

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF FARMDALE	)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT	)	2025-00192
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 July 10, 2025, as amended on September 2, 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 10, 2025 Order as amended on September 2, 2025, Farmdale Water District (Farmdale 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 Farmdale 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 12 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 FARMDALE WATER DISTRICT

Farmdale Water District (Farmdale 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 2,626 residential customers and 151 commercial customers¹ that reside in Anderson, Franklin, and Shelby counties, Kentucky.²

On June 17, 2025,³ Farmdale District filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. To comply with the requirements of 807 KAR 5:076, Section 9,⁴ Farmdale District used the calendar year ended December 31, 2024, as the basis for its application.⁵ The application

¹ *Annual Report of Farmdale District to the Public Service Commission for the Calendar Year Ended December 31, 2024* (2024 Annual Report) at 49.

² 2024 Annual Report at 12.

³ Farmdale District tendered its application on June 16, 2025. By letter dated June 17, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is 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.

⁵ Application, ARF Form 1, Item 9 at 3.

was filed pursuant to the Commission's Order in Case No. 2022-00347,⁶ which required Farmdale District to file an application for an adjustment of its base rates by August 31, 2025.⁷ Farmdale District's last base rate increase pursuant to the alternative rate filing procedure was in Case No. 2020-00021.⁸ Since that matter, Farmdale District has only adjusted its rates pursuant to a KRS 278.023 case, Case No. 2024-00223.⁹

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated July 10, 2025,¹⁰ and amended by Order entered November 5, 2025,¹¹ to afford Commission Staff (Staff) the necessary time to prepare and file Staff's Report. The application was amended following Farmdale District's filing on July 31, 2025,¹² of an amended Schedule of Adjusted Operations, amended Schedule of Revenue Requirements, and corrected references. The effective date of the amendment is July 31, 2025, the date the amended documents were filed, and the

⁶ See Case No. 2022-00347, *Electronic Alleged Failure of Farmdale Water District, and Its Individual Commissioners Scottie Woolridge, Jon Dailey, and Eddie Harrod to Comply with KRS 278.030, 807 KAR 5:006, Section 4(4), 807 KAR 5:006, Section 26 and 807 KAR 5:066.*

⁷ Case No. 2022-00347, Order (Ky. PSC Sept. 4, 2024) at 20, ordering paragraph 14.

⁸ See Case No. 2020-00021, *Electronic Alternative Rate Adjustment Filing of Farmdale Water District* (Ky. PSC July 7, 2025).

⁹ See Case No. 2024-00223, *Electronic Application of The Farmdale Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving a Change In Rates and Authorizing The Issuance of Securities Pursuant to KRS 278.023.*

¹⁰ Order (Ky. PSC July 10, 2025).

¹¹ Order (Ky. PSC Nov. 5, 2025).

¹² Farmdale District's Submission of Amended Schedule of Adjusted Operations, Schedule of Revenue Requirements, and Corrected References (filed July 31, 2025).

Commission accepted the amendment by Order dated September 2, 2025.¹³ Farmdale District responded to two requests for information.¹⁴

UNACCOUNTED-FOR WATER LOSS

Over the last five years Farmdale District reported an average water loss of 37.8687 percent,¹⁵ as shown in the table below.

Year	Water Loss Percentage
2020	36.4105%
2021	38.7204%
2022	43.3603%
2023	42.1942%
2024	28.6584%
Average	<u>37.8687%</u>

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. As discussed in more detail below, Farmdale District's excess water loss resulted in the Commission approval of a water loss surcharge in Case No. 2020-00021, which is currently monitored in Case No. 2020-00217. The table below shows that the 2024 total annual cost of water loss to

¹³ Order (Ky. PSC Sept. 2, 2025).

¹⁴ Farmdale District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Aug. 13, 2024); Farmdale District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Sept. 18, 2024).

¹⁵ *Annual Report of Farmdale District to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 57; *Annual Report of Farmdale District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 57; *Annual Report of Farmdale District to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 57; *Annual Report of Farmdale District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 57; 2024 Annual Report at 57.

Farmdale District is \$188,190, while the annual cost of water loss in excess of 15 percent is \$89,690.¹⁶

Total Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 634,607	\$ 22,061	\$ 656,668
Water Loss Percent	28.6584%	28.6584%	28.6584%
Total Water Loss	\$ 181,868	\$ 6,322	\$ 188,190

Disallowed Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 634,607	\$ 22,061	\$ 656,668
Water Loss in Excess of 15%	13.6584%	13.6584%	13.6584%
Disallowed Water Loss	\$ 86,677	\$ 3,013	\$ 89,690

DISCUSSION

Using its pro forma test-year operations, Farmdale District determined that a base rate revenue increase of \$360,954, or 23.65 percent, was required in its original application.¹⁷ Farmdale District filed an amended Revenue Requirement calculation that revised the required revenue increase to \$263,399, or 17.26 percent, as shown in the table below.¹⁸

¹⁶ Based on updated pro forma purchased water cost of \$634,607 described in purchased water section below.

¹⁷ Application, Attachment #4, Revenue Requirement calculation at 16.

¹⁸ Corrected Schedule of Revenue Requirements (filed July 31, 2025).

Description	Farmdale Water District
Pro Forma Expenses Operating Expenses	
Total Operating Expenses	\$ 1,462,679
Total Other Expenses	284,323
Average Annual Principal and Interest Payments	177,091
Additional Working Capital at 20%	35,418
Total Revenue Requirement	1,959,511
Forfeited Discounts	46,220
Miscellaneous	97,555
Rents from water property	1,200
Total Other Income	25,133
Revenue Required From Water Sales	1,789,403
Revenue from Sales at Present Rates ()	(1,526,004)
Required Revenue Increase / (Decrease)	<u>\$ 263,399</u>
Percentage Increase / (Decrease)	<u>17.26%</u>

To determine the reasonableness of the rates requested by Farmdale District, Commission Staff performed a limited financial review of Farmdale District's test-year operations. The scope of Commission Staff's review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable¹⁹ 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.

