STOLL KEENON OGDEN PLLC

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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:

ELECTRONIC APPLICATION OF KENTUCKY RURAL WATER ASSOCIATION FOR ACCREDITATION APPROVAL OF COMMISSIONER TRAINING AND CONTINUING EDUCATION CREDIT	**)** **)** **)** **)** **)**	**) CASE NO. 2026-00298)**

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.

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),[1] copies of all orders, pleadings, and other communications related to this proceeding should be directed to:

Damon Talley
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112 North Lincoln Boulevard
PO Box 150
Hodgenville, Kentucky 42748
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damon.talley@skofirm.com

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

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:

[1] 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 9B.

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. No written handouts, PowerPoint slides, or other written materials are planned for either Part 1 or Part 2 of the "Working with the PSC" panel discussion. 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,

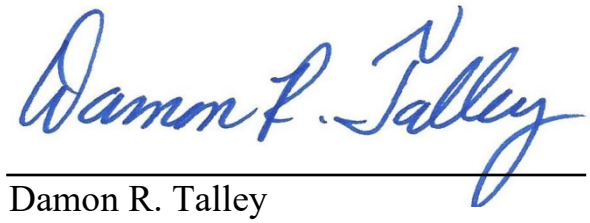


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Counsel for Kentucky Rural Water Association

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.



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

Salon B

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: Vice Chair Mary Pat Regan, Kentucky Public Service Commission; John Lyons, Kentucky Public Service Commission; Derrick Willis, Kentucky Public Service Commission; Noah Abner, Revenue Requirements Branch Manager, Kentucky Public Service Commission; Amanda Lawson, Assistant General Counsel, Kentucky Public Service Commission; Tim Webb, Kentucky Rural Water Association; Russ Rose, General Manager, Oldham County Water District; and 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: Vice Chair Mary Pat Regan, Kentucky Public Service Commission; John Lyons, Kentucky Public Service Commission; Derrick Willis, Kentucky Public Service Commission; Noah Abner, Revenue Requirements Branch Manager, Kentucky Public Service Commission; Amanda Lawson, Assistant General Counsel, Kentucky Public Service Commission; Tim Webb, Kentucky Rural Water Association; Russ Rose, General Manager, Oldham County Water District; and Damon Talley and Tina Frederick, Stoll Keenon Ogden, PLLC

Continuation of Session 9B.

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.



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.

Mary Pat Regan

Kentucky Public Service Commission
Vice Chair

BIOGRAPHY

Mary Pat Regan serves as Vice Chair of the Kentucky Public Service Commission. Appointed in 2022, she previously served as Kentucky's Deputy Secretary for Education and Labor. Her telecommunications leadership experience includes serving as National Vice President for Regulatory Affairs at AT&T;, Kentucky State President of AT&T; Communications, and senior positions with MCI. She has also served in civic and education leadership roles in Louisville and participated in national utility regulatory organizations.

John Lyons

Kentucky Energy and Environment Cabinet
Secretary

BIOGRAPHY

John Lyons serves as Secretary of Kentucky's Energy and Environment Cabinet, a role he assumed in April 2026. He began his public service career with the Kentucky Division of Water in 1989 and has held senior positions including Director of Air Quality, Deputy Executive Director of the Public Service Commission, Deputy Commissioner of the Department for Environmental Protection, and Deputy Secretary of the cabinet. His career spans environmental policy, utility regulation, and statewide public administration.

Derrick Willis

Kentucky Utility Regulatory Matters
Attorney

BIOGRAPHY

Derrick Willis founded and built The Willis Law Office from the ground up. His extensive experience as a prosecutor and criminal defense attorney demonstrates his commitment and expertise in the field of law. His service as a Special Prosecutor across different Judicial Circuits further showcases his versatility and capability to handle a wide range of legal matters.

In addition to his criminal defense work — including jury trials ranging from misdemeanors to capital offenses — Derrick and his team have handled complex family law cases at the trial level and on appeal. Derrick has argued custody matters before the Kentucky Court of Appeals.

Derrick's role as corporate counsel for Grayson Rural Electric Cooperative Corporation and the Olive Hill City Attorney underscores his ability to navigate legal matters of every scale — from the everyday concerns of individuals and families to the demands of corporations and municipalities. No case is too big or too small.

Tim Webb

Kentucky Rural Water Association
ARC – Circuit Rider

BIOGRAPHY

Tim Webb serves as an ARC Circuit Rider with the Kentucky Rural Water Association. In that role, he supports the association's technical assistance efforts for water and wastewater utilities. His work places him in direct contact with the practical needs of Kentucky utility systems, bringing an operational perspective to discussions about the Public Service Commission and utility management. KRWA lists him among its technical assistance staff.

Russ Rose

Oldham County Water District
Chief Executive Officer

BIOGRAPHY

Russell D. Rose is Chief Executive Officer of Oldham County Water District and serves on the Kentucky Rural Water Association Board of Directors. In his leadership role, he is responsible for helping guide a public water utility serving a growing Kentucky community. He brings the perspective of utility executive management to discussions involving regulatory compliance, finances, infrastructure, and the relationship between water districts and the Kentucky Public Service Commission.

Amanda Lawson

Kentucky Public Service Commission
Staff Attorney

BIOGRAPHY

Amanda V. Lawson serves as a Staff Attorney in the Office of General Counsel at the Kentucky Public Service Commission. In that capacity, she works within Kentucky's regulatory framework for public utilities. Public Commission correspondence identifies her as a legal contact on utility proceedings, including requests for information and case-related communications. She brings the Commission staff attorney perspective to discussions about utility filings, compliance, and effective engagement with the PSC.



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.

