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October 5, 2026

Mr. Justin McNeil  
Executive Director  
Kentucky Public Service Commission  
Frankfort, Kentucky 40602-0615  
RE: Case No. 2026-00298

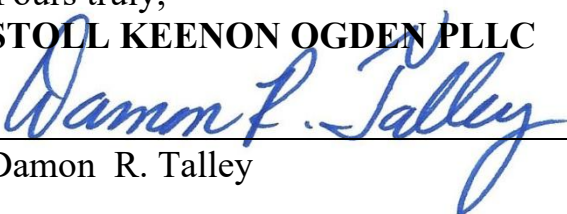
(Training or Certification)  
Kentucky Rural Water Association

Dear Mr. Justin McNeil:

Enclosed for filing in the above referenced matter is Kentucky Rural Water Association's Application for accreditation of a water training program.

Should you need any additional information, please let me know.

Yours truly,  
**STOLL KEENON OGDEN PLLC**

  
Damon R. Talley

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

|                                      |   |                             |
|--------------------------------------|---|-----------------------------|
| <b>ELECTRONIC APPLICATION OF</b>     | ) |                             |
| <b>KENTUCKY RURAL WATER</b>          | ) |                             |
| <b>ASSOCIATION FOR ACCREDITATION</b> | ) | <b>CASE NO. 2026-00298)</b> |
| <b>APPROVAL OF COMMISSIONER</b>      | ) |                             |
| <b>TRAINING AND CONTINUING</b>       | ) |                             |
| <b>EDUCATION CREDIT</b>              | ) |                             |

**APPLICATION**

Kentucky Rural Water Association (“KRWA” or the “Applicant”) applies for an Order from the Public Service Commission accrediting and approving a proposed water district commissioner training program for continuing education credit pursuant to KRS 74.020(6) and (7) and 807 KAR 5:070.

In support of its application, KRWA states:

1. KRWA is a non-profit corporation incorporated in the Commonwealth of Kentucky pursuant to KRS Chapter 273 on March 19, 1979 and is currently in good standing.
2. KRWA’s mailing address is: 1151 Old Porter Pike, Bowling Green, Kentucky 42103. Its email address is: [k.jessup@krwa.org](mailto:k.jessup@krwa.org).
3. KRWA was organized to foster professionalism in the water and wastewater industry through non-regulatory training, technical assistance programs, and advocacy. Its membership consists of water districts, water associations, municipalities

with populations of 10,000 persons or less, and other similar entities that provide water and wastewater utility services to rural Kentucky.

4. Pursuant to 807 KAR 5:001, Section 4(8),<sup>1</sup> copies of all orders, pleadings, and other communications related to this proceeding should be directed to:

Damon Talley  
Stoll Keenon Ogden PLLC  
112 North Lincoln Boulevard  
PO Box 150  
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Kenzie Jessup  
Kentucky Rural Water Association  
1151 Old Porter Pike  
Bowling Green, KY 42103  
(270) 843-2291  
Fax: (270) 796-8623  
[k.jessup@krwa.org](mailto:k.jessup@krwa.org)

5. KRWA proposes to sponsor and conduct a water management training program on November 4, 2026 at the Sloan Convention Center in Bowling Green, Kentucky. The program is entitled “Water Commissioner Training.” A copy of the proposed agenda is attached to this Application at **Exhibit 1**.

6. As reflected in **Exhibit 1**, the proposed training program will include presentations on the following topics:

<sup>1</sup> On September 30, 2026, KRWA gave notice pursuant to 807 KAR 5:001, Section 8, of its intent to file this application and of its use of electronic filing procedures.

- a. **Building the Next Generation of Water Operators.** Kentucky water and wastewater utilities face growing workforce challenges, including retirements, recruitment difficulties, and increasing technical demands. This presentation introduces KRWA's Registered Apprenticeship Program and highlights how commissioners can support workforce development, succession planning, and long-term utility sustainability;
- b. **Kentucky Infrastructure Loan Programs.** For utilities, navigating the Kentucky Infrastructure Loan Program can be a complicated and daunting task. The process can take quite a long time, so some utilities avoid it completely. This session will explain the process and provide tools to help utility personnel understand what information they need to begin the KIA loan application process and the steps required to develop a successful application;
- c. **Understanding Audits: Fixed Assets.** Proper audits are crucial for any business, including utilities. Depending on the utility, an audit may be required by state regulation or as a condition of borrowing money. Audits provide a third-party review of a utility's finances and can help identify problems while also protecting utility personnel who handle finances. This session will cover audit basics, how to prepare for an audit, how to select a qualified auditor, and the audit-related regulations utilities need to understand;

d. **Working with the PSC: What Staff Needs, What Water and Wastewater Utilities Need, and How to Work Together(Part 1).** Filing cases with the Kentucky Public Service Commission can be a complicated and confusing process for Kentucky utilities, but it does not have to be. Understanding the process and the information needed greatly eases the burden of filing with the PSC. This session will cover requirements for different filings, including Purchase Water Adjustments and Alternative Rate Filings, along with best practices for filing. Discussion will also include why Commission Staff request copies of meeting minutes, best practices for obtaining utility easements, and tips for avoiding delays in a utility's case before the PSC;

e. **Working with the PSC: What Staff Needs, What Water and Wastewater Utilities Need, and How to Work Together (Part 2).** Continuation of Session 8B.

7. The proposed training program consists of six hours of instruction and should be accredited and approved as water management training satisfying the requirements set forth in KRS 74.020(7) to establish a water district commissioner's eligibility for a maximum annual salary of \$6,000. **KRWA is not requesting that the proposed training program be accredited as a program of instruction for newly appointed commissioners.**

8. A biographical statement containing the name and relevant qualifications and credentials for each presenter is attached at **Exhibit 2** of this application.

9. The PowerPoints for these presentations are attached at **Exhibit 3**. A copy of these presentations will be provided to each attendee. Should a presenter revise or amend his or her presentation prior to their scheduled session or provide additional written materials for the attendees, KRWA will include a copy of the revised presentation with its sworn statement and report regarding the instruction.

10. KRWA will apply or will shortly apply for accreditation of the proposed training program to the Department of Environmental Protection (Kentucky Operator Certification Program).

11. KRWA has sent notice of the proposed training program by electronic mail

to the water districts, water associations, and municipal utilities that are under Commission jurisdiction as well as representatives of investor-owned utilities, county judge/executives, county attorneys and others who are believed to have an interest in the proposed program's subject matter.

12. KRWA will retain a record of all water district commissioners attending the proposed training program.

13. Within the Ordered number of days of the proposed training program's completion, KRWA will file with the Public Service Commission a sworn statement:

- a. Attesting that the accredited instruction was performed;
- b. Describing any changes in the presenters or the proposed program curriculum that occurred after certification; and,
- c. Containing the name of each attending commissioner, their utility and the number of hours that he or she attended.

14. KRWA will include with the sworn statement documentary evidence of the program's certification by certifying authorities and a copy of any written material given to the attendees that has not been previously provided to the Public Service Commission.

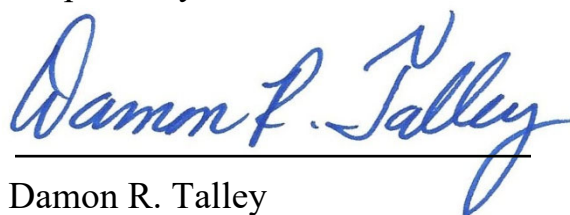
15. KRWA will admit representatives of the Public Service Commission to the proposed training program at no charge to permit such representatives to assess the quality of the program's instruction, monitor the program's compliance with the Public Service Commission directives, regulations, or other requirements, or perform

any other supervisory functions that the Public Service Commission deems necessary.

**WHEREFORE**, KRWA requests that the Commission approve and accredit the proposed training program entitled “Water Commissioner Training” for six hours of water district management training.

Dated: October 5, 2026

Respectfully submitted,



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Counsel for Kentucky Rural Water  
Association

## **CERTIFICATE OF SERVICE**

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on October 5, 2026, and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.



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Damon R. Talley

# **EXHIBIT 1**

# 2026 MANAGEMENT CONFERENCE

## Kentucky Rural Water Association

Crowne Plaza | Sloan Convention Center • Bowling Green, Kentucky

November 4-5, 2026

WEDNESDAY, NOVEMBER 4, 2026

### Meeting Rooms 1-2

**8:00 a.m. - 9:00 a.m.**

1 hr Commissioner and DW/WW

#### **Session 1A: Building the Next Generation of Water Operators: How Registered Apprenticeship Can Strengthen Kentucky's Water Utilities**

**Presenter: Heather Stevenson, Kentucky Rural Water Association**

Kentucky's water and wastewater utilities face a workforce challenge that extends far beyond filling vacant positions. An aging workforce, a limited pool of qualified operators, difficulty recruiting and retaining employees, and the growing technical demands of operating modern water systems are creating significant challenges for utilities. For Water District Commissioners, this is not simply a human resources issue. This presentation will introduce the Kentucky Rural Water Association's Registered Apprenticeship Program as one strategy for addressing this workforce challenge. Commissioners have a responsibility to look beyond today's operations and ensure their utility has the knowledge, skills, and leadership necessary to provide safe, reliable, and affordable water service for the next generation.

**9:15 a.m. - 10:15 a.m.**

1 hr Commissioner and DW/WW

#### **Session 2A: Kentucky Infrastructure Loan Programs**

**Presenter: Sandy Williams, Kentucky Infrastructure Authority**

For utilities, navigating the Kentucky Infrastructure Loan Program can be a complicated and daunting task. The process can take quite a long time, so some utilities avoid it completely. This session will explain the process and provide tools to help utility personnel understand what information they need to begin the KIA loan application process and the steps required to develop a successful application.

**10:30 a.m. - 11:30 a.m.**

1 hr Commissioner and DW/WW

#### **Session 3A: Understanding Audits: Fixed Assets**

**Presenter: Brent Billingsley, Campbell, Myers & Rutledge, PLLC**

Proper audits are crucial for any business, including utilities. Depending on the utility, an audit may be required by state regulation or as a condition of borrowing money. Audits provide a third-party review of a utility's finances and can help identify problems while also protecting utility personnel who handle finances. This session will cover audit basics, how to prepare for an audit, how to select a qualified auditor, and the audit-related regulations utilities need to understand.

**11:30 a.m. - 1:00 p.m.**

**LUNCH BREAK**

**1:00 p.m. - 2:00 p.m.**

1 hr Commissioner and DW/WW

#### **Session 4A: Alternative Rate Filing**

**Presenter: Tina Frederick, Stoll Keenon Ogden, PLLC, and Noah Abner, Kentucky Public Service Commission**

The Alternative Rate Filing process was adopted in 1982 to provide a simplified and less expensive procedure for a small utility to adjust its rates. The Alternative Rate Filing application is a pre-printed form that relies on a utility's annual report, requires fewer supporting documents, requires no experts (do-it-yourself), and is designed to encourage more frequent filings. This session will cover the details of the Alternative Rate Filing process and show how small utilities can take advantage of it.