¹⁹ Commission regulation 807 KAR 5:076, Section 9, sets the standard for the determination of the reasonableness of proposed rates and states, in pertinent part, that the test period shall be "adjusted for known and measurable changes." See also Case No. 2001-00211, *Application of Hardin County Water District No. 1 for (1) Issuance of Certificate of Public Convenience and Necessity; (2) Authorization to Borrow Funds and to Issue its Evidence of Indebtedness Therefore; (3) Authority to Adjust Rates; and (4) Approval to Revise and Adjust Tariff* (Ky. PSC Mar. 1, 2002); Case No. 2002-00105, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 25, 2003); and Case No. 2017-00417, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works* (Ky. PSC July 12, 2018).

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

SUMMARY OF FINDINGS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the Debt Service Coverage (DSC) method, as generally accepted by the Commission, Staff found that Farmdale District's required revenue from water sales is \$1,773,184 to meet an Overall Revenue Requirement of \$1,942,633, and that a \$247,180, or 16.20 percent, increase to revenue from sales at present rates is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. As discussed above, in its revised application, Farmdale District proposed a 17.26 percent rate increase that would be allocated evenly across the board for all its water customers. Farmdale District stated that it last performed a cost of service study (COSS) as part of Case No. 2020-00021²⁰ and did not consider filing a COSS with the current rate application because of the recent nature of the previous study and that there were no material changes since then.²¹ 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.²²

²⁰ See Case No. 2020-00021, Application, Section 4.

²¹ Farmdale District's Response to Staff's First Request, Item 14.

²² Case No. 2021-00218, *Electronic Application of Madison County Utilities District for an Alternative Rate Adjustment* (Ky. PSC Jan. 5, 2022).

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 \$1,773,184 required from rates, an approximate 16.20 percent increase. The rate increase will increase the monthly water bill for a typical residential customer using approximately 3,751 gallons per month from \$30.43 to \$35.36 for an increase of \$4.93, or approximately 16.20 percent.

3. Nonrecurring Charges. Following the Commission's previous decisions,²³ Staff reviewed Farmdale District's Nonrecurring Charges. The Commission previously found that because district personnel are paid during normal business hours, estimated labor costs previously included in determining the amount of the Nonrecurring Charges should be eliminated from the charges considering those expenses are recovered as part of salaries and wages expense. Farmdale District provided the cost justification for the nonrecurring charges.²⁴ Farmdale District provided a list of the number of occurrences for each of its nonrecurring charges.²⁵ Staff reviewed the cost justification information provided by Farmdale District and adjusted these charges by removing Field Labor Costs and Office/Clerical Labor Costs that occurred during normal business hours, as normal business hour expenses are already recovered in base rates, as well as removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor is

²³ Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020), Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020), Case No. 2020-00196, *Electronic Application of West Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020), and Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020).

²⁴ Farmdale District's Response to Staff's First Request, Item 19.

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

typically performed during normal business hours. The Meter Test Request increased \$10.00, from \$80.00 to \$90.00 due to increased transportation costs and Frankfort Plant Board expenses, as shown in the cost justification provided.²⁶ The cost justification information, shown in Appendix A, was provided by Farmdale District and supports Staff's adjustments to the Nonrecurring Charges. The adjustments discussed above result in the following revised Nonrecurring Charges:

Charge	Current Charge	Revised Charge
Connection Charge	\$ 50.00	\$ 21.00
Disconnection Charge	\$ 50.00	\$ 21.00
Reconnection Charge	\$ 50.00	\$ 21.00
Reconnection Charge After-Hours	\$ 70.00	\$ 51.00
Returned Payment Charge	\$ 20.00	\$ 7.00
Service Call / Investigation	\$ 50.00	\$ 21.00
Service Call / Investigation After-Hours	\$ 70.00	\$ 51.00
Meter Test Request	\$ 80.00	\$ 90.00

The recommended adjustment to the Nonrecurring Charges results in a pro forma Nonrecurring Charge Revenues of \$2,037 as shown below. Staff notes that it was unable to determine the general ledger classification of all Farmdale District's Nonrecurring Charge revenues in the test year and recommends adjusting the reported amounts to the pro forma revenues, which is discussed in the Miscellaneous Revenues section below.

²⁶ Farmdale District's Response to Staff's First Request, Item 19.

Charge	Occurrences	Revised Charge	Pro Forma
Connection Charge	6	\$ 21.00	\$ 126
Disconnection Charge	43	\$ 21.00	903
Reconnection Charge	43	\$ 21.00	903
Reconnection Charge After-Hours	0	\$ 51.00	-
Returned Payment Charge	15	\$ 7.00	105
Service Call / Investigation	0	\$ 21.00	-
Service Call / Investigation After-Hours	0	\$ 51.00	-
Meter Test Request	0	\$ 90.00	-
Pro Forma			<u>\$ 2,037</u>

Farmdale District provided an updated cost justification for its 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge.²⁷ Staff reviewed the cost justification information provided by Farmdale District and notes it supports an increase in the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge. Staff recommends that the Commission accept Farmdale District's supported increase for the Tap-On Charge from \$1,132 to \$1,502 for the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge. Staff recommends increasing the tap on Charges to enable to the utility to recover the amount supported by the updated cost justification provided by Farmdale District for its meter installs.

4. Water Loss Surcharge. Farmdale District currently has a surcharge monitoring and compliance case, Case No. 2020-00217,²⁸ but completed billing for the surcharge on July 25, 2024, as it had billed for the maximum time.²⁹ The Commission issued an order approving the cessation of the water loss surcharge on October 24,

²⁷ Farmdale District's Response to Staff's First Request, Item 20.