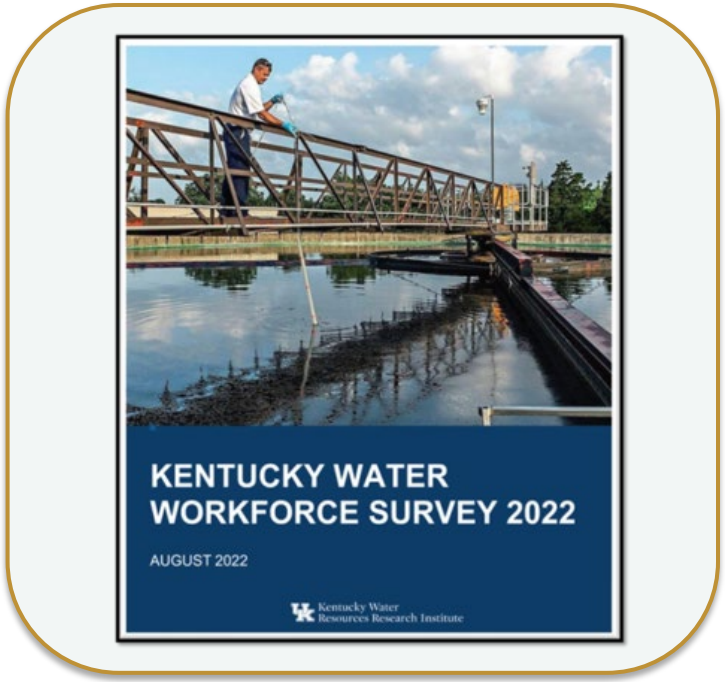
Fair & reasonable rates

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

Entry Level

Hire for potential and aptitude

Skill Milestones

Increase pay as competencies are demonstrated

Certification

Recognize education, training and credential gains

Qualified Operator

Greater responsibility, value and opportunity

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

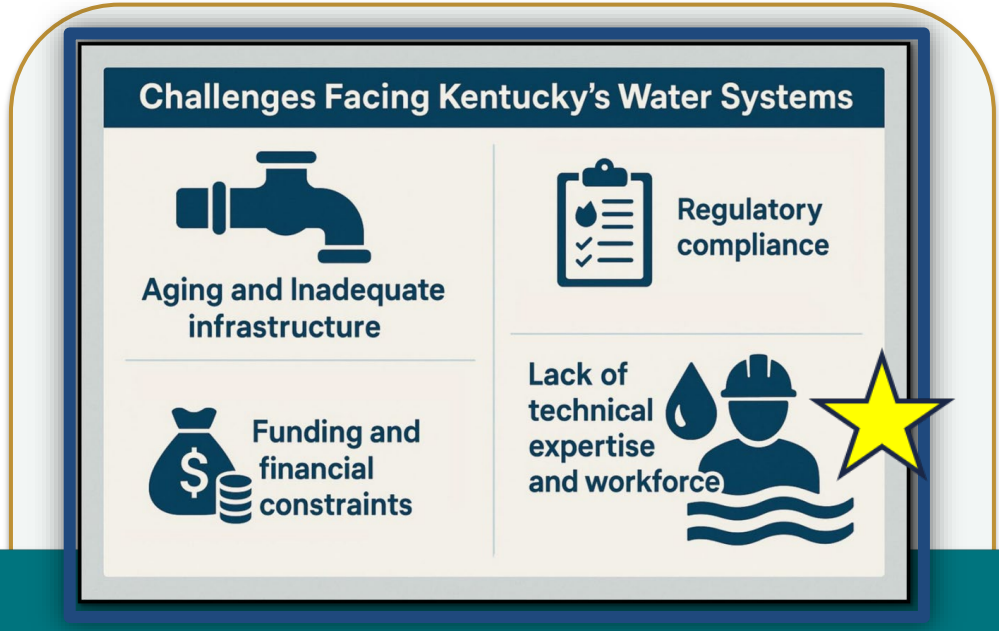
Develop the next generation of technical staff.

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.



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 RURAL WATER ASSOCIATION

APPRENTICESHIP

powered by dot.

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



Water Resource Information System

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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

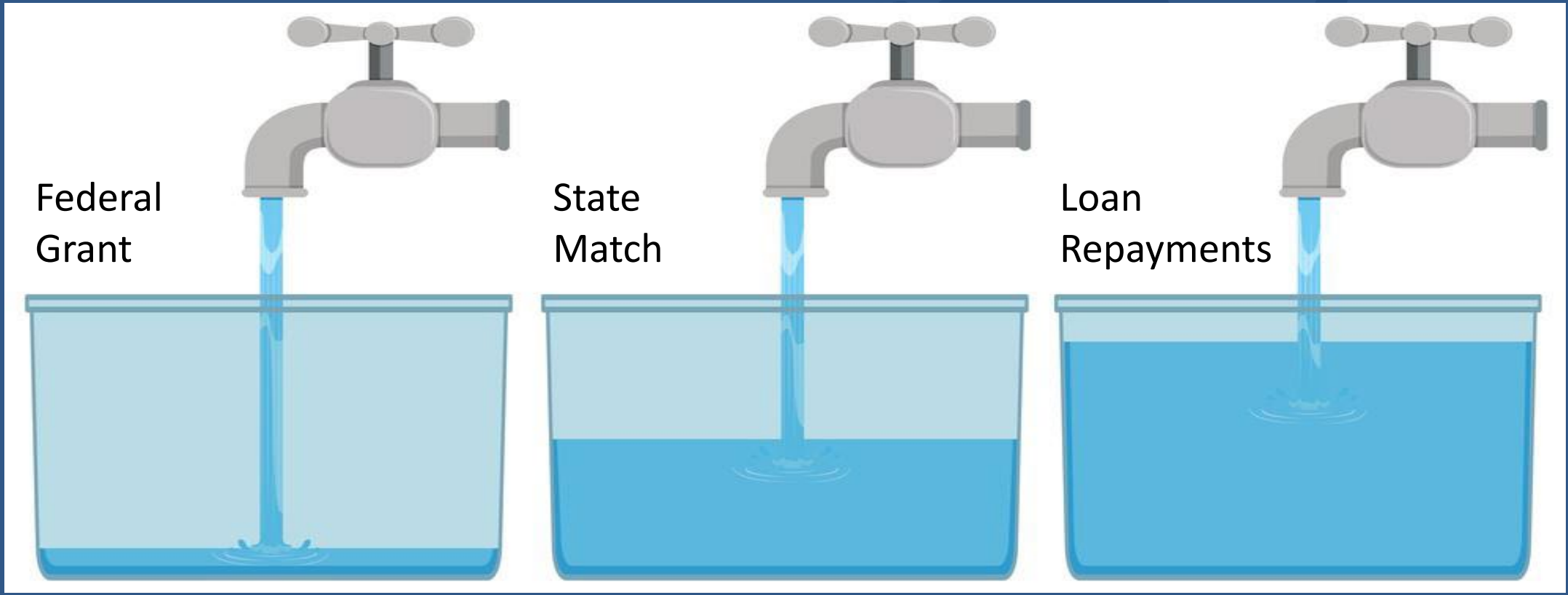
- Created as a pooled loan financing program
- Rates/terms tied to market
- Lower cost of issuance, streamlines financing process
- Potential future application period