## Ballroom D

**2:15 p.m. - 3:15 p.m.**

1 hr Commissioner and DW/WW

### **Session 8B: Working with the PSC: What Staff Needs, What Water and Wastewater Utilities Need, and How to Work Together (Part 1)**

**Presenters:** Moriah Tussey, Assistant General Counsel; Noah Abner, Revenue Requirements Branch Manager - Public Service Commission; Tim Webb, Kentucky Rural Water Association; Russ Rose, General Manager - Oldham County Water District; Damon Talley and Tina Frederick - Stoll Keenon Ogden, PLLC

Filing cases with the Kentucky Public Service Commission can be a complicated and confusing process for Kentucky utilities, but it does not have to be. Understanding the process and the information needed greatly eases the burden of filing with the PSC. This session will cover requirements for different filings, including Purchase Water Adjustments and Alternative Rate Filings, along with best practices for filing. Discussion will also include why Commission Staff request copies of meeting minutes, best practices for obtaining utility easements, and tips for avoiding delays in a utility's case before the PSC.

**3:30 p.m. - 4:30 p.m.**

1 hr Commissioner and DW/WW

### **Session 9B: Working with the PSC: What Staff Needs, What Water and Wastewater Utilities Need, and How to Work Together (Part 2)**

**Presenters:** Moriah Tussey, Assistant General Counsel; Noah Abner, Revenue Requirements Branch Manager - Public Service Commission; Tim Webb, Kentucky Rural Water Association; Russ Rose, General Manager - Oldham County Water District; Damon Talley and Tina Frederick - Stoll Keenon Ogden, PLLC

Continuation of Session 8B.

# **EXHIBIT 2**



# Heather Stevenson

## Kentucky Rural Water Association

*Director of Workforce Development*

### BIOGRAPHY

Heather Stevenson serves as Director of Workforce Development for the Kentucky Rural Water Association. She joined KRWA in 2019 after working with the Lake Cumberland Area Development District, where her roles included workforce-development career management and water and wastewater coordination for the Water Management Planning Council. She has been involved in local and regional workforce-development programs since 2010. In her current role, Heather leads and supports initiatives that strengthen Kentucky's water and wastewater workforce, including registered apprenticeship, employer partnerships, training, and career outreach. She earned a Bachelor of Arts in Corporate and Organizational Communication from Western Kentucky University.



## Sandy Williams

**Kentucky Infrastructure Authority**

*Executive Director*

### BIOGRAPHY

Sandy Williams serves as Executive Director of the Kentucky Infrastructure Authority (KIA). She has spent many years in public service with the Commonwealth of Kentucky, including roles in the Office of Financial Management and as a financial analyst. She previously served KIA for more than 11 years as a financial analyst and returned to the agency as Deputy Executive Director from December 2020 to November 2021 before becoming Executive Director. Before entering public service, Sandy spent nine years in commercial lending with Bank One. She holds a Bachelor of Science in Accounting and a Master of Business Administration with a concentration in Finance, both from the University of Kentucky.

# Brent Billingsley, CPA

**Campbell, Myers & Rutledge, PLLC**

*Partner*

## BIOGRAPHY

Brent Billingsley is a Certified Public Accountant and partner with Campbell, Myers & Rutledge, PLLC. He has more than 15 years of public accounting experience serving governmental entities, school districts, nonprofit organizations, and small- to medium-sized businesses. His professional work includes auditing, tax services, and consulting, with experience helping public and private organizations strengthen financial reporting, compliance, and internal business processes.

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November 4-5, 2026 | Bowling Green, Kentucky



## Tina Frederick

**Stoll Keenon Ogden, PLLC**

*Counsel to the Firm | Utility & Energy Practice Group*

### BIOGRAPHY

Tina Frederick is Counsel to the Firm at Stoll Keenon Ogden PLLC and a member of the firm's Utility & Energy Practice Group. Before joining the firm, she served approximately five years with the Kentucky Public Service Commission, first as a Staff Attorney and later as an Assistant General Counsel. In those roles, she advised the Commission on utility rate adjustments, construction of utility facilities, debt issuances, administrative hearings, and regulatory investigations. Earlier in her career, she maintained a private law practice focused primarily on Social Security and Kentucky workers' compensation matters. Tina is licensed to practice law in Kentucky. She earned her Juris Doctor, cum laude, from Ohio Northern University College of Law and a Bachelor of Science in Family and Consumer Science, summa cum laude, from the University of Kentucky.



## Noah Abner

### Kentucky Public Service Commission

*Revenue Requirements Branch Manager | Division of Financial Analysis*

#### BIOGRAPHY

Noah Abner serves as Revenue Requirements Branch Manager in the Division of Financial Analysis at the Kentucky Public Service Commission. He previously served for three years as a Public Utilities Financial Analyst, working on utility financing matters, purchased water agreements, certificates of public convenience and necessity, water-loss surcharges, and rate cases involving water districts and associations. During his tenure with the Commission, Noah has worked on more than 200 cases across the utility sectors regulated by the PSC. He is also a member of the Kentucky Energy and Environment Cabinet Leadership Academy class of 2025-2026.

# **EXHIBIT 3**

# Building the Next Generation of Water Operators

Why Water District Commissioners Should Champion Registered Apprenticeship

**Heather Stevenson**

Director of Workforce Development



KENTUCKY RURAL WATER ASSOCIATION

**APPRENTICESHIP**

# Today's Discussion

- Workforce capacity is an operational and financial issue—not simply an HR issue.
- Commissioners have a governance role in ensuring management has a sustainable workforce strategy.
- Training is an investment in efficiency, reliability, compliance, and long-term cost control.
- Registered apprenticeship gives rural utilities a practical “grow your own” operator pathway.
- Commissioners can advocate for apprenticeship through hiring strategy, budgets, succession planning, and legislative support.



# What is the Board's Responsibility?

## KRS 74.020

A water district is administered by a board of commissioners That “control[s] and manage[s] the affairs of the district.”

## KRS 74.070

The district's business and affairs are managed under the commission's “direction and oversight.”

## KRS 74.040

The CEO employs necessary labor and assistance, reports expenses to the commission, and is subject to The commission's orders.

## Board implication

Commissioners should not manage operators day-to-day. They should set expectations, support the CEO/manager, ask the right workforce questions, and ensure the utility plans for the future.



# Why Workforce Belongs in a Commissioner Conversation

## Adequate service

Enough qualified people to operate, maintain, monitor, troubleshoot, and respond.

## Efficient service

Training can reduce avoidable waste, rework, emergency costs, and inefficient operating practices.

## Reliable service

A trained, redundant workforce is part of resilience—especially when one operator holds critical institutional knowledge.

## Fair & reasonable rates

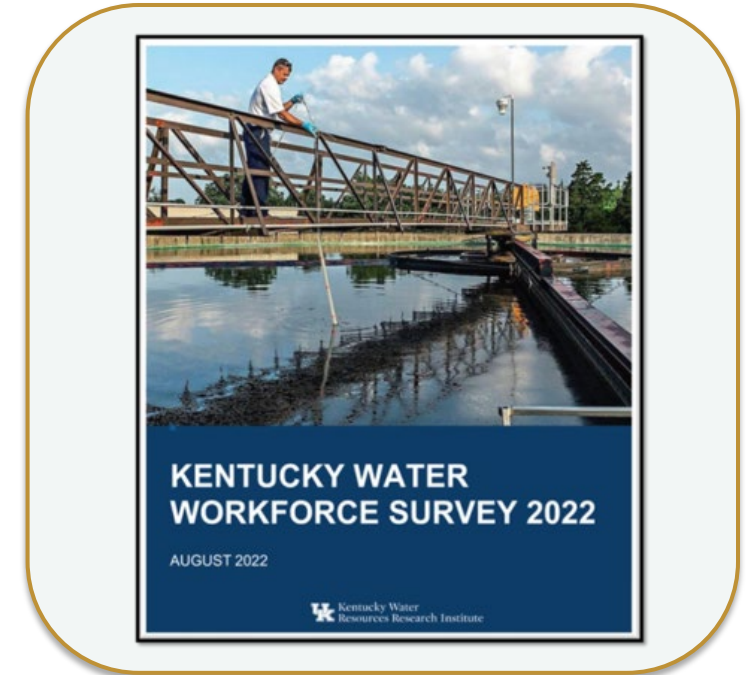
Workforce decisions affect labor, overtime, contracting, training, maintenance, and the utility's cost of service.



# The Workforce Problem Is Already Documented

Kentucky's water and wastewater utilities, especially small and rural systems, face persistent workforce challenges that directly affect operations and costs:

- Difficulty recruiting and retaining certified operators
- Aging workforce and impending retirements
- Limited succession planning
- Competition from higher-paying utilities and private industry



# Kentucky Water Workforce Survey findings presented in a 2024 PSC filing

**55%**

reported an increase in  
job vacancies over the prior  
two years

**56% / 65%**

reported insufficient certified  
water / wastewater operators

**72%**

said operators left for  
better pay elsewhere or  
were recruited by other  
utilities

**30% / 40%**

of operators / managers  
planned to retire within  
six years

**45%**

reported no succession plan if the current manager leaves or retires

**20% / 2%**

of respondents were  
under 35 / under 25



# When Workforce Gaps Become Ratepayer Issues

- Vacancy → overtime and on-call burden
- Vacancy → temporary/contract labor or consultants
- Experience gap → slower troubleshooting and more rework
- Training gap → inefficient treatment, maintenance, or water-loss practices
- Retirement → loss of institutional knowledge and succession risk
- Repeated problems → emergency expenditures and potentially more pressure in future rate proceedings

## The key question

Is the utility paying proactively to build capability—or paying reactively when capability is missing?



# Workforce Instability Comes at a Cost

When workforce challenges go unaddressed, utilities incur hidden and avoidable costs that eventually surface in rate cases:

- Excessive overtime and on-call pay
- Emergency repairs and service disruptions
- Inefficient treatment processes and waste
- Consultant and contract labor expenses
- Compliance risks and corrective actions

**From the PSC's perspective, these costs:**

- **Increase revenue requirements**
- **Create unpredictable operating expenses**
- **Place upward pressure on customer rates**



# The Rural Utility Wage Challenge

- Small utilities often compete for the same licensed operators as larger utilities, municipalities, industry, and neighboring systems.
- An already-licensed operator commands a wage based on scarce skills and experience.
- A small rate base can make it difficult to compete for that employee at the top of the market.
- Even when a utility can make the hire, a large wage jump can create compression with existing employees.
- So many districts face a practical question:
  - How do we build qualified operators if we cannot afford to buy them?

## PSC case example

A Kentucky water district rate filing documented a new employee's wage increase from \$12/hour to \$16/hour to help retain him at a level comparable to other water employees.



# “Grow Your Own” Changes the Workforce Equation

## 1. Hire

Bring in a capable entry-level employee with potential—not necessarily a fully licensed operator.

## 2. Train

Combine supervised on-the-job learning, related instruction, mentoring, and documented competencies.

## 3. Advance

Increase pay/responsibility as competencies and education/certification milestones are achieved.

## 4. Retain

Create a visible career path from entry-level employee to qualified operator.

### Commissioner QUESTION:

Does our district have a plan to develop the next operator—or are we waiting for the next vacancy to start recruiting?



