COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BRONSTON WATER ASSOCIATION, INC. FOR A RATE ADJUSTMENT PURSUANT TO 807 KAR 5:076	)))	CASE NO. 2026-00018

<u>O R D E R</u>

On January 30, 2026, Bronston Water Association, Inc. (Bronston Water) 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,[1] Bronston Water used the calendar year ended December 31, 2024, as the basis for its application. Bronston Water's last base rate increase, filed pursuant to the alternative rate filing procedure, was in Case No. 2022-00117.[2] Since that matter, Bronston Water has only adjusted its rates pursuant to purchased water adjustments.

To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated February 19, 2026. Bronston Water timely responded to two requests for information.[3]

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[1] 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.

[2] See Case No. 2022-00117, *Electronic Application of Bronston Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076.*

[3] Bronston Water's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Mar. 4, 2026); Bronston Water's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Apr. 22, 2026).

In its application, Bronston Water requested a total revenue requirement of $1,419,020 to increase its annual water sales revenue by $320,359 or 31.21 percent.[4]

Commission Staff (Staff) issued its report (Staff Report) on June 4, 2026,[5] summarizing its recommendations regarding Bronston Water's requested rate adjustment. The Staff Report recommended that Bronston Water's adjusted test year operations support an overall revenue requirement of $1,418,571 and that a $314,400, or 30.63 percent increase to pro forma present rate revenues was necessary to generate the overall revenue requirement.[6] In the absence of a cost of service study (COSS), Staff allocated its recommended revenue increase evenly across all customer classes to calculate its recommended water rates.[7]

On June 16, 2026, Bronston Water provided three comments in its initial response to the Staff Report[8] and filed a supplemental response on June 18, 2026.[9] First, Bronston Water disagreed with Staff's removal of certain labor expenses from the nonrecurring charges. Bronston Water requested that the Commission follow the regulation and recalculate the nonrecurring charges to include all costs to provide the nonrecurring services, so the beneficiary of the nonrecurring service pays the entire cost of providing

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4 Application, Schedule B, Calculation of Overall Revenue Requirement and Required Revenue Increase.

5 Staff Report (issued June 4, 2026).

6 Staff Report at 25.

7 Staff Report at 5-6.

8 Bronston Water's Response to Staff Report (Response) (filed June 16, 2026).

9 Bronston Water's Supplemental Response to Staff Report (Supplemental Response) (filed June 18, 2026).

the service.[10] Second, Bronston Water disagreed with Staff's proposed disallowance of the $693 meal expense and argued that the meals are provided during monthly staff meetings held to prepare for the Board meetings and are considered a component of employee compensation. However, Bronston Water acknowledged that the adjustment does not have a material impact on the rates in this case, and therefore, did not object to Staff's adjustment in this proceeding.[11] In its supplemental response to the Staff Report, Bronston Water responded to Staff's contingent recommendation regarding the proposed depreciation adjustment associated with its recent Certificate of Public Convenience and Necessity (CPCN) project. The Staff Report recommendation to include the depreciation expense associated with the project was contingent upon Bronston Water confirming that the project had been placed into service.[12] In its supplemental response, Bronston Water stated that the project is approximately 97 percent complete and that the completed portions of the project are currently in service.[13] It further stated that the overall project completion date is estimated to be August 17, 2026.[14] Finally, Bronston Water waived its right to request an informal conference or hearing in this case.[15]

The matter now stands submitted for a decision.

[10] Response.

[11] Response.

[12] Staff Report at 20-21.

[13] Supplemental Response.

[14] Supplemental Response.

[15] Response.

LEGAL STANDARD

Alternative rate adjustment proceedings, such as this one, are governed by Commission regulation 807 KAR 5:076, which establishes a simplified process for small utilities to use to request rate adjustments, with the process designed to be less costly to the utility and the utility ratepayers. The Commission's standard of review of a utility's request for a rate increase is well established. In accordance with KRS 278.030 and case law, the utility is allowed to charge its customers "only fair, just and reasonable rates."[16] Further, the utility bears the burden of proof to show that the proposed rate increase is just and reasonable under KRS 278.190(3).

BACKGROUND

Bronston Water is a nonprofit corporation public utility organized pursuant to KRS Chapter 273 that owns and operates a distribution system through which it provides retail water service to approximately 1,887 residential customers and 76 commercial customers that reside in Pulaski and Wayne counties, Kentucky.[17]

UNACCOUNTED FOR WATER LOSS

Over the last five years, Bronston Water has reported an unaccounted for average water loss of 14.2657 percent,[18] as shown in the following table.

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[16] *City of Covington v. Public Service Commission*, 313 S.W.2d 391 (Ky. 1958); *and Public Service Comm'n v. Dewitt Water District*, 720 S.W.2d 725 (Ky. 1986).

[17] *Annual Report of Bronston Water to Public Service Commission for the Calendar year Ended December 31, 2024* (2024 Annual Report) at 12 and 49.

[18] *Annual Report of Bronston Water to the Public Service Commission for the Calendar year Ended December 31, 2020* (2020 Annual Report) at 57; *Annual Report of Bronston Water to the Public Service Commission for the Calendar year Ended December 31, 2021* (2021 Annual Report) at 57 and 58; *Annual Report of Bronston Water to the Public Service Commission for the Calendar year Ended December 31, 2022* (2022 Annual Report) at 57 and 58; *Annual Report of Bronston Water to the Public Service Commission for the Calendar year Ended December 31, 2023* (2023 Annual Report) at 57 and 58; and 2024 Annual Report at 57 and 58.

Year	Water Loss Percentage
2020	12.8633%
2021	15.0253%
2022	14.5155%
2023	13.7981%
2024	15.1261%
Average	14.2657%

Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. The table below shows that the 2024 total annual cost of unaccounted for water loss to Bronston Water is $53,168, while the annual cost of unaccounted for water loss in excess of 15 percent is $444.

