

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MEADE)	
COUNTY WATER DISTRICT FOR AN)	CASE NO.
ALTERNATIVE RATE FILING ADJUSTMENT)	2025-00293
PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of September 22, 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 September 22, 2025 Order, Meade County Water District (Meade 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 Meade 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 **JAN 16 2026**

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 MEADE COUNTY WATER DISTRICT

Meade County Water District (Meade District) is a water utility organized pursuant to KRS Chapter KRS: 74 that owns and operates a distribution system through which it provides retail water service to approximately 5,489 residential customers and 275 commercial customers located in Meade County, Kentucky.¹

On September 3, 2025,² Meade District filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. To comply with the requirements of 807 KAR 5:076, Section 9,³ Meade District used the calendar year ended December 31, 2024, as the basis for its application. The application was filed pursuant to the Commission's Order in Case No. 2025-00029 which required Meade District to file an application for an adjustment of its base rates by August 31,

¹ *Annual Report of Meade District to the Public Service Commission for the Calendar Year Ended December 31, 2024* (2024 Annual Report) at 12 and 49.

² Meade District tendered its application on August 28, 2025. By letter dated September 3, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on September 3, 2025.

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

2025.⁴ Meade District's last base rate increase, filed pursuant to the alternative rate filing procedure, was in Case No. 2023-00039.⁵ Since that matter, Meade District has adjusted its rates pursuant to purchased water adjustments. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated September 22, 2025.

Meade District responded to three requests for information from Staff.⁶ There were numerous public comments filed in this case, all of which oppose a rate increase, while some explain issues related to low water pressure.⁷

UNACCOUNTED-FOR WATER LOSS

Meade District purchases 100 percent of its water from Hardin County Water District No.1 (Hardin District No.1).⁸ The Commission notes that in its 2024 Annual Report, Meade District reported a water loss of 14.6252 percent.⁹ 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 a result of Meade District's water loss

⁴ Case No. 2025-00029, *Electronic Purchased Water Adjustment Filing of Meade County Water District* (Ky. PSC Mar. 11, 2025), Order at 5, ordering paragraph 5.

⁵ Case No. 2023-00039, *Electronic Application of Meade County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*.

⁶ Meade District's Response to Staff's First Request for Information (Staff's First Request) (filed Oct. 29, 2025); Meade District's Response to Staff's Second Request for Information (Staff's Second Request) (filed Dec. 10, 2025); Meade District's Response to Staff's Third Request for Information (Staff's Third Request) (filed Dec. 30, 2025).

⁷ See <https://psc.ky.gov/Case/ViewCaseFilings/2025-00293/Public>.

⁸ 2024 Annual Report at 54 and 57.

⁹ 2024 Annual Report at 57.

percentage being less than 15 percent, Commission Staff does not recommend an adjustment be made because of water loss. The table below shows that the 2024 total annual cost of water loss to Meade District is \$224,517.

Total Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	\$ 1,455,279	\$ 76,998	\$ 1,532,277
Water Loss Percent	14.6525%	14.6525%	14.6525%
Total Water Loss	<u>\$ 213,235</u>	<u>\$ 11,282</u>	<u>\$ 224,517</u>

DISCUSSION

Using its pro forma test-year operations, Meade District determined that a base rate revenue increase of \$993,632, or 27.03 percent, was necessary to achieve the revenue requirement as shown in the table below.¹⁰

Description	Meade County WD
Pro Forma Operating Expenses	\$ 3,922,779
Average Annual Principal and Interest Payments	745,625
Additional Working Capital at 20%	149,125
Total Revenue Requirement	<u>4,817,529</u>
Other Revenue ()	(99,548)
Interest Income ()	(48,698)
Revenue Required From Water Sales	<u>4,669,283</u>
Revenue from Sales at Present Rates ()	(3,675,651)
Required Revenue Increase / (Decrease)	<u>\$ 993,632</u>
Percentage Increase / (Decrease)	<u>27.03%</u>

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

¹⁰ Documents inadvertently excluded from ARF application (Excluded Documents) (filed Sept. 3, 2025), Revenue_Requirement_Calculation.pdf.

review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable¹¹ changes to test-year operations were identified, and adjustments were made when their effects were deemed material. Insignificant and immaterial discrepancies were not necessarily pursued or addressed.

Staff's recommendations are summarized in this report. William Foley reviewed the calculation of Meade District's Overall Revenue Requirement, and Elizabeth Stefanski reviewed Meade 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 determined that Meade District's required revenue from Water Sales is \$4,008,814 to meet the Total Revenue Requirement of \$4,147,196 and that a \$351,937 revenue increase, or 9.62 percent, to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

Monthly Water Service Rates. Meade District proposed to increase all of its monthly retail water service rates evenly across the board by 27.03 percent.¹² Meade

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

¹² Excluded Documents, Revenue_Requirement_Calculation.pdf.

District stated that it did not file a cost-of-service study (COSS) at this time.¹³ Meade District stated that it did not consider filing a COSS with the current rate application as there were no material changes in its system and that Meade District would consider preparing a new COSS if material changes in customer usage patterns were to occur.¹⁴ Meade District stated that it was unable to locate a copy of the most recent COSS performed.¹⁵ The Commission has previously found that the allocation of a revenue adjustment evenly across the board to a utility's rate design is appropriate when there has been no evidence entered into the record demonstrating that this method is unreasonable in the absence of a COSS.¹⁶ Finding no such evidence in this case and incorporating Staff's calculated pro forma revenue requirement, Staff allocated the \$351,937 revenue increase across the board to Meade District's monthly retail water service rates. The rates recommended in Appendix B to this report are based upon the pro forma revenue requirement, as calculated by Staff, and will produce sufficient revenues from water sales to recover the \$4,008,814 revenue required from rates, an approximate 9.62 percent increase. The monthly water bill for a typical residential customer, on a 5/8 x 3/4 Inch Meter, using 3,810 gallons per month¹⁷ will increase by \$4.49 from \$46.49 to \$50.98, or approximately 9.66 percent.

¹³ Meade District's Response to Staff's First Request, Item 18a.

¹⁴ Meade District's Response to Staff's First Request, Item 18b and 18c.

¹⁵ Meade District's Response to Staff's First Request, Item 18d.

