

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WESTERN)	
ROCKCASTLE WATER ASSOCIATION, INC.)	Case. No.
FOR A RATE ADJUSTMENT PURSUANT TO)	2025-00001
807 KAR 5:076)	

RESPONSE OF WESTERN ROCKCASTLE WATER ASSOCIATION, INC.
TO THE COMMISSION STAFF'S FIRST REQUEST
FOR INFORMATION DATED FEBRUARY 21, 2025

Western Rockcastle Association Water Association, Inc.
Case No. 2025-00001
Commission Staff's First Request
for Information Dated February 21, 2024

Witness: Paula Deborde

1. 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, 2023, and December 31, 2024.

Response: See files: 1.a_2023_General_Ledger
1.a_2024_General_Ledger

- b. The trial balance in Excel spreadsheet format for the years ended December 31, 2023, and December 31, 2024.

Response: Western Rockcastle Association's Auditor has not begun the 2024 Audit due to tax season. Western Rockcastle Association will file the 2024 Trial Balance once its it has been completed.

See file: 1.b_2023_Trial_Balance

- 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..

Response: Western district Association's Auditor is in the middle of tax season and did not have the staff available to devote to this response. This is the Association to provide the requested reconciliation.

See file: 1.c_2023_Trial_Balance_Annual_Report_Reconciliation

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Witness: Paula Deborde

2. Provide the following information related to billing software:

a. Brand or common name for software.

Response: The name of Western Rockcastle Association's is Software Solutions.

b. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.

Response: The software is locally installed.

c. If locally installed, state the installation date.

Response: Original installation was in 1996; Software update was in 2011.

d. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

Response: Yes Western Rockcastle Association has an annual contract.

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Witness: Mark Frost

3. Refer to the SAO, Revenue Requirements Calculation, SAO Adjustment References. Provide all schedules used to support each proposed adjustment in Excel format with all formulas, rows, and columns fully accessible and unprotected. Component details of a schedule should tie to the general ledger accounts that comprise the SAO line item including any adjustment for unreconciled amounts.

Response: See file: 3_WRWA_Rate Model

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Witness: Mark Frost

4. Refer to the Application, Attachment 4, 4_SAO_With Attachments.pdf, Schedule of Adjusted Operations. Also refer to the SAO Adjustment References. Several discrepancies in amounts and reference letters were noted between the Schedule of Adjusted Operations and the Adjustment References. Resubmit Attachment 4, the SAO and References, and ensure that each adjustment amount listed in the SAO is also described in the References and that the amounts match.

Response: The original Attachment 4, 4_SAO_With_Adjustments.pdf filed with the Application, was based on an earlier version of the Rate Model and the associated descriptions. Attached is a Revised SAO with Attachments reflecting the correct Rate Model. The adjustment references in the Revised SAO include the dollar amounts for each adjustment. In reviewing the original filing, Western Rockcastle Association discovered the billing analysis with the proposed rates was also based on the earlier version of the Rate Model. A revised billing analysis using the proposed rates in the customer notice and the correct rate model.

See files: 4_Revised_SAO_With_Attachments
4_Revised_Proposed_Billing_Analysis

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Witness: Paula Deborde and Mark Frost

5. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that lists each position (Position 1, Position, etc.) job titles, hours worked, pay rates, total wages paid, and total FICA cost for each employee for the years ended December 31, 2023, and 2024. Overtime hours worked and paid at rates other than the straight time pay rate should be separated from on call hours paid. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant. The table should include a column for total wages by employee (regular wages and overtime) and a row for total wages for all employees. Employee names should be redacted from all documents.

Response: See file: 5_Employee_Salaries_Wages_and_Benefits; Tabs: 2023 and 2024.

- a. Provide calculations by employee that support pro forma wages of \$392,316. This may be provided as a separate table or combined with the table above. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant.

Response: See file: 5_Employee_Salaries_Wages_and_Benefits; Tab: Pro Forma

- b. Provide a summary of overtime hours worked and cost that were due to vacant positions and thus will be eliminated when the vacant positions are filled.

Response: The overtime hours worked in the test-year and included in the Pro Forma Salaries and Wages were not due to vacant employee positions and, therefore, there would be no associated cost adjustments necessary.

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Witness: Paula Deborde

6. Refer to the Application, Attachment 4, 4_SAO_With Attachments.pdf, Schedule of Adjusted Operations (SAO). Also refer to the SAO Adjustment References. Reference B state that Western Rockcastle Association paid employees \$3,000 in Bonuses. Provide an explanation for how the bonus are determined, the qualifications for eligibility, and documentation of Board of Commissioners (Board) authorization.