Total Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	$ 339,820	$ 11,673	$ 351,493
Water Loss Percent	15.1261%	15.1261%	15.1261%
Total Water Loss	$ 51,402	$ 1,766	$ 53,168

Disallowed Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	$ 339,820	$ 11,673	$ 351,493
Water Loss in Excess of 15%	0.1261%	0.1261%	0.1261%
Disallowed Water Loss	$ 429	$ 15	$ 444

TEST PERIOD

The calendar year ended December 31, 2024, was used as the test year to determine the reasonableness of Bronston Water's proposed water rates as required by 807 KAR 5:076, Section 9.

SUMMARY OF REVENUE AND EXPENSES

Staff's Report summarized Bronston Water's pro-forma income statement as follows:

Description		Test Year		Total Adjustment		Commission Staff's Pro Forma
Total Operating Revenues	$	1,123,190	$	(67,663)	$	1,055,527
Total Operating Expenses ( )		(992,278)		13,152		(979,126)
Net Operating Income		130,912		(54,511)		76,401
Interest Income		40,254				40,254
Non-utility Income		20,777		(12,387)		8,390
Income Available to Debt	$	191,943	$	(66,898)	$	125,045

REVIEW OF STAFF'S RECOMMENDATIONS

In its application, Bronston Water proposed adjustments to its revenues and expenses to reflect current and expected operating conditions. In the Staff Report, Staff recommended additional adjustments. The Commission accepts the recommendations contained in the Staff Report with no further modifications. The following is the Commission's complete pro-forma:

Description	Test Year	Total Adjustments	Commission Staff's Pro Forma	Commission Approved Adjustments	Commission Approved Pro Forma
Operating Revenues					
Metered Retail Sales	$ 1,123,190	$ (96,695)	$ 1,026,495	-	$ 1,026,495
				-	
Other Revenues				-	
Forfeited Discounts		19,949	19,949	-	19,949
Non Recurring Charges		9,083	9,083	-	9,083
Total Operating Revenues	1,123,190	(67,663)	1,055,527	-	1,055,527
Operation and Maintenance				-	
Salaries and Wages - Employees	147,559	5,076	152,635	-	152,635
Salaries and Wages - Officers	15,828	(6,828)	9,000	-	9,000
Employee Benefits - Medical	40,415	12,735	53,150	-	53,150
Purchased Water	364,983	(26,213)		-	
		(429)	338,341	-	338,341
Purchased Power	11,673	-		-	
		(15)	11,658	-	11,658
Materials and Supplies	94,299	(19,980)		-	-
		(17,025)	57,294	-	57,294
Contracted Services - Accounting	5,055	-	5,055	-	5,055
Contractual Services - Water Testing	6,270	-	6,270	-	6,270
Transportation Expenses	551	-	551	-	551
Rate Case Amortization		4,033	4,033	-	4,033
Insurance - Other	26,440	-	26,440	-	26,440
Misc. and General Expenses	112,327	(3,200)		-	
		(17,025)		-	
		(7,898)		-	
		(3,449)		-	
		(693)		-	
		6,828	86,890	-	86,890
Total	825,400	(74,083)	751,317	-	751,317
Amortization	870	-	870	-	870
Depreciation Expense	155,205	1,240		-	
		757		-	
		57,372	214,574	-	214,574
				-	
Taxes Other Than Income	10,803	1,562	12,365	-	12,365
				-	
Total Operating Expenses	992,278	(13,152)	979,126	-	979,126
Net Operating Income	130,912	(54,511)	76,401	-	76,401
Interest Income	40,254	-	40,254	-	40,254
Non-utility Income	20,777	4,685		-	
		(16,592)		-	
		(480)	8,390	-	8,390
Income Available to Service Debt	$ 191,943	$ (66,898)	$ 125,045	-	$ 125,045

<u>Operating Revenues</u>. In its application, Bronston Water reported $1,123,190 in Metered Retail Sales.[19] Bronston Water proposed nine adjustments to decrease test year sales by $96,695, as shown in the table below.[20] A billing analysis and accounting adjustment increased test year water sales, while sewer billing revenues, a thirteenth month of customer billing, tap-on fees, membership fees, and billing adjustments related to metering errors and leak allowances were removed to decrease test-year sales. Two items, Forfeited Discounts and Nonrecurring Charges, were reclassified to Other Operating Revenues, resulting in a net decrease to revenue of $73,173.[21] Staff reviewed Bronston Water's adjustments and recommended that the Commission accept Bronston Water's proposed operating revenues because they were based on test year operating revenues with known and measurable adjustments.[22]

The Commission finds that Bronston Water's adjustments are reasonable and should be accepted because they are known and measurable.

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[19] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[20] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference A-I.

[21] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference E-F.

[22] Staff Report at 10.

Adjustment Description	Water Sales Revenue	Commission Staff Adjustments	Total Adjustments	Non-Utility Income
Thirteenth Month of Billing Included in GL *	$ (86,554)		$ (86,554)	$ -
Revenue Accrual Adjustment *	69,426		69,426	-
Remove Tap-on Fees	(23,506)		(23,506)	(16,592)
Metering Errors and Leak Allowances	(27,390)		(27,390)	-
Billing Analysis Adjustment	1,296		1,296	-
Revenue from Sewer Billing Services (Woodson Bend	(4,685)		(4,685)	4,685
Membership Fees	(1,760)		(1,760)	(480)
Reclass to Forfeited Discounts	(19,949)		(19,949)	-
Reclass to Nonrecurring Charges	(3,573)		(3,573)	-
Water Revenue Adjustments	$ (96,695)	$ -	$ (96,695)	$ (12,387)
Forfeited Discounts Reclass from Sales	19,949		19,949	-
Nonrecurring Charges Reclass from Sales	3,573	5,510	9,083	-
Total Revenue Adjustments	$ (73,173)	$ 5,510	$ (67,663)	$ (12,387)

*These two adjustments are related and offset.

<u>Other Revenues</u>. As discussed in the Operating Revenues section above, Bronston Water proposed reclassifying Nonrecurring Charges of $3,573 and Forfeited Discounts of $19,949 from Metered Retail Sales to Other Revenues.[23] Based on the number of occurrences during the test year[24] and the recommended Nonrecurring Charge amounts, Staff calculated a pro forma revenue amount for Nonrecurring Charges of $9,083, as shown in the table below. Staff recommended the Commission accept Staff's adjustment to increase Nonrecurring Charges by $5,510.[25]

Bronston Water disagreed with Staff's removal of certain labor expenses from the nonrecurring charges for labor performed during regular business hours and requested that those expenses be reinstated.[26] Bronston Water argued that the removal of labor expenses from nonrecurring charges is a direct violation of 807 KAR 5:006, Section 9 and

[23] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, Reference E and F.

