

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LAUREL)	
COUNTY WATER DISTRICT NO. 2 FOR AN)	CASE NO.
ALTERNATIVE RATE FILING ADJUSTMENT)	2025-00353
PURSUANT TO 807 KAR 5:076)	

ORDER

On November 19, 2025,¹ Laurel County Water District No 2 (Laurel District No. 2) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. The Commission finds that a procedural schedule² should be established to ensure the orderly review of Laurel District No. 2's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Laurel District No. 2 shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's (Staff) First Request for Information, attached to this Order as Appendix B, and shall respond to any future requests for information propounded by Staff by the date or dates set forth on any such requests.

¹ Laurel District No. 2 tendered its application on November 15, 2025. By letter dated November 17, 2025, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on November 19, 2025.

² No action is necessary to suspend the effective date of Laurel District No. 2'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.

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, Laurel District No. 2 shall file its responses to the Staff's First Request for Information, attached to this Order as Appendix B.
3. Laurel District No. 2 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, Staff shall file with the Commission and serve upon all parties of record a written report (Staff Report) containing its recommendations regarding Laurel District No. 2's requested rate adjustment.
5. No later than 14 days after the date of service of the Staff 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 Report; and
 - b. Any additional evidence for the Commission to consider.
6. If Staff recommends that Laurel District No. 2's financial condition supports a higher rate than Laurel District No. 2 proposes or the assessment of an additional rate or charge not proposed in Laurel District No. 2's application, Laurel District No. 2 in its response to the Staff 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 Staff recommends that changes should be made to the manner in which Laurel District No. 2 accounts for the depreciation of Laurel District No. 2's assets, Laurel District No. 2 in its response to the Staff Report shall also state its position in writing on whether the Commission should require Laurel District No. 2 to implement the proposed change for accounting purposes.

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

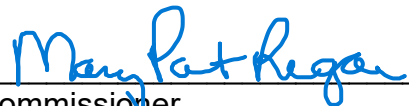
14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission.

³ 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



Case No. 2025-00353

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00353 DATED DEC 04 2025

Requests for intervention shall be filed no later than 12/23/2025

All requests for information to Laurel District No. 2
shall be filed no later than 12/30/2025

Laurel District No. 2 shall file responses to requests
for information no later than 01/13/2026

All supplemental requests for information to
Laurel District No. 2 shall be filed no later than 02/03/2026

Laurel District No. 2 shall file responses to supplemental
requests for information no later than 02/17/2026

Commission Staff's Report shall be filed no later than 03/31/2026

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00353 DATED DEC 04 2025

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO LAUREL COUNTY WATER DISTRICT NO 2

Laurel County Water District No 2 (Laurel District No. 2), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on January 13, 2026. The Commission directs Laurel District No. 2 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.

Laurel District No. 2 shall make timely amendment to any prior response if Laurel District No. 2 obtains information that indicates the response was incorrect or incomplete

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).

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

For any request to which Laurel District No. 2 fails or refuses to furnish all or part of the requested information, Laurel District No. 2 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, Laurel District No. 2 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 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.
2. Provide the following information related to general ledger software:
 - a. State if the billing software and general ledger software are integrated.

- b. Brand or common name for software.
 - c. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.
 - d. If locally installed, state the installation date.
 - e. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.
3. 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.
- a. The general ledger in Excel spreadsheet format with all transactions for each of the years ended December 31, 2023, 2024, and 2025.
 - b. The trial balance in Excel spreadsheet format for the years ended December 31, 2023, 2024, and 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 amounts that do not match the respective SAO line item.
4. Refer to the Application, Attachment_1_-_6_List_of_attachments.pdf, SAO table, References. Provide all schedules used to support each proposed adjustment in Excel format. Component details of each schedule should tie to the general ledger accounts that comprise the test year SAO line item including any adjustment for unreconciled amounts.
5. 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 each adjustment to the billing analysis and its justification and supporting documentation.

