COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LAKE VILLAGE WATER ASSOCIATION, INC FOR A RATE ADJUSTMENT PURSUANT TO 807 KAR 5:076	)))	CASE NO. 2026-00057

NOTICE OF FILING OF COMMISSION STAFF'S REPORT

Notice is hereby given that, in accordance with the Commission's Order of April 14, 2026, the attached report containing the recommendations of Commission Staff (Staff) regarding the Applicant's proposed rate adjustment has been filed in the record of the above-styled proceeding. Pursuant to the Commission's April 14, 2026 Order, Lake Village Water Association, Inc. (Lake Village Water) 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 Lake Village Water to the Commission's July 22, 2021 Order in Case No. 2020-00085[1] regarding filings with the Commission.

Justin McNeil RP

Justin McNeil
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601-8294

DATED AUG 05 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 LAKE VILLAGE WATER ASSOCIATION, INC.

Lake Village Water Association, Inc. (Lake Village Water) is a water utility organized pursuant to KRS Chapter 273 that owns and operates a distribution system through which it provides retail water service to approximately 2,340 residential customers and 33 commercial customers that reside in Boyle and Mercer counties, Kentucky.[1]

On March 25, 2026, Lake Village 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,[2] Lake Village Water used the calendar year ended December 31, 2024, as the basis for its application. Lake Village Water's last base rate increase, filed pursuant to the alternative rate filing procedure, was in Case No. 2022-00068.[3] Since that matter, Lake Village Water has adjusted its rates

[1] *Annual Report of Lake Village Water to the Public Service Commission for the Calendar Year Ended December 31, 2024* (2024 Annual Report) at 49 and 12.

[2] 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.

[3] See Case No. 2022-00068, *Electronic Application of Lake Village Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 4, 2022).

multiple times pursuant to KRS 278.023 or KRS 278.012. To ensure the orderly review of the application, the Commission established a procedural schedule by Order dated April 14, 2026. Lake Village Water responded timely to two requests for information.[4]

UNACCOUNTED FOR WATER LOSS

Over the last five years, Lake Village Water reported an average water loss of 22.4815 percent,[5] as shown in the following table.

Year	Water Loss Percentage
2020	22.5495%
2021	19.3284%
2022	32.0122%
2023	20.7024%
2024	17.8152%
Average	22.4815%

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[6] below shows that the 2024 total annual cost of unaccounted for water loss to Lake Village Water

[4] Lake Village Water's Response to Commission Staff's First Request for Information (Staff's First Request) (filed May 21, 2026); Lake Village Water's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed June 25, 2026).

[5] *Annual Report of Lake Village Water to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 57; *Annual Report of Lake Village Water to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 57; *Annual Report of Lake Village Water to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 57; *Annual Report of Lake Village Water to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 57; 2024 Annual Report at 57.

[6] Note that the table reflects the corrected water purchase amounts calculated by Staff which is discussed further below. In its Schedule of Adjusted Operations, Lake Village Water provided that its Purchased Water was $630,042, which was also included in the 2024 Annual Report. In response to Staff's First Request, Item 11(a), Attachment, Lake Village Water provided that its Purchased Water Expense was $640,461.10.

was $116,032, while the annual cost of unaccounted for water loss in excess of 15 percent is $18,335.

Total Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	$ 639,926	$ 11,382	$ 651,308
Water Loss Percent	17.8152%	17.8152%	17.8152%
Total Water Loss	$ 114,004	$ 2,028	$ 116,032

Disallowed Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	$ 639,926	$ 11,382	$ 651,308
Water Loss in Excess of 15%	2.8152%	2.8152%	2.8152%
Disallowed Water Loss	$ 18,015	$ 320	$ 18,335

DISCUSSION

Using its pro forma test-year operations, Lake Village Water determined that a base rate revenue increase of $163,023 or 8.92 percent, was necessary to achieve the revenue requirement as shown in the table below.[7] Lake Village Water used the Debt Service Coverage (DSC) method to calculate its revenue requirement.

[7] Application, Attachment 4, Revenue Requirements Using Debt Service Coverage Method.

Description	Lake Village Water Association, Inc.
Pro Forma Operating Expenses	$ 1,706,959
Average Annual Principal and Interest Payments	310,265
Additional Working Capital at 20%	62,053
Total Revenue Requirement	2,079,276
Other Revenue ( )	(81,146)
Interest Income ( )	(7,921)
Revenue Required From Water Sales	1,990,209
Revenue from Sales at Present Rates ( )	(1,827,186)
Required Revenue Increase / (Decrease)	$ 163,023
Percentage Increase / (Decrease)	8.92%

To determine the reasonableness of the rates requested by Lake Village Water, Commission Staff (Staff) performed a limited review of Lake Village Water's test-year operations. The scope of Staff's review was limited to determining whether operations reported for the test year were representative of normal operations. Known and measurable[8] 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.

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

Staff's recommendations are summarized in this report. Vinay Raj Raju reviewed the calculation of Lake Village Water's Overall Revenue Requirement, and Manuel Jerez Tamayo reviewed Lake Village Water's reported revenues and rate design.

SUMMARY OF FINDINGS

1. Overall Revenue Requirement and Required Revenue Increase. By applying the DSC method, as generally accepted by the Commission, Staff found that Lake Village Water's required revenue from water sales is $2,004,703, to meet the Overall Revenue Requirement of $2,104,502 and that a $177,517 revenue increase, or 9.72 percent, to pro forma present rate revenue is necessary to generate the Overall Revenue Requirement.

2. Monthly Water Service Rates. In its application, Lake Village Water proposed to increase its monthly water service rates by 8.92 percent to all its water customers evenly across the board.[9] Lake Village Water stated that it considered the benefits of performing a cost-of-service study (COSS), but ultimately decided that filing a COSS would provide very limited benefit to the current application considering there have been no material changes in the water system that would cause a new COSS to be prepared.[10] The Commission has previously found that the allocation of a revenue adjustment evenly across the board to a utility's rate design is appropriate when there has been no evidence entered into the record demonstrating that this method is unreasonable and in the absence of a COSS.[11] Finding no such evidence in this case,

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[9] Application, Attachment 1, Customer Notice.

