

March 9, 2015

Kentucky Public Service Commission
211 Sower Boulevard P.O. Box 615
Frankfort, KY 40602

RECEIVED

MAR 10 2015
PUBLIC SERVICE
COMMISSION

In the matter of:

Alternative Rate Filing of Eastern Rockcastle Water Association, INC.

CASE NO. 2014-00385/ 807 KAR 5:001, Section 4(8)(b). (CASE NO. 2014-00385)

I want to thank the Public Service Commission staff for taking the time to coordinate the Staff Report and all the effort that was put into the report by the analyst that came to much better conclusions than Eastern Rockcastle Water Association, Inc...

The complete and thorough treatment of the numbers and the financial records along with the present facts helps all of us to prepare for a brighter future of our water company, Eastern Rockcastle Water Association, Inc... I believe this will improve overall satisfaction by all Eastern Rockcastle Water Association, Inc.'s customers.

I would like to take this time to stress the fact that I feel that their needs to be more board members on the Eastern Rockcastle Water Association, Inc. Board. I think to obtain around 10 board members and pay them \$25.00 (twenty five dollars) a month would help tremendously. Also, folks like Barbara Castleberry who ran for the board and was not elected would make a great and significant improvement to the quality of service and financial strength that this

board needs. I would like to make and introduce further arguments that should be addressed for lower monthly rates and meter reading fees. Below are my suggestions, facts, exhibits, and frankly some concerns on how business is handled by this board of Eastern Rockcastle Water Association, Inc.:

Eastern Rockcastle Water Association, Inc. lost Five Million Two Hundred five thousand four hundred ninety (5,205,490) gallons of water for test year 2013 at a cost of \$40,000.00 + (Forty Thousand Plus)but even worse yet Eastern Rockcastle Water Association, Inc. lost more gallons of water in 2014 at a cost of \$58,055.44, that is a total shame.

Eastern Rockcastle Water Association, Inc. wants to raise our water rates to pay for Easter Rockcastle Water Association, Inc.'s Board Members mismanagement, lack of ability, or gumption to fix such water leaks. Eastern Rockcastle wants their water customers to pay for the leaks and allow the water to leak out on the ground. Eastern Rockcastle Water Association, Inc.'s statement Eastern Rockcastle Water Association, Inc. reason for a rate increase is due to costly repairs. Eastern Rockcastle Water Association, Inc. has only replaced two pumps since 1999. Eastern Rockcastle Water Association, Inc.'s pump problems are due to running pumps without water in the lines. Pumps are designed to pump water not air.

Eastern Rockcastle Water Association, Inc. blames their water system's age for their issues but Eastern Rockcastle Water Association, Inc. water system is fairly new, less than twenty five years old. Compared to systems throughout America with a number of systems well over one hundred years old and with less leaks than Eastern Rockcastle Water

Association, Inc... Eastern Rockcastle Water Association, Inc. states it has received no grants in past three years. Eastern Rockcastle Water Association, Inc. should understand in order to receive grants you must first apply for them.

Eastern Rockcastle Water Association, Inc. employs two people and provides both employees with Healthcare Insurance at \$15,000.00 plus per year and most likely two thirds of Eastern Rockcastle Water Association, Inc. customers that are paying for the two employee's health insurance probably can't afford healthcare insurance themselves. Easter Rockcastle Water Association, Inc. should drop such healthcare insurance and all the two employees to purchase their own insurance **through KYnect Healthcare** saving Eastern Rockcastle Water Association, Inc. \$15,000.00 plus a year.

Eastern Rockcastle Water Association, Inc. paid a bill from K. McClure Company that should not have been paid, as the bill contains a number of issues. **See Exhibit: A1. and A2.** (Also Please note that I can find no evidence that the K. McClure Company and Sparkman Back Hoe had Liability Insurance or Worker's Compensation Insurance at the time of **Service in October and November 2014.**)

Eastern Rockcastle Water Association, Inc. President, Tony Bullock was not handling customer relations very well. Eastern Rockcastle Water Association, Inc. customer was asking Tony Bullock whose fault it was why our water was off. This female E.R.W.A. customer has a reasonable grip as the household is the first to run out of water and the last to receive water when it is turned back on. Tony Bullock should realize that without water customers, he has no Water Company. All water customers should be treated with respect. **See Exhibit: 10-4**