²⁸ See Case No. 2020-00217, *Electronic Farmdale Water District's Unaccounted-for Water Loss Reduction Plan, Surcharge and Monitoring*.

²⁹ Case No. 2020-00217, Farmdale District's Notice of Surcharge Fee Cessation (filed July 26, 2024).

2024.³⁰ It proposed a water loss surcharge of \$2.73 per customer per month in this case.³¹ Staff recommends that the Commission deny the request in this case as there is not sufficient evidence to support the need for the project. Staff notes Farmdale District has just completed projects it had undertaken to reduce its water loss as part of the previous surcharge.³² The effects of those projects have yet to be seen. Staff recommends the Commission deny the request in this case until those projects have been in service for a longer period. Staff also has concerns about Farmdale District's reliance on the surcharge in the absence of a long-term capital plan and related financing. Staff recommends, if denial of the surcharge is approved by the Commission, including language that even though the Commission is denying the request in this case currently, Farmdale District could file a request for an extension through a tariff filing in the future.

PRO FORMA OPERATING STATEMENT

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

³⁰ Case No. 2020-00217, Oct. 24, 2024 Order.

³¹ Application, Attachment 2, Reasons for Application.

³² Case No. 2020-00217, Farmdale District's Statement of Completion (filed Aug. 21, 2025).

Description	Test Year	Farmdale Water District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Operating Revenues						
Water Sales	\$ 1,441,455	\$ 84,549		\$ 84,549	A	\$ 1,526,004
Other Revenues						
Forfeited Discounts	46,220			0		46,220
Miscellaneous	159,869	(62,314)	(659)	(62,973)	B	96,896
Rents from water property	1,200			0		1,200
Total Operating Revenues	1,648,744	22,235	(659)	21,576		1,670,320
Operation Expenses						
Salaries and Wages - Employees	243,031	152,735			C1	
		(8,830)		143,905	C2	386,936
Salaries and Wages - Directors	14,600		3,600	3,600	D	18,200
Employee Benefits - Medical	(4,884)		14,628	14,628	E1	
		20,316	34,032	54,348	E2	64,092
Employee Benefits - Retirement			(14,628)	(14,628)	E1	
		32,842		32,842	F1	
		45,734	8,099	53,833	F2	72,047
Purchased Water	639,708		(5,101)	(5,101)	G	
		(87,374)	697	(86,677)	H1	547,930
Purchased Power	22,061	(3,013)		(3,013)	H2	19,048
Materials and Supplies	61,014	(20,602)		(20,602)	I1	
			(26,815)	(26,815)	I2	13,597
Contractual Services-Accounting	32,518			0		32,518
Contractual Services-Legal	114,127			0		114,127
Contractual Services-Water Testing	6,335			0		6,335
Transportation	14,256			0		14,256
Insurance-General Liability	25,802		5,634	5,634	J1	31,436
Insurance-Workers Compensation	4,018		842	842	J2	4,860
Advertising	875			0		875
Rate Case Expenses	0	10,000		10,000	K	10,000
Miscellaneous Expense	147,410			0		147,410
Total	1,320,871	(10,927)	20,988	162,796		1,483,667
Depreciation Expense	150,611	51,900	(9,531)		L1	
			9,176	51,545	L2	202,156
Taxes Other Than Income	73,109	8,703	(37,511)	(28,808)	M	44,301
Total Operating Expenses	1,544,591	49,676	(16,878)	185,533		1,730,124
Net Operating Income	104,153	(27,441)	16,219	(11,222)		(59,804)
Interest Income	8,631	0		0		8,631
Non-Utility Income	16,502	0		0		16,502
Income Available to Service Debt	\$ 129,286	\$ (27,441)	\$ 16,219	\$ (11,222)		\$ (34,671)

(A) Water Sales. During the test year, Farmdale District reported \$1,441,455 in Water Sales.³³ Farmdale District proposed one adjustment,³⁴ an increase of \$84,549 to match the amount indicated by the billing analysis to recognize unrealized revenues from a rate increase approved in Case No. 2024-00223.³⁵ Staff reviewed the billing analysis³⁶ and agrees with Farmdale District's proposed amount but notes that embedded in the adjustment are decreases for gross receipts taxes that should have been reported as tax collections payable per the Uniform System of Accounts for Class A/B Water Systems (UsoA) as well as Nonrecurring Charge revenues.³⁷ Staff removed the corresponding tax payments of \$38,228 which is discussed in the Taxes Other Than Income section below. Staff recommends accepting the proposed adjustment to Water Sales to normalize its revenues to the amounts indicated in its billing analysis.

(B) Other Revenues. During the test year, Farmdale District reported \$159,869 in Miscellaneous Revenues.³⁸ Farmdale District initially proposed three adjustments to Miscellaneous Revenues in its original application.³⁹ Farmdale District filed a revised Schedule of Adjusted Operations that had only one adjustment of \$62,314 to remove

³³ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

³⁴ Revised Application, Corrected References, Reference A.

³⁵ See Case No. 2024-00223, *Electronic Application of the Farmdale Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving a Change in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023*.

³⁶ Farmdale District's Response to Staff's First Request, Items 3 and 15, Water Rate Model Excel Document, Existing Billing Analysis Tab.

³⁷ Uniform System of Accounts for Class A/B Water Districts, Account 241 Tax Collections Payable.

³⁸ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

³⁹ Application, SAO, References.

surcharge revenues from test year operations.⁴⁰ Staff agrees with Farmdale District's revised adjustment and proposes one additional decrease of \$659. As discussed in the Nonrecurring Charge section above, Farmdale District should recover pro forma revenues of \$2,037 from its Nonrecurring Charges. Staff was unable to determine the location of the remainder of Farmdale District's test year revenues from Nonrecurring Charges and determined it was embedded in the billing analysis adjustment discussed above. Staff recommends a reduction of \$659 to adjust the test year revenues to the \$2,037 pro forma amount calculated. The table below shows a breakdown of Farmdale District's Miscellaneous Revenues and total pro forma Miscellaneous Revenues of \$96,896.