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
Total	**589**	**$1,203,894,654**

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



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







Water Resource Information System

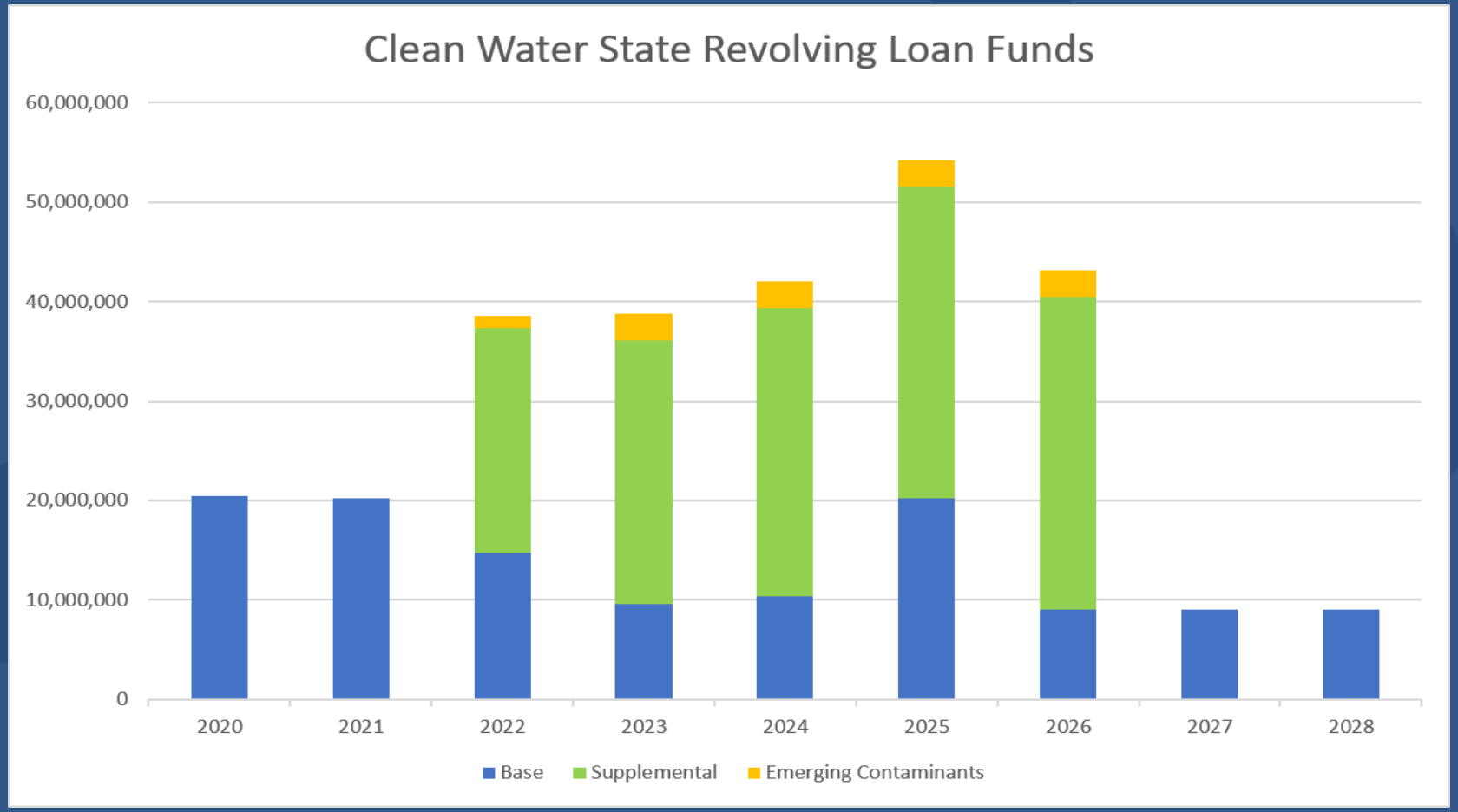
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Available Loan Funds

