

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 SECOND REQUEST
FOR INFORMATION DATED FEBRUARY 25, 2026

GARRARD COUNTY WATER ASSOCIATION
CASE NO. 2025-00396
COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED FEBRUARY 25, 2026

Witness: Sean Smith

1. Refer to Garrard County Water's response to Commission Staff's First Request for Information (Staff's First Request), Item 22, Attachment 22_Tap_Fee_Cost_justification_Forms.pdf. The response is unresponsive. Provide updated meter connection expense cost justification forms with all sections completed.

Response: See files: 1_Tap-on_Cost_Just_Sheet_3-4_Inch_Meter
1_Tap-on_Cost_Just_Sheet_1_Inch_Meter

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Witness: Sean Smith and Mark Frost

2. Refer to Garrard County Water's response to Staff's First Request, Item 14(c). The response is unresponsive as Garrard County Water did not provide all the information requested.

In its response to Item 14b of the Commission Staff's First Request for Information, Garrard County Water explained that it is not a water district, but rather a water association that was organized as a non-profit corporation under KRS Section 273. Garrard County Water has Board of Directors that are voted on by its members/customers, and the Board member compensation is voted on by the Board. KRS 74.020(6) specifically requires each water district commissioner to complete during an educational year a minimum of six instructional hours of water district management training approved by the Public Service Commission to qualify for an annual salary of \$6,000 to be paid out of the water district fund. Since, Garrard County Water is a water association with a board of directors rather than a board of commissioners, Garrard County Water's position is that the training requirements in KRS 74(6) does not apply to water associations. However, the training certificates requested by Commission Staff are being provided below.

- a. Provide training records for Board of Commissioners (Board) member Sean Smith for the years 2023, 2024 and 2025, or a statement that the individual has not attended training..

Response: See files: 2a_Training_Certificates_Sean_Smith

- b. Provide training records for Board member Bill Doolin for the year 2025, or a statement that the individual has not attended training..

Response: See file: 2b_Training_Certificates_Billy_Doolin

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Witness: Sean Smith

3. Refer to Garrard County Water's response to Staff's First Request, Item 16(a). Provide a breakdown of the 82 new tap installations during the test year by meter size, including 5/8 x 3/4 and 1-inch meters.

Response: In 2024 Garrard County Water installed 82 5/8 by 3/4 inch meters and did not install any 1-Inch Meters.

See file: 3_2024_Meter_Sets

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Witness: Sean Smith

4. Refer to Garrard County Water’s response to Staff’s First Request, Item 2(a), 2024_General_Ledger for the account listed below. Refer also to the chart listed below.

Repair of System - Outside Supply

Date	Number	Name	Amount
02/29/24	39982	Core & Main	\$ 3,533.64
06/28/24	40139	Core & Main	\$ 2,747.80

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

Response: See file: 4_Core_and_main_Invoices

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

Response: Garrard County Water used the meter setters and saddles to install the 82 new meters in 2024. Material costs for meter installations of \$61,575 (i.e., meters, AMR Nodes, meter setters, meter saddles, etc....) was capitalized in 2024. Line numbers 514 and 515 in the attached Depreciation Schedule See file: 24_Depreciation_Schedule_2024.

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

Response: See Garrard County’s response to Item 4a above.

- d. For each item listed in the chart, if a purchase should have been capitalized, provide the appropriate National Association of Regulatory Commission (NARUC) useful life for depreciation purposes.

Response: See Garrard County’s response to Item 4a above.

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Witness: Sean Smith

5. Refer to Garrard County Water's response to Staff's First Request, Item 11. Garrard County Water did not provide all the information requested. Provide the most recent invoice for workers' compensation coverage.

Response: See file:. 5_2025_Workers_Comp_Invoice

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Witness: Sean Smith

6. Refer to Garrard County Water's response to Staff's First Request, Item 2(a), 2024_General_Ledger for the Miscellaneous account. Refer also to the chart listed below:

Miscellaneous

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
12/10/24	40370	Back Porch Club House	\$ 1,195.15
12/26/24	40384	Elan Financial	\$ 1,000.00

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

Response: See file: 6_Back_Porch_and_Elan_Financial_Invoices

- b. Provide an explanation of the business purpose of each item.

Response: The employee Christmas dinner is a way to create positive employee morale that translates into a productive work environment. It is also a chance for the members of the Board of Directors to get to know the employees in a social setting.

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Witness: Mark Frost

7. Refer to the Application, Revenue_Requirement_Calculation, Schedule of Adjusted Operations (SAO). Also refers to Garrard County Water's response to Staff's First Request, Item 23. Explain and reconcile the difference in Interest Income reflected in the Pro Forma, Revenue Requirement Calculation and in the response to Item 23.

Response: Below is the corrected Revenue Requirement Calculation

Garrard County Water Association		
Revenue Requirement - Operating Ratio		
Pro Forma Operating Expenses	\$	2,814,007
Divide by Operating Ratio		88%
Subtotal		3,197,735
Add: Average Annual Interest Expense	H	67,179
Total Revenue Requirement		3,264,914
Less: Forfeited Discounts		(34,965)
Miscellaneous Service Revenues		(52,037)
Interest Income		(219,326)
Non Utility Income		(24,649)
Miscellaneous Nonutility Expenses		4,378
Revenue Required from Rates		2,938,315
Less: Normalized Revenues from Water Sales		(2,711,038)
Required Revenue Increase	\$	227,277
Percentage Increase		8.38%

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8. Refer to the Application, SAO. Also refers to Garrard County Water's response to Staff's First Request, Item 2(a), 2024_General_Ledger for Taxes Other Than Income for the test year. The SAO reflects Taxes Other Than Income of \$40,792, while the General Ledger reflects total test year amounts of \$34,637. Explain the reason for this difference and identify the specific items or adjustments included in the SAO that are not reflected in the General Ledger.

Response: Refer to Garrard County Water's response to Item 2c of the Commission Staff's First Request for Information.

File: 2c_2024_Annual_Report_Reconciliation

2024 Trial Balance	2024 Annual Report
PAYROLL TAXES	34,636.68
INSURANCE UNEMPLOYMENT	1,318.42
PSC ASSESSMENT	3,958.49
PROPERTY TAX ON RENTAL	878.32
TAXES	<u>40,791.91</u>
	408.10-408.13 Taxes Other Than Income <u>40,791.91</u>

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Witness: Sean Smith

9. Refer to Garrard County Water's response to Staff's First Request, Item6(c).
- a. Provide the amount paid per meter read to each part time employee, by employee for each year for the years ending December 31, 2024, and 2025.

Response: \$1.00 per Meter

- b. Provide the number of meters read by each part time employee, by employee, during the years ending December 31, 2024, and 2025, by year..

Response:

2024

Everett Floyd-3,712
Greg Carter-9,028
Margaret Jordan-6,753
Robbie White-12,433
Sheri Yocum-6,523
Austin Dailey-6,287

2025

Everett Floyd-2,392
Greg Carter-12,337
Margaret Jordan-4,689
Robbie White-12,662
Sheri Yocun-5,937
Austin Dailey-6,193

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10. Refer to Garrard County Water's Tariff, Ky. PSC No. 2, Sheet No. 2. State whether Garrard County Water had any occurrences of Delinquent Account field collection charges in the test year. If so, provide the number of occurrences and the revenue amount that was recorded.

Response: Garrard County Water did not have any Delinquent Account Field Collection Charges in the test period.

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11. Refer to Garrard County Water's response to Staff's First Request, Item 15. Provide a copy of the most recent invoice for Rate Case Expense.

Response: 11_KRWA_Rate_Case_Invoice