

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF CUMBERLAND |) | |
| COUNTY WATER DISTRICT FOR AN |) | CASE NO. |
| ADJUSTMENT OF RATES PURSUANT TO 807 |) | 2025-00226 |
| KAR 5:076 |) | |

ORDER

On June 26, 2025¹ Cumberland County Water District (Cumberland District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Cumberland District filed this proceeding in compliance with the final Order in Case No. 2025-00072.² In that proceeding, Cumberland District was ordered to file an application by August 31, 2026, for either a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or for an alternative rate adjustment (ARF) pursuant to 807 KAR 5:076 to ensure its revenue is sufficient to support adequate and reliable service.

The Commission finds that a procedural schedule³ should be established to ensure the orderly review of Cumberland District's application. The procedural schedule is attached as Appendix A to this Order.

¹ Cumberland District tendered its application on June 26, 2025. By letter dated July 2, 2025, the Commission found no filing deficiencies, and the application is deemed filed on June 26, 2025.

² *Case No. 2025-00072, Electronic Purchased Water Adjustment Filing of Cumberland County Water District (Ky. PSC April 14, 2025), Order at 5, ordering paragraph 5.*

³ No action is necessary to suspend the effective date of Cumberland District's proposed rates for service. Pursuant to 807 KAR 5:076, Section 7(1), an applicant who applies for a rate adjustment pursuant to the procedures set for in 807 KAR 5:076 may not place its proposed rates into effect until the Commission approves those rates or six months from the date of the filing of its application.

In addition, Cumberland District shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's Request for Information, attached to this Order as Appendix B, and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

IT IS THEREFORE ORDERED that:

1. The procedural schedule set forth in Appendix A to this Order shall be followed.

2. On or before the date set forth in the procedural schedule, Cumberland District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.

3. Cumberland District shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.

4. No later than the date set forth in the procedural schedule, Commission Staff shall file with the Commission and serve upon all parties of record a written report (Commission Staff's Report) containing its recommendations regarding Cumberland District's requested rate adjustment.

5. No later than 14 days after the date of service of the Commission Staff's Report, each party of record shall file with the Commission:

a. Its written comments on and any objections to the findings contained in the Commission Staff's Report; and

b. Any additional evidence for the Commission to consider.

6. If Commission Staff recommends that Cumberland District's financial condition supports a higher rate than Cumberland District proposes or the assessment of an additional rate or charge not proposed in Cumberland District's application, Cumberland District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should authorize the assessment of the higher rate or the additional rate or charge.

7. If Commission Staff recommends that changes should be made to the manner in which Cumberland District accounts for the depreciation of Cumberland District's assets, Cumberland District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Cumberland District to implement the proposed change for accounting purposes.

8. A party's failure to file written objections to a recommendation contained in the Commission Staff's Report within 14 days after the date of the filing of the Commission Staff's Report shall be deemed a waiver of all objections to that finding.

9. If a party requests a hearing or informal conference, then the party shall make the request in its written comments and state the reason a hearing or informal conference is necessary.

10. A party's failure to request a hearing or informal conference in the party's written response shall be deemed a waiver of all rights to a hearing on the application and a request that the case stand submitted for decision.

11. A party's failure to file a written response within 14 days after the date of service of the Commission Staff's Report shall be deemed a waiver of all rights to a hearing on the application.

12. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of the utility consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

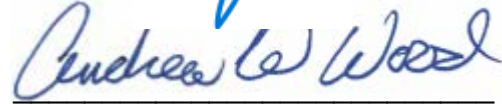
13. Any motion to intervene filed after the date established in the procedural schedule attached as Appendix A to this Order shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

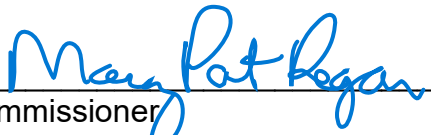
14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085⁴ regarding filings with the Commission.

⁴ 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).