Description	Test Year	Farmdale Water District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	Pro Forma
Nonrecurring Charges			2,696 (659)	2,696 (659)	2,037
Total Nonrecurring Charges	0	0	2,037	2,037	2,037
Miscellaneous Revenues					
Sewer Fees Income	94,859			0	94,859
Water Loss Surcharge	62,314	(62,314)		(62,314)	0
Reconnect Fees	2,696		(2,696)	(2,696)	0
Sub-Total Miscellaneous Revenues	159,869	(62,314)	(2,696)	(65,010)	94,859
Total Miscellaneous Revenues	\$ 159,869	\$ (62,314)	\$ (659)	\$ (62,973)	\$ 96,896

(C) Salaries and Wages – Employees. During the test year, Farmdale District reported \$243,031 in Salaries and Wages – Employees and proposed two adjustments.⁴¹ First, Farmdale District proposed an increase of \$152,735 (C1) due to the hiring new employees, promotions of current employees, and the increase of annual wages.⁴²

⁴⁰ Revised Application, Corrected References, Reference B.

⁴¹ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁴² Revised Application, Corrected References, Reference E.

Farmdale District provided the board minutes approving these increases.⁴³ Staff reviewed Farmdale District's calculation and agrees with the proposed adjustment and recommends the Commission accept the proposed adjustment as it accurately reflects Farmdale District's current staffing and wage rates. Farmdale District also proposed a decrease of \$8,830 (C2) due to the removal of labor fees for new tap installations performed in the test year.⁴⁴ Staff agrees with this adjustment as the USoA requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.⁴⁵ The proposed adjustment correctly capitalizes the costs and requires a corresponding adjustment to test-year depreciation discussed in that section below. Staff recommends the Commission accept the proposed adjustment to correctly record costs as instructed by the USoA.

(D) Salaries and Wages – Officers. Farmdale District reported a test-year amount of \$14,600 and did not propose any adjustments.⁴⁶ Farmdale District's Board of Commissioners (Board) is comprised of three members who were each paid \$4,800 during the test year and an additional \$200 was paid to the treasurer of the Board, to comprise the total \$14,600. Farmdale District provided Fiscal Court minutes approving their appointments⁴⁷ and pay,⁴⁸ which was increased to \$6,000 if the commissioner had

⁴³ Farmdale District's Response to Staff's First Request, Item 10a and 10b and Exhibit 1-10, 2023–2025 Board Minutes.

⁴⁴ Revised Application, Corrected References, Reference J.

⁴⁵ USoA, Accounting Instruction 19 and 33.

⁴⁶ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁴⁷ Farmdale District's Response to Staff's First Request, Item 11b.

⁴⁸ Farmdale District's Response to Staff's First Request, Item 11b, starting on page 56, June 4 Franklin County Fiscal Court Meeting.

attended training for that year. Farmdale District stated that all its commissioners will attend the December 2 and 3, 2025 training held by the Commission.⁴⁹ Staff recommends an increase of \$3,400 to Salaries and Wages - Officers to account for Farmdale District's commissioners receiving the authorized \$6,000 yearly amount, as well as the additional \$200 in salary for the treasurer. This results in a pro forma Salaries and Officers – Wages of \$18,200. Staff recommends the Commission include commissioners' salaries in the revenue requirement because the amounts are known and measurable and because Farmdale District provided all the required documentation.

(E) Employee Benefits - Medical. Staff determined that separation of the medical and related benefits costs from retirement benefits would better facilitate discussion of the respective adjustments and reclassified (\$14,628) (E1) to Employee Benefits – Retirement resulting in an adjusted test-year cost of \$9,744. Farmdale District proposed one adjustment to increase medical benefits by \$20,316 (E2).⁵⁰ Farmdale District stated it offers health insurance to its employees and pays 100 percent of the premium for employee only coverage, as well as offering term life and accidental death and dismemberment insurance benefits and paying 100 percent of the premium for these costs as well.⁵¹ Farmdale District's submitted Rate Model indicated 7 employees receiving insurance at the employee only level.⁵² Staff recalculated the cost per employee based on the 2025 invoice⁵³ provided by Farmdale District which resulted in an additional

⁴⁹ Farmdale District's Response to Staff's First Request, Item 11c.

⁵⁰ Revised Application, Corrected References, Reference G.

⁵¹ Farmdale District's Response to Staff's First Request, Item 7a.

⁵² Farmdale District's Response to Staff's First Request, Item 3, Rate Model, Medical Tab, Cell B9.

⁵³ Farmdale District's Response to Staff's First Request, Item 7c at 27.

increase of \$34,032, as shown in the table below. Staff recommends the Commission accept its proposed adjustment as the amounts are known and measurable.

Type of Premium	Number of Employees	Total Cost
Medical Insurance - Single	7	\$ 5,285
Life Insurance	7	51
Accidental Death and Dismemberment	7	4
Total Monthly Pro Forma Premium		5,341
Multiplied by: 12 Months		12
Total Annual Health Insurance Cost		\$ 64,092
Test Year Insurance Cost ()		(9,744)
Commission Staff's Adjustment		54,348
Farmdale Adjustment ()		(20,316)
Incremental Adjustment		<u>\$ 34,032</u>

(F) Employee Benefits – Retirement. As discussed above, Staff recommended reclassifying (\$14,628) (E1) from Employee Benefits to Employee Benefits – Retirement.⁵⁴ During the test year, Farmdale District reported a loss of \$4,884 in Employee Pensions and Benefits.⁵⁵ Farmdale District participates in the County Employee Retirement System (CERS), with recently had a change in contribution rate,⁵⁶ which is managed by the Kentucky Public Pension Authority (KPPA).⁵⁷ Farmdale District proposed two adjustments related retirement benefits. First, Farmdale District proposed an increase of \$32,841 (F1) to exclude non-cash expenses accruals for Other Post-

⁵⁴ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁵⁵ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁵⁶ CERS Board of Trustees December 2, 2024 Meeting, Minutes, Page 2. CERS Contribution Rate in the test year was 23.34 percent and is 18.62 percent in the current year.

