

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WESTERN	)	
ROCKCASTLE WATER ASSOCIATION, INC. FOR	)	CASE NO.
A RATE ADJUSTMENT PURSUANT TO 807 KAR	)	2025-00001
5:076	)	

ORDER

On February 3, 2025,<sup>1</sup> Western Rockcastle Water Association, Inc. (Western Rockcastle Water) filed its application with the Commission requesting to adjust its Water rates pursuant to 807 KAR 5:076. Western Rockcastle Water filed this proceeding in compliance with the final Order in Case No. 2023-00334.<sup>2</sup> In that proceeding, Western Rockcastle Water was ordered to file an application by October 31, 2024, for either a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or for an alternative rate adjustment (ARF) pursuant to 807 KAR 5:076 to ensure its revenue is sufficient to support adequate and reliable service. On October 31, 2024, Western Rockcastle Water requested a 45-day extension to submit its application.<sup>3</sup> On December 30, 2024, Western

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<sup>1</sup> Western Rockcastle Water tendered its application on January 25, 2025. By letter dated January 28, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on February 3, 2025.

<sup>2</sup> Case No. 2023-00334, *Electronic Application of Western Rockcastle Water Association, Inc for a Certificate of Public Necessity to Construct a System Improvements Project and an Order Approving a Change in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023* (Ky. PSC Nov. 22, 2023), Order at 9.

<sup>3</sup> Case No. 2023-00334, Post Case Files, Oct. 31, 2024, Request for an Extension of Time to File ARF Application.

Rockcastle Water's request was denied,<sup>4</sup> and Western Rockcastle Water was ordered to file the application immediately.<sup>5</sup>

The Commission finds that a procedural schedule<sup>6</sup> should be established to ensure the orderly review of Western Rockcastle Water's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Western Rockcastle Water shall file on or before the date set forth in the procedural schedule its response to the Commission Staff's request for information, attached to this Order as Appendix B, and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

IT IS THEREFORE ORDERED that:

1. The procedural schedule set forth in Appendix A to this Order shall be followed.
2. On or before the date set forth in the procedural schedule, Western Rockcastle Water shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.
3. Western Rockcastle Water shall respond to any additional requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.

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<sup>4</sup> Case No. 2023-00334, Dec. 30, 2024, Order, ordering paragraph 3.

<sup>5</sup> Case No. 2023-00334, Dec. 30, 2024, Order, ordering paragraph 4.

<sup>6</sup> No action is necessary to suspend the effective date of Western Rockcastle Water's proposed rates for service. Pursuant to 807 KAR 5:076, Section 7(1), an applicant who applies for a rate adjustment pursuant to the procedures set for in 807 KAR 5:076 may not place its proposed rates into effect until the Commission approves those rates or six months from the date of the filing of its application.

4. No later than the date set forth in the procedural schedule, Commission Staff shall file with the Commission and serve upon all parties of record a written report (Commission Staff's Report) containing its recommendations regarding Western Rockcastle Water's requested rate adjustment.

5. No later than 14 days after the date of service of the Commission Staff's Report, each party of record shall file with the Commission:

a. Its written comments on and any objections to the findings and recommendations contained in the Commission Staff's Report; and

b. Any additional evidence for the Commission to consider.

6. If Commission Staff finds that Western Rockcastle Water's financial condition supports a higher rate than Western Rockcastle Water proposes or the assessment of an additional rate or charge not proposed in Western Rockcastle Water's application, Western Rockcastle Water in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should authorize the assessment of the higher rate or the additional rate or charge.

7. If Commission Staff finds that changes should be made to the manner in which Western Rockcastle Water accounts for the depreciation of Western Rockcastle Water's assets, Western Rockcastle Water in its response to the Commission Staff's Report, Western Rockcastle Water shall also state its position in writing on whether the Commission should require Western Rockcastle Water to implement the proposed change for accounting purposes.

8. A party's failure to file written objections to a finding or recommendation contained in the Commission Staff's Report within 14 days after the date of the service of

the Commission Staff's Report shall be deemed a waiver of all objections to that finding or recommendation.

