COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

NORTH LOGAN WATER DISTRICT

Case No. 2026-00195

Response to Commission Staff's Second Request for Information

1. Refer to North Logan District #1's response to Commission Staff's First Request for Information (Staff's First Request), Item 3c.
    a. Explain why North Logan District #1 did not provide a response to the request.
    b. 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 to 1a. That was an oversight/error in the filing of the response.

1b. See file: NLWD_DR(2)1b_Reconciliation_Report

2. Refer to North Logan District #1's response to Staff's First Request, Item 4, NLWD_DR1_4_Depreciation.xlsx. Also refer to the Application, Attachment 7, Depreciation Expense. North Logan District #1 only provided pages 1 and 3 of the breakdown of depreciation expenses. Provide page 2 of the 2025 Depreciation Extract.

Response to 2. See file: NLWD_DR(2)2_Depreciation_Schedule_2025

3. Refer to North Logan District #1's response to Staff's First Request, Item 12a and 12e, NLWD_DR1_12.pdf. In response to Item 12a, one of the Class II Operators is stated as receiving a $500 quarterly performance bonus for meeting specific goals. However, in the attachment for the response to Item 12e, North Logan District #1 does not reference these bonuses and did not provide any written policies for the measurement determinators for bonuses. Provide a corrected response to Items 12a or 12e, as necessary, and provide the written personnel policies including a description of the measurement determinates that qualify the employee for a bonus.

Response to 3. See file: NLWD_DR(2)_3

4. Refer to North Logan District #1's response to Staff's First Request, Item 12a and 12e, NLWD_DR1_12.pdf. On page 17 of the response North Logan District #1 identified the test year salaries of the employee to be $51,408.96, however on page 19 of the response, North Logan District #1 reported paying the employee an adjusted gross salary of $84,222.25. Reconcile and explain why the employee was paid significantly more than his reported salary.

Response to 4. See response to 3 and Files: NLWD_DR(2)_3

NLWD_DR(2)_4

5. Refer to North Logan District #1's response to Staff's First Request, Item 17, NLWD_DR1_17.pdf. North Logan District #1 provided Fiscal Court minutes to support the appointment of the commissioners; however, it did not supply Fiscal Court minutes supporting the authorization of compensation for the commissioners. Provide Fiscal Court minutes that authorize each Board member's compensation. If unable to provide the requested minutes, explain why.

Response to 5. North Logan Water District went to the County Judge Executives office to obtain the Court Minutes to support the appointment of Commissioners. A copy of the request from DR1 in this case was shared with the County Judge and Staff. The Fiscal court provided the minutes that are attached to this filing.

See file: NLWD_DR(2)_5_Fiscal_Court_Minutes

6. Refer to North Logan District #1's response to Staff's First Request, Item 17, NLWD_DR1_17.pdf. On page 1, North Logan District #1 stated that [redacted in the source PDF]

a. Provide the fiscal court authorization for Tim Barr to receive the benefit.

b. Confirm whether Tim Barr is responsible for the premium and whether North Logan District #1 does not contribute to the supplement premium.

Response to 6a. See file: NLWD_DR(2)_5_Fiscal_Court_Minutes

Response to 6b. North Logan pays the supplement premium.

7. Provide proof of publication of the customer notice pursuant to 807 KAR 5:076, Section 5(3).

Response to 7. See file: NLWD_DR(2)_7_Public_Notice

8. Refer to North Logan District #1's response to Staff's First Request, Item 23. North Logan District #1 indicated it was waiting for the data from the city of Russellville's water department. Provide the number of occurrences and dollar amounts for the late fees that were recorded in the test year.

Response to 8. North Logan was informed by the City of Russellville (who performs billing for North Logan) that they have been unable to produce a report from their billing software that shows the number of times that late fees were recorded. The billing software utilized by the city is antiquated and very limited in the complexity of the reports it can generate. The city informed North Logan that they will continue to try and find a way to get the information but at the time of this filing that information has not been obtained.

9. Refer to North Logan District #1's Response to Staff's First Request, Item 25. North Logan District #1 did not provide the attachment. Provide the missing attachment NLWD_DR1_25.

Response to 9. See file: NLWD_DR1_25

10. Refer to North Logan District #1's Response to Staff's First Request, Item 3a, and Item 24. The general ledger from the test year lists a total of $1,946.28 for Service Charge Revenue. The items listed in Item 24 of the response add up to a different total of $1,550, not including the Customer Deposit amount. Reconcile the two amounts and explain where the difference occurred.

Response to 10. See response to 1B and file: NLWD_DR(2)1b_Reconciliation_Report

11. Refer to North Logan District #1's response to Staff's First Request, Item 3a, and Item 23. Explain whether the amount in the general ledger for Penalty Income of $9,597.28 is the test year late fee revenue. If not, explain.

Response to 11. Yes. North Logan Water District #1 confirms that the $9,597.28 recorded in general ledger account 4090, Penalty Income, represents late-fee revenue recognized during the test year ended December 31, 2025. The balance consists of late-payment penalties assessed to customers and recorded as revenue during the 2025 test year. The amount agrees with the Penalty Income balance reported in the District's 2025 Profit and Loss statement. Therefore, the full $9,597.28 represents test-year late-fee revenue, and no reconciliation or adjustment is necessary for this response.