

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BATH COUNTY)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2025-00132
PURSUANT TO 807 KAR 5:076)	

ORDER

On May 5, 2025,¹ Bath County Water District (Bath District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Bath District filed this application in compliance with the final Order in Case No. 2024-00177.² In that proceeding, Bath District was ordered to file an application by June 30, 2025, 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.

The Commission finds that a procedural schedule³ should be established to ensure the orderly review of Bath District's application. The procedural schedule is attached as Appendix A to this Order.

¹ Bath District tendered its application on May 5, 2025. By letter dated May 7, 2025, the Commission found no filing deficiencies, and the application is deemed filed on May 5, 2025.

² Case No. 2024-00177, *Electronic Purchased Water Adjustment Filing of Bath County Water District* (Ky. PSC July 10, 2024), Order at 5, ordering paragraph 5.

³ No action is necessary to suspend the effective date of Bath District'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.

In addition, Bath District should file on or before the date set forth in the procedural schedule its responses to the Commission Staff's request for information, attached to this Order as Appendix B, and should 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, Bath District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.

3. Bath District shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.

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 Bath District'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 contained in the Commission Staff's Report; and

b. Any additional evidence for the Commission to consider.

6. If Commission Staff recommends that Bath District's financial condition supports a higher rate than Bath District proposes or the assessment of an additional rate

or charge not proposed in Bath District's application, Bath District 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 recommends that changes should be made to the manner in which Bath District accounts for the depreciation of Bath District's assets, Bath District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Bath District to implement the proposed change for accounting purposes.

8. A party's failure to file written objections to a recommendation contained in the Commission Staff's Report within 14 days after the date of the filing of the Commission Staff's Report shall be deemed a waiver of all objections to that finding.

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 Appendix A 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. 2020-00085⁴ regarding filings with the Commission.

⁴ 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

Vice Chairman



Commissioner

ATTEST:



Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00132 DATED MAY 16 2025

Requests for intervention shall be filed no later than 05/29/2025

All Intervenor requests for information to Bath District
shall be filed no later than 06/10/2025

Bath District shall file responses to requests
for information no later than 06/24/2025

All supplemental requests for information to
Bath District shall be filed no later than 07/18/2025

Bath District shall file responses to supplemental
requests for information no later than 08/01/2025

Commission Staff's Report shall be filed no later than..... 09/16/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00132 DATED MAY 16 2025

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO BATH COUNTY WATER DISTRICT

Bath County Water District (Bath District), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on June 24, 2025. The Commission directs Bath District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ 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.

Bath District shall make timely amendment to any prior response if Bath District obtains information that indicates the response was incorrect or incomplete when made

¹ 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).

or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Bath District fails or refuses to furnish all or part of the requested information, Bath District 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, Bath District 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 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 the year ended December 31, 2024, and year to date April 30, 2025.

- b. The trial balance in Excel spreadsheet format for each of the year ended December 31, 2024, and year to date April 30, 2025.

- c. Refer to Application, Schedule of Adjusted Operations (SAO). Provide a cross reference that matches each test year general ledger account to each

revenue and expense line reported in the SAO and reconcile each amount that does not match.

2. State whether Bath District uses an integrated software program for billing and its general ledger. If not, provide the following information related to each of the billing software and the general ledger software Bath District used during the test period:

- a. Brand or common name for each software.
- b. State whether each 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 for each software.
- d. State whether each system is still serviced by the manufacturer and whether the utility maintains a service contract.

3. Refer to the Application, SAO, Revenue Requirements Calculations, SAO Adjustments References. Provide all schedules used to support each proposed adjustment in Excel format. Component details of schedules should tie to the general ledger accounts that comprise the SAO line items, including any adjustments for unreconciled amounts.

4. Refer to the Application, SAO, Adjustment M. Provide the following information regarding the proposed rate case amortization expense.

- a. State whether the estimated cost for this case is a fixed amount or indicate whether the quoted amount may increase or decrease.
- b. Provide a copy of the quote for the preparation of the rate case.
- c. Confirm that the anticipated rate case expense will be paid by Bath District and not paid by a third party, i.e. grant funding. If not confirmed, provide the

source of funding, describe the agreement or arraignment facilitating the third-party funding and provide any preliminary and final written agreements reflecting the third-party funding.

