

LAKE VILLAGE WATER ASSOCIATION, INC.

CASE NO. 2026-00057 RESPONSE TO COMMISSION

STAFF'S INITIAL REQUEST FOR INFORMATION

1. State whether Lake Village 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 Lake Village Water used during the test period:

- a. Brand or common name for each software.

Response: The Lake Village Water Association uses InHance Utility Billing, a Harris Software Program, for all utility billing. QuickBooks Enterprise software is used to produce general ledger and all other related financial reporting.

Witness: Mike D. Sanford, MPA

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

Response: The InHance Utility Billing software is installed locally on the server owned by the Lake Village Water Association. The QuickBooks Enterprise software is installed locally on the server owned by the Lake Village Water Association, but is updated through internet based services.

Witness: Mike D. Sanford, MPA

- c. If locally installed, state the installation date for each software.

Response: The Lake Village Water Association converted to the InHance Utility Billing software in 2003. The exact date that QuickBooks began being utilized is unknown, but is estimated to be 1995.

Witness: Mike D. Sanford, MPA

- d. State whether each system is still serviced by the manufacturer and

whether the utility maintains a service contract.

Response: Both, InHance Utility Billing and QuickBooks provide updates to their software programs and service contracts are in place for assistance with operating the software programs.

Witness: Mike D. Sanford, MPA

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.

3. The general ledger in Excel spreadsheet format with all transactions for the year ended December 31, 2024, 2025, and year to date March 31, 2026.

Response: See the attached files titled:

3_LVWA_General_Ledger_2024.xlsx

3_LVWA_General_Ledger_2025.xlsx

3_LVWA_General_Ledger_2026.xlsx

Witness: Mike D. Sanford, MPA

4. The trial balance in Excel spreadsheet format for the year ended December 31, 2024, and 2025, and year to date March 31, 2026.

Response: See the attached files titled:

4_LVWA_Trial_Balance_2024.xlsx

4_LVWA_Trial_Balance_2025.xlsx

4_LVWA_Trial_Balance_2026.xlsx

Witness: Mike D. Sanford, MPA

5. 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 the attached file titled, 5_LVWA_2024_General_Ledger-SAO comparison.xlsx

Witness: Mike D. Sanford, MPA

6. Refer to the Application, SAO. Provide an itemization of the Other Water Revenues of \$58,646 and state whether each component will recur.

Response: The Other Water Revenues in the amount of \$58,646 is comprised of the Mercer County Sanitation District management fee revenue in the amount of \$42,500, \$25,706.87 in penalty revenue that was collected and \$9,804.25 in other nonrecurring charges. The total is reduced by billing adjustments that include customer leak adjustments. All components will reoccur.

Witness: Mike D. Sanford, MPA

7. Refer to Application, Attachment 12, Rate Study, Wages Tab.

a. State the planned number of employees separated between full time and part time that make up the pro forma wage amount of \$477,160.

Response: During the test year, there were 7 full-time employees and no part-time employees.

Witness: Mike D. Sanford, MPA

b. State whether yearly hours for full-time employees is 1,950 hours (37.5 hours weekly) or 2,080 hours (40 hours weekly).

Response: Full Time Office and Administrative Staff, excluding the Executive Director, are full time and work 35 hours per week or 1,820 hours annually. Distribution Staff work 40 hours per week or 2,080 hours annually.

Witness: Mike D. Sanford, MPA

c. For any part-time employees, state, individually, how many weekly

hours the employee is expected to work.

Response: The Lake Village Water Association does not currently employ part-time employees.

Witness: Mike D. Sanford, MPA

d. Describe the purpose of the PTO hours column, including how PTO is calculated and incorporated into pro forma wages.

Response: The PTO hours are vacation and sick time hours that is accumulated for each individual staff member. The Lake Village Water Association allows for the PTO time to paid out in lieu taking the time off. The PTO hours are based on the wages of the individual employee that is taking pay in lieu of time off and the wages are incorporated into the pro forma wages separately from base wages.