# What KRWA's Registered Apprenticeship Actually Looks Like

Two occupations:

1. Water Systems Operations Specialist
2. Wastewater Systems Operations Specialist

- Approximately 4,000 hours of paid on-the-job learning over about two years.
- Approximately 288-360 hours of related technical instruction, supplemented through approved courses and training.
- Each apprentice works with an experienced mentor; progress is documented and benchmarked.
- Completion requires the identified OJT/RTI requirements and applicable Kentucky certification level; completion also earns a nationally recognized Registered Apprenticeship credential.
- KRWA serves as program sponsor/administrator, reducing the burden on an individual utility to build the apprenticeship infrastructure itself.



# Apprenticeship Connects Training to Certification

## Hands-on learning

Operators need real-world competence—not classroom knowledge alone.

## Structured instruction

RTI builds theory, math, regulations, safety, treatment principles, and problem-solving.

## State-recognized pathway

In 2026, Kentucky's Operator Certification Program approved KRWA apprenticeship as an educational substitution option for drinking water and wastewater operator licensing eligibility.

## Raising the bar

The goal is not simply to get someone licensed. It is to develop an operator prepared to perform the job safely, competently, and independently.



# Training Is an Investment—So Measure the Return

## Well-trained operators:

- Identify and correct issues early
- Operate treatment processes more efficiently
- Reduce chemical, energy, and water waste
- Extend equipment life through proper operation
- Maintain consistent regulatory compliance

### IMPACTS

- ✓ Fewer emergencies
- ✓ More predictable costs
- ✓ Better value for ratepayers



# Cost vs. Investment

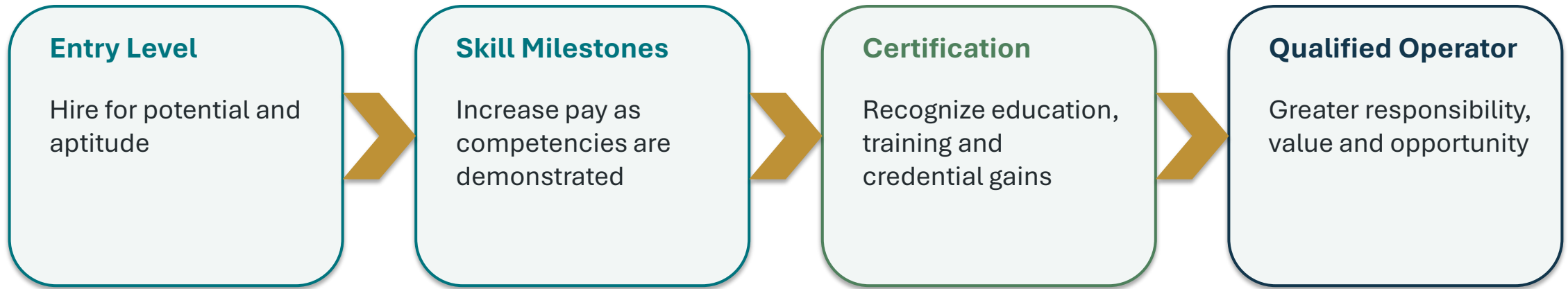
- Turnover: What does it cost to recruit, onboard, train, and cover a vacancy?
- Overtime/ Emergency Coverage: How much are existing employees working because a position is vacant?
- Contract labor: What are consultants/temporary employees costing the district?
- Water loss: Are operators equipped to identify and respond to leaks, meter issues, and system problems?
- Treatment efficiency: Are chemicals, energy, equipment, and processes being managed correctly?
- Reliability: Does the district have more than one person who can respond when the primary operator is unavailable?

## Board-level ROI question

What are we spending because we invested in workforce development—and what might we be spending because we didn't?



# Progressive Wages Turn Training Into a Career Path



## Commissioner perspective

A progressive wage structure can make labor costs more predictable while giving employees a reason to continue developing within the utility.



# Training Is an Investment—So Measure the Return

Apprenticeship transforms wages into a retention tool by:

- Creating clear career ladders
- Offering predictable, incremental wage growth
- Reducing the need for large upfront wage commitments
- Increasing employee loyalty and engagement

## **PSC Impact:**

- ✓ Predictable labor costs
- ✓ Lower turnover
- ✓ Reduced future rate pressure



# What Commissioners Can Do

1. Ask the CEO/manager: “What is our five-year workforce and succession plan?”
2. Identify critical positions where one retirement or resignation creates operational risk.
3. Budget for workforce development as an operating investment—not an optional perk.
4. Ask whether entry-level positions could become apprenticeship positions.
5. Establish expectations for progressive wage advancement tied to documented skills and qualifications.
6. Support mentors: experienced employees are the bridge between training and institutional knowledge.
7. Track outcomes: retention, certification progress, overtime, vacancies, training completion, and operational incidents.
8. Advocate for state funding that helps utilities offset apprenticeship tuition and management training.



# The Workforce Development Solution Is Bigger Than Operators

## Operator pipeline

Develop the next generation of technical staff.

## Manager pipeline

Develop supervisors and managers who understand people, budgets, compliance, asset management, and utility operations.

## Board oversight

Give commissioners the information and training needed to ask better questions and make informed governance decisions.

### Challenges Facing Kentucky's Water Systems



Aging and Inadequate infrastructure



Regulatory compliance



Funding and financial constraints

Lack of technical expertise and workforce



# Why Investment in Workforce Can Protect Ratepayers

- Helps smaller rate bases access structured workforce-development infrastructure.
- Builds capacity before a vacancy becomes an emergency.
- Supports management practices that can improve budgeting, staffing, succession, and operational decision-making.
- Creates an opportunity to measure outcomes across participating utilities.
- Complements—not replaces—the utility’s responsibility to set sustainable wages and manage employees.

## The policy argument

Cost avoidance is the goal: invest upstream in people so utilities are better positioned to control downstream operating and reliability risks.



# Workforce Development Supports the PSC's Mission

Workforce development is not separate from regulation — it is foundational to:

- Fair and reasonable rates
- Reliable, efficient service
- Long-term system sustainability

Apprenticeship allows utilities to grow their own operators, align wages with skills, reduce waste and turnover, and protect ratepayers —

ALL while supporting the PSC's statutory mission.



# A Simple District Scenario

## Scenario

Your only certified operator gives notice. The district has no ready successor.

## Reactive path

Overtime → recruiting →  
temporary coverage →  
lost institutional knowledge →  
rushed training → higher cost and risk.

## Planned path

Hire entry-level → apprentice → mentor →  
documented competencies →  
progressive wage growth →  
certification → qualified operator.

## Discussion

Which path is your district currently positioned to take?



# Five Questions to Take Back to Your Board

1. Who is our next operator?
2. Who could step into a critical role if someone leaves tomorrow?
3. Are our wages and career paths structured to retain people as they gain skills?
4. What does turnover actually cost our district?
5. Could we use registered apprenticeship to grow the operator/s we need?

## **Bottom line**

If the answer to “Who is our next operator?” is “we don't know,” that is a workforce issue.



# Reliable Water Requires Reliable People.

Apprenticeship gives rural utilities a practical way to grow the workforce they need.

## Commissioner role

Advocate • Plan • Invest • Ask the workforce questions • Support management • Measure results



# Sources & References

KRS 74.020 — Board administration, commissioner duties/training — Legislative Research Commission

KRS 74.040 — Chief executive officer, employees, expenses and salary — Legislative Research Commission

KRS 74.070 — Duties and powers; district affairs under commission direction/oversight — Legislative Research Commission

KRS 74.080 — Rates and regulations — Legislative Research Commission

KRS 106.210 — Powers/functions of water district commissioners — Legislative Research Commission

PSC 2026 Water Commissioner Training — Kentucky Public Service Commission

PSC 2023 Water Commissioners Training Seminar — PSC Order Vault

PSC Case No. 2024-00292 — Kentucky Water Workforce Survey materials

PSC Case No. 2019-00310 — Pendleton County Water District wage/retention filing

KRWA Registered Apprenticeship Program — Kentucky Rural Water Association

KRWA, “Big News for Kentucky’s Water Workforce” — April 29, 2026



# Questions?



# Kentucky Infrastructure Authority

KRWA Management Conference

November 4, 2026



# Authorization of KIA

- Created by General Assembly
  - Collaboration with DOW under Memorandum of Agreement
- Purpose:
  - Provide Financial Assistance for Water / Wastewater Facilities
  - Maintain Water Resources Information System
- 11 member Board of Directors

# KIA Board – Ex-Officio Members

## Five Ex-Officio members:

- Commissioner of Department for Local Government
- Secretary of Finance and Administration Cabinet
- Secretary of Cabinet for Economic Development
- Secretary of Energy and Environment Cabinet
- Executive Director of Public Service Commission

# KIA Board – At Large Members

## Six at-large members appointed by the Governor:

- Kentucky Association of Counties
- Kentucky League of Cities
  - 2 members from KLC one of whom represents a municipal utility that provides water and wastewater service
- Kentucky Rural Water Association
- Kentucky Section of the American Water Works Association
- For-Profit Water Companies

# KIA Primary Functions

- Administer Loan Programs for eligible infrastructure projects
- Administer Grants identified by the General Assembly, including water and sewer projects
- Maintain the Water Resource Information System (WRIS) and provide technical support to the Water Management Councils

# Overview of KIA

- \$1.99 billion in assets
- Administering 517 active grants
- 589 active loans
  - 4 programs
  - 2 state programs, 2 federal programs
- 231 borrowers



# Eligible Infrastructure Projects

- Construction or acquisition of treatment works, distribution facilities, water resources projects
- Solid waste projects, dams, storm water control treatment systems
- Gas or electric utility
- Or any other public utility or public service project which the authority finds would assist in carrying out the purposes set out in KRS 224A.300

# Eligible Borrowers

- Governmental Agencies
  - City
  - County
  - Water and Sewer/Sanitation District
  - Water Association
  - Water Commission
- For the CWSRF or DWSRF Programs, the project **MUST BE** listed on the SRF Priority List

# Fund A - CWSRF

- Created in 1988 to further goals of the CWA
- 487 loans/\$2.14 billion
- Treatment plant rehab/expansion, sewer lines, lift stations
- No min or max request, annual funding cap



# Fund F - DWSRF

- Created in 1996 to further goals of the SDWA
- 280 loans/\$777 million
- Treatment plant rehab/construction, pump stations, water lines, tanks
- No min or max request, annual funding cap



# Fund B – Infrastructure Revolving Fund

- Combination of water/sewer
- Good option for “smaller” projects, urgent projects, funding gaps
- 194 loans/\$239.2 million
- More flexibility, quicker turnaround than SRF



