

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GRAVES)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2025-00060
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of April 23, 2025, as amended by Order entered 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 April 23, 2025, as amended by Order entered July 11, 2025 Order, Graves County Water District (Graves 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 Graves 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 **AUG 21 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).

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GRAVES)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2025-00060
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

COMMISSION STAFF'S REPORT
ON GRAVES COUNTY WATER DISTRICT

Graves County Water District (Graves District) is a water utility organized pursuant to KRS Chapter 74² that owns and operates a distribution system through which it provides retail water service to approximately 4,502 residential customers, and 392 commercial customers, that reside in Carlisle and Graves counties, Kentucky.³ Graves District is operated under a contract with Mayfield Electric and Water⁴ and has no employees of its own.⁵

On March 19, 2025,⁶ Graves District filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. To

² Commission Staff notes that Graves District's audited financial statements for the year ended December 31, 2023, Note 1, Description of Entity & Significant Accounting Policies, states that Graves District was created under Chapter 14 of the Kentucky Revised Statutes, Department of State.

³ *Annual Report of Graves County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report), at 12, 49.

⁴ Graves District's Response to Commission Staff's First Request for Information (filed May 29, 2025), Item 20, 20.a_2024_Revised_Draft_GCWD_Contract_.pdf.

⁵ 2023 Annual Report at 13.

⁶ Graves District tendered its application on March 10, 2025. By letter dated March 11, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on March 19, 2025 by Order dated April 8, 2025.

comply with the requirements of 807 KAR 5:076, Section 9,⁷ Graves District used the calendar year ended December 31, 2023, as the basis for its application. Graves District's last base rate increase, filed pursuant to the alternative rate filing procedure, was in Case No. 2018-00429⁸ with final Order rates effective September 30, 2019.⁹ To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated April 23, 2025,¹⁰ as amended by Order dated July 11, 2025.¹¹

Graves District responded to two requests for information from Staff.¹² Graves District requested a two-week extension for its responses to Staff's Second Request.¹³ In the Order entered July 11, 2025, the Commission granted the request, amending Graves District's response due date to July 16, 2025, as well as amending Commission Staff's Report due date to August 22, 2025.¹⁴

⁷ 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.

⁸ Case No. 2018-00429, *Application of Graves County Water District for an Alternative Rate Adjustment*.

⁹ Graves District Current Tariff, PSC KY No 1, Fourth Revised Sheet No. 2.

¹⁰ Order (Ky. PSC Apr. 23, 2025).

¹¹ Order (Ky. PSC July 11, 2025).

¹² Graves District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed May 29, 2025). Graves District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed July 16, 2025).

¹³ Graves District's Request for an Extension of Time to Submit Its Responses to Commission Staff's Second Request for Information (filed June 30, 2025).

¹⁴ Order (Ky. PSC July 11, 2025).

UNACCOUNTED-FOR WATER LOSS

Graves District reported a water loss of 31.9432 percent in its 2023 Annual Report.¹⁵ Commission Staff notes that Graves District's water loss in 2023 was significant, but as discussed below, Graves District had the opportunity to address its water loss issues with a water loss surcharge ordered in Case No. 2018-00429. Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. The table below shows that the 2023 total annual cost of water loss to Graves District is \$178,652, while the annual cost of water loss in excess of 15 percent is \$94,760.

Total Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Pro Forma Purchases	\$ 310,175	\$ 103,380	\$ 145,723	\$ 559,278
Water Loss Percent	31.9432%	31.9432%	31.9432%	31.9432%
Total Water Loss	<u>\$ 99,080</u>	<u>\$ 33,023</u>	<u>\$ 46,549</u>	<u>\$ 178,652</u>

Disallowed Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Pro Forma Purchases	\$ 310,175	\$ 103,380	\$ 145,723	\$ 559,278
Water Loss in Excess of 15%	16.9432%	16.9432%	16.9432%	16.9432%
Disallowed Water Loss	<u>\$ 52,554</u>	<u>\$ 17,516</u>	<u>\$ 24,690</u>	<u>\$ 94,760</u>

DISCUSSION

Using its pro forma test-year operations, Graves District determined that a base rate revenue increase of \$828,418, or 44.14 percent, was necessary to achieve the revenue requirement as shown in the table below.¹⁶

¹⁵ 2023 Annual Report at 57.

¹⁶ Application, Attachment 4, Revenue Requirements Table.

Description	Graves County WD
Pro Forma Operating Expenses	\$ 2,483,308
Operating Ratio	88%
Subtotal	2,821,941
Average Annual Principal and Interest Payments	6,312
Total Revenue Requirement	2,828,253
Forfeited Discounts ()	(622)
Misc. Service Revenues ()	(104,961)
Rents From Water Property ()	(1,400)
Other Revenue ()	(707)
Interest Income ()	(15,172)
Revenue Required From Water Rates	2,705,391
Normalized Revenues From Water Sales ()	(1,876,973)
Required Revenue Increase / (Decrease)	\$ 828,418
Percentage Increase / (Decrease)	44.14%

To determine the reasonableness of the rates requested by Graves District, Staff performed a limited financial review of Graves 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 measurable¹⁷ 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.

¹⁷ 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).

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

SUMMARY OF FINDINGS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Operating Ratio (OR) method, as generally accepted by the Commission, Staff determined that Graves District's revenue required from water sales is \$2,757,885 to meet the Overall Revenue Requirement of \$2,831,065 and that a \$880,912 revenue increase, or 46.93 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. In its application, Graves District proposed to increase its monthly water service rates by 44.14 percent to all its water customers across the board and requested that the rates be implemented over a five-year phase-in increase period, given the size of the required rate increase.¹⁸ Graves District proposed phase-in increases of approximately 20.00 percent in Phase 1, 5.01 percent in Phase 2, 4.77 percent in Phase 3, 4.55 in Phase 4, and 4.18 percent in Phase 5.¹⁹ Graves District stated that it did not file a cost-of-service study (COSS) at this time, considering there have been no material changes in the water system that would cause a new COSS to be prepared.²⁰ 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

¹⁸ Application, Corrected Customer Notice (filed Mar. 17, 2025).

¹⁹ Graves District's Response to Staff's Second Request, Item 6.