Response: .This represents the Christmas bonus that Western Rockcastle Association gave to each employee.

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Witness: Paula Deborde

7. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the calendar year 2023. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

Response:

- a. Provide a copy of one invoice for 2024 for each employee benefit described above.

Response: See file:

7.a.2024_Employee_Insurance_Invoice_Redacted

- b. Provide a copy of one invoice for 2025 for each employee benefit described above.

Response: See file:

7.a.2025_Employee_Insurance_Invoice_Redacted

- c. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. If health insurance is provided designate the coverage type (i.e., single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.

Response: See file: 5_Employee_Salaries_Wages_and_Benefits;
Tab: Emp Benefits

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Witness: Paula Deborde

8. Provide certificates of insurance and the most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2023, and 2024.

Response: Insurance Invoices - See files:

8_2023-2024_KALF_INV

8_2023-2024_WC_INV

8_2024-2025_KALF_INV

8_2024-2025_WC_INV

Other Insurance Documents- See file:

8_Other_Insurance_Documents

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Witness: Paula Deborde

9. Refer to the Application, Attachment 4, 4_SAO_With Attachments.pdf, Schedule of Adjusted Operations. Provide a breakdown of the different components that are included in Insurance – Vehicles.

Response: Transportation Expenses were mistakenly reported as Vehicle Insurance. The account balances have been corrected in the response to Item 8 – See file: 4_Revised_SAO_With_Attachments.

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Witness: Paula Deborde

10. Provide the gallons of water purchased and cost, by month for the entire year, for each supplier for 2023 and 2024.

Response: See files:

10_2023_Water_Gallons_Purchased_&_Cost_by_supplier

10_2024_Water_Gallons_Purchased_&_Cost_by_supplier

- a. Reconcile reported gallons purchased in the test year annual report water statistics and the purchased water expense reported in the test year.

Response: 10.a_2023_&_2024_Purchased_Water_Gallons

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Witness: Paula Deborde

11. Provide the current cost for purchased water for each supplier.

Response: 11_Current_Water_Cost_Rates

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Witness: Paula Deborde

12. Provide the minutes from Western Rockcastle Association Water's Board meetings for the calendar years 2023, 2024, and 2025. Consider this a continuing request through the date of issuance of Commission Staff's Report.

Response: See files: 12_2023_Board_of_Directors_Minutes
12_2024_Board_of_Directors_Minutes
12_2025_Board_of_Directors_Minutes

- a. Designate each action that authorizes hiring.

Response: No employees were hired in 2023 and 2024.

- b. Designate each action that authorizes adjustments to wage rates and any other compensation or fringe benefit actions.

Response: April 2023 Meeting

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Witness: Paula Deborde

13. Provide a document listing the name of each member of the Board for each of the calendar years 2023, 2024, and 2025 and state, individually, the total amount of each benefit paid to, or on the behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.), their term (beginning and ending), and current authorized annual compensation.

Response: See file: 13_Board_of_Directors_Information

- a. Provide documentation from the Fiscal Court that authorizes each member of the Board appointment and compensation.

Response: Western Rockcastle Association is a water association organized as a non-profit corporation under KRS Section 273. The Fiscal Court does not appoint the Board members, nor does it establish their compensation levels. Its Board of Directors is voted on by its member/customers and the Board member compensation is voted on by the Board.

- b. Provide training records for each member of the Board for 2022, 2023, and 2024 or a statement that the individual has not attended training.

Response: The members of Western Rockcastle Association Board of Directors have not attended the Commission's training.

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Witness: Paula Deborde

14. Provide the following with respect to new tap installations.

a. Number of installations during the test year.

Response: In 2023, Western Rockcastle Association Association installed 51 3/4-Inch by 5/8-Inch meters.

b. State whether labor costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

Response: The test-year taps were installed by Western Rockcastle Association employees. The labor incurred to install the new services was not tracked and was recorded as a test-year operating expense. To correct this error, Western Rockcastle Association has proposed to reduce Pro Forma Employee Salaries and Wages expense by \$10,710 to remove the labor costs associated with the installation of the new services.

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Witness: Paula Deborde

15. State whether material costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization. Refer to Western Rockcastle Association Water's Tariff, PSC Ky. No. 98-615, Original Sheet No. 4, Rules and Regulations.

Response: The test-year taps were installed by Western Rockcastle Association employees. The cost of the new taps were not tracked and were recorded as a test-year operating expense. and were recorded as labor and materials expenses. To correct this error, Western Rockcastle Association has proposed to reduce Pro Forma Employee Materials and Supplies expense by \$24,990 to remove the material costs associated with the installation of the new services.