# Fund C – Governmental Agencies Fund

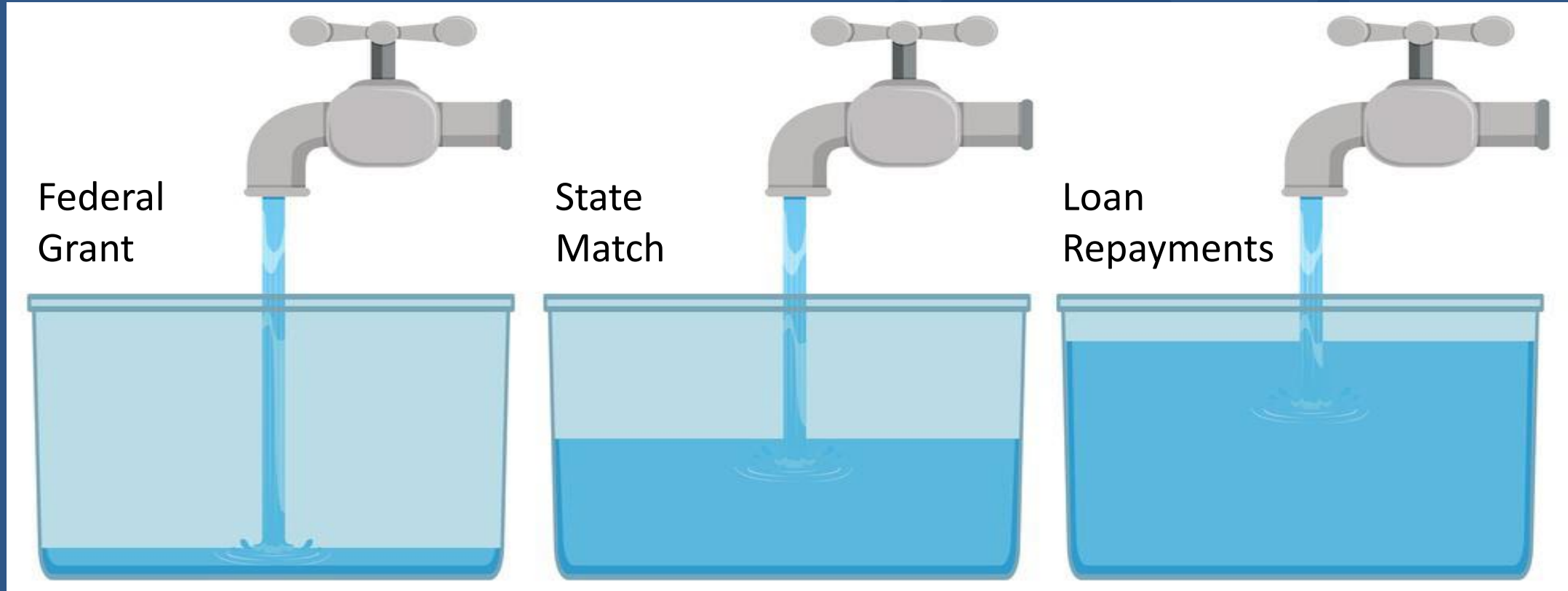
- Created as a pooled loan financing program
- Rates/terms tied to market
- Lower cost of issuance, streamlines financing process
- Potential future application period



# KIA Outstanding Loan Volume

| Loan Program | Number of Loans | Loan Amount            |
|--------------|-----------------|------------------------|
| Fund A       | 252             | \$813,062,705          |
| Fund F       | 182             | \$274,089,477          |
| Fund B       | 131             | \$92,176,240           |
| Fund C       | 24              | \$24,566,232           |
| <b>Total</b> | <b>589</b>      | <b>\$1,203,894,654</b> |

# Where do we get our money? (Funds A & F)



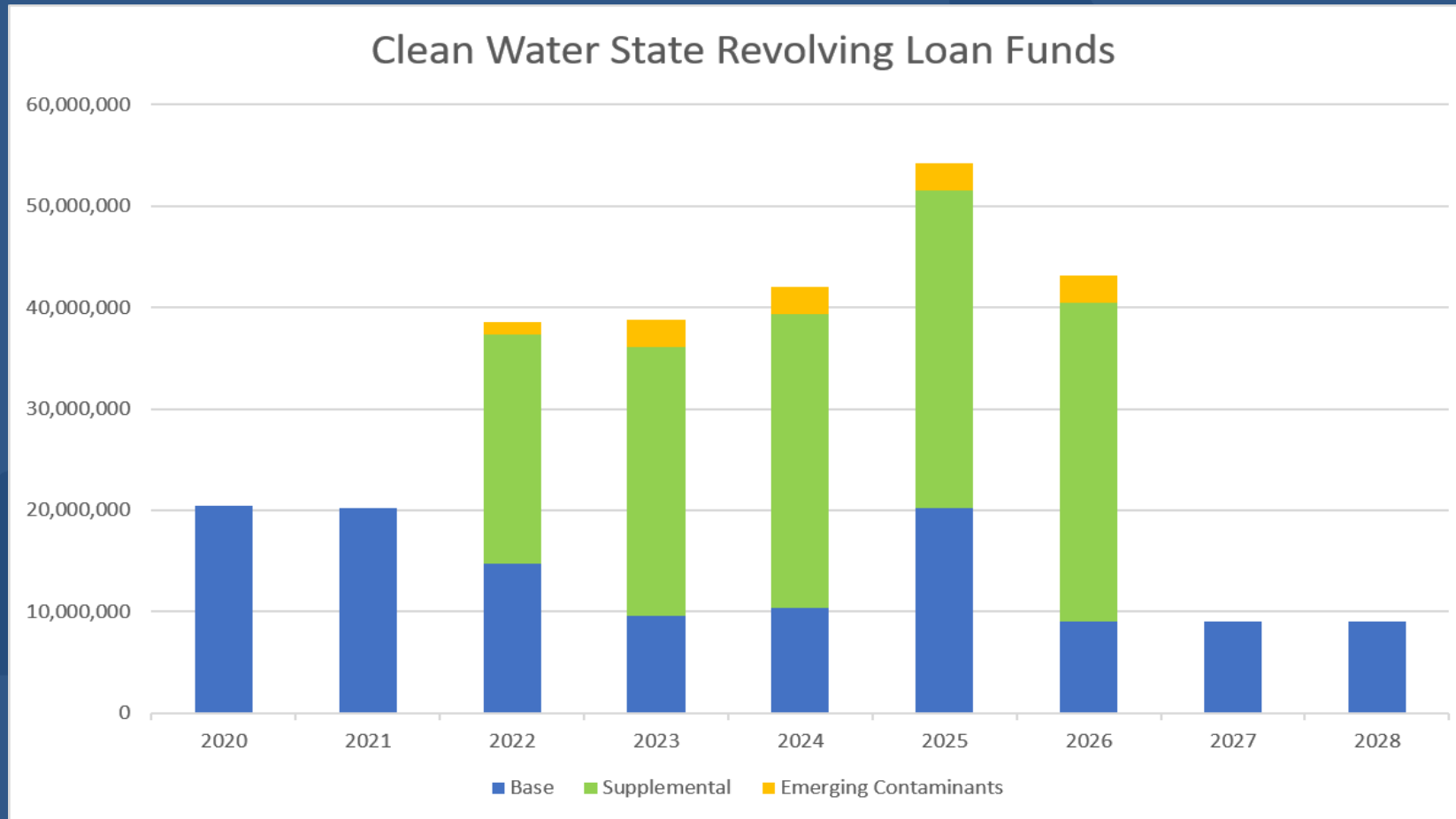
# Where do we get our money? (Funds B & C)



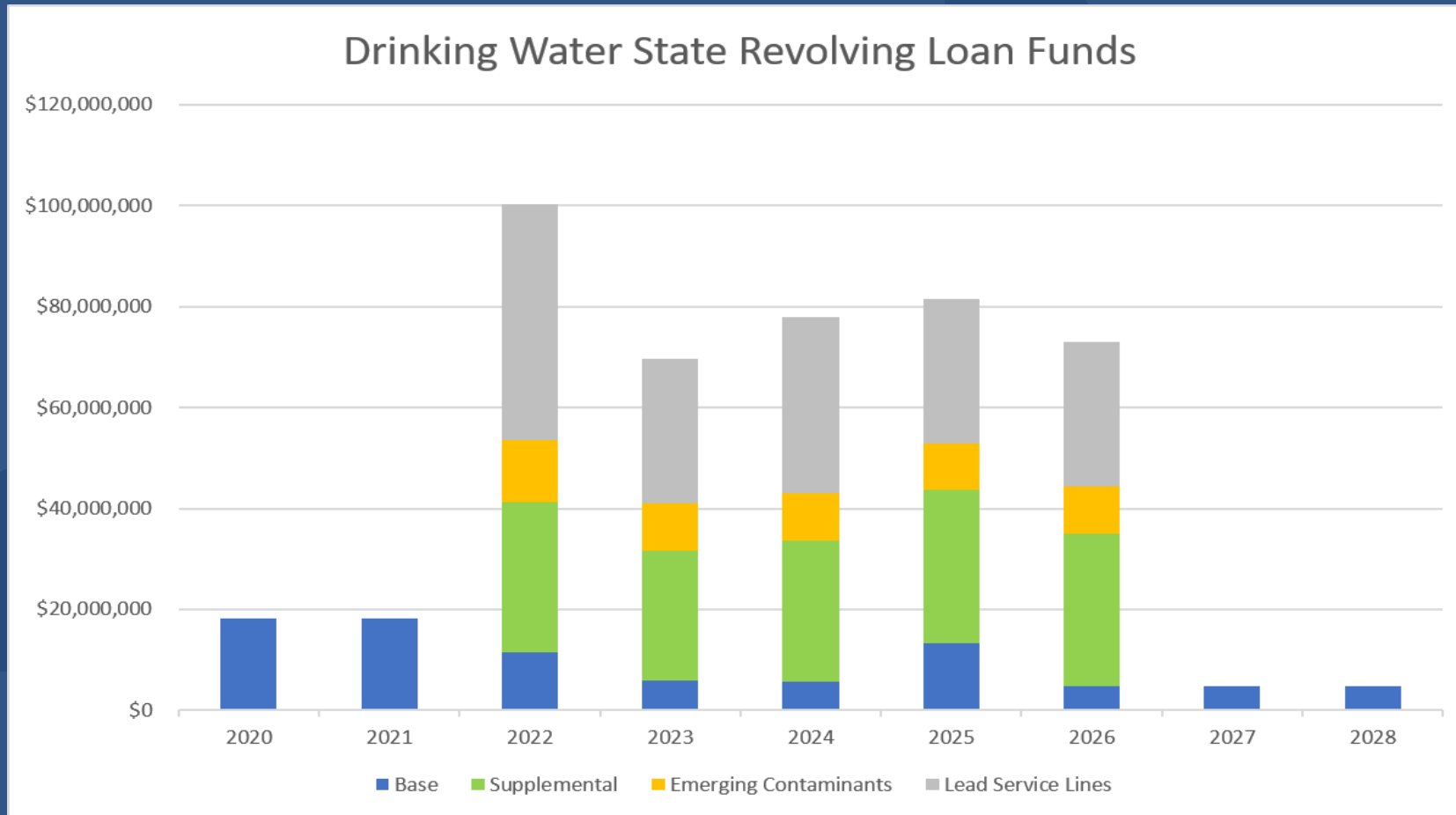
# Available Loan Funds

| Loan Program   | FY27 Funding         |
|----------------|----------------------|
| Fund A (CWSRF) | \$109,661,576        |
| Fund F (DWSRF) | \$108,461,348        |
| Fund B         | \$3,792,976          |
| Fund C         | \$5,359,991          |
| <b>Total</b>   | <b>\$227,275,891</b> |