²⁰ Graves District's Response to Staff's First Request, Item 12.

has been no evidence entered into the record demonstrating that this method is unreasonable and in the absence of a COSS.²¹ Finding no such evidence in this case of unreasonableness, Staff allocated the \$880,912 revenue increase evenly across Graves District's monthly retail water service rates over a two-year phase-in period. Staff agrees with implementing a phase-in approach in this case due to the large increase, but it does not believe a five-year phase-in is appropriate. While both Graves District and its customers have faced challenges subsequent to the December 2021 tornado,²² Staff does not believe a five-year phase in would fully fund Graves District's Depreciation Expense²³ nor would it restore Graves District to sound financial condition.²⁴

The rates recommended in Appendix B to this report are based upon the revenue requirement, as calculated by Staff, and will produce sufficient revenues from water sales to recover the \$2,757,885 revenue required from rates, an approximate 46.93 percent increase across two phases. Phase 1 rates will increase the monthly water bill for a typical residential customer using approximately 2,179 gallons per month²⁵ from \$16.53 to \$20.41 for an increase of \$3.88, or approximately 23.47 percent. Phase 2 rates will increase the monthly water bill for a typical residential customer from \$20.41 to \$24.29 for an increase of \$3.88, or approximately 19.01 percent. The overall impact increases a typical bill from \$16.53 to \$24.29 for an increase of \$7.76 or 46.94 percent.

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

²² [The Violent Tornado Outbreak of December 10-11, 2021](#)

²³ Graves District's Response to Staff's Second Request, Item 6.

²⁴ Application, Attachment #2, at 17.

²⁵ Application, Corrected Customer Notice (the average retail customer uses 2,179 gallons per month).

3. Nonrecurring Charges. Following the Commission's recent decisions, Staff reviewed Graves District's Nonrecurring Charges. The Commission has found that because district personnel are currently paid during normal business hours, estimated normal business hour labor costs previously included in determining the amount of Nonrecurring Charges should be eliminated from the charges.²⁶ Graves District provided updated cost justification information for the Nonrecurring Charges²⁷ as well as a list of the number of occurrences for each of its Nonrecurring Charges.²⁸ Staff reviewed the cost justification information provided by Graves District and adjusted these charges by removing the Field Labor Costs and the Office/Clerical Labor Costs from those charges that occurred during normal business hours. Staff also removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor is typically performed during normal business hours and there was no evidence of record that indicated these staff hours occurred outside of normal business hours.

Moreover, Staff recommend that the Commission require Graves District to remove the Returned Check Charge from Graves District's current tariff, considering the revised charge has been reduced to zero. The Tampering Fee increased \$10, from \$50

²⁶ Case No. 2023-00299, *Electronic Application of Magoffin County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 24, 2024); Case No. 2023-00284, *Electronic Application of Montgomery County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 5, 2024); Case No. 2023-00258, *Electronic Application of Kirksville Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 3, 2024); and Case No. 2023-00220, *Electronic Application of East Casey County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC May 21, 2024).

²⁷ Graves District's Response to Staff's First Request, Item 17, 17_Non-Recurring_Cost_Justification_Sheets.

²⁸ Graves District's Response to Staff's First Request, Item 16, 16_2023_NON-RECURRING_CHARGES.

to \$60. Staff notes the increase is due to the rising costs of transportation and other Miscellaneous expenses, as shown in the cost justification provided.²⁹

Staff recommends that the Commission accept the revised Nonrecurring Charge amounts listed above, as these were supported by Graves District's cost justification sheets, and the amounts meet the ratemaking criteria of being known and measurable.³⁰ The cost justification information, shown in Appendix A, was provided by Graves District and supports Staff's adjustments to the Nonrecurring Charges. The adjustments discussed above result in the following revised Nonrecurring Charges:

Nonrecurring Charges	Current Charge	Revised Charge
Connection Charge	\$ 25.00	\$ 12.00
Reconnection Charge	\$ 25.00	\$ 10.00
Returned Check Charge	\$ 25.00	\$ -
Service Charge	\$ 25.00	\$ 10.00
After Hours Service Charge	\$ 100.00	\$ 80.00
Late Payment Notice Charge	\$ 2.00	\$ 2.00
Tampering Fee	\$ 50.00	\$ 60.00
Pressure Reducing Fee	\$ 300.00	\$ 200.00

The adjustments to the Nonrecurring Charges result in a decrease in Miscellaneous Services Revenues of \$13,349 as shown below.

²⁹ Graves District's Response to Staff's First Request, Item 17, 17_Non-Recurring_Cost_Justification_Sheets at 8.

³⁰ Graves District's Response to Staff's First Request, Item 17, 17_Non-Recurring_Cost_Justification_Sheets.

Description	Occurrences	Current Charge	Revised Charge	Test Year	Adjustment	Pro Forma
Connection Charge	478	\$25.00	\$12.00	\$ 11,950	\$ (6,214)	\$ 5,736
Reconnection Charge	399	\$25.00	\$10.00	9,975	(5,985)	3,990
Returned Check Charge	30	\$25.00	\$0.00	750	(750)	-
Service Charge	0	\$25.00	\$10.00	-	-	-
After Hours Service Charge	21	\$100.00	\$80.00	2,100	(420)	1,680
Late Payment Notice Charge	6,881	\$2.00	\$2.00	13,762	-	13,762
Tampering Fee	2	\$50.00	\$60.00	100	20	120
Pressure Reducing Fee	0	\$300.00	\$200.00	-	-	-
Totals				<u>\$ 38,637</u>	<u>\$ (13,349)</u>	<u>\$ 25,288</u>
Test Year ()						(38,637)
Adjustment						<u>\$ (13,349)</u>

Graves District provided an updated cost justification for its 5/8-Inch x 3/4-Inch Meter and 1-Inch Meter Set/Tap On Fee.³¹ Graves District also proposed to add a new 2-Inch Meter Set/Tap On Fee to its tariff; however, Staff notes Graves District did not provide notice of the newly proposed 2-Inch Meter Set/Tap On Fee to its customers.³² Staff reviewed the cost justification information provided by Graves District and noted it supported an increase in the 5/8-Inch x 3/4-Inch Meter and 1-Inch Meter Set/Tap On Fee, and, notwithstanding the issue with appropriate notice, Staff also agrees with the justification for the new 2-Inch Meter Set/Tap On Fee. Staff recommends that the Commission accept Graves District's supported increase for both Tap On Fees from \$800 to \$2,164 for the 5/8-Inch x 3/4-Inch Meter Set/Tap On Fee and from \$800 to \$2,467 for the 1-Inch Meter Set/Tap On Fee, as these values represent the actual costs associated with performing this service. Staff also recommends that the Commission accept Graves District's newly proposed 2-Inch Meter Set/Tap On Fee at \$4,520, as this amount represents the actual cost of the service being performed. If the proposed 2-Inch Meter

³¹ Graves District's Response to Staff's First Request, Item 18, 18_Tap-Fees_Cost_Justification_Sheets.