⁵⁷ Revised Application, Corrected References, Reference H.

Employment Benefits (OPEB) adjustments.⁵⁸ Second, Farmdale District proposed to increase its CERS payments by \$45,734 (F2) to account for the changes in salaries and wages as discussed in that sections above.⁵⁹ In Case No. 2016-00163,⁶⁰ Staff discussed in detail how reporting requirements for GASB 68 would affect a utility's income statement and balance sheet. In that proceeding, the Commission found that the annual pension expense should be equal to the amount of a district's contributions to CERS.⁶¹ Therefore, Staff agrees with the methodology proposed by Farmdale District but calculated an additional increase of \$8,099 (F2), as shown in the table below. Staff recommends the Commission accept Staff's proposed adjustment as the amount is known and measurable.

Description	Amount
Pro Forma Wages	\$ 386,936
Contribution Rate	18.62%
Pro Forma Total Contributions	72,047
Test Year Amount	14,628
Farmdale Proposed Adjustments ()	(78,576)
Increase / (Decrease)	<u>\$ 8,099</u>

(G) Purchased Water. During the test year, Farmdale District recorded \$639,708 in Purchased Water expenses and proposed no adjustments.⁶² Staff calculated Purchased Water Expense using the test year gallons purchased at the current rates

⁵⁸ Revised Application, Corrected References, Reference F.

⁵⁹ Revised Application, Corrected References, Reference H.

⁶⁰ Case No. 2016-00163, *Alternative Rate Adjustment Filing of Marion County Water District* (Ky. PSC Nov. 10, 2016), Order at 11–15.

⁶¹ Case No. 2016-00163, Nov 11, 2016 final Order at 15, Item 10.

⁶² Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

resulting in a pro forma Purchased Water Expense of \$634,607, as shown in the table below. Using the current wholesale rate of \$2.55 from the Frankfort Plant Board and a Kentucky River Authority Withdrawal Fee of \$0.29 per 1,000 gallons,⁶³ Staff calculated a decrease to the Purchased Water Expense of \$5,101 from the test-year amount given by Farmdale District. Staff recommends the Commission accept Staff's adjustment as it is reasonable based on the documentation of gallons purchased and the current rates.

Description	Frankfort Plant Board	Total
Gallons	223,453,000	223,453,000
Current Purchase Rate	\$ 2.5500	\$ 2.8400
KRA Fee	\$ 0.2900	
Pro Forma Cost	<u>\$ 634,607</u>	\$ 634,607
Test Year Purchase Cost		639,708
Increase in Purchase Cost		<u>\$ (5,101)</u>

(H) Excess Water Loss. In its application, Farmdale District proposed an adjustment to decrease Purchased Water Expense by \$87,374 (H1) and Purchased Power Expense by \$3,013 (H2) to reflect the disallowance of water loss in excess of 15 percent.⁶⁴ During the test year, Farmdale District reported a water loss of 28.6584 percent.⁶⁵ Commission regulations state that for ratemaking purposes, expenses for water loss in excess of 15 percent shall not be included for ratemaking purposes.⁶⁶ As

⁶³ Frankfort Plant Board current Tariff, PSC KY No. 1, Frankfort Plant Board current KRA Fee, 3rd Revised Sheet No. 2.

⁶⁴ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁶⁵ 2024 Annual Report at 57.

⁶⁶ 807 KAR 5:066 (Water), Section 6(3) (Water Supply Management).

described above, Staff calculated a revised Purchased Water Expense of \$634,607. Staff calculated a revised disallowed Purchased Water Expense of \$86,677 using the adjusted Purchased Water Expense of \$634,607 which is a \$697 (H1) decrease from Farmdale District's proposed adjustment. Staff agrees with Farmdale District's adjustment to Purchased Power. The table below summarizes the disallowed Purchased Water and Purchased Power Expenses. Staff recommends the Commission to accept Staff's adjustment of a \$697 decrease to Farmdale District's adjustment to Purchased Water Expense.

Disallowed Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 634,607	\$ 22,061	\$ 656,668
Water Loss in Excess of 15%	13.6584%	13.6584%	13.6584%
Disallowed Water Loss	<u>\$ 86,677</u>	<u>\$ 3,013</u>	<u>\$ 89,690</u>

(I) Materials and Supplies. During the test year, Farmdale District reported \$61,014 in Materials and Supplies.⁶⁷ Farmdale District proposed one adjustment, a decrease of \$20,602 (I1) due to the exclusion of materials used on tap installations.⁶⁸ Farmdale District reported 26 new taps to its system and collected \$29,432 that should be capitalized.⁶⁹ Staff agrees with Farmdale District's adjustment to Materials and Supplies as the USoA for Class A/B Water Systems requires that these costs be capitalized as Utility Plant in Service and depreciated over their estimated useful lives.⁷⁰

⁶⁷ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁶⁸ Submission of Corrected References, Corrected References, Item J.

⁶⁹ Farmdale District's Response to Staff's First Request, Item 12.

⁷⁰ USoA, Accounting Instruction 19 and 33.

The table below provides a breakdown of tap fee expenses that should have been capitalized during the test year.