[24] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, Reference E.

[25] Staff Report at 11.

[26] Response.

807 KAR 5:011, Section 10(2).[27] Bronston Water requested that the Commission follow the regulation and recalculate the nonrecurring charges to include all costs to provide the nonrecurring services, so the beneficiary of the nonrecurring service pays the entire costs of providing the service.[28]

The Commission does not find sufficient evidence to support Bronston Water's argument that removing labor costs from nonrecurring charges' fees is "in direct violation" of 807 KAR 5:006, Section 9,[29] nonrecurring charges, or 807 KAR 5:011, Section 10(2). Section 10(2) of 807 KAR 5:011 states that "the proposed rate shall relate directly to the service performed and shall yield only enough revenue to pay the expenses incurred in rendering the service."[30] Here, as it did in Case No. 2020-00141,[31] the Commission finds that "[i]t is unreasonable to allocate an expense already incurred as a cost of maintaining a system to a nonrecurring service." Recognizing this idea, the Commission has generally excluded labor costs for labor performed during regular business hours, as Bronston Water already recovers its personnel's salaries through rates, thus including regular business hour salaries in nonrecurring charges would result in double recovery when those services are performed.[32]

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[27] Response.

[28] Response.

[29] 807 KAR 5:006, Section 9 permits utilities to assess special nonrecurring charges to recover customer-specific costs that would otherwise cause a monetary loss or shift costs to other customers. The charge must be tariffed and applied uniformly, relate directly to the service or action taken, and recover only the expenses incurred.

[30] 807 KAR 5:011, Section 10(2): For nonrecurring charges, the proposed rate must relate directly to the service performed or action taken and recover only the expenses incurred to render that service.

[31] See Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020), final Order at 20.

[32] Case No.2020-00141, Nov. 6, 2020 final Order.

The Commission finds that Staff's recommended adjustment is reasonable and should be accepted because it is known and measurable.

Description	Test Year	Bronston Water Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	Pro Forma
Nonrecurring Charges					
Reconnection Fees	$ 1,596	-	$ 608	$ 608	$ 2,204
Connection Turn-On Fees	36	-	8	8	44
Meter Reset	494	-	5,073	5,073	5,567
Meter Relocation	511	-			511
Returned Check Fee	460	-	253	253	713
Service Call / Investigation	36	-	8	8	44
Reimbursements for Property Damage (Locks)	440	-	(440)	(440)	-
Total NRCs	$ 3,573	-	$ 5,510	$ 5,510	$ 9,083

Salaries and Wages – Employees. In its application, Bronston Water reported $147,559 of expenses related to Salaries and Wages – Employees and proposed an adjustment to increase its expenses by $5,076 to reflect the impact of changes in wage rates since the test year and the inclusion of annual incentive pay in the amount of $1,000 for each employee.[33] Bronston Water has three full time office employees and one part time customer service employee.[34] Bronston Water stated that incentive pay was provided in 2023, the test year of 2024, and 2025, and therefore, considered a recurring expense.[35] Payments are awarded based on employee performance as approved by the Board of Directors, as documented in Board meeting minutes.[36] Staff reviewed Bronston Water's calculation and recommended that the Commission accept Bronston Water's

[33] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[34] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference J.

[35] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference J.

[36] Bronston Water's Response to Staff's First Request, Item 4, Board Minutes.

proposed Salaries and Wages – Employees expense because it is a known and measurable adjustment to the test year expense.[37]

The Commission finds that Bronston Water's recommendation is reasonable and approves the adjustment because the amount meets the ratemaking criteria of being known and measurable.

<u>Salaries and Wages - Officers</u>. In its application, Bronston Water reported $15,828 of expenses related to Salaries and Wages – Officers and proposed no adjustments.[38] Staff reviewed Bronston Water's General Ledger and identified that, during the test year, $6,828 of Transmission and Distribution Expense: Gas, was classified as Board of Directors' Wages.[39] Bronston Water confirmed that this misclassification resulted from an error in the initial draft of its 2024 Annual Report.[40] Staff found that these costs do not represent officer compensation and should be properly classified as Operation and Maintenance – Misc. and General Expenses. Accordingly, Staff reclassified $6,828 from Salaries and Wages – Officers to Misc. and General Expenses to ensure proper presentation of test year operating expenses.[41] Staff recommended the Commission accept Staff's adjustment to test year Salaries and Wages - Officers because it is known and measurable.[42]

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[37] Staff Report at 12.

[38] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[39] Bronston Water's Application, Bronston_2024_General_Ledger.

[40] Bronston Water's Response to Staff's Second Request, Item 1a.

[41] Staff Report at 12.

[42] Staff Report at 12.

Commissioners		Amount
Test Year	$	15,828
Commissioners' Salaries		
Eric		3,000
Matt		2,400
Clint		1,200
Alvin		1,200
Jamie		1,200
Total		9,000
Reclassification to Misc Exp	$	(6,828)

The Commission finds that Staff's recommended adjustment is reasonable and should be accepted because it is known and measurable.

Employee Benefits. In its application, Bronston Water reported $40,415 of expenses related to Employee Benefits and proposed an adjustment to increase its expenses by $12,735.[43] Bronston Water stated that its full-time employees are eligible to receive full health insurance benefits,[44] with two employees enrolled in health insurance plans during 2024, 2025, and 2026.[45] It also stated that all employees are automatically enrolled to receive short term disability and supplemental health insurance benefits.[46] Bronston Water stated that, prior to January 5, 2026, its employees contributed 35 percent of the cost of a multi-family health insurance plan, above the cost of a single employee health plan. However, Bronston Water confirmed that, after January 5, 2026, it pays the cost of all full-time employees' health, short-term disability and supplemental

[43] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[44] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference K.

[45] Bronston Water's Response to Staff's First Request, Item 12b.