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

6. Refer to the Application, Schedule of Adjusted Operations. Provide an itemization of the Miscellaneous Service Revenues of \$206,503. Include in the response whether each individual component will recur.

7. 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 (both social security and Medicare) match cost for each employee for the years ended December 31, 2024, and 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 \$1,201,312. 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 \$1,201,312.

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(s) 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.

8. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the years ended December 31, 2024, and 2025. Supplemental coverage for which the employee pays 100 percent of the cost should also be included.

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) employer contribution rates, if applicable, for the test year. Designate each medical insurance 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.

9. Provide certificates of insurance for general liability for 2023, 2024, and 2025. Also provide the most recent invoice for general liability insurance.

10. Provide the minutes from Laurel District No. 2's Board of Commissioners' meetings for 2023, 2024, and 2025 to date. Consider this a continuing request through the date of issuance of Staff's Report.

a. Designate each action that authorizes hiring.

b. Designate each action that authorizes adjustments to wage rates, any other compensation (including bonuses), or fringe benefit actions.

11. Provide a document that lists, for each commissioner, for 2024 and 2025, their term (beginning and ending), and current, authorized annual compensation.

a. State, individually, the amount of wages and each benefit (i.e., health insurance premiums, life insurance premiums, FICA taxes, etc.) paid to, or on the behalf of, 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 information regarding the proposed rate case expense.

a. State whether the amount submitted in the application is a fixed amount or describe what factors would cause the stated amount to increase or decrease.

b. State the date the quoted amount is payable by Laurel District No. 2.

c. State whether the expected rate case expense will be paid for by Laurel District No. 2 or by a third party (i.e., grant funds).

d. Provide a copy of the invoice or quote from Kentucky Rural Water Association (KRWA) for the preparation of the rate case.

13. Refer to the Application, Attachment_1_-_6_List_of_attachments.pdf, attachment 4, SAO. Also refer to Table A Depreciation Expense Adjustment. Also refer to Laurel District No. 2, at 6, Statements of Revenues, Expenses, and Changes in Net Position. The SAO and audited financial statement's test year Depreciation Expense is recorded as \$682,966, however Table A reported Depreciation Expense as \$682,248. Explain and reconcile the discrepancy.

14. Refer to Laurel District No 2's audited financial statements, at 13, Note 5 – Capital Assets. Also Refer to the application, Attachment_7__LCWD_2_Depreciation_Schedule_2024.xls, Row 961. In the Audited Financial statements, the total capital assets less construction in progress is \$31,951,125.² In Attachment 7, the total capital assets is \$31,483,671. Explain and reconcile the discrepancy.

² Totals at Historic Cost \$32,228,572 – Construction in Progress \$277,447 = \$31,951,125

15. Provide the following for 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.
16. Refer to Laurel District No. 2's Tariff, PSC Ky. No 1, Sheet No. 19, Monitoring of Customer Usage.
- a. Provide the date that Laurel District No. 2'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.
17. State the last time Laurel District No. 2 performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.
- a. Explain whether Laurel District No. 2 considered filing a COSS with the current rate application and the reasoning for not filing one.
 - b. Explain whether any material changes to Laurel District No. 2'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 Laurel District No. 2's system, state when Laurel District No. 2's anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for Laurel District No. 2's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

18. Provide the number of occurrences and dollar amounts for late fees that were recorded during 2023 and 2024 and 2025.

19. Provide a schedule that lists the number of occurrences of each nonrecurring charge and the revenue amount that was recorded during 2024. Include nonrecurring charges for which there were no occurrences or reported revenue. Include the general ledger account numbers where each nonrecurring charge is recorded.

20. Provide updated cost justification sheets to support each nonrecurring charge listed in Laurel District No. 2's tariff.

21. Provide cost-justification sheets to support any proposed new nonrecurring charges.

22. Provide updated cost-justification sheets to support each Meter Connection/Tap-on Charge listed in Laurel District No. 2's tariff.

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