

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
MCCREARY COUNTY WATER DISTRICT)	CASE NO. 2025-00135
FOR AN ADJUSTMENT OF ITS SEWER)	
RATES PURSUANT TO 807 KAR 5:076)	

**SECOND SUPPLEMENTAL RESPONSE OF MCCREARY COUNTY WATER
DISTRICT TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

McCreary County Water District submits its Second Supplemental Response to the Commission Staff's First Request for Information, Items 1-9 and 1-11.

Dated: October 3, 2025

Respectfully submitted,



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Counsel for McCreary County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on October 3, 2025 and that there is currently no party that the Public Service Commission has excused from participation by electronic means in this proceeding.



Gerald E. Wuetcher

MCCREARY COUNTY WATER DISTRICT

Second Supplemental Response to Commission Staff's First Request for Information Case No. 2025-00135

Question No. 1-9

Responding Witness: Stephen Whitaker

- Q-1-9. Provide the minutes from McCreary District's Board of Commissioners' meetings for the 2023, 2024, and year to date 2025. 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, any other compensation (including bonuses), or fringe benefit actions.**

A-1-9. See Attachment 1-9. Actions authorizing hiring or adjustments to compensation or fringe benefits have been bookmarked and highlighted. To ensure employee privacy, employee names have been redacted but the affected employees are identified in the bookmarks by the employee numbers used in Excel Workbook 1-6_EmployeeInformation.xlsx and in the Rate Study.

Supplemental Response

A-1-9. Attached as First Supplemental Attachment 1-9 are the minutes of the meetings of McCreary County Water District Board of Commissioners held on June 24, 2025 and July 29, 2025.

The references in the minutes of the July 29, 2025 meeting to employees hired to full-time positions are to Employee No. S11 and No. W34 as listed in McCreary County Water District's Responses to Request 1-6e. (Neither employee is listed in the Rate Study.) The reference to an injured employee is to the employee referred to as Employee No. 5 in the Rate Study and as Employee S5 in the Worksheet entitled "1-6_2023 Employee Wage & Benefits" in the Excel Workbook 1-6_EmployeeInformation.xlsx.

Second Supplemental Response

A-1-9. Attached as Second Supplemental Attachment 1-9 are the minutes of the meeting of McCreary County Water District Board of Commissioners held on August 27, 2025.



AUGUST 27, 2025

Commissioner Randy Kidd called the meeting to order at 11:09 a.m. The following board members were present: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Also attending were Stephen Whitaker, Superintendent; Derrick Taylor, Assistant Superintendent; and Johnny Barnett, Eclipse Engineering, PLLC; Gerald Wuetcher, Stoll Keenon Ogden PLLC, participated by videoconference.

Mark Sumner made a motion to approve the minutes of the July 29, 2025 regular board meeting. Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

POLLED BOARD TO CHANGE BOARD MEETING FROM AUGUST 26, 2025

On August 25, 2025, Superintendent Whitaker polled the Board regarding a change to the date and time of the August 2025 board meeting from Tuesday, August 26, 2025, to Wednesday, August 27, 2025 at 11:00 a.m. All Board members agreed to the proposed change. Coy Taylor made a motion to affirm the results of this polling. Raymond Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

NRWA WATERPRO CONFERENCE SEPTEMBER 15-17, 2025 (NEW ORLEANS)

Superintendent Whitaker advised the Board that he is tentatively scheduled to attend the National Rural Water Association's WaterPro Conference in New Orleans in September.

DOW WASTEWATER INSPECTION (AUGUST 8, 2025)

Superintendent Whitaker informed the Board of the results of Wastewater CEI-Minor Municipal Inspection conducted on August 8, 2025. The Kentucky Division of Water inspector reported: "The facility appears to be properly maintained and operating effectively. No problems were observed or reported during the inspection. DMR review shows no issues with treatment. The facility permit was renewed through November 2029. The effluent appeared to be clear, and no degradation was observed to the receiving stream. The permittee appears to be in full compliance."