[46] Bronston Water's Response to Staff's First Request, Item 12b.

health insurance.[47] It further stated that it is unclear to Bronston Water's current administration how the 35 percent contribution rate was originally established, but it was eliminated to provide an added benefit to attract and retain employees.[48] Staff reviewed Bronston Water's calculation and the latest invoices[49] and recommended the Commission accept Bronston Water's Employee Benefits expenses with the proposed adjustment because it is known and measurable.[50]

The Commission finds that Bronston Water's recommended adjustment is reasonable and should be accepted because it is known and measurable.

Purchased Water. In its application, Bronston Water reported $364,983 in expenses for Purchased Water and proposed an adjustment to decrease its expenses by $26,213.[51] During the test year, Bronston Water purchased 97,091,400 gallons of water from Monticello Utility Commission through three separate metering locations.[52] Bronston Water stated that the test year expense included $23,598 for water purchased during December 2023, resulting in 13 months of Purchased Water Expense being reported for the test year.[53] Additionally, it stated that during July of the test year, it transitioned accounting software from Sage Intacct Finance Software (Sage) to Intuit QuickBooks

[47] Bronston Water's Response to Staff's First Request, Item 12a.

[48] Bronston Water's Response to Staff's First Request, Item 12a.

[49] Bronston Water's Response to Staff's First Request, Item 12c.

[50] Staff Report at 13 and 14.

[51] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[52] Application, ARF_Workpapers.

[53] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference L.

(QuickBooks).[54] During this transition, payroll debit entries totaling $2,615 were improperly recorded in the Purchased Water Expense account.[55] Bronston Water proposed to remove the misclassified payroll entries from purchased water expense. Therefore, Bronston Water proposed a total decrease of $26,213, consisting of $23,598 related to the inclusion of 13 months of purchased water expense and $2,615 of misclassified payroll entries.[56] Staff reviewed Bronston Water's calculation and found the adjustments are reasonable and recommended the Commission accept Bronston Water's purchased water expense with the proposed adjustment that is known and measurable.[57]

The Commission finds that Bronston Water's recommended adjustment is reasonable and should be accepted because it is known and measurable.

<u>Unaccounted-for Water Loss</u>. In its application, Bronston Water did not propose any adjustments to decrease Purchased Water and Purchased Power Expenses for unaccounted-for water loss in excess of 15 percent. During the test year, Bronston Water reported a water loss of 15.1261 percent.[58] Commission regulations state that for ratemaking purposes, expenses for water loss in excess of 15 percent shall not be included for ratemaking purposes.[59] Bronston Water's pro forma indicated $339,820 in Purchased Water Expense and $11,673 in Purchased Power Expense. Staff made adjustments to decrease Purchased Water Expense by $429 and Purchased Power

[54] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference L.

[55] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[56] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[57] Staff Report at 14 and 15.

[58] 2024 Annual Report at 57 and 58.

[59] 807 KAR 5:066 (Water), Section 6(3) (Water Supply Measurement).

Expense by $15 to reflect the disallowance of water loss expenses in excess of 15 percent. Staff recommended the Commission accept Staff's adjustment of a $429 decrease to Purchased Water Expense and a $15 decrease to Purchased Power Expense, since the amounts reflect the limit to costs related to excess water loss to 15 percent.[60]

Disallowed Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	$ 339,820	$ 11,673	$ 351,493
Water Loss in Excess of 15%	0.1261%	0.1261%	0.1261%
Disallowed Water Loss	$ 429	$ 15	$ 444

The Commission finds Staff's adjustments are reasonable and approves the adjustments because they are supported by the evidence of purchased water and purchased power provided in the case record exceeding the 15 percent water loss threshold for recovery in rates.

Materials and Supplies. In its application, Bronston Water reported $94,299 of expenses related to Materials and Supplies and proposed two adjustments to decrease its expenses by $19,980 and $17,025.[61] Bronston Water proposed a decrease of $19,980 to remove costs associated with building improvements that were recorded as Materials and Supplies Expense and $3,200 as Misc. and General Expenses during the test year.[62] These costs were incurred for capital improvements to its office facility and were capitalized and depreciated over their estimated useful lives.[63] Bronston Water proposed

[60] Staff Report at 15.

[61] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[62] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference M.

[63] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference M.

a corresponding adjustment to test year depreciation expense of $1,240 discussed in the Depreciation Expense section below.[64] During the test year, Bronston Water constructed 29 new 5/8-inch meter connections but capitalized and depreciated only the direct cost of the meters, $6,048.[65] For ratemaking purposes, Bronston Water estimated the total cost of the 29 meter installations to be $40,098, which included the administrative wages, labor overheads, materials and supplies, equipment costs and contractual services.[66] To capitalize the remaining amount of $34,050, Bronston Water reduced the test year Materials and Supplies Expense by $17,025 and Misc. and General Expense by $17,025. The Uniform System of Accounts for class A/B Water systems (USoA) requires these costs be capitalized as Utility Plant in Service and depreciated over their useful lives.[67] Bronston Water proposed a corresponding adjustment to test year depreciation expense of $757 discussed in the Depreciation Expense section below.[68] Staff agreed with Bronston Water's calculation and recommended the Commission accept Bronston Water's proposed reductions of $19,980 and $17,025 to Materials and Supplies Expense because the amounts are known and measurable, and correctly capitalized costs for capital investments.[69]

The Commission finds that Bronston Water's recommended adjustments are reasonable and should be accepted because they are known and measurable.

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[64] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference M.

[65] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference N.

[66] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference N.

[67] UsoA, Accounting Instructions 19 and 33.

[68] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, Reference, References N.

[69] Staff Report at 16 and 17.

Rate Case Amortization. Bronston Water did not report any test year expenses related to Rate Case Expense but proposed an adjustment to include the expense of $4,033.[70] Bronston Water provided a copy of a Kentucky Rural Water Association (KRWA) quote for the preparation of this rate case that is not to exceed $11,200[71] and an invoice related to the rate case expenses.[72] In addition to the KRWA contract fee, Bronston Water incurred publication costs of $900.[73] Bronston Water then amortized the rate case expense over three years. Staff agreed with Bronston Water's methodology because utilities are expected to file for a rate case every three to five years. Staff recommended the Commission accept Bronston Water's proposed adjustment because it is known and measurable.[74]

Description	Amount
Kentucky Rural Water Association Fee	$ 11,200
Publication	900
Total	12,100
Amortization Years	3
Annual Rate Case Expense	$ 4,033

The Commission finds Bronston Water's adjustment is reasonable and should be accepted because the amounts are supported by known and measurable information in the case record.