[10] Lake Village Water's Response to Staff's First Request, Item 17.

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

Staff allocated the $177,517 revenue increase evenly across Lake Village Water's monthly retail water service rates.

The rates recommended in Appendix B to this report are based upon the revenue requirement, as calculated by Staff, and will produce sufficient revenues from water sales to recover the $2,004,703 in revenue required from rates, an approximate 9.72 percent increase. The monthly water bill for a typical residential customer using approximately 4,000 gallons per month[12] will increase from $54.13 to $59.38 for an increase of $5.25 or approximately 9.70 percent. Appendix B also reflects Staff's recommendation to accept Lake Village Water request to end its monthly water loss reduction surcharge, established in Case No. 2022-00068[13] of $1.61 per month per customer on October 4, 2026.[14]

3. Nonrecurring Charges. Staff reviewed Lake Village Water's Nonrecurring Charges. As part of its review, Staff reviewed whether Lake Village Water's charges included expenses related to employee compensation during regular business hours or clerical expenses, which generally are incurred during regular business hours. Expenses related to employee compensation during regular business hours are already recovered

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[12] Application, Attachment 1, Customer Notice. The average retail customer uses 4,000 gallons per month.

[13] Case No. 2022-00068, *Electronic Application of Lake Village Water Association, Inc. for a Rate Adjustment Pursuant* to 807 KAR 5:076 (Ky. PSC Oct 4, 2022), Order.

[14] Note that prior to the proposed expiration of the surcharge, the typical residential customer's monthly water bill, including the $1.61 monthly surcharge, will increase from $55.74 to $61.08, an increase of $5.34, or 9.58 percent.

in base rates; thus, do not represent a nominal cost of the service classified as a Nonrecurring Charge.[15]

Lake Village Water provided updated cost justification information for the Nonrecurring Charges[16] as well as a list of the number of occurrences for each of its Nonrecurring Charges.[17] Lake Village Water's current Nonrecurring Charges currently do not include regular business hour labor or clerical expenses.[18] Staff reviewed the cost justification information for the proposed Nonrecurring Charges provided by Lake Village Water, which included regular business hour labor and clerical expenses. Thus, Staff adjusted these proposed charges by removing the Field Labor Costs and the Office/Clerical Labor Costs from those charges that occur during normal business hours, as was done in Case No. 2022-00068.[19] Staff also removed the Office/Clerical Labor Costs from the After-Hours Reconnection Charge, as office labor is typically performed during normal business hours. Connection/Turn-on Charge, Customer Request Disconnect, Field Collection Charge, and Meter Test Charge all increased by $2, from $7 to $9, due to increasing costs for Transportation and other Miscellaneous Expenses.[20]

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[15] 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).

[16] Lake Village Water's Response to Staff's First Request, Item 20.

[17] Lake Village Water's Response to Staff's First Request, Item 19.

[18] Case No. 2022-00068, *Electronic Application of Lake Village Water Association, Inc. for a Rate Adjustment Pursuant* to 807 KAR 5:076 (Ky. PSC Oct 4, 2022), Order.

[19] Case No. 2022-00068, Oct 4, 2022 Order.

[20] Lake Village Water's Response to Staff's First Request, Item 20.

The Reconnection Charge increased by $4, from $14 to $18, also due to increasing costs for Transportation and other Miscellaneous Expenses.[21] Staff recommends that the Commission accept the respective adjustments for the charges mentioned above, as these were supported by Lake Village Water in the cost justification provided,[22] and the amounts meet the ratemaking criteria of being known and measurable. The cost justification information, shown in Appendix A, was provided by Lake Village Water and supports the adjustments to the Nonrecurring Charges. The adjustments discussed above result in the following revised Nonrecurring Charges:

Nonrecurring Charge	Current Charge	Revised Charge
Connection / Turn-on Charge	$7.00	$9.00
Customer Request Disconnect	$7.00	$9.00
Field Collection Charge	$7.00	$9.00
Reconnection Charge	$14.00	$18.00
Meter Test Charge	$7.00	$9.00
Returned Check	$10.00	$10.00

The adjustments to the Nonrecurring Charges results in an increase in Other Water Revenues of $178 as shown below.

Nonrecurring Charge	Occurrences	Current Charge	Revised Charge	Adjustment	Pro Forma
Connection / Turn-on Charge	49	$7.00	$9.00	$98	$441
Customer Request Disconnect	37	$7.00	$9.00	$74	$333
Field Collection Charge	0	$7.00	$9.00	$0	$0
Reconnection Charge	1	$14.00	$18.00	$4	$18
Meter Test Charge	1	$7.00	$9.00	$2	$9
Returned Check	37	$10.00	$10.00	$0	$370
Pro Forma Test Year NRC Revenue					$1,171
Less: Test Year NRC Revenue					$993

[21] Lake Village Water's Response to Staff's First Request, Item 20.

[22] Lake Village Water's Response to Staff's First Request, Item 20.

Adjustment (Increase)	$178

Lake Village Water provided an updated cost justification for its 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge.[23] Staff reviewed the cost justification information provided by Lake Village Water and notes it supports an increase in the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge. Staff recommends that the Commission accept Lake Village Water's supported increase for the Tap-On fee from $895 to $1,540 for the 5/8-Inch x 3/4-Inch Meter Connection/Tap-On Charge. Staff recommends increasing the tap on fees to meet the expenses supported by the cost justification provided by Lake Village Water for its 5/8-Inch x 3/4-Inch meter. Staff notes that consistent under recovery of the Meter Connection/Tap-On Charge expense could severely impact the utility's financial condition in the long term.

4. Water Loss Surcharge. Lake Village Water currently charges an unaccounted for water loss reduction surcharge of $1.61 per customer per month, authorized in Case No. 2022-00068.[24] It was authorized to assess a monthly surcharge of $1.61 per customer for the services rendered on and after October 4, 2022, and continuing for 48 months, or until $171,220 has been assessed, whichever occurs first.[25] As of June 30, 2026, Lake Village Water had $84,096.56 in its surcharge account.[26] During the discovery, Lake Village Water stated that it was experiencing 22.55 percent

[23] Lake Village Water's Response to Staff's First Request, Item 21, 21_Avg_Meter_Connection_Expense_Cost_Justification.

