

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MOUNTAIN)	CASE NO.
WATER DISTRICT FOR AN ADJUSTMENT OF)	2025-00327
WATER RATES)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO MOUNTAIN WATER DISTRICT

Mountain Water District (Mountain 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 January 12, 2026. The Commission directs Mountain 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

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.

Mountain District shall make timely amendment to any prior response if Mountain District 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 Mountain District fails or refuses to furnish all or part of the requested information, Mountain 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, Mountain 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. Refer to Mountain District's response to Commission Staff's First Request for Information (Staff's First Request), Item 33. The provided cost of service study (COSS), billing analysis, and exhibits and schedules do not appear to include the proposed billing analysis, only the current/test year billing analysis. Update the submitted models to consider the proposed billing analysis that were prepared in the utility's rate calculation in Excel spreadsheet format with all formulas, columns, and rows unprotected

and fully accessible to include the proposed billing analysis with the total revenue tied into the model. If the information has been submitted as part of the application, please identify the location in the application.

2. Refer to Mountain District's response to Staff's First Request, Item 34. The current billing analysis rates do not clearly match to the proposed tariff. Update the current billing analysis to align with the tariff along with the proposed billing analysis.

3. Refer to the attachment to Mountain District's response to Staff's First Request, Item 33. Also refer to the 2024 Mountain Water District Annual Report filed with the Commission. The 2024 Annual Report lists Other Revenues as \$338,555 but on the workpapers under the tab labelled "Water Pro forma Rev Req," Total Other Revenue is listed as \$340,018 with a (\$44,988) adjustment to equal \$295,030. Explain and reconcile the discrepancy.

4. Refer to Mountain District's response to Commission Staff's First Request, Item 34. The tab labeled "Rev-Water" lists the total gallons sold for the test period in the billing analysis as 687,512,963, but the application lists the total gallons sold for 2024 as 751,516,000. Explain the discrepancy.

5. Refer to Application, page 739, Exhibit 18, page 3 of the Exhibit. Also refer to Application, page 101, Exhibit 9, page 3 of the Exhibit, line 19. The COSS states that the "Overall Revenue Requirement was equitably distributed between the district's retail and wholesale customers using the Inch-Mile Method."

a. Explain in detail what the Inch-Mile Method is as it relates to a COSS.

b. Identify other COSS that have been accepted by the Commission that have utilized this methodology.

6. Provide the status of Mountain District's audited financial statements for the years 2021, 2022, 2023, and 2024. Provide a copy of the documents if available.

7. Provide the status of Mountain District's audited financial statements for 2025. Include in this response, whether Mountain District has selected an auditor to perform the services and if any preliminary actions have occurred.

8. Provide an explanation for why Mountain District is not seeking a sewer rate increase at this time.

9. Refer to Application, page 48, Schedule of Adjusted Operations (SAO) Exhibit 7, Page 3 of the Exhibit, References, Adjustment C. Provide an explanation for why the year-end journal entry was made.

10. Refer to Application, page 48, SAO Exhibit 7, page 3 of the Exhibit, References, Adjustment D. Confirm no customers were charged improper rates or any related Nonrecurring Charges (i.e., late fees, disconnects/reconnects) because of the billing error. If not confirmed, explain the response.

11. Refer to Application, page 53, SAO Exhibit 7, page 8 of the Exhibit, References, Adjustment G.

a. Provide any policies used to determine when each read date will occur.

b. State whether Mountain District records accounting entries to restate revenues from the last read date of a year through the end of the year, that are received in the next calendar year, to the year those costs were incurred.

12. Refer to Application, page 57, SAO Exhibit 7, page 12 of the Exhibit, References, Adjustment J. Adjustment J uses revenues recovered to adjust forfeited discounts to the appropriate category.

a. Confirm the sewer revenues include all billing analysis adjustments to properly record the sewer revenue during the test year.

b. Provide an explanation for why this adjustment uses revenues when most other allocation methods in the application use customer counts.

13. Refer to Mountain District's response to Staff's First Request, Item 41. Confirm the amounts included in the table are for both water and sewer late fee revenues. If not confirmed, explain the origination of the amounts.

14. Refer to Application, page 46, SAO Exhibit 7, Special Service Sprinkler System of \$1,463. Provide an explanation for this revenue and state whether it is expected to recur. Identify the provision in Mountain District's Tariff that authorize it to receive these revenues.

15. Refer to Application, page 46, SAO, Miscellaneous Service Revenues of \$118,420. Provide an itemization of this amount and state whether each component is expected to recur.