³² Graves District's Response to Staff's First Request, Item 18, 18_Tap-Fees_Cost_Justification_Sheets.

Set/Tap On Fee is accepted, Staff also recommends that the Commission order Graves District to issue a re-notice before issuance of the final Order to inform all customers of the newly proposed 2-Inch Meter Set/Tap On Fee.

4. Water Loss Surcharge. Graves District currently charges a water loss reduction surcharge of \$5.00 per customer per month, authorized in Case No. 2018-00429.³³ It was authorized to assess a monthly surcharge of \$5 per customer for service rendered on and after October 1, 2019, and continuing for 72 months or until the total amount of the surcharge assessed equals \$1,721,600, whichever occurs first.³⁴ Based on the surcharge reporting provided in Case No. 2018-00429, Staff expects the last month that Graves District will bill the surcharge is September 2025 as the surcharge assessed will pass \$1,721,600 at that point. October 2025 would be the last month Graves District could assess its surcharge according to the 72-month limit. As of September 2024, the district had produced \$1,427,550 in revenue. During the same period Graves District expended \$1,282,290 of surcharge proceeds, or approximately 89.82 percent of collected surcharge proceeds. Graves District has seen a small reduction in water loss from the implementation of the surcharge in 2019 to 2023, with water loss of 34.1277 in 2019³⁵ and water loss of 31.9432 in 2023.³⁶

PRO FORMA OPERATING STATEMENT

³³ Case No. 2018-00429, Sept. 30, 2019 Order.

³⁴ Case No. 2018-00429, Sept. 30, 2019 Order at 12, ordering paragraph 9.

³⁵ *Annual Report of Graves County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2019* at 57.

³⁶ 2023 Annual Report at 57.

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

Description	Test Year	Graves District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Operating Revenues						
Revenue from Metered Water Sales	\$ 2,171,725	\$ (284,700)	\$ -	\$ (284,700)	(A)	
		(7,225)		(7,225)	(B)	
		(98)		(98)	(C)	
		(2,729)		(2,729)	(D)	\$ 1,876,973
Other Revenues						
Other Water Revenues	104,961	2,729	(49,764)	(47,035)	(D)	57,926
Total Operating Revenues	2,276,686	(292,023)	(49,764)	(341,787)		1,934,899
Operation and Maintenance						
Salaries and Wages - Officers	22,225		19,775	19,775	(E)	42,000
Purchased Water	312,335		(14,101)	(14,101)	(F)	
		12,493	(552)	11,941	(G)	
		(55,036)	2,482	(52,554)	(H)	257,621
Purchased Power	103,380	(17,516)		(17,516)	(H)	85,864
Chemicals	145,723	(24,690)		(24,690)	(H)	121,033
Materials and Supplies	198,131		(3,627)	(3,627)	(I)	
			(3,768)	(3,768)	(J)	190,736
Contractual Services - Management	1,112,225	111,223		111,223	(K)	
			(8,640)	(8,640)	(J)	
			14,101	14,101	(F)	1,228,909
Rents	127,750			-		127,750
Insurance	25,440			-		25,440
Bad Debt	23,233			-		23,233
Miscellaneous	39,189		(5,072)	(5,072)	(L)	34,117
Total	2,109,631	26,474	598	27,072		2,136,703
Depreciation Expense	341,954		207	207	(I)	
			310	310	(M)	342,471
Taxes Other Than Income	5,249		1,333	1,333	(N)	6,582
Total Operating Expenses	2,456,834	26,474	2,448	28,922		2,485,756
Net Operating Income	(180,148)	(318,497)	(52,212)	(370,709)		(550,857)
Interest Income	-		15,254	15,254		15,254
Income Available to Service Debt	\$ (180,148)	\$ (318,497)	\$ (36,958)	\$ (355,455)		\$ (535,603)

(A) Revenue from Metered Water Sales – Surcharge Collections. Graves District proposed four adjustments for Revenue from Metered Sales. The first adjustment was a decrease of \$284,700³⁷ to remove Leak Detection and Repair Program surcharge

³⁷ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment A.

collections from Revenues from Metered Water Sales.³⁸ Graves District recorded its surcharge collections as Revenues from Metered Water Sales; however, recording surcharge collection in this manner does not follow the instructions for accounting for the surcharge in ordering paragraph 10(f) for Case No. 2018-00429.³⁹ The Order required Graves District to consider all surcharge collections as contributions and account for them in the manner that the USoA for Class A and B Water Districts and Associations prescribe.

Therefore, Staff agrees with Graves District's adjustment and recommends that the Commission accept the decrease Revenues from Metered Sales by \$284,700, as Graves District was ordered to record the collections as Contributions in Aid of Construction, not as revenue. Staff also recommends Graves District record its surcharge proceeds as prescribed by the USoA going forward.

(B) Revenue from Metered Water Sales – Hickory Area Surcharge. Graves District proposed an adjustment to decrease Revenue from Metered Sales for \$7,225⁴⁰ to eliminate the debt surcharge of \$1.56 per month for the customers served in the Hickory area until June 2021.⁴¹ Graves District stated the \$7,225 was misclassified as Hickory Debt Surcharge revenue, but it was actually Water Loss Reduction Surcharge revenue,⁴² and confirmed no customers have been billed for the Hickory Debt Surcharge that ended in June 2021.⁴³

³⁸ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment A.

³⁹ Case No. 2018-00429, Sept. 30, 2019 Order at 13, ordering paragraph 10(f).

⁴⁰ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment A.

⁴¹ Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment A.

⁴² Graves District's Response to Staff's Second Request, Item 5.

⁴³ Graves District's Response to Staff's Second Request, Item 5.

Staff agrees with Graves District's proposed adjustment and recommends that the Commission accept the \$7,225 decrease to Revenue from Metered Water Sales. As addressed in the Revenue from Metered Water Sales – Surcharge Collections, the Surcharge collections should not be included as part of Revenue from Water Sales, it should be recorded as Contributions in Aid of Construction.

