

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 THIRD 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 February 13, 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 1-33 Workpapers Excel Document, Sewer Pro Forma Rev Req Tab, and Mountain District's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 8. Mountain District's response to Staff's Second Request, Item 8, states the sewer rates have produced sufficient revenues to provide adequate sewer service. The Excel Document provided in response

to Staff's First Request, Item 1-33 indicates a revenue increase of \$448,910, or 15.83 percent, is required to reach the required revenues for sewer operations from Pro Forma Phase 3 Rate Retail Revenues. Explain how Mountain District concluded that a sewer rate increase is not needed given that Mountain District own calculations concluded that a 15.83 percent increase is needed.

2. Refer to Mountain District's response to Staff's First Request, Item 43, 1-43a General Ledger 2024 Excel Document, Account 7006.06, General R & M. Refer specifically to the December 31, 2024 Inventory Adjustment of \$292,757.83.

a. Provide details of the adjustment, including a description of items replenished by this adjustment.

b. Confirm no part of the inventory adjustment is comprised of any items applicable to the sewer division.

c. If not confirmed, provide the amount of the adjustment that should have been allocated to sewer.

3. Refer to Mountain District's 2019 through 2024 audited financial statements, specifically the balance sheet inventory balances listed in the table below.

Year	Audit Listed Amount
2019	\$ 322,595
2020	279,476
2021	382,079
2022	425,650
2023	530,468
2024	237,710

a. State whether these inventory balances are for water only or combined water and sewer inventories.

b. Provide an explanation for the decrease in inventory from \$530,468 in 2023 to \$237,710 in 2024.

c. Provide the dates of all actual physical inventory counts that occurred during 2023 through 2025.

d. Provide written policies and procedures for inventory counts.

4. Refer to Mountain District's Response to Staff's Second Request, Item 15.

Account Number 4719, Misc Revenues shows a balance of \$39,895 but has just one entry in the general ledger with no explanation of the amount. State the components of this specific account and whether each one, individually, is expected to recur.

5. Refer to Mountain District's Response to Staff's First Request, Item 35 and Application, Adjustment L. The Application, Adjustment L states a total of 99 meter installations at \$115,904 in cost. The response to Staff's First Request, Item 35, states a total of 111 meter installations with total revenues of \$137,824.92. Provide an explanation for the discrepancy.

6. Refer to Application, Exhibit 12, Statement of Revenue Requirements. Confirm the Pro Forma Operating Expenses are misstated and should have been listed as \$11,542,785 instead of \$1,542,785. If not confirmed, explain this response and include all supporting documentation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

7. Refer to Mountain District's Response to Staff's Second Request, Item 27, Attachment 27a, page 6, O'Reilly Invoice. The O'Reilly Invoice for \$6,299.89 does not indicate the service performed. Provide a description of the work done to result in the invoice.

8. Refer to Application, Schedule of Adjusted Operations (SAO), Exhibit 7, page 3, Adjustment D. Mountain District stated this revenue was billed in error and should not have been included as part of sales. Explain whether Mountain District's 2024 annual and audit reports reflect the removal of those revenues.

9. Refer to Application, SAO, Exhibit 7, page 3, Adjustment C. Provide any calculations used to determine the \$233,893 amount in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

10. Refer to Mountain District's Response to Staff's First Request, Item 26, Attachment 1-26. Provide any calculations used to calculate the required employee contribution level and explain how this level of contribution is fair, just and reasonable.

11. Refer to Mountain District's Response to Staff's Second Request, Item 27.

a. Explain whether Mountain District capitalized portions of its materials expenses during the test year. If yes, provide the dollar amount of capitalization done during the test year and generally state what they were for.

b. State whether Mountain District has written capitalization practices or general rules for what purchases should be capitalized. If yes, provide this information.

12. Explain if Mountain District has performed a depreciation study since its last rate case. If not, explain why.

13. Refer to Application, Exhibit 12, Short-Term Debt.

a. Provide the 2023, 2024, and 2025 short-term debt payments.

b. Provide any written policies or procedures for how Mountain District approves entering into short-term debt.



Linda C. Bridwell, PE
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DATED JAN 29 2026

cc: Parties of Record

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