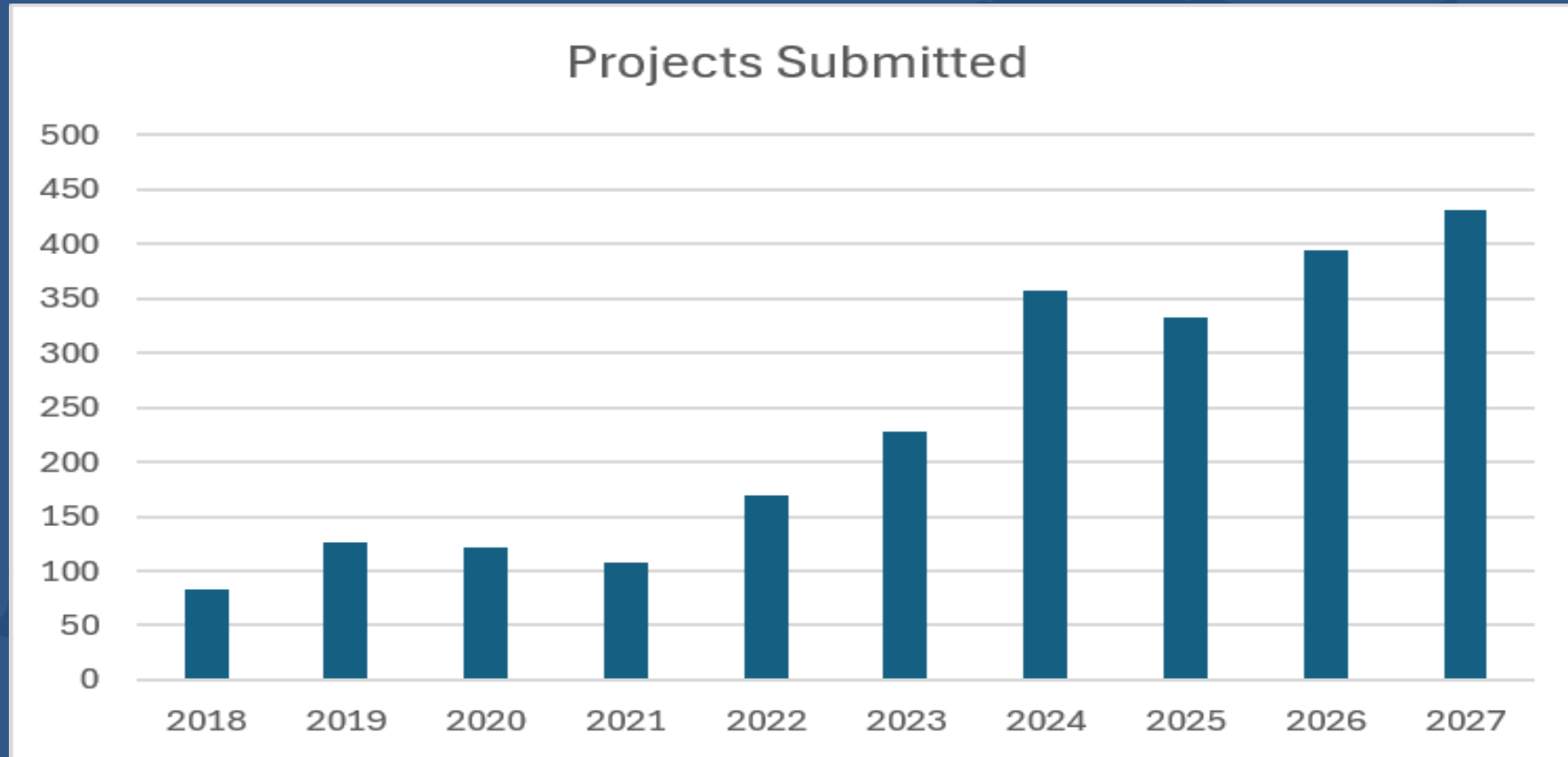
# CWSRF Funding Cliff



# DWSRF Funding Cliff



# SRF Program Demand



# SRF Loan Process

- Call for Projects
- DOW Scores/Ranks Projects
- KIA Project Priority List
- Loan Invitations
- Application Documents
- Credit Analysis
- Approvals (KIA/CPBOC)
- Loan Agreement



# State Program Loan Process

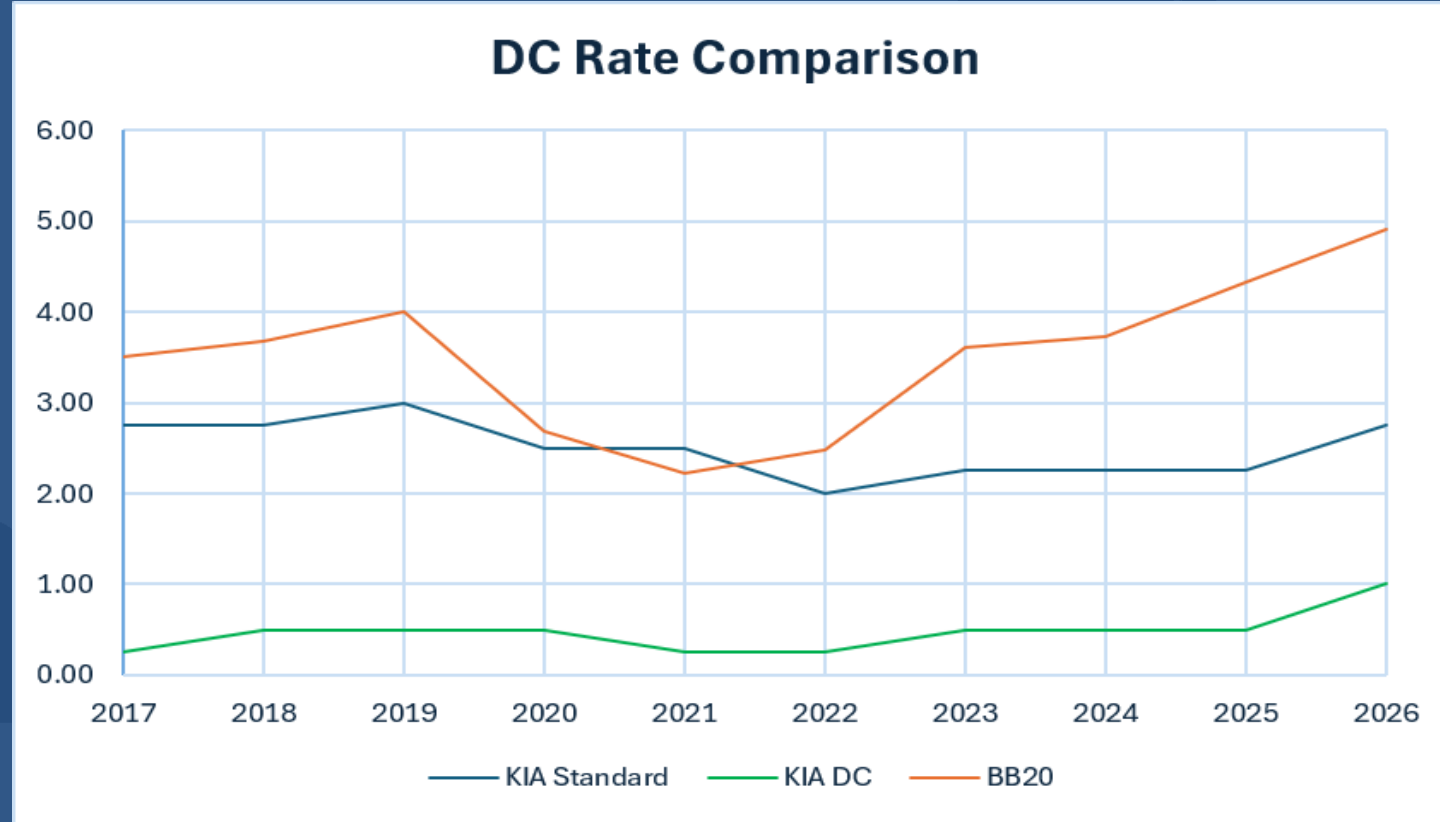
- First Come, First Serve
- Letter of Intent
- Funding Invitation
- Application Documents
- Credit Analysis
- Approvals (KIA/CPBOC)
- Loan Agreement



# Current Interest Rates

- Funds A,B, and F (income based)
  - Standard rate - 2.75%
  - Non-standard (a) rate - 1.75%
  - Non-standard (b) rate - 1.00%
- Fund C term (term based)
  - 1 – 5 years - 2.50%
  - 6 – 10 years - 3.00%
  - 11 – 20 years - 4.00%

# KIA vs Bond Market



# Getting Started

- Contact ADD Water Management Coordinator
- 15 ADD's across the state



# Terms/Fees/Principal Forgiveness

- Standard term is 20 years
- 30-year terms available for disadvantaged communities
- Admin fees range from 0.20%-0.30%
- 5% annual reserve funded over 20 years
- PF awarded based on project rank and system wide MHI

# KY WWATERS

## Water and Wastewater Assistance for Troubled or Economically Restrained Systems



- \$45 million available in each year – 2027 and 2028
- 2027 Application Window closed on August 31
- Scored List of projects to General Assembly by December 1
- Projects selected by GA
- 2028 Application Window targeted to open June 2027

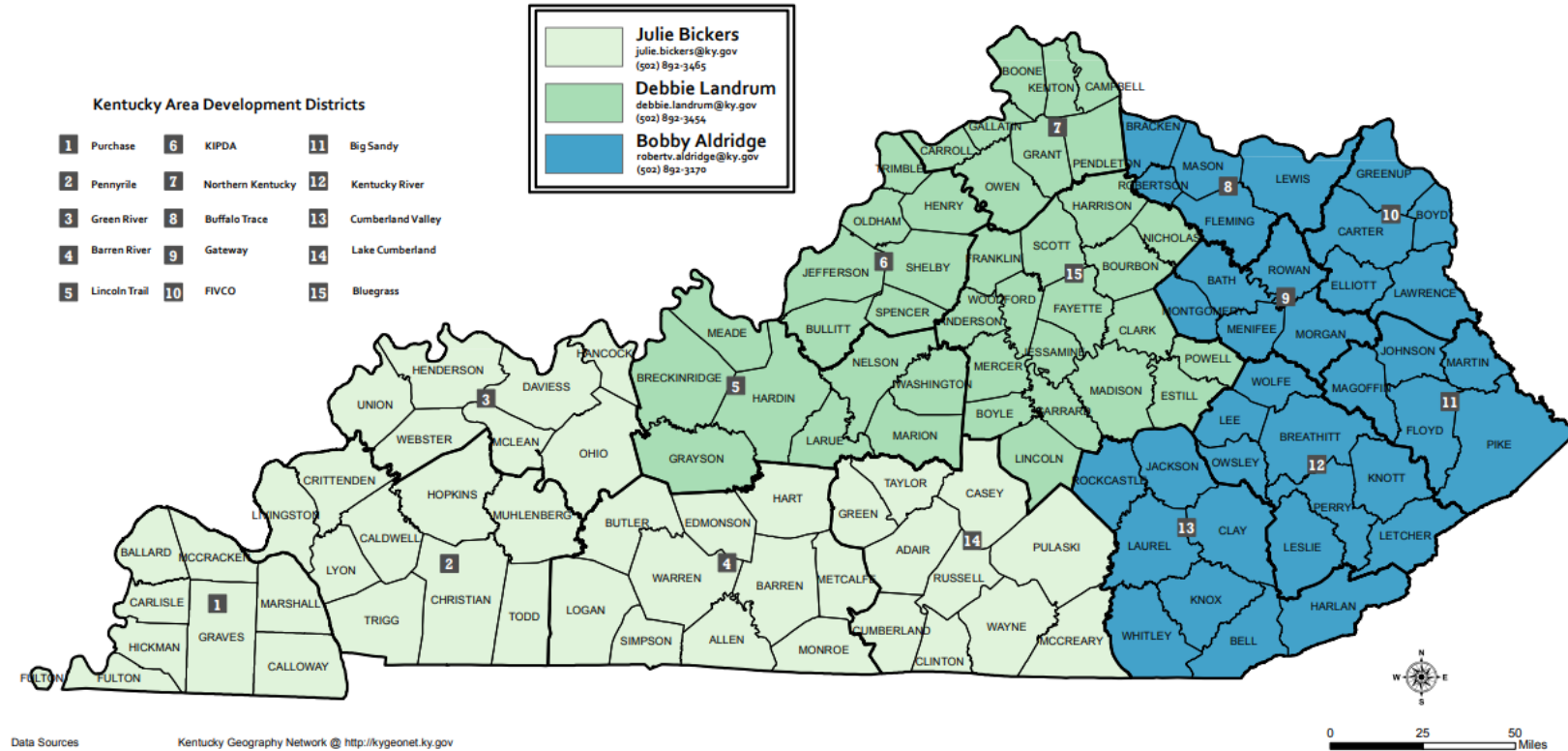
# Cleaner Water Program Grants



All CWP grant funds **MUST** be spent by December 31, 2026. If you have a CWP grant question, reach out to your Regional Compliance Coordinator.

