

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

[Electronically Filed]

In the matter of:

ELECTRONIC APPLICATION FOR A FORMAL)	
MOTION FINDING THAT NO MODIFICATION)	CASE NO.
OF PRESENT RATES IS NECESSARY)	2026-00210

**CHRISTIAN COUNTY WATER DISTRICT'S RESPONSES TO
THE COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Christian County Water District ("**CCWD**" or "***Christian District***"), by counsel, submits the following responses to the Commission Staff's September 23, 2026, Second Request for Information pursuant to 807 KAR 5:001:

Heath Howell, General Manager of Christian County Water District, is designated as the responsible witness for each of the District's responses to Commission Staff's Second Request for Information, Items 1 through 7, and the accompanying supporting documentation. Mr. Howell has supervised the preparation of these responses and provides the accompanying verification based upon his knowledge, information, and belief formed after reasonable inquiry.

These responses include a revised rate-study workbook (hereinafter "***Revised B Workbook***") and supporting records and reconciliations developed during the response process.¹ Among other changes, it removes duplicated payroll-tax expenses, reverses the noncash GASB 68 and GASB 75 entries for rate-making purposes, and includes the purchased-water adjustment approved by the Commission on October 9, 2026, in Case No. 2026-00263. Before consideration

¹ For clarity, the rate-study workbook filed as Exhibit 2 to CCWD's July 30, 2026 Motion is referred to as the "***Original Workbook***" and the workbook filed in response to Commission Staff's First Request, Item 7, is referred to as the "***First Revised Workbook***."

of the additional limitations explained below, the Revised B Workbook indicates an additional annual revenue requirement of \$590.05, or approximately 0.0 percent.

Response 6 explains that the Revised B Workbook's Medical tab uses \$5,435.34 in gross dental invoices, although the audited SAO correctly includes \$4,564.89 in net dental expense after employee-share allocations and related entries. That difference understates the adjusted operating expenses by approximately \$870.45.

Response 7 explains that the Revised B Workbook does not apply HWEA's 51,348,000-gallon Crofton invoice deduction consistently in its purchased-water expense calculations. Correcting that treatment would reduce the workbook's purchased-water expense adjustments by approximately \$24,444.84 and, standing alone, would change the indicated \$590.05 deficiency to an approximate \$23,854.79 surplus. After also recognizing the \$870.45 dental difference explained in Response 6, the identified corrections produce an approximate **\$22,984.34 surplus.**

The Revised B Workbook should therefore be considered together with the item-specific responses, supporting workpapers, and limitations identified herein. Based upon Mr. Howell's reasonable inquiry—including his review of the underlying accounting, billing, and operational records and consultation with CCWD's accounting personnel and rate consultant—CCWD continues to conclude that no additional general rate adjustment is necessary at this time. CCWD will continue monitoring its revenues and expenses and will seek appropriate rate relief if future conditions demonstrate that an adjustment is necessary.

RESPONSES

1) **REQUEST:** Refer to Christian District's response to Commission Staff's First Request for Information (Staff's First Request), Item 7, Rate_Study_Christian_Cty_test_year_2025_revised.xls (Item 7, Rate Study), BA Input tab, Cell I37. Provide gallon amounts transported, by month, to the city of Crofton (Crofton) during the 2025 test year.

RESPONSE: CCWD's monthly meter readings for water transported to Crofton during 2025 are provided in the attached spreadsheet titled *Response 1_Gallons Transp Crofton (HWEA) 2025.xlsx*. Those readings total 51,079,409 gallons and were used to calculate CCWD's transportation charge to HWEA. The spreadsheet also provides HWEA's monthly invoice-deduction readings, which total 51,348,000 gallons. The 268,591-gallon difference results from CCWD and HWEA reading their respective meters on different dates.

2) **REQUEST:** Refer to Christian District's response to Staff's First Request, Item 7, Rate Study, ExBA tab, Cell E12. Refer also to Christian District's 2025 Annual Report Reconcile the gallons sold amount reported in Billing Analysis with the gallons sold amount reported in the 2025 Annual Report.