¹⁶ Case No. 2024-00155, *Electronic Application of Cannonsburg Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Apr. 8, 2025); Case No. 2024-00242, *Electronic Application of Wood Creek Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 21, 2025); and Case No. 2024-00068, *Electronic Application of Simpson County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 29, 2024).

¹⁷ Application, Attachment 1.

1. Nonrecurring Charges and Meter Connection Charges. Following the Commission's previous decisions identifying issues with the calculation of Nonrecurring Charges,¹⁸ Staff reviewed Meade District's Nonrecurring Charges. Since utility personnel are already compensated for labor performed during regular business hours, estimated labor costs representing periods occurring during regular business hours, which were previously included in determining Nonrecurring Charges expense, should be eliminated from the charges. District personnel are currently paid during normal business hours, and their salaries and wages are an expense recovered in rates, thus there is no additional employee compensation nominal expense incurred to provide a nonrecurring charge service provided during regular business hours. Meade District provided updated cost justification information, which included estimated regular business hours labor costs, for all the Nonrecurring Charges.¹⁹ In Case No. 2023-00039, the Commission previously removed labor expenses from Meade District's Nonrecurring Charges.²⁰ Staff used the same practice in this case and removed labor expenses as outlined in the table below:

¹⁸ Case No. 2024-00155, *Electronic Application of Cannonsburg Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Apr. 8, 2025); Case No. 2024-00242, *Electronic Application of Wood Creek Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 21, 2025); Case No. 2024-00068, *Electronic Application of Simpson County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 29, 2024); and Case No. 2024-00002, *Electronic Application of Nebo Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 2, 2024).

¹⁹ Meade District's Response to Staff's First Request, Item 21 and Meade District's Response to Staff's Second Request, Item 11, and Meade District's Response to Staff's Third Request, Item 1, 3-1_Field_Visit_Charge.xlsx.

²⁰ Case No. 2023-00039, *Electronic Application of Meade County Water District for a Rate Adjustment Pursuant to 801 KAR 5:076* (Ky. PSC Jan. 5, 2024), final Order at 10.

Description	Current Charge	Revised Charge
Connection / Turn-on Charge	\$28.00	\$28.00
Connection / Turn-on Charge (After Hours)	\$84.00	\$79.00
Field Visit	\$28.00	\$28.00
Meter Re-read Charge	\$28.00	\$28.00
Meter Re-read (After Hours)	\$84.00	\$84.00
Service Call/ Investigation	\$28.00	\$28.00
Service Call/ Investigation (After Hours)	\$84.00	\$79.00
Returned Check Charge	\$15.00	\$15.00
Meter Relocation Charge	Actual Cost	Actual Cost
Meter Test	\$28.00	\$85.00
Reconnection Charge	\$28.00	\$28.00
Meter Tampering Charge	\$28.00	\$28.00

Meade District provided an updated cost justification sheet for its 5/8-inch x 3/4-inch Meter Connection.²¹ Staff reviewed the information provided by Meade District and recommends an increase to the meter connection charges as shown in the table below, because the higher rates are based on adjustments provided in the supporting documentation.²²

Description	Current Charge	Revised Charge
5/8 x 3/4 Inch Water Tap On	\$950.00	\$1,200.00
All Larger Meters	Actual Cost	Actual Cost

PRO FORMA OPERATING STATEMENT

Meade District's Pro Forma Operating Statement for the test year ended December 31, 2024, as determined by Staff appears in the table below.²³

²¹ Meade District's Response to Staff's First Request, Item 23.

²² Meade District's Response to Staff's First Request, Item 23.

²³ Meade District did not round their Proposed Adjustment Column to zero. Staff rounded all amounts to zero resulting in a \$1 difference for the proposed adjustment's impact on Net Operating Income.

Description	Test Year	Meade District Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Operating Revenues						
Metered Retail Sales	\$3,654,067	\$ 21,584	\$ (18,774)	\$ 2,810	(A)	\$3,656,877
Other Revenues						
Other Water Revenues	99,548	-	(9,864)	(9,864)	(B)	89,684
Total Operating Revenues	3,753,615	21,584	(28,638)	(7,054)		3,746,561
Operation and Maintenance						
Salaries and Wages - Employees	688,548	17,003	10,434	27,437	(C)	715,985
Salaries and Wages - Officers	30,000	-	-	-		30,000
Employee Benefits	290,886	-	(143,328)	(143,328)	(D1)	140,900
		(14,470)	7,812	(6,658)	(D2)	
Employee Pensions	-	-	143,328	143,328	(D1)	
		(16,218)	(3,819)	(20,037)	(E1)	
		-	5,109	5,109	(E2)	
		-	4,916	4,916	(E3)	133,316
Purchased Water	1,472,835	-	(17,556)	(17,556)	(F)	1,455,279
Purchased Power	76,998			-		76,998
Materials and Supplies	225,936			-		225,936
Contractual Services - Engineering	885			-		885
Contractual Services - Accounting	35,304			-		35,304
Contractual Services - Legal	10,115			-		10,115
Contractual Services - Other	54,530			-		54,530
Transportation	28,721			-		28,721
Insurance - General Liability	43,336			-		43,336
Insurance - Workers Compensation	4,573			-		4,573
Rate Case Expense	-	3,112	-	3,112	(G)	3,112
Miscellaneous	148,000	-	(2,275)	(2,275)	(H)	145,725
Total	3,110,667	(10,573)	4,621	(5,952)		3,104,715
Depreciation Expense	762,769	5,942	(188,968)	(183,026)	(I)	579,743
Taxes Other Than Income	50,981	2,994	-	2,994	(J)	53,975
Total Operating Expenses	3,924,417	(1,637)	(184,347)	(185,984)		3,738,433
Net Operating Income	(170,802)	23,221	155,709	178,930		8,128
Interest Income	48,698			-		48,698
Income Available to Service Debt	\$ (122,104)	\$ 23,221	\$ 155,709	\$ 178,930		\$ 56,826

(A) Billing Analysis. Meade District proposed an adjustment to increase metered retail sales by \$21,584 to a pro forma of \$3,675,651.²⁴ Meade District did not provide an explanation for the proposed adjustment other than the billing analysis calculations. Staff determined that the adjustment to Metered Water Sales should be

²⁴ Application, Attachment 4, Schedule of Adjusted Operations.

reduced by \$18,774, to an increase of \$2,810, based on the response to Staff's Second Request for Information, in which Meade District provided amounts for leak adjustments that were erroneously excluded from its billing analysis.²⁵ The correction to the billing analysis results in an increase to normalize Metered Water Revenue to the amount of \$3,656,877. Staff recommends the Commission accept Staff's adjustment to Retail Metered Sales to normalize its revenues to the amounts indicated in its billing analysis as the amounts are known and measurable.