# Regional Compliance Coordinators

## KIA Compliance Analyst Assignments



# Provision of Water Service

- KRS 224A.300
- Make public water & sewer secure for all Kentuckians
- Encourage regionalization, consolidation, & partnerships
- Kentucky Infrastructure Authority
  - Ensure safe, secure, & reliable water & sewer infrastructure
  - Manage the Water Resource Information System (WRIS) – Annual Updates

# Water Management Planning Council

- KRS 151.601
- County & Multicounty
- ADDs hold quarterly meetings for chairpersons
- Develop regional service strategies consistent with KRS 224A.300



# Function of Planning Council



- KRS 151.603
- Develop & maintain plan consist with:
  - Long-term water supply plan (KRS 151.115)
- Council shall implement water supply planning process

# Water Service Coordinator

- KRS 151.605
- AKA Water Management Coordinator
- Employed by ADD
- Planning Representative – implements planning process (KRS 151.603)
- Accomplish purposes in KRS 224A.300
- System visits (Annual)
- Provide assistance with Water Management Plan

# Water & Wastewater Management Plan

- Shall include:
  - Strategy for improving reliability & resiliency
  - Strategy for unserved & underserved areas
  - Needs Forecast (5-year increments)
  - Consideration of merger, consolidation, and management
- Shall be consistent with Long-term Water Supply Plan
- Achieve purpose of KRS 224A.300

# Project Prioritization

- KRS 151.607
- Water Management Council reviews & prioritizes plans for water service
- Factors to be considered:
  - Benefit to current & potential customer base
  - Adequacy, dependability, cost-effectiveness
  - Consolidation/merger of management or operations for efficiency & affordability

# Questions? Comments?

[kia.ky.gov](http://kia.ky.gov)

502-573-0260

# Understanding Audits: Fixed Assets

Campbell, Myers & Rutledge, PLLC

410 South Broadway

Glasgow, Kentucky

270-651-2163



# Campbell, Myers & Rutledge, PLLC

- Founded by Howard Malcolm Jones around 1947
- Formed Campbell Myers & Rutledge in 1980
- Fifteen full time and part time employees
- Tax Returns and Attest Services
- Primarily Audit Services in Governmental Entities
  - Utilities – Water, Sewer, Telephone and Electric
- Current Partners:
  - Brent Billingsley, Ryan Mosier, Jenna Glass and Lane Norris

# Audit Firms/Shortage

- Content with your auditor? Keep them content!!!
  - Fewer Accounting Graduates
  - Fewer Certified Public Accountants
  - Fewer Audit Firms
  - Increased Auditor Regulation
  - Increased Auditee Regulation

# Fixed Assets

- Plant/Infrastructure/Vehicles/Pipe/Meters/etc
- Cost recovery through depreciation opposed to expense
  - 50 year life = 2% of cost per year
  - 10 year life = 10% of cost per year
- Useful life of fixed assets
- National Association of Regulatory Utility Commissioners
  - NARUC – Depreciation Practices

# Audits - Internal Control Over Financial Reporting

- Segregation of Duties
  - Same person doesn't need to sign checks, make entries into the GL and reconcile the bank statement.
- Preparing Journal Entries
  - Who reviews?
- Drafting Financial Statements
  - Can anyone take responsibility?
- Maintaining Depreciation Records

# Depreciation Records - Fixed Asset Detail

EIN/SSN: Applied For  
01/01/2025 - 12/31/2025  
Sorted: General - category

01/01/2025 - 12/31/2025

| System No.                         | S | Description                   | Date In Service   | Method / Conv. | Life    | Cost / Other Base | Reg. Accum. Depreciation | Current Depreciation | Total Depreciation | Net Book Value |
|------------------------------------|---|-------------------------------|-------------------|----------------|---------|-------------------|--------------------------|----------------------|--------------------|----------------|
| <b>TRANS &amp; DIST. MAINS</b>     |   |                               |                   |                |         |                   |                          |                      |                    |                |
| 28                                 |   | Extension                     | 10/16/2003 SL N/A |                | 62.5000 | 1,945.00          | 770.75                   | 31.12                | 801.87             | 1,143.13       |
| 29                                 |   | Extension                     | 10/28/2003 SL N/A |                | 62.5000 | 5,077.00          | 2,007.97                 | 81.29                | 2,089.26           | 2,987.80       |
| 67                                 |   | Water line extensions         | 1/1/2004 SL N/A   |                | 62.5000 | 545,862.00        | 213,877.89               | 8,733.79             | 222,711.88         | 323,150.32     |
| 71                                 |   | Transmission and Distribution | 6/1/2005 SL N/A   |                | 62.5000 | 168,959.00        | 61,303.23                | 2,703.34             | 64,007.27          | 104,951.73     |
| 75                                 |   | Transmission and Distribution | 6/1/2006 SL N/A   |                | 62.5000 | 85,119.00         | 29,181.60                | 1,361.90             | 30,543.50          | 54,575.50      |
| 84                                 |   | Transmission and Distribution | 6/1/2007 SL N/A   |                | 62.5000 | 74,844.00         | 24,184.38                | 1,189.10             | 25,383.48          | 49,460.52      |
| 82                                 |   | Transmission and Distribution | 6/1/2008 SL N/A   |                | 62.5000 | 34,367.00         | 10,618.30                | 559.47               | 11,177.77          | 23,189.23      |
| 100                                |   | Transmission and Distribution | 6/1/2009 SL N/A   |                | 62.5000 | 45,043.00         | 12,702.14                | 720.69               | 13,422.83          | 31,620.17      |
| 106                                |   | Transmission and Distribution | 6/1/2010 SL N/A   |                | 62.5000 | 146,268.00        | 38,566.01                | 2,340.29             | 40,906.30          | 105,361.70     |
| 111                                |   | Transmission and Distribution | 6/1/2011 SL N/A   |                | 62.5000 | 51,863.00         | 12,637.30                | 829.81               | 13,467.11          | 38,395.89      |
| 118                                |   | Transmission and Distribution | 6/1/2012 SL N/A   |                | 62.5000 | 884,387.00        | 200,044.54               | 14,310.19            | 214,354.73         | 670,032.27     |
| 123                                |   | Transmission and Distribution | 6/1/2013 SL N/A   |                | 62.5000 | 35,042.00         | 7,136.67                 | 630.67               | 7,767.34           | 27,274.66      |
| 126                                |   | Transmission and Distribution | 6/1/2014 SL N/A   |                | 62.5000 | 31,204.00         | 5,731.11                 | 499.26               | 6,230.37           | 24,973.63      |
| 132                                |   | Transmission and Distribution | 6/1/2015 SL N/A   |                | 62.5000 | 32,621.00         | 5,339.00                 | 521.94               | 5,860.94           | 26,760.06      |
| 137                                |   | Transmission and Distribution | 6/1/2016 SL N/A   |                | 62.5000 | 40,612.00         | 5,820.21                 | 648.19               | 6,468.40           | 34,143.60      |
| 139                                |   | Bypass relocation             | 5/11/2017 SL N/A  |                | 62.5000 | 491,927.00        | 60,343.03                | 7,870.83             | 68,213.86          | 423,713.14     |
| 153                                |   | INTERCONNECTION               | 6/1/2018 SL N/A   |                | 62.5000 | 307,705.70        | 32,821.93                | 4,923.29             | 37,745.22          | 269,960.48     |
| 150                                |   | Bypass State Relocation       | 6/30/2018 SL N/A  |                | 62.5000 | 77,111.20         | 6,785.79                 | 1,233.78             | 8,019.57           | 69,091.63      |
| 142                                |   | Line extensions               | 12/31/2019 SL N/A |                | 62.5000 | 12,874.80         | 1,080.00                 | 208.00               | 1,288.00           | 11,586.80      |
| 157                                |   | Line Relocation               | 3/16/2020 SL N/A  |                | 62.5000 | 33,029.00         | 2,554.22                 | 575.46               | 3,129.68           | 29,900.32      |
| 155                                |   | 2020 Line extensions          | 9/30/2020 SL N/A  |                | 62.5000 | 18,562.00         | 1,262.21                 | 296.99               | 1,559.20           | 17,002.80      |
| 162                                |   | Connection Tie In             | 5/10/2021 SL N/A  |                | 62.5000 | 13,700.00         | 503.73                   | 219.20               | 1,022.93           | 12,677.07      |
| 163                                |   | 2021 Line Extensions          | 6/1/2021 SL N/A   |                | 62.5000 | 21,676.26         | 1,156.07                 | 345.62               | 1,501.69           | 20,174.57      |
| 164                                |   | 2022 Line Extensions          | 7/1/2022 SL N/A   |                | 62.5000 | 2,630.92          | 106.43                   | 42.57                | 149.00             | 2,481.92       |
| 173                                |   | Line extensions               | 9/15/2023 SL N/A  |                | 62.5000 | 35,621.00         | 759.92                   | 589.94               | 1,349.86           | 34,271.14      |
| 179                                |   | 2024 Line extensions          | 7/1/2024 SL N/A   |                | 62.5000 | 21,223.00         | 189.78                   | 339.57               | 509.36             | 20,713.64      |
| 189                                |   | 2025 Line extensions          | 6/30/2025 SL N/A  |                | 62.5000 | 50,372.00         | 0.00                     | 402.98               | 402.98             | 49,969.02      |
| 188                                |   | with Northwest                | 12/1/2025 SL N/A  |                | 62.5000 | 64,430.58         | 0.00                     | 86.31                | 86.31              | 64,344.27      |
| Subtotal: TRANS & DIST. MAINS      |   |                               |                   |                |         | 9,682,825.61      | 1,700,653.56             | 156,452.84           | 4,857,109.40       | 5,005,716.21   |
| Less dispositions and exchanges:   |   |                               |                   |                |         | 0.00              | 0.00                     | 0.00                 | 0.00               | 0.00           |
| Net for: TRANS & DIST. MAINS       |   |                               |                   |                |         | 9,682,825.61      | 1,700,653.56             | 156,452.84           | 4,857,109.40       | 5,005,716.21   |
| <b>TRANSPORTATION EQUIPMENT</b>    |   |                               |                   |                |         |                   |                          |                      |                    |                |
| 45                                 |   | 1999 Chevy Silverado          | 7/30/1999 SL N/A  |                | 7.0000  | 18,785.00         | 18,785.00                | 0.00                 | 18,785.00          | 0.00           |
| 47                                 |   | 2000 Chevy 4x4                | 12/14/1999 SL N/A |                | 7.0000  | 23,007.00         | 23,007.00                | 0.00                 | 23,007.00          | 0.00           |
| 49                                 |   | New flatbed trailer           | 3/31/2003 SL N/A  |                | 7.0000  | 9,850.00          | 9,850.00                 | 0.00                 | 9,850.00           | 0.00           |
| 95                                 |   | Transportation Equipment      | 6/1/2006 SL N/A   |                | 7.0000  | 39,657.00         | 39,657.00                | 0.00                 | 39,657.00          | 0.00           |
| 108                                |   | Transportation Equipment      | 6/1/2010 SL N/A   |                | 7.0000  | 8,856.00          | 8,856.00                 | 0.00                 | 8,856.00           | 0.00           |
| 134                                |   | 2015 GMC                      | 6/1/2015 SL N/A   |                | 7.0000  | 26,362.00         | 26,362.00                | 0.00                 | 26,362.00          | 0.00           |
| 185                                |   | 2021 Dodge Ram #101           | 12/5/2025 SL N/A  |                | 5.0000  | 24,011.52         | 0.00                     | 400.19               | 400.19             | 23,611.33      |
| 186                                |   | 2021 Dodge Ram #103           | 12/5/2025 SL N/A  |                | 5.0000  | 24,011.52         | 0.00                     | 400.19               | 400.19             | 23,611.33      |
| Subtotal: TRANSPORTATION EQUIPMENT |   |                               |                   |                |         | 172,339.54        | 124,317.00               | 800.38               | 125,117.38         | 47,222.16      |
| Less dispositions and exchanges:   |   |                               |                   |                |         | 0.00              | 0.00                     | 0.00                 | 0.00               | 0.00           |
| Net for: TRANSPORTATION EQUIPMENT  |   |                               |                   |                |         | 172,339.54        | 124,317.00               | 800.38               | 125,117.38         | 47,222.16      |

