

February 3, 2025

Via Electronic Filing

Linda Bridwell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Re: Case No. 2025-00001
Deficiency Response

Dear Ms. Bridwell:

This letter is being filed in response to the January 28, 2025 Commission deficiency letter. In conformity with the requirements of 807 KAR 5:076, Section 4 (1) (e), Western Rockcastle Water Association, Inc. (Western Rockcastle) states that it is a water association organized as a non-profit corporation under KRS Section 273. Accordingly, the IRS has determined that nonprofit organizations formed for the purpose of establishing and maintaining a system for the storage and distribution of water in order to increase underground water levels in a community is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code of 1954. (<https://www.irs.gov/pub/irs-tege/rr66-148.pdf>). Western Rockcastle is also exempt from filing a Federal Income Tax return under Section 501(c)(12) of the Internal Revenue Code. For the same reasons, Western Rockcastle is also exempt from filing a Kentucky State income Tax return.

The Commission also found the following deficiency: 807 KAR 5:076 Section 5(4)(b): The rates proposed in the application in the Comparison of Existing and Proposed Rates, Exhibit 3 and the Proposed Billing Analysis, Exhibit 6 do not match the proposed rates in the utility's notice. The calculations for the dollar and percent calculations required for Section 5(4)(c) in the notice do not match the calculations for the dollar and percent calculations in the application.

In response to this deficiency, Western Rockcastle states that it mistakenly used the rate comparisons and billing analysis from an earlier Excel rate study workbook. Several adjustments were made to the earlier workbook that resulted in an increase to the requested rates. The noted differences in the rates resulted in dollar and percentage calculations being incorrect in the application. Attached to this response are the revised Exhibit 3 Comparison of Existing and Proposed Rates and Exhibit 6 Proposed Billing Analysis. Exhibit 2 Customer Notice is correct and has not been modified. Also, a comparison of the dollar and percentage calculations contained in Exhibit 2 Customer Notification and Exhibit 3 Comparison of Existing and Proposed Rates has been attached.

A copy of Western Rockcastle's response to the deficiency letter is been emailed to the
Office of Rate Intervention, Office of Attorney General

If you have any questions or need any additional information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Paula Deborde". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Paula Deborde
Manager