Eastern Rockcastle Water Association, Inc. has been on shady ground for years when we attended a meeting at Buffalo Church years ago to sign easements; we were told our flat rate would be \$10.00 (Ten Dollars) once the easements were signed that \$10.00 bill became \$16.00 (Sixteen dollar) before the first water flowed through the pipes. At least one name was forged on an easement by Eastern Rockcastle Water Association, Inc. secretary (my brother's wife name);

Pongo Fire Department was busted by Eastern Rockcastle Water Association, Inc. in 2007 for not reporting water usage; Pongo Fire Department was fined \$50.00 (Fifty Dollars). **See Exhibit: P 1.**

(2011) Pongo Fire Department was again busted for a unregistered water meter and not paying any water bills. Did Pongo Fire Department have an inside connection in the Eastern Rockcastle Water Association, Inc. billing department? Was it the clerk or clerks, doubtful? As I doubt they have the ability to install water meters. Inside person or persons was most likely Eastern Rockcastle Water Association, Inc.'s General Manager/Operator, as the GMO had borrowed a meter of a Eastern Rockcastle Water Association, Inc. customer who had purchased two meters and had one turned off after one year. GMO told Eastern Rockcastle Water Association, Inc. customer he would return said water meter in about two weeks, it has been a long two weeks, as I spoke to said Eastern Rockcastle Water Association, Inc. customer February 23, 2015 and he stated Eastern Rockcastle Water Association, Inc. has never returned the water meter.

Staff member, Mr. Green, statement on Eastern Rockcastle Water Association, Inc.'s transition to radio read meters is not totally correct. Radio Read Meter's don't transmit radio signals to Eastern Rockcastle Water Association, Inc.'s Office; Radio Read Meters are restricted to the distance they transmit. **See Exhibit:** _____

Radio Read Receiver has to be in close proximity of the water meter. Eastern Rockcastle Water Association, Inc. sends service truck past Radio Read Meter once per month, meaning twelve trips per year versus one time per year with manual read/visual read meters.

Eastern Rockcastle Water Association, Inc. could save money, mileage paid to Eastern Rockcastle Water Association, Inc.'s clerk for numerous trips to the bank and post office. Eastern Rockcastle Water Association, Inc. clerk makes too many costly trips to the banks and Post Office costing Eastern Rockcastle Water Association, Inc. fifty to eighty (\$50.00 to \$80.00) dollars a month mileage. **See Exhibit: 1.A, 3.A, 4.A, 5.A, 6.A, 7.A, 8. A, & 9.A.**

Eastern Rockcastle Water Association, Inc.'s Operator could make deposits as the auditor in 2013 audit suggested other than the E.R.W.A.'s clerk make the bank deposits. **See Exhibit: B**

We understand Operator makes more per hour than clerk but figure in clerk's time away from office it would save Eastern Rockcastle Water Association, Inc. money by allowing Operator to do some of the Eastern Rockcastle Water Association, Inc. errands like going to the Post Office

to mail bills and pick up mail, make bank deposits, as most transactions take less than ten (10) minutes and as he checks lines and meters daily and is in or near town several times per week. Operator purchases fuel in the amount of \$800 to \$900 (eight to nine hundred dollars) per month at Town and Country Service Station which is located in Mt. Vernon. Town And Country Station is located within one half mile of Post Office and one of the banks Eastern Rockcastle Water Association, Inc. uses (Citizens Bank) the other bank (Community Bank) is less than two and a half (2 1/2) miles from Town and Country Service Station, so allowing Operator to do errands when it is convenient would save Eastern Rockcastle Water Association, Inc. money and allow clerk more time to collect water payments from walk in customers.

Eastern Rockcastle Water Association, Inc. has been receiving free water from their suppliers. Eastern Rockcastle Water Association, Inc. states have notified Suppliers. Whether they have or not, your guess is as good as mine. Eastern Rockcastle Water Association, Inc. water rate loss **would be higher** without this **free water**. Eastern Rockcastle Water Association, Inc. is selling more water than they purchase. Good Deal, Hugh! **See Exhibit: 11.A, 11.B, 11.C, 11.D, 11.E, and 11.F**

Non-Profit Company from 1990 to 2009, Eastern Rockcastle Water Association, Inc. had not filed papers with the Internal Revenue Service. Eastern Rockcastle Water Association, Inc. was fined \$10,000 (Ten Thousand) but fine was waived. **See Exhibit: 12.**

Thank you for giving me the opportunity to express this information. Please do not hesitate to contact me, if you have any questions.