[24] Case No. 2022-00068, Oct 4, 2022 Order.

[25] Case No. 2022-00068, Oct 4, 2022 Order at 9, ordering paragraph 10.

[26] Case No. 2022-00325, *Electronic Lake Village Water Association, Inc. Unaccounted for Water Loss Reduction Plan, Surcharge and Monitoring* (filed July 15, 2026).

water loss in 2022 when the water loss reduction surcharge was established. Since then, it has significantly reduced its water loss, recording a water loss of 18.25 percent for 2024[27] and 10.79 percent for 2025[28]. Accordingly, Lake Village Water requested that the current monthly $1.61 per customer water loss reduction surcharge expire on October 4, 2026, as originally authorized, and that it not be revised or continued beyond the expiration date.[29] Staff reviewed Lake Village Water's request and finds that it has demonstrated substantial and sustained improvements in reducing water loss. The reported 2025 water loss of 10.79 percent is below the 15 percent unaccounted for water loss threshold allowed for recovery, indicating that the purpose of the surcharge has been achieved. Therefore, Staff recommends that the Commission accept Lake Village Water's request to allow the existing water loss reduction surcharge to expire on October 4, 2026, in accordance with the original Order.[30]

PRO FORMA OPERATING STATEMENT

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

[27] Lake Village Water's Response to Staff's First Request, Item 23.

[28] Lake Village Water's Response to Staff's Second Request, Item 3.

[29] Lake Village Water's Response to Staff's First Request, Item 23.

[30] Case No. 2022-00068, Oct 4, 2022 Order.

Description	Test Year	Lake Village Water Association, Inc. Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	(Ref)	Pro Forma
Operating Revenues						
Sales to Residential Customers	$ 1,680,323	$ 3,573	$ -	$ 3,573	A	$ 1,683,896
Sales to Commercial Customers	143,290	0	0	0		143,290
Other Revenues						
Other Revenues	58,646	22,500	178		B	
			10,554	33,232	B	91,878
Total Operating Revenues	1,882,259	26,073	10,732	36,805		1,919,064
Operation and Maintenance						
Salaries and Wages - Employees	476,579	6,757	0	6,757	C	
		(6,176)	0	(6,176)	C	477,160
Salaries and Wages - Officers	30,000	0	0	0		30,000
Employee Pension and Benefits	68,034	6,959	19,696	26,655	D	
		729	887	1,616	D	96,305
Purchased Water	630,042	(17,737)	(278)	(18,015)	G	
			9,884	9,884	E	621,911
Purchased Power	0	11,382	0	11,382	F	
		(320)	0	(320)	G	11,062
Materials and Supplies	112,944	(14,410)	0	(14,410)	H	98,534
Contractual Services - Eng	4,140	0	0	0		4,140
Contractual Services - Acct	10,525	0	0	0		10,525
Contractual Services - Legal	4,192	0	0	0		4,192
Transportation	20,526	0	0	0		20,526
Insurance - Vehicle	7,495	0	0	0		7,495
Insurance - General Liability	26,697	0	0	0		26,697
Insurance - Other	6,548	0	0	0		6,548
Miscellaneous Expenses	59,003	(11,382)		(11,382)	I	
			(1,109)	(1,109)	I	46,512
Total	1,456,725	(24,198)	29,080	4,882		1,461,607
Amortization		4,493		4,493	J	4,493
Depreciation Expense	330,203	(99,535)	(3,853)	(103,388)	K	226,815
Taxes Other Than Income	38,799	471	0	471	L	39,270
Total Operating Expenses	1,825,727	(118,769)	25,227	(93,542)		1,732,185
Net Operating Income	56,532	144,842	(14,495)	130,347		186,879
Income Available to Service Debt	$ 56,532	$ 144,842	$ (14,495)	$ 130,347		$ 186,879

(A) Billing Analysis. Lake Village Water provided a billing analysis listing the water usage and water sales revenue for the 12-month test year in its application.[31] Lake

[31] Application, Attachment 5, Billing Analysis.

Village Water reported total metered water sales revenue of $1,823,613[32] for the test year.[33] Lake Village Water provided a billing analysis to calculate a normalized revenue amount based on the usage during the test year using the rates authorized in its current tariff to be $1,827,186 and proposed an adjustment to increase test-year water sales revenue by $3,573 to reflect the revenues from water rates generated by the billing analysis.[34] Staff recommends the Commission accept the adjustment because the amount meets the ratemaking criteria of being known and measurable and to reconcile the test year metered sales to match the pro forma amount of the billing analysis.

(B) Other Water Revenues. Lake Village Water reported total Other Water Revenues of $58,646 for the test year.[35] Lake Village Water provided an itemization of the Other Water Revenues which included the $42,500 revenue from Mercer County Sanitation District management fees, $25,707 in Forfeited Discounts, and $9,804 in Nonrecurring Charges.[36] Lake Village Water later stated that the correct amount of Nonrecurring Charge revenue should have been $993 but did not provide a reason for the error.[37] Staff notes that even with the corrected error, the amounts provided by Lake Village Water do not add up to the amount indicated in its Schedule of Adjusted Operations of $58,646.[38] Staff was unable to determine the components that make up

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[32] Test year metered water sales revenue of $1,823,613 is comprised of $1,680,323 from sales to residential customers and $143,290 to commercial customers.

[33] Application, Attachment 4, Schedule of Adjusted Operations.

[34] Application, Attachment 4, Schedule of Adjusted Operations, Adjustment A.

[35] Application, Attachment 4, Schedule of Adjusted Operations.

[36] Lake Village Water's Response to Staff's First Request, Item 6.

[37] Lake Village Water's Response to Staff's Second Request, Item 23.

[38] $42,500 + $25,707 + $993 = $69,200.

the differing amounts and determined the best approach would be to calculate Lake Village Water's Other Water Revenues and adjust the test year to the known and measurable amounts.