[70] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[71] Bronston Water's Response to Staff's First Request, Item 13b.

[72] Bronston Water's Response to Staff's Second Request, Item 2.

[73] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations Reference, References O.

[74] Staff Report at 17.

Misc. and General Expenses. In its application, Bronston Water reported $112,327 in expenses related to Misc. and General Expenses and proposed four adjustments.[75] First, it proposed to decrease its expense by $3,200 to capitalize expenses related to improvements to its office facility. Second, Bronston Water proposed to decrease its expense by $17,025 to account for the installation of 29 new 5/8-inch meter connections discussed above.[76] Accordingly, Bronston Water reduced test year Misc. and General Expenses by $3,200 and $17,025 and capitalized the amount to be depreciated over the estimated useful lives of the related assets, as discussed above in the Materials and Supplies section. Staff reviewed Bronston Water's calculation and agreed with the adjustment.

Third, Bronston Water proposed to decrease its expense by $7,898 to reflect the removal of Audit Adjustment Journal Entries Nos. 1 and 5 from the test year.[77] It stated that Audit Adjustment No. 1 increased expenses by $15,290 to correct beginning balance sheet accounts and does not represent a recurring cost.[78] Additionally, Audit Adjustment No. 5 decreased expenses by $7,392 to correct accrued payroll accounts.[79] The removal of these entries resulted in a net decrease of $7,898 to test year Misc. and General Expenses. Staff reviewed Bronston Water's calculation and agreed with the adjustment.

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[75] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[76] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations Reference, References P.

[77] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations Reference, References P.

[78] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations Reference, References P.

[79] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations Reference, References P.

As a fourth adjustment, Bronston Water proposed to decrease its expenses by $3,449.[80] During the test year, it recorded employee health care costs of $3,449 in Misc. and General Expenses. Bronston Water stated that, as a result of its proposed adjustment to Employee Benefits expense, employee health care costs are fully reflected in pro forma operations.[81] Therefore, the test year amount was removed from Misc. and General Expenses to prevent duplicate recovery of this cost. Staff reviewed Bronston Water's calculation and agreed with the adjustment.

Staff identified an expense of $693 for office meals that was not directly related to Bronston Water's ability to provide service to its customers, and therefore, should not be included in recovery through rates. Staff noted that, while the expenses were approved by the Board of Directors,[82] it did not provide sufficient evidence that such expenses are governed by a formal policy or are necessary for the provision of utility service. Staff recommended the Commission accept Staff's adjustment because it is known and measurable.[83] Bronston Water disagreed with Staff's proposed disallowance of the $693 meal expense, but acknowledged that the adjustment does not have material impact on the rates in this case; therefore, it did not object to Staff's adjustment in this proceeding.[84]

Additionally, as discussed above in the Salaries and Wages – Officers section, Staff identified $6,828 of expenses that were misclassified as Board of Directors wages. Staff reclassified $6,828 to Misc. and General Expenses to ensure proper classification

[80] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[81] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations Reference, References Q.

[82] Bronston Water's Response to Staff's Second Request, Item 3.

[83] Staff Report at 19.

[84] Response.

of operating expenses. As a result, test year Misc. and General Expenses were increased by $6,828. In total, Bronston Water proposed four adjustments to Misc. and General Expenses, all of which Staff reviewed and accepted. Staff also identified two additional adjustments: the removal of $693 in office meal expenses and the reclassification of $6,828 in Board of Directors wages to Misc. and General Expenses. After consideration of all adjustments discussed above, Staff determined a pro forma Misc. and General Expense amount of $86,890. Staff recommended the Commission accept Staff's proforma Misc. and General Expense amount of $86,890, which reflects the known and measurable adjustments discussed in this section.[85]

The Commission finds that Staff's recommended adjustments are reasonable and should be accepted because they are known and measurable.

Depreciation. In its application, Bronston Water reported $155,205 in expenses related to Depreciation and proposed three adjustments.[86] First, Bronston Water proposed to increase Depreciation Expense by $1,240, as discussed above in the Materials and Supplies and Misc and General Expenses sections, arising from expenses of $19,980 and $3,200 that were incurred to construct capital improvements to its office facility. These costs were capitalized and depreciated over their estimated useful lives. Staff reviewed Bronston Water's calculation and agreed with the adjustment.[87]

The Commission finds the proposed adjustment is reasonable and accepts Bronston Water's proposed adjustment.

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[85] Staff Report at 18-20.

[86] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[87] Staff Report at 20.

Second, Bronston Water proposed to increase its expenses by $757.[88] Bronston Water initially capitalized and depreciated only the direct cost of 29 meters. However, as discussed above in the Materials and Supplies section, the total cost associated with the installation of the 29 meters was determined to be $40,098, which was proposed to be depreciated over a 45-year useful life, resulting in an annual depreciation expense of $757.[89] Staff reviewed Bronston Water's calculation and agreed with the adjustment.[90]

The Commission finds the proposed adjustment is reasonable and accepts Bronston Water's proposed adjustment.

Lastly, in Case No. 2024-00076,[91] Bronston Water filed an application with the Commission requesting approval for the construction and financing of water system improvements with an estimated total cost of $3,368,420.[92] The Commission approved the construction and financing of the project in an Order entered on July 9, 2024.[93] In the present proceeding, Bronston Water initially stated that the project is expected to be placed into service in April 2026 and proposed to include $57,372 in pro forma Depreciation expense.[94] However, because the project had not yet been confirmed as in service at the time Staff completed its review, Staff's recommendation was contingent

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[88] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[89] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[90] Staff Report at 21.

[91] Case No. 2024-00076, *Electronic Application of Bronston Water Association, Inc. for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Authorizing the Issuance of Securities Pursuant to KRS 278.300* (filed Apr. 10, 2024).