Witness: Mike D. Sanford, MPA

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

Response: During the test year, there were 363.13 hours of overtime worked by staff members. There were no vacant positions during the test year and no overtime would have been eliminated as a result.

The Board of Directors provides a one time Christmas bonus to staff each year. The amount is determined by the Board of Directors and the same bonus amount is provided to all staff members.

Witness: Mike D. Sanford, MPA

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

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

**Response: See the attached files titled:
9_Staff_Benefits_Description_2024.pdf
9_a_LVWA_2024_Staff_Benefit_Invoices.pdf
9_a_LVWA_2024_General_Liability_Invoice.pdf**

Witness: Mike D. Sanford, MPA

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 to the benefit coverages subsequent to the test year.

Witness: Mike D. Sanford, MPA

c. Provide a copy of a 2026 invoice for each employee benefit described above.

**Response: See the attached files titled:
9_c_LVWA_2026_General_Liability_Invoice.pdf
9_c_LVWA_2024_Staff_Benefit_Invoices.pdf**

Witness: Mike D. Sanford, MPA

10. Refer to the Application, SAO, Adjustment I. Provide the following information regarding the proposed rate case amortization expense.

a. State whether the estimated cost for this case is a fixed amount or indicate whether the quoted amount may increase or decrease.

Response: The estimated cost for the rate case is fixed and was provided prior to services being rendered by the Kentucky Rural Water Association. Attendance to meetings during the process such as, Informal Conferences, and Hearings, may cause additional rate case expense.

Witness: Mike D. Sanford, MPA

b. Provide a copy of the quote for the preparation of the rate case.

Response: See the attached file titled, 10_b_LVWA_Signed_proposal_2025.pdf.

Witness: Mike D. Sanford, MPA

c. Provide a copy of all invoices associated with Rate Case Expense.

Consider this an ongoing request.

Response: See the attached file titled, 10_c_KRWA_Rate_Study_Invoice_2026.pdf

Witness: Mike D. Sanford, MPA

d. Confirm that the anticipated rate case expense will be paid by Lake Village Water and not paid by a third party, i.e. grant funding. If not confirmed, provide the source of funding, describe the agreement facilitating the third-party funding, and provide any preliminary and final-written agreements reflecting the third-party funding.

Response: Confirmed. The Lake Village Water Association will pay for all expenses related to the rate case. There is no third party or grant funding allocated for the rate case

Witness: Mike D. Sanford, MPA

11. Refer to SAO - Purchased Water expenses.
- a. Provide the gallons purchased and cost, by month for the entire year, for each supplier, and in total, for calendar year 2024.

Response: See the attached file titled, 11_a_LVWA_2024_Water_Purchased_Data.xlsx

Witness: Mike D. Sanford, MPA

- b. Reconcile reported gallons purchased in the test year annual report water statistics and the purchased gallons reported in 2024 from Item 11a above.

Response: Please refer to the Annual Report water statistics that were reported to 2024. The water costs are affected by different billing cycles from the City of Danville and the City of Harrodsburg for the annual volumes purchased and associated costs.

Witness: Mike D. Sanford, MPA

12. Provide certificates of insurance and copies of invoices for general liability, automobile, property, and casualty for 2024 and 2026.

Response: See the attached file titled, 12_Certificates_of_Liability.pdf

Witness: Mike D. Sanford, MPA

13. Provide the minutes from the Lake Village Water Board of Director's meetings for the calendar years 2023, 2024, 2025, and year-to-date 2026. Consider this a continuing request through the date of issuance of Commission Staff's Report.

Response: See the attached files titled:

13_LVWA_2023_Meeting_Minutes.pdf
13_LVWA_2024_Meeting_Minutes.pdf
13_LVWA_2025_Meeting_Minutes.pdf
13_LVWA_2026_Meeting_Minutes.pdf

Witness: Mike D. Sanford, MPA

14. Refer to the minutes from the Lake Village Water Board of Director's meetings for the calendar years 2023, 2024, 2025, and year-to-date 2026 requested above and provide the following.

a. Designate each action that authorizes hiring.

Response: The Lake Village Water Association Board of Directors hire the Executive Director and the Executive Director is responsible for hiring and maintaining the levels of staff necessary to operate the utility. The Executive Director has been employed since 2006.