KY WWATERS PROGRAM GRANT APPLICATION RESOLUTION

Superintendent Whitaker reported to the Board that the District is preparing another application to the Kentucky Infrastructure Authority for funding of the **Phase I Marshes Siding AC Waterline Replacement Project** to the Kentucky Water and Wastewater Assistance for Troubled or Economically Restrained Systems (KY WWATERS) Program. An application for similar funding from the KY WWATERS program for the project last fiscal year failed to win approval. Superintendent Whitaker presented a proposed resolution to that Board authorizing the filing of the current application and appointing Chairman Kidd as the official project representative for the District's application and requested that the Board approve such resolution.

Raymond Taylor made a motion that Chairman Randy Kidd, and succeeding Chairs of McCreary County Water District Board of Commissioners be authorized to execute and submit an application through the Kentucky Infrastructure Authority with such assurances and required supporting data as is necessary to obtain funding assistance from the KY WWATERS Program for the **Phase I Marshes Siding AC Waterline Replacement Project**, and that they further be authorized as McCreary County Water District's Official Project Representative to carry out necessary negotiations for and administer the funding assistance the applicant may obtain from the KY WWATERS Program. Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

PROCUREMENT POLICY REVISION (RESOLUTION)

Superintendent Whitaker presented the Board with a resolution modifying the District's existing procurement policy. Prior to the amendment, KRS 424.260 prohibited a water district from making an expenditure of more than \$30,000 for goods or services without making newspaper advertisement for bids. The 2023 amendment increased the threshold amount to \$40,000. The proposed resolution would require newspaper advertisement for bids for expected expenditures over \$40,000 but permit expenditure for lesser amounts to be made without any newspaper advertisement for bids. It would further increase the amount of a purchase that could be made upon the Superintendent's authorization but without Board authorization from \$10,000 to \$30,000.

Doug Sexton made a motion to amend the District's procurement policy to: (1) increase the amount of an expenditure for goods or services requiring newspaper advertisement for bids from \$30,000 to \$40,000; (2) require Board approval for any expenditure that exceeds \$30,000; and (3) authorize the Superintendent to make any expenditure for goods or services of \$30,000 or less without Board approval if the funds for the expenditure are available and the expenditure is either provided for in the District's budget or the Superintendent determines the good or service is need. Raymond Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

EMPLOYEE DISCUSSION ([REDACTED])

Superintendent Whitaker informed the Board that [REDACTED], a third-shift water treatment plant operator, requested a two (2) week vacation due to a recent childbirth. The District's Employee Policy requires Board approval of vacation of more than one week. Superintendent Whitaker recommends the Board approve the request. Doug Sexton made a motion to approve [REDACTED]' request for a two (2) week vacation. Mark Sumner seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

STATE HIGHWAY DEPARTMENT (HWY 27 AT RANGER STATION / MCCREARY PARK)

Superintendent Whitaker advised the Board that a State Highway Department contractor damaged the District's water and sewer lines in the Ranger area while working on a Department road project. Initially, the Highway Department took the position that the District was responsible for the damage because the water and sewer lines were not at the state-required depth of forty-two inches. It retreated from this position after the District advised that the lines in question were installed in the 1970s, prior to the existing road's construction and, therefore, could not be held to a standard that did not exist at the time of their installation. Asserting that the road project's budgeted funds could not be used for damage claims, the Department refused to the District's request for compensation. Superintendent Whitaker advised the Board that responsibility for funding relocations and damage repair lies with another division of the Highway Department and that the District is pursuing a claim with that division for reimbursement. A relocation cost estimate has been submitted to the Department and is pending approval and funding.