Certification of Service: I do hereby certify that this is a true copy by Gary Mason and was served by mailing the original plus a copy by way of U.S. Mail, postage prepaid to the following persons or commission:

Sincerely,

Intervener: Gary Mason 2202 Cleft Rock Rd. Mt. Vernon, KY 40456 (606) 256-5521

Signature of Intervener: Gary Mason masong4d@gmail.com

Case No. 2014-00385

Copies Mailed to: United States Postage Paid: ✓

Eastern Rockcastle Water Association, Inc.
9246 Main Street, Livingston, KY 40445
OR:
P.O. Box 540, Mt. Vernon, KY 40456
(606)453-0019

(Case No. 2014-00385)

Copies Mailed to: United State Postage Paid: ✓

Kentucky Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, KY 40602
(502) 564-3940

Case No. 2014-00385

March 9, 2015

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Frankfort, KY 40602

In the matter of:

Alternative Rate Filing of Eastern Rockcastle Water Association, INC.

CASE NO. 2014-00385/ 807 KAR 5:001, Section 4(8)(b).

In addition to other submitted material regarding Case No. 2014-00385:

*Intervener: Gary Mason filed a motion on January 8, 2015 to Hold Case No. 2014-00385 in abeyance Public Service Commission denied Mr. Gary Mason's Motion, saying Mr. Mason failed to set forth good cause. Mr. Gary Mason feels commission should have granted Mr. Mason his request as Mr. Mason has to depend on Eastern Rockcastle Water Association, Inc. to supply 100% **(ONE HUNDRED PERCENT)** of his documents through Open Records Requests which has taken quite some time as some documents have taken weeks to obtain. See*

Exhibit: L

Eastern Rockcastle Water Association, Inc. has at times supplied wrong
documents, failed to answer some questions, some of the Open Records Responses were so slow that the Attorney General intervened on my behalf. The Public Service Commission by denying Mr. Gary Mason's motion has limited my ability in this Case No. 2014-00385 by not having time to force Eastern Rockcastle Water Association, Inc. to supply documents and answer the questions through the use of the Attorney General's office. But it is what it is...

On one order from Commonwealth of Kentucky before the Public Service Commission the date indicated until March 12, 2015 to turn in paper work but on another document it indicated until **March 11, 2015.**

Certification of Service: I do hereby certify that this is a true copy by Gary Mason and was served by mailing the original plus a copy by way of U.S. Mail, postage prepaid to the following persons or commissions:

Sincerely,

**Intervener: Gary Mason 2202 Cleft Rock Rd. Mt. Vernon, KY 40456
(606) 256-5521**

Signature of Intervener: Gary Mason masong4d@gmail.com

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**Eastern Rockcastle Water Association, Inc.
9246 Main Street, Livingston, KY 40445**

Or:

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211 Sower Boulevard, P.O. Box 615
Frankfort, KY 40602
(502) 564-3940**

March 9, 2015

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In the matter of:

Alternative Rate Filing of Eastern Rockcastle Water Association, INC.

CASE NO. 2014-00385/ 807 KAR 5:001, Section 4(8)(b).

Intervener, Gary Mason, I would like to conclude the following according to my changes and findings:

Eastern Rockcastle Water Association, Inc. lost \$58,055.44 due to alleged water leaks, for the year 2014 by fixing those Eastern Rockcastle Water Association, Inc. would save \$49,347.12.

My figures: (less allowed 15% loss) \$58,055.44 times 15% equals \$8,708.32 meaning \$49,347.12 plus \$15,000.00 would be \$64,347.12 thus by dropping Employees Health Insurance coverage (\$15,000.00 +) going to KYnect or Medicaid (Your analyst indicated \$51,288 required Revenue increase or 18.72%) So therefore we feel that a 10% increase would be sufficient.

Tony Bullock, President of Eastern Rockcastle Water Association, Inc. has only been with E.R.W.A. since 2012, but Tony has been with the Pongo Fire Department since day one he knew or should have known Pongo Fire Department was to pay a water bill.

Tony Bullock, President by having a number of titles (5 jobs), and this is apparent due to the number of water leaks and clerk mileage; should be replaced with someone whom could allocate most their time to Eastern Rockcastle Water Association, Inc.

Case No. 2014-00385

We, the water customers, feel that a 400% (Four Hundred percent) that would be sufficient for Eastern Rockcastle Water Association, Inc. meter read rate increase.

old \$5.00 (400%) Percent new \$25.00

Sincerely,

Intervener: Gary Mason 2202 Cleft Rock Rd. Mt. Vernon, KY 40456 (606) 256-5521

Signature of Intervener: Gary Mason masong4d@gmail.com

Copies Mailed to: United States Postage Paid:

Eastern Rockcastle Water Association, INC.