Staff recommends the Commission accept Graves District's \$7,225 decrease to Revenue from Metered Water Sales, because it reflects the correction of misclassified surcharge Revenue as part of Revenue from metered Water Sales, into the correct category.

(C) Revenue from Metered Water Sales – Billing Analysis. Graves District proposed a reduction of \$98 to adjust its Revenue from Metered Water Sales to the amount indicated in its billing analysis. Staff reviewed the submitted billing analysis and had no adjustments. Therefore, Staff agrees with Graves District's proposed adjustment and recommends the Commission accept the adjustment as the amount is known and measurable.

(D) Other Revenues. Graves District's test year Other Revenues were stated as \$104,961 reported in Misc. Service Revenues.⁴⁴ Graves District proposed three adjustments, totaling \$2,729 (D1), as a reclassification from Revenue from Metered Water Sales.⁴⁵ These adjustments increased Forfeited Discounts by \$622, Rent from Water Property by \$1,400, and Other Water Revenues by \$707.⁴⁶ Staff reviewed the

⁴⁴ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations.

⁴⁵ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustments C.

⁴⁶ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustments C.

Nonrecurring Charge occurrences supplied by Graves District⁴⁷ as well as the general ledger accounts making up Other Revenues.⁴⁸ Staff agrees with the Graves District's reclassification of revenues from Revenue from Metered Water Sales into the proper Other Revenues classifications. Staff recommended reclassifications, labeled as "Recategorize" in the chart below, of Graves District's test year amount of \$104,961, which was included as one total sum, into their proper categories.

Staff also determined four additional adjustments were necessary in this account as shown in the table below. First, Staff removed tap fee revenues recorded in Misc. Service Revenues, in the amount \$36,800 (D2), which should have been reported as contributed capital as prescribed by the USoA.⁴⁹ Second, Staff increased Other Revenues by \$717 (D3) to adjust Graves District's Nonrecurring Charge revenue to what it should have recorded in the test year based on its current tariff rates and occurrences reported in the test year.⁵⁰ Third, as discussed above, Staff decreased Other Revenues by \$13,349 to account for changes to Nonrecurring Charges (D4). Fourth, Staff decreased Other Revenues by \$332 (D5), which were reported as insurance proceeds in Graves District's general ledger for a net increase to Other Water Revenues of \$375. This results in a total reduction to Other Revenues of \$47,035 and pro forma Other Revenues of \$57,926 as shown in the table below.

⁴⁷ Graves District's Response to Staff's First Request, Item 16, 16_2023_NON-RECURRING_CHARGES.xlsx, Rows 5 thru 33.

⁴⁸ Graves District's Response to Staff's First Request, Item 1a, 1.a_2023_GL_GCWD_redacted.xlsm, Account 471 – Mis. Service Revenues.

⁴⁹ UsoA, Section 334 Meters and Meter Installation, Note C.

⁵⁰ Graves District's Response to Staff's First Request, Item 16, 16_2023_NON-RECURRING_CHARGES.

Description	Test Year	Graves District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	Pro Forma	Ref
Late Payment Charge		\$ 622		\$ 622		D1
			30,447	30,447	31,069	Recategorize
Tap Fees			36,800	36,800		Recategorize
			(36,800)	(36,800)	-	D2
Misc. Services Revenues (NRCs)			37,714	37,714		Recategorize
			717	717		D3
			(13,349)	(13,349)	25,082	D4
Rents From Water Property		1,400		1,400	1,400	D1
Other Water Revenues	104,961	707		707		D1
			(104,961)	(104,961)		Recategorize
			(332)	(332)	375	D5
Total Other Water Revenues	\$ 104,961	\$ 2,729	\$ (49,764)	\$ (47,035)	\$ 57,926	
Test Year ()					(104,961)	
Adjustment					\$ (47,035)	

Staff recommends the Commission accept Staff's adjustments to decrease Other Water Revenues by \$47,035 since the amount meets the ratemaking criteria of being known and measurable, and the methodology is consistent with regulatory accounting standards set forth in the USoA.

(E) Salaries and Wages - Officers. During the test year, Graves District recorded \$22,225 for Salaries and Wages – Officers.⁵¹ Graves District provided a list of the current commissioners⁵² and wages.⁵³ In its December 2023 meeting, Graves County Fiscal Court authorized an increase in Graves District's Commissioners' Salaries from \$3,600 to \$6,000.⁵⁴ Staff calculated a normalized Salaries and Wages – Officers expense

⁵¹ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations.

⁵² Graves District's Response to Staff's First Request, Item 8, 8_2025_Commissioner_Apts_Fiscal_Court_Minutes.pdf.

⁵³ Graves District's Response to Staff's Second Request, Item 3, 3_GCWD_Fiscal_Court_Minutes_Authorizing_Com._Comp.pdf.

⁵⁴ Graves District's Response to Staff's Second Request, Item 3, 3_GCWD_Fiscal_Court_Minutes_Authorizing_Com._Comp.pdf.

of \$42,000, which is \$19,775 more than recorded in the test year, as shown in the following table.

Commissioners	Pro Forma
Bill Sears	\$ 6,000
Darren Stone	6,000
Jacob Chambers	6,000
Mark Carrico	6,000
Mickey Grooms	6,000
Phillip Carr	6,000
Steve Mason	6,000
Total	42,000
Test Year ()	(22,225)
Adjustment	<u>\$ 19,775</u>

Staff recommends the Commission accept Staff's \$19,775 increase to Salaries and Wages - Officers, because it reflects a known and measurable change as it is a normalized year's wages for the Officers.

(F) Purchased Water – Reclassification. During the test year, Graves District recorded \$312,335 for Purchased Water Expense.⁵⁵ During Staff's review of Graves District's general ledger accounts for Purchased Water, it identified two transactions that should not have been included as part of Purchased Water.⁵⁶ Graves District reconciled the Purchased Water account and verified that the transactions were misclassified. One transaction for \$7,798 should have been recorded as account 634 - Contractual Services - Mgt Fee, and the other transaction for \$6,303 should have been recorded as account 636 Contractual Services – Other.⁵⁷ Therefore, Staff made an adjustment to decrease

⁵⁵ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations.

⁵⁶ Graves District's Response to Staff's First Request, Item 1a, 1.a_2023_GL_GCWD_redacted.xlsx, Account 610, Purchased Water.

⁵⁷ Graves District's Response to Staff's Second Request, Item 2.

Purchased Water Expense by \$14,101, as shown in the following table. Staff also made a corresponding \$14,101 increase to Contractual Services in order to ensure the expenses were recorded in the proper expense category.