RESPONSE: Cell E12 of the ExBA tab in the First Revised Workbook reported 375,634,112 gallons. During the preparation of these responses, CCWD compiled and reviewed its complete 2025 billing ledger, consisting of 36 monthly billing registers, and updated the billing analysis. Cell E12 of the ExBA tab in the Revised B Workbook identifies 378,555,511 gallons billed through CCWD's retail rate classifications.

Adding 51,079,409 gallons transported to Crofton results in 429,634,920 gallons, compared with 430,522,000 gallons reported in CCWD's 2025 Annual Report. After reviewing the available billing records and reconciliation, CCWD was unable to attribute the remaining difference of 887,080 gallons—or approximately 0.206 percent—to any specific transactions or cause.

- 3) **REQUEST:** Provide Christian District's billing ledger for the 2025 test year.

RESPONSE: CCWD's billing ledger for the 2025 test year is provided in the attached Excel workbook titled *Response 3_2025 Billing Ledger Data.xlsx*. CCWD maintains three billing cycles per month (C1, C2, and C3). The workbook contains 36 corresponding billing registers, organized by month and billing cycle on separate worksheets.

- 4) **REQUEST:** Refer to Christian District's response to Staff's First Request Item 7, Rate Study and the 2025 Trial Balance.

4a) Refer to the Wages Tab, Cell I42, which reflects a test-year pension contribution of \$147,033. Identify the 2025 Trial Balance account number(s) and amount(s) comprising the \$147,033 and identify where the \$147,033 is reflected in the test-year Statement of Adjusted Operations (SAO). If different, provide a reconciliation of the amount.

RESPONSE: The \$147,033 shown in Cell I42 of the Wages tab in the First Revised Workbook is rounded from \$147,032.97 in employer pension contributions attributable to CCWD's 2025 payroll, as identified in CCWD's KPPA contribution schedule. Those employer pension costs were recorded through Trial Balance Account 00604-0010, Retirement/Employer.

Before the GASB 68 year-end adjustment, the net 2025 activity in Account 00604-0010 was \$147,032.94. The GASB 68 portion of the auditor's year-end Entry No. 14 credited that account by \$64,296, resulting in an audited balance of \$82,736.94. That audited balance was included as one component of the \$60,463 reported in Cell D36 of the First Revised SAO under Payroll Taxes and Benefits/Pensions.

In the Revised B Workbook, Cell F39 of the SAO adds back the \$64,296 noncash GASB 68 credit. This restores the pension-expense component of the adjusted SAO to \$147,032.94, which agrees within \$0.03 with the \$147,032.97 used in Cell I42 of the Wages tab.

See the attached Excel workbook titled *Response 4a_KPPA ER EE Contributions 2025 (CCWD Produced).xlsx*. The reconciliation of the \$147,032.97 employer-contribution schedule to the audited balance in Account 00604-0010 is included in the workbook titled *Response 4b_CCWD_GASB_Entries_12.31.25 (CCWD Produced).xlsx* filed in response to Item 4(b).

4b) Refer to the 2025 Trial Balance, Account 00604-0010, Retirement/Employer, \$82,736.94, and Account 00604-0020, OPEB Expense-Employer, \$(91,124). Provide a description of each amount and provide any supporting calculations and documentation in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

RESPONSE: Account 00604-0010, Retirement/Employer, records CCWD's employer pension expense. Before the auditor's year-end Entry No. 14, the net 2025 activity

in that account was \$147,032.94. The GASB 68 portion of Entry No. 14 credited the account by \$64,296, resulting in the audited year-end balance of \$82,736.94.

Account 00604-0020, OPEB Expense–Employer, contained no activity before Entry No. 14. The GASB 75 portion of Entry No. 14 credited that account by \$91,124, resulting in the audited year-end balance of \$(91,124).

Those audited balances were included in Cell D36 of the First Revised SAO. The \$64,296 pension credit and the \$91,124 OPEB credit were noncash year-end accounting adjustments prepared by CCWD’s independent auditor.

In the Revised B Workbook, Cells F39 and F40 of the SAO reverse those credits for ratemaking purposes. The \$64,296 adjustment restores the pension component of the test-year expense base to \$147,032.94, while the \$91,124 adjustment removes the negative OPEB expense from the test-year expense base.