Description	Percent	Dollars
Labor	30%	8,830
Materials	70%	20,602
Total		<u>\$29,432</u>

During the test year, Farmdale District paid \$5,442.64 for 27 new single port transceivers, \$3,427.24 for 19 new 5/8 x 3/4 inch customer water meters, \$5,789.27 for 600 feet of 6-inch water line, and \$12,156 for a 2014 Ford F250 truck. In Farmdale District's Response to Staff's Second Request, it confirmed that these expenses should have been capitalized for depreciation purposes.⁷¹ This results in a \$26,815 (12) decrease to Materials and Supplies. Staff agrees with Farmdale District's conclusions and made a corresponding increase to test year depreciation of \$9,176, which is discussed below. Staff recommends the Commission accept the adjustments proposed resulting in the pro forma Supplies and Materials expense of \$13,597 because the amounts are known and measurable.

(J) Insurance. During the test year, Farmdale District reported \$25,802 and \$4,018 for its general liability and workers compensation insurance, respectively.⁷² Staff reviewed the 2025 invoices⁷³ submitted by Farmdale District and proposes an increase of \$5,634 for general liability and \$842 for workers compensation to account for known

⁷¹ Farmdale District's Response to Staff's Second Request, Item 1.

⁷² Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁷³ Farmdale District's Response to Staff's First Request, Item 8.

and measurable increases to test year costs. Staff recommends the Commission accept Staff's proposed adjustments because the amounts are known and measurable.

(K) Rate Case Expenses. During the test year, Farmdale District reported \$0 in Rate Case Expenses.⁷⁴ Farmdale District proposed one adjustment, an increase of \$10,000 for rate case expenses being amortized over three years.⁷⁵ This increase is derived from \$15,000 KRWA expenses and \$15,000 Stoll Keenon Ogden expenses related to the current case that will be amortized over three years, resulting in a \$10,000 adjustment. Staff agrees with Farmdale District's methodology because utilities are expected to file for a rate case every three to five years. Staff reviewed the KRWA contract and the reasoning behind the SKO expenses and agrees with Farmdale District's adjustment.⁷⁶ Staff recommends the Commission accept Farmdale District's adjustments because the amounts are known and measurable.

Descirption	Amount
KRWA	\$ 15,000
SKO	15,000
Total	30,000
Amortization Years	3
Annual Rate Case Expense	<u>\$ 10,000</u>

(L) Depreciation. During the test year, Farmdale District reported \$150,611 in Depreciation.⁷⁷ Farmdale District proposed one adjustment, an increase of \$51,900 (L1) to bring asset lives to the midpoint of the ranges recommended by the National

⁷⁴ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁷⁵ Submission of Corrected References, Corrected References, Item O.

⁷⁶ Response to Staff's First Request, Item 4.

⁷⁷ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

Association of Regulatory Utility Commissioners (NARUC) in its publication “Depreciation for Small Utilities.”⁷⁸ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the same NARUC study. When no evidence exists to support a specific life that is outside NARUC ranges, the Commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant. In its application, Farmdale District provided a depreciation schedule of all fixed assets in use.⁷⁹ Staff has reviewed and recalculated the depreciation schedules using NARUC’s midpoint useful life ranges as shown in the table below. Staff calculated a \$42,369 increase in depreciation which is \$9,531 (L1) less than Farmdale District’s proposed adjustment. Staff recommends the Commission accept Staff’s adjustment as it is known and measurable.

Asset Class	Original Cost	NARUC Recommended Service Lives	Test Year Depreciation	Staff Calculated Depreciation	Depreciation Adjustment
General Plant					
Structures & Improvements	\$ 45,026	37.5	\$ 1,759	\$ 1,201	\$ (558)
Office Furniture & Equipment	133,082	23	4,243	5,915	1,672
Power Operated Equipment	88,994	13	14,630	7,120	(7,510)
Tools, Shop, & Garage Equipment					
Pumping Plant					
Pumping Equipment	31,480	10	899	3,148	2,249
Transmission & Distribution Plant					
Hydrants	41,067	50	821	821	-
Transmission & Distribution Mains	3,874,089	62.5	61,668	61,985	317
Meters	1,096,560	40	27,677	27,414	(263)
Meter Installations	169,216	45	4,486	3,760	(726)
Reservoirs & Tanks	1,149,590	45	25,736	25,546	(190)
Balance of A/C Project	1,778,784	62.5	-	28,461	28,461
Balance of Meter Project	413,744	20	-	20,687	20,687
Transportation Equipment					
Entire Group	48,711	7.0	8,729	6,959	(1,770)
Total Depreciation	\$ 8,870,343		\$ 150,648	\$ 193,017	\$ 42,369
Farmdale District’s Proposed Adjustments					51,900
Difference Between Staff’s and Farmdale District’s Adjustments					<u>(9,531)</u>

⁷⁸ Submission of Corrected References, Corrected References, Item L.

⁷⁹ Amended Application, Attachment 7, Depreciation Schedule, at page 23.

As explained in Materials and Supplies, Farmdale District recorded multiple expenditures that are capital and should have been capitalized as Utility Plant in Service and depreciated over their estimated useful lives. Staff calculated the annual depreciation amount of these items to be a \$9,176 (L2) increase to Depreciation expenses. Staff recommends the Commission accept Staff's proposed adjustments of a \$42,369 increase to adjust lives to those recommended in the NARUC study and a \$9,176 increase to account for the test year capital expenditures, bringing the Pro Forma to \$202,156, because the UsoA requires the assets to be depreciated over their estimated useful lives.

(M) Taxes Other Than Income. During the test period, Farmdale District reported \$73,109 in Taxes Other Than Income.⁸⁰ Farmdale District reported an increase of \$8,703 due to higher payroll taxes from the increase in salaries and wages.⁸¹ Staff calculated an additional increase of \$717 in payroll taxes was needed as shown in table below.