Lake Village Water proposed to increase Other Water Revenues by $22,500 to reflect the revenues from management service provided by Lake Village Water to Mercer County Sanitation District, where the contracted fee increased $22,500 from $42,500 to $65,000.[39] Staff recommends the Commission accept Lake Village Water's adjustment to Other Water Revenues because the amount meets the ratemaking criteria of being known and measurable and the adjustment is supported by the evidence in the record. As discussed in the Nonrecurring Charges section of the Summary of Recommendations above, Staff determined that a $178 increase to Nonrecurring Charges is necessary to reconcile the test year Nonrecurring Charges revenue to the pro forma amount calculated by the Staff of $1,171. The net effect of the above adjustments, including the contracted fee increase of $22,500, results in a pro forma amount of $91,878 for Other Water Revenues as shown in the table below. This results in an increase of $10,554 to reach the pro forma Other Water Revenues amount from the test year also shown in the table below. Staff recommends the Commission accept Staff's adjustments to Other Water Revenues because they meet the ratemaking criteria of being known and measurable and follow appropriate accounting principles.

[39] Application, Attachment 4, Schedule of Adjusted Operations, Adjustment B.

Description	Lake Village DR1 Responses	Lake Village Water Association, Inc. Proposed Adjustments	Commission Staff Adjustments	Total Adjustments	Pro Forma
Mercer County Sanitation Fee	$ 42,500	$ 22,500	$ -	$ 22,500	$ 65,000
Forfeited Discounts	25,707			-	25,707
Nonrecurring Charges					
Connection/Turn-on Charge	343		98	98	441
Customer Request Disconnect	259		74	74	333
Reconnection Charge	14		4	4	18
Meter Test Charge	7		2	2	9
Returned Check	370			-	370
Total Nonrecurring Charges	993		178	178	1,171
	$ 69,200	$ 22,500	$ 178	$ 22,678	$ 91,878
Test Year Amount ( )					(58,646)
Adjustments ( )					(22,678)
Staff Adjustment from Test Year					$ 10,554

(C) Salaries and Wages - Employees. In its application, Lake Village Water reported $476,579 of expenses related to Salaries and Wages – Employees and proposed two adjustments.[40] First, Lake Village Water proposed an increase of $6,757 to reflect the changes in employee wages since the test year.[41] Lake Village Water provided the test year employee list, test year total hours worked, and current wage rate.[42] Lake Village Water has seven full-time office employees.[43] Lake Village Water stated that Full Time Office and Administrative Staff, excluding Executive Directors, are scheduled to work 1,820 hours annually and Distribution Staff are scheduled to work

[40] Application, Attachment 4, Statement of Adjusted Operations.

[41] Application, Attachment 4, Statement of Adjusted Operations, References, Reference C.

[42] Application, Attachment 12, Rate Study, Wages Tab.

[43] Lake Village Water's Response to Staff's First Request, Item 7a.

2,080 hours annually.[44] Lake Village Water also stated that it provides Christmas Bonuses[45] to all staff members with a fixed amount for all of its employees and that it is based on the previous year amount and overall performance of the utility throughout the year.[46] It further stated that the Board of Directors annually evaluates the Executive Director and, in recent years, has provided a one-time bonus in lieu of a permanent salary adjustment based on the utility's performance, budget performance and water loss percentage.[47] In 2024 and 2025, the Executive Director received a bonus of $12,000.[48] The proposed pro forma salaries and wages calculation does not include the performance bonus.[49] Staff reviewed the Lake Village Water's calculation and recommends that the Commission accept Lake Village Water's proposed adjustment because it is known and measurable.

Lake Village Water proposed to decrease its Salaries and Wages – Employees by $6,176 for uncapitalized tap-fee expenses during the test year,[50] because there were 23 new tap installations.[51] Staff reviewed Lake Village Water's calculation and recommends the Commission accept Lake Village Water's proposed adjustment because it reflects the

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[44] Lake Village Water's Response to Staff's First Request, Item 7b.

[45] Lake Village Water's Response to Staff's First Request, Item 13, 13_LVWA_2024_Meeting_Minutes at 4.

[46] Lake Village Water's Response to Staff's Second Request, Item 1a.

[47] Lake Village Water's Response to Staff's Second Request, Item 1a.

[48] Lake Village Water's Response to Staff's Second Request, Item 1b.

[49] Application, Attachment_1_6_List_of_attachments, Attachment _12,_LVWD_Rate_Study, Wages Tab.

[50] Application, Attachment 4, Statement of Adjusted Operations, References, Reference D.

[51] Lake Village Water's Response to Staff's Second Request, Item 22a.

proper accounting treatment for water connection expenses according to the Uniform System of Accounts (USoA).

(D) Employee Pension and Benefits. In its application, Lake Village Water reported $68,034 of expenses related to Employee Pension and Benefits and proposed two adjustments.[52]

First, Lake Village Water proposed to increase its Employee and Pension Benefits by $729 to reflect the current employee health insurance costs.[53] It stated that it provides health, vision, and dental insurance through Anthem and life insurance through MetLife, with certain additional voluntary benefits paid by employees.[54] Staff reviewed the general ledger[55] and the invoices[56] provided by Lake Village Water and determined that an additional increase of $887 is necessary to match the latest invoices. Combined with the Lake Village Water's proposed increase of $729, the total health insurance adjustment is $1,616, as shown in the table below. Staff recommends that the Commission accept Staff's total adjustment because it is known and measurable.

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[52] Application, Attachment 4, Statement of Adjusted Operations.

[53] Application, Attachment 4, Statement of Adjusted Operations, References, Reference F.

[54] Lake Village Water's Response to Staff's First Request, Item 9a, 9_Staff_Benefits_Description_2024.

[55] Lake Village Water's Response to Staff's First Request, Item 3, 3_LVWA_General_Ledger_2024.

[56] Lake Village Water's Response to Staff's First Request, Item 9a, 9_a_LVWA_2024_Staff_Benefit_Invoices.