[92] Case No. 2024-00076, Apr. 10, 2024 Application.

[93] Case No. 2024-00076, July 9, 2024 Order.

[94] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

upon Bronston Water filing comments to the Staff Report confirming that the project has been placed into service. Upon receipt of such confirmation, Staff recommended the Commission accept Bronston Water's proposed adjustment.[95]

Bronston Water's supplemental response[96] affirmed that approximately 97 percent of the project is complete and that the completed portions are in service. As such, the Commission finds the proposed depreciation adjustment is reasonable and accepts Bronston Water's proposed adjustment.

Payroll Taxes. In its application, Bronston Water reported $10,803 of expenses related to Payroll Taxes and proposed an adjustment to increase its expenses by $874.[97] Due to the changes to Salaries and Wages, Staff recalculated the Payroll Taxes and recommended an adjustment of $1,562, which is a $688 increase from Bronston Water's proposed adjustment. The adjustment results in pro forma test year amount of $12,235. Staff recommended the Commission accept Staff's Payroll Taxes expense with Staff's calculated adjustment because it is known and measurable.[98]

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[95] Staff Report at 21.

[96] Supplemental Response.

[97] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[98] Staff Report at 21-22.

Description		Amount
Salaries and Wages - Employees	$	152,635
Salaries and Wages - Officers		9,000
Total Salaries and Wages		161,635
Times: 7.65 Percent FICA Rate		7.65%
Pro Forma Payroll Taxes		12,365
Test Year Payroll Taxes ( )		(10,803)
Commission Staff's Adjustment		1,562
Bronston Water's Adjustment		874
Difference between Commission Staff's and Bronston Water's Adjustment	$	688

The Commission finds Staff's recommended adjustment is reasonable and should be accepted as the amount is known and measurable. The adjustment is based on sufficient information in the record and reflects values that have either already occurred or can be determined with reasonable certainty.

Non–utility Income. In its application, Bronston Water reported $20,777 of Non–utility Income and proposed three adjustments.[99] First, Bronston Water proposed an increase of $4,685.[100] It stated that it provides sewer billing services to Woodson Bend Sewer System in return for a billing fee and this sewer billing service and collection of billing fees is not part of Bronston Water's operations regulated by the Commission.[101] During the test year, it reported all sewer billing service revenue in the amount of $4,685 as part of regulated Water Sales Revenues, and for rate making purposes, Bronston Water proposed this amount to be reclassified to Non-utility Income. Staff reviewed Bronston Water's General Ledger and agreed that the income should be properly

[99] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[100] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[101] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference B.

classified as Non-utility income. Staff recommended the Commission accept this adjustment.[102]

Second, Bronston Water proposed to decrease Non-utility Income by $16,592 to remove tap on fees recorded during the test year.[103] Bronston Water reported total tap on fee collections of $40,098.30 and split this amount for reporting purposes between Water Sales Revenue, $23,505.90, and Non-utility Income, $16,592.40.[104] It stated that tap on fees should be recorded as Contribution in Aid of Construction (CIAC) and are not properly recognized as operating revenue for ratemaking purposes.[105] Accordingly, the $16,592.40 amount recorded in the Non-utility Income was removed from test year operations. Staff reviewed Bronston Water's proposed adjustment and found it to be reasonable and appropriate and as such, recommended the Commission accept this adjustment.[106]

Third, Bronston Water proposed to decrease Non-utility Income by $480 to remove membership fees recorded during the test year.[107] Bronston Water collected membership fees totaling $2,240, of which $480 was recorded as Non-utility Income.[108] It stated that membership fees should be recorded as equity and not recognized as operating income

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[102] Staff Report at 22-23.

[103] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[104] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference C.

[105] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference C.

[106] Staff Report at 23.

[107] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations.

[108] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference D.

for ratemaking purposes.[109] Bronston Water stated that membership fees are non-recurring in nature and are assessed to any bona fide occupant having reasonable access to Bronston Water's distribution system upon approval by the Board of Directors.[110] Accordingly, the amount recorded in Non-utility Income was removed from test year operations.

Staff reviewed Bronston Water's proposed adjustment and found the adjustment reasonable. Membership fees should be properly recorded as equity contributions rather than income and should not be included in the test year's operating revenues for rate-making purposes. This adjustment resulted in a decrease of $480. Therefore, Staff recommended the Commission accept Bronston Water's adjustment to remove membership fees from Non-utility Income because it was known and measurable.[111]

Staff recommended the Commission accept Bronston Water's proposed Non-utility Income amount of $8,390, reflecting a net decrease of $12,387 from reported test year Non-utility Income as discussed above.[112]

The Commission finds that Bronston Water's proposed pro forma amount is reasonable and should be accepted because it is known and measurable.

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[109] Application, Exhibit 3, Schedule A, Statement of Adjusted Operations, References, Reference D.

[110] Bronston Water's Response to Staff's Second Request, Item 5.

[111] Staff Report at 24.

[112] Staff Report at 24.

SUMMARY OF ADJUSTMENTS

Description	Commission Staff's Pro Forma	Commission Approved Adjustments	Commission Approved Pro Forma
Total Operating Revenues	$ 1,055,527	-	$ 1,055,527
Total Operating Expenses ( )	(979,126)	-	(979,126)
Net Operating Income	76,401	-	76,401
Interest Income	40,254	-	40,254
Non-utility Income	8,390	-	8,390
Income Available to Debt	$ 125,045	-	$ 125,045

OVERALL REVENUE REQUIREMENT AND REQUIRED REVENUE INCREASE

The Commission has historically applied the Debt Service Coverage (DSC) method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for a recovery of (1) cash-related pro forma operating expenses; (2) recovery of depreciation expense, a non-cash item, to provide working capital;[113] (3) the average annual principal and interest payments on all long-term debts; and (4) working capital that is in addition to depreciation expense. The table below reflects Staff's and the Commission's approved calculated revenue requirement.