- a. Provide the date that Western Rockcastle Association Water's billing cycle begins (meter read date).

Response: Western Rockcastle Association's billing cycle begins approximately on the 10th of each month.

- 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.

Response: Western Rockcastle Association requests that any rates authorized by the Commission have an effective date of the 10th of the month approved in.

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Witness: Paula Deborde

16. State the last time Western Rockcastle Association performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

Response: It appears that Western Rockcastle Association has not performed a cost-of-service study to review the appropriateness of its current rate design in the last 25 or more years.

- a. Explain whether Western Rockcastle Association considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: Western Rockcastle Association did not consider filing a COSS with the current rate application because there have not been any material changes to the system that would cause a new COSS to be prepared.

- b. Explain whether any material changes to Western Rockcastle Association's system would cause a new COSS to be prepared since the last time it completed one.

Response: Yes, material changes to Elkhorn District system would cause a new COSS to be prepared.

- c. If there have been no material changes to Western Rockcastle Association's system, explain when Western Rockcastle Association anticipates completing a new COSS.

Response: Western Rockcastle Association anticipates completing a new COSS after material changes to the system. .

- d. Provide a copy of the most recent COSS that has been performed for Western Rockcastle Association's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: Western Rockcastle Association was unable to locate a copy of the most recent COSS.

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Witness: Mark Frost

17. Refer to the Application, Current Billing Analysis 2023 Usage and Existing Rates and Proposed Billing Analysis 2023 Usage and Proposed Rates.

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

Response: See file: 14_BA_Existing_and_Proposed_Rates

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

Response: The majority of Western Rockcastle Association's AMR meters were installed at the same time. For this reason, numerous AMR meters experienced battery failures in the test-year that resulted in incorrect customer bills being issued. This required Western Rockcastle Association to adjust the water bills by \$851,494.

	Billing Adjustments
January-23	63,302.75
February-23	78,866.70
March-23	147,933.23
April-23	77,303.68
May-23	83,249.35
June-23	62,834.98
July-23	51,404.30
August-23	190,378.16
September-23	13,284.54
October-23	68,195.37
November-23	6,338.77
December-23	8,402.02
Total	851,493.85

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Witness: Mark Frost

18. Refer to the Application, Schedule of Adjusted Operations, provide an itemization of the Other Water Revenues, stated as \$114,496 and state whether each item is a recurring revenue item..

Response: As explained in Adjustment A in the attached file 4_Revised_SAO_With_Attachments, the reported \$114,496 was actually \$204,381. In Adjustment E of the same file, Western Rockcastle Association explained that the amount reported as Other Water Revenue are KIA grants that it received from the Fiscal Court that were used to fund construction projects. To comply with the requirements of the Uniform System of Accounts the Grants are a source of capital and, therefore, were removed from Operating Revenues.

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Witness: Mark Frost

19. Refer to the Application, Attachment 4, 4_SAO_With Attachments.pdf, Schedule of Adjusted Operations (SAO). In the SAO Western Rockcastle Association Water reported no late fee revenues, confirm Western Rockcastle water does not charge late fees.

Response: In Western Rockcastle Association's 2023 Annual Report the late fee revenues of \$6,986 were incorrectly reported as Revenues from Metered Water Sales. The late fee revenues was correctly reported in a separate revenue account. The misclassification error was corrected in Adjustment A in the attached file: 4_Revised_SAO_With_Attachments.

- a. If unable to confirm, provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2023 and 2024.

Response: Refer to the response to Item 19.a.

- b. If confirmed, refer to Western Rockcastle Association Water's current tariff, sheet 3, Special Non-Recurring Charges, Late Payment Penalty. The current tariff states Western Rockcastle Association Water charges a 10 percent late penalty. Explain why Western Rockcastle Association Water would not follow its current Tariff.

Response: Refer to the response to Item 19.a.

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Witness: Paula Deborde

20. 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 nonrecurring 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.

Response: See file: 20_Nonrecurring_Charge_Detail

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Witness: Paula Deborde

21. Provide updated cost justification sheets to support each nonrecurring charge listed in Western Rockcastle Association Water's tariff.

Response: There was a miscommunication with Western Rockcastle Association's engineer. He completed the cost justification sheet for the tap-on but did not complete the form for the remaining nonrecurring charges. Once the cost justification sheets are completed for the other nonrecurring charges they will be filed.

Refer to files: 21_Meter_Test_Charge
21_Returned_Check_Charge

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Witness: Paula Deborde

22. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Western Rockcastle Association Water's tariff.

Response: See file: 22_Cost_Justification_Tap-on_Fees