorded by North McLean District, as shown in the following table:

Description	Amount
Salaries and Wages - Employees	\$ 260,823
Salaries and Wages - Officers	6,300
Total Salaries and Wages	267,123
Times: 7.65 Percent FICA Rate	7.65%
Total Pro Forma Payroll Taxes	20,435
Test Year Payroll Taxes ()	(23,020)
Adjustment	<u>\$ (2,585)</u>

Staff recommends the Commission approve its calculated increase of \$2,585 to Taxes Other Than Income, because it is a known and measurable change that is a direct result of changes to Salaries and Wages – Employees and Salaries and Wages – Officers.

OVERALL REVENUE REQUIREMENT

In its application, North McLean District proposed to calculate the Revenue Requirement using the OR methodology.⁶⁸ The OR methodology⁶⁹ 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 OR methodology is a method to provide the utility with the necessary working capital to operate effectively. An OR of 88 percent will allow North McLean District necessary

⁶⁸ Application, Revenue_Requirement_Calculation.pdf, Revenue Requirement Calculation Table.

⁶⁹ Operating Ratio is defined as the ratio of expenses, including depreciation and taxes, to gross revenues. It is illustrated by the following equation:

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

working capital and revenues to cover its reasonable operating expenses to operate and provide for reasonable equity growth.

The OR methodology provides \$143,165 of additional working capital. Staff believes that, due to North McLean District's calculated debt service requirement, the Additional Working Capital from the debt service recovery method would not provide North McLean District with sufficient working capital to operate effectively to provide adequate, efficient, and reasonable service. Staff used the OR method to calculate the revenue requirement for North McLean District.

McLean District's required revenue from water sales is \$1,156,543 compared to the Revenue from Sales at Present Rates of \$1,224,892 which results in an excess of pro forma revenues of \$68,349, or 5.58 percent.

Description	North McLean District	Staff Recommendation	Ref.
Pro Forma Operating Expenses	\$ 1,201,872	\$ 1,049,873	(A)
Divided by: Operating Ratio Percentage	88%	88%	
Interest Expense	-	-	
Overall Revenue Requirement	1,365,764	1,193,038	(B)
Other Operating Revenue ()	-	(22,148)	
Interest Income ()	-	(14,347)	
Revenue Required from Rates	1,365,764	1,156,543	
Revenue from Sales at Present Rates ()	(1,312,669)	(1,224,892)	
Required Revenue Increase / (Decrease)	\$ 53,095	\$ (68,349)	
Percentage Increase / (Decrease)	4.04%	-5.58%	
Working Capital Provided (B-A)		\$ 143,165	

Signatures

/s/ William Foley

Prepared by: William Foley
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. 2025-00009 DATED NOV 6 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

Disconnect Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (One hour @ 30.19)	\$ 30.19	\$	-
Office Supplies	\$ -	\$	-
Office Labor (1/2 Hr @ 29.99)	\$ 15.00	\$	-
Transportation (30 Miles Average @ 0.70)	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 66.19	\$	21.00
Current Rate	\$ 17.25		

Disconnect Charge (After Hours)			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (one hour @ 45.29)	\$ 45.29	\$	45.29
Office Supplies	\$ -	\$	-
Office Labor (1/2 hour @ 44.99)	\$ 22.50	\$	-
Transportation (30 Miles Average @ 0.70)	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 88.79	\$	67.00
Current Rate	\$ 54.06		

Re-connection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (One hour @ 30.19)	\$ 30.19	\$	-
Office Supplies	\$ -	\$	-
Office Labor (1/2 Hr @ 29.99)	\$ 15.00	\$	-
Transportation (30 Miles Average @ 0.70)	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 66.19	\$	21.00
Current Rate	\$ 17.25		

Re-connection Charge (After Hours)			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (one hour @ 45.29)	\$ 45.29	\$	45.29
Office Supplies	\$ -	\$	-
Office Labor (1/2 hour @ 44.99)	\$ 22.50	\$	-
Transportation (30 Miles Average @ 0.70)	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 88.79	\$	67.00
Current Rate	\$ 54.06		