(B) Other Revenues. Meade District reported Other Revenues of \$99,548,²⁶ composed of \$53,372 for Late Fees and \$46,176 for Nonrecurring Charges.²⁷

Description	Test	Meade District Proposed Adjustments	Commission Staff Adjustments	Pro Forma
Penalties	\$ 53,372	\$ -	\$ -	\$ 53,372
Nonrecurring Charges	46,176	-	(9,864)	36,312
Total Other Income	\$ 99,548	\$ -	\$ (9,864)	\$ 89,684

Meade District provided information about the number of occurrences for each Nonrecurring Charge listed in its tariff.²⁸ Based on this information and the current tariff charges, Staff calculated a pro forma revenue amount for Nonrecurring Charges of \$36,312 as shown in the table below:

²⁵ Meade District's Response to Staff's Second Request, Item 10.

²⁶ Application, Attachment 4, Schedule of Adjusted Operations.

²⁷ Meade District's Response to Staff's Second Request, Item 7.

²⁸ Meade District's Response to Staff's First Request, Item 20.

Nonrecurring Charge	Occurrences	Current Charge	Revised Charge	Test Year	Adjustment	Pro Forma
Connection / Turn-on Charge	588	\$28.00	\$28.00	\$16,464	\$0	\$16,464
Connection / Turn-on Charge (After Hours)	0	\$84.00	\$79.00	0	0	0
Field Visit	0	\$28.00	\$28.00	0	0	0
Meter Re-read Charge	0	\$28.00	\$28.00	0	0	0
Meter Re-read (After Hours)	0	\$84.00	\$84.00	0	0	0
Service Call/ Investigation	39	\$28.00	\$28.00	1,092	0	1,092
Service Call/ Investigation (After Hours)	3	\$84.00	\$79.00	252	(15)	237
Returned Check Charge	81	\$15.00	\$15.00	1,215	0	1,215
Meter Relocation Charge	0	Actual Cost	Actual Cost	0	0	0
Meter Test	0	\$28.00	\$28.00	0	0	0
Reconnection Charge	615	\$28.00	\$28.00	17,220	0	17,220
Meter Tampering Charge	3	\$28.00	\$28.00	84	0	84
Nonrecurring Charges Sub-total				<u>\$ 36,327</u>	<u>\$ (15)</u>	<u>\$36,312</u>
Test Year ()						(46,176)
Staff's Adjustment						<u>\$ (9,864)</u>

Staff recommends the Commission accept Staff's adjustment to decrease Other Water Revenue by \$9,864 based on Meade District's documented evidence.

(C) Salaries and Wages Employees. In the application, Meade District proposed an adjustment to increase Salaries and Wages – Employees by \$17,003²⁹ to reflect changes in wage rates and personnel subsequent to the test year.³⁰ Meade District provided the test year employee list, wage rate, and hours worked.³¹ Meade District also provided the current wage rates and employee list.³² Meade District currently has 12 full-time hourly employees.³³ Staff normalized the pro forma regular hours to 2,080, which Meade District considers full time.³⁴ Four current employees were “On Call” during the

²⁹ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment C.

³⁰ Meade District's Deficiency Response, Documents inadvertently excluded from ARF application (filed Sep. 3, 2025), References_Explaining_Proposed_Adjustments.pdf, Adjustment C.

³¹ Meade District's Response to Staff's First Request, Item 7, 7_2024_Wages_Report.xlsx.

³² Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Wages and Benefits Tab.

³³ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Wages and Benefits Tab.

³⁴ Meade District's Response to Staff's First Request, Item 8b.

test year, and received \$100 per instance for a total of \$2,600, as shown in the following table.³⁵ The same table also shows that the test year wage rates compared to the current wage rates show employees received an increase in wages.

Staff calculated a Total Salaries and Wages – Employees of \$715,985, which is \$27,437 more than the test year Salaries and Wages – Employees of \$688,548, and \$10,434 more than Meade District’s proposed adjustment, as shown in the table below.

Employee ID	Job Title	Normalized Regular Hours	Test Year Wage Rates	Pro Forma Wage Rates	Pro Forma Reg. Wages	Pro Forma Overtime Hours	Pro Forma Overtime Wage Rate	Pro Forma Overtime Wages	On-Call Pay	Total Pro Forma Wages
1	Accounting Specialist	2,080	\$ 25.28	\$ 26.80	\$ 55,737	7.25	\$ 40.20	\$ 291		\$ 56,028
2	Operator	2,080	\$ 20.30	\$ 21.52	44,757	43.50	\$ 32.28	1,404	\$ 400	46,561
3	CSR	2,080	\$ 18.50	\$ 19.14	39,819	-	\$ 28.72	-		39,819
4	CSR	2,080	\$ 22.67	\$ 24.03	49,983	15.25	\$ 36.05	550		50,533
5	Heavy Equipment Operator	2,080	\$ 28.34	\$ 30.04	62,484	139.25	\$ 45.06	6,275	1,000	69,759
6	Logistics/Safety Coordinator	2,080	\$ 25.26	\$ 26.78	55,693	3.50	\$ 40.16	141		55,834
7	Distribution Operator	2,080	\$ 26.09	\$ 27.66	57,523	149.25	\$ 41.48	6,191	1,100	64,814
8	Lead Distribution Operator	2,080	\$ 28.21	\$ 29.90	62,197	32.00	\$ 44.85	1,435	100	63,732
9	Billing Specialist	2,080	\$ 23.28	\$ 24.68	51,328	11.50	\$ 37.02	426		51,754
10	General Manager	2,080	\$ 47.01	\$ 49.83	103,648	-	\$ 74.75	-		103,648
11	Distribution Supervisor	2,080	\$ 33.48	\$ 35.49	73,817	-	\$ 53.23	-		73,817
12	Operator	2,080	\$ 18.06	\$ 19.08	39,686	-	\$ 28.62	-		39,686
Total		24,960			\$ 696,672	402		\$ 16,713	\$ 2,600	715,985
Test Year Salaries and Wages ()										(688,548)
Staff's Adjustment										27,437
Meade District's Proposed Adjustment ()										(17,003)
Difference										\$ 10,434

Staff recommends the Commission accept Staff’s calculated increase of \$27,437, as it is a known and measurable change because it reflects the normalization of hours worked at current wage rates.