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
Total	**$227,275,891**

CWSRF Funding Cliff

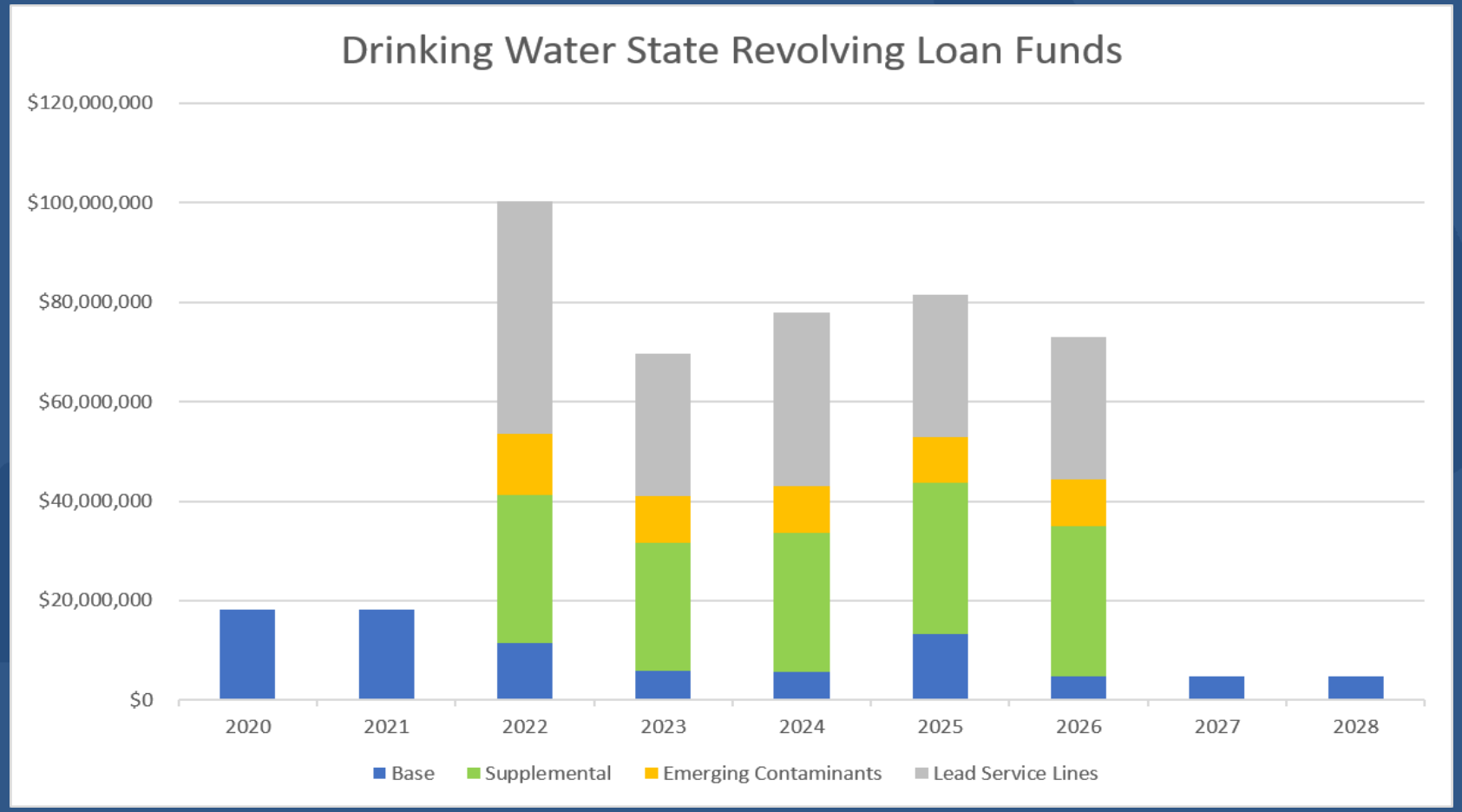


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DWSRF Funding Cliff

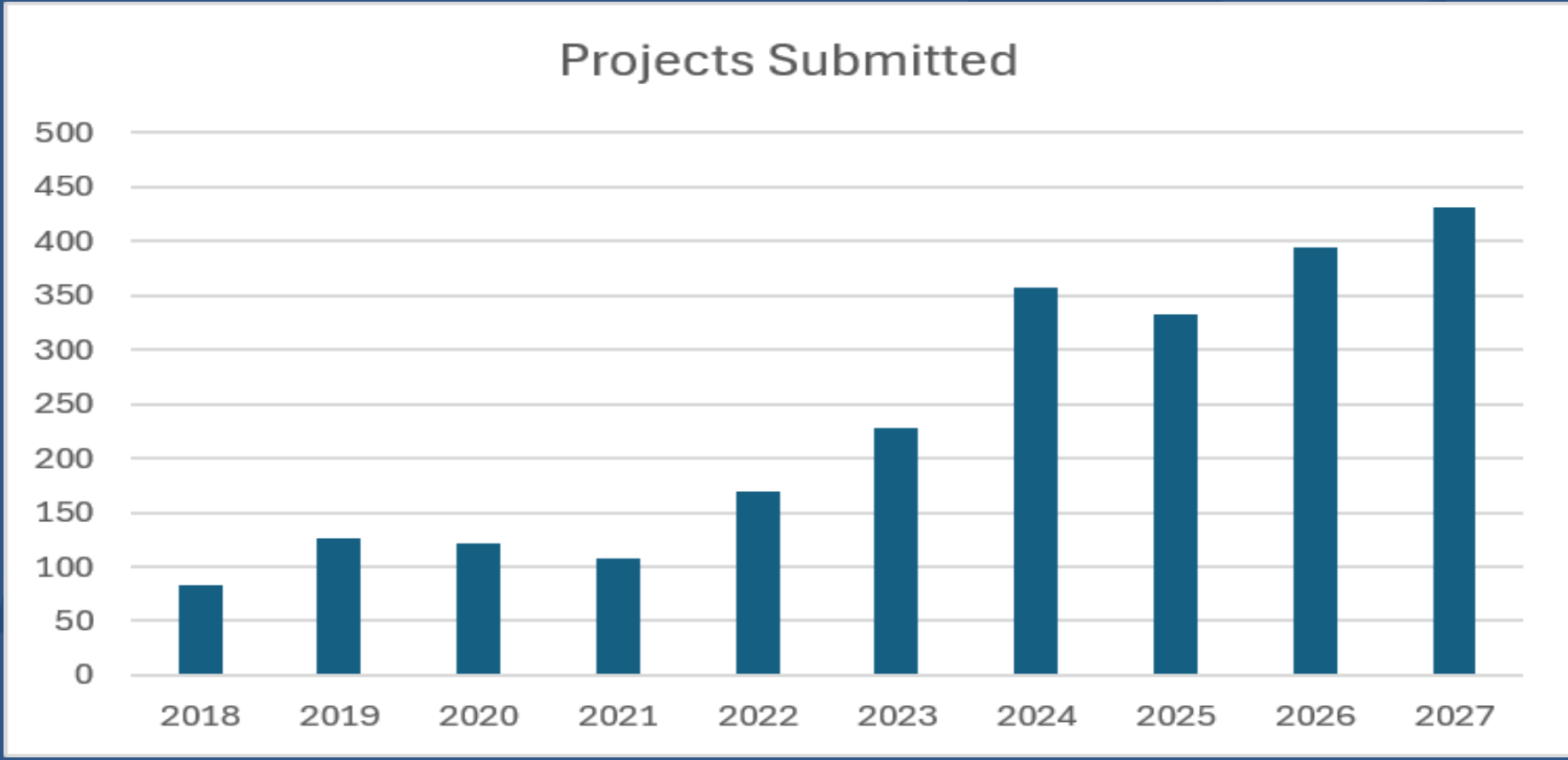


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SRF Program Demand



