

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF FOUNTAIN	)	CASE NO.
RUN WATER DISTRICT #1 FOR A RATE	)	2026-00106
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

ORDER

On June 29, 2026,¹ Fountain Run Water District #1 (Fountain Run District #1) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Fountain Run District #1 filed this proceeding in compliance with the final Order in Case No. 2024-00376.² In that proceeding, Fountain Run District #1 was ordered to file an application by July 31, 2025, 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.

The Commission finds that a procedural schedule³ should be established to ensure an orderly review of Fountain Run District #1's application. The procedural schedule is attached as Appendix A to this Order.

¹ Fountain Run District #1 tendered its application on April 30, 2026. By letter dated April 30, 2026, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on June 29, 2026.

² Case No. 2024-00376 *Electronic Purchased Water Adjustment of Fountain Run Water District No.1*, (Ky. PSC Jan. 7, 2025), Order, ordering paragraph 5.

³ No action is necessary to suspend the effective date of Fountain Run District #1'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.

In addition, Fountain Run District #1 shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's (Staff) request for information, attached to this Order as Appendix B, and shall respond to any future requests for information propounded by Staff 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, Fountain Run District #1 shall file its responses to the Staff's request for information, attached to this Order as Appendix B.

3. Fountain Run District #1 shall respond to any additional requests for information propounded by Staff as provided in those requests.

4. No later than the date set forth in the procedural schedule, Staff shall file with the Commission and serve upon all parties of record a written report (Staff Report) containing its recommendations regarding Fountain Run District #1's requested rate adjustment.

5. No later than 14 days after the date of service of the Staff 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 Report; and

b. Any additional evidence for the Commission to consider.

6. If Staff recommends that Fountain Run District #1's financial condition supports a higher rate than Fountain Run District #1 proposed or the assessment of an additional rate or charge not proposed in Fountain Run District #1's application, Fountain Run District #1 in its response to the Staff 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 Staff recommends that changes should be made to the manner in which Fountain Run District #1 accounts for the depreciation of Fountain Run District #1's assets, Fountain Run District #1 in its response to the Staff Report shall also state its position in writing on whether the Commission should require Fountain Run District #1 to implement the proposed change for accounting purposes.

8. A party's failure to file written objections to a recommendation contained in the Staff Report within 14 days after the date of the filing of the Staff 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 Staff 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 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 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 the 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. 2020-00085⁴ regarding filings with the Commission.

⁴ 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).

Entered on this 15th day of July, 2026.

PUBLIC SERVICE COMMISSION



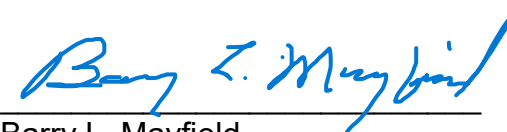
Angie Hatton
Chair



Mary Pat Regan
Vice Chair



Andrew W. Wood
Commissioner



Barry L. Mayfield
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2026-00106 DATED JUL 15 2026

Requests for intervention shall be filed no later than 07/30/2026

All requests for information to Fountain Run District #1
shall be filed no later than 08/11/2026

Fountain Run District #1 shall file responses to requests
for information no later than 08/25/2026

All supplemental requests for information to
Fountain Run District #1 shall be filed no later than 09/08/2026

Fountain Run District #1 shall file responses to supplemental
requests for information no later than 09/22/2026

Commission Staff's Report shall be filed no later than 11/05/2026

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00106 DATED JUL 15 2026

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO FOUNTAIN RUN WATER DISTRICT #1

Fountain Run Water District #1 (Fountain Run District #1), 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 25, 2026. The Commission directs Fountain Run District #1 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.

Fountain Run District #1 shall make timely amendment to any prior response if Fountain Run District #1 obtains information that indicates the response was incorrect or

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).