9. If a party requests a hearing or informal conference, then the party shall make the request in its written comments and state the reason a hearing or informal conference is necessary.

10. A party's failure to request a hearing or informal conference in the party's written response shall be deemed a waiver of all rights to a hearing on the application and a request that the case stand submitted for decision.

11. A party's failure to file a written response within 14 days after the date of service of the Commission Staff's Report shall be deemed a waiver of all rights to a hearing on the application.

12. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of the utility consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

13. Any motion to intervene filed after the date established in the procedural schedule attached as an Appendix to this Order shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

14. The Commission directs the parties to the Commission's July 22, 2021, Order in Case No. 2020-00085<sup>7</sup> regarding filings with the Commission.


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<sup>7</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

PUBLIC SERVICE COMMISSION

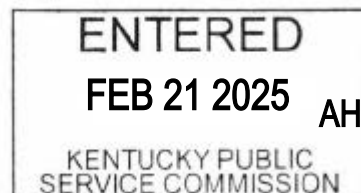
  
\_\_\_\_\_  
Chairman

  
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Commissioner

  
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Commissioner

ATTEST:

  
\_\_\_\_\_  
Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2025-00001 DATED FEB 21 2025

Requests for intervention shall be filed no later than ..... 3/10/2025

All requests for information to Western Rockcastle Water  
shall be filed no later than ..... 3/24/2025

Western Rockcastle Water shall file responses to requests  
for information no later than ..... 4/07/2025

All supplemental requests for information to  
Western Rockcastle Water shall be filed no later than..... 4/21/2025

Western Rockcastle Water shall file responses to supplemental  
requests for information no later than ..... 5/05/2025

Commission Staff's Report shall be filed no later than..... 6/16/2025

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00001 DATED FEB 21 2025

#### COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO WESTERN ROCKCASTLE WATER ASSOCIATION

Western Rockcastle Water Association, Inc. (Western Rockcastle Water), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on April 7, 2025. The Commission directs Western Rockcastle Water to the Commission's July 22, 2021, Order in Case No. 2020-00085<sup>8</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

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<sup>8</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).



Western Rockcastle Water shall make timely amendment to any prior response if Western Rockcastle Water obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Western Rockcastle Water fails or refuses to furnish all or part of the requested information, Western Rockcastle Water shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Western Rockcastle Water shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected. Employee names should be redacted from all documents.

a. The general ledger in Excel spreadsheet format with all transactions for each of the years ended December 31, 2023, and December 31, 2024.

b. The trial balance in Excel spreadsheet format for the years ended December 31, 2023, and December 31, 2024.

c. Provide a cross reference that matches each test year general ledger account to each revenue and expense line that is reported in the Schedule of Adjusted Operations (SAO) and reconcile each amount that does not match.

2. Provide the following information related to billing software:

a. Brand or common name for software.

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

c. If locally installed, state the installation date.

d. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

3. Refer to the SAO, Revenue Requirements Calculation, SAO Adjustment References. Provide all schedules used to support each proposed adjustment in Excel format with all formulas, rows, and columns fully accessible and unprotected. Component details of a schedule should tie to the general ledger accounts that comprise the SAO line item including any adjustment for unreconciled amounts.

4. Refer to the Application, Attachment 4, 4\_SAO\_With Attachments.pdf, Schedule of Adjusted Operations. Also refer to the SAO Adjustment References. Several discrepancies in amounts and reference letters were noted between the Schedule of Adjusted Operations and the Adjustment References. Resubmit Attachment 4, the SAO and References, and ensure that each adjustment amount listed in the SAO is also described in the References and that the amounts match.

5. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that lists each position (Position 1, Position

2, etc.) job titles, hours worked, pay rates, total wages paid, and total FICA cost for each employee for the years ended December 31, 2023, and 2024. Overtime hours worked and paid at rates other than the straight time pay rate should be separated from on call hours paid. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant. The table should include a column for total wages by employee (regular wages and overtime) and a row for total wages for all employees. Employee names should be redacted from all documents.

a. Provide calculations by employee that support pro forma wages of \$392,316. This may be provided as a separate table or combined with the table above. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant.

b. Provide a summary of overtime hours worked and cost that were due to vacant positions and thus will be eliminated when the vacant positions are filled.

6. Refer to the Application, Attachment 4, 4\_SAO\_With Attachments.pdf, Schedule of Adjusted Operations (SAO). Also refer to the SAO Adjustment References. Reference B state that Western Rockcastle paid employees \$3,000 in Bonuses. Provide an explanation for how the bonus are determined, the qualifications for eligibility, and documentation of Board of Commissioners (Board) authorization.

7. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the calendar year 2023. Supplemental coverage for which

the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

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

b. Provide a copy of one invoice for 2025 for each employee benefit described above.

c. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. If health insurance is provided designate the coverage type (i.e., single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.

8. Provide certificates of insurance and the most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2023, and 2024.

9. Refer to the Application, Attachment 4, 4\_SAO\_With Attachments.pdf, Schedule of Adjusted Operations. Provide a breakdown of the different components that are included in Insurance – Vehicles.

10. Provide the gallons of water purchased and cost, by month for the entire year, for each supplier for 2023 and 2024.

a. Reconcile reported gallons purchased in the test year annual report water statistics and the purchased water expense reported in the test year.

11. Provide the current cost for purchased water for each supplier.

12. Provide the minutes from Western Rockcastle Water's Board meetings for the calendar years 2023, 2024, and 2025. Consider this a continuing request through the date of issuance of Commission Staff's Report.

a. Designate each action that authorizes hiring.

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

13. Provide a document listing the name of each member of the Board for each of the calendar years 2023, 2024, and 2025 and state, individually, the total amount of each benefit paid to, or on the behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.), their term (beginning and ending), and current authorized annual compensation.

a. Provide documentation from the Fiscal Court that authorizes each member of the Board appointment and compensation.

b. Provide training records for each member of the Board for 2022, 2023, and 2024 or a statement that the individual has not attended training.

14. Provide the following with respect to new tap installations.

a. Number of installations during the test year.

b. State whether labor costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

15. State whether material costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization. Refer to Western Rockcastle Water's Tariff, PSC Ky. No. 98-615, Original Sheet No. 4, Rules and Regulations.

a. Provide the date that Western Rockcastle Water's billing cycle begins (meter read date).

b. State whether the date that the billing cycle begins is the date that would be best stated as the effective date of any order the Commission issues concerning rates in this case.

16. State the last time Western Rockcastle Water performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

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

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

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

d. Provide a copy of the most recent COSS that has been performed for Western Rockcastle Water's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

17. Refer to the Application, Current Billing Analysis 2023 Usage and Existing Rates and Proposed Billing Analysis 2023 Usage and Proposed Rates.

a. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Describe adjustments to the billing analysis and their justification.

c. Provide an analysis of the proposed pro forma adjustment to metered revenues.

18. Refer to the Application, Schedule of Adjusted Operations, provide an itemization of the Other Water Revenues, stated as \$114,496 and state whether each item is a recurring revenue item.

19. Refer to the Application, Attachment 4, 4\_SAO\_With Attachments.pdf, Schedule of Adjusted Operations (SAO). In the SAO Western Rockcastle Water reported no late fee revenues, confirm Western Rockcastle water does not charge late fees.

a. If unable to confirm, provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2023 and 2024.

b. If confirmed, refer to Western Rockcastle Water's current tariff, sheet 3, Special Non-Recurring Charges, Late Payment Penalty. The current tariff states Western Rockcastle Water charges a 10 percent late penalty. Explain why Western Rockcastle Water would not follow its current Tariff.

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

21. Provide updated cost justification sheets to support each nonrecurring charge listed in Western Rockcastle Water's tariff.

22. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Western Rockcastle Water's tariff.

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