16. Refer to Application, page 65, SAO, Exhibit 7, page 20 of the Exhibit, Adjustment O, which states Mountain District employees who take coverage through a premium single plan or multi-person plan are charged a portion of the cost of the expanded coverage. Provide the portion of costs covered by the employee for each style of plan and provide an explanation of how that amount is determined.

17. Refer to Application, page 46, SAO, Contractual Services Legal. State whether any expenses in this category should be allocated to sewer.

18. Refer to Application, page 46, SAO, Contractual Services Water Testing. State whether any expenses in this category should be allocated to sewer.

19. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property and casualty, and any other insurance coverage other than employee medical coverage for 2024 and 2025.

20. Refer to Application, page 76, SAO, Exhibit 7, page 31 of the Exhibit, Adjustment Z, which amortizes rate case expenses from 2022-00366 and 2022-00367. The authorized recovery from the final Orders in those Cases was \$164,917,² to be amortized over three years.

21. Provide an explanation of any amounts over the previously authorized amount that is included in this request.

22. State whether Mountain Water has received revenues from rates with rate case expense amounts approved in those rate cases included in rates.

23. Refer to Application, page 46, Miscellaneous Service Revenues of \$456,356. Provide an itemization of this amount and state whether each component is expected to recur.

24. Refer to Application, page 81, SAO, Exhibit 7, page 35 of the Exhibit, Adjustment AF. Provide any records or documentation that support the proposed 50-year depreciable life including any records of main breaks.

² Case No. 2022-00366, *Electronic Application of Mountain Water District for a General Adjustment of Water Rates*, (Ky. PSC Oct. 31, 2023), Order at 20.

25. Refer to Application, page 81 and 83, SAO, Exhibit 7, page 35 and 38 of the Exhibit, Adjustment AF and Adjustment AI. Adjustment AF states that while the amount does not have a significant impact on the district's rate payers, it is a significant amount of additional working capital Mountain District would have available to extend efforts to reduce excess water loss. Adjustment AI discusses ending the use of surcharge funds to pay newly hired water loss prevention employees, enabling Mountain District to fund new projects. Provide an explanation of future plans and actions Mountain District may take to reduce water loss with the additional/redirected funding discussed above.

26. Refer to Mountain District's response to Staff's First Request, Item 43, 1-43a General Ledger 2024 Excel Document, Account 6047.08 Employee Expense. For each item in the table below:

- a. Provide copies of each invoice.
- b. Provide an explanation of the business purpose of each item.

Date	Reference	Description	Amount
6047.08 Employee Expense			
11/07/24	CD20096300	FOOD CITY-K-VA-T FOOD STORES, INC.	3,325.00
11/19/24	111924	FOOD CITY-K-VA-T FOOD STORES, INC.	800.00
12/12/24	12122024	Pond Creek Que	580.00

27. Refer to Mountain District's Response to Staff's First Request, Item 43, 1-43a General Ledger 2024 Excel Document, Materials and Supplies Accounts. Refer to the account numbers listed in the table below. For each item in the table below provide the following:

- a. Provide copies of each invoice.
- b. Describe each purchase and state whether each item was capitalized and if it should have been capitalized.

c. If the item was capitalized, provide the journal entry that properly capitalized the item and state the depreciation life given for the item.

d. If the item was not capitalized and Mountain District believes its classification as an expense is proper, explain the reasoning.

e. If the item was not capitalized and should have been, provide the appropriate NARUC depreciation life for it.

Date	Reference	Description	Amount
7002.06	PS/LS R & M		
08/28/24	CI-0000025907	SERVICE PUMP & SUPPLY	4,796.00
11/12/24	32919	Dyna Pump and Electric	4,250.00
7003.06	Vehicle R & M		
09/25/24	5250298014	O'REILLY	6,299.89
7006.06	General R & M		
01/10/24	13878281	HACH COMPANY	6,088.50
04/01/24	137270	S4 Water Sales and Service,LLC	11,871.52
05/01/24	137251-1	S4 Water Sales and Service,LLC	8,695.00
06/04/24	9800194965	Lowes Home Center	8,375.17
06/24/24	001	Jonathan Potter	5,000.00
06/28/24	S100240014.	MIngo Paving & Sealing	19,970.00
08/15/24	1068	MIngo Paving & Sealing	4,200.00
08/19/24	1065	MIngo Paving & Sealing	3,325.00
08/19/24	1069	MIngo Paving & Sealing	7,317.00
08/21/24	1070	MIngo Paving & Sealing	2,170.00
08/22/24	1071	MIngo Paving & Sealing	4,340.00
10/16/24	242307	DD&K Construction	6,860.00
10/21/24	1079	MIngo Paving & Sealing	8,000.00
12/03/24	5671306105	Siemens	5,303.00
12/31/24	AU5	Adjust Inventory	292,757.83

28. Refer to Mountain District's response to Staff's First Request, Item 43, 1-43a General Ledger 2024 Excel Document, Account 6755.08. Provide an explanation of the services provided by Champion Output Solutions that totaled \$174,178 during 2024.

