

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH LOGAN )	
WATER ASSOCIATION, INC. FOR AN )	CASE NO.
ALTERNATIVE RATE FILING PURSUANT TO 807 )	2024-00203
KAR 5:076 )	

ORDER

On October 7, 2024,<sup>1</sup> South Logan Water Association (South Logan Water) filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. South Logan Water filed this proceeding in compliance with the final Order in Case No. 2022-00103.<sup>2</sup> In that proceeding, South Logan Water was ordered to file an application by July 27, 2024, 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.

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<sup>1</sup> South Logan Water tendered its application on July 1, 2024. By letter dated July 5, 2024, and an Order dated July 31, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on October 7, 2024.

<sup>2</sup> Case No. 2022-00103, *Electronic Application of South Logan Water Association, Inc. for a Certificate of Public Convenience and Necessity to Construct, Finance, and Increase Rates Pursuant to The Provisions KRS 278.023*, (Ky. PSC, July 27, 2022), Order at 5, ordering paragraph 1.

The Commission finds that a procedural schedule<sup>3</sup> should be established to ensure the orderly review of South Logan Water's application. The procedural schedule is attached as Appendix A to this Order.

In addition, South Logan Water 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 whether or not included in a procedural schedule 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, South Logan Water shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.
3. South Logan Water 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 South Logan Water's requested rate adjustment.

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<sup>3</sup> No action is necessary to suspend the effective date of South Logan Water'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.

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 South Logan Water's financial condition supports a higher rate than South Logan Water proposes or the assessment of an additional rate or charge not proposed in South Logan Water's application, South Logan Water 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 South Logan Water accounts for the depreciation of South Logan Water's assets, South Logan Water in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require South Logan Water 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. 2020-00085<sup>4</sup> regarding filings with the Commission.

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<sup>4</sup> 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

  
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Chairman

  
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Commissioner

  
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Commissioner

ENTERED  
OCT 21 2024  
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KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director *FK*

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00203 DATED OCT 21 2024

Requests for intervention shall be filed no later than ..... 11/04/2024

All requests for information to South Logan Water  
shall be filed no later than ..... 11/12/2024

South Logan Water shall file responses to requests  
for information no later than ..... 11/26/2024

All supplemental requests for information to  
South Logan Water shall be filed no later than ..... 12/12/2024

South Logan Water shall file responses to supplemental  
requests for information no later than ..... 01/03/2025

Commission Staff's Report shall be filed no later than..... 02/10/2025

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00203 DATED OCT 21 2024

#### COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO SOUTH LOGAN WATER ASSOCIATION

South Logan Water Association (South Logan Water), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on November 26, 2024. The Commission directs South Logan Water to the Commission's July 22, 2021, Order in Case No. 2020-00085<sup>1</sup> 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.

South Logan Water shall make timely amendment to any prior response if South Logan Water obtains information that indicates the response was incorrect or incomplete

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<sup>1</sup> 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).

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

For any request to which South Logan Water fails or refuses to furnish all or part of the requested information, South Logan Water 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, South Logan Water shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide copies of each of the following 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 for the year ended December 31, 2023, and for the year 2024 to date.

- b. The trial balance in Excel spreadsheet format for the year ended December 31, 2023, and for the year 2024 to date.

- c. Refer to the Response to Filing Deficiencies, Attachments to Cover Letter, Attachment 2 Revised Statement of Adjusted Operations (SAO) Utilizing 2023 Test

Year.<sup>2</sup> Provide a cross reference that points each 2023 general ledger account to each revenue and expense line in the SAO and reconcile each amount that does not match.

d. Refer to the Response to Filing Deficiencies, Attachments to Cover Letter, Attachment 2, Revised SAO Utilizing 2023 Test Year. Provide all schedules used to calculate the proposed adjustments. Component details of each schedule should tie to the general ledger accounts that comprise the SAO line items including any adjustment for unreconciled amounts.

2. Refer to the Response to Filing Deficiencies, Attachments to Cover Letter, Attachment 2, Revised SAO Utilizing 2023 Test Year. Provide a narrative explanation for each adjustment.

3. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2023 and 2024.

4. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar year 2023. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

5. Provide a copy of the most recent invoice for each employee benefit described in response to Item 4.

6. Provide a document listing the employee number, job titles, hours worked, job description, and pay rates for each employee during the test year and those currently employed.

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<sup>2</sup> Response to Filing Deficiencies (filed July 15, 2024).

7. Using the same list 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) contribution rates, if applicable. If health insurance is provided, designate the 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.

8. Provide the minutes from South Logan Water's Board of Director's (Board) meetings for the calendar year 2023 and year to date 2024.

9. Provide a document listing the name of each director for each of the calendar years 2023 and 2024 and state, individually, the total amount of each benefit paid to, or on the behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.), their term (beginning and ending), and current authorized annual compensation.

10. Provide the following with respect to 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.

11. Provide a breakdown in both gallons and per gallon dollar amount, of water purchased during the test year by vendor, identifying all vendors from whom South Logan Water's purchased water. Provide the current rates charged by each vendor from whom South Logan Water purchases water.

12. State the last time South Logan Water performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether South Logan Water considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to South Logan Water would cause a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to South Logan Water, explain when South Logan Water anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for South Logan Water in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

13. Refer to the Application, Current Billing Analysis 2023 Usage and Existing Rates and Proposed Billing Analysis 2023 Usage and Proposed Rates.

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

b. Provide a detailed list of the billing adjustments totaling \$32,539 to the billing analysis and the justification(s) for the adjustment.

c. Provide an analysis of the proposed pro forma adjustment to metered revenues of \$17,799.

14. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2023 and year to date 2024.

15. Provide a schedule listing the number of occurrences for each nonrecurring charge that was 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.

a. Provide updated cost justification sheets to support each nonrecurring charges listed in South Logan Water's tariff.

b. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in South Logan Water's tariff.

16. Refer to South Logan Water's Tariff, Original Sheet No. 14, Section C, Billings, Meter Readings, and Related Information, Item 3 Meter readings, Effective date November 1, 2008.

a. Provide the date that South Logan Water'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.

17. Refer to the Application, Attachment 8. For each outstanding debt issuance still active, provide the case number in which South Logan Water was authorized to issue the debt.

18. Provide the following information related to billing software:

- a. State whether the billing software and general ledger/financial management software are separate or integrated.
- b. Brand or common name for software.
- c. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.
- d. If locally installed, state the installation date.
- e. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

19. Refer to the Application, Exhibit 4, 4\_SAO\_With\_Attachments.pdf, SAO, Contractual Services - Other.

- a. Provide a list of each contractor that has a cost allocation to the Contractual Services Account balance.
- b. Provide the corresponding amounts for each contractor.

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