9246 Main Street Livingston, KY 40445

P.O. 540, Mt. Vernon, KY 40456

(606)453-0019

Copies Mailed to: United States Mail Postage Paid:

Kentucky Public Service Commission

211 Sower Boulevard P.O. Box 615

Frankfort, KY 40602

(502) 564-3940

Case No. 2014-00385

ERWA President Tony 687-0867
ERWA Operator Rodney 308-5172

A 1.

Eastern Rockcastle Water

3 1/2 hrs
6 1/2 hrs
2 hrs
7 hrs
3 1/2 hrs
5 hrs

} No description of work done
No dates that were worked

27 1/2 hrs Bill was paid by ERWA
X \$50.00 per hr

\$ 1,375.00 ?
\$ 175.00 - diesel fuel
~~\$ 1,550.00 ?~~

\$ 1,250.000 - Amount owed

statement amount owed is wrong HAS to many zero's

X. Kathleen McClure

Bill contains no address and no phone number.
Neither company provided no proof of Worker Compensation
INSURANCE

ERWA Clerk states that Sparkman Backhoe and Kathleen
McClure's company are co-companies
could find no evidence on copy of Sparkman's
Liability INSURANCE

ERWA President Tony 687-0867
ERWA Operator Rodney 308-5172

A1.

Eastern Rockcastle Water

3 1/2 hrs	} No description of work done No dates that were worked
1 1/2 hrs	
2 hrs	
7 hrs	
3 1/2 hrs	
5 hrs	

27 1/2 hrs Bill was paid by ERWA

X \$50.00 per hr

\$ 1,375.00 ?

\$ 175.00 - diesel fuel

~~\$ 1,550.00 ?~~

\$ 1,250.000 - Amount Owed

statement amount owed is wrong HAS to many zero's

X Kathleen McClure

Bill contains no address and no phone number.
Neither company provided no proof of Worker Compensation Insurance

ERWA Clerk states that Sparkman Backhoe and Kathleen McClure's Company are co-companies
Could find no evidence on copy of Sparkman's Liability Insurance

EMPLOYERS MUTUAL CASUALTY COMPANY

PRIOR POLICY: 4D9-13-01

GENERAL LIABILITY DECLARATIONS

POLICY PERIOD: FROM 03/27/15 TO 03/27/16

-----*
* POLICY NUMBER *

NAMED INSURED:

PRODUCER:

SPARKMAN BACKHOE SERVICES LLC
265 READY MIX RD
LONDON KY 40741-6022

CARROLL & STONE INSURANCE
SERVICES
PO BOX 22829
LEXINGTON KY 40522-2829

DIRECT BILL

AGENT: AT 0048
AGENT PHONE: 859-269-1044

INSURED IS: LLC

BUSINESS DESC: INSTALLS SEPTIC TANKS

LIMITS OF INSURANCE

EACH OCCURRENCE LIMIT	\$	1,000,000	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	\$	100,000	ANY ONE PREMISES
MEDICAL EXPENSE LIMIT	\$	5,000	ANY ONE PERSON
PERSONAL AND ADVERTISING INJURY LIMIT	\$	1,000,000	ANY ONE PERSON OR ORGANIZATION
GENERAL AGGREGATE LIMIT	\$	2,000,000	
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	\$	2,000,000	

Wrong Document

Asked for coverage for Oct + Nov 2014

SEE ATTACHED SCHEDULE FOR LOCATION
OF ALL PREMISES OWNED, RENTED OR OCCUPIED.

DATE OF ISSUE: 02/06/15 BPP

FORM CG7000A ED. 08-99 BPP 12/24/14 007 BL 4D91301 1601

10-4

← Tony Bullock

We got our water thawed yesterday. We had water this morning a very little now...

Feb 21 7:20 PM

Any word? I just heard that the tanks in town are fine and that it's on Easterns end, not Mt. Vernons.

Feb 22 6:18 PM

Well I don't know who u have been talking to and really don't care I know the facts and truth and that's all the matters to me if u have no water then I

don't either so don't u think if there was something I could I would

ERWA Minutes for Nov 9, 2007

P1. (3)

Financial Report

Jo Cook read the financial report for the month.
Mr. Ponder asked for any discussion or questions.
None was made.
Mr. Ponder then asked for a motion to approve the Financial Report as read.
Margaret Martin made the motion to approve the Financial Report.
Sue Rodefer seconded the aforesaid motion.
All members present accepted the motion.
Motion passed.