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



Water Resource Information System

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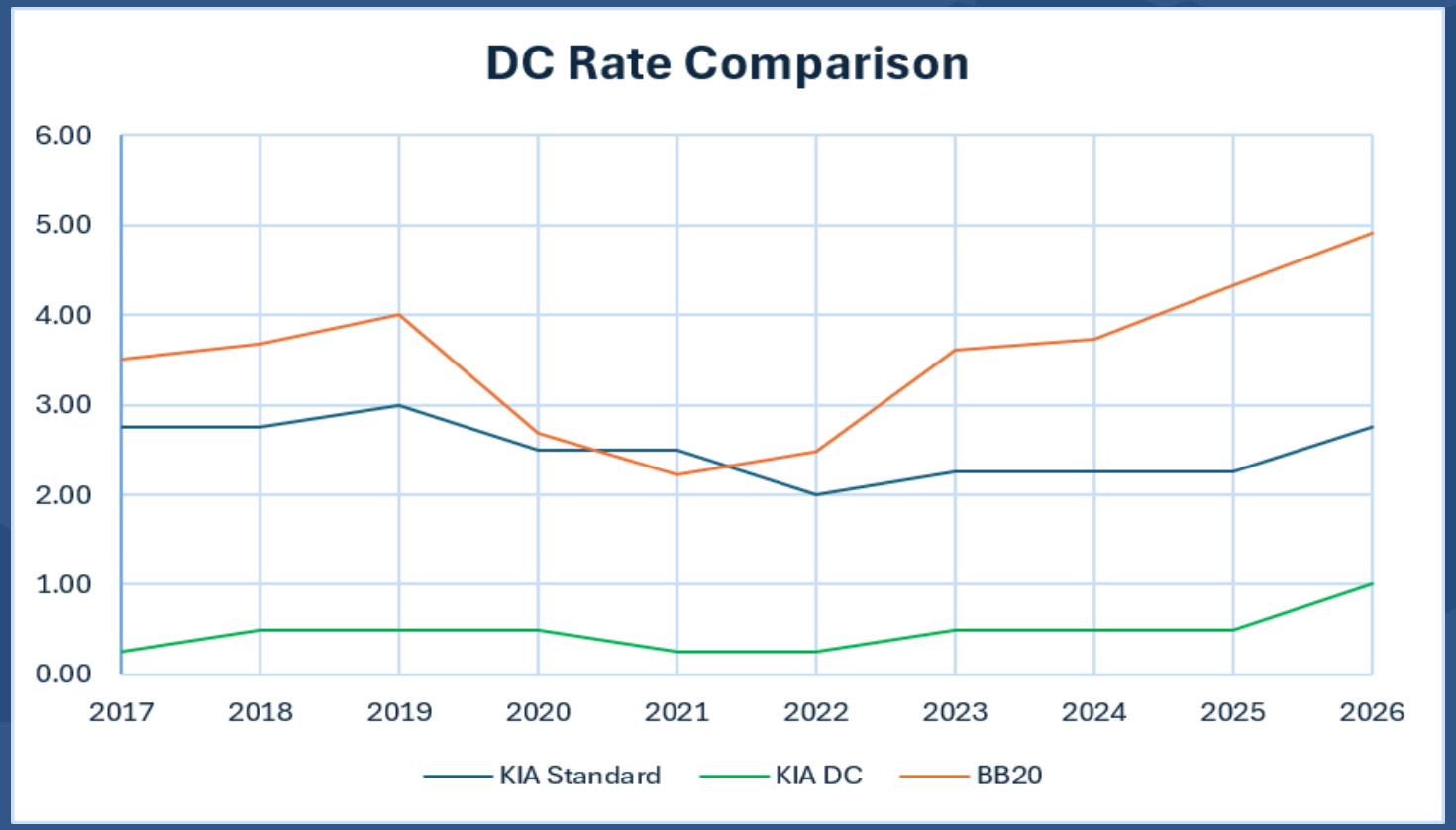
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Current Interest Rates