Service Call/Investigation			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (One hour @ 30.19)	\$ 30.19	\$	-
Office Supplies	\$ -	\$	-
Office Labor (1/2 Hr @ 29.99)	\$ 15.00	\$	-
Transportation (15 Miles Average @ 0.70)	\$ 10.50	\$	10.50
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 55.69	\$	11.00
Current Rate	\$ 8.64		

Service Call/Investigation (After Hours)			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (One hour @ 45.29)	\$ 45.29	\$	45.29
Office Supplies	\$ -	\$	-
Office Labor (1/2 Hr @ 44.99)	\$ 22.50	\$	-
Transportation (15 Miles Average @ 0.70)	\$ 10.50	\$	10.50
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 78.29	\$	56.00
Current Rate	\$ 48.42		

Cut Lock			
	Utility Revised Charge	Staff Revised Charge	
Field Materials (Lock)	\$ 40.00	\$	40.00
Field Labor (One hour @ 30.19)	\$ 30.19	\$	-
Office Supplies	\$ -	\$	-
Office Labor (1 Hr @ 29.99)	\$ 29.99	\$	-
Transportation (15 Miles Average @ 0.70)	\$ 10.50	\$	10.50
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 110.68	\$	51.00
Current Rate	\$ 48.63		

Damage to Lid or Meter Equipment		
	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
Meter Relocate with or without a road bore		
	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
Meter Re-Read Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	\$ -	\$ -
Field Labor (1/3 Hour @ 30.19)	\$ 10.06	\$ -
Office Supplies	\$ -	\$ -
Office Labor (1/8 hour @ 29.99)	\$ 3.75	\$ -
Transportation (15 Miles @ 0.70)	\$ 10.50	\$ 10.50
Misc.	\$ -	\$ -
Total Revised Charge*	\$ 24.31	\$ 11.00
Current Rate	\$ 20.00	
Meter Test Request		
	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

5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge			
	Utility Revised Charge	Staff Revised Charge	
Materials Expense	\$ 704.72	\$ 704.72	
Service Pipe Expense	\$ 29.49	\$ 29.49	
Installation Labor Expense	\$ 90.57	\$ 90.57	
Installation Equipment Expense	\$ 90.57	\$ 90.57	
Installation Miscellaneous Expense	\$ 90.57	\$ 90.57	
Overhead Expense	\$ 10.06	\$ 10.06	
Administrative Expense	\$ 29.99	\$ 29.99	
Total Revised Charge*	<u>\$ 1,045.97</u>	<u>\$ 1,046.00</u>	
Current Rate	\$ 1,000.00		

1 Inch Meter Connection/Tap-On Charge			
	Utility Revised Charge	Staff Revised Charge	
Materials Expense	\$ 1,198.78	\$ 1,198.78	
Service Pipe Expense	\$ 46.80	\$ 46.80	
Installation Labor Expense	\$ 90.57	\$ 90.57	
Installation Equipment Expense	\$ 90.57	\$ 90.57	
Installation Miscellaneous Expense	\$ 90.57	\$ 90.57	
Overhead Expense	\$ 15.18	\$ 15.18	
Administrative Expense	\$ 29.99	\$ 29.99	
Total Revised Charge*	<u>\$ 1,562.46</u>	<u>\$ 1,563.00</u>	
Current Rate	\$ 1,475.00		

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00009 DATED NOV 6 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 North McLean County Water District. All other rates and charges not specifically mentioned herein shall remain the same.

Charge	Revised Charge
Disconnect Charge	\$ 21.00
Disconnect Charge (After Hours)	\$ 67.00
Re-connection Charge	\$ 21.00
Re-connection Charge (After Hours)	\$ 67.00
Service Call/Investigation	\$ 11.00
Service Call/Investigation (After Hours)	\$ 56.00
Cut Lock	\$ 51.00
Damage to Lid or Meter Equipment	Actual Cost
Meter Relocate with or without a road bore	Actual Cost
Meter Re-Read Charge	\$ 11.00
Meter Test Request	Actual Cost

Meter Connection/Tap-On Charges

5/8 Inch X 3/4 Inch Meter	\$ 1,046.00
1 Inch Meter	\$ 1,563.00

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