The Wages tab of the Revised B Workbook separately calculates a pro forma employer pension contribution of \$140,598.53 by applying the current 17.43 percent CERS employer contribution rate to \$806,646.75 in pension-eligible wages. The Wages tab subtracts the rounded \$147,033 test-year employer contribution, producing the \$(6,434.47) pension adjustment reflected in Cell F38 of the Revised B SAO.

See the attached unprotected Excel workbook titled *Response_4b_CCWD_GASB_Entries_12.31.25 (CCWD Produced).xlsx*, which provides the pension and OPEB reconciliations and the calculations underlying Entry No. 14. See also the attached supporting CERS schedules titled *Response_4b_CCWD_GASB_68 (CCWD Auditor).pdf* and *Response_4b_CCWD_GASB_75 (CCWD Auditor).pdf*.

5) **REQUEST:** Refer to Christian District's response to Staff's First Request, Item 7, Rate Study and the 2025 Trial Balance.

5a) Refer to the Wages Tab, Payroll Taxes calculation, Cell I36 which reflects a test-year payroll tax contribution of \$60,463. Identify the Trial Balance account number(s) and amount(s) comprising the test year payroll taxes used in calculating the Payroll Tax adjustment and identify where those amounts are reflected in the test year SAO. If different provide a reconciliation of the amounts.

RESPONSE: In the First Revised Workbook, the \$60,463 shown in Cell I36 of the Wages tab was linked directly to Cell D36 of the SAO. Cell D36 consists of the following audited trial-balance amounts:

Account 00604-0010, Retirement/Employer	\$82,736.94
Account 00604-0020, OPEB Expense-Employer	\$(91,124.00)
Account 00605-0000, FICA Expense	\$67,698.51
Account 00607-0000, State Unemployment	\$1,110.52
Account 00408-0012, Payroll Taxes	\$39.86
Payroll Taxes & Benefits	\$60,461.83
SAO Payroll Taxes & Benefits <i>*difference due to rounding inputs to whole numbers before summation</i>	\$60,463

The three payroll-tax accounts—Accounts 00605-0000, 00607-0000, and 00408-0012—total \$68,848.89. The pension and OPEB accounts produce a net \$(8,387.06) balance. Accordingly, the \$60,463 used in Cell I36 of the First Revised Wages tab was a combined payroll-tax, pension, and OPEB balance and did not consist entirely of payroll taxes.

In the Revised B Workbook, Cell I36 of the Wages tab no longer links to the combined \$60,463 balance. Instead, Cell I36 calculates normalized test-year FICA expense of \$65,929.84 by applying the 7.65 percent FICA rate to the test-year employee and officer salaries reported in SAO Cells D19 and D22. Cell I35 calculates pro forma FICA expense of \$66,553.20, resulting in a \$623.36 payroll-tax adjustment in Cell I37. That adjustment is reflected in Cell F36 of the revised SAO.

The State Unemployment and Account 00408-0012 payroll-tax amounts remain included in the test-year expense reported in Cell D36 but are not part of the Revised B SAO Wages-tab FICA normalization. The pension and OPEB components of Cell D36 are addressed in Response 4.

See the attached unprotected Excel workbook titled Response_5a_Payroll_Taxes (KRWA).xlsx, which identifies the trial-balance accounts and amounts comprising SAO Cell D36 and reconciles the exact account balances to the rounded amount reported in the SAO.

5b) Refer to the SAO Tab, Payroll taxes and fringe benefits of \$60,463 and Taxes Other than Income of \$74,436. Provide a description of the amounts in each category and identify the associated Trial Balance account number(s) for each line item respectively.

RESPONSE: The \$60,463 reported in the First Revised SAO under Payroll Taxes and Fringe Benefits consists of the accounts and amounts identified in Response 5(a). As explained there, that line contains payroll-tax, pension, and OPEB amounts.

