

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF FARMDALE |) | CASE NO. |
| WATER DISTRICT FOR A RATE ADJUSTMENT |) | 2025-00192 |
| PURSUANT TO 807 KAR 5:076 |) | |

ORDER

On June 17, 2025,¹ Farmdale Water District (Farmdale District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Farmdale District filed this proceeding in compliance with the final Order in Case No. 2022-00347.² In that proceeding, Farmdale District was ordered to file an application by August 31, 2025, 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 Farmdale District's application. The procedural schedule is attached as Appendix A to this Order.

¹ Farmdale District tendered its application on June 16, 2025. By letter dated June 17, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on June 17, 2025.

² See Case No. 2022-00347 *Electronic Alleged Failure of Farmdale Water District, and Its Individual Commissioners Scottie Woolridge, Jon Dailey, and Eddie Harrod to Comply with KRS 278.030, 807 KAR 5:006, Section 4(4), 807 KAR 5:006, Section 26 And 807 KAR 5:066* (Ky. PSC Sept. 4, 2024), Order at 20.

³ No action is necessary to suspend the effective date of Farmdale 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, Farmdale District shall 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 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, Farmdale District shall file its responses to the Commission Staff's Request for Information, attached to this Order as Appendix B.
3. Farmdale 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 Farmdale 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 Farmdale District's financial condition supports a higher rate than Farmdale District proposes or the assessment of an additional rate or charge not proposed in Farmdale District's application, Farmdale 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 Farmdale District accounts for the depreciation of Farmdale District's assets, Farmdale District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Farmdale 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.

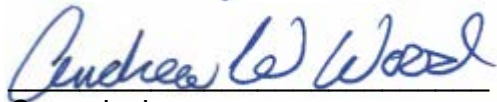
13. Any motion to intervene filed after the date established in the procedural schedule attached as Appendix A to this Order shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

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


Commissioner


Commissioner

ATTEST:


Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00192 DATED JUL 10 2025

Requests for intervention shall be filed no later than 07/21/2025

All requests for information to Farmdale District
shall be filed no later than 07/30/2025

Farmdale District shall file responses to requests
for information no later than 08/20/2025

All supplemental requests for information to
Farmdale District shall be filed no later than 09/10/2025

Farmdale District shall file responses to supplemental
requests for information no later than 09/24/2025

Commission Staff's Report shall be filed no later than..... 11/05/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00192 DATED JUL 10 2025

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO FARMDALE WATER DISTRICT

Farmdale Water District (Farmdale 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 August 20, 2025. The Commission directs Farmdale 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.

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

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).

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

For any request to which Farmdale District fails or refuses to furnish all or part of the requested information, Farmdale 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, Farmdale 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 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, 2024, and year-to-date 2025.
 - b. The trial balance in Excel spreadsheet format for the years ended December 31, 2024, and year-to-date 2025.
 - 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. State whether Farmdale District currently 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 Farmdale District is currently using:

- 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 Deficiency Letter Response, Adjustment References. Provide all schedules used to support each proposed adjustment in Excel format. Component details of a schedules should tie to the general ledger accounts that comprise the test year SAO line item including any adjustment for unreconciled amounts.

4. Refer to the Deficiency Response, References, Adjustment O. Provide the following information regarding the proposed rate case amortization expense.

- a. State whether the estimated rate case expense 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 Farmdale 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.

d. Explain why Farmdale District used a five-year average to calculate debt service expense while using a three-year average for rate case expense. Provide justification for the differing methodologies, particularly given that the average debt service on both rural development (RD) loans appears relatively stable.