ERWA's should have billed Pongo Fire Department
in November 2007 but failed to do so 2014 first bill

Randy's Report

- A large discussion took place concerning the Boone Cromer Road now known as Lower River Road. Lee Bivins made a motion to the Board giving Randy Corry Permission to look in to the situation. Murphy Martin seconded the motion. All members present accepted the motion.
Motion passed.
- * Road 1329 will go up for bid, when Rural Development Loan/Grant goes through.
- Inter-Connection with Livingston and Jackson Co. on Road 1955, is for chlorine Purposes, a water shortage, and a Master Meter will have to be installed also.
- Discussion of the Water Usage at Pongo Fire Department.
Sue Rodefer made the motion to not charge for water used, but charge a \$50.00 penalty for not reporting water usage. Lee Bivins second the aforesaid motion. All members present accepted the motion. Motion passed.
- Budget - Murphy Martin made the motion for E.R.W.A. to accept the Budget for 2008. Anna Mize seconded the aforesaid motion. All members present accepted the motion.
Motion passed.

Murphy Martin made the motion for adjournment at approximately 9:15 A.M.
Lee Bivins seconded the aforesaid motion
All members present accepted the motion
Motion passed.

Next Page

Item 2. Discussion was held on the recent line break(s) and related problems in the Sand Springs/Pongo area of the county serviced by ERWA. It was concluded that there were several incidents that led to the problems; among them being breaks, pressure issues, pump failure, and the number of days and nights of below-freezing temperatures causing cracks and/or breaks in the lines.

During the work associated with the repairs and corrections of these problems, it was discovered that the Pongo Fire Department has been for several years had water service through a water meter that had never been recorded in the ERWA records and accounted for in the billing system. No records could be found of the meter being paid for or being installed for the use of the firehouse. At this point, Mr. Tony Bullock, Fire Chief of the Pongo Volunteer Fire Department., was invited into the meeting as representative of the Pongo/Sand Springs area ERWA customers as well as the Pongo VFD.

Mr. Bullock explained the fire departments position. He stated that the fire department personnel, in lieu of paying the cost of a meter, had supplied the labor and equipment for ERWA to move two (2) meters that had to be relocated when the fire department building was under construction, and install a meter for VFD use. The VFD would be using a garden hose from the meter to fill their tanker trucks as there was no hydrant at that time.

It was noted by ERWA that a hydrant had been installed in 2009 when the ERWA tank was built next to the fire department. The water through the meter has since been used for the fire department meetings and non-related fire fighting activities, such as fund raisers, chili suppers, etc. Further, it was also noted that no reports have been filed with ERWA by the VFD of water drawn from the hydrant for fighting fires or for training.

After a lengthy discussion, President Ballinger asked that the records show he proposed a motion be made that ERWA suspend all penalties (with PSC approval) and as of January 2011 the meter for the VFD be on record, with a bill being issued each month for regular use. In addition, the water from the hydrant is to be reported each month as stated in the ERWA by-laws. Lee Bivins made the motion with a second by Dell Ponder.

Item 3. Mr. Bullock then questioned the board about the lack of an easement being obtained for the driveway at the Pongo water tank. Mr. Bullock stated that the property belongs to him. After discussion, let the records show that Mr. Tony Bullock, in the presence of the ERWA Board of Directors and an employee, agreed that ERWA board members and employees have right to access the water tank across his property as long as David Ballinger is president of the water association. Mr. Bullock further agreed to re-negotiate in the event that the president changes, or, will sell easement rights to the water association for the cost of one year of water at base rate of \$271.92 (12 months @ 22.66 per month).