(D) Employee Benefits – Insurance. Staff determined that separation of the medical and related benefits costs from retirement benefits was appropriate to reflect the different basis of adjustments and reclassified \$143,328 (D1) to Employee Pension. Meade District provides Medical and Dental insurance,³⁶ and pays 100 percent of the cost

³⁵ Meade District’s Response to Staff’s First Request, Item 7, 7_2024_Wages_Report.xlsx.

³⁶ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Wages and Benefits Tab.

of the single plan for its employee(s) and 85 percent of family plan premiums.³⁷ In the application, Meade District proposed an adjustment to decrease Employee Benefits Expense by \$14,470 (D2),³⁸ to reflect Commission precedent on medical and dental insurance premiums funded by water districts.³⁹ However, during discovery Meade District stated that it would not propose the same adjustment to employee health premiums based on Bureau of Labor Statistics (BLS) if the precedent did not exist,⁴⁰ but would instead propose to recover the full cost of employee health premiums.⁴¹

Meade District provided the most recent copy of its health insurance invoices for medical, dental, and life insurance.⁴² Accordingly, utilizing the most recent invoice amounts, Staff calculated the pro forma adjustment as a decrease in Employee Benefits - Insurance of \$6,658, which is \$7,812 less than the \$14,470 decrease proposed by Meade District, as shown below.

³⁷ Meade District's Deficiency Response, Documents inadvertently excluded from ARF application, References_Explaining_Proposed_Adjustments.pdf, Adjustment F.

³⁸ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment F.

³⁹ Meade District's Deficiency Response, Documents inadvertently excluded from ARF application, References_Explaining_Proposed_Adjustments.pdf, Adjustment F.

⁴⁰ Meade District's Response to Staff's Second Request, Item 8.

⁴¹ Meade District's Response to Staff's Second Request, Item 8.

⁴² Meade District's Response to Staff's First Request, Item 9c, 9c_Recent_Invoices_for_Health-Life-Dental.pdf.

Type of Premium	Number of Employees	Total Cost	Employer Contribution Percentage	Employer Contribution Amount
Medical Insurance - Employee Only	4	\$ 5,082	100%	\$ 5,082
Medical Insurance - Single buy-up	2	2,259	100%	2,259
Medical Insurance - Family	1	3,614	85%	3,072
Dental Insurance	10	245	100%	245
Total Monthly Pro Forma Premium		11,200		10,658
Multiplied by: 12 Months		12		12
Total Insurance Cost		<u>\$ 134,400</u>		\$ 127,896
Test Year Insurance Premiums ()				(134,554)
Adjustment				(6,658)
Meade District's Adjustment ()				14,470
Commission Staff's Adjustment				<u>\$ 7,812</u>

Staff recommends the Commission accept Staff's adjustment to decrease Employee Benefits by \$6,658 to reflect the annualization of current insurance premiums allocated to the water division.

(E) Employee Pensions - CERS. As discussed above, Staff reclassified \$143,328 (D1) from Employee Benefits to Employee Pensions.⁴³ Meade District participates in the County Employee Retirement System (CERS),⁴⁴ which is managed by the Kentucky Public Pension Authority (KPPA). Meade District proposed a decrease to Employee Pensions and Benefits in the amount of \$16,218⁴⁵ to reflect a decrease in pension contribution rates from 2024.⁴⁶ Staff calculated two adjustments based on the

⁴³ Amended Schedule of Adjusted Operations, Corrected Schedule of Adjusted Operations.

⁴⁴ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Wages and Benefits Tab, Row 32.

⁴⁵ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment D.

⁴⁶ Meade District's Deficiency Response, Documents inadvertently excluded from ARF application, References_Explaining_Proposed_Adjustments.pdf, Adjustment D.

calculation of the pro forma Salaries and Wages – Employees as well as contribution percentage.

While Staff agrees with Meade District's methodology, it calculated different adjustments. Staff first calculated a decrease of \$20,037 (E1), which is \$3,819 more than Meade District's proposed net decrease of \$16,218 for a total contribution rate decrease of \$20,037 (E1) to account for the reduction in the CERS contribution rate from the test year. The contribution rate for 2024 was 23.34 percent for the first half and 19.71 percent for the second half.⁴⁷ Then, Staff accounted for the increase in contributable wages which resulted in an increase of \$5,109 (E2) for Meade District's CERS expense. Finally, Staff found an unidentified immaterial decrease in the test year contribution amount of \$4,916 (E3). The adjustments result in a net decrease of \$10,012, which is \$6,206 less than Meade District's proposed \$16,218 decrease, as shown in the table below.

⁴⁷ CERS Board of Trustees December 4, 2024 Meeting, Minutes, at 2. CERS Contribution Rate in the test year was 19.71% and 18.62% in current year.

Description	Test Year	Pro Forma
Wages	\$ 688,548	\$ 715,985
Contribution Rate	21.53%	18.62%
Contributions	148,244	133,316
Immaterial Unidentified Amounts	(4,916)	-
Contributions	<u>\$ 143,328</u>	133,316
Test Year Employee Pensions ()		(143,328)
Total Increase		(10,012)
Meade District's Proposed Adjustment ()		16,218
Difference		<u>\$ 6,206</u>

<i>Reconciliation</i>	Meade District	Staff's Adjustment	(Ref)
Change in Contribution Rate	\$ (16,218)	\$ (20,037)	(E1)
Change in Wages		5,109	(E2)
Immaterial Unidentified Amounts		4,916	(E3)
Total	<u>\$ (16,218)</u>	<u>\$ (10,012)</u>	
Net Difference		<u>\$ 6,206</u>	

Staff recommends the Commission accept Staff's net decrease of \$10,012 to Employee Pensions as the amounts are known and measurable based on current Salaries and Wages at current contribution levels.

(F) Purchased Water Expense. Meade District purchases water from Hardin District No. 1.⁴⁸ Effective November 30, 2024, Hardin District No. 1 increased its wholesale rate to \$.00341 per gallon.⁴⁹ Staff reviewed the General Ledger⁵⁰ and the 2024 Annual Report⁵¹ and determined Meade District was inconsistent in the amount that is

⁴⁸ 2024 Annual Report at 54.

