

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GARRARD)	
COUNTY WATER ASSOCIATION FOR A)	Case. No.
RATE ADJUSTMENT PURSUANT TO)	2025-00396
807 KAR 5:076)	

RESPONSE OF GARRARD COUNTY WATER
ASSOCIATION TO THE COMMISSION STAFF'S FIRST REQUEST
FOR INFORMATION DATED DECEMBER 30, 2025

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

1. State whether Garrard County Water uses an integrated software program for billing and its general ledger. If not, provide the following information related to each of the billing software and the general ledger software Garrard County Water used during the test period:

- a. Brand or common name for software.

Response: Ampstun

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

Response: Utility owned Server on site.

- c. If locally installed, state the installation date.

Response: 2019

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

Response: It is serviced by Ampstun and Garrard County Water has a annual service contract to maintain its system.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith and Mark Frost

2. 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 the year ended December 31, 2024, and 2025.

Response: See files: 2a_GCWA_2024_General_Ledger
2a_GCWA_202_General_Ledger

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

Response: See file: 2b_2024_Trial_Balance

The Trial Balance for 2025 will not be completed until Northeast Woodford District's Auditor has finished the 2025 Auditor.

- c. Refer to Application, Schedule of Adjusted Operations (SAO). Provide a cross reference that matches each test-year general ledger account to each revenue and expense line reported in the SAO and reconcile each amount that does not match.

Response: See file: 2c_2024_Annual_Report_Reconciliation

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Mark Frost

3. Refer to the Application, SAO, SAO Adjustment References. Provide all schedules used to support each proposed adjustment in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible. 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 file: 3_GCWA_Rate_Model

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

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4. 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 file: 4a_Billing_Analysis_Current_Proposed

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

Response: See file: 6b_2024_Adjustment_Report

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

Response: The proposed \$16,664 decrease in revenues from Retail Metered Sales is calculated by applying the tariffed rates in effect at the beginning of the test-period to the water sales in gallons. The difference can be attributed to a delay in receipt of customer payments. The \$61,416 and \$141,345 adjustments are due to the authorized PWA rate increases (Case No. 2024-00263 and Case No. 2025-00326).

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

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5. Refer to the Application, SAO, provide an itemization of the Other Water Revenues - Miscellaneous Service Revenues of \$105,650 and state whether each component will recur.

Response: Garrard County Water expects that each revenue listed in the table below will recur in future years.

Miscellaneous Service Revenues:

Service Charges	\$	26,107
Labor Charges		675
Machine Hire (Backhoe)		675
Collection Fees		23,989
Miscellaneous Income		702
911 Processing Fee		17,298
Penalties		34,965
Return Check Fee		1,239
Total Miscellaneous Service Revenues	\$	<u>105,650</u>

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

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6. Using a table format, provide an Excel spreadsheet format 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.

Response: See file: 6_Employee_Salaries_and_Wages; Tabs: 2024 and 2025.

- a. Provide calculations by employee that support pro forma wages of \$482,733. 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: 6_Employee_Salaries_and_Wages; Tab: Pro Forma.

- b. State the planned number of employees separated between full-time and part-time that make up the pro forma wage amount of \$482,733.

Response: Garrard County Water has 9 Full-Time employees and 5 Part-Time Employees (Meter Readers).

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

Response: Garrard County Water's Part-Time employees (Meter Readers) pay is based upon the number of meters that each reads.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

- d. 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: See file: 6_Employee_Salaries_and_Wages; Tabs: 2024 and 2025 for overtime hours worked in those years. No overtime costs can be attributed to vacant employee positions.

- e. For any bonuses provide written personnel policies including a description of the measurement determinates.

Response:

- f. Distribute the increase of \$46,367 in pro forma labor costs in the following format.

Description	Amount	Percent
Gross Test Year Wages	\$ 436,366	
Charged to Tap Fees/Capitalization ()		
Reported Test Year Wages	\$ 436,366	
Wage Rate Inflation		0.00%
Merit/Promotion Increase		0.00%
Positions Added Since Beginning of Test Year		0.00%
Turnover During Test Year		0.00%
Pro Forma Wages	<u>\$ 482,733</u>	<u>0.00%</u>

Response: See table below:

Description	Amount	Percentage
Gross Test Year Wages	452,766.49	
Charged to Tap-Fees/Capitalization	(16,400.00)	
Reported Test-Year Wages	436,366.49	
Wage Rate Inflation	46,367.00	10.6300%
Merit/Promotion Increase	0.00	0.0000%
Positions Added Since Beginning of Test Year	0.00	0.0000%
Turnover During Test Year	0.00	0.0000%
Pro Forma Wages	<u>482,733.49</u>	<u>10.6300%</u>

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

7. Provide a complete description of each employee benefit, paid to or on behalf of each employee for calendar year 2024. Supplemental coverage for which the employee pays 100 percent of the cost should also be included.