Witness: Mike D. Sanford, MPA

b. Designate each action that authorizes adjustments to wage rates and any other compensation or fringe benefit actions.

Response: The Lake Village Water Association Board of Directors authorizes adjustments to wage rates and fringe benefits by passage of the Annual Operating Budget, which includes allocations for wages and staff benefits. The Lake Village Water Association does authorize adjustments to the Executive Director wage annually through an evaluation process.

Witness: Mike D. Sanford, MPA

15. For each Director, provide the following for calendar years 2023, 2024, 2025 and year to date March 31, 2026:

a. List of the name of each Director, their term (beginning and ending), and current annual compensation.

Response:

2023

Jim Boyd, Term 2020-2023, Compensation- \$6,000

Kenny Carey, Term 2022-2025, Compensation- \$6,000
Andrea Gross, Term 2022-2025, Compensation- \$6,000
Jeff Hughes, Term 2022-2025, Compensation- \$6,000
Thomas Hager, Term 2021-2024, Compensation- \$6,000

2024

Jim Boyd, Term 2023-2026, Compensation- \$6,000
Kenny Carey, Term 2022-2025, Compensation- \$6,000
Andrea Gross, Term 2022-2025, Compensation- \$6,000
Jeff Hughes, Term 2022-2025, Compensation- \$6,000
Thomas Hager, Term 2024-2027, Compensation- \$6,000

2025

Jim Boyd, Term 2023-2026, Compensation- \$6,000
Kenny Carey, Term 2025-2028, Compensation- \$6,000
Andrea Gross, Term 2025-2028, Compensation- \$6,000
Jeff Hughes, Term 2025-2028, Compensation- \$6,000
Thomas Hager, Term 2024-2027, Compensation- \$6,000

2026

Jim Boyd, Term 2026-2029, Compensation- \$6,000
Kenny Carey, Term 2025-2028, Compensation- \$6,000
Andrea Gross, Term 2025-2028, Compensation- \$6,000
Jeff Hughes, Term 2025-2028, Compensation- \$6,000
Thomas Hager, Term 2024-2027, Compensation- \$6,000

Witness: Mike D. Sanford, MPA

b. Provide, individually, the total amount of each benefit paid to, or on the behalf of, each Director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.)

Response: No benefits are paid to the Board of Directors other than the monthly Director fee.

Witness: Mike D. Sanford, MPA

c. Authoritative governing documents that authorize the appointment

and compensation of each Director member.

Response: Please refer to the Bylaws of the Lake Village Water Association.

Witness: Mike D. Sanford, MPA

d. Training records for each Director for calendar year 2024, 2025, and year-to-date 2026 inclusive of any training for which they have registered but not yet attended in 2026 or provide a statement that the individual has not attended training.

Response: The Lake Village Water Association Board of Directors did not attend training in 2024, 2025 or 2026.

Witness: Mike D. Sanford, MPA

16. Refer to Lake Village Water's Tariff, PSC Ky. No. 1, Original Sheet No. 10-12, Rules and Regulations, Billings.

a. Provide the date Lake Village Water's billing cycle begins (meter read date).

Response: LVWA reads its meters on the fifteenth of the month.

Witness: Mike D. Sanford, MPA

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: Yes, LVWA reads its meters monthly, on the fifteenth of the month. LVWA requested in the application cover letter for the effective date to be on the fifteenth of the month of the next billing cycle from when the adjustment in rates is approved by the PSC.

Witness: Mike D. Sanford, MPA

17. Refer to Lake Village Water's most recent cost of service study (COSS) to review the appropriateness of its current rates and rate design.

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

Response: The Lake Village Water Association 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 current application.

Witness: Mike D. Sanford, MPA

b. Explain whether any material changes to Lake Village Water's system would cause a new COSS to be prepared since the last time it completed one.

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

Witness: Mike D. Sanford, MPA

c. If there have been no material changes to Lake Village Water's system, explain when Lake Village Water anticipates completing a new COSS.

