

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING) CASE NO.
OF LAUREL COUNTY WATER DISTRICT NO 2.) 2025-00353

VERIFICATION OF WANDA SMITH

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF LAUREL)

Wanda Smith, Office Manager/Accountant of Laurel County Water District No. 2, states that she 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 are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Wanda Smith

Wanda Smith

The foregoing Verification was signed, acknowledged and sworn to before this 13th day of January, 2026. By Wanda Smith.

Andrew Cripp # Kynp68138

Commission expiration: 3-16-2027



LAUREL COUNTY WATER DISTRICT NO. 2
CASE NO. 2025-00353 RESPONSE TO COMMISSION
STAFF'S INITIAL REQUEST FOR INFORMATION

1. Provide the following information related to billing software:

a. Brand or common name for software.

Response: Alliance G5 software from United Systems.

Witness: Wanda Smith

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

Response: Alliance software G5 version is internet based and we went live with it on June 11, 2025. Prior to that date we were using the G4 version which was locally installed on a utility-owned computer.

Witness: Wanda Smith

c. If locally installed, state the installation date.

Response: The locally installed version was installed in 1991 according to the fiscal years history on the computer.

Witness: Wanda Smith

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

Response: United Systems services the software in accordance with the contract that the Utility District has with them.

Witness: Wanda Smith

2. Provide the following information related to general ledger software:

a. State if the billing software and general ledger software are integrated.

Response: The billing software and general ledger software are integrated.

Witness: Wanda Smith

b. Brand or common name for software.

Response: Alliance G4 software from United Systems.

Witness: Wanda Smith

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

Response: The general ledger software is locally installed on a utility-owned computer.

Witness: Wanda Smith

d. If locally installed, state the installation date.

Response: The software was installed in 1991 according to the General Ledger fiscal years history on the computer.

Witness: Wanda Smith

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

Response: United Systems services the software in accordance with the service contract that the Utility District has with them.

Witness: Wanda Smith

3. 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.

a. The general ledger in Excel spreadsheet format with all transactions for each of the years ended December 31, 2023, 2024, and 2025.

Response: See the attached files titled:
3_a_2025_General_Ledger_Analysis.xls
3_a_2024_General_Ledger_Analysis.xls
3_a_2023_General_Ledger_Analysis.xls

Witness: Wanda Smith

b. The trial balance in Excel spreadsheet format for the years ended December 31, 2023, 2024, and 2025.

Response: See the attached files titled:
3_b_2025_Annual_Trial_Balance_Report.xls
3_b_2024_Annual_Trial_Balance_Report.xls
3_b_2023_Annual_Trial_Balance_Report.xls

Witness: Wanda Smith

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 amounts that do not match the respective SAO line item.

**Response: See the attached file titled,
3_c_2024_Trial_Balance_worksheet_for_PSC_annual_report.pdf.**

Witness: Wanda Smith

4. Refer to the Application, Attachment_1_-_6_List_of_attachments.pdf, SAO table, References. Provide all schedules used to support each proposed adjustment in Excel format. Component details of each schedule should tie to the general ledger accounts that comprise the test year SAO line item including any adjustment for unreconciled amounts.

**Response: See the application Attachment 12, excel file titled,
Attachment_12_LCWD#_Rate_Study_25-353.xlsx**

Witness: Wanda Smith

5. Refer to the Application, Current Billing Analysis 2024 Usage and Existing Rates and Proposed Billing Analysis 2024 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 the application attachment 12, ExBA tab in the excel file titled,
Attachment_12_LCWD#_Rate_Study_25-353.xlsx**

Witness: Wanda Smith

b. Describe each adjustment to the billing analysis and its justification and supporting documentation.

**Response: See the attached files titled,
5_a_Report_of_Billing_Adjustments_2024.pdf.**

Witness: Wanda Smith

c. Provide an analysis of the proposed pro forma adjustment to metered revenues.

Response: See the application, attachment 12, ExBA tab in the excel file titled, Attachment_12_LCWD#_Rate_Study_25-353.xlsx

Witness: Wanda Smith

6. Refer to the Application, Schedule of Adjusted Operations. Provide an itemization of the Miscellaneous Service Revenues of \$206,503. Include in the response whether each individual component will recur.