The \$74,436 reported in the First Revised SAO under Taxes Other than Income was derived from the following trial-balance accounts:

Account 00605-0000, FICA Expense	\$67,698.51
Account 00408-0012, Payroll Taxes	\$39.86
Account 00408-0013, Other Taxes & Licenses	\$6,696.61
First Revised SOA Total <i>* inputs rounded whole numbers before summation</i>	\$74,436

Accounts 00605-0000 and 00408-0012, totaling \$67,738.37, were already included in the \$60,463 reported under Payroll Taxes and Fringe Benefits. Including those amounts again under Taxes Other than Income duplicated those expenses. Account 00408-0013, totaling \$6,696.61, was not otherwise included and represents a separate Other Taxes and Licenses expense.

The Revised B SAO therefore removes the separate \$74,436 line and reports the \$6,696.61 balance from Account 00408-0013 in Cell D42 under Other Taxes and Licenses. The resulting test-year operating expenses shown in Cell D47 are \$3,952,375.63, which rounds to \$3,952,376 and reconciles to CCWD's audited operating expenses.

See the attached unprotected Excel workbook titled *Response_5a_Payroll_Taxes (KRWA).xlsx* for the accounts comprising the \$60,463 balance. The correction to the Taxes Other than Income category is reflected in the revised rate-study workbook filed with these responses.

6) **REQUEST:** Refer to Christian District's response to Staff's First Request, Item 7, Rate Study and the 2025 Trial Balance. Refer to the Medical Tab, Cells C19 and C20 that reflect a combined total of \$114,095 in medical and dental insurance expenses during the test year. State where these costs are reported in the Trial Balance and where they were included in the SAO. If the Trial Balance account in which these costs are reported and the amount includes

items other than medical or dental insurance payments, identify all other expenses included in that category.

RESPONSE: Both the Original Workbook and First Revised Workbook reflected \$108,659.30 in medical premiums in Cell C19 and \$5,435.34 in gross dental invoices in Cell C20, for a combined amount of \$114,094.64, rounded to \$114,095. The \$108,659.30 medical amount included a \$10,527.68 January 2026 premium recorded in Trial Balance Account 00162-0000, Prepaid Expenses. Because that premium was not included in CCWD's 2025 test-year operating expenses, it was removed from the Revised B Workbook's Medical-tab calculation.

In the Revised B Workbook, Cell C19 reflects \$103,321.62 in health-insurance-related expense recorded in Trial Balance Account 00659-0000, Insurance–Other. That amount consists of \$98,131.62 in KLC health-insurance payments and a \$5,190 year-end entry adjusting prepaid expenses.

Cell C20 reflects \$5,435.34 in gross Delta Dental invoices. Of that amount, \$529.20 was allocated directly to Trial Balance Account 00240-0095, Dental Withholding–Employee Share. After accounting for employee payroll deductions, transaction timing, and correcting entries, the net dental expense included in Account 00659-0000 was \$4,564.89. Thus, the \$5,435.34 reported in Medical Cell C20 is the gross invoice total and is not the dental-expense component included in the audited balance reported in SAO Cell D35.

The audited balance of Account 00659-0000 was \$123,716 and was reported in Cell D35 of the SAO. That audited balance correctly reflects the net dental expense and consists of:

Health-insurance-related expense	\$103,321.62
Net dental expense	\$4,564.89
Life & disability insurance activity	\$1,384.88
Broker & other insurance expenses	\$14,444.61
Total	\$123,716

See the attached files titled *Response 6_Ledger Analysis 659-00 All Insurance Exp including Medical and Dental (CCWD Produced).rtf* and *Response 6_KLC Health Ins Prem Jan 26 Prepaid for 2025 (CCWD Produced).pdf*. See also *Response 6_Insurance Expense Reconciliation 2025 (CCWD Produced).xlsx*.

7) **REQUEST:** Refer to Christian District's response to Staff's First Request, Item 7, Rate Study, ExBA Tab and 2c, File titled Response_2_b_c. Confirm if 51,079,409 gallons of water transported to Crofton is included in the total gallons purchased during the test year of 534,779,200 and should be removed. If not confirmed, explain the response.