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00226 DATED JUL 17 2025

Requests for intervention shall be filed no later than 07/23/2025

All requests for information to Cumberland District
shall be filed no later than 08/01/2025

Cumberland District shall file responses to requests
for information no later than 08/22/2025

All supplemental requests for information to
Cumberland District shall be filed no later than 09/12/2025

Cumberland District shall file responses to supplemental
requests for information no later than 09/26/2025

Commission Staff's Report shall be filed no later than 11/07/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00226 DATED JUL 17 2025

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO CUMBERLAND COUNTY WATER DISTRICT

Cumberland County Water District (Cumberland District), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on August 22, 2025. The Commission directs Cumberland District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Cumberland District shall make timely amendment to any prior response if Cumberland District obtains information that indicates the response was incorrect or

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).

incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Cumberland District fails or refuses to furnish all or part of the requested information, Cumberland District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Cumberland District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. State whether Cumberland District uses an integrated software program for billing and its general ledger. If not, provide the following information related to each of the billing software and the general ledger software Cumberland District used during the test period:

- a. Brand or common name for each software.
- b. State whether each software is locally installed on a utility-owned computer or is a subscription service that is internet based.
- c. If locally installed, state the installation date for each software.
- d. State whether each system is still serviced by the manufacturer and whether the utility maintains a service contract.

2. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected. Employee names should be redacted from all documents.

a. The general ledger in Excel spreadsheet format with all transactions for the year ended December 31, 2024, and year to date June 30, 2025.

b. The trial balance in Excel spreadsheet format for the year ended December 31, 2024, and year to date June 30, 2025.

c. Refer to Application, Schedule of Adjusted Operations (SAO). Provide a cross reference that matches each test year general ledger account to each revenue and expense line reported in the SAO and reconcile each amount that does not match.

3. Refer to the Application, SAO, Revenue Requirements Calculations, SAO Adjustments References. Provide all schedules used to support each proposed adjustment in Excel format. Component details of schedules should tie to the general ledger accounts that comprise the SAO line items, including any adjustments for unreconciled amounts.

4. Refer to the Application, SAO, provide an itemization of the Other Water Revenues of \$32,952 and state whether each component will recur.

5. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that lists each position (Position 1, Position 2, etc.) job titles, hours worked, pay rates, any bonus payments, total wages paid, and total FICA (both social security and Medicare) match cost for each employee for the years ended December 31, 2023, and 2024. Overtime hours worked and paid at rates greater

than the straight time pay rate should be separated from on call hours paid. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant. The table should include a column for total wages by employee (regular wages and overtime) and a row for total wages for all employees. Employee names should be redacted from all documents.

a. Provide calculations by employee that support pro forma wages of \$392,631. This may be provided as a separate table or combined with the table above. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant.

b. State the planned number of employees separated between full time and part time that make up the pro forma wage amount of \$392,631.

c. State whether yearly hours for full time employees is 1950 hours (37.5 hours weekly) or 2080 hours (40 hours weekly).

d. For any part-time employees, state, individually, how many weekly hours the employee is expected to work.

e. Provide a summary of overtime hours worked and cost that were due to vacant positions and thus will be eliminated when the vacant positions are filled.

f. For any bonuses, provide written personnel policies including a description of the measurement determinates.

g. Distribute the increase of \$75,473 in pro forma labor costs in the following format.

| Description | Amount | Percent |
|--|-------------|---------|
| Gross Test Year Wages | \$ 334,708 | |
| Charged to Tap Fees/Capitalized() | \$ (17,550) | |
| Reported Test Year Wages | \$ 317,158 | |
| Wage Rate Inflation | | 0.00% |
| Merit/Promotion Increases | | 0.00% |
| Positions Added Since Beginning of Test Year | | 0.00% |
| Turnover During Test Year | | 0.00% |
| Pro Forma Wages | \$ 392,631 | 0.00% |

6. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the 2024. Supplemental coverage for which the employee pays 100 percent of the cost should also be included.

a. Provide a copy of one invoice for 2024 for each employee benefit described above.

b. State whether there were any significant changes to any benefit coverage described above subsequent to the test year.

c. Provide a copy of the most recent invoice for each employee benefit described above.

d. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) employer contribution rates, if applicable, for the test year. Designate each medical insurance coverage type (i.e., single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.