Superintendent Whitaker reported that the contractor's actions have delayed the road project's progress as the project cannot be completed until the District's lines are relocated. The District has attempted to cooperate with the Department and the contractor to expedite work but has ceased those efforts until formal approval of the repair and relocation work is granted. The District has made extensive repairs to the damaged lines to restore service, but permanent relocation will not occur until the appropriate state authorization is obtained. Superintendent Whitaker estimates that the total cost of these repairs, including labor and line flushing, is \$10,000. Superintendent Whitaker expressed his frustration that the Highway Department charges the District for minor issues while refusing to reimburse the District for substantial damage caused by its contractors. He advised the Board that any complaints that the Water District is delaying the road project are ill-founded and that any delay results from the Highway Department's failure to authorize and fund line relocation work and compensate the District for the damage caused by the Highway Department contractors.

2024 AUDIT

Superintendent Whitaker stated the District's auditor had completed its audit of the District's financial statements for the year ending December 31, 2024 and had provided the

District with a copy of the audit report. The auditor found that McCreary County Water District complied in all material respects with federal and state requirements and identified no deficiencies in internal control over compliance that would be considered material weaknesses. Each Board member will be provided a copy of the auditor's report at next month's meeting.

502 EQUIPMENT (HYDROVAC TRUCK)

Superintendent Whitaker updated the Board on the use of the hydrovac truck since its delivery on August 5. He reported that the District used the truck at the entrance to the Prison to dig up a broken hydrant that must be replaced from the shoe up. A 10-inch sewer line was located three feet from the hydrant, with fiber optic cable directly behind it. Using the hydrovac truck, the hydrant was completely excavated in 16 minutes without disturbing any other utilities.

He reported that the distribution operators, in using this piece of equipment, repaired eight (8) leaks in a single day, with four (4) of those repairs requiring the relaying of waterlines from the meter back to the main waterline. He noted that the process is much faster and avoids the mess typically associated with such work.

Superintendent Whitaker informed the Board that the District would be assisting the county at the 4-H Camp RV Park due to a water leak. He explained that when the waterline was originally installed, it was laid in the same ditch as the electric line. He noted that the hydrovac truck will be well-suited for this repair, as it can expose the waterline without disturbing the electrical line. By contrast, during the last leak repair, a backhoe was used, and significant damage was caused to the electrical line.

Superintendent Whitaker recommended that the District purchase a hydrovac. He suggested that financing for the purchase could be obtained through the Kentucky Infrastructure Authority or the Rural Water Financing Agency.

Coy Taylor made a motion to authorize Superintendent Whitaker to initiate the bidding process for the purchase of an International 1,100-gallon hydrovac combo truck. Mark Sumner seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Voting against: None.

Coy Taylor made a motion to authorize Superintendent Whitaker to seek funding through the Rural Water Financing Agency for the purchase of the hydrovac truck after the Board accepts the bids. Doug Sexton seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

Mr. Wuetcher advised the Board that Public Service Commission approval would be required of any financing method that required the issuance of an evidence of indebtedness exceeding two years. He noted that the financing can be structured so as not to require PSC authorization and that the District should carefully review any financing method prior to

executing any evidence of indebtedness to ensure any required PSC authorization is obtained.

PROJECT DISCUSSION

Johnny Barnett, Resident Project Inspector for Eclipse Engineers, provided an update on projects currently in progress. He reported that:

- The **Marshes Siding AC Waterline Replacement Phase I Project** second round of funding application will be submitted by the end of this week with Lake Cumberland Area Development District (LCADD).
- The **Cumberland Falls Sanitary Sewer Extension Project** is still awaiting funding.
- The **Flatrock Waterline and Booster Pump Station Replacement Project** is awaiting design and scheduled for next year.
- Materials for the **Beulah Heights Waterline Phase 2** have been ordered. Construction to begin within two weeks. This project will be completed in-house.
- The 502 Equipment **Hydrovac Truck's** project profile is with LCADD and awaiting funding.

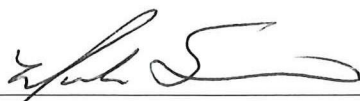
LEGAL

Mr. Wuetcher reported that the District has submitted responses to Commission Staff's second request for information. A Staff Report is expected in late September.