Response: See the attached file titled 6_Miscellaneous Service Revenues 2024 Recap

Witness: Wanda Smith

7. 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 2, etc.) job titles, hours worked, pay rates, any bonus payments, total wages paid, and total FICA (both social security and Medicare) match cost for each employee for the years ended December 31, 2024, and 2025. Overtime hours worked and paid at rates greater 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.

a. Provide calculations by employee that support pro forma wages of \$1,201,312. 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 the application attachment 12, wages tab in the excel file titled, Attachment_12_LCWD#_Rate_Study_25-353.xlsx

Witness: Wanda Smith

b. State the planned number of employees separated between full time and part time that make up the pro forma wage amount of \$1,201,312.

Response: See the application attachment 12, wages tab in the excel file titled, Attachment_12_LCWD#_Rate_Study_25-353.xlsx

Witness: Wanda Smith

c. State whether yearly hours for full time employees is 1950 hours (37.5 weekly) or 2080 hours (40 weekly).

Response: 2080 hours (40 weekly)

Witness: Wanda Smith

d. For any part-time employees, state how many weekly hours the part-time is expected to work.

Response: Part-time employees generally work 16 to 24 hours per week. They work less than an average of 100 hours per month each year.

Witness: Wanda Smith

e. Provide a summary of overtime hours worked and cost(s) that were

due to vacant positions and, thus, will be eliminated when the vacant positions are filled.

Response: None of the overtime hours were due to vacant positions.

Witness: Wanda Smith

f. For any bonuses, provide written personnel policies including a description of the measurement determinates.

Response: The Board does not issue any bonuses.

Witness: Wanda Smith

8. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the years ended December 31, 2024, and 2025. Supplemental coverage for which the employee pays 100 percent of the cost should also be included.

Response: The District provides health and Life insurance for employees. Employees may purchase dental insurance this is 100% paid for by the employee. Commissioners may purchase Life insurance this is 100% paid for by the Commissioner.

Witness: Wanda Smith

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

Response: See the attached file titled, 8_a_Employee_Health_Insurance.pdf

Witness: Wanda Smith

b. State whether there were any significant changes to any benefit coverage described above subsequent to the test year.

Response: None

Witness: Wanda Smith

c. Provide a copy of the most recent invoice for each employee benefit

described above.

**Response: See the attached files titled:
8_c_Current_Health_Insurance-KACO-Jan 2026.pdf
8_c_Life_Insurance_and_ADD.pdf**

Witness: Wanda Smith

d. 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) employer contribution rates, if applicable, for the test year. Designate each medical insurance 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: No benefits were adjusted by BLS employer contribution rates. See the application attachment 12, Medical tab in the excel file titled, Attachment_12_LCWD#_Rate_Study_25-353.xlsx

Witness: Wanda Smith

9. Provide certificates of insurance for general liability for 2023, 2024, and 2025. Also provide the most recent invoice for general liability insurance.

**Response: See the attached file titled,
9_LWD_Certificates_of_Insurance_Recent_Invoice.pdf**

Witness: Wanda Smith

10. Provide the minutes from Laurel District No. 2's Board of Commissioners' meetings for 2023, 2024, and 2025 to date. Consider this a continuing request through the date of issuance of Staff's Report.

a. Designate each action that authorizes hiring.

Response: The October 14, 2025 Board meeting the Board authorized the hiring of a new employee. The applicant is offered the job for a 90 day probationary period with the job to be continued if their performance is satisfactory during the 90 days.

See the attached files titled:

10_LWD_2023_Minutes.pdf

10_LWD_2024_Minutes.pdf

10_LWD_2025_Minutes.pdf

10_LWD_December_2025_minutes

Witness: Wanda Smith

b. Designate each action that authorizes adjustments to wage rates, any other compensation (including bonuses), or fringe benefit actions.