Response: The Lake Village Water Association does not anticipate needing to complete a COSS, in the near future.

Witness: Mike D. Sanford, MPA

d. Provide a copy of the most recent COSS that has been performed for the Lake Village Water'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 Lake Village Water Association has ever performed a COSS.

Witness: Mike D. Sanford, MPA

18. Provide the number of occurrences and dollar amounts for late fees recorded during the calendar years of 2024 and 2025.

Response:

2024

Late Fee Penalties assessed: 3,141 penalties were assessed.

Dollar Amount: \$25,706.87

2025

Late Fee Penalties assessed: 3,152 penalties were assessed.

Dollar Amount: \$28,350.41

Witness: Mike D. Sanford, MPA

19. Provide a schedule of listing the number of occurrences for each nonrecurring charge recorded during the test year and the total amount recorded for each nonrecurring charge. If the revenue for any nonrecurring charge was zero, include that charge and indicate that no revenue was recorded. Include the general ledger account numbers where each nonrecurring charge is recorded.

Response:

2024

Connection/Turn-on Charge

Number of Occurrences: 49

Dollar Amount: \$343.00

Customer Request Disconnect

Number of Occurrences: 37

Dollar Amount: \$259.00

Field Collection Charge

Number of Occurrences: 0

Dollar Amount: \$0

Reconnection Charge

Number of Occurrences: 1

Dollar Amount: \$14

Meter Test Charge

Number of Occurrences: 1

Dollar Amount: \$7

Returned Check

Number of Occurrences: 37

Dollar Amount: \$370

Witness: Mike D. Sanford, MPA

20. Provide updated cost justification sheets to support each nonrecurring charge listed in Lake Village Water's tariff.

Response: See the attached files titled:

20_Connection - Turn_On_Charge.pdf

20_Field_Collection_Charge.pdf

20_Meter_Test_Charge.pdf

20_Reconnection_Charge.pdf

Witness: Mike D. Sanford, MPA

21. Provide updated cost justification sheets to support each Meter Connections/Tap-on charge listed in Lake Village Water's tariff.

Response: See the attached file titled,

21_Avg_Meter_Connection_Expense_Cost_Justification.pdf

Witness: Mike D. Sanford, MPA

22. Provide the following for new tap installations.

a. Number of installations during the test year.

Response: There were 23 new taps in 2024

Witness: Mike D. Sanford, MPA

b. Refer to SAO, adjustment J, confirm if the capitalized tap amounts

provided has been included in the Depreciation adjustment.

Response: No, the depreciation expense was not adjusted for the capitalized tap amounts.

Witness: Mike D. Sanford, MPA

23. Refer to Application, ARF Cover letter, indicates that the Water Loss Reduction Surcharge will expire on October 4, 2026, however Current and Proposed Rates reflects a proposed surcharge amount equal to the current rate of \$1.61 per customer per month. Explain why the surcharge is included in the proposed rates.

Response: LVWA was experiencing 22.55 percent water loss in 2022, when the WLRS was established. LVWA has reduced its water loss significantly recording a water loss of 18.25 percent for 2024 and anticipates water loss for 2025 will be below 15 percent. Therefore, the association requested in the application cover letter that the current monthly \$1.61 per customer WLRS expire on October 4, 2026, as developed. The association does not want to revise or continue the WLRS beyond the expiration date.

Witness: Mike D. Sanford, MPA

24. Refer to Application, Attachment 8, Board Resolution.

a. Provide Appendix A.

Response: See the attached file titled, 24_a_LVWA_Resolution_Appendix_A.pdf

Witness: Mike D. Sanford, MPA

b. Confirm that Lake Village Water is an association organized

pursuant to KRS Chapter 273 not a water district organized pursuant to KRS Chapter 74.

If not confirmed, explain the response.

Response: Please refer to the Lake Village Water Association Articles of Incorporation.

Witness: Mike D. Sanford, MPA

25. Refer to Application, Schedule of Adjusted Operations (SAO) and References, SAO reflects a reduction of \$99,535 for Depreciation adjustment, while the references indicate that Depreciation Expense was reduced by \$96,223. Explain the reason for the difference.

