

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCKINNEY)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2025-00145
PURSUANT TO 807 KAR 5:076)	

ORDER

On June 10, 2025,¹ McKinney Water District (McKinney District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076.

The Commission finds that a procedural schedule² should be established to ensure the orderly review of McKinney District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, McKinney District should 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 should respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

¹ McKinney District tendered its application on May 30, 2025. By letter dated June 3, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on June 10, 2025.

² No action is necessary to suspend the effective date of McKinney 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.

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, McKinney District shall file its responses to the Commission Staff's Request for Information, attached to this Order as Appendix B.

3. McKinney 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 McKinney 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 McKinney District's financial condition supports a higher rate than McKinney District proposes or the assessment of an additional rate or charge not proposed in McKinney District's application, McKinney 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 McKinney District accounts for the depreciation of McKinney District's assets, McKinney District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require McKinney 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. 2020-00085³ regarding filings with the Commission.

³ 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



Vice Chairman

Commissioner



ATTEST:


Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00145 DATED JUN 26 2025

Requests for intervention shall be filed no later than 07/09/2025

All requests for information to McKinney District
shall be filed no later than 07/16/2025

McKinney District shall file responses to requests
for information no later than 08/06/2025

All supplemental requests for information to
McKinney District shall be filed no later than 08/27/2025

McKinney District shall file responses to supplemental
requests for information no later than 09/10/2025

Commission Staff's Report shall be filed no later than 10/22/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00145 DATED JUN 26 2025

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO MCKINNEY WATER DISTRICT

McKinney Water District (McKinney 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 6, 2025. The Commission directs McKinney 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.

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

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).

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

For any request to which McKinney District fails or refuses to furnish all or part of the requested information, McKinney 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, McKinney 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. 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 May 30, 2025.

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

2. Refer to the Application, SAO, Adjustment J, which states McKinney District has changed billing software. State whether McKinney District currently 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 McKinney District is currently using:

- 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.

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, Adjustment K. 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 McKinney District and not paid by a third party, i.e. grant funding. If not confirmed, provide the source of funding, describe the agreement or arraignment facilitating the third-party funding, and provide any preliminary and final written agreements reflecting the third-party funding.

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

6. Refer to Application, Exhibit 3, Wage Table on page 6.

a. Confirm the wages provided in the table are the amounts currently paid and approved by the Board of Commissioner's in its most recent meeting. If not confirmed, explain the response.

b. State whether overtime hours worked during the test year, and shown in the wage table, are representative of expected overtime hours going forward, or if there is any expected change due to less employee turnover.

7. Refer to Application, Exhibit 3, Adjustment E. McKinney District did not report a test year amount for employee benefits. Confirm whether McKinney District provides benefits to its employees. If yes, provide a complete description of each employee benefit paid to or on behalf of each employee for the calendar year 2024 and a copy of an invoice for 2024 and 2025 for each employee benefit. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

8. Provide the minutes from the McKinney 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.

9. 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.

10. Refer to McKinney District's Tariff, PSC Ky. No. 1, Sheet No. 5, Rules and Regulations, Billings.

a. Provide the date McKinney 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.

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

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

b. Explain whether any material changes to McKinney 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 McKinney District's system, explain when McKinney District anticipates completing a new COSS.

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

12. Provide the number of occurrences and dollar amounts for late fees recorded during the calendar year of 2024.

13. 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.

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

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

16. 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 16a above.

17. Refer to Application, Exhibit 3, Reference H and I at page 8 and 9.

a. State the brand and model of the 100 new meters installed in 2024.

b. Provide an explanation for the proposed fifteen-year service life for the water meters. Include in this explanation, any engineering reports, testing reports, or technical specifications that support the proposed fifteen-year service life for each year water meter model and brand.

18. Refer to the disclosure statements filed June 10, 2025. Confirm that Lonnie Brown is the only employee that is a family member of the utility's chief executive officer, a utility commissioner, or any person with a 10 percent or greater ownership interest in the utility. If not confirmed, provide the name of the employee and the relative's name.

19. Refer to the Application, Exhibit 4, Billing Analysis. Provide a detailed breakdown of the Leak Adjustments totaling \$3,091, by customer, date and amount for each one.

20. Refer to the Application, Exhibit 1.

a. Provide a copy of the publication issued in The Interior Journal.

b. Provide McKinney District's website URL.

21. Refer to the Application, Exhibit 3, SAO, Adjustment M, and Case 2025-00022,² McKinney District's Response to Commission Staff's First Request Information, Exhibit D, pages 96–97.

- a. State when each of the assets listed will be placed into service.
- b. Reconcile the depreciation adjustment totaling \$130,554 proposed in this case and the \$186,090 amount indicated in McKinney District's First Response.

² See Case 2025-00022, *Electronic Application of McKinney Water District for the Issuance of a Certificate of Public Convenience and Necessity to Construct a Water System Improvements Project and an Order Authoring the Issuance of Securities Pursuant to the Provisions of KRS 278.020, KRS 278.300 And 807 KAR 5:001*.

*Jack Scott Lawless
17111 Mallet Hill Drive
Louisville, KY 40245

*McKinney Water District
2900 KY HWY 198
Hustonville, KY 40437

*Kendra Hocker
Office Manager
McKinney Water District
P. O. Box 7
McKinney, KY 40448