⁴⁹ Case 2025-00324, *Electronic Purchased Water Adjustment Filing of Hardin County Water District #1* (Ky. PSC Oct. 31, 2025).

⁵⁰ Meade District's Response to Staff's First Request, Item 3a, 3a_2024_GL.xlsx, Row 12,979, Account 615.5.2 Water Purchased.

⁵¹ 2024 Annual Report at 52.

paid to Hardin District No. 1 per gallon, ranging from \$.00328 in March to \$.00423 in January, as shown in the following table.

Period	2024 Annual Report Gallons Purchased	Reported Purchased Water Expense	Per Gallon Cost
Jan	33,256,000	\$ 140,733	\$ 0.00423
Feb	41,805,000	140,798	0.00337
Mar	34,069,000	111,842	0.00328
Apr	34,256,000	115,467	0.00337
May	34,069,000	116,322	0.00341
Jun	39,794,000	134,497	0.00338
Jul	34,520,000	116,930	0.00339
Aug	40,136,000	135,942	0.00339
Sep	35,226,000	119,269	0.00339
Oct	33,901,000	115,132	0.00340
Nov	31,564,000	108,529	0.00344
Dec	34,172,000	117,374	0.00343
Total	426,768,000	\$ 1,472,835	\$ 0.00345

Staff calculated Purchased Water Expense using the annual test-year gallons purchased and the current rates, resulting in a pro forma Purchased Water Expense of \$1,455,279 as shown in the following table. Staff calculated a decrease to Purchased Water Expense of \$17,556.

Description	Hardin County Water District #1		Total
	Gallons Purchased	Volumetric Unit Cost	
Gallons	426,768,000	\$ 0.00341	\$ 1,455,279
Test Year Purchase Water ()			(1,472,835)
Adjustment			<u>\$ (17,556)</u>

Staff recommends the Commission accept Staff's adjustment to decrease Purchased Water Expense by \$17,556, as this is a known and measurable change that

reflects the normalization of water purchased during the test year to current wholesale rate charged.

(G) Rate Case Expense. In its application, Meade District proposed an adjustment to increase Rate Case Expense by \$3,112⁵² to reflect the amortization of current rate case expense over three years allocated to the water division.⁵³

Meade District contracted with Kentucky Rural Water Association (KRWA) to assist with the application.⁵⁴ KRWA provided an estimated total cost of \$9,335, but not to exceed \$11,200 quote for consulting services to prepare the rate case.⁵⁵ Meade District then amortized the quoted estimate amount over three years for an annual amount of \$3,112.⁵⁶

Staff agrees with the recovery of the costs over three years. Additionally, Staff reviewed the rate study proposal and calculated the same amount, Staff determined an annual cost of \$3,112 is required to recover the full cost of the estimated expense. Staff calculated the Annual rate case expense by dividing the total rate case expense of \$9,335 over a three-year period, resulting in an annual cost of \$3,112, as shown below.

⁵² Application, Attachment 4, Schedule of Adjusted Operations, Adjustment H.

⁵³ Meade District's Deficiency Response, Documents inadvertently excluded from ARF application, References_Explaining_Proposed_Adjustments.pdf, Adjustment F.

⁵⁴ Meade District's Response to Staff's First Request, Item 13a.

⁵⁵ Meade District's Response to Staff's Second Request, Item 6, 2-6a_Rate_Study_Proposal_Meade_County_Water_District.pdf.

⁵⁶ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Rate Case Expense Tab, Row 6.

Description	Amount
Estimated Rate Case Cost	\$ 9,335
Amortization Years	3
Annual Rate Case Expense	<u>\$ 3,112</u>

Staff recommends the Commission accept Meade District's increase of \$3,112 to Rate Case Expense to reflect the recovery of the estimated Total Rate Case Expense over a three-year period.

Miscellaneous Expense. During Staff's review of Meade District's General Ledger, it identified an account expenditure for gifts which totaled \$2,275.⁵⁷ Meade District stated that the expenditures were for birthday gift cards and flowers.⁵⁸ Meade District presented invoices for some of the expenditures;⁵⁹ but was unable to locate its Mastercard bills for two months however identified the gifts costs for the missing invoices were \$1,964 and \$80, respectively.⁶⁰ The Attorney General has stated that a water district may only make expenditures that are consistent with its statutory purpose to furnish a water supply.

As a creature of statute, a water district created pursuant to KRS Chapter 74 may expend funds only in keeping with its statutory purpose, or express statutory authorization.⁶¹

To expend any part of the funds arising from fees for water services for any purpose other than those for which the district was created is to contravene the provisions contained in sections 171 and 180, State Constitution, and to do so, is illegal. The officer making such illegal expenditure subjects himself to the obligation upon the demand of any citizen who

⁵⁷ Meade District's Response to Staff's First Request, Item 3a, 3a_2024_GL.xlsx, Row 16076, Account 646.8 Gifts.

⁵⁸ Meade District's Response to Staff's Second Request, Items 3b.

⁵⁹ Meade District's Response to Staff's Second Request, Items 3b, 2-3b_Gift_Cards_Flowers.pdf.

⁶⁰ Meade District's Response to Staff's Second Request, Items 3b & 3c.

⁶¹ OAG 92-43 (Mar. 19, 1992).

pays fees for water services to either recover from the person to whom the illegal sum was donated or to reimburse the district for the amount of the illegal donation.⁶²

Staff removed these expenses from the Miscellaneous Expense since gifts are not direct expenditures for Meade District's purpose to furnish a water supply resulting in a decrease to Miscellaneous Expense of \$2,275 for the items shown in the table below.

Description	Amount
Birthday Gift cards	\$ 60
Birthday Gift card	30
Funeral Flowers	141
Birthday Gift cards	1,964
Funeral Flowers	80
Total	<u>\$ 2,275</u>

Staff recommends the Commission accept Staff's decrease to Miscellaneous Expense; to reflect the removal of expenses not related to the generation, distribution of water service.