# Rate Increases

- Establish water rates through operating income
- Debt Service Coverage
  - $(\text{Income before capital contributions} + \text{interest expense}) / \text{highest annual debt service requirement}$
- The faster something is depreciated, the lower the net income, the higher the possible rate needed to cover expenses
- Depreciation/Amortization is a deduction included therein
  - Depreciation = Tangible Assets
  - Amortization = Intangible assets

# Debt Service Ratio

Income Before Capital Contributions:  
 $875,000 + \text{Interest Expense} = 1,425,000$

|                                     |                     |
|-------------------------------------|---------------------|
| <b>Operating Revenues:</b>          |                     |
| Water Residential                   | \$ 9,000,000        |
| Water Wholesale                     | <u>2,000,000</u>    |
| Total Operating Revenues            | 11,000,000          |
|                                     |                     |
| <b>Operating Expenses</b>           |                     |
| Pumping                             | 1,800,000           |
| Purification                        | 1,050,000           |
| Distribution                        | 1,630,000           |
| Commerical and General              | 2,800,000           |
| Depreciation                        | <u>2,495,000</u>    |
| Total Operating Expenses            | 9,775,000           |
|                                     |                     |
| <b>Operating Income</b>             | 1,225,000           |
|                                     |                     |
| Non Operating Revenue/(Expense)     |                     |
| Interest Income                     | 200,000             |
| Interest Expense                    | <u>(550,000)</u>    |
| Total Non Operating Income          | (350,000)           |
|                                     |                     |
| Income Before Capital Contributions | 875,000             |
|                                     |                     |
| Capital Contributions               | 500,000             |
|                                     |                     |
| Increase in net position            | <u>\$ 1,375,000</u> |

# Debt Service Ratio

- Bond Covenants:
- KIA: 1.1
- RD: 1.2
- PSC: highest standard
- 1,425,000 Income Before Capital Contributions plus interest
- 1,000,000 Divided by the Highest Annual Principal and Interest
- 1.43

# Depreciation Adjustments

- If the PSC deems the district has not applied rules appropriately, they will make adjustments to deductions taken.
- A reduction in depreciation for the previous example of 200,000 would increase the debt service coverage ratio to 1.63

# NARU Depreciation Lives

- Sources of Supply Plant
  - Structures  
35-40
  - Wells and Springs  
25-35
  - Supply Mains  
50-75
- Pumping Plant
  - Structures  
35-40
  - Equipment  
20
- Water Treatment
  - Structures  
35-40
  - Equipment  
20-35

# NARU Depreciation Lives

- Transmission and Distribution Plant
  - Reservoirs and Tanks  
30-60
  - T&D Mains  
50-75 (62.5)
  - Meters  
35-45
  - Meter Installations  
40-50
  - Hydrants  
40-60
- General Plant
  - Transportation Equipment  
7
  - Power Operated Equipment  
10
  - Communication Equipment  
10

# Meters

- NARUC 35-45 Years
- Meter Testing Guidelines
- Meter Changeout Policy
- Fixed Asset Retirements
  - Assets Retired before being fully depreciated require gain/loss treatment
  - Must request permission before booking gain/loss

# Meter Policies

- Board Adopted Policies
- 10 year meter changeout = 10 year depreciation life
- 15 year meter warranties = 15 year depreciation life
- 20 year meter warranties = 20 year depreciation life
- Justification and Records
- Historical Records

# Capitalization vs Expense

- Does the expenditure extend the useful life of the asset?
- Regular annual maintenance?
- Capitalization Policy adopted by the board
  - Expense anything less than \$5,000 or \$20,000

# Tank Maintenance/Painting

- PSC Case No 2019-00444
  - Amortized over 10-15 years
- PSC Case No 2009-00454
  - Amortized over 10 years
- PSC Case No 1993-00103
  - Amortized over 7 years

# Multiple Services

- Residential Water/Wholesale Water/Sewer
- Allocation of costs
  - Depreciation
  - Interest Expense (Debt Issuance)
  - Rate application is important in each area
- Plan ahead, discussions with auditors, other districts

Questions?



# Alternative Rate Filings an Overview and Practical Tips



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November 4, 2026

# Disclaimer:

The Opinions expressed in this presentation are those of the presenters and not those of their respective employers nor Kentucky Rural Water Association. The contents of this presentation do not constitute legal advice.

## Remember:

The Kentucky Public Service Commission speaks only through its Orders

# Order of Presentation

- First Things First
- Why File an ARF if You Have Not Been Ordered to Do So?
- Get Your Ducks in a Row!
- Common “sticky” Issues
- What if you (or the PSC) discover a problem

# **First Things First**

## **What is an “Alternative Rate Filing?”**

**A particular type of rate adjustment proceeding that:**

- **Is available to utilities having < \$5 Million in Annual Revenues**
- **Requires no attorney unless a hearing is scheduled**
- **Uses the prior calendar year as test-year (Historic)**

# **First Things First**

## **What Happens in an ARF (Alternative Rate Filing)**

**The PSC Staff examines a utility's current revenues, along with its operations and maintenance expenses, and its debt service requirements, makes adjustments for known and measurable changes in expenses or debt service, and calculates a REVENUE REQUIREMENT and NEW RATES.**

# First Things First

## What is Revenue a Requirement?

- The reasonable level of revenue required for a utility to properly operate and maintain its system and meet its financial obligations.
- A revenue requirement provides a basis for determining the amount of revenue to be collected from rates.

The PSC often Orders utilities to file rate cases, but that is **NOT** the only reason to file one.

# Get Those Ducks in A Row!

## *How?*

- **Decide if You Need a Rate Consultant**
- **Secure Services if Needed**
- **Start Gathering Information**



# Rate Consultant Who's That?



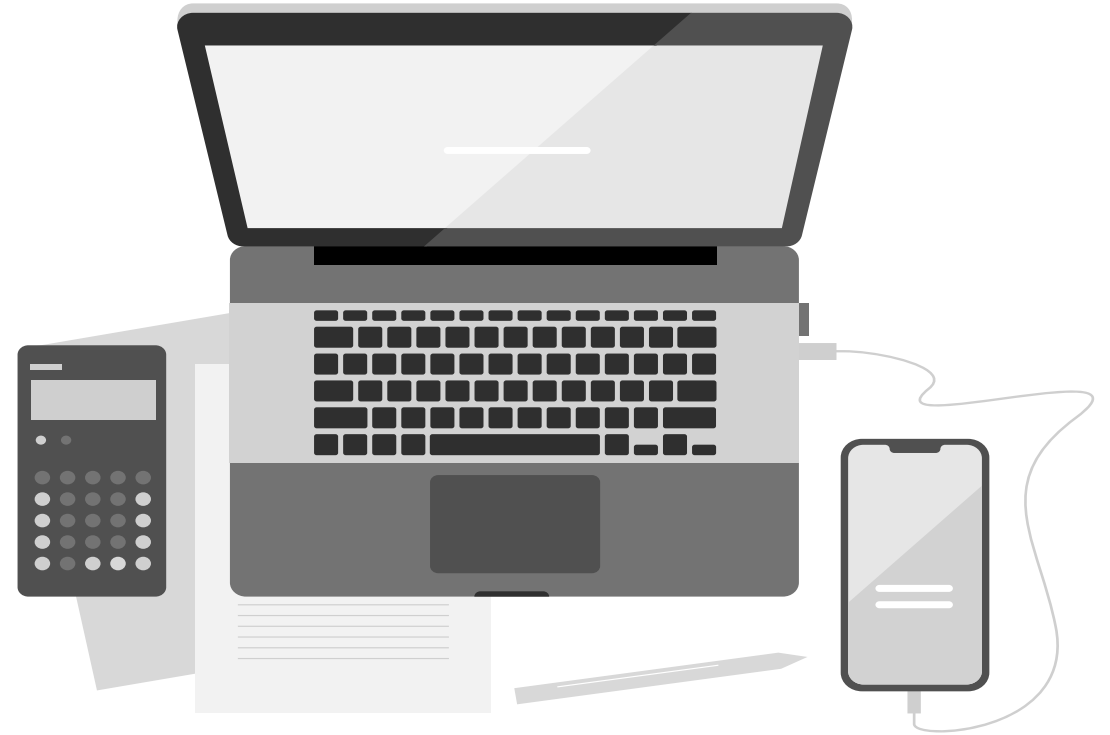
**A Rate Consultant** is a professional with experience in utility rate calculation and accounting procedures.

- **Kentucky Rural Water Association**
- **Engineering Firms**
- **Kentucky Rural Community Assistance Program**

# What Does a Rate Consultant Do?

## Reviews records of:

- Water Sales
- Other income
  - Late fees collected
  - Interest income
  - Tap fees paid
- Interest and principal payments
- Payroll Expenses
- Health Care expenses
- Other operations and maintenance expenses
- Depreciation Expense



# What Does a Rate Consultant Do?

**Rate Consultants** also review a utility's records to identify "Known and Measurable" adjustments that should be made to accurately calculate a utility's revenues and operating expenses, and ultimately, they perform the calculations that produce a Revenue Requirement and distribute it across the rate design.