Type of Premium	Number of Employees	Total Cost
Medical Insurance - Employee Only	4	$ 2,610
Medical Insurance - Employee + Child	1	1,175
Total Medical Insurance	5	3,785
Dental Insurance	5	249
Metlife	7	123
Vision	5	76
Colonial	5	25
Total Monthly Pro Forma Premium		4,258
Multiplied by: 12 Months		12
Total Annual Gross Health Insurance Cost		$ 51,096
Test Year Net Insurance Cost ( )		(49,480)
Commission Staff's Adjustment		$ 1,616

Second, Lake Village Water proposed an increase of $6,959 to reflect the changes in employer pension contributions resulting from current salaries and contribution rates. Lake Village Water stated that it makes annual contributions to employee retirement accounts through Simplified Employee Pension (SEP) plan, with the contribution percentage determined annually by its Board of Directors.[57] Staff reviewed Lake Village Water's proposed pension adjustment calculation,[58] payroll records,[59] general ledger[60]

[57] Lake Village Water's Response to Staff's First Request, Item 9a, 9_Staff_Benefits_Description_2024 and Item 13_LVWA_2025_Meeting_Minutes at 21.

[58] Application, Attachment_1_6_List_of_attachments, Attachment _12,_LVWD_Rate_Study, Wages Tab.

[59] Application, Attachment_1_6_List_of_attachments, Attachment 12,__LVWD_Rate_Study, Wages Tab.

[60] Lake Village Water's Response to Staff's First Request, Item 3, 3_LVWA_General_Ledger_2024.

and supporting documentation.[61] Based on its current pro forma salaries and the approved 10 percent SEP contribution rate,[62] Staff determined an additional increase of $19,696 is necessary, as shown in the table below. Staff recommends that the Commission accept Staff's recommendation because it is known and measurable.

Description	Amount
Pro Forma Applicable Wages	$ 452,087
Pension Contribution rate	10%
Employer's Pension Contribution	$ 45,209
Test Year Amount ( )	(18,554)
Lake Village Proposed Adjustment ( )	(6,959)
Commission Staff Adjustment	$ 19,696

(E) Purchased Water. In its application, Lake Village Water reported $630,042 of expenses related to Purchased Water.[63] Lake Village Water purchases water from the city of Harrodsburg (Harrodsburg) and the city of Danville (Danville).[64] During the test year, Lake Village Water purchased 94,290,456 gallons of water from Harrodsburg and 125,661,673 gallons of water from Danville.[65] Staff applied Harrodsburg and Danville's current tariff wholesale rates to the test year's purchases. Lake Village Water also pays a Kentucky River Authority Withdrawal fee (KRA Fee) on purchases from Harrodsburg of $0.18692790 per 100 cubic feet and from Danville of $0.022 per 1000 gallons.[66] Staff

[61] Lake Village Water's Response to Staff's First Request, Item 28, 28_Lake_Village_Benefits_Account_520235_2024.

[62] Lake Village Water's Response to Staff's First Request, Item 13, 2025 Meeting Minutes, March 11, 2025, at 20.

[63] Application, Attachment 4, Statement of Adjusted Operations.

[64] 2024 Annual Report at 54.

[65] Lake Village Water's Response to Staff's First Request, Item 11, 11_4_LVWA_2024_Water_Purchased_Data_Revised.

[66] Harrodsburg Current Tariff 9th revised sheet, Page 1 and Danville Current Tariff Page 1.

calculated the KRA fee of $23,563 for Harrodsburg and $2,765 for Danville based on the test year gallons purchased. Based on test year purchases of 219,952,129 gallons, Staff calculated an increase to the Purchased Water Expense of $9,884 from the amount proposed by Lake Village Water, shown in the table below. Staff recommends that the Commission accept Staff's adjustment because it is known and measurable.

Description		City of Harrodsburg		City of Danville		Total
Gallons		94,290,456		125,661,673		219,952,129
Current Purchase Rate	$	3.2957	$	2.4100	$	2.9094
Total		310,753		302,845		639,926
KRA Fee		23,563		2,765		
Pro Forma Cost	$	334,316	$	305,610		
Test Year Purchase Cost ( )						(630,042)
Increase in Purchase Cost					$	9,884

(F) Purchased Power. During the test year, Lake Village Water did not report any Purchased Power Expense. It proposed an adjustment to increase its expenses by $11,382 to reclassify electric utility costs that had been recorded in Miscellaneous Expense.[67] Staff reviewed Lake Village Water's general ledger and confirmed that these costs represent purchased power and that reclassifying them to Purchased Power Expense is consistent with the USoA. Staff recommends that the Commission accept Lake Village Water's proposed adjustment because it results in the proper accounting treatment of Purchased Power Expense.

(G) Unaccounted for Water Loss. In its application, Lake Village Water proposed an adjustment to decrease Purchased Water Expense by $17,737 and

[67] Application, Attachment 4, Statement of Adjusted Operations, References, Reference H.

Purchased Power Expense by $320 to reflect the disallowance of unaccounted for water loss expense in excess of 15 percent.[68] During the test year, Lake Village Water reported a water loss of 17.8152 percent.[69] Commission regulations state that, for ratemaking purposes, recovery for the expenses related to unaccounted for water loss in excess of 15 percent is not permissible.[70] Lake Village Water's test year indicated $630,042 in Purchased Water Expense and $11,382 in Purchased Power Expense.[71] In the table below, Staff adjusted Lake Village Water's Purchased Water Expense to correlate to the current wholesale rates.[72] Staff calculated a disallowed Purchased Water Expense of $18,015, using the adjusted Purchased Water Expense of $639,926 discussed above, which is a $278 decrease from Lake Village Water's proposed adjustment of $17,737. Staff agrees with Lake Village Water's adjustment to reduce Purchased Power Expense by $320. The table below summarizes the disallowed Purchased Water and Purchased Power Expenses for Lake Village Water. Staff recommends the Commission accept Staff's adjustment, since the amounts reflect the limit to costs related to excess water loss of 15 percent.

Disallowed Water Loss	Purchased Water	Purchased Power	Total
Pro Forma Purchases	$ 639,926	$ 11,382	$ 651,308
Water Loss in Excess of 15%	2.8152%	2.8152%	2.8152%
Disallowed Water Loss	$ 18,015	$ 320	$ 18,335

[68] Application, Attachment_1_6_List_of_attachments, Attachment #4, Statement of Adjusted Operations, References, Reference G.

