

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
CUMBERLAND COUNTY WATER DISTRICT)	2025-00226
)	

RESPONSE OF CUMBERLAND COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED SEPTEMBER 9, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
CUMBERLAND COUNTY WATER DISTRICT)	2025-00226

VERIFICATION OF MICHAEL BALLARD


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF Cumberland)

Michael Ballard, General Manager of Cumberland County Water District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Michael Ballard

The foregoing Verification was signed, acknowledged and sworn to before me this 23 day of September, 2025, by Michael Ballard.



KY NP 74277

Commission expiration: 6-20-27

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
CUMBERLAND COUNTY WATER DISTRICT)	2025-00226

VERIFICATION OF ROBERT K. MILLER

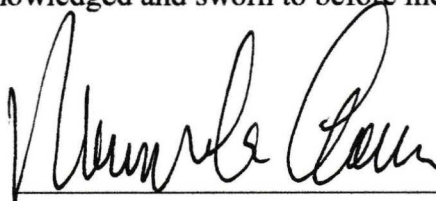
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

Robert K. Miller, Kentucky Rural Water Association, on behalf of Cumberland County Water District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

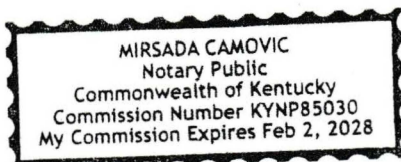


Robert K. Miller

The foregoing Verification was signed, acknowledged and sworn to before me this 18th day of September, 2025, by Robert K. Miller.



Commission expiration: 2/2/28



Cumberland County Water District
Case No. 2025-00226
Commission Staff's Second Request for Information

Witnesses: Michael Ballard # 1, 2, 5, 6, 9, and 12
Robert K. Miller # 3, 4, 7, 8, 10, and 11

1. Refer to Cumberland District's response to Commission Staff's First Request for Information (Staff's First Request), Item 2a, General Ledger 2024, for the accounts listed below. Refer also to the chart listed below.

6200-00 Materials and Supplies

Date	Num	Name	Amount
02/26/2024	Echeck	Fortiline	\$ 28,567.68
04/22/2024	29999	Consolidated Pipe & Supply Company, Inc.	25,840.00
05/13/2024	30048	United Systems & Software, Inc.	27,282.98
06/13/2024	30137	Consolidated Pipe & Supply Company, Inc.	35,905.14
08/12/2024	30281	Fortiline	15,460.27
08/26/2024	30336	Albany Quarry	3,374.61
10/31/2024	30599	Fortiline	14,783.43

6310-00 Contractual Service

Date	Name	Description	Amount
09/26/2024	1234	Stotts Construction Co, Inc	\$ 130,070.00
10/01/2024	1009	Monarch Engineering, Inc.	26,218.14

- a. For each item listed in the chart above, provide a copy of each invoice relevant to the item.

Response: See files **2-1_Fortiline_02252024**
 2-1_Consolidated_04222024
 2-1_United_05132024
 2-1_Consolidated_06132024
 2-1_Fortiline_08122024
 2-1_Albany_08262024
 2-1_Fortiline_10312024
 2-1_Stotts_and_Monarch

- b. For each item listed in the chart above, describe the purchase and state whether each item should have been capitalized.

Response:

2-1_Fortiline_02252024: Materials for Butler Hollow and Crawley Road projects. Should have been capitalized.

2-1_Consolidated_04222024: 152 meters. Should not be capitalized.

2-1_United_05132024: 200 meters. Should not be capitalized.

2-1_Consolidated_06132024: 300 AMR nodes. Should not be capitalized.

2-1_Fortiline_08122024: Miscellaneous distribution materials. Should not be capitalized.

2-1_Albany_08262024: Rock for the Bruton Hollow Road wash out. Should not be capitalized.

2-1_Fortiline_10312024: Materials for Butler Hollow project. Should have been capitalized.

2-1_Stotts_and_Monarch: Engineering and construction services for Warsaw Branch Road Project. Should have been capitalized.

- c. For each item in the chart above, if Cumberland District believes its classification as an expense is proper, explain the reasoning.