7. Refer to the Application, SAO, Adjustment H. Provide the following information regarding the proposed rate case amortization expense.

a. State whether the estimated cost for this case is a fixed amount or indicate whether the quoted amount may increase or decrease.

b. Provide a copy of the quote for the preparation of the rate case.

c. Confirm that the anticipated rate case expense will be paid by Cumberland District and not paid by a third party, i.e. grant funding. If not confirmed, provide the source of funding, describe the agreement facilitating the third-party funding, and provide any preliminary and final written agreements reflecting the third-party funding.

8. Provide the following regarding Purchased Water expenses.

a. Provide the gallons purchased and cost, by month for the entire year, for each supplier, for calendar year 2024.

b. Reconcile reported gallons purchased in the test year annual report water statistics and the purchased gallons reported in 2024 from Item 8a above.

9. Provide certificates of insurance and most recent invoices for general liability, automobile, property, and casualty for 2024 and 2025.

10. Provide the minutes from the Cumberland District Board of Commissioners' meetings for the calendar years 2023, 2024, and year to date 2025. Consider this a continuing request through the date of issuance of Commission Staff's Report.

a. Designate each action that authorizes hiring.

b. Designate each action that authorizes adjustments to wage rates and any other compensation or fringe benefit actions.

11. For each commissioner, during the calendar years 2023, 2024, and 2025:

a. Provide a list of the name of each commissioner, their term (beginning and ending) as a commissioner, and current annual compensation.

b. Provide, individually, the total amount of each benefit paid to, or on the behalf of, each commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.)

c. Provide the Fiscal Court minutes that authorize each commissioner's appointment and compensation.

d. Provide training records for each commissioner for 2023, 2024, and 2025 or a statement that the individual has not attended training.

12. Refer to Cumberland District's Tariff, PSC Ky. No. 1, Original Sheet No. 10-12, Rules and Regulations, Billings.

a. Provide the date Cumberland District's billing cycle begins (meter read date).

b. State whether the date that the billing cycle begins is the date that would be best stated as the effective date of any order the Commission issues concerning rates in this case.

13. State the last time Cumberland District performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Cumberland District considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Cumberland District's system would cause a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to Cumberland District's system, explain when Cumberland District anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for the Cumberland District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

14. Provide the number of occurrences and dollar amounts for late fees recorded during the calendar years of 2023 and 2024.

15. Provide a schedule of listing the number of occurrences for each nonrecurring charge recorded during the test year and the total amount recorded for each nonrecurring charge. If the revenue for any nonrecurring charge was zero, include that charge and indicate that no revenue was recorded. Include the general ledger account numbers where each nonrecurring charge is recorded.

16. Provide updated cost justification sheets to support each nonrecurring charge listed in Cumberland District's tariff.

17. Provide updated cost justification sheets to support each Meter Connections/Tap-on charge listed in Cumberland District's tariff.

18. Refer to the Application, Current Billing Analysis (2024) Usage and Existing Rates and Proposed Billing Analysis (2024) Usage and Proposed Rates.

a. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Describe each adjustment to the billing analysis and its justification and supporting documentation.

c. Provide an analysis of the proposed pro forma adjustment to metered revenues.

19. Provide the following for new tap installations.

a. Number of installations during the test year.

b. State whether labor costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

c. State whether material costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

20. Provide Cumberland County Water District's 2024 Audit report. If not available, state the expected date it will be completed.

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

*Cumberland County Water District
133 Lower River Street
Burkesville, KY 42717-9622

*Troy Norris
Cumberland County Water District
133 Lower River Street
Burkesville, KY 42717-9622