- 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

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Cleaner Water Program Grants



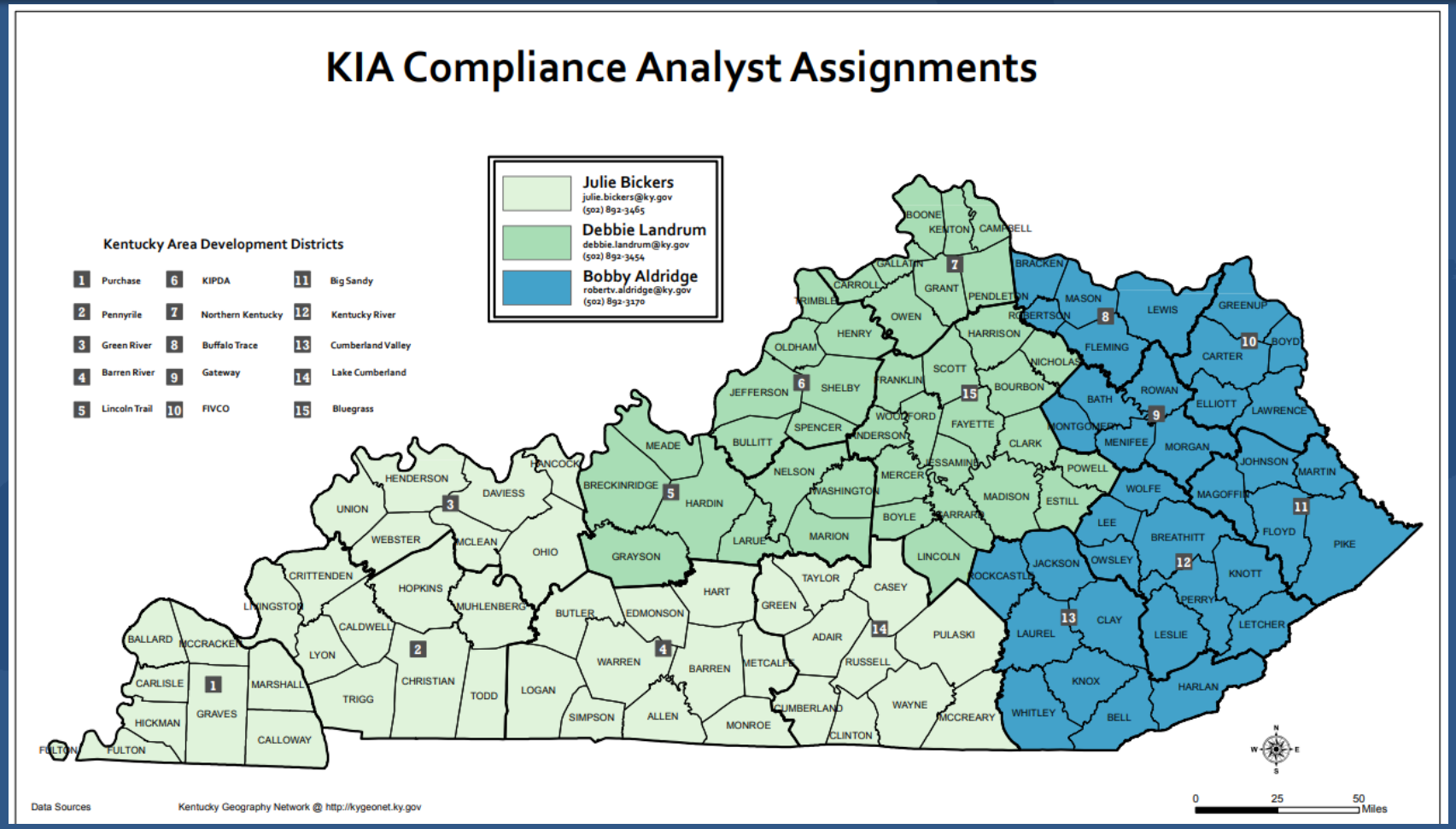
All CWP grant funds MUST be spent by December 31, 2026. If you have a CWP grant question, reach out to your Regional Compliance Coordinator.

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Regional Compliance Coordinators



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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





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Function of Planning Council





Improve Water Service

Unserved & Underserved Areas

Merger & Consolidation



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

Water Resource Information System

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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

502-573-0260

Water Resource Information System

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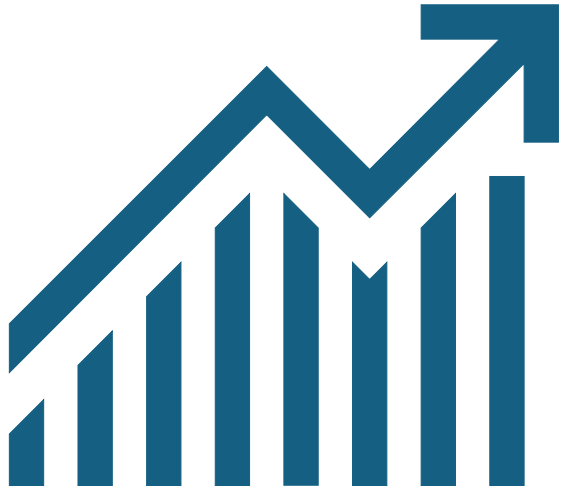
Understanding Audits: Fixed Assets