Response: The adjustment amount to depreciation is \$99,535. The amount stated in the reference sentence is incorrect.

Witness: Mike D. Sanford, MPA

26. Refer to Application, Attachment #4, Table A, Depreciation Expense Adjustments.

a. Identify the types of water meters included in the depreciation calculation (e.g., Mechanical, AMR, AMI), and the service life assigned to each type.

Response: The Lake Village Water Association utilizes AMI meters to measure usage and the iPerl meter has a 20 year life in the depreciation calculation.

Witness: Mike D. Sanford, MPA

b. Explain how the service lives were determined in the depreciation calculation.

Response: Property and equipment are stated at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Transmission lines and standpipes are being depreciated over

a 33-year life, office and equipment are depreciated over a 5 to 10-year life and buildings and improvements over a 20-year life.

Witness: Mike D. Sanford, MPA

c. If different service lives are applied among meter types. Explain the basis for the differences, including any supporting documentation such as engineering reports, manufacturer specification, or operational experience.

Response: The Lake Village Water Association does not apply different service lives to meters.

Witness: Mike D. Sanford, MPA

27. Refer to Application, Attachment #4, SAO and Attachment #5, Current Billing Analysis with 2024 Usage & Existing Rates (Existing Billing Analysis). Explain why the Retail and Wholesale Revenue values in the Existing Billing Analysis of \$1,599,363 and \$267,203 respectively do not match the Proforma sales values represented in the SAO for Residential of \$1,683,896 and Commercial Customers of \$143,290.

Response: The \$3,573 adjustment in the SAO is a net adjustment to test year reported revenues from water sales of \$1,823,613.

Witness: Mike D. Sanford, MPA

28. Refer to Application, Attachment # 4, SAO and Attachment # 12, Rate Study, Medical Tab calculation of Employee Pensions and Benefits. The supporting schedule reflects total costs of \$89,719, from which \$21,684 is deducted to arrive at a test year amount of \$68,034. Explain the nature of the \$21,684 reduction, including a detailed breakdown of the components included in

this amount and the basis for excluding these costs from test year pension and benefits expense.

Response: The 2024 employee insurance premiums for LVWA, \$892 for Colonial, \$1,482.68 for Met Life and \$47,105.63 for employee health insurance total \$49,480.39. The \$21,684 is an audit adjustment to account 52035. See the attached file titled, 28_Lake_Village_Staff_Benefits_Account_520235_2024.pdf

Witness: Mike D. Sanford, MPA

29. Refer to Application, Attachment #5, Existing Billing Analysis and Attachment #12, Attachment_12_LVWD_Rate Study.xlsx (Rate Study). Explain the adjustments of \$(39,379) to the Existing Billing Analysis also shown on Rate Study tab ExBA and its justification and supporting documentation. Provide details about Adjustments (2,953.13), Correct Billing (7,449.28), and Leak Adj. (28,876.97). Provide the number of occurrences for each Leak Adjustment recorded during the test year.

Response: See the attached file titled, 29_LVWA_billining_adjustments_2024.pdf
The adjustments for \$2,953.13 are necessary to remove a balance from the billing software that was left owed by a customer. Staff continue to bill the customer that left the balance and once it paid, it is manually written in as Sales to Customers. This adjustment is necessary in order to start service to a new customer account.

The adjustments in the amount of \$7,449.28 are necessary to correct bills that have issues due to meter readings. For instance, adjusting an incorrect manual reading if a radio read malfunctions.

Lake Village Water Association customers are allowed one leak adjustment per year utilizing the PSC approved rate adjustment formula found in the Rules and Regulations for the Lake Village Water Association.

**2024 Leak Adjustments
Number of Occurrences: 112**

Total Amount: \$28,876.97

Witness: Mike D. Sanford, MPA

30. Provide a copy of the articles of incorporation or bylaws for Lake Village

Water.

**Response: See the attached files titled:
30_LVWA_Bylaws.pdf,
30_LVWA_Artices_of_Incorporation.pdf**

Witness: Mike D. Sanford, MPA