[113] 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, 725 (Ky.1986). Although a water district's lenders require that a small portion of the depreciation funds be deposited annually into a debt reserve/depreciation fund until the account's balance accumulates to a required threshold, neither the Commission nor the Court requires that revenues collected for depreciation be accounted for separately from the water district's general funds or that depreciation funds be used only for asset renewal and replacement. The Commission has recognized that the working capital provided through recovery of depreciation expense may be used for purposes other than renewal and replacement of assets. See Case No. 2012-00309, *Application of Southern Water and Sewer District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Dec. 21, 2012).

Description	Commission Staff's Report	Commission Approved
Pro Forma Operating Expenses	$ 979,126	$ 979,126
Average Annual Principal and Interest Payments	365,315	365,315
Additional Working Capital at 20%	73,063	73,063
Interest on Customer Deposits	1,067	1,067
Total Revenue Requirement	1,418,571	1,418,571
Other Revenue ( )	(29,032)	(29,032)
Non-utility Income	(8,390)	(8,390)
Interest Income ( )	(40,254)	(40,254)
Revenue Required From Water Sales	1,340,895	1,340,895
Revenue from Sales at Present Rates ( )	(1,026,495)	(1,026,495)
Required Revenue Increase / (Decrease)	$ 314,400	$ 314,400
Percentage Increase / (Decrease)	30.63%	30.63%

Average Annual Principal and Interest Payments and Additional Working Capital. Bronston Water requested recovery of the average annual principal and interest on its indebtedness in the amount of $365,315 based on a three-year average of the annual principal, interest, and fee payments for the loans listed in the table below for the years 2027 through 2029.[114] Staff agreed with the methodology Bronston Water proposed because it was reasonable and recommended the Commission accept Bronston Water's proposed amount. The DSC method, as historically applied by the Commission, includes an allowance for additional working capital that is equal to the minimum net revenues required by a district's lenders that are above its average annual debt payments. In its exhibits, Bronston Water requested recovery of an allowance for working capital that is equal to 20 percent of its average annual debt service, or $73,063.[115] Following the

[114] Application, Schedule C, Debt Service Schedule.

[115] Application, Schedule B, Calculation of Overall Revenue Requirement and Required Revenue Increase.

Commission's historic practice of including additional working capital, Staff agreed with Bronston Water's proposed methodology and amount.[116]

Description	2027	2028	2029	Total
2003 USDA	$ 22,364	$ 22,364	$ 22,364	$ 67,092
2008 USDA	44,679	44,679	44,679	134,037
2010 USDA	18,974	18,975	18,975	56,924
2014 USDA	29,143	29,144	29,144	87,431
2017 USDA	51,103	51,102	51,102	153,307
2021 USDA	20,119	20,119	20,119	60,357
2026 KIA	179,262	178,933	178,602	536,797
Total	$ 365,644	$ 365,316	$ 364,985	$ 1,095,945
Three year Average				$ 365,315
Additional Working Capital at 20 Percent				$ 73,063

The Commission finds Bronston Water's methodology used to calculate its Average Interest and Principal Payments is reasonable. Therefore, the Commission finds that Bronston Water's calculated Average Interest and Principal Payments of $73,063 should be included in Bronston Water's Revenue Requirement because the DSC methodology allows for the recovery of the principal and interest payments.

RATE DESIGN

In its application, Bronston Water proposed a 31.21 percent increase to be allocated evenly across the board for all its water customers.[117] Bronston Water stated that it did not consider filing a COSS at this time, considering there has been no material changes in the water system that would cause a new COSS to be prepared.[118] Bronston

[116] Staff Report at 25-26.

[117] Application, Exhibit 1, Published Notice to Customers of Proposed Rates.

[118] Bronston Water's Response to Staff's First Request, Item 7(a).

Water stated that it was unable to locate a copy of the most recent COSS performed.[119] 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.[120]

The Commission finds that 30.63 percent is reasonable and should be allocated across the board. Finding no such evidence in this case, the Commission allocated the $314,400 revenue increase evenly across the board to Bronston Water's monthly retail water service rates. The rates set forth in Appendix B to this report are based upon the pro forma revenue requirement, as calculated by the Commission, and will produce sufficient revenues from water sales to recover the $1,340,895 revenue required from rates, an approximate 30.63 percent increase. The monthly water bill for a typical residential customer using approximately 2,910 gallons per month[121] will increase by $11.82 from $38.55 to $50.37, or approximately 30.66 percent.

Nonrecurring Charges and Meter Connection Charges. The Commission finds the Staff Report to be consistent with recent Commission decisions; specifically, that labor expenses resulting from work performed during normal business hours should not be

[119] Bronston Water's Response to Staff's First Request, Item 7(d).

[120] 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).

[121] Application, Exhibit 1, Published Notice to Customers of Proposed Rates.

recovered through nonrecurring charges.[122] The Commission has found that only the marginal cost related to the service should be recovered through a special nonrecurring charge for service provided during normal working hours. Bronston Water 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. Bronston Water provided updated cost justification information, which included estimated labor costs during regular business hours for most of the Nonrecurring Charges,[123] as well as a list of the number of occurrences for each of its Nonrecurring Charges.[124]

In Case No. 2022-00117, the Commission previously removed labor expenses from Bronston Water's Nonrecurring Charges.[125] Staff used the same practice in this case and removed labor expenses as outlined in the table below. The breakdown of cost for each nonrecurring charge and any Staff adjustment can be found in Appendix A. The Commission finds that Staff's recommendation to remove labor expenses from nonrecurring charges and the revised nonrecurring charges as described in Appendix A

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

[123] Bronston Water's Response to Staff's First Request, Item 8.

[124] Application, Exhibit E, Schedule A, Statement of Adjusted Operations, Reference F.

[125] Case No. 2022-00177, *Electronic Application of Bronston Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 12, 2022), Order at 8-9.

are reasonable because only the incremental cost related to the service should be recovered for service provided during normal business hours.