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 Basis	Beg. Accum. Depreciation	Current Depreciation	Total Depreciation	Net Book Value
TRANS & DIST. MAINS										
28		[redacted] extension	10/16/2003	SL /N/A	62.5000	1,945.00	770.75	31.12	801.87	1,143.13
29		[redacted] extension	10/28/2003	SL /N/A	62.5000	5,077.00	2,007.97	81.23	2,089.20	2,987.80
67		Water Tie extensions	1/1/2004	SL /N/A	62.5000	345,882.00	213,977.89	8,733.79	222,711.68	123,160.32
71		Transmission and Distribution	6/1/2005	SL /N/A	62.5000	168,959.00	81,303.03	2,703.34	84,007.27	104,951.73
78		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	74,944.00	24,194.38	1,199.10	25,393.48	49,550.52
92		Transmission and Distribution	6/1/2008	SL /N/A	62.5000	34,967.00	10,618.30	559.47	11,177.77	23,789.23
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	894,387.00	200,044.54	14,310.19	214,354.73	680,032.27
123		Transmission and Distribution	6/1/2013	SL /N/A	62.5000	35,042.00	7,136.87	560.67	7,697.54	27,344.46
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	40,672.00	5,820.21	649.19	6,466.40	34,043.60
139		[redacted] Bypass relocation	9/11/2017	SL /N/A	62.5000	491,927.00	60,343.03	7,870.93	68,213.96	423,713.14
153		[redacted] NTERCONNECTION	6/1/2019	SL /N/A	62.5000	307,705.70	32,821.93	4,923.29	37,745.22	269,960.48
150		[redacted] Bypass State Relocation	6/30/2019	SL /N/A	62.5000	77,111.20	6,785.79	1,233.78	8,019.57	69,091.63
142		[redacted] er line extensions	12/31/2019	SL /N/A	62.5000	12,874.80	1,080.00	206.00	1,286.00	11,588.80
157		Line Relocate [redacted]	3/16/2020	SL /N/A	62.5000	33,029.00	2,564.22	528.46	3,092.68	29,946.32
158		2020 Line extensions	9/30/2020	SL /N/A	62.5000	16,562.00	1,262.21	296.99	1,559.20	17,002.80
162		[redacted] Connection Tie In	5/10/2021	SL /N/A	62.5000	13,700.00	803.73	219.20	1,022.93	12,677.07
162		2021 Line Extensions	9/1/2021	SL /N/A	62.5000	21,676.26	1,156.07	346.82	1,502.89	20,173.37
164		2022 Line Extentions	7/1/2022	SL /N/A	62.5000	2,660.92	106.43	42.57	149.00	2,511.92
173		Line extensions	9/15/2023	SL /N/A	62.5000	35,621.00	759.92	569.94	1,329.86	34,291.14
179		2024 Line extensions	7/1/2024	SL /N/A	62.5000	21,223.00	189.79	339.57	529.36	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		[redacted] with Northwes	12/1/2025	SL /N/A	62.5000	64,730.53	0.00	86.31	86.31	64,644.22
Subtotal: TRANS & DIST. MAINS						9,862,825.61	4,705,653.56	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						9,862,825.61	4,705,653.56	156,452.84	4,857,109.40	5,005,716.21
TRANSPORTATION EQUIPMENT										
48		1999 Chevy Silverado	7/30/1999	SL /N/A	7.0000	16,785.00	16,785.00	0.00	16,785.00	0.00
47		2000 Chevi 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	38,657.00	38,657.00	0.00	38,657.00	0.00
108		Transportation Equipment	6/1/2010	SL /N/A	7.0000	8,656.00	8,656.00	0.00	8,656.00	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	24,011.32	0.00	400.19	400.19	23,611.13
186		2021 Dodge Ram #103	12/5/2025	SL /N/A	5.0000	24,011.32	0.00	400.19	400.19	23,611.13
Subtotal: TRANSPORTATION EQUIPMENT						172,339.64	124,317.00	800.38	125,117.38	47,222.26
Less dispositions and exchanges:						0.00	0.00	0.00	0.00	0.00
Net for: TRANSPORTATION EQUIPMENT						172,339.64	124,317.00	800.38	125,117.38	47,222.26

Rate Increases

- Establish water rates through operating income
- Debt Service Coverage
  - (Income before capital contributions + interest expense)/ 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 + Interest Expense = 1,425,000

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

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

Tina Frederick
Stoll Keenon Ogden
Tina.frederick@skofirm.com

Noah Abner
Kentucky PSC
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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?

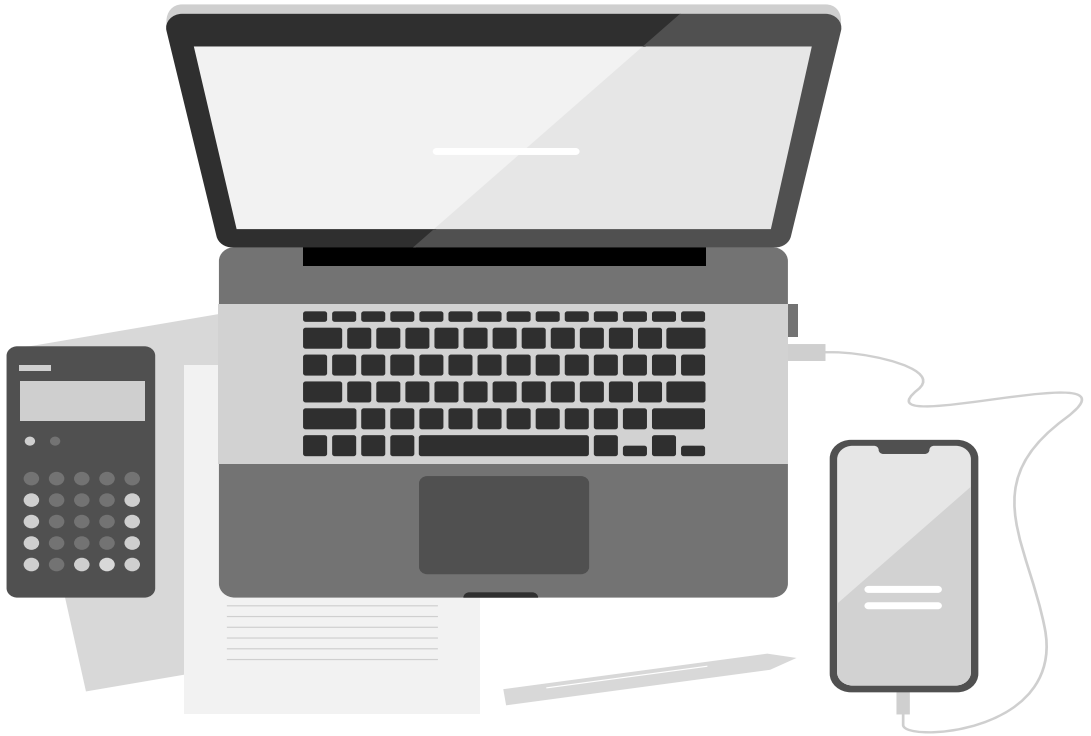
A Rate Consultant is a professional with experience in utility rate calculation and accounting procedures.