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

For any request to which Fountain Run District #1 fails or refuses to furnish all or part of the requested information, Fountain Run District #1 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, Fountain Run District #1 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 the following information related to billing software:
 - a. Brand or common name for software.
 - b. State whether the 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.
 - d. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.
2. Provide the following information related to general ledger software:
 - a. State if the billing software and general ledger software are 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.
- 3. 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 each of the years ended December 31, 2024, 2025, and year to date 2026.
 - b. The trial balance in Excel spreadsheet format for the years ended December 31, 2024, 2025, and year to date 2026.
 - c. Provide a cross reference that matches each test year general ledger account to each revenue and expense line that is reported in the Schedule of Adjusted Operations (SAO) and reconcile each amount that does not match.
 - d. Attachment 7, Attmt_7Depr_Sch_FR.pdf, The Depreciation Expense breakdown in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.
- 4. Refer to the Application, 4_SAO_-With_Attachments.pdf, Current Billing Analysis 2024 Usage and Existing Rates and Proposed Billing Analysis 2024 Usage and Proposed Rates.

- a. Provide each billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.
 - b. Describe each adjustment to the billing analysis and its justification and supporting documentation.
 - c. Provide an analysis of the proposed pro forma adjustment to metered revenues.
5. Provide certificates of insurance for general liability for 2024, 2025, and 2026. Also provide the most recent invoice for general liability insurance.
6. Provide the current cost of purchased water.
7. Provide the minutes from Fountain Run District #1's Board of Commissioner meetings for the calendar years 2024, 2025, and 2026 to date. 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.
8. Provide a document that lists, for each commissioner, for 2024, 2025, and current commissioners.
 - a. State, individually, the amount of wages and each benefit (i.e., health insurance premiums, life insurance premiums, FICA taxes, etc.) paid to, or on behalf of, each commissioner for each year.
 - b. Provide documentation from the Fiscal Court that authorizes each commissioner's appointment and compensation.

c. Provide training records for each commissioner for 2024, 2025, and 2026 or a statement that the individual has not attended training.

9. Refer to the Application, Attachment 4, Table B, Debt Service Schedule. For each outstanding debt issuance, provide the Commission case number in which Fountain Run District #1 was authorized to issue the debt.

10. Refer to Fountain Run District #1's Tariff, Original Sheet No. 10 and 11, Billings, Meter Readings, and Related Information.

a. Provide the date that Fountain Run District #1'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 Fountain Run District #1 performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Fountain Run District #1 considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Fountain Run District #1 system would cause a new COSS to be prepared from the last time it completed one.

c. If there have been no material changes to Fountain Run District #1's system, explain when Fountain Run District #1 anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for Fountain Run District #1's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

12. Refer to the Application, Current Billing Analysis 2024 Usage and Existing Rates and Proposed Billing Analysis 2024 Usage and Proposed Rates.

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

b. Describe adjustments to the billing analysis and their justification.

13. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2024, 2025, and 2026 year to date.

14. 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 non-recurring 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.

15. Provide updated cost justification sheets to support each nonrecurring charge listed in Fountain Run District #1's tariff.

16. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Fountain Run District #1's tariff.

17. Refer to the Application Schedule of Adjusted Operations. Provide an itemization of the Other Water Revenues of \$9,951. Include in the response whether each individual component will recur.

18. Provide the following information regarding the proposed rate case expense.

a. Provide a copy of the quote or invoice for the preparation of the rate case.

b. State whether the amount in the SAO is a fixed amount or what would cause the stated amount to increase or decrease, respectively.

c. State the date the quoted amount is payable by Fountain Run District #1.

d. Explain whether the anticipated rate case expense will be paid for by Fountain Run District #1 and not paid for by a third party, i.e. grant funding.

e. Consider this an ongoing request. Provide all invoices related to actual rate case expenses.

19. Refer to the Application, Attachment 12, Attmt_12_2025_Rate_Study_FR.xlsx, Wages and Benefits tab, Salaries and Wages and Associated Adjustments Table, Row 8 and Column G.

a. Refer to Row 8, confirm Employee number 3, Operator, is part time.

b. Refer to column G, confirm the pro forma wage rate is the current wage rates paid to employees, if not, provide the current wage rate.

20. Explain if Fountain Run District #1 uses outside contractors to perform the necessary functions of the utility. If so, identify the contractor.

Service List for 2026-00106

* Chris Veach

Fountain Run Water District #1

226 Main Street

P.O. Box 118

Fountain Run, KY 42133

* Fountain Run Water District #1

226 Main Street

P.O. Box 118

Fountain Run, KY 42133

* Sue Purdy

Fountain Run Water District #1

226 Main Street

P.O. Box 118

Fountain Run, KY 42133