1 A

Mileage Record - 2014

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
Mar	6	20	\$ 0.45	\$9.00	Post Office and Banks
Mar	13	20	\$ 0.45	\$9.00	Post Office and Banks
Mar	20	20	\$ 0.45	\$9.00	Post Office and Banks
Mar	24	35	\$ 0.45	\$15.75	Take computer to be repaired
Mar	27	20	\$ 0.45	\$9.00	Post Office and Banks
Mar	31	20	\$ 0.45	\$9.00	Sign annual report at Clontz's office
Total:				\$60.75	

3 A

Mileage Record - 2014

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
MAY	1	20	\$ 0.46	\$9.20	Post Office and Banks
MAY	8	20	\$ 0.46	\$9.20	Post Office and Banks
MAY	15	55	\$ 0.46	\$25.30	Post Office and Banks & Computer Clinic
MAY	22	20	\$ 0.46	\$9.20	Post Office and Banks
MAY	28	20	\$ 0.46	\$9.20	Take form to John Ford
MAY	29	79	\$ 0.46	\$36.34	Delivery service truck to Rodney
MAY	29	20	\$ 0.46	\$9.20	Post Office and Banks
MAY	31	20	\$ 0.46	\$9.20	Post office and bank
Total:				\$116.84	

4 A

Mileage Record - 2014

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
JUNE	4	20	\$ 0.46	\$9.20	Attorney Office
JUNE	5	20	\$ 0.46	\$9.20	Post Office and Banks
JUNE	17	20	\$ 0.46	\$9.20	Post Office and Banks (Transfer money to cover
JUNE	18	18	\$ 0.46	\$8.28	Turn Michael McGuire meter on Ross&Co. check)
JUNE	19	20	\$ 0.46	\$9.20	Post Office and Banks
JUNE	24	20	\$ 0.46	\$9.20	Mail bills
JUNE	26	20	\$ 0.46	\$9.20	Post Office and Banks
JUNE	27	20	\$ 0.46	\$9.20	Letter to Citizens Bank
JUNE	30	20	\$ 0.46	\$9.20	Post Office and Banks
Total:				\$81.88	

5 A

Mileage Record - 2014

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
July	3	20	\$ 0.48	\$9.60	Post Office and Banks
July	10	20	\$ 0.48	\$9.60	Post Office and Banks
July	16	20	\$ 0.48	\$9.60	Mail late notices
July	17	20	\$ 0.48	\$9.60	Post Office and Banks
July	23	20	\$ 0.48	\$9.60	Post Office and Banks
July	29	20	\$ 0.48	\$9.60	Mail bills
July	31	20	\$ 0.48	\$9.60	Post Office and Banks
Total:				\$67.20	

6A

Mileage Record - 2014

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
August	1	20	\$ 0.48	\$ 9.60	To issue BWA
August	7	20	\$ 0.48	\$ 9.60	Post Office and Banks
August	11	49	\$ 0.48	\$ 23.52	London to pick up capacitors & phones
August	14	20	\$ 0.48	\$ 9.60	Post Office and Banks
August	21	20	\$ 0.48	\$ 9.60	Post Office and Banks
August	25	20	\$ 0.48	\$ 9.60	Mail bills
August	28	20	\$ 0.48	\$ 9.60	Post Office and Banks
Total:				\$81.12	

Mileage Record - 2014

7 A

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
SEP	4	20	\$ 0.48	\$9.60	Post Office and Banks
SEP	11	20	\$ 0.48	\$9.60	Post Office and Banks
SEP	16	20	\$ 0.48	\$9.60	Late notices
SEP	18	20	\$ 0.48	\$9.60	Post Office and Banks
SEP	25	20	\$ 0.48	\$9.60	Post Office and Banks
SEP	25	22	\$ 0.48	\$10.56	Rodney - flat tire
Total:				\$58.56	

Mileage Record - 2014

8 A

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
OCT	2	20	\$ 0.46	\$9.20	Post Office and Banks
OCT	9	20	\$ 0.46	\$9.20	Post Office and Banks
OCT	16	55	\$ 0.46	\$25.30	Post Office and Banks pick up computer
OCT	23	20	\$ 0.46	\$9.20	Post Office and Banks
OCT	27	20	\$ 0.46	\$9.20	Mail Billing
OCT	30	20	\$ 0.46	\$9.20	Post Office and Banks
Total:				\$71.30	

Mileage Record - 2014

9 A

Rebecca Hacker

Month	Day	Miles	Amt/mile	Total	
NOV	6	20	\$ 0.46	\$9.20	Post Office and Banks
NOV	13	20	\$ 0.46	\$9.20	Post Office and Banks
NOV	20	20	\$ 0.46	\$9.20	Post Office and Banks
NOV	25	20	\$ 0.46	\$9.20	Mail billing
NOV	26	20	\$ 0.46	\$9.20	Post Office and Banks
Total:				\$46.00	

B.