# Information You & Your Rate Consultant Need to Review



Review your General Ledger for:

- Travel/hotel expenses
- Food and beverage related expenses
- Any expenses due to honorary or remembrance events
- Any amounts paid for clearly non-recoverable items such as donations or scholarships.



# Why Is This Important

**Adjustments can be made before filing**

- Remove clearly non-recoverable items/amounts
- Correctly categorize recoverable expenses
- Enables clear explanation of adjustments

# Notes from Noah

## Invoices:

- Why the PSC asks for them
- What the PSC looks for when reviewing invoices
- What if you misplaced an invoice?

# Information You & Your Rate Consultant Need to Review

Review your 3 most recent audit reports

- “Clean” reports?
- Meet with your auditor to explain anything you do not understand.
- Let your auditor know you have hired a Rate Consultant and will be filing a rate case.



# Information You & Your Rate Consultant Need to Review

- Review all of your debt
  - ☐ Was all debt for a term greater than 2 years approved by the PSC?
  - ☐ Identify the PSC Case Number for all approved debt

# Notes from Noah

## A Word on Revolving two-year debt.



# Information Your Rate Consultant Needs

- Inform your Rate Consultant of any unfilled open positions
- If you believe your utility needs additional employees, share this with your Rate Consultant and explain why

# Information Your Rate Consultant Needs



- Gather the Fiscal Court Orders appointing commissioners
- Gather Commissioner Training records for each commissioner
- Do you have documentation of the Fiscal Court setting commissioner salaries?



# Commissioner Salaries

- The PSC has been denying recovery of the cost of Commissioner Salaries if no evidence that salaries have been approved by the Fiscal Court is filed into the case.
  - Check your records several months before filing the rate case; if you do not have an Order from the Fiscal Court:
    - ❖ Write a letter to County Judge Executive and ask to have the matter of your Commissioner's salaries placed on the agenda for the **next** meeting;
    - ❖ Include a copy of KRS 74.020(6).

# Why not just hire the Rate Consultant and leave them to do it all?

## Records provide data, but not context

- If your records are in proper order the rate consultant will know what was spent, but not **why**.
- The PSC is often interested in why.
- The Rate Consultant does not know your needs or intentions regarding day-to-day operations.

# How's That Billing Analysis Looking?

## A few months prior to filing your rate case:

- Run your “Rate Analysis” report in your billing software, or a Usage by Rate report and a Revenue report
- Review it carefully
  - ☐ Does it provide the information needed to fill out the Billing Analysis for your rate case?

ARF Form 1, Attachment BA-DB

ARF Form 1, Attachment BA-FR





- Conferences / Training
- Electric Generation and Transmission Siting Board
- Utility Forms
- Industry Specific Info
- Maps and GIS Data
- Master Utility Search
- Outage Reporting
- Interest on Deposits

Register Login

Can't find what you're looking for?  
Narrow your search with the [Google search tool](#).

# KY PSC Home

Call 811 before you dig



## Kentucky Power Management Audit

The Kentucky Public Service Commission is seeking proposals for all consulting services required to perform a management and operations audit of Kentucky Power Company.

Interested parties should submit a PDF of your proposal no later than **4:30 PM EDT on October 16, 2026.**

- [RFP cover letter](#)
- [Request for Proposal\(RFP\)](#)

## Interest on Customer Deposits



Calendar year 2026, effective January 1, 2026, shall be:

3.64%

[Comment on a Case](#)

[Current Rate Cases](#)

[To File a Consumer Complaint](#)

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# Utility Forms

[All Utilities](#) [Electric](#) [Natural Gas](#) [Telecom](#) [Water](#) [Sewer](#)

## Forms For All Utilities

- \*New [Facility Locate Agreement FAQ: PDF format](#)🔗📄
- \*New [Facility Locate Agreement Form: PDF format](#)🔗📄
- [Non-Payment Disconnection/Reconnection Report](#)
- \*New [Meeting Request Form: \(Word format\)](#)
- Adoption Notice: [\(PDF format\)](#)🔗📄, [\(Word format\)](#)📄
- [Alternative Rate Filing Forms](#)
  - [ARF Form 1 – Alternative Rate Filing Application](#)🔗📄
  - [ARF Form 3 – Statement of Disclosure](#)🔗📄
  - [ARF Form 1 - Attachment I - Instructions](#)🔗📄
  - [ARF Form 1 - Attachment SR - Reasons for Application](#)🔗📄
  - [ARF Form 1 - Attachment CPR - Current and Proposed Rates](#)🔗📄
  - [ARF Form 1 - Attachment SAO-G - Schedule of Adjusted Operations - Gas Utility](#)🔗📄
  - [ARF Form 1 - Attachment SAO-S - Schedule of Adjusted Operations - Sewer Utility](#)🔗📄
  - [ARF Form 1 - Attachment SAO-W - Schedule of Adjusted Operations - Water Utility](#)🔗📄
  - [ARF Form 1 – Attachment OME-1 - Sewer Operations and Maintenance Expenses](#)🔗📄
  - [ARF Form 1 - Attachment RR-DC - Revenue Requirement Calculation Form - Debt Coverage](#)🔗📄
  - [ARF Form 1 - Attachment RR-OR - Revenue Requirement Calculation Form - Operating Ratio Method](#)🔗📄
  - [ARF Form 1 - Attachment BA-DB - Billing Analysis Form - Declining Block Rates Instructions](#)🔗📄
  - [ARF Form 1 - Attachment BA-FR - Billing Analysis Form - Flat Rates](#)🔗📄
- ▷ [Annual Report Forms](#)
- ▷ [Filing Requirements Check List](#)

Revenue from Present/Proposed Rates  
Test Period from 01-01-XX to 12-31-XX

**USAGE TABLE**  
Usage by Rate Increment

**Class:** Residential

| (1)                      | (2)<br>Bills | (3)<br>Gallons/Mcf | (4)<br>First 2,000 | (5)<br>Next 3,000 | (6)<br>Next 10,000 | (7)<br>Next 25,000 | (8)<br>Over 40,000 | (9)<br>Total |
|--------------------------|--------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------|
| First 2,000 Minimum Bill | 432          | 518,400            | 518,400            |                   |                    |                    |                    | 518,400      |
| Next 3,000 Gallons       | 1,735        | 4,858,000          | 3,470,000          | 1,388,000         |                    |                    |                    | 4,858,000    |
| Next 10,000 Gallons      | 1,830        | 16,268,700         | 3,660,000          | 5,490,000         | 7,118,700          |                    |                    | 16,268,700   |
| Next 25,000 Gallons      | 650          | 15,275,000         | 1,300,000          | 1,950,000         | 6,500,000          | 5,525,000          |                    | 15,275,000   |
| Over 40,000 Gallons      | 153          | 9,975,600          | 306,000            | 459,000           | 1,530,000          | 3,825,000          | 3,855,600          | 9,975,600    |
| Totals                   | 4,800        | 46,895,700         | 9,254,400          | 9,287,000         | 15,148,700         | 9,350,000          | 3,855,600          | 46,895,700   |

**REVENUE TABLE**  
Revenue by Rate Increment

| (1)                      | (2)<br>Bills | (3)<br>Gallons/Mcf | (4)<br>Rates          | (5)<br>Revenue |
|--------------------------|--------------|--------------------|-----------------------|----------------|
| First 2,000 Minimum Bill | 4,800        | 9,254,400          | \$5.00 Minimum Bill   | \$24,000.00    |
| Next 3,000 Gallons       |              | 9,287,000          | \$2.50 per 1,000 Gal. | \$23,217.00    |
| Next 10,000 Gallons      |              | 15,148,700         | \$2.00 per 1,000 Gal. | \$30,297.40    |
| Next 25,000 Gallons      |              | 9,350,000          | \$1.25 per 1,000 Gal. | \$11,687.50    |
| Over 40,000 Gallons      |              | 3,855,600          | \$0.75 per 1,000 Gal. | \$2,891.70     |
| Totals                   | 4,800        | 46,895,700         |                       | \$92,094.10    |

**Instructions for Completing Revenue Table:**

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge.  
Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

# Notes from Noah

**Look for these things in your Financial Documents:**

- 1
- 2
- 3

# Notes for Noah

## Proper Expense Categorization:

- 
- 
- 
-

# Important Things to Remember

- The Rate Consultant is not your adversary, neither is the PSC Staff.
  - ☐ Don't attempt to "hide" things from your Rate Consultant.
  - ☐ Respond promptly to questions or requests from your Rate Consultant.
- You WILL receive Requests for Information from PSC Staff.
  - ☐ Consider designating a utility contact for the Rate Consultant
  - ☐ Management and Chairman should read the Request and review the Response.

# Good Habits Lead to Good Board Meeting Minutes



The time to cultivate good habits is **LONG** before you file a Rate Case. Here are a few good habits to start **TODAY!**

## ▪Board Meeting Minutes:

- ☐ Include reports of positive things
- ☐ State clearly who was in attendance
- ☐ Close attention to recusals
- ☐ State who made and who seconded motions
- ☐ If a vote is not unanimous or if someone abstained, state it clearly.

# Good Habits

## ■ Board Meeting Minutes Cont'd:

- ☐ Don't include the names of customers or employees who are discussed at Board Meetings, but refer to them by address or other generality
- ☐ Do include the name and title of guests making presentations to the Board
- ☐ Don't forget to sign the Minutes once they are approved by the Board at the next meeting.

# A Word on Tariffs

- **Carefully review the Nonrecurring Charges in your tariff**
  - Are you charging a fee for anything that is NOT listed as a Nonrecurring Charge in your tariff?
  - If so, **STOP** Immediately, but use the rate case to request to add the Nonrecurring Charge to your tariff.
  - Put adequate thought and effort into preparing the cost justification sheets for all Nonrecurring Charges

# Good Habits

- Resolutions
- Written Policies
- Avoid related-party transactions
  - ☐ If they can't be avoided, document reasonableness, fairness to the utility, and any benefits
- Consider alternatives to non-recoverable spending



# A Note from Noah

## When Reviewing Board Meeting Minutes the PSC:

- Looks for authorization of hiring
- Decisions concerning salaries
- 
-

# **“Sticky” Issues**

- **Excessive or repeated non-recoverable expenses**
- **Related-party transactions**
  - ☐ Involving Board members
  - ☐ Involving employees
  - ☐ Involving Businesses (Employee/Family Member)
- **Failure to follow tariff**
- **Failure to follow statutes or regulations**
- **Failure to follow Commission Order or previous guidance**

# What If There Is A Problem?

## **“Problems”**

- Hearing Scheduled in an ARF
- Investigation Opened
  - ☐ Unapproved debt
  - ☐ Failure to follow
    - ❖ Tariff
    - ❖ Commission Order

# What to Do If There Is A Problem

- Don't Panic.
- Don't Resign.
- Do **STOP** the behavior or practice that caused the problem.
- Do seek appropriate, professional assistance before taking further action.

# **What to Do If There Is A Problem**

- Be honest and candid in all communication with the PSC.
- Timely file all Responses.
- Follow all Commission Orders and guidance.
- Consider adopting written policies to avoid the problem in the future.

# Questions?