29. Refer to Mountain District's response to Staff's First Request, Item 43, 1-43a General Ledger 2024 Excel Document, Account 6850.00 Rate Study Expense as

shown in the table below. State whether these amounts are related to the previous rate case, 2022-00366³ or 2022-00367.⁴

30. If these expenses listed below are not related to the previous rate case, state what these expenses are for.

6850.00 Rate Study Expense				
Date	Reference	Description	Amount	
06/01/24	995533	Stoll-Keenon-Ogden	1,505.35	
06/01/24	1028284	Stoll-Keenon-Ogden	555.90	
06/01/24	1030202	Stoll-Keenon-Ogden	7,521.00	
06/01/24	1034806	Stoll-Keenon-Ogden	1,994.70	
10/10/24	1057809	Stoll-Keenon-Ogden	3,825.70	
Totals for 6850.00			<u>15,402.65</u>	

31. Refer to Mountain District's response to Staff's First Request, Item 43, 1-43a General Ledger 2024 Excel Document, Account 7008.06 General R & M – Telemetry shown in the table below. For each item:

- a. Provide copies of each invoice.
- b. Describe each purchase and state whether each item was capitalized and if it should have been capitalized.
- c. If the item was capitalized, provide the journal entry that properly capitalized the item and state the depreciation life given for the item.
- d. If the item was not capitalized and Mountain District believes its classification as an expense is proper, explain the reasoning.

³ Case No. 2022-00366, *Electronic Application of Mountain Water District for a General Adjustment of Water Rates* (Ky. PSC Oct. 31, 2024), as amended by Order (Ky. PSC Feb. 23, 2024).

⁴ Case No. 2022-00367, *Electronic Application of Mountain Water District for a General Adjustment of Sewer Rates* (Ky. PSC Oct. 31, 2023), as amended by Order (Ky. PSC Nov. 28, 2023).

e. If the item was not capitalized and should have been, provide the appropriate NARUC depreciation life for it.

7008.06 General R & M -Telemetry			
Date	Reference	Description	Amount
01/18/24	63018	Big Sandy Two Way	1,500.00
02/13/24	18476	MICRO-COMM. INC	6,601.90
02/29/24	75675	WASCON INC.	3,340.00
06/25/24	18927	MICRO-COMM. INC	1,000.00
07/19/24	19005	MICRO-COMM. INC	2,266.38
08/26/24	63348	Big Sandy Two Way	276.00
08/30/24	63353	Big Sandy Two Way	75.00
11/25/24	198	Big Sandy Two Way	797.00
12/02/24	19593	MICRO-COMM. INC	3,622.37
12/09/24	19683	MICRO-COMM. INC	749.14
12/10/24	19631	MICRO-COMM. INC	2,493.48
Totals for 7008.06			<u>22,721.27</u>

32. Refer to Mountain District's response to Staff's First Request, Item 9, page 166, and Attachment 1-9b Short Term Debt Table, page 170. The response to Item 9 states that all notes are payable within two years although they could be renewed or replaced with new notes payables for additional terms within two years.

- a. Provide original notes payables documents with these terms.
- b. Provide any documentation for the renewals/replacements for each item listed in the chart.

33. Refer to Mountain District's response to Staff's First Request, Item 10, page 173, that states the Employee Handbook should be Attachment 1-12. Confirm that a complete copy of the Employee Handbook was filed with the Commission as Attachment 1-12 of Mountain District's response to Staff's First Request, Item 10, page 173. If not confirmed, provide the location of the Employee Handbook in the case record or, in the alternative, provide a complete copy of the Employee Handbook.

34. Refer to Mountain District's response to Staff's First Request, Item 23, page 212.

- a. State who is on the personnel committee, using positions not names.
- b. Confirm all employee contribution rates are the same for those given the same benefit plan. If not confirmed, explain how the different contribution rates are calculated.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
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DATED **DEC 18 2025**

cc: Parties of Record

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