Description	Amount
Salaries and Wages	\$ 405,136
Tax Rate	7.65%
Total Taxes	30,993
Test Year ()	(21,573)
Farmdale Adjustment ()	(8,703)
Staff Adjustment	<u>\$ 717</u>

Staff also determined a reduction of \$38,228 was needed to remove school tax expenses from Taxes Other Than Income. As discussed above in the Water Sales section above, the offsetting revenues for this expense are embedded in the billing

⁸⁰ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁸¹ Revised Application, Corrected References, Reference I.

analysis adjustment and because the tax is a pass-through cost should not be recovered through rates. Staff's combined proposed adjustments result in a decrease of \$37,526, as shown in the table below. Staff recommends the Commission accept Staff's proposed adjustments because the amounts are known and reasonable.

Description	Test Year	Commission		Pro Forma
		Farmdale Adjustment	Staff Adjustment	
FICA / SUTA / FUTA	\$ 21,573	\$ 8,703	\$ 717	\$ 30,993
PSC	2,550			2,550
Sales Tax Expense	9,486			9,486
School Tax	38,228		(38,228)	0
Other Taxes and license	772			772
SPGE Fees	500			500
Total	\$ 73,109	\$ 8,703	\$ (37,511)	\$ 44,301

OVERALL REVENUE REQUIREMENT

In its application, Farmdale District proposed using the Debt Service Coverage Method.⁸² The Commission has historically applied a Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of (1) cash-related pro forma operating expenses; (2) recovery of depreciation expense, a non-cash item, to provide working capital;⁸³ (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

⁸² Application, Attachment 4, Schedule of Revenue Requirements.

⁸³ The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. See *Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through

Description	Farmdale Water District	Commission Staff
Pro Forma Expenses Operating Expenses		
Total Operating Expenses	\$ 1,747,002	\$ 1,730,124
Average Annual Principal and Interest Payments	177,091	177,091
Additional Working Capital at 20%	35,418	35,418
Total Revenue Requirement	1,959,511	1,942,633
Forfeited Discounts	46,220	46,220
Miscellaneous	97,555	96,896
Rents from water property	1,200	1,200
Total Other Income	25,133	25,133
Revenue Required From Water Sales	1,789,403	1,773,184
Revenue from Sales at Present Rates ()	(1,526,004)	(1,526,004)
Required Revenue Increase / (Decrease)	\$ 263,399	\$ 247,180
Percentage Increase / (Decrease)	17.26%	16.20%

Average Annual Principal and Interest Payments and Additional Working Capital.

Farmdale District requested recovery of the average annual principal and interest on its indebtedness in the amount \$177,091 based on a five-year average of the annual principal, interest, and fee payments for the years 2026 through 2030.⁸⁴ Staff reviewed the debt schedule provided⁸⁵ and amortization schedules⁸⁶ and agrees with the methodology and amount Farmdale District proposed. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its

recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. See Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

⁸⁴ Revised Application, Corrected References, Reference M.

⁸⁵ Farmdale District's Response to Staff's First Request, Items 3 and 21, Water Rate Model Excel Document, Debt Service Tab.

⁸⁶ Application, Attachment 9.

average annual debt payments. In its exhibits, Farmdale District requested recovery of an allowance for working capital that is equal to 20 percent of its average annual debt service, or \$35,418.⁸⁷ Following the Commission's historic practice of including additional working capital, Staff agrees with Farmdale District's proposed methodology and amount.

Description	Total Payments						Total
	2026	2027	2028	2029	2030		
USDA Loan 2016	\$ 80,688	\$ 81,125	\$ 81,516	\$ 81,859	\$ 82,156	\$	407,344
USDA Loan 2025	95,475	95,572	95,646	95,696	95,722		478,111
Total	<u>\$ 176,163</u>	<u>\$ 176,697</u>	<u>\$ 177,162</u>	<u>\$ 177,555</u>	<u>\$ 177,878</u>	<u>\$</u>	<u>885,455</u>
5 Year Average Principal and Interest Payments							<u>\$ 177,091</u>
Additional Working Capital at 20 percent							<u>\$ 35,418</u>

ADDITIONAL STAFF COMMENTS

In Case No. 2020-00021, Staff recommended Farmdale District add language to its tariff for water service provided for more than one resident through a single meter,⁸⁸ which the Commission approved in its final Order.⁸⁹ Farmdale District added part of the recommended language to its tariff this year.⁹⁰ Farmdale District has not added the following language to section 5(f) of its tariff yet as recommended in Staff's Report in Case No 2020-00021.

Multiple user meter connections that existed before March 16, 2020, where two or more residences, apartment units, mobile homes, businesses, or family units residing in a duplex or other multiunit premise being served by a single meter will be allowed to continue until such time as the District directs

⁸⁷ Revised Application, Corrected References, Reference N.

⁸⁸ Case No. 2020-00021, Staff Report (filed April 27, 2020), Appendix D at 36.

⁸⁹ Case No. 2020-00021, final Order (July 7, 2020), Ordering Paragraph 1 at 10.

⁹⁰ Farmdale District's Current Tariff, PSC KY No. 2, 1st Revised Sheet No. 13, Section g(1).

otherwise. Customers will be required to purchase their own individual meter when property covered by this exemption changes ownership.

Staff recommends that Farmdale District revision section 5.f. to match the language above. Staff also has concerns that Farmdale District is not applying the rates properly as outlined in the language it added to its tariff. The tariff language states

One bill per meter will be sent to the customer that signed the Water Service Contract. The bill will include a charge in the amount of the District's minimum bill for the meter size multiplied by the number of units the meter serves. The amount of water included with the minimum bill is the amount of water associated with the minimum bill multiplied by the number of units the meter serves. Usage in excess of the monthly minimum amount is billed according to the Commission-approved volumetric rates pertaining to the meter size.