610 · Purchased Water				
Date	Code	Vendor	Description	Amount
08/31/2023	AUG23LKDET	MAYFIELD ELECTRIC & WATER SYSTEMS		\$ 7,798
10/23/2023		TUCKER CONSTRUCTION	Roof Repair	6,303
Total				<u>\$ 14,101</u>

Staff recommends the Commission accept Staff's \$14,101 decrease to Purchased Water Expense as well as the corresponding \$14,101 increase to Contractual Services, because it reflects the correction of misclassified expenses into the correct category.

(G) Purchased Water. Graves District purchases approximately 35.91 percent of its total water from the city of Mayfield (Mayfield).⁵⁸ In its application, Graves District proposed an adjustment to increase Purchased Water expense by \$12,493⁵⁹ due to an increase in retail water rates by Mayfield.⁶⁰ Graves District reported Mayfield increased its customer charge \$1 per month and increased the volumetric cost by 4 percent.⁶¹

Staff agrees with Graves District's proposed methodology. However, because of the previous reclassification adjustment reclassifying two transactions, the pro forma Purchased Water Expense should be \$298,234 before adjustment for excess water loss. When the corrected Purchased Water is used in the calculation Staff determined an

⁵⁸ 2023 Annual Report at 54, 57.

⁵⁹ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustment E.

⁶⁰ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustment E.

⁶¹ Graves District's Response to Staff's First Request, Item 3, 3_GCWD_Rate_Model.xlsx, Water Rate Inc Tab.

increase of \$11,941, which is \$552 less than Graves District's proposed \$12,493, as shown in the following table. Staff recommends the Commission accept Staff's revised adjustment as the amounts are known and measurable.

Description	Amount
<u>Customer Charge</u>	
Increase in Monthly Customer Charge	\$ 1
Multiplied by: 12 Months	12
Annual Increase Customer Charge	<u>12</u>
<u>Volumetric Rate</u>	
Corrected Test Year Purchased Water	298,234
Volumetric Percentage Increase	4.00%
Increase in per Volumetric Rate	<u>11,929</u>
Total Adjustment	11,941
Graves District's Proposed Adjustment ()	(12,493)
Difference	<u>\$ (552)</u>

(H) Excess Water Loss. In its application, Graves District proposed adjustments to decrease Purchased Water expense by \$55,036,⁶² Purchased Power expense by \$17,516,⁶³ and Chemicals Expense by \$24,690.⁶⁴ The adjustments are to reflect the expense for water loss in excess of 15 percent.⁶⁵ During the test year Graves District reported a water loss of 31.9432 percent.⁶⁶ As noted earlier in the report, 807 KAR 5:066, Section 6(3) states that for ratemaking purposes, expenses for water loss in

⁶² Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustment F.

⁶³ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustment F.

⁶⁴ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustment F.

⁶⁵ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, References, Adjustment F.

⁶⁶ 2023 Annual Report at 57.

excess of 15 percent shall not be included for ratemaking purposes. Including the previous adjustments into the calculation of Purchased Water Expense, Staff calculated decreases of \$52,554 to Purchased Water Expense, \$17,516 to Purchased Power Expense, and \$24,690 to Chemicals Expense, as shown in the following table.

Disallowed Water Loss	Purchased Water	Purchased Power	Chemicals	Total
Adjusted Costs	310,175	103,380	145,723	559,278
Water Loss in Excess of 15%	16.9432%	16.9432%	16.9432%	16.9432%
Net	(52,554)	(17,516)	(24,690)	(94,760)
Graves District Proposed Adjustment ()	55,036	17,516	24,690	97,242
Difference	\$ 2,482	\$ -	\$ -	\$ 2,482

Staff recommends the Commission accept Staff's \$52,554 decrease to Purchased Water Expense, \$17,516 decrease to Purchase Power Expense, and a \$24,690 decrease to Chemical Expense, since Commission regulation limits the excess water loss recovery in rates to 15 percent.

(I) Materials and Supplies. Graves District reported test year Materials and Supplies of \$198,131.⁶⁷ During Staff's review of Graves District's general ledger accounts for Materials and Supplies, it also identified expenditures that may have needed to be capitalized.⁶⁸ Graves District agreed that one of the items purchased should have been capitalized,⁶⁹ the remaining purchases are for parts and tools used to repair leaks and main breaks as part of routine maintenance, or small pumps with a life of less than 18 months.⁷⁰ Accounting Instruction 27 B(1) of the USoA for Class A/B Water Systems

⁶⁷ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations.

⁶⁸ Graves District's Response to Staff's First Request, Item 1a, 1.a_2023_GL_GCWD_redacted.xlsm, Account 620 – Materials & Supplies.

⁶⁹ Graves District's Response to Staff's Second Request, Item 1b.

⁷⁰ Graves District's Response to Staff's Second Request, Item 1c.

states that the cost of retirement units added to utility plant shall be accounted for as provided in Accounting Instruction 21 of the USoA, which provides methodology for capitalization of purchased assets, including nonrecurring maintenance expenses that extend the useful life of an asset.⁷¹ Staff made an adjustment to decrease Materials and Supplies by \$3,627, as shown in the following table.

Date	Number	Vendor	Description	Amount
11/30/2023	NOV23MGT	Mayfield Electric & Water Systems	Chlorine Analyzer	\$ (3,627)
Total				<u>\$ (3,627)</u>

Further, Staff made an adjustment to record additional depreciation based on the asset's estimated useful life. Staff aligned the asset's useful lives with the Depreciation Practices for Small Utilities (NARUC Study), which is included as an adjustment below. This results in an increase of \$207 to Depreciation Expense, as shown in the following table.

Description	Amount
Chlorine Analyzer	\$ (3,627)
Naruc Recommended Service Life: Laboratory Equipment	17.50
Annual Depreciation Expense	<u>\$ (207)</u>

Staff recommends that the Commission accept Staff's adjustment to decrease Materials and Supplies by \$3,627, as well as an increase to Depreciation Expense of \$207, as the expenditures included were used to extend the life of an existing asset and should therefore be capitalized according to the USoA instructions for utility plant accounting.

⁷¹ USoA, Accounting Instruction 27 B(1), at 33.