Response: The Board authorized wage increases at the November 2024 and November 2025 board meetings. The Board has pre-approved rate increases for passing Distribution and Treatment certification tests. The Board approves the starting pay for each new hire based on qualifications and experience. The Board does not issue any bonuses. The Budget Committee reviews the wage rates annually. The COLA increase is discussed as well as each employees' performance and years of experience. The wages are compared to the wages on the KRWA wage survey and the wage rates from other local utilities when they are available. The Board then approves adjustments to wage rates. The Board authorizes any and all changes to fringe benefits.

Witness: Wanda Smith

11. Provide a document that lists, for each commissioner, for 2024 and 2025, their term (beginning and ending), and current, authorized annual compensation.

a. State, individually, the amount of wages and each benefit (i.e., health insurance premiums, life insurance premiums, FICA taxes, etc.) paid to, or on the behalf of, each commissioner for each year.

Response: Each Commissioner receives \$6,000 per year. The District does not pay for health or life insurance for the Commissioners.

Witness: Wanda Smith

b. Provide documentation from the Fiscal Court that authorizes each commissioner's appointment and compensation.

Response: See the attached file titled:

11_b_Appointment_of_Commissioners_by_Fiscal_Court_2024_and_2025.pdf

Witness: Wanda Smith

c. Provide training records for each commissioner for 2023, 2024, and 2025 or a statement that the individual has not attended training.

Response: All five Commissioners attended the PSC training at Pine Mountain State Resort Park in 2025. None have received certificates from the PSC training. See the attached files for 2023 and 2024 titled,

11_c_2023_Commissioners_Continuing_Education_Certificates.pdf

11_c_2024_Commissioner_Continuing_Education_Certificates.pdf

Witness: Wanda Smith

12. Provide the following information regarding the proposed rate case expense.

a. State whether the amount submitted in the application is a fixed amount or describe what factors would cause the stated amount to increase or decrease.

Response: The amount is fixed. Factors may include any additional work that may occur during the case process outside the scope of the agreement with KRWA.

Witness: Wanda Smith

b. State the date the quoted amount is payable by Laurel District No. 2.

Response: Upon the conclusion of the project. When revised tariff sheets are accepted by the PSC

Witness: Wanda Smith

c. State whether the expected rate case expense will be paid for by Laurel District No. 2 or by a third party (i.e., grant funds).

Response: The expected rate case expense will be paid for by Laurel District No. 2

Witness: Wanda Smith

d. Provide a copy of the invoice or quote from Kentucky Rural Water Association (KRWA) for the preparation of the rate case.

**Response: See the attached file titled,
12_d_KRWA_Proposed_Rate_Study_2025.pdf**

Witness: Wanda Smith

13. Refer to the Application, Attachment_1_-_6_List_of_attachments.pdf, attachment 4, SAO. Also refer to Table A Depreciation Expense Adjustment. Also refer to Laurel District No. 2, at 6, Statements of Revenues, Expenses, and Changes in Net Position. The SAO and audited financial statement's test year Depreciation Expense is recorded as \$682,966, however Table A reported Depreciation Expense as \$682,248.

Explain and reconcile the discrepancy.

**Response: Two items were taken out of service and removed from the 2024 depreciation schedule. See the attached files titled:
13_2024_Depreciation_Reconciliation.pdf
13_Asset_Dispositions_12_31_24.pdf**

Witness: Wanda Smith

14. Refer to Laurel District No 2's audited financial statements, at 13, Note 5 – Capital Assets. Also Refer to the application, Attachment_7__LCWD_2_Depreciation_Schedule_2024.xls, Row 961. In the Audited Financial statements, the total capital assets less construction in progress is \$31,951,125.¹ In Attachment 7, the total capital assets is \$31,483,671. Explain and reconcile the discrepancy.

¹ Totals at Historic Cost \$32,228,572 – Construction in Progress \$277,447 = \$31,951,125

Response: Land & Land rights of \$467,451 not on the depreciation schedule. See the attached file titled: 14_Land_and_Land_Rights_Acct 0101-3034.pdf

Witness: Wanda Smith

15. Provide the following for new tap installations.

a. Number of installations during the test year.

