

to inform him that Rowan Water had not filed a rate increase as contained in the Refinancing Order.

4. Mr. Johnson states that he was not provided a copy of the Refinancing Order when it was issued by the Commission.

5. Mr. Johnson further states that once Rowan Water was notified of the missed deadline, Mr. Patrick informed the board and began looking for someone to assist Rowan Water in the required filing. The board voted to allow the law firm of Goss Samford, PLLC to file a rate proceeding if the required increase was more than three percent (3%).

6. During the preparation of this proceeding, Goss Samford, PLLC dissolved on July 31, 2022. Rowan Water's counsel started her own law practice on August 1, 2022. Rowan Water and counsel continued to prepare the rate filing during this transition. Rowan Water filed the Notice of Intent to file the rate proceeding on August 8, 2022. The rate proceeding was filed with the Commission on September 2, 2022 with the deficiencies cured on September 6, 2022.

7. Mr. Johnson and Rowan Water did not willfully violate the Commission's Refinancing Order and as soon as Rowan Water and Mr. Johnson became aware that the deadline had been missed, Rowan Water immediately began to seek counsel and begin preparing the necessary documents for filing. Please refer to the response of Jerry Patrick regarding the communications between Rowan Water, its counsel and Commission Staff throughout the time the rate proceeding was being prepared.

8. If not for the Commission's Refinancing Order, Rowan Water would not have filed the current rate proceeding. Rowan Water would have waited for the USDA project rates to go into effect and would have evaluated its financials at that time to determine if any further rate increase was necessary. As it stands now, Rowan Water has the rate proceeding pending as well as the rate increase for the USDA project pending.

9. Mr. Johnson states that neither he nor Rowan Water willfully violated the Commission's Refinancing Order. This type of condition had never been placed in similar orders

received by Rowan Water and the board was just informed that the refinancing had been approved by the Commission.

10. Mr. Johnson states that, Rowan Water has filed its annual reports each year and these reports have not shown that Rowan Water was in a poor financial condition. Mr. Johnson states that he believes the board and the general manager have always tried to do what is in the best interest of the customers of Rowan Water.

11. Mr. Johnson admits that Rowan Water entered into the specified leases without first obtaining permission from the Commission.

12. Mr. Johnson states that neither he nor Rowan Water willfully violated KRS 278.300 by entering into the leases in question. Rowan Water had never financed any of its vehicles prior to entering into the lease agreements. Rowan Water had always purchased its vehicles outright with no financing required and was unaware that the leases would have to be approved by the Commission prior to entering into the leases.

13. Rowan Water had sought Commission approval for prior financing projects pursuant to KRS 278.300, including the Order discussed above that contained the Commission's requirement to file the rate proceeding. Had Rowan Water thought that vehicle leases were required to be approved pursuant to KRS 278.300, Rowan Water would have filed for such approval with the Commission. Rowan Water reviewed many different scenarios before entering into the lease agreements to determine what would be the lower cost for Rowan Water and its customers and took several months to reach its decision to move forward with entering into the leases. Entering into the leases allowed Rowan Water to replace aging vehicles and lower its maintenance costs for the vehicles. This has saved Rowan Water money for its customers. Mr. Johnson believed that voting to enter into the leases was in the best interest of Rowan Water's customers.

14. Mr. Johnson states that Rowan Water has put policies into place to make sure that these incidents do not reoccur in the future. Rowan Water has implemented a financing policy that sets forth the procedures that the general manager and the board will follow when any

financing would be necessary for any purchases. In addition, each board member and the general manager have been provided copies of KRS 278.300 and will receive copies of KRS 278.300 and any amendments on an annual basis. The policy also allows the board to consult legal counsel with any questions or concerns that may arise on a case-by-case basis. Rowan Water has also implemented a policy regarding the review of Commission orders received by Rowan Water.

15. Mr. Johnson believes that the policies that have been implemented will prevent these types of situations from occurring in the future.

16. Mr. Johnson further states that Rowan Water and each of the named individuals in the Commission's Order would like to resolve this dispute in a manner that is in the best interest of Rowan Water and its customers.

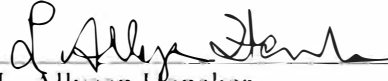
17. Mr. Johnson has written a letter regarding this investigation and is attached hereto as Exhibit A.

18. Mr. Johnson reserves the right to file further pleadings as necessary in this proceeding.

WHEREFORE, on the basis of the foregoing, Mr. Johnson respectfully requests the Commission to not issue a fine to Mr. Johnson in his official or individual capacity, to Rowan Water or any of the named individuals (in their individual or official capacities) and to find that Rowan Water nor any of the named individuals did not willfully violate a Commission Order or KRS 278.300.

Done this 8th day of March, 2023.

Respectfully submitted,



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*Counsel for Rowan Water, Inc. and Larry Johnson in
his Official and Individual Capacity*

CERTIFICATE OF SERVICE

This is to certify that foregoing was submitted electronically to the Commission on March 8, 2023 and that there are no parties that have been excused from electronic filing. Pursuant to prior Commission orders, no paper copies of this filing will be submitted.



*Counsel for Rowan Water, Inc. and Larry Johnson in
his individual and official capacity.*

AFFIDAVIT

COMMONWEALTH OF KENTUCKY)
COUNTY OF ROWAN)

Comes now, Larry Johnson, individually and in his official capacity as the Chairman of the Board of Rowan Water, Inc., and after first being duly sworn, does hereby swear and affirm that the statements set forth in the Verified Response are true and correct to the best of his knowledge and belief.


Larry Johnson

The foregoing Affidavit was sworn to, subscribed and acknowledged before me, the Notary Public, by Larry Johnson, individually and in his official capacity as the Chairman of the Board of Rowan Water, Inc., on this the 7 day of March, 2023.


NOTARY PUBLIC

Commission #: KYNP 14003

Commission Expires: 9/5/24

Rowan Water, Inc.
Morehead, Kentucky

March 1, 2023

Public Service Commission
Commonwealth of Kentucky

RE: Electronic Application of Rowan Water, Inc. for an alternative rate adjustment

Dear Sirs:

As chairman of Rowan Water, Inc., I was not aware that commission approval was required for leases of our vehicle fleet. I was not familiar with KRS. Chapter 278.

Rowan Water, Inc. has served the citizens of Rowan County and adjacent counties for over fifty years with integrity, honesty and good character to provide users with clean water at the least expensive rate possible.

Please know that Rowan Water, Inc. does not fit the description of incompetency, neglect of duty, gross immorality, or nonfeasance, misfeasance, or malfeasance listed in KRS Chapter 278.990.

We are looking forward to a more positive relationship in the future.

Sincerely,

A handwritten signature in black ink that reads "Larry Johnson". The signature is written in a cursive style with a large, sweeping initial "L".

Larry Johnson, Chairman

Rowan Water, Inc.