5. Provide certificates of insurance and most recent invoices for general liability, automobile, property, and casualty for 2024 and 2025.

6. Refer to Application, Exhibit 3, Wage Table on page 6. Confirm the wages provided in the table are the amounts approved by the Board of Commissioner's in their April 28, 2025 minutes.

7. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the calendar year 2024. 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 an invoice for 2024 and 2025 for each employee benefit described above.

b. State whether there were significant changes to any benefit coverage described above subsequent to the test period.

8. Refer to Application, Exhibit 3, Benefit Table on page 10. For each position listed in the table, provide the current employer contribution to health insurance premiums, by class of benefits.

9. Provide the minutes from the Bath District Board of Commissioners' meetings for the calendar years 2023, 2024, and year to date 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.

10. Provide a document that lists the name of each commissioner 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 commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.) their term (beginning and ending), and current annual compensation.

a. Provide documentation from the Fiscal Court minutes that authorize each commissioner's appointment and compensation.

b. Provide training records for each commissioner for 2023, 2024, and 2025 or a statement that the individual has not attended training.

11. Refer to Application, Exhibit 3, Reference D at page 5 and Reference K at page 15. Reference D reported \$9,873 in capitalization for wages for field staff during the test year. Reference K reported \$17,962 in "Services" capitalized during the test year for tap fees.

a. Confirm the two amounts are both attempting to capitalize the wage portion of tap fee expenses.

b. If not confirmed, explain what each amount represents.

c. If confirmed, provide an explanation for the difference between the two amounts.

12. Refer to Application, Exhibit 3, Reference K at 15 and Bath District's audited financial statements for the year ended December 31, 2024, Statement of Revenues, Expenses and Changes in Net Position at 5. Reference K reported \$89,030 in tap fees

during the test year. Bath District's 2024 audited financial statements reported \$805,924 in tap fee non-operating revenues. Provide an explanation of difference between the two amounts.

13. Refer to Bath District's Tariff, PSC Ky. No. 1, Original Sheets No. 12 and 13, Rules and Regulations, Billings, Meter Readings, and Related Information.

a. Provide the date Bath District'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.

14. State the last time Bath District performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Bath District considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Bath District'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 Bath District's system, explain when Bath District anticipates completing a new COSS.

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

15. Refer to the Application, Exhibit 4, Billing Analysis. Provide a detailed list of the billing adjustments totaling \$11,415.

16. Refer to the Application, SAO. Provide an itemization of Misc. Services Revenues of \$21,933 and state whether each component will recur.

17. Provide the number of occurrences and dollar amounts for late fees recorded during the calendar year of 2024.

18. Provide a schedule of listing the number of occurrences for each nonrecurring charge 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.

19. Provide updated cost justification sheets to support each nonrecurring charge listed in Bath District's tariff.

20. Provide updated cost justification sheets to support each Meter Connections/Tap-on charge listed in Bath District's tariff.

21. Refer to Application, Revenue Requirement Calculation at 32. Provide an explanation for the Interest on Customer Deposits in the amount \$5,188. Also include any calculations used to reach that amount, if applicable.

22. Refer to Application, Revenue Requirement Calculation, at 32. Provide an explanation for the Revenue from Sewer Billing Service in the amount \$22,651. Also state whether the amount is expected to recur.

23. Refer to Application, Exhibit 3 Reference P at 31.

- a. State the brand and model of the 786 water meters installed in 2024.
- b. Provide an explanation for the proposed ten-year service life for the water meters. Include in this explanation, any engineering reports, testing reports, or

technical specifications that support the proposed ten-year service life for each water meter model and brand.

24. Refer to Application, Exhibit 3, Reference J at 26, that discusses Audit Adjustment No. 11. Bath District stated that the \$85,282 audit adjustment incorrectly removed expenses, to account for the change in December 31, 2024 inventory, from materials and supplies when the adjustment should have been recorded against Construction Work in Progress. Commission Staff notes that the 2024 audited financial dates were signed by the auditor on April 30, 2025, and the application was filed on May 5, 2025.

a. Provide a statement from the auditor that concurs the amount was misclassified.

b. If the auditor concurs, provide a statement from the auditor that states if they will restate beginning retained earnings in the audited financial statements for the year ending December 31, 2025.

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