(H) Depreciation Expense. In its application, Meade District proposed an adjustment to increase Depreciation Expense by \$5,942⁶³ to adjust the service lives of assets using the National Association of Regulatory Utility Commissioners (NARUC) titled *Depreciation Practices for Small Utilities* (NARUC Study).⁶⁴ To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the NARUC study. When no evidence exists to support a specific life that is outside the NARUC ranges, the Commission has historically used the midpoint

⁶² 1956 OAG 36,219.

⁶³ Application, Attachment 4, Schedule of Adjusted Operations, Adjustment G.

⁶⁴ Meade District's Deficiency Response, Documents inadvertently excluded from ARF application, References_Explaining_Proposed_Adjustments.pdf, Adjustment G.

of the NARUC ranges to depreciate the utility plant.⁶⁵ Upon examination, Staff agrees with Meade District's methodology to adjust Depreciation Expense. However, Staff calculated amounts different from Meade District in three sub-categories: Hydrants, Services, and Mechanical and Radio Read Meters.

When Meade District calculated the Depreciation Expense for Hydrants, it proposed to depreciate them over 50 years;⁶⁶ however, when it calculated the amount, it used the test year depreciation calculated with a 40-year service life.⁶⁷ Second, when Meade District calculated the Depreciation Expense on Services, it misclassified them as a tank fence and depreciated them over 37.5 years; the NARUC Study recommends a 40 year service life for services. Finally, Meade District proposed a service life for both Mechanical and Radio Read meters of 20 years. The NARUC study recommended service life for mechanical meters of 35-45 years, and unless evidence is supplied to justify a different useful life, radio read meters will be depreciated over a 20-year service life.⁶⁸ Therefore, Staff calculated depreciation for the Radio Read meters over a 20-year service life and mechanical meters over a 40-year service life.

⁶⁵ See Case No. 2020-00195, *Electronic Application of Southeast Daviess County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 30, 2020), Order; Case 2023-00134, *Electronic Application of North Marshall Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC, Dec. 22, 2023), Order at 30; Case 2023-00154, *Electronic Application of Harrison County Water Association, Inc. for an Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024), Order at 36.

⁶⁶ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Depreciation Tab, Row 28.

⁶⁷ Meade District's Response to Staff's First Request, Item 14, 14_Depreciation_Auditor.pdf, Hydrants (335).

⁶⁸ Case No. 2024-00061, *Electronic Application of Butler County Water System, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Nov. 1, 2024), Order at 19–20. Case No. 2024-00068, *Electronic Application of Simpson County Water District for a Rate Adjustment Pursuant To 807 KAR 5:076* (Ky. PSC Oct. 29, 2024), Order at 21–22.

In addition, Staff disagreed with Meade District's inclusion of the 2023 Water System Improvements Project.⁶⁹ Meade District confirmed the project has not been placed into service and should go out for bid the middle to end of December 2025,⁷⁰ and the best available estimate for a completion date is fourth quarter 2026.⁷¹ Since the assets have not been placed into service and Meade District has not sought a Certificate of Public Convenience and Necessity (CPCN), Staff did not include the project in its depreciation calculation.

Staff calculated a Depreciation Expense of \$579,743, as shown in the following table, which is \$183,026 less than the reported test year amount of \$762,769 and

⁶⁹ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Depreciation Tab, Row 36.

⁷⁰ Meade District's Response to Staff's Second Request, Item 1a.

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

\$188,968 less than Meade District's proposed \$5,942 increase to Depreciation Expense.

Asset Class	NARUC		Depreciation Adjustment	Pro Forma Depreciation
	Recommended Service Lives	Test Year Depreciation		
Structures & Improvements (304)	35 - 40	\$ 69,584	\$ 4,053	\$ 73,637
Communication & Computer Eqmt. (340)	10	6,295	(2,987)	3,308
Power Automated Equipment (345)	10 - 15	12,021	(6,983)	5,038
Tools, Shop, & Garage Equipment (339)	15 - 120	2,492	(1,495)	997
Supply Mains (309)	50 - 75	328,380	(67,785)	260,595
Pumping Equipment (311)	20	10,735	(418)	10,317
Hydrants (335)	40 - 60	1,393	(141)	1,252
Transmission & Distribution Mains (331)	50 - 75	84,970	(30,398)	54,572
Meters (334)	35 - 45	65,921	2,229	68,150
Radio Read Meters (334)	20	129,951	(64,975)	64,976
Services	30 - 50	1,578	-	1,578
Transportation Equipment	7	49,451	(14,128)	35,323
Total		\$ 762,771	\$ (183,028)	579,743
Test Year Depreciation Expense ()				(762,769)
Staff's Adjustment				(183,026)
Meade District's Proposed Adjustment ()				(5,942)
Difference				<u>\$ (188,968)</u>

Staff recommends the Commission accept Staff's \$183,026 decrease to Depreciation Expense because it is a known and measurable change to reflect the annualization of Depreciation Expense at the recommended NARUC midpoint service lives for capital assets with a remaining book value and not to include the 2023 Water System Improvement Project.

(I) Taxes other than Income - FICA. In its application, Meade District proposed an adjustment to increase Taxes Other Than Income by \$2,994,⁷² to reflect pro forma FICA⁷³ tax amounts.⁷⁴ As explained in the Salaries and Wages – Employees adjustment

⁷² Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment E.

⁷³ Federal Insurance Contributions Act.

⁷⁴ Meade District's Deficiency Response, Documents inadvertently excluded from ARF application, References_Explaining_Proposed_Adjustments.pdf, Adjustment E.

above, Staff calculated Meade District's pro forma Salaries and Wages – Employees as \$715,985. Therefore, Staff calculated the Pro Forma Payroll Taxes of \$57,068, an increase of \$6,087 to the test year Payroll Taxes of \$50,981, which is \$3,093 more than the proposed \$2,994 increase, as shown in the following table.

Description	Amount
Salaries and Wages - Employees	\$ 715,985
Salaries and Wages - Officers	30,000
Total Salaries and Wages	745,985
Times: 7.65 Percent FICA Rate	7.65%
Total Pro Forma Payroll Taxes	57,068
Test Year Payroll Taxes ()	(50,981)
Commission Staff's Adjustment	6,087
Meade District's Proposed Adjustment ()	(2,994)
Difference	<u>\$ 3,093</u>

Staff recommends the Commission accept Staff's adjustment to increase Taxes Other than Income by \$6,087, because it is a known and measurable change that is a direct result from changes to Salaries and Wages – Employees.