Response: Garrard County Water provides Health, Life and AD&D coverages to its employees.

- a. Provide a copy of one invoice for (test year) each employee benefit described above.

Response: 7a_Employee_Benefit_Invoices_2024_Redacted

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

Response: There were no significant changes.

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

Response: 7c_Employee_Benefit_Invoices_2026_Redacted

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

8. Provide the benefit package information provided by the county to its employees in which the district serves. If it is more than one service county, provide the benefit package information for each county. Specifically, include the employer contribution percentage for each benefit provided.

Response: Garrard County Water is a water association organized as a non-profit corporation under KRS Section 273. It has no knowledge of the benefit packages that are provided by Garrard County government to its employees; similarly, Garrard County Water has not identified Garrard County government as a key competitor for attracting and retaining employees.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

9. Provide the employee turnover rate both as a number and percentage for the most recent five calendar years as well as the year to date.

Response: Austin Dailey retired in 2020 and was replaced by Bobby Reterson. Tom Robinson was replaced by John Adams in 2022. Hagan Poynter replaced Tim Dailey in 2022 due to retirement. In the five calendar years there were 3 turnovers in Garrard County Water's staff so there was a 33.33 percent turnover rate.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

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10. For the same period as in Item 9, if employees are surveyed upon providing notice of resignation, were benefits identified as the reason for separation.

Response: Garrard County Water did not conduct employment surveys.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

11. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property and casualty, and any other coverage for 2024 and 2025.

Response: See file: 11_Insurance_Certificates
11_Insurance_Invoices

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

12. Provide the following regarding Purchased Water Expenses for 2024.
- a. Provide the gallons purchased, total cost, and average unit cost by month for each supplier and in total for all suppliers.

Response: See file: 12_2024_Purchased_Water_Reconciliation

- b. Reconcile reported gallons purchased in the test year annual report water statistics to the amounts reported in item 9a.

Response: See file: 12_2024_Purchased_Water_Reconciliation

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

13. Provide the minutes from Garrard County Water's commissioner 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.

Response: See files: 13_2023_GCWA_Board_of_Directors_Minutes
13_2024_GCWA_Board_of_Directors_Minutes
13_2025_GCWA_Board_of_Directors_Minutes

- a. Designate each action that authorizes hiring.

Response: January 2023 Meeting – 2023 Wage Increases
January 2024 Meeting – 2024 Wage Increase
October 2024 Meeting – Employee Promotion
January 2025 Meeting – 2025 Wage Increase
December 2025 Meeting – 2026 Wage Increases

- b. Designate each action that authorizes adjustments to wage rates, any other compensation (including bonuses), or fringe benefit actions. Include any authorization for the 10 percent increase in January 2026 referenced in the SAO references, Adjustment F.

Response: January 2023 Meeting – Hired New Employee

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

14. Provide a document that lists the name of each commissioner during any portion of calendar year 2024 and 2025, their term (beginning and ending), and current authorized annual compensation.

Response: Garrard County Water's board members are nominated and voted on by the association members at the annual meetings. Each board member has a three year term. Below is a list of the board directors and the initial year each joined the board.

Jenny Lynn Whittaker – April 1991
Bill Doolin – April 1994
Robert Ballard – April 1996
Gary Clark – March 2009
Bill Oliver – March 2010
Sean Smith – January 2016
Jessica Fyfe – May 2025

- 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: Garrard County Water pays its Board Members a monthly fee of \$300. However, when a member completes the training requirement the monthly fee is increased to \$500. The members of the Board are not provided health insurance or life insurance. The employer portion of the FICA taxes are paid by Garrard County Water as required by the IRS

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

Response: Garrard County Water 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 members/customers, and the Board member compensation is voted on by the Board.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

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

Response: See files: 14c_2023_Certificates_GCWA
14c_2024_Certificates_GCWA
14c_2025_Certificates_GCWA

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

15. Refer to Application, SAO, Adjustment M. Provide the following information regarding the proposed rate case expense.

- a. Provide a quote listing the rate case expense being amortized as part of Adjustment M.

Response: 15_Rate_Study_Proposal

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

Response: The rate proposal has an estimated total cost of \$9,330.

- c. State the date the quoted amount is payable by Garrard County Water.

Response: According to the rate proposal the billing for the rate study will occur quarterly.

- d. State whether the expected rate case expense will be paid for by Garrard County Water or a third party (i.e., grant funds).

Response: Garrard County Water is responsible to pay Kentucky Rural Water Association the contract cost for preparing its rate case application.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

16. Provide the following for new tap installations.

a. Number of installations during the test year.