Response:

2-1_Consolidated_04222024: 152 meters. Below capitalization threshold.

2-1_United_05132024: 200 meters. Below capitalization threshold.

2-1_Consolidated_06132024: 300 AMR nodes. Below capitalization threshold.

2-1_Fortiline_08122024: Used for maintenance repairs.

2-1_Albany_08262024: Used for maintenance repair.

- d. For each item listed in the chart, if a purchase should have been capitalized, provide the appropriate NARUC useful life for depreciation purposes.

Response:

2-1_Fortiline_02252024: Distribution mains 62.5 years.

2-1_Fortiline_10312024: Distribution mains 62.5 years.

2-1_Stotts_and_Monarch: Distribution mains 62.5 years.

2. Refer to Cumberland District's response to Staff's First Request, Item 8a, Gallons Purchased and Cost, and Item 8b, Water Purchased Reconciliation.

- a. For both Burkesville Water Works (Burkesville) and city of Albany Water Department (Albany), explain why the cost per 1,000 gallons varies month to month for each entity.

Response: On Item 8b Water Purchased Reconciliation, the gallons reported were for the amount of usage from the beginning through the end of each month while the dollars reported were for the invoiced amount based on meter readings that occurred on dates other than the end of each month. File 8b_Water_Purchased_Reconciliation was updated to add tab 2024_Invoices to show usage and dollars for monthly invoices from water suppliers.

- b. Explain why the cost does not match the wholesale rates listed in the tariff on file with the Kentucky Public Service Commission for Burkesville, Albany, and Columbia – Adair Utilities District.

Response: Using data from Item 8b Water Purchased Reconciliation, the computed cost per thousand gallons does not match the wholesale rates because the invoiced dollar amount were based upon the meter reading cycle and the reported gallons were based upon the calendar month.

**See files 2024_Water_Invoices
 8b_Water_Purchased_Reconciliation
 (with new tab 2024_Invoices added)**

When reviewing the file 8b_Water_Purchased_Reconciliation tab 2024_Invoices, it appears that the imputed rates charged for each invoice were at or very close to the tariff rate.

3. Refer to Cumberland District's response to Staff's First Request, Item 4, Item 2a_General_Ledger_2024, and Item 2c_Reconciliation.xlsx.
 - a. Provide explanation regarding the amount of \$3,203.00 provided for Account 4030 Miscellaneous Revenues in Item 4 and Item 2c versus the general ledger

balance of \$27,810.92 for Account 4030.

Response: The 2024 General Ledger amount of \$27,810.92 does not reflect adjusting journal entries by the auditor.

See file 2-3_Auditors_Adjustments

- b. Explain which amount is correct for Miscellaneous Revenues.

Response: The correct amount is \$3,203.00.

- 4. Refer to Cumberland District's response to Staff's First Request, Item 14, Item 15, and Item 2a_General_Ledger_2024.

- a. Provide a reconciliation between the amount provided for test year late fees in Items 14 and 15 of \$25,370.92 and the amount listed in the general ledger in Account 4010 Late charge of \$23,810.55.

Response: The trial balance amount of \$24,344 (rounded) includes the \$23,810.55 for general ledger account #4010-00 late charge plus \$533.06 for general ledger account #4011-00 late charges.

- b. Explain whether Late Fee revenue was reported as Metered Water Sales in the test year, and if not, explain how the revenue was reported.

Response: The Late Fee revenue was reported as Metered Water Sales in 2024 Annual Report and in the test year of the Alternative Rate Filing application.

- 5. Refer to Cumberland District's response to Staff's First Request, Item 15. Provide the general ledger account number in which the nonrecurring revenue was recorded during the test year.

Response: See file 2-5_Nonrecurring_Charges_GL_Accounts

- 6. Refer to Cumberland District's response to Staff's First Request, Item 17_Tap_Fee_Cost_Justification_Large. Provide an updated cost justification sheet to support the 1-inch Meter Connection/Tap-on charge.