OVERALL REVENUE REQUIREMENT

The Commission has historically applied the Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations.⁷⁵ This method allows for recovery of (1) cash-related pro forma operating expenses; (2) recovery of depreciation expense, a noncash item, to provide working

⁷⁵ Case No. 2022-00124, *Electronic Application of Elkhorn Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 24, 2022); Case No. 2021-00475, *Electronic Application of Carroll County Water District #1 for an Adjustment of Rates Pursuant to 807 KAR 5:076* (Ky. PSC June 28, 2022).

capital;⁷⁶ (3) the Average Annual Principal and Interest Payments on all long-term debts; and (4) working capital that is in addition to depreciation expense.

Description	Meade County WD	Commission Staff
Pro Forma Operating Expenses	\$ 3,922,779	\$3,738,433
Average Annual Principal and Interest Payments	745,625	340,636
Additional Working Capital at 20%	149,125	68,127
Total Revenue Requirement	4,817,529	4,147,196
Other Revenue ()	(99,548)	(89,684)
Interest Income ()	(48,698)	(48,698)
Revenue Required From Water Sales	4,669,283	4,008,814
Revenue from Sales at Present Rates ()	(3,675,651)	(3,656,877)
Required Revenue Increase / (Decrease)	\$ 993,632	\$ 351,937
Percentage Increase / (Decrease)	27.03%	9.62%

1. Average Annual Principal and Interest Payments and Additional Working Capital. At the time of Staff's review, Meade District had two Bonds with the United States Department of Agriculture (USDA) Rural Development (RD),⁷⁷ one Bond with the

⁷⁶ The Kentucky Supreme Court has held that the Commission must permit a water district to recover its depreciation expense through its rates for service to provide internal funds for renewing and replacing assets. See *Public Serv. Comm'n of Kentucky v. Dewitt Water Dist.*, 720 S.W.2d 725, 728 (Ky. 1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets.

⁷⁷ Case No. 2009-00542, *The Application of Meade County Water District for a Certificate of Public Convenience and Necessity to Construct and Finance Pursuant to the Provisions of KRS 278.023* (Ky. PSC Jan. 21, 2010); Case No. 2021-00087, *Electronic Application of Meade County 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* (Ky. Mar. 25, 2021).

Kentucky Bond Corporation (KBC),⁷⁸ and one Loan with the Kentucky Infrastructure Authority (KIA).⁷⁹ In its application, Meade District requested recovery of the Average Annual Principal and Interest on its indebtedness based on an average of the annual principal, and interest and fee payments for the five years following the test year, which is 2026 through 2030.⁸⁰ Staff calculated the Average Annual Principal and Interest, and disagrees with Meade District's proposed Average Annual Principal and Interest Payments of \$340,636, as shown in the following table. In the application, Meade District included a USDA/RD Bond in the amount of \$7.659 million in the calculation of Average Principal and Interest Payments.⁸¹ However, Meade District has not sought approval for the loan,⁸² nor has the loan been issued,⁸³ and is not projected to be issued until May 2027.⁸⁴ Additionally, Meade District has not sought a CPCN for the project the loan is being used to fund.⁸⁵ Staff did not include the \$7.659 million loan in its calculation since

⁷⁸ Case No. 2021-00124, *Electronic Application of Meade County Water District for Approval to Enter into a Lease Agreement with the Kentucky League of Cities Leasing Trust, in an Approximate Principal Amount of \$2,260,000 for the Purpose of Refinancing Outstanding Obligations of the Meade County Water District* (Ky. PSC Apr. 13, 2021).

⁷⁹ Case No. 2008-00390, *Application of Meade County Water District for a Certificate of Public Convenience and Necessity to Construct and Finance Water Storage Tank and Water Mains* (Ky. PSC Dec. 19, 2008).

⁸⁰ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Debt Service tab.

⁸¹ Meade District's Response to Staff's First Request, Item 4, 4_Rate_Model.xlsx, Debt Service tab, Row 16.

⁸² Meade District's Response to Staff's First Request, Item 15a.

⁸³ Meade District's Response to Staff's Second Request, Item 2a.

⁸⁴ Meade District's Response to Staff's Second Request, Item 2d.

⁸⁵ Meade District's Response to Staff's Second Request, Item 1b.

it has not been issued yet, and Meade District is not currently making interest or principal payments.

The DSC method, as historically applied by the Commission, also includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In its application, Meade District requested recovery of an allowance for working capital that is equal to 120 percent of its average annual principal and debt payments at the time of its application for a total of \$101,025.⁸⁶

Following the Commission's practice,⁸⁷ Staff agrees with Meade District's methodology. Therefore, when the Average Annual Principal and Interest Payments of \$340,636 is used, \$68,127 is included in the revenue requirement as shown in the following table.

Loan	2026		2027		2028		2029		2030		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
USDA 91-06	\$ 37,000	\$ 48,620	\$ 38,000	\$ 47,602	\$ 39,000	\$ 46,557	\$ 40,000	\$ 45,485	\$ 41,000	\$ 44,385	\$427,649
USDA 91-07	45,100	44,549	45,900	43,704	46,800	42,843	47,700	41,966	48,500	41,071	448,133
KBC 2021B	70,000	53,425	70,000	51,325	79,583	49,225	79,583	46,988	80,000	44,600	624,729
KIA F08-02	45,074	5,767	46,436	4,291	47,840	2,771	49,286	1,204	0	0	202,668
Totals	\$197,174	\$152,362	\$200,336	\$146,922	\$213,223	\$141,396	\$216,569	\$135,642	\$169,500	\$130,056	1,703,179
Divided by 5 years											5
Average Annual Principal and Interest Payments											340,636
Additional Working Capital at 20%											\$ 68,127

Staff recommends the Commission accept Staff's inclusion of \$340,636 and \$68,127 to the Revenue Requirement to account for the Average Annual Principal and Interest payments, and the additional working capital, because DSC methodology allows

⁸⁶ Application, Attachment 4, Revenue Requirements Calculation, Table B, Debt Service Schedule.

⁸⁷ Case No. 2022-00431, *Electronic Application of Letcher County Water and Sewer District for a Rate Adjustment Pursuant To 807 KAR 5:076* (Ky. PSC Nov. 17, 2023). Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. For An Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024). Case No. 2023-00182, *Electronic Application of Western Mason County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Jan. 4, 2024).

for the recovery of Principal and Interest payments and the Additional Working Capital is a direct result of the calculated Annual Debt Principal and Interest payments.