(J) Expenses Related to Meter Installations. During the test year, Graves District installed 36 new water connections⁷² at the current tariff rate of \$800 per connection,⁷³ although it actually collected \$36,000. Graves District stated it assessed 45 tap fees during the test year, and the difference was due to a developer paying in advance for nine meter sets for a planned subdivision that is currently on hold.⁷⁴ The USoA requires that costs, such as tap fee expenses, be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.⁷⁵ Graves District stated it had already capitalized \$16,392 in materials expenses during the test year,⁷⁶ so Staff's adjustment only accounts for the difference between what amount should have been capitalized and what was actually capitalized. Therefore, Staff decreased Graves District's Contractual Services and Materials and Supplies as shown in the following table.

Description	Contractual Services - Management	Materials and Supplies
Tap Fees Collected	\$ 28,800	\$ 28,800
Allocated Percentage	30%	70%
Calculated Capitalized Amount	8,640	20,160
Current Capitalized Amount ()	-	(16,392)
Adjustment	\$ 8,640	\$ 3,768

⁷² Graves District's Response to Staff's First Request, Item 10.

⁷³ P.S.C. Ky. 1, Sheet No. 5, effective July 1, 2013.

⁷⁴ Graves District's Response to Staff's Second Request, Item 4.

⁷⁵ USoA, Accounting Instruction 19 and 33.

⁷⁶ Graves District's Response to Staff's First Request, Item 10c.

Staff 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 Staff's proposed adjustments to decrease Contractual Services – Management by \$8,640 and decrease to Materials and Supplies by \$3,768 because it reflects the proper accounting for water connection expenses according to the USoA.

(K) Contractual Services - Management. In the application, Graves District proposed an adjustment to increase Contractual Services – Management by \$111,223⁷⁷ because Mayfield increased the contractual services agreement by 10 percent for 2025.⁷⁸

Graves District filed a copy of the 2024 revision to the contract agreement for operations, maintenance, and management services.⁷⁹ Staff agrees with Graves District's proposed \$111,223 increase to Contractual Services – Management since the adjustment is based on the increase in rates in the revised management contract provided in the case record.

Staff recommends the Commission accept Graves District's proposed adjustment since it reflects the current management contract on file.

⁷⁷ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, Adjustment G.

⁷⁸ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations, References, Adjustment G.

⁷⁹ Graves District's Response to Staff's First Request, Item 20, 20.a_2024_Revised_Draft_GCWD_Contract_.pdf.

(L) Miscellaneous Expense. Graves District reported test year Miscellaneous Expense of \$39,189.⁸⁰ During Staff's review of Graves District's general ledger accounts for Miscellaneous Expense, it identified an expenditure that needed to be removed.⁸¹ A November 27, 2023 entry showed that Graves District incurred \$5,072 in expenses as a reimbursement for a subdivision contract. Based on the explanation for the difference in tap-fees,⁸² the record supports a conclusion that this amount represents repayment to a contractor for tap fees paid in advance for a project that was later put on hold and therefore never actually installed. The reimbursement should have been recorded as a reduction to tap fee income (contributions to capital according to the USoA) and are not a component of operating expenses. Therefore, Staff decreased Miscellaneous Expense by \$5,072, to account for the incorrect treatment of the reimbursement.

Staff recommends the Commission accept Staff's decrease to Miscellaneous Expense since the reimbursement should not be reported as an operational expense and therefore, should be removed from the test year.

(M) Capitalization of Water Tap Labor. As discussed in the Expenses Related to Meter Installations, Section J, 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. Therefore, Staff calculated the annual depreciation amount for the test year and increased

⁸⁰ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations.

⁸¹ Graves District's Response to Staff's First Request, Item 1a, 1.a_2023_GL_GCWD_redacted.xlsm, Account 675 – Miscellaneous Expense.

⁸² Graves District's Response to Staff's Second Request, Item 4.

depreciation expense by \$310 to account for the Tap Fee labor and the uncapitalized materials as shown below:

Description	Contractual Services - Management	Materials and Supplies
Test Year Water Connections Expense	\$ 8,640	\$ 3,768
Divided by: Recommended Useful Life	40	40
Capitalized Expenses	<u>\$ 216</u>	<u>94</u>
Total Depreciation Adjustment		<u>\$ 310</u>

Staff recommends the Commission accept Staff's \$310 increase to Depreciation Expense, because the USoA requires the assets to be depreciated over their estimated useful lives.

(N) Taxes Other Than Income – Federal Insurance Contribution Act (FICA). During the test year, Graves District recorded Taxes other than Income of \$5,249.⁸³ As explained in Salaries and Wages – Officers adjustment above, Staff calculated Graves District's total Salaries and Wages – Officers of \$42,000.⁸⁴ Therefore, Staff calculated an increase of \$1,333 to Taxes Other Than Income, as shown in the following table.

⁸³ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations.

⁸⁴ Application, Attachment 4, ARF_Application.pdf, Schedule of Adjusted Operations.

Description	Amount
Salaries and Wages - Officers	\$ 42,000
Times: 7.65 Percent FICA Rate	7.65%
Pro Forma Payroll Taxes	3,213
Utility Reg Assessment Fees	2,869
Reg Commission Expense Other	500
Pro Forma	6,582
Test Year ()	(5,249)
Staff's Adjustment	<u>\$ 1,333</u>

Staff recommends the Commission approve Staff's adjustment to increase Taxes Other than Income by \$1,333, because it is a known and measurable change that is a direct result of changes to Salaries and Wages – Employees.

OVERALL REVENUE REQUIREMENT

In the application, Graves District proposed to calculate the revenue requirement using the Operating Ratio (OR) methodology.⁸⁵ The Operating Ratio methodology 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.⁸⁶ The Operating Ratio is a method to provide the utility with the necessary working capital to operate effectively. Staff has historically used an Operating Ratio of 88 percent to calculate the additional working capital.

Graves District currently has three outstanding debts, which are an additional 4.87 percent of operating expenses in 2025. Two of the loans mature in 2026 which

⁸⁵ Application, Attachment 4, ARF_Application.pdf, Revenue Requirements Table.

⁸⁶ Operating Ratio is defined as the ratio of expenses, including depreciation and taxes, to gross revenues. It is illustrated by the following equation:

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

results in a reduction of only an additional 1.94 percent of operating expenses by 2027. If the Commission used the Debt Service Recovery method, Graves District would recover \$72,263 for the Debt Service and Additional Working Capital, as shown in the following table.