[69] 2024 Annual Report at 57.

[70] 807 KAR 5:066 (Water), Section 6(3) (Water Supply Management).

[71] Application, Attachment 4, Statement of Adjusted Operations.

[72] Harrodsburg Current Tariff 9th revised sheet, Page 1 and Danville Current Tariff Page 1.

(H) Materials and Supplies. In its application, Lake Village Water reported $112,944 of expenses related to Materials and Supplies and proposed an adjustment to decrease its expenses by $14,410 to remove the material cost associated with tap installations that should have been capitalized rather than expensed during the test year.[73] It stated that there were 23 new tap installations during the test year and calculated the capitalized materials amount to be $14,410.[74] Staff reviewed Lake Village Water's calculation and recommends that the Commission accept Lake Village Water's proposed adjustment because it reflects the proper accounting treatment for water connection expenses according to the USoA.

(I) Miscellaneous. In its application, Lake Village Water reported $59,003 in Miscellaneous Expenses during the test year.[75] Lake Village Water proposed a decrease of $11,382 to reclassify costs from Miscellaneous Expense to Purchased Power Expense due to a misclassification.[76] Staff reviewed Lake Village Water's general ledger and confirmed that the adjustment properly classifies the expense in accordance with the USoA; therefore, Staff agrees with the proposed adjustment and recommends the Commission accept Lake Village Water's proposed adjustment because it results in the proper accounting treatment of Purchased Power Expense.

In Staff's review of Lake Village Water's general ledger, Staff identified expenses totaling $1,109 in account 54050 that it recommends for removal from the revenue

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[73] Application, Attachment_1_6_List_of_attachments, Attachment #4, Statement of Adjusted Operations, References, Reference D.

[74] Lake Village Water's Response to Staff's Second Request, Item 22a.

[75] Application, Attachment 4, Statement of Adjusted Operations, Adjustment I.

[76] Application, Attachment 4, Statement of Adjusted Operations, References, Reference H.

requirement.[77] Staff recommends removing expenses related to Board and staff meals because these costs are not directly related to Lake Village Water's ability to provide service to its customers and therefore should not be recovered through rates.

Staff recommends the Commission accept Staff's adjustment to reduce Miscellaneous Expenses by $1,109 as the amounts are known and measurable and reflect the removal of expenses not directly related to Lake Village Water's ability to provide adequate water service to its customers.

(J) Rate Case Expense. In its application, Lake Village Water did not report any test year expenses related to Rate Case Expense[78] but proposed one adjustment, an increase of $4,493[79] to reflect the amortization of the current Rate Case Expense over three years.[80] Lake Village Water contracted with Kentucky Rural Water Association (KRWA) to assist with the application.[81] KRWA provided an estimated total cost not to exceed $13,480 quote for consulting services to prepare the rate case and a rate study[82] and an invoice related to the rate case expenses.[83] Lake Village Water then proposed to amortize the $13,480 over three years for an annual amount of $4,493. Staff agrees with the recovery of the costs over three years. Staff calculated the annual rate case expense

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[77] Lake Village Water's Response to Staff's First Request, Item 3, 3_LVWA_General_Ledger_2024.

[78] Application, Attachment 4, Schedule of Adjusted Operations.

[79] Application, Attachment 4, Schedule of Adjusted Operations, Adjustment I.

[80] Application, Attachment 4, Schedule of Adjusted Operations, References, Adjustment I.

[81] Lake Village Water's Response to Staff's First Request, Item 10a.

[82] Lake Village Water's Response to Staff's First Request, Item 10b, 10_b_LVWA_Signed_prpopsal_2025.pdf.

[83] Lake Village Water's Response to Staff's First Request, Item 10c, 10_c_KRWA_Rate_Study_Invoice_2026.pdf.

by dividing the total rate case expense of $13,480 over a three-year period, resulting in an annual cost of $4,493, as shown below.

Description		Amount
Kentucky Rural Water Association	$	13,480
Amortization Years		3
Annual Rate Case Expense	$	4,493

Staff recommends the Commission accept Lake Village Water's increase of $4,493 to Amortization Expense to reflect the recovery of the estimated Total Rate Case Expense over a three-year period because utilities are expected to file for a rate case every three to five years.

(K) Depreciation Expense. In its application, Lake Village Water reported $330,203 of expenses related to Depreciation Expense and proposed an adjustment to decrease Depreciation Expense by $99,535 to bring asset lives to the midpoint of the NARUC recommended ranged in its publication "Depreciation for Small Utilities".[84] To evaluate the reasonableness of the depreciation practices of small water utilities, the Commission has historically relied upon the same NARUC study. When no evidence exists to support a specific life that is outside NARUC ranges, the Commission has historically used the midpoint of the NARUC ranges to depreciate the utility plant. Staff reviewed Lake Village Water's depreciation schedule[85] and recalculated depreciation using NARUC's midpoint ranges as shown in the table below. Staff reviewed Lake Village Water's depreciation schedule, which includes the capitalized tap-fee adjustments reflected in Adjustments C and H, before recalculating depreciation using NARUC's

[84] Application, Attachment 4, Statement of Adjusted Operations, References, Reference J.

[85] Application, Attachment 7, 7_LVWD_Depreciation_Schedule_2024.

midpoint service lives. Saff recommends a downward adjustment of $103,388, which is $3,853 greater than Lake Village Water's proposed adjustment and recommends the Commission accept Staff's adjustment because it is known and measurable.