ROSS & COMPANY, PLLC
Certified Public Accountants
800 Envoy Circle
Louisville, KY 40299-1837
Telephone (502) 499-9088
Facsimile (502) 499-9132

To the Board of Directors
Eastern Rockcastle Water Association, Inc.
Livingston, KY

RECOMMENDATIONS AND COMMENTS TO MANAGEMENT

In planning and performing our audit, we considered Eastern Rockcastle Water Association (ERWA), internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ERWA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ERWA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

Current Year Findings –

2013-01; Lack of Segregation of Duties

The Eastern Rockcastle Water Association should maintain adequate segregation of duties to ensure functions are separated and not controlled by one individual. The clerk opens mail, prepares checks, makes out the deposit tickets, and completes the bank reconciliations. There are not any documented review processes or compensating controls that exist over these areas. Lack of segregation of duties increases the Association's risk of misappropriation of assets, errors, inaccurate financial reporting and potential fraud risks. We recommend the Association separate these functions to achieve an appropriate level of segregation of duties or implement the following compensating controls over these areas.

SUGGESTIONS:

- Board member (Treasurer) open mail and mark invoices "ok to pay".
- Signature lines should be cut out of all voided checks.
- Board Treasurer should received copy of bank statements and reconciliation to review.
- Someone other than the clerk should deliver deposit to the bank.

Association's Response: I see no reason why most of these suggestions should not be implemented. The only problem I foresee is this availability of a board member to open mail because a board member is not available on a daily basis. The invoice are approved for payment when the checks are signed on a weekly basis.

11. A

PUBLIC SERVICE COMMISSION

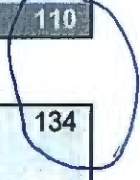
Monthly Water Loss Report

Water Utility: EASTERN ROCKCASTLE WATER ASSOCIATION - RED HILL LINE

For the Month of: December Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	
3	Water Purchased	110
4	TOTAL PRODUCED AND PURCHASED	110
5		
6	WATER SALES	
7	Residential	134
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales	
13	TOTAL WATER SALES	134 121.8%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	1
19	Fire Department	
20	Other	
21	TOTAL OTHER WATER USED	1 0.9%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(25)
27	Other	
28	TOTAL LINE LOSS	(25) -22.7%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-22.7%

*24,000
FREE*



H. B

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: EASTERN ROCKCASTLE WATER ASSOCIATION - RED HILL LINE

For the Month of: November Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	
3	Water Purchased	110
4	TOTAL PRODUCED AND PURCHASED	110
5		
6	WATER SALES	
7	Residential	143
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales	
13	TOTAL WATER SALES	143 130.0%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	2
19	Fire Department	
20	Other	
21	TOTAL OTHER WATER USED	2 1.8%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(35)
27	Other	
28	TOTAL LINE LOSS	(35) -31.8%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-31.8%

*33,000
FREE*

11. C

PUBLIC SERVICE COMMISSION

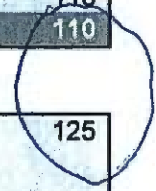
Monthly Water Loss Report

Water Utility: EASTERN ROCKCASTLE WATER ASSOCIATION - RED HILL LINE

For the Month of: October Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	
3	Water Purchased	110
4	TOTAL PRODUCED AND PURCHASED	110
5		
6	WATER SALES	
7	Residential	125
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales	
13	TOTAL WATER SALES	125 113.6%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	1
19	Fire Department	
20	Other	
21	TOTAL OTHER WATER USED	1 0.9%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(16)
27	Other	
28	TOTAL LINE LOSS	(16) -14.5%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-14.5%

15,000
Free



PL D

PUBLIC SERVICE COMMISSION

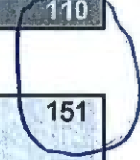
Monthly Water Loss Report

Water Utility: EASTERN ROCKCASTLE WATER ASSOCIATION - RED HILL LINE

For the Month of: September Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	
3	Water Purchased	110
4	TOTAL PRODUCED AND PURCHASED	110
5		
6	WATER SALES	
7	Residential	151
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales	
13	TOTAL WATER SALES	151 137.3%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	1
19	Fire Department	
20	Other	
21	TOTAL OTHER WATER USED	1 0.9%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(42)
27	Other	
28	TOTAL LINE LOSS	(42) -38.2%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-38.2%