Description	Amount
Average Annual Principal and Interest Payments	\$60,219
Additional Working Capital at 20%	12,044
Total Additional Working Capital	<u>\$72,263</u>

In contrast, the OR method provides \$338,009 in additional working capital. Staff believes that due to Graves District's low debt service requirement, a rate increase using the debt service coverage method would not provide Graves District with sufficient working capital to operate effectively to provide adequate, efficient, and reasonable service. Therefore, Staff agrees with Graves District's proposal to use the Operating Ratio method to calculate its revenue requirement.

By applying the Operating Ratio method, Staff found Graves District's Revenue Requirement from Rates for Service to be \$2,757,885. A revenue increase of \$880,912, or 46.93 percent, is necessary to generate the Overall Revenue Requirement of \$2,831,065.

Description	Graves District	Staff	Ref
Pro Forma Operating Expenses	\$ 2,483,308	\$ 2,485,756	
Operating Ratio	88%	88%	
Subtotal	2,821,941	2,824,723	
Average Annual Principal and Interest Payments	6,312	6,342	(1)
Total Revenue Requirement	2,828,253	2,831,065	
Forfeited Discounts ()	(622)	(31,069)	
Misc. Service Revenues ()	(104,961)	(25,082)	
Rents From Water Property ()	(1,400)	(1,400)	
Other Revenue ()	(707)	(375)	
Interest Income ()	(15,172)	(15,254)	
Revenue Required From Water Rates	2,705,391	2,757,885	
Normalized Revenues From Water Sales ()	(1,876,973)	(1,876,973)	
Required Revenue Increase	\$ 828,418	\$ 880,912	
Percentage Increase	44.14%	46.93%	

1. Average Annual Interest and Fees Payments. As discussed above, at the time of Staff's review, Graves District had three outstanding Kentucky Infrastructure Authority (KIA) loans. Graves District provided the amortization schedules for its outstanding debt.⁸⁷ Using the amortization tables, Staff calculated the average annual interest on a five-year average for the years 2026 through 2030. Staff calculated an average Interest and Fees expense of \$6,342 as shown in the following table.

⁸⁷ Application, Attachment 9, ARF_Application.pdf.

	KIA B11-02		KIA B07-03		KIA B05-04		
		Service		Service		Service	
Year	Interest	Fees	Interest	Fees	Interest	Fees	Total
2026	\$ 6,790	\$ 679	\$ 258	\$ 129	\$ 1,006	\$ 418	\$ 9,280
2027	5,971	597	52	26	467	195	7,308
2028	6,137	513	-	-	-	-	6,650
2029	4,285	428	-	-	-	-	4,713
2030	3,416	342	-	-	-	-	3,758
Total	<u>\$26,599</u>	<u>\$2,559</u>	<u>\$ 310</u>	<u>\$ 155</u>	<u>\$ 1,473</u>	<u>\$ 613</u>	<u>\$31,709</u>
5 Year Average							<u>\$ 6,342</u>

Staff recommends the Commission approve Staff's proposed inclusion of \$6,342 to the revenue requirement to account for the average annual interest payments, because the OR methodology allows for the recovery of Interest payments.

ADDITIONAL COMMISSION STAFF COMMENTS

Staff notes the revised operating contract with Mayfield has not been filed with the Commission as of the writing of this Commission Staff's Report. Staff recommends that Graves District file the revised contract with the Commission utilizing the tariff filing system by the end of 2025.

Signatures

/s/ William Pearce

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

Tamayo

/s/ Jason Green for Manuel Jerez

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. 2025-00060 DATED AUG 21 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1/2 hr at \$50/hr)	\$ 25.00	\$	-
Office Supplies	\$ 2.00	\$	2.00
Office Labor (1/2 hr)	\$ 12.50	\$	-
Transportation	\$ 10.00	\$	10.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 49.50	\$	12.00
Current Rate	\$ 25.00		
Reconnection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1/2 hr at \$50/hr)	\$ 25.00	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 10.00	\$	-
Transportation	\$ 10.00	\$	10.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 45.00	\$	10.00
Current Rate	\$ 25.00		
Returned Check Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor	\$ -	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 25.00	\$	-
Transportation	\$ -	\$	-
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 25.00	\$	-
Current Rate	\$ 25.00		

Service Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1/2 hr)	\$ 25.00	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ -	\$	-
Transportation	\$ 10.00	\$	10.00
Misc.	\$ -	\$	-
Total Revised Charge*	<u>\$ 35.00</u>	<u>\$</u>	<u>10.00</u>
Current Rate	\$25.00		

After Hours Service Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (OT at \$70/hr)	\$ 70.00	\$	70.00
Office Supplies	\$ -	\$	-
Office Labor	\$ 20.00	\$	-
Transportation	\$ 10.00	\$	10.00
Misc.	\$ -	\$	-
Total Revised Charge*	<u>\$ 100.00</u>	<u>\$</u>	<u>80.00</u>
Current Rate	\$ 100.00		

Late Payment Notice Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor	\$ -	\$	-
Office Supplies	\$ 0.73	\$	0.73
Office Labor	\$ -	\$	-
Transportation	\$ -	\$	-
Misc.	\$ 1.27	\$	1.27
Total Revised Charge*	<u>\$ 2.00</u>	<u>\$</u>	<u>2.00</u>
Current Rate	\$ 2.00		

Tampering Fee			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1/2 hr)	\$ 25.00	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 10.00	\$	-
Transportation	\$ 10.00	\$	10.00
Misc.	\$ 50.00	\$	50.00
Total Revised Charge*	<u>\$ 95.00</u>	<u>\$</u>	<u>60.00</u>
Current Rate	\$ 50.00		