Response: 82

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: Labor costs for meter installations of \$16,400 was capitalized 2024. Line number 429 in the attached Depreciation Schedule See file: 24_Depreciation_Schedule_2024.

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: Material costs for meter installations of \$61,575 (meters and AMR Nodes) was capitalized 2024. Line numbers 514 and 515 in the attached Depreciation Schedule See file: 24_Depreciation_Schedule_2024.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

17. Refer to Garrard County Water's Tariff, PSC Ky. No. 2, Original Sheet No. 20-24, Rules and Regulations (Terms and Conditions of Billing and of Payment).

- a. Provide the date that Garrard County Water's billing cycle begins (meter read date).

Response: The billing cycle begins on 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: Garrard County Water agrees that the best effective date for the new rates would be the 10th.

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

18. State the last time Garrard County Water performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Garrard County Water considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: Garrard County Water 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 Garrard County Water system would cause a new COSS to be prepared since the last time it completed one.

Response: Yes, material changes to Garrard County Water's system would cause a new COSS to be prepared

c. If there have been no material changes to Garrard County Water system, state when Garrard County Water anticipates completing a new COSS.

Response: Garrard County Water 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 Garrard County Water system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: Garrard County Water was unable to locate a copy of the most recent COSS

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

19. Provide the number of occurrences and dollar amounts for late fees collected from customers that were recorded during 2023, 2024, and 2025.

Response: See file: 19_Payment_Application_Report

Year	No. of Occurrences	Amount
2023	9,911	\$ 36,478.33
2024	9,440	\$ 34,318.87
2025	9,910	\$ 37,624.77

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

20. 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:

<u>NRC</u>	<u>No. of Occurrences</u>	<u>Amount</u>
Service Charges	435	\$ 26,107.31
Reconnects	308	\$ 23,988.64
Meter Tests	None	\$ -
Return Check Fee	50	\$ 1,238.51

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

21. Provide updated cost justification sheets to support each nonrecurring charge listed in Garrard County Water's tariff.

Response: See file: 21_NRC_Cost_Justification_Sheets

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Sean Smith

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

Response: See file: 22_Tap_Fee_Cost_justification_Forms

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Mark Frost

23. Provide an explanation of why Garrard County Water utilized the Operating Ratio method to determine its revenue requirement rather than Debt Service Coverage method. In the response, explain how Garrard County Water determined that the Operating Ratio method was appropriate given that the Garrard County Water currently has two outstanding debt obligations, and describe whether Garrard County Water evaluated the Debt Service Coverage method as part of its filing.

Response: The Commission has historically used either the Debt Service Coverage (DSC) or the Operating Ratio methodologies to calculate the revenue requirement for water districts and associations. The DSC method is typically used when outstanding bond ordinances or loan agreements require a water district or association to maintain a predetermined DSC level. As shown in the file: 3_GCWA_Rate_Model, Garrard County Water evaluated both rate methodologies in preparing its application. As shown in the table below the DSC methodology fails to produce a sufficient revenue requirement to allow Garrard County Water to cover its operating expenses (including the cost of its excess water loss), to fully fund its depreciation expense and to pay its annual debt service. However, the operating ratio method does produce a revenue requirement to support Garrard County Water's financial operations and liquidity needs.

		Debt Service	
		Coverage	Operating Ratio
Test-Period Revenues Water Sales		\$ 2,711,038	\$ 2,711,038
Add: Revenue Increase - Water Rates		10,971	314,279
Revenue Requirement		2,722,009	3,025,317
Add:	Other Operating Revenue	87,002	87,002
	Interest Income	219,326	219,326
	Nonutility Income	20,271	20,271
Total Pro Forma Revenue and Income		3,048,608	3,351,916
Less: Pro Forma Operating Expenses		(2,814,007)	(2,814,007)
Less: Cost of Excess Water Loss		(95,653)	(95,653)
Less: Debt Service		(174,960)	(174,960)
Subtotal		(36,012)	267,296
Add:	Depreciation Expense	522,436	522,436
Working Capital		\$ 486,424	\$ 789,732

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED DECEMBER 30, 2025

Witness: Mark Frost

24. Refer to 8_Depreciation_Schedule, it appears that information may be missing between pages 4 and 5. Provide any missing pages, information and any related supporting documentation. If no additional pages or information exist, confirm that the Depreciation Schedule as submitted is complete and includes all pages in their entirety.

Response: In converting the 2024 Excel Depreciation Schedule to a PDF the Asset numbers between 436 and 546 were accidently not included.

See files: 3_GCWA_Rate_Model; Tab: N & O – Depreciation
24_Depreciation_Schedule_2024.