Signatures

/s/ William Foley

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

/s/ Elizabeth Stefanski

Prepared by: Elizabeth Stefanski
Rate Design Branch
Division of Financial Analysis

APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00293 DATED JAN 16 2026

* Denotes Rounding

Nonrecurring Charges Adjustments

	Connection / Turn-on Charge	Utility Revised Charge	Staff Revised Charge
Field Materials		-	
Field Labor (1hr \$42.05/hr)		\$42.05	\$0.00
Office Supplies		-	
Office Labor (0.75hr \$30.44/hr)		\$22.83	\$0.00
Transportation		\$27.51	\$27.51
Misc.		-	
Total Revised Charge*		<u>\$92.39</u>	<u>\$28.00</u>
Current Rate		\$28.00	

	Connection / Turn-on Charge After Hours	Utility Revised Charge	Staff Revised Charge
Field Materials		-	
Field Labor (1hr \$51.31/hr)		\$51.31	\$51.31
Office Supplies		-	
Office Labor		\$30.73	\$0.00
Transportation		\$27.51	\$27.51
Misc.		-	
Total Revised Charge*		<u>\$109.55</u>	<u>\$79.00</u>
Current Rate		\$84.00	

	Field Visit	Utility Revised Charge	Staff Revised Charge
Field Materials			
Field Labor (1hr \$51.31/hr)		\$51.31	
Office Supplies			
Office Labor		\$30.73	
Transportation		\$27.51	\$27.51

Misc.		
Total Revised Charge*	\$109.55	\$28.00
Current Rate	\$28.00	
<hr/>		
	Meter Re-read Charge	
	Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (1hr \$42.05/hr)	\$42.05	\$0.00
Office Supplies	-	
Office Labor (0.75hr \$30.44/hr)	\$22.83	\$0.00
Transportation	\$27.51	\$27.51
Misc.	-	
Total Revised Charge*	\$92.39	\$28.00
Current Rate	\$28.00	
<hr/>		
	Meter Re-read (After Hours)	
	Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor (1hr \$56.31/hr)	\$56.31	\$56.31
Office Supplies	-	
Office Labor	\$19.05	\$0.00
Transportation	\$27.51	\$27.51
Misc.	-	
Total Revised Charge*	\$102.87	\$84.00
Current Rate	\$84.00	
<hr/>		
	Service Call/ Investigation	
	Utility Revised Charge	Staff Revised Charge
Field Materials		
Field Labor	\$42.05	\$0.00
Office Supplies	-	
Office Labor	\$22.83	\$0.00
Transportation	\$27.51	\$27.51
Misc.	-	

Total Revised Charge*	<u>\$92.39</u>	<u>\$28.00</u>
Current Rate	\$28.00	

Service Call/ Investigation (After Hours)		
	Utility Revised Charge	Staff Revised Charge
Field Materials	-	
Field Labor (1hr \$51.31/hr)	\$51.31	\$51.31
Office Supplies	-	
Office Labor	\$30.73	\$0.00
Transportation	\$27.51	\$27.51
Misc.	-	
Total Revised Charge*	<u>\$109.55</u>	<u>\$79.00</u>
Current Rate	\$84.00	

Returned Check Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	-	
Field Labor	-	
Office Supplies	-	
Office Labor	\$38.09	\$0.00
Transportation	-	
Misc. (Return Check Fee)	\$15.00	\$15.00
Total Revised Charge*	<u>\$53.09</u>	<u>\$15.00</u>
Current Rate	\$15.00	

Meter Test		
	Utility Revised Charge	Staff Revised Charge
Field Materials	-	
Field Labor (1hr \$40.21/hr)	\$40.21	\$0.00
Office Supplies	-	
Office Labor	-	

Transportation	-	
Misc. (Service Call/ Investigation)	\$85.00	\$28.00
Total Revised Charge*	<u>\$125.21</u>	<u>\$28.00</u>
Current Rate	\$28.00	
<hr/>		
	Reconnection Charge	
	Utility Revised Charge	Staff Revised Charge
Field Materials	-	
Field Labor (1hr \$42.05/hr)	\$42.05	\$0.00
Office Supplies	-	
Office Labor (0.75hr \$30.44/hr)	\$22.83	\$0.00
Transportation	\$27.51	\$27.51
Misc. (Bank Charge)	-	
Total Revised Charge*	<u>\$92.39</u>	<u>\$28.00</u>
Current Rate	\$28.00	
<hr/>		
	Meter Tampering Charge	
	Utility Revised Charge	Staff Revised Charge
Field Materials	-	
Field Labor (1hr \$42.05)	\$42.05	\$0.00
Office Supplies	-	
Office Labor (0.75hr \$30.44/hr)	\$22.83	\$0.00
Transportation	-	
Misc. (Bank Charge)	\$27.51	\$27.51
Total Revised Charge*	<u>\$92.39</u>	<u>\$28.00</u>
Current Rate	\$28.00	

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00293 DATED JAN 16 2026

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

Monthly Water Rates

All Meter Sizes

First	2,000 Gallons	\$27.12	Minimum Bill
Next	5,000 Gallons	0.01318	Per Gallon
Next	10,000 Gallons	0.01274	Per Gallon
Next	20,000 Gallons	0.01176	Per Gallon
Over	37,000 Gallons	0.01036	Per Gallon

Bulk Station Sales	0.00971	Per Gallon
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Wholesale Rate Volume Charge

Doe Valley Water System	0.00697	Per Gallon
Otter Creek Water System	0.00713	Per Gallon

Nonrecurring Charges

Connection / Turn-on Charge	\$28.00
Connection / Turn-on Charge (After Hours)	\$79.00
Field Visit	\$28.00
Meter Re-read Charge	\$28.00
Meter Re-read (After Hours)	\$84.00
Service Call/ Investigation	\$28.00
Service Call/ Investigation (After Hours)	\$79.00
Returned Check Charge	\$15.00
Meter Relocation Charge	Actual Cost
Meter Test	\$85.00
Reconnection Charge	\$28.00
Meter Tampering Charge	\$28.00

Meter Connection/Tap On Charges

5/8 x 3/4 Inch Water Tap On
All Larger Meters

\$1,200.00
Actual Cost

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

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1003 Armory Place
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