Nonrecurring Charge	Current Charge	Revised Charge
Connection / Turn-on Charge	$ 18.00	$ 22.00
Meter Relocation Charge	Actual Cost	Actual Cost
Meter Test Charge	$ 65.00	$ 84.00
Re-connection Fee	$ 21.00	$ 29.00
Meter Re-set Charge	$ 26.00	$ 293.00
Returned Check Charge	$ 20.00	$ 31.00
Service Call / Investigation Charge	$ 18.00	$ 22.00

Additionally, Bronston Water provided an updated cost justification sheet for its 5/8 inch x 3/4-inch Meter Connection.[126] Staff reviewed the information provided by Bronston Water and recommended an increase to the meter connection charges as shown in the table below, because the higher charge is based on adjustments provided in the supporting documentation.[127] The Commission finds that the recommendation to increase the Meter Connection Charge, as shown below, to reflect the current expenses incurred to install new taps is reasonable in order to prevent an under recovery for tap fees.

Description	Current Charge	Revised Charge
5/8- x 3/4-Inch Water Tap On	$ 1,382.70	$ 1,584.00
1-Inch Water Tap On	Actual Cost	Actual Cost
1-1/2 Inch Water Tap On	Actual Cost	Actual Cost
2-Inch Water Tap On	Actual Cost	Actual Cost

[126] Bronston Water’s Response to Staff’s First Request, Item 9.

[127] Bronston Water’s Response to Staff’s First Request, Item 9.

SUMMARY

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the recommendations contained in the Staff Report are supported by the evidence of record and are reasonable. Applying the DSC method to Bronston Water's pro forma operations results in an Overall Revenue Requirement of $1,418,571, and that a $314,400, or 30.63 percent, revenue increase to pro forma present rate revenues is necessary to generate the Overall Revenue Requirement.

IT IS THEREFORE ORDERED that:

1. The recommendations contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

2. The water service rates proposed by Bronston Water are denied.

3. The water service rates set forth in Appendix B to this Order are approved for service rendered by Bronston Water on or after the date of this Order.

4. Within 20 days of the date of service of this Order, Bronston Water shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.

5. This case is closed and removed from the Commission's docket.

Entered on this 29th day of July, 2026.

PUBLIC SERVICE COMMISSION

Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:

Linda Bridwell RP

Linda C. Bridwell, PE
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00018 DATED JUL 29 2026

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection / Turn-on Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor (1hr $25.00/hr)	$ 25.00	$ -
Office Supplies	$ -	$ -
Office Labor	$ -	$ -
Transportation	$ 21.75	$ 21.75
Misc.	$ -	$ -
Total Revised Charge*	$ 46.75	$ 22.00
Current Rate	$18.00	

Meter Relocation Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor	$ -	$ -
Office Supplies	$ -	$ -
Office Labor	$ -	$ -
Transportation	$ -	$ -
Misc.	$ -	$ -
Total Revised Charge*	$ -	$ -
Current Rate	Actual Cost	Actual Cost

Meter Test Charge		
	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor (Charge by Testing Company)	$ 65.00	$ 65.00
Office Supplies	$ -	$ -
Office Labor	$ -	$ -
Transportation	$ 18.27	$ 18.27
Misc.	$ -	$ -
Total Revised Charge*	$ 83.27	$ 84.00
Current Rate	$65.00	

Re-connection Charge	Utility Revised Charge	Staff Revised Charge
Field Materials		$ -
Field Labor (1hr $25.00/hr)	$ 25.00	$ -
Office Supplies	$ 7.00	$ 7.00
Office Labor	$ 20.00	$ -
Transportation	$ 21.75	$ 21.75
Misc.	$ -	$ -
Total Revised Charge*	$ 73.75	$ 29.00
Current Rate	$21.00	

Meter Re-set Charge	Utility Revised Charge	Staff Revised Charge
Field Materials	$ 263.50	$ 263.50
Field Labor (2hrs $25.00/hr)	$ 50.00	$ -
Office Supplies	$ 7.00	$ 7.00
Office Labor	$ 20.00	$ -
Transportation	$ 21.75	$ 21.75
Misc.	$ -	$ -
Total Revised Charge*	$ 362.25	$ 293.00
Current Rate	$26.00	

Returned Check Charge	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor	$ -	$ -
Office Supplies	$ 23.00	$ 23.00
Office Labor	$ 20.00	$ -
Transportation	$ 7.03	$ 7.03
Misc.	$ -	$ -
Total Revised Charge*	$ 50.03	$ 31.00
Current Rate	$20.00	

Service Call / Investigation Charge	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor (1hr $25.00/hr)	$ 25.00	$ -
Office Supplies	$ -	$ -
Office Labor	$ -	$ -
Transportation	$ 21.75	$ 21.75
Misc.	$ -	$ -
Total Revised Charge*	$ 46.75	$ 22.00
Current Rate	$18.00	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00018 DATED JUL 29 2026

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 Bronston Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same.

Monthly Water Rates

5/8 x 3/4-Inch Meter			
First	1,500 Gallons	$33.72	Minimum Bill
Over	1,500 Gallons	$0.01181	Per Gallon
1-Inch Meter			
First	5,000 Gallons	$72.20	Minimum Bill
Over	5,000 Gallons	$0.01181	Per Gallon
2-Inch Meter			
First	20,000 Gallons	$199.21	Minimum Bill
Over	20,000 Gallons	$0.01181	Per Gallon
4-Inch Meter			
First	50,000 Gallons	$465.38	Minimum Bill
Over	50,000 Gallons	$0.01181	Per Gallon

Nonrecurring Charges

Connection / Turn-on Charge	$ 22.00
Meter Relocation Charge	Actual Cost
Meter Test Charge	$ 84.00
Re-connection Fee	$ 29.00
Meter Re-set Charge	$ 293.00
Returned Check Charge	$ 31.00
Service Call / Investigation Charge	$ 22.00

Meter Connection/Tap-On Charges

5/8- x 3/4-Inch Water Tap On	$1,584.00
1-Inch Water Tap On	Actual Cost
1-1/2 Inch Water Tap On	Actual Cost
2-Inch Water Tap On	Actual Cost

Service List for Case 2026-00018

* Bronston Water Association, Inc.
2013 Highway 90
P. O. Box 243
Bronston, KY 42518

* Jennifer Tucker
Bronston Water Association, Inc.
P. O. Box 243
Bronston, KY 42518

* Jack Scott Lawless
17111 Mallet Hill Drive
Louisville, KY 40245

* Denotes served by Email