With no further discussion, Mark Sumner made a motion to adjourn. Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

Meeting adjourned at 11:45 a.m.

Respectfully submitted,



 Mark Sumner, Secretary

Date Approved: 9/30/2025

BY: 

 Randy Kidd, Chairman

MCCREARY COUNTY WATER DISTRICT

Second Supplemental Response to Commission Staff's First Request for Information Case No. 2025-00135

Question No. 1-11

Responding Witness: Stephen Whitaker

Q-1-11. Provide the following information regarding the proposed rate case expense.

- a. State whether the amount submitted in the rate study on May 16, 2025 is a fixed amount or describe what factors would cause the stated amount to increase or decrease.**
- b. State the date the quoted amount is payable by McCreary District.**
- c. State whether the expected rate case expense will be paid for by McCreary District or a third party (i.e. grant funds).**

Original Response:

- A-1-11. a. The proposed rate case expense represents McCreary County Water District's cost for consulting services but does not include legal fees or the cost of publication of notice. It also does not include costs associated with consultant testimony should the Public Service Commission conduct a hearing on the proposed rate adjustment. Rate case expense will increase based upon the number and scope of Commission Staff's requests for information, the time required to response to the findings and recommendations contained in the Commission Staff Report on the proposed rate adjustment, and whether a hearing is conducted. Beginning on or about July 31, 2025, the District will provide a monthly report on its rate case expense.
- b. McCreary County Water District's consulting fees will be paid upon completion of the rate proceeding. The District will pay its legal fees monthly. The cost of publication of notice will be paid at the time publication is requested.
- c. McCreary County Water District pays all rate case expenses.

Supplemental Response:

- A-1-11. a. Attached as First Supplemental Attachment 1-11a is a report of McCreary County Water District's rate case expenses as of August 31, 2025. Supporting invoices for all expenses incurred as of that date are also attached.

Second Supplemental Response

- A-1-11. a. Attached as Second Supplemental Attachment 1-11a is a report of McCreary County Water District's rate case expenses as of September 30, 2025. Supporting invoices for all expenses incurred since submission of last report are also attached.

McCreary County Water District Case No. 2025-00135 Analysis of Cost of Case No. 2025-00135 As of September 30, 2025		
Line No.	Item	Amount
1.	Accounting	\$ 0.00
2.	Engineering	\$ 0.00
3.	Legal	\$ 19,552.88
4.	Consultants¹	\$ 1,806.00
5.	Other Expenses	\$ 172.50
6.	Total	\$ 21,531.38

Individual Expenses to Date:

Invoice	Date	Vendor	Nature of Expense	Amount
	10/01/2024	Kentucky Rural Water Assn ¹	Consultant	\$ 1,806.00
INV-3027	04/30/2025	McCreary Journal ²	Public Notice	\$ 172.50
1075002	04/08/2025	Stoll Keenon Ogden PLLC ³	Legal Services	\$ 528.94
1077707 1077715	05/09/2025	Stoll Keenon Ogden PLLC ⁴	Legal Services	\$ 462.94
1079833	06/05/2025	Stoll Keenon Ogden PLLC	Legal Services	\$ 3,346.50
1082677	07/08/2025	Stoll Keenon Ogden PLLC	Legal Services	\$ 3,381.00
1086190	08/13/2025	Stoll Keenon Ogden PLLC	Legal Services	\$ 8,004.00
1088355	09/10/2025	Stoll Keenon Ogden PLLC	Legal Services	\$ 3,829.50
TOTAL				\$21,531.38

¹ The consultant's fee will be paid upon completion of the rate case proceeding. It has been allocated between the water and sewer operations based upon the number of customers.

² The newspaper notices contain notice of the applications for rate adjustments for the water and sewer operations. The total cost of \$345 has been allocated equally between the operations.

³ Charge for all work equally allocated between water and sewer operations.