Based on its submitted billing analysis Farmdale District is applying the minimum bill correctly but is not applying the excess usage in the proper manner. Farmdale District appears to be fully applying all the remaining usage steps to calculate the bill. For example, for a 5/8" x3/4" meter with an additional trailer attached, Farmdale District appears to be billing a minimum bill based on 4,000 gallons and then billing for the next 3,000 gallons at the second rate step, the next 5,000 gallons at the third rate step, and over 12,000 at the last rate step. The tariff language seems to contemplate that such a customer should be billed a minimum bill based on 4,000 gallons, the next 1,000 gallons at the second rate step, the next 5,000 gallons at the third rate step, and over 10,000 gallons at the last rate step. Staff requests Farmdale District provide comments in its response to Staff's Report addressing this issue, including how its billing of such customers complies with its tariff language and explain why such customers should not

receive credit for the additional minimum usage amounts when calculating the amount for all usage over the minimum amount.

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Signatures

/s/ William Pearce

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

/s/ Manuel Jerez Tamayo

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Rate Design Branch
Division of Financial Analysis

APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00192 DATED NOV 12 2025

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1 hr @ 19.42/hr)	\$ 19.42	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 22.60	\$	-
Transportation (\$0.70x 30 miles)	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 63.02	\$	21.00
Current Rate	\$50.00		

Disconnection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1 hr @ 19.42/hr)	\$ 19.42	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 22.60	\$	-
Transportation (\$0.70x 30 miles)	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 63.02	\$	21.00
Current Rate	\$50.00		

Reconnection Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1 hr @ 19.42/hr)	\$ 19.42	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ 22.60	\$	-
Transportation (\$0.70x 30 miles)	\$ 21.00	\$	21.00
Misc.	\$ -	\$	-
Total Revised Charge*	\$ 63.02	\$	21.00
Current Rate	\$50.00		

Reconnection Charge After-Hours			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (1 hr @ 29.13/hr)	\$ 29.13	\$ 29.13	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 22.60	\$ -	
Transportation (\$0.70x 30 miles)	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 72.73</u>	<u>\$ 51.00</u>	
Current Rate	\$70.00		

Returned Payment Charge			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor	\$ -	\$ -	
Office Supplies	\$ 1.50	\$ 1.50	
Office Labor	\$ 2.55	\$ -	
Transportation	\$ -	\$ -	
Misc. (Bank Fee)	\$ 5.00	\$ 5.00	
Total Revised Charge*	<u>\$ 9.05</u>	<u>\$ 7.00</u>	
Current Rate	\$20.00		

Service Call / Investigation			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (1 hr @ 19.42/hr)	\$ 19.42	\$ -	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 22.60	\$ -	
Transportation (\$0.70x 30 miles)	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 63.02</u>	<u>\$ 21.00</u>	
Current Rate	\$50.00		

Service Call / Investigation After-Hours			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$ -	
Field Labor (1 hr @ 29.13/hr)	\$ 29.13	\$ 29.13	
Office Supplies	\$ -	\$ -	
Office Labor	\$ 22.60	\$ -	
Transportation (\$0.70x 30 miles)	\$ 21.00	\$ 21.00	
Misc.	\$ -	\$ -	
Total Revised Charge*	<u>\$ 72.73</u>	<u>\$ 51.00</u>	
Current Rate	\$70.00		

Meter Test Request			
	Utility Revised Charge	Staff Revised Charge	
Field Materials	\$ -	\$	-
Field Labor (1.5 hrs @ 19.42/hr)	\$ 29.13	\$	-
Office Supplies	\$ -	\$	-
Office Labor	\$ -	\$	-
Transportation (\$0.70 x 56.56 miles)	\$ 39.62	\$	39.62
Misc. (Frankfort Plant Board)	\$ 50.00	\$	50.00
Total Revised Charge*	\$ 118.75	\$	90.00
Current Rate	\$80.00		
5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge			
	Utility Revised Charge	Staff Revised Charge	
Materials Expense	\$ 852.25	\$	852.25
Service Pipe Expense	\$ 13.13	\$	13.13
Installation Labor Expense	\$ 303.98	\$	303.98
Installation Equipment Expense	\$ 262.50	\$	262.50
Installation Miscellaneous Expense	\$ 19.48	\$	19.48
Overhead Expense	\$ 14.51	\$	14.51
Administrative Expense	\$ 35.16	\$	35.16
Total Revised Charge*	\$ 1,501.01	\$	1,502.00
Current Rate	\$ 1,132.00		

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00192 DATED NOV 12 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 Farmdale Water District. All other rates and charges not specifically mentioned herein shall remain the same.

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	2,000 Gallons	\$	27.81	Minimum Bill
Next	3,000 Gallons		0.01006	Per Gallon
Next	5,000 Gallons		0.00891	Per Gallon
Over	10,000 Gallons		0.00776	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$	57.98	Minimum Bill
Next	5,000 Gallons		0.01006	Per Gallon
Next	140,000 Gallons		0.00891	Per Gallon
Over	150,000 Gallons		0.00776	Per Gallon

4-Inch Meter

First	50,000 Gallons	\$	464.81	Minimum Bill
Next	100,000 Gallons		0.00891	Per Gallon
Over	150,000 Gallons		0.00776	Per Gallon

Charge	Revised Charge
Connection Charge	\$ 21.00
Disconnection Charge	\$ 21.00
Reconnection Charge	\$ 21.00
Reconnection Charge After-Hours	\$ 51.00
Returned Payment Charge	\$ 7.00
Service Call / Investigation	\$ 21.00
Service Call / Investigation After-Hours	\$ 51.00
Meter Test Request	\$ 90.00

Meter Connection/Tap-On Charges

5/8 Inch X 3/4 Inch Meter	\$ 1,502.00
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