

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCCREARY)	
COUNTY WATER DISTRICT FOR AN)	CASE NO.
ADJUSTMENT OF WATER RATES PURSUANT)	2025-00136
TO 807 KAR 5:076)	

ORDER

On May 16, 2025,¹ McCreary County Water District (McCreary District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. McCreary District filed this application in compliance with the final Order in Case No. 2022-00009.² In that proceeding, it was ordered to file an application by July 27, 2025³ 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, or in the alternative, file a formal motion with a detailed analysis of its rates and revenues and a statement explaining the reasons why no modifications are necessary.

¹ McCreary District tendered its application on May 16, 2025. By letter dated May 19, 2025, the Commission accepted the application as there were no deficiencies.

² Case No. 2022-00009, *Electronic Application of McCreary County Water District to Issue Securities in the Approximate Principal Amount of \$3,450,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Mar. 16, 2022), Order at 8, ordering Paragraph 5.

³ See Case No. 2021-00301, *Electronic Application of McCreary County Water District for an Alternative Rate Adjustment*.

The Commission finds that a procedural schedule⁴ should be established to ensure the orderly review of McCreary District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, McCreary 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, McCreary District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.
3. McCreary 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 McCreary District's requested rate adjustment.

⁴ No action is necessary to suspend the effective date of McCreary 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.

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 McCreary District's financial condition supports a higher rate than McCreary District proposes or the assessment of an additional rate or charge not proposed in McCreary District's application, McCreary 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 McCreary District accounts for the depreciation of McCreary District's assets, McCreary District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require McCreary 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.

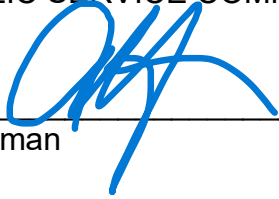
12. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that the person requesting permissive intervention 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. 2020-00085⁵ regarding filings with the Commission.


⁵ 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. 2025-00136 DATED JUN 09 2025

Requests for intervention shall be filed no later than 06/18/2025

All requests for information to McCreary District
shall be filed no later than 07/03/2025

McCreary District shall file responses to requests
for information no later than 07/17/2025

All supplemental requests for information to
McCreary District shall be filed no later than 08/07/2025

McCreary District shall file responses to supplemental
requests for information no later than 08/21/2025

Commission Staff's Report shall be filed no later than..... 10/02/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00136 DATED JUN 09 2025

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

McCreary County Water District (McCreary 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 July 17, 2025. The Commission directs McCreary 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.

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

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

For any request to which McCreary District fails or refuses to furnish all or part of the requested information, McCreary 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, McCreary 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 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 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 amounts that do not match the respective SAO line item.
4. Refer to the Application, Current Billing Analysis 2023 Usage and Existing Rates and Proposed Billing Analysis (test year) 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.

5. Refer to the Application, SAO, provide an itemization of the Miscellaneous Service Revenues of \$147,599 and state whether each component will recur.

6. 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, 2023. 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. State the number of employees, separated between full time and part time, that make up full employment at the pro forma wage amount of \$1,172,550.

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

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

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

e. Provide the current hourly wage rates or annual salaries for all employees.

7. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the 2023. Supplemental coverage for which the employee pays 100 percent of the cost should also be included.

a. Provide a copy of one invoice for 2023 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.

8. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property and casualty, and any other coverage.

9. Provide the minutes from McCreary District's Board of Commissioners' meetings for the 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, any other compensation (including bonuses), or fringe benefit actions.

10. Provide a document that lists the name of each commissioner for 2023, 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.

11. Provide the following information regarding the proposed rate case expense.

a. State whether the amount submitted in the rate study on May 16, 2025 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 McCreary District.

c. State whether the expected rate case expense will be paid for by McCreary District or a third party (i.e. grant funds).

12. Provide a list of all revenue and expense accounts that are allocated between the Water and Sewer divisions.

13. Provide the method and justification used for any cost allocation between the water and sewer divisions.

14. 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.

15. Refer to McCreary District's Tariff, PSC Ky. No. 4, Original Sheet No. 8, Rules and Regulations, Terms and Conditions of Billing and Payment.

a. Provide the date that McCreary 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.

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

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

b. Explain whether any material changes to McCreary District 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 McCreary District system, state when (Utility Alias's) anticipates completing a new COSS.

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

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

18. Provide a schedule that lists the number of occurrences of each nonrecurring charge and the revenue amount that was recorded during 2023. Include nonrecurring charges for which no there were no occurrences or reported revenue. 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 McCreary District's tariff.

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

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

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