⁴ Charge for work performed on 4/29/2025 under General Retainer was equally allocated to water and sewer operations.

STOLL • KEENON • OGDEN
PLLC
300 West Vine Street
Suite 2100
Lexington, Kentucky 40507-1801
(859) 231-3000
Tax Id # 61-0421389
 September 10, 2025

McCreary County Water District
 s.whitaker@mccrearywater.com

INVOICE NO.: 1088355
 SKO File No.: 432137/186647

PAYMENT REMITTANCE

Payments via regular mail:

STOLL • KEENON • OGDEN PLLC
 P.O. Box 11969
 Lexington, Kentucky 40579-1969

Payments via ACH or EFT:

Stoll Keenon Ogden PLLC IOLTA Account
 Fifth Third Bank, Cincinnati OH
 ABA/Bank Routing Number: [REDACTED]
 Account Number: [REDACTED]

Please reference your account and invoice numbers.
 Email remittance to payments@skofirm.com

Re: 2025 Sewer Rate Adjustment

Our Reference: 432137/186647/GEW/2404
 Fees rendered this bill

\$ 3,829.50

Total Current Charges This Matter

\$ 3,829.50

Balance as of 08/13/25

\$11,592.00

Less credits (payments, adjustments)

\$0.00

Balance due on prior billings

\$11,592.00

Total Amount Due This Matter

\$15,421.50

STOLL · KEENON · OGDEN

PLLC

300 West Vine Street**Suite 2100****Lexington, Kentucky 40507-1801****(859) 231-3000****Tax Id # 61-0421389**

September 10, 2025

McCreary County Water District
s.whitaker@mccrearywater.com

INVOICE NO.: 1088355
SKO File No.: 432137/186647

MATTER NAME: 2025 Sewer Rate Adjustment

TOTAL FEES FOR PROFESSIONAL SERVICES PER ATTACHED 3,829.50

TOTAL CHARGES FOR EXPENSES AND OTHER SERVICES
PER ATTACHED 0.00

INVOICE TOTAL \$ 3,829.50

BALANCE DUE from previous statements:

Bill Date	Invoice	Outstanding Amount
05/09/25	1077715	207.00
07/08/25	1082677	3,381.00
08/13/25	1086190	8,004.00

Total Balance Due on Previous Statements: \$ 11,592.00

TOTAL BALANCE DUE **\$15,421.50**

BILL DATE: September 10, 2025McCreary County Water District
s.whitaker@mccrearywater.com**2025 Sewer Rate Adjustment****LEGAL FEES**

DATE	IND	DESCRIPTION OF SERVICE	HOURS	RATE	AMOUNT
08/05/25	GEW	Review PSC Staff 2nd Request for Information	0.10	345.00	\$ 34.50
08/20/25	GEW	Prepare response to PSC Staff Second Request for Information	4.00	345.00	1,380.00
08/21/25	GEW	Prepare response to PSC Staff Second Request for Information; conference call with S. Whitaker, J. Whitaker, and V. Gilbert re: response; file response with PSC	3.00	345.00	1,035.00
08/29/25	GEW	Prepare response to PSC Staff Third Request for Information; Prepare supplemental response to PSC Staff First Request (rate case expense report)	2.00	345.00	690.00
08/31/25	GEW	Prepare response to PSC Staff Third Request for Information; Prepare supplemental response to PSC Staff First Request (rate case expense report)	2.00	345.00	690.00
SUBTOTAL			11.10		\$3,829.50

EXPENSES AND OTHER SERVICES***note: all copies are billed at .10/page unless otherwise indicated*

DATE	DESCRIPTION	AMOUNT
SUBTOTAL		0.00
GRAND TOTAL:		\$3,829.50

ATTORNEY/PARALEGAL SUMMARY

TIMEKEEPER	RANK	HOURS	RATE	AMOUNT
G. E Wuetcher	Of Counsel	11.10	345.00	\$3,829.50