- 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



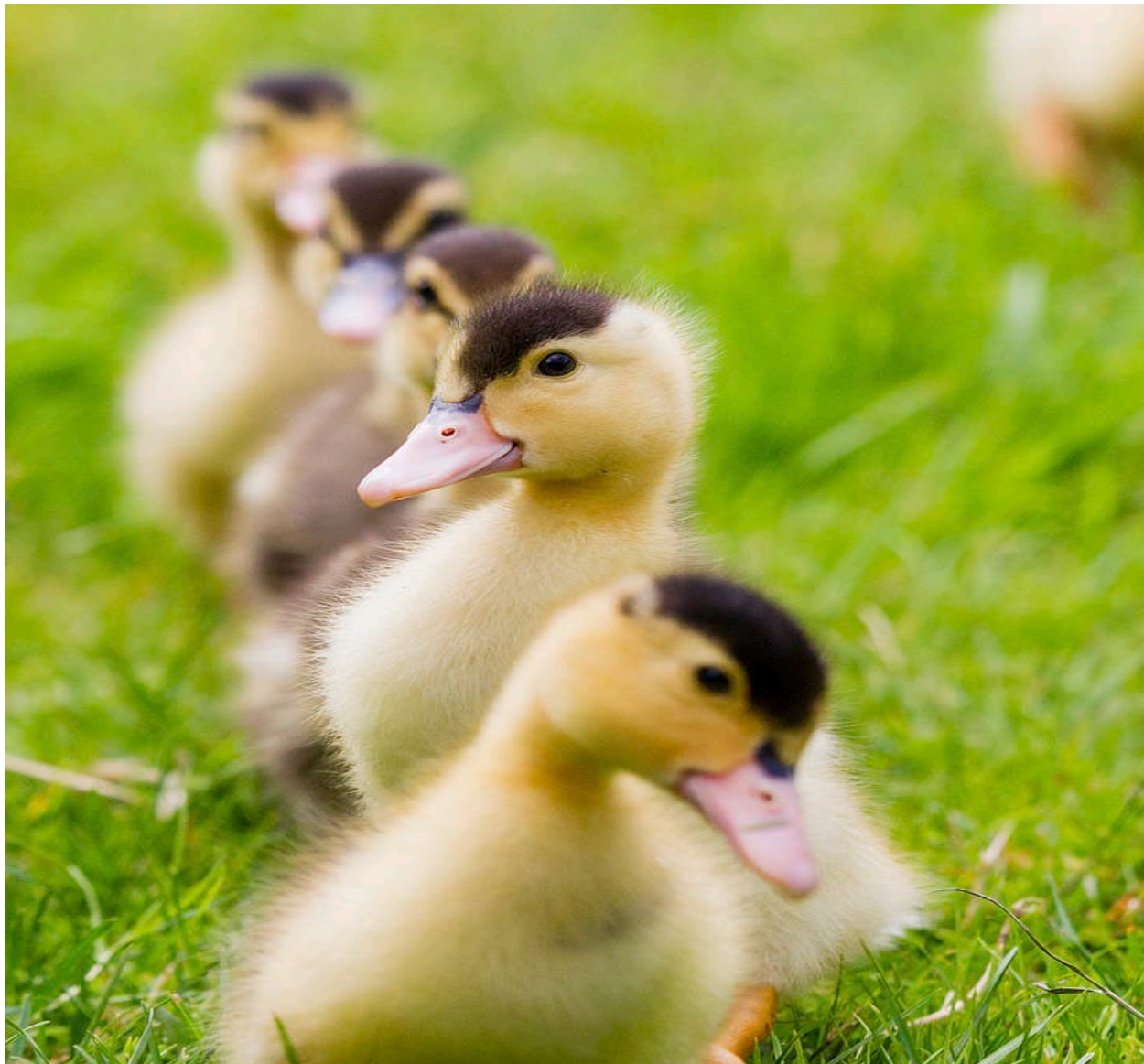
What Does a Rate Consultant Do?

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



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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

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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) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,000	(9) 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) Bills	(3) Gallons/Mcf	(4) Rates	(5) 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.

SAMPLE

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 <u>WILL</u> 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 tarrif.
  - 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

KENTUCKY RURAL WATER ASSOCIATION

Written Materials Statement

No written handouts, PowerPoint slides, or other written materials are planned for either Part 1 or Part 2 of the “Working with the PSC” panel discussion.

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.