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, any bonus payments, total wages paid, and total FICA cost for each employee for the year ended December 31, 2024, and year-to-date 2025. Overtime hours worked and paid at rates greater 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 \$386,936. 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. State the planned number of employees separated between full time and part time that make up the pro forma wage amount of \$386,936.

c. State whether yearly hours for full time employees is 1950 hours (37.5 weekly) or 2080 hours (40 weekly).

d. For any part-time employees, state how many weekly hours the part-time is expected to work.

e. 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.

f. For any bonuses provide written personnel policies including a description of the measurement determinates.

g. Distribute the increase of \$152,735 in pro forma labor costs in the following format.

| Description | Amount | Percent |
|---|-----------|---------|
| Gross Test Year Wages | \$243,031 | |
| Charged to Tap Fees/Capitalized () | (8,830) | |
| Reported Test Year Wages | 234,201 | |
| Wage Rate Inflation | | 0.00% |
| Merit/Promotional Increases | | 0.00% |
| Postions Added Since Beginning of Test Year | | 0.00% |
| Turnover During Test Year | | 0.00% |
| Pro Forma Wages | \$386,936 | |

6. Refer to Deficiency Letter Response, Adjustment References, Adjustment E. State whether each change in personnel was the creation of a new position or the filling of vacancy. For each new position, provide a description of the job duties of the position.

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 one invoice for 2024 for each employee benefit described above.

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

c. Provide a copy of the most recent invoice for each employee benefit described above.

d. 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 most recent invoices for general liability, workers' compensation, automobile, property, and casualty, and any other coverage for 2024, and 2025.

9. Purchased Water for 2024:

a. Provide gallons purchased, total cost, and average unit cost by month for each supplier and in total for all suppliers.

b. Reconcile reported gallons purchased in the 2024 annual report water statistics and the statistics reported in Item 9(a).

10. Provide the minutes from Farmdale District's Board of Commissioner's meetings for the calendar years 2023, 2024, and 2025 to date. 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.

11. Provide a document listing the name of each Commissioner for each of the calendar years 2024 and 2025, their term (beginning and ending), and current authorized annual compensation.

- a. 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.) for each commissioner for each year.
- b. Provide documentation from the Fiscal Court that authorizes each commissioner's appointment and compensation.
- c. Provide training records for each commissioner for 2023, 2024, and 2025 or a statement that the individual has not attended training.

12. 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.
- c. 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.

13. Refer to Farmdale District's Tariff, PSC Ky. No. 2, Original Sheet No. 12, Rules and Regulations, Billing, Meter Readings and Related Information, Frequency of meter reading.

a. Provide the date that Farmdale 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 Farmdale District's performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

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

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

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

15 Refer to the Application, Current Billing Analysis 2024 Usage and Existing Rates and Proposed Billing Analysis 2024 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.

16 Refer to the Application, Schedule of Adjusted Operations, provide an itemization of the pro forma Miscellaneous Revenues, stated as \$65,088 and state whether each item is a recurring revenue.

17 Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2023 and 2024.

18 Provide a schedule listing the number of occurrences for each nonrecurring charge that were 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 Farmdale District's tariff.

20 Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Farmdale District's tariff.

21 Refer to Deficiency Letter Response, Adjustment References, Adjustment N. Provide "Table B" showing annual debt service payments as listed in the explanation.

22 Refer to Farmdale District's 2020-2024 annual reports, Contractual Services – Legal (633). The chart below shows the annual expense reported in the account found on page 50 of Farmdale District's annual reports.

a. Provide an explanation for why the 2024 amount is higher than the average for the other years.

b. Explain why this amount is representative in light of the historical amounts from 2020 through 2023 and explain why the district expects this level of this expense to continue going forward.

| Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------|------------------|-----------|-----------|-----------|------------|
| Amount | \$ 29,962 | \$ 17,637 | \$ 20,064 | \$ 40,296 | \$ 114,127 |
| 2020-2023 Average | <u>\$ 26,990</u> | | | | |

23 Refer to Case No. 2024-00202, December 17, 2024 filing by Farmdale District, Assistance Agreement with Frankfort Plant Board.

a. State the yearly amount Farmdale District expects to pay Frankfort Plant Board as part of the agreement.

b. State if there will be any offsetting expenses incurred in the test year that would be removed as a result of the agreement.

24 Refer to the Application, Billing Analysis With 2024 Usage and Existing Rates, and Billing Analysis With 2024 Usage and Proposed Rates.

a. Identify and provide authorization from the Commission that approves the meter size rates with trailers as separate rates than rates where trailers are not present, including the portions of Farmdale District's tariff establishing the separate rates.

b. Identify and provide authorization from the Commission that approves the rates set forth in the 34 Four Apts section, including the portions of Farmdale District's tariff approving the rates.

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