Response: See file 2-6_Tap_Fee_1_Inch_Cost_Justification

7. Refer to Cumberland District's response to Staff's First Request, Item 2(a) and (b). The general ledger provided does not reconcile with the Trial Balance expenses for the below Account No's.

a. Reconcile the differences between the general ledger and the Trial Balance for the Account No's. provided in the chart below.

Account No.	Description	Trial Balance	General Ledger
6600	Pay Roll Expenses	334,708	374,080
6100	Purchased Water	584,741	567,616
6200	Materials and Supplies	225,205	271,086
6020	Transportation	63,420	110,115
6560-10	General Liability Insurance	28,510	54,916
6470	Miscellaneous Expense	122,936	19,184

Response:

6600 Pay Roll Expenses 334,708 374,080

Cumberland District was unable to prepare a reconciliation of these amounts. See Auditors Adjustments.

6100 Purchased Water 584,741 567,616

See Auditors Adjustments.

6200 Materials and Supplies 225,205 271,086

See Auditors Adjustments.

6020 Transportation 63,420 110,115

See Auditors Adjustments.

6560-10 General Liability Insurance 28,510 54,916

See Auditors Adjustments.

6470 Miscellaneous Expense 122,936 19,184

Cumberland District was unable to prepare a reconciliation of these amounts. See Auditors Adjustments.

b. Provide supporting documentation for each variance identified.

Response: See file 2-3_Auditors_Adjustments

- c. Explain whether any adjustments were made to the general ledger balances prior to reporting test-year expenses in the Application.

Response: There were auditor's adjustments recorded on the Trial Balance that were not made to the General Ledger. The test-year expenses in the Application were based upon the 2024 Annual Report filed with the Commission. The 2024 Annual Report was based upon the audited Trial Balance.

8. Refer to Cumberland District's response to Staff's First Request, Item 6, 5_Payroll_Summary_2024, 6c_Medical_Insurance_Invoice_recent, and 6c_Life_Insurance_Invoice_Recent. In its response to Item 6, Cumberland District stated that each employee receives incentive pay but does not state how many employees receive medical insurance. Each of the responses above, indicated a different number of employees that receive medical insurance coverage. Provide the number of employees Cumberland District expects to receive medical insurance once it has hired its new employees.

Response: Cumberland District expect 1 employee to receive employee + spouse medical insurance and 10 employees to receive employee only coverage once it has hired its new employees.

9. Refer to Cumberland District's response to Staff's First Request for Information, Item 6, 5_Payroll_Summary_2024. State when Cumberland District anticipates the two new employee positions referenced in the payroll summary will be filled and provide board minutes approving the addition of these positions.

Response: See file 2-9_Minutes

Cumberland District anticipates that the two new employee positions will be filled at the beginning of the first quarter of 2026.

10. Refer to Cumberland District's response to Staff's First Request, Item 19a, and Rate_Model.xlsx (Tap Fees tab). Explain why the Rate_Model reflects 45 new tap installations and explain which number of installations is correct.

Response: The Rate_Model.xlsx (Tap Fees tab) incorrectly reported 45 new tap installations. The correct number of installations was reported in Item 19a as 37 3/4-inch taps and 2 1-inch tap fees.

11. Refer to Cumberland District's response to Staff's First Request, Item 2c_Reconciliation, Depreciation Expense, General Ledger Account No. 6720.

- a. Explain why the 2024 General Ledger does not contain Account No.6720.

Response: The 2024 General Ledger provided by Cumberland District does not reflect adjusting journal entries by the auditor.

- b. Provide the total Depreciation expense recorded in the 2024 General Ledger, identifying the accounts in which the expense was recorded.

Response: The auditor's adjustment to record Depreciation expense of \$312,498.00 is reflected on the Trial Balance but was not recorded on the General Ledger. See file 2-3_Auditors_Adjustments

12. Refer to Cumberland District's response to Staff's First Request for Information, Item 9, 9_Insurance_Certificates. Cumberland District did not provide all the requested Information. Provide certificates of insurance and most recent invoices for Workers' Compensation Insurance for 2024 and 2025.

**Response: See files 2-12_WC_Insurance_Certificate
2-12_WC_Insurance_Invoice_2024
2-12_WC_Insurance_Invoice_2025**