Response: There were 46 new tap installations during the test year. 44 new 5/8 x 3/4-inch and 2 new 2-Inch meters, totaling \$56,647.42.

Witness: Wanda Smith

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: While preparing responses for this information request we discovered that our consultant incorrectly made an adjustment and reduced labor expense by \$16,994. He was not aware that we had already recorded \$6,930.50 as capitalized labor for Services as reported on the Depreciation Schedule for A/C 3334 Services for 2024. See the attached file titled, 15_Capitalized_payroll_material_Services_Meter_Inst.pdf.

The \$16,994 adjustment should be removed from the application SAO. See the application attachment 12, Capital tab in the excel file titled, Attachment_12_LCWD#_Rate_Study_25-353.xlsx

Witness: Wanda Smith

c. 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.

Response: See the response to 15.b. The consultant incorrectly made an adjustment and reduced Materials and Supplies expenses by \$39,653. He was not aware that we had already recorded \$43,129.48 of materials for Services as reported on the Depreciation Schedule for A/C 3334 Services for 2024. See the attached file titled, 15_Capitalized_payroll_material_Services_Meter_Inst.pdf.

The \$39,653 adjustment should be removed from the application SAO. See the application attachment 12, Capital tab in the excel file titled, Attachment_12_LCWD#_Rate_Study_25-353.xlsx

Witness: Wanda Smith

16. Refer to Laurel District No. 2's Tariff, PSC Ky. No 1, Sheet No. 19, Monitoring of Customer Usage.

a. Provide the date that Laurel District No. 2's billing cycle begins (meter-read date).

Response: The District reads its meters monthly on the first of the month of the billing cycle.

Witness: Wanda Smith

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: The District reads its meters monthly on the first of the month. The District requested in the application cover letter for the effective date to be on the first day of the month of the next billing cycle from when the adjustment in rates is approved by the PSC.

Witness: Wanda Smith

17. State the last time Laurel District No. 2 performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Laurel District No. 2 considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: The District considered the benefits of performing a COSS when contracting with KRWA to assist with current application. A COSS would provide very limited benefit to the District and the current application.

Witness: Wanda Smith

b. Explain whether any material changes to Laurel District No. 2's system would cause a new COSS to be prepared since the last time it completed one.

Response: The District has not experienced material changes to its operations that would necessitate the preparation of a COSS.

Witness: Wanda Smith

c. If there have been no material changes to Laurel District No. 2's system, state when Laurel District No. 2's anticipates completing a new COSS.

Response: The District does not anticipate needing to complete a COSS, in the near future.

Witness: Wanda Smith

d. Provide a copy of the most recent COSS that has been performed for Laurel District No. 2's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: There is no documentation or evidence that the District has ever performed a COSS.

Witness: Wanda Smith

18. Provide the number of occurrences and dollar amounts for late fees that were recorded during 2023 and 2024 and 2025.

Response: See the attached files titled, 18_Late_Fees_2023, 2024, 2025.pd

Witness: Wanda Smith

19. Provide a schedule that lists the number of occurrences of each nonrecurring charge and the revenue amount that was recorded during 2024. Include nonrecurring charges for which there were no occurrences or reported revenue.

Include the general ledger account numbers where each nonrecurring charge is recorded.

Response: The District does not track specific nonrecurring charges. The District provides an estimate for the number of occurrences for the various charges. See the attached files titled,

19_Special_Charges_2024.xlsx

19_GL_Service Charges - Nonrecurring Charges 2024.pdf

Witness: Wanda Smith

20. Provide updated cost justification sheets to support each nonrecurring charge listed in Laurel District No. 2's tariff.

Response: See the attached files.

Witness: Wanda Smith

21. Provide cost-justification sheets to support any proposed new nonrecurring charges.

Response: No new nonrecurring charges are proposed in this application.

Witness: Wanda Smith

22. Provide updated cost-justification sheets to support each Meter Connection/Tap-on Charge in Laurel District No. 2's tariff.

Response: See the attached file titled: 22_Tap_Fee_Cost_Justification_Sheet.xlsx

Witness: Wanda Smith