Asset Class	Original Cost	NARUC Recommended Service Lives	Current Depreciation	Staff Calculated Depreciation	Depreciation Adjustment
Group: Building	$ 94,012	$ 37.5	$ 4,701	$ 2,507	$ (2,194)
Group: Supply Mains	22,085	62.5	799	353	(446)
Group: Pump Station	200,431	62.5	6,074	3,207	(2,867)
Group: #330 STDPIPES & ST. Tanks	2,450,634	45	74,313	54,459	(19,854)
Group: Tansmission Lines	8,284,065	62.5	210,560	132,545	(78,015)
Group: Customer SVC. Lines	179,712	40	5,345	4,493	(852)
Group: Meters	214,360	20	8,199	10,718	2,519
Group: Office Furniture/Equipment	1,770	22.5	1,460	79	(1,382)
Group: Transportaion Equipment	79,073	7	15,815	11,296	(4,518)
Group: Other Tangible Plant	84,425	10	4,221	8,442	4,221
Total	$ 11,610,567		$ 331,486	$ 228,099	$ (103,388)
Lake Village Water's Adjustment ( )					(99,535)
Difference Between Commission Staff and Lake Village Water's Adjustment					$ (3,853)

(L) Taxes Other Than Income. In its application, Lake Village Water reported $38,799 of expenses related to Taxes Other Than Income and proposed an adjustment to increase its expenses by $471 to reflect the changes in Salaries and Wages.[86] Staff reviewed Lake Village Water's payroll tax calculation and finds the proposed adjustment correctly reflects the changes to employee and officer's wages. Therefore, Staff recommends that the Commission accept Lake Village Water's proposed adjustment because it is known and measurable.

OVERALL REVENUE REQUIREMENT

The Commission has historically applied a DSC method to calculate the Overall Revenue Requirement of water districts and water associations. This method allows for recovery of: (1) cash-related pro forma operating expense; (2) depreciation expense, a

[86] Application, Attachment 4, Statement of Adjusted Operations, References, Reference K.

non-cash item, to provide working capital;[87] (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	Lake Village Water Association, Inc.	Commission Staff
Pro Forma Operating Expenses	$ 1,706,959	$ 1,732,185
Average Annual Principal and Interest Payments	310,265	310,265
Additional Working Capital at 20%	62,053	62,053
Total Revenue Requirement	2,079,276	2,104,502
Other Revenue ( )	(81,146)	(91,878)
Interest Income ( )	(7,921)	(7,921)
Revenue Required From Water Sales	1,990,209	2,004,703
Revenue from Sales at Present Rates ( )	(1,827,186)	(1,827,186)
Required Revenue Increase / (Decrease)	$ 163,023	$ 177,517
Percentage Increase / (Decrease)	8.92%	9.72%

Average Annual Principal and Interest Payments and Additional Working Capital. Lake Village Water requested recovery of the average annual principal and interest on its indebtedness in the amount of $310,265 on two loans from United States Department of Agriculture Rural Development Bonds and two Kentucky Rural Water Finance

[87] 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).

Corporation (KRWFC), based on the five-year average of the annual principal, interest, and fee payments for the loans listed in the table below for the years 2026 through 2030.[88] Staff agrees with the methodology that Lake Village Water proposed because it is reasonable and recommends the Commission accept Lake Village 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. Lake Village Water requested recovery of an allowance for working capital that is equal to 20 percent of its average annual debt service, or $62,053.[89] Following the Commission's historic practice of including additional working capital, Staff agrees with Lake Village Water's proposed methodology and amount.

	Total Payment					
Description	2026	2027	2028	2029	2030	Total
RD 91-11	$ 28,044	$ 28,044	$ 28,044	$ 28,044	$ 28,044	$ 140,221
RD 91-12	80,887	80,887	80,887	80,887	80,887	404,435
KRWFC 2015C	92,515	75,109	72,991	75,778	73,468	389,860
KRWFC 2021B	124,618	122,538	125,458	123,218	120,978	616,808
Total	$ 326,063	$ 306,578	$ 307,380	$ 307,926	$ 303,376	$ 1,551,324
					Five Year Average	$ 310,265
					Additional Working Capital at 20 Percent	$ 62,053

ADDITIONAL STAFF COMMENTS

1. During discovery, Lake Village Water explained that certain employees, including management and administrative personnel, perform work for both Lake Village

[88] Application, Attachment #4,Table B, Debt Service Schedule.

[89] Application, Attachment #4, Revenue Requirements using Debt Service Coverage Method.

Water and Mercer County Sanitation District under the management agreement.[90] Although it tracks certain work performed for the Mercer County Sanitation District through work orders, it acknowledged that time devoted by management and administrative personnel is not separately tracked because employees frequently transition between responsibilities for the two utilities throughout the workday.[91] Lake Village Water also explained that the management fee established under the management agreement is reviewed periodically and adjusted based on the anticipated level of services provided; however, the record does not include a methodology allocating shared employee time or related costs between the two entities.[92] Consequently, Staff is unable to determine whether salary related expenses, including wages, overtime, payroll taxes, pension contributions, and employee benefits, have been appropriately allocated between Lake Village Water and Mercer County Sanitation District. While Staff is not proposing an adjustment because the record does not provide a reasonable basis to quantify one, Staff encourages the Commission to include language requiring Lake Village Water to develop and maintain a reasonable methodology for allocating shared employee costs between the two entities in future rate proceedings.

2. During discovery, Lake Village Water acknowledged that, although the initial leak adjustment was calculated in accordance with its Commission approved tariff, the Board of Directors approved an additional adjustment after one of Lake Village

[90] Lake Village Water's Response to Staff's Second Request, Item 8c.

[91] Lake Village Water's Response to Staff's Second Request, Item 8b.

[92] Lake Village Water's Response to Staff's Second Request, Item 8d.

Water's customers requested further assistance.[93] Staff notes that Lake Village Water's tariff establishes the methodology for calculating leak adjustments and does not provide additional discretionary adjustments on a case-by-case.[94] While Staff is not proposing a ratemaking adjustment related to this matter, Staff believes that the Commission should include language reminding Lake Village Water that customer bill adjustments should be administered in accordance with its Commission approved tariff. If the utility wishes to provide additional discretionary relief in the future, it should seek Commission approval to revise its tariff accordingly.

