

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF ROWAN WATER,)	
INC. FOR AN ALTERNATIVE RATE ADJUSTMENT)	
AND AN INVESTIGATION INTO ROWAN WATER,)	
INC. AND ITS INDIVIDUAL DIRECTORS, LARRY)	CASE NO.
JOHNSON, DANNY STEVENS, DANNY COX,)	2022-00252
MIKE COLLINS, ENOCH BLAIR, AND ITS MANAGER,)	
JERRY PATRICK, FOR ALLEGEDLY FAILING TO)	
COMPLY WITH KRS 278.300 AND A COMMISSION)	
ORDER)	

VERIFIED RESPONSE OF RANDALL COX
IN HIS INDIVIDUAL AND OFFICIAL
CAPACITY TO THE COMMISSION'S FEBRUARY 16, 2023 ORDER

Comes now Randall Cox in his official and individual capacities, by counsel, pursuant to the Commission's February 16, 2023 Order ("Order") in the above-styled docket, and does hereby tender his verified response to the averments set forth in the Commission's Order, respectfully stating as follows:

1. Mr. Cox states that the Commission Order refers to a Danny Cox. Mr. Cox's first name is Randall. Mr. Cox is responding to the Commission's Order because he believes Danny Cox was a typographical error and that the Commission was referring to Randall Cox.

2. Mr. Cox admits that on or about April 19, 2021, the Commission entered an Order in Case No. 2021-00042, a case filed by Rowan Water to refinance certain loans. ("the Refinancing Order").

3. Mr. Cox further admits that the Refinancing Order directed Rowan Water to submit an application for an adjustment of its retail rates within one year from the date of the Order.

4. Mr. Cox further states that he was unaware of the requirement to file a rate proceeding contained in the Refinancing Order prior to the Commission contacting Jerry Patrick to inform him that Rowan Water had not filed a rate increase as contained in the Refinancing Order.

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

6. Mr. Cox 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%).

7. 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.

8. Mr. Cox and Rowan Water did not willfully violate the Commission's Refinancing Order and as soon as Rowan Water and Mr. Cox 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.

9. 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.

10. Mr. Cox 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.

11. Mr. Cox 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. Cox 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.

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

13. Mr. Cox 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.

14. 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. Cox believed that voting to enter into the leases was in the best interest of Rowan Water's customers.

15. Mr. Cox 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.

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

17. Mr. Cox 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.

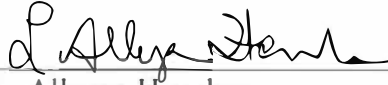
18. Mr. Cox has written a letter regarding this investigation and is attached hereto as Exhibit A.

19. Mr. Cox reserves the right to file further pleadings as necessary in this proceeding.

WHEREFORE, on the basis of the foregoing, Mr. Cox respectfully requests the Commission to not issue a fine to Mr. Cox 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 Randall Cox in
his Official and Individual Capacity*

CERTIFICATE OF SERVICE

This is to certify that foregoing was submitted electronically to the Commission on February 17, 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 Randall Cox in
his individual and official capacity.*

AFFIDAVIT

COMMONWEALTH OF KENTUCKY)
COUNTY OF ROWAN)

Comes now, Randall Cox, individually and in his official capacity as a board member 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.



Randall Cox

The foregoing Affidavit was sworn to, subscribed and acknowledged before me, the Notary Public, by Randall Cox, individually and in his official capacity as a board member of Rowan Water, Inc., on this the 7 day of March, 2023.



NOTARY PUBLIC

Commission #: KYNP 14003

Commission Expires: 9/5/24

17 FEB 2023

WRITTEN LETTER FOR: PSC

SUBJECT: PSC INVESTIGATION

This written letter is in reference to Enterprise rental vehicles and PSC rate study:

First and foremost. Rowan Water has been serving the local community since 1968. It has been recognized as one of the top public water companies in the state numerous times. The Employees, Manager and Board Members take this responsibility very serious. At no time has anyone made a decision that was, incompetent, negligent, or grossly immoral.

1. In reference to the Enterprise Vehicle Rentals: This decision was a drawn-out process with cost comparisons. To date it has saved Rowan Water thousands of dollars in maintenance cost and man hours. It has provided a run-down of actual fuel cost with the Enterprise fuel cards. More importantly it has replaced a fleet of vehicles that were needing a lot of maintenance. At no time was anyone aware that approval had to be obtained from PSC to Authorize this decision. If so, that would have been included in the process.

2 In reference to a rate study ordered by PSC by April 19,2022. This was a total oversight by all involved. The Board was not informed of this requirement from PSC nor did it see the ORDER. Ref Case No 2021-00042 pg #7 line # 5. This was The only reference of rate study ever mentioned until PSC sent a letter stating it late. If a rate study is required, a separate letter should be sent to the involved party instead of a one-line sentence in a 7-page ORDER that references multiple things. I can assure you that if anyone at Rowan Water was aware this needed to be completed it would have in a timely manner.

3 For future decisions at Rowan Water I will suggest a Lawyer be Involved to make sure we are in compliance with PSC. This will come at an extra cost to Rowan Water and its customers, but is the only way we can keep up with everchanging laws that effect important decisions for Rowan water.

The point of contact for this written letter is **Randall E Cox** at (606) 776-6122.

Randall E Cox
17 Feb 2023