RESPONSE: CCWD confirms that the gross purchased-water total of 534,779,200 gallons includes water transported through CCWD's system to Crofton. HWEA's invoice records reflect that it deducted 51,348,000 Crofton gallons from the gallons billed to CCWD. That amount should therefore be removed when calculating CCWD's net purchased-water gallons.

The 51,079,409 gallons referenced in the billing analysis represent CCWD's separate meter readings used to calculate its transportation charge to HWEA. The 268,591-gallon difference between the two measurements results from CCWD and HWEA reading their respective meters on different dates. Accordingly, each figure serves a different purpose: HWEA's 51,348,000-gallon measurement applies to purchased-water billing, while CCWD's 51,079,409-gallon measurement applies to transportation revenue.

Using HWEA's invoice-deduction figure, the corrected purchased-water calculation is:

Gross HWEA Purchases in gallons	468,735,600
Less HWEA Crofton Deduction in gallons	(51,348,000)
Net HWEA Purchases in gallons	417,387,600
Barkley Purchases in gallons	64,549,200
Todd Purchases in gallons	1,494,400
Corrected Total Net Purchased Water	483,431,200

This correction does not require a second deduction from CCWD's audited purchased-water expense because HWEA already applied the Crofton deduction when calculating the amounts billed to CCWD.

Because the Crofton water physically entered and exited CCWD's system, the gross Crofton volume may remain in a physical water-balance calculation when the corresponding transported gallons are also included among the system's outbound gallons. For purchased-water expense and related normalization calculations, however, HWEA's 51,348,000-gallon invoice-deduction measurement should be used.

The Revised B Workbook was not further modified to incorporate these corrected Crofton measurements. Specifically, the HWEA expense-normalization calculation in the Water Loss tab uses CCWD's 51,079,409-gallon transportation measurement rather than HWEA's 51,348,000-gallon invoice deduction, overstating net HWEA billed gallons by 268,591 and the 2025 normalization by approximately \$824.57. The workbook also applies the 2026 HWEA wholesale-rate increase to 468,736,000 gross gallons rather than the 417,387,600 gallons billed to CCWD after the Crofton deduction, overstating that expense adjustment by approximately \$23,620.26.

Together, these items overstate the Revised B Workbook's purchased-water expense adjustments by approximately \$24,444.84. Correcting only these items would change the workbook's indicated \$590.05 revenue deficiency to an approximate \$23,854.79 surplus. The Revised B Workbook should be read subject to this limitation.

See the attached unprotected Excel workbook titled *Response 7_CCWD Water Purchases 2025.xlsx (KRWA).*

RESPECTFULLY SUBMITTED, this 19th day of October 2026.

/s/ Mary E. Jocelyn
Mary E. Jocelyn
James G. Adams III
THOMAS, ARVIN & ADAMS, PLLC
1209 S. Virginia Street, P.O. Box 675
Hopkinsville, Kentucky 42241-0675
(270) 886-6363 (Telephone)
mjocelyn@thomasandarvin.com
jadams@thomasandarvin.com

Counsel for CCWD

VERIFICATION

I, Heath Howell, General Manager of Christian County Water District, state that I supervised the preparation of these responses on behalf of the District and certify that the matters and things set forth herein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

CHRISTIAN COUNTY WATER DISTRICT



By: Heath Howell, General Manager

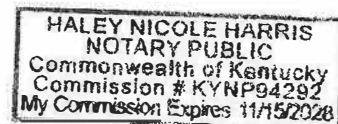
STATE OF KENTUCKY)
) SCT.
COUNTY OF CHRISTIAN)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED to before me by Heath Howell, General Manager, on behalf of Christian County Water District, this 19th day of October, 2026.

My Commission Expires:

11/15/2028

NOTARY PUBLIC



CERTIFICATION OF SERVICE

I hereby certify that a copy of the foregoing Responses to Commission Staff's Second Request for Information has been filed electronically with the Commission on **October 19, 2026**, and there are currently no parties that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021, Order in Case No. 2020-00085, a paper copy of this filing has not been transmitted to the Commission.

/s/ Mary E. Jocelyn

Mary E. Jocelyn

THOMAS, ARVIN & ADAMS, PLLC