Pressure Reducing Fee			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (2 hrs at \$50/hr)	\$ 100.00	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ -	\$ -	
Transportation	\$ 25.00	\$ 25.00	
Misc.	\$ 175.00	\$ 175.00	
Total Revised Charge*	<u>\$ 300.00</u>	<u>\$ 200.00</u>	
Current Rate	\$ 300.00		
5/8-Inch x 3/4-Inch Meter Set/Tap On Fee			
	Utility Revised Charge	Staff Revised Charge	
Materials Expense	\$ 1,066.70	\$ 1,066.70	
Service Pipe Expense	\$ 172.13	\$ 172.13	
Installation Labor Expense	\$ 525.00	\$ 525.00	
Installation Equipment Expense	\$ 200.00	\$ 200.00	
Installation Miscellaneous Expense	\$ 150.00	\$ 150.00	
Overhead Expense	\$ -	\$ -	
Administrative Expense	\$ 50.00	\$ 50.00	
Total Revised Charge*	<u>\$ 2,163.83</u>	<u>\$ 2,164.00</u>	
Current Rate	\$ 800.00		
1-Inch Meter Set/Tap On Fee			
	Utility Revised Charge	Staff Revised Charge	
Materials Expense	\$ 1,214.44	\$ 1,214.44	
Service Pipe Expense	\$ 202.50	\$ 202.50	
Installation Labor Expense	\$ 650.00	\$ 650.00	
Installation Equipment Expense	\$ 200.00	\$ 200.00	
Installation Miscellaneous Expense	\$ 150.00	\$ 150.00	
Overhead Expense	\$ -	\$ -	
Administrative Expense	\$ 50.00	\$ 50.00	
Total Revised Charge*	<u>\$ 2,466.94</u>	<u>\$ 2,467.00</u>	
Current Rate	\$ 800.00		
2-Inch Meter Set/Tap On Fee			
	Utility Revised Charge	Staff Revised Charge	
Materials Expense	\$ 2,401.70	\$ 2,401.70	
Service Pipe Expense	\$ 243.00	\$ 243.00	
Installation Labor Expense	\$ 900.00	\$ 900.00	
Installation Equipment Expense	\$ 275.00	\$ 275.00	
Installation Miscellaneous Expense	\$ 650.00	\$ 650.00	
Overhead Expense	\$ -	\$ -	
Administrative Expense	\$ 50.00	\$ 50.00	
Total Revised Charge*	<u>\$ 4,519.70</u>	<u>\$ 4,520.00</u>	
Current Rate	Actual Cost		

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00060 DATED AUG 21 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 Graves County Water District. All other rates and charges not specifically mentioned herein shall remain the same.

Monthly Water Rates Phase 1

5/8-Inch x 3/4-Inch Meter

First	2,000	Gallons	\$ 19.07	Min. Bill
Next	8,000	Gallons	\$ 0.00744	per Gallon
Next	10,000	Gallons	\$ 0.00667	per Gallon
Next	30,000	Gallons	\$ 0.00589	per Gallon
Over	50,000	Gallons	\$ 0.00511	per Gallon

1-Inch Meter

First	5,000	Gallons	\$ 41.40	Min. Bill
Next	5,000	Gallons	\$ 0.00744	per Gallon
Next	10,000	Gallons	\$ 0.00667	per Gallon
Next	30,000	Gallons	\$ 0.00589	per Gallon
Over	50,000	Gallons	\$ 0.00511	per Gallon

1 1/2-Inch Meter

First	7,500	Gallons	\$ 60.03	Min. Bill
Next	2,500	Gallons	\$ 0.00744	per Gallon
Next	10,000	Gallons	\$ 0.00667	per Gallon
Next	30,000	Gallons	\$ 0.00589	per Gallon
Over	50,000	Gallons	\$ 0.00511	per Gallon

2-Inch Meter

First	20,000	Gallons	\$ 145.29	Min. Bill
Next	30,000	Gallons	\$ 0.00589	per Gallon
Over	50,000	Gallons	\$ 0.00511	per Gallon

3-Inch Meter

First	30,000	Gallons	\$ 204.18	Min. Bill
-------	--------	---------	-----------	-----------

Next	20,000	Gallons	\$ 0.00589	per Gallon
Over	50,000	Gallons	\$ 0.00511	per Gallon
4-Inch Meter				
First	50,000	Gallons	\$ 322.05	Min. Bill
Over	50,000	Gallons	\$ 0.00511	per Gallon
Wholesale			\$ 0.00379	per Gallon

Monthly Water Rates Phase 2

5/8-Inch x 3/4-Inch Meter

First	2,000	Gallons	\$ 22.70	Min. Bill
Next	8,000	Gallons	\$ 0.00886	per Gallon
Next	10,000	Gallons	\$ 0.00793	per Gallon
Next	30,000	Gallons	\$ 0.00701	per Gallon
Over	50,000	Gallons	\$ 0.00608	per Gallon

1-Inch Meter

First	5,000	Gallons	\$ 49.31	Min. Bill
Next	5,000	Gallons	\$ 0.00886	per Gallon
Next	10,000	Gallons	\$ 0.00793	per Gallon
Next	30,000	Gallons	\$ 0.00701	per Gallon
Over	50,000	Gallons	\$ 0.00608	per Gallon

1 1/2-Inch Meter

First	7,500	Gallons	\$ 71.46	Min. Bill
Next	2,500	Gallons	\$ 0.00886	per Gallon
Next	10,000	Gallons	\$ 0.00793	per Gallon
Next	30,000	Gallons	\$ 0.00701	per Gallon
Over	50,000	Gallons	\$ 0.00608	per Gallon

2-Inch Meter

First	20,000	Gallons	\$ 172.91	Min. Bill
Next	30,000	Gallons	\$ 0.00701	per Gallon
Over	50,000	Gallons	\$ 0.00608	per Gallon

3-Inch Meter

First	30,000	Gallons	\$ 242.99	Min. Bill
Next	20,000	Gallons	\$ 0.00701	per Gallon
Over	50,000	Gallons	\$ 0.00608	per Gallon

4-Inch Meter

First	50,000	Gallons	\$ 383.27	Min. Bill
Over	50,000	Gallons	\$ 0.00608	per Gallon
Wholesale			\$ 0.00451	per Gallon

Nonrecurring Charges	Revised Charge
Connection Charge	\$ 12.00
Reconnection Charge	\$ 10.00
Returned Check Charge	\$ -
Service Charge	\$ 10.00
After Hours Service Charge	\$ 80.00
Late Payment Notice Charge	\$ 2.00
Tampering Fee	\$ 60.00
Pressure Reducing Fee	\$ 200.00

<u>Meter Set/Tap On Fees</u>	
5/8-Inch x 3/4-Inch Meter	\$ 2,164.00
1-Inch Meter	\$ 2,467.00
2-Inch Meter	\$ 4,520.00

*Graves County Water District
P. O. Box 329
301 East Broadway
Mayfield, KY 42066

*Robert K. Miller
Straightline Kentucky LLC
113 North Birchwood Ave.
Louisville, KY 40206

*Brent Shultz
Graves County Water District
P. O. Box 329
301 East Broadway
Mayfield, KY 42066

*Mark Frost
110 Woodford Place
#1
Harrodsburg, KY 40330