3. During discovery, Lake Village Water provided its water purchase agreements with the city of Burgin (Burgin) and NorthPoint Center.[95] Although the agreements provide for purchased water adjustments tied to changes in Lake Village Water's wholesale costs, the record indicates that Lake Village Water has concerns that the NorthPoint Training Center rate may no longer be proportionate to the rates charged to the other purchasers.[96] It acknowledged that no COSS has been performed to evaluate these wholesale rates.[97] Staff is not proposing an adjustment in this proceeding because the record does not contain sufficient evidence to determine an appropriate wholesale rate. However, Staff recommends the Commission encourage Lake Village Water to evaluate its wholesale contracts and consider whether future revisions supported by a COSS are warranted to ensure that wholesale rates remain just, reasonable and

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[93] Lake Village Water's Response to Staff's Second Request, Item 10a.

[94] Lake Village Water's Response to Staff's Second Request, Item 10b.

[95] Lake Village District's response to Staff's Second Request, Item 15a.

[96] Lake Village Water's response to Staff's First Request, Item 13, 2025 Meeting Minutes at 24.

[97] Lake Village Water's Response to Staff's First Request, Item 17.

supported by cost. Staff also recommends the Commission encourage Lake Village Water to ensure that sales to the NorthPoint and Burgin are properly recorded as Public Authorities sales its accounting records and annual reports, as applicable.

4. During discovery, Lake Village Water provided multiple explanations and revised amounts for Other Water Revenues, including Nonrecurring Charges.[98] However, the amounts provided could not be reconciled to the total Other Water Revenues reported in the Statement of Adjusted Operations, and it did not provide sufficient documentation explaining the discrepancies. Consequently, Staff was unable to determine the components comprising the reported Other Water Revenues and instead relied on the known and measurable amounts supported by the record. Staff recommends the Commission encourage Lake Village Water to strengthen its accounting and recordkeeping practices to ensure that Nonrecurring Charges, Forfeited Discounts and Other Water Revenues are accurately tracked, reconciled and supported in future rate proceedings.

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[98] Lake Village Water's Response to Staff's First Request, Item 6 and Lake Village Water's Response to Staff's Second Request, Item 23.

Signatures

_Vinay Raj Raju______________________
Prepared by: Vinay Raj Raju
Revenue Requirement Branch
Division of Financial Analysis

_/s/ Manuel Jerez Tamayo____________
Prepared by: Manuel Jerez Tamayo
Rate Design Branch
Division of Financial Analysis

APPENDIX A

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00057 DATED AUG 05 2026

* Denotes Rounding

Nonrecurring Charges Adjustments

Connection / Turn-on Charge

	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor (0.5 hours)	$ 9.50	$ -
Office Supplies	$ -	$ -
Office Labor	$ 10.75	$ -
Transportation	$ -	$ -
Misc. (12 miles @ $0.725 per mile)	$ 8.70	$ 8.70
Total Revised Charge*	$ 28.95	$ 9.00
Current Rate	$ 7.00	

Customer Request Disconnect

	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor (0.5 hours @ 19.00 per hour)	$ 9.50	$ -
Office Supplies	$ -	$ -
Office Labor	$ 10.75	$ -
Transportation	$ -	$ -
Misc. (12 miles @ $0.725 per mile)	$ 8.70	$ 8.70
Total Revised Charge*	$ 28.95	$ 9.00
Current Rate	$ 7.00	

Field Collection Charge

	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor (0.5 hours @ $34.50)	$ 17.25	$ -
Office Supplies	$ -	$ -
Office Labor	$ 10.75	$ -
Transportation	$ -	$ -
Misc. (12 miles @ $0.725 per mile)	$ 8.70	$ 8.70
Total Revised Charge*	$ 36.70	$ 9.00
Current Rate	$ 7.00	

Reconnection Charge

	Utility Revised Charge	Staff Revised Charge

Field Materials	$ -	$ -
Field Labor (1 hour @ $19.00)	$ 19.00	$ -
Office Supplies	$ -	$ -
Office Labor	$ 10.75	$ -
Transportation	$ -	$ -
Misc. (2 times 6 miles @ $.0725)	$ 17.40	$ 17.40
Total Revised Charge*	$ 47.15	$ 18.00
Current Rate	$ 14.00	

Meter Test Charge

	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor (0.5 hours at $19 per hour)	$ 9.50	$ -
Office Supplies	$ -	$ -
Office Labor	$ 10.75	$ -
Transportation	$ -	$ -
Misc. (12 miles @ $0.725 per mile)	$ 8.70	$ 8.70
Total Revised Charge*	$ 28.95	$ 9.00
Current Rate	$ 7.00	

Returned Check

	Utility Revised Charge	Staff Revised Charge
Field Materials	$ -	$ -
Field Labor	$ -	$ -
Office Supplies	$ -	$ -
Office Labor	$ -	$ -
Transportation	$ -	$ -
Misc. (Bank Fee)	$ 10.00	$ 10.00
Total Revised Charge*	$ 10.00	$ 10.00
Current Rate	$ 10.00	

APPENDIX B

APPENDIX TO COMMISSION STAFF'S REPORT OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00057 DATED AUG 05 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 Lake Village 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	2,000 Gallons	$	33.32 Minimum Bill
Next	18,000 Gallons		0.01303 Per Gallon
Over	20,000 Gallons		0.01058 Per Gallon

Wholesale Rates North Point Training Center

$ 0.00522 Per Gallon

Nonrecurring Charge	Revised Charge
Connection / Turn-on Charge	$9.00
Customer Request Disconnect	$9.00
Field Collection Charge	$9.00
Reconnection Charge	$18.00
Meter Test Charge	$9.00

Meter Connection/Tap-On Charges

5/8-Inch x 3/4-Inch Meter $ 1,540.00

Service List for Case 2026-00057

* Lake Village Water Association, Inc.
801 Pleasant Hill Drive
P. O. Box 303
Burgin, KY 40310

* Mike D Sanford
Executive Director
Lake Village Water Association, Inc.
801 Pleasant Hill Drive
P. O. Box 303
Burgin, KY 40310

* Sam Reid
312 N. Jackson Street
Perryville, KY 40468

* Christopher J. Tucker
Sheehan, Barnett, Dean, Pennington, Dexter & Tucke
114 South Fourth Street
Danville, KY 40423

* Denotes served by Email