*41,000
free*



11e

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: EASTERN ROCKCASTLE WATER ASSOCIATION - RED HILL LINE

For the Month of: January Year: 2014

LINE #	ITEM	GALLONS (Dmit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	
3	Water Purchased	107
4	TOTAL PRODUCED AND PURCHASED	107
5		
6	WATER SALES	
7	Residential	139
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales	
13	TOTAL WATER SALES	139 129.9%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	1
19	Fire Department	-
20	Other	
21	TOTAL OTHER WATER USED	1 0.9%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(33)
27	Other Meter leaks	
28	TOTAL LINE LOSS	(33) -30.8%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-30.8%

*32,000
Free*

11. F

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: EASTERN ROCKCASTLE WATER ASSOCIATION - SAND HILL LINE

For the Month of: January Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	
3	Water Purchased	143
4	TOTAL PRODUCED AND PURCHASED	143
5		
6	WATER SALES	
7	Residential	176
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales	
13	TOTAL WATER SALES	176 123.1%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	1
19	Fire Department	-
20	Other	
21	TOTAL OTHER WATER USED	1 0.7%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(40)
27	Other <u>PUMP MALFUNCTION</u>	6
28	TOTAL LINE LOSS	(34) -23.8%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-23.8%

*33,000
Free*

11.6

PUBLIC SERVICE COMMISSION

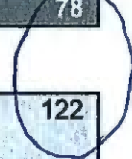
Monthly Water Loss Report

Water Utility: EASTERN ROCKCASTLE WATER ASSOCIATION - SAND HILL LINE

For the Month of: February Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	
3	Water Purchased	78
4	TOTAL PRODUCED AND PURCHASED	78
5		
6	WATER SALES	
7	Residential	122
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales	
13	TOTAL WATER SALES	122 156.4%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	1
19	Fire Department	-
20	Other	
21	TOTAL OTHER WATER USED	1 1.3%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(46)
27	Other <u>METER BOTTOM</u>	1
28	TOTAL LINE LOSS	(45) -57.7%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-57.7%

44,000
Free



Joseph B. Clontz**(606) 256-3623****Certified Public Accountant, PSC****75 East Main Street, Mt. Vernon, KY 40456**

January 20, 2011

Department of the Treasury
Internal Revenue Service
Ogden, Utah 84201-0074Eastern Rockcastle Co. Water Association, Inc.
PO Box 540
Mt. Vernon, KY 40456
Form 990 Tax Period 2007

Dear Sirs,

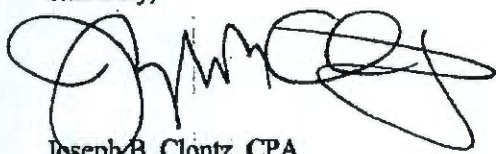
As the accountant for the above referenced not for profit taxpayer, I am responding to your tax notice dated January 3, 2011.

We are requesting a waiver of the assessed late filing penalty for the Form 990 for the 2007 tax year. The taxpayer began operations in 1990 and provides water service to rural customers in Rockcastle and Jackson Counties in Kentucky. The management consists of members/customers of the Association. The management was not aware of the filing requirements until advised by an auditor. An audit was required due to the Association receiving a great deal of grant funds from Rural Development, which is an extension of the United States Department of Agriculture.

The Association incurs large operating losses each year, and the assessed penalty would be a great financial hardship and could jeopardize the ability of the Association to continue provided the much needed resource to their customers.

The Association will timely file all necessary forms in the future, and again request a waiver of the assessed penalty.

Sincerely,



Joseph B. Clontz, CPA

ERWA WAS FINED \$10,000
but later waived by IRS.

EASTERN ROCKCASTLE WATER ASSOCIATION

L.

**P.O. Box 540
Mt. Vernon, KY 40456
Phone: 606-453-0019
Fax: 606-453-0020**

February 5, 2015

Gary Mason
2202 Cleft Rock Rd.
Mount Vernon, KY 40456

CASE#2014-00385

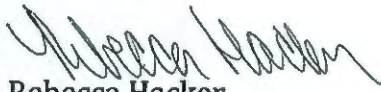
Dear Mr. Mason,

We received your open records request dated January 30, 2015. Due to limited staffing and the complexity of your request, these records are not readily available. These records will be available for you no later than February 21, 2015.

Please note that copies are provided at the cost of \$0.10 per page and due and payable upon receipt of records. These copies must be picked up from our office.

Please call the office at 606-453-0019 to schedule an appointment. Thank you for your cooperation.

Sincerely,



Rebecca Hacker
Office Clerk

CC: Public Service Commission
PO Box 615
Frankfort, KY 40602

Attorney General
Consumer Protection Division
1024 Capital Drive, Suite 200
Frankfort, KY 40601