

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WESTERN)	
ROCKCASTLE WATER ASSOCIATION, INC. FOR)	CASE NO.
A RATE ADJUSTMENT PURSUANT TO 807 KAR)	2025-00001
5:076)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO WESTERN ROCKCASTLE WATER ASSOCIATION

Western Rockcastle Water Association (Western Rockcastle 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 May 5, 2025. The Commission directs Western Rockcastle Water 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), searchable, and 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

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).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Western Rockcastle Water shall make a timely amendment to any prior response if Western Rockcastle Water obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Western Rockcastle Water fails or refuses to furnish all or part of the requested information, Western Rockcastle 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, Western Rockcastle 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. Refer to Western Rockcastle Water's Response to Commission Staff's First Request for Information (Staff's First Request), Item 10a. In Item 10a, the total gallons purchased during the test year is reported as 311,850,433, while the 2023 Annual Report on page 52 reports a total of 13,296,000. Explain the 298,554,433 difference and confirm the correct gallons purchased by Western Rockcastle Water in the test year.

2. Refer to Western Rockcastle Water's 2022 Annual Report at 57. Also, refer to Western Rockcastle Water's Response to Staff's First Request, Item 10a. Identify and explain the increased water use or loss that justifies the increase in the purchased gallons from the 2022 Annual Report's 226,910,000² to the amount reported in Item 10a of 311,850,433.

3. Refer to the 2023 Annual Report at 57. The 2023 Annual Report shows that zero water was used for internal use. Confirm that Western Rockcastle Water used zero water for internal use. If not confirmed, provide the number of gallons used for internal use in 2023.

4. Refer to Western Rockcastle Water's 2021 Annual Report at 49. Also refer to Western Rockcastle Water's 2022 Annual Report at 49. Neither the 2021 Annual Report nor the 2022 Annual Report identified the number of Western Rockcastle Water customers. Provide the number of customers, in each class, Western Rockcastle Water had in 2021 and 2022.

5. Refer to Western Rockcastle Water's 2022 Annual Report at 57, which indicates a Total Water Loss of 5,296,000 gallons. Provide the monthly water loss reports for 2022. If Western Rockcastle Water believes the 2022 monthly water loss reports will not fully explain and justify this amount, in addition to the reports, provide any additional document and information necessary to address this request.

6. Refer to Western Rockcastle Water's 2023 Annual Report at 57. The Total Water Loss is listed as 10,100,000 gallons. Provide the monthly water loss reports to explain and justify this amount. If Western Rockcastle Water believes the 2023 monthly

² 2022 Annual Report at 57.

water loss reports will not fully explain and justify this amount, in addition to the reports, provide any additional document and information necessary to address this request.

7. Refer to Western Rockcastle Water's Response to Staff's First Request, Item 1b, 1.b_2023_Trial_Balance.pdf, at 5, Account 5119 Bad Debt Expense. Also refer to Western Rockcastle Water's Response to Staff's First Request, Item 1c, 1.c_2023_Trial_Balance_Annual_Report_Recon.pdf. Also refer to Western Rockcastle Water's Response to Staff's First Request, Item 4, 4_Revised_SAO_With_Attachments.pdf. In the Trial Balance Account, 5119 Bad Debt Expense reflects an expense of \$20,701. However, in the Reconciliation, Bad Debt Expense is not shown to be reconciled to any expense category, nor is Bad Debt Expense shown in the Schedule of Adjusted Operations (SAO). Identify the expense category where Account 5119 Bad Debt Expense is recorded in both the Reconciliation and in the SAO.

8. Refer to Western Rockcastle Water's Response to Staff's First Request, Item 1c, 1.c_2023_Trial_Balance_Annual_Report_Recon.pdf. In the reconciliation, the Taxes other than Income and Miscellaneous Expense categories are not reconciled.

a. Explain why the Miscellaneous Expense and Taxes other than Income are not reconciled in Item 1c.

b. If possible, reconcile these expense categories. If not possible, explain why not.

c. Provide the origins, components, or calculations for the 2023 Annual Report's Miscellaneous Expense and Taxes other than Income amounts.

9. Refer to Western Rockcastle Water's Response to Staff's First Request, Item 4, 4_Revised_SAO_With_Attachments.pdf, Revenue Requirement Table. Also refer to Western Rockcastle Water's Response to Staff's First Request, Item 3, 3_WRWA_Rate_Model.xlsx, SAO Op Ratio Tab. The Revenue Required from Rates of \$2,541,670 does not appear to include the Nonutility Income – Gain on Sale of Equipment. Confirm Western Rockcastle Water did not intend to include the Nonutility Income in the Revenue Requirement calculation. If not confirmed, provide an updated revenue requirement calculation.

10. Refer to Western Rockcastle Water's response to Staff's First Request, Item 1a, 1a_General_Ledger_2023.xls, Materials and Supplies. Also refer to the chart below.

Account Number	Date	Number	Name	Amount
112753	45174	461622	G&C Supply Co.	5,153
15255	45239	461828	Hayes Pipe & Supply	2,765

- a. Provide copies of each invoice for the items listed in the chart.
- b. Describe each purchase listed in the chart and state whether the item should have been capitalized.
- c. If Western Rockcastle Water believes its classification of each purchase listed in the chart as an expense is proper, explain the reasoning.
- d. If Western Rockcastle Water believes that one or more of the transactions listed in the chart should be capitalized, provide the appropriate NARUC useful life for depreciation of each item.

Account Number	Date	Number	Name	Amount
112753	45174	461622	G&C Supply Co.	5,153
15255	45239	461828	Hayes Pipe & Supply	2,765

11. Refer to Western Rockcastle Water's Response to Staff's First Request, Item 1.b_2023_Trial_Balance.pdf and item 4, 4_Revised_SAO_With_Attachments.pdf. Adjustment A in the revised Schedule of Adjusted Operations (SAO) is comprised of several items including Forfeited Discounts in the amount of \$6,986. The Trial Balance report at page 3 provides a list of items totaling \$6,986.01 under the heading of 'Penalties', which include: Connect Fees, Partial Reconnection Fees, and other Misc. Incomes. The 'Penalties' does not include any revenues from late fees or forfeited discounts.

a. Explain the reasoning for labeling these items as "Forfeited Discounts" in the SAO.

b. Identify whether Western Rockcastle Water charges a late fee. If so, provide the number of occurrences and how much was collected during the test year.

c. Identify which account late fees are recorded in the Trial Balance.

12. Refer to Western Rockcastle Water's Response to Staff's First Request, Item 14_BA_Existing_and_Proposed_Rates.xlsx and Western Rockcastle Water's current tariff. Provide test year billing analysis data for the 1 ½ -inch Meter and the 2-inch Meter or if there are no customers using those sizes, provide an explanation pertaining to the reasons there is no usage for those meter sizes. If there are no customers taking under either of those two tariff rates, provide the last date a customer utilized that rate class.

13. Explain whether Western Rockcastle Water is in communication with Kentucky American Water about the feasibility of a merger.

14. Explain whether Western Rockcastle District has considered a water loss surcharge to assist the district in addressing water loss.

 PP

Linda C. Bridwell, PE
Executive Director
Public Service Commission
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DATED APR 15 2025

cc: Parties of Record

Case No. 2025-00001

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