

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)	
WATER SERVICE RATE OF DAWSON SPRINGS)	CASE NO.
CITY WATER & SEWER)	2018-00189

ORDER

Dawson Springs City Water and Sewer (Dawson Springs) submitted a proposed revision to its existing rates for wholesale water service to public utilities. Dawson Springs proposed that these revisions become effective on June 26, 2018. On June 15, 2018, the Commission suspended the rate revision for five months, up to and including November 25, 2018. In the June 15, 2018 Order, the Commission also made South Hopkins Water District (South Hopkins District) a party to this case. To ensure that the case proceeds in a timely and efficient manner, the Commission finds that it is appropriate to set a procedural schedule. It also finds that additional information must be filed by Dawson Springs in order for the Commission to review fully the proposed rate increase.

IT IS THEREFORE ORDERED that:

1. The procedural schedule set forth in Appendix A to this Order shall be followed.
2. a. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with an original and six copies in paper medium, and an electronic version to the Commission.

b. 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 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.

c. Any party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

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

e. Careful attention should be given to copied 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.

f. Any party filing a paper containing personal information shall, in accordance with 807 KAR 5:0001, Section 4(1 0), encrypt or redact the paper so that the personal information cannot be read.

3. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8, and shall also file an original and six copies in paper medium. The original and copies in paper medium should be appropriately bound, tabbed, and indexed. Electronic

documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

4. The Companies shall give notice of any hearing in this matter in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2)(b). In addition, the notice of hearing shall include the following statement: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov." At the time publication is requested, the Companies shall forward a duplicate of the notice and request to the Commission.

5. At the public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

6. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video transcript shall be made of the hearing.

7. Dawson Springs shall, no later than September 28, 2018, file with the Commission the original and 6 copies of the information listed in Appendix B, with a copy to all parties of record. Each copy of the requested information shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Dawson Springs shall include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility.

8. To be timely filed with the Commission, a document must be received by the Commission within the specified time for filing, except that any document shall be deemed timely filed if it has been transmitted by United States express mail, or by other

recognized carriers, with the date the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

9. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 4(8).

10. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

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By the Commission

ENTERED
SEP 19 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2018-00189

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-000189 DATED **SEP 19 2018**

- Dawson Springs shall file its response to the Commission's request for information no later than.....09/28/2018
- Supplemental requests for information to Dawson Springs and initial requests for information from intervenor shall be filed no later than 10/04/2018
- Dawson Springs shall file responses to supplemental and initial requests for information no later than 10/10/2018
- The parties shall file a request for either an evidentiary hearing or that the matter be decided upon the record no later than 10/12/2018
- Intervenor shall file supplemental requests for information to Dawson Springs no later than10/15/2018
- Dawson Springs shall file responses to supplemental requests for information no later than 10/22/2018
- Intervenor testimony, if any, in verified prepared form, shall be filed not later than 10/29/2018
- If intervenor testimony is filed, all requests for information to the intervenor shall be filed no later than..... 11/01/2018
- Intervenor shall file responses to requests for information no later than..... 11/08/2018

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00189 DATED **SEP 19 2018**

1. Provide, in written verified form, the direct testimony of each witness that Dawson Springs intends to call at any hearing in this matter.
2. Provide the independent auditor's reports for Dawson Springs' water and sewer operations for the fiscal years ending June 30, 2016, June 30, 2017, and June 30, 2018.
3. Provide all work papers and calculations Dawson Springs used to calculate its revenue requirement and requested wholesale rate. These work papers, calculations, and assumptions are to be in Excel spreadsheet format with all columns and rows unprotected and accessible.
4.
 - a. State the test period upon which Dawson Springs bases its proposed rate adjustment.
 - b. Explain why this test period was chosen.
5. Provide the general ledgers for Dawson Springs' water and sewer operations for the proposed test period and the most recently concluded fiscal year. These general ledgers shall include all check registers and spreadsheets used to record and track financial transactions in Excel spreadsheet format with all formulas intact and unprotected, and with all columns, rows, and links accessible.
6. For each outstanding revenue bond issuance and long-term loan related to Dawson Springs' water and sewer operations, provide:
 - a. The ordinance or resolution authorizing the bond and loan issuance.

- b. A copy of the bond and loan amortization schedule.
- c. A detailed explanation of why the debt was incurred.

7. List all persons on Dawson Springs' payroll during the proposed test period. For each employee, state his or her job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each department during the fiscal year. If Dawson Springs' records do not permit the allocation of an employee's work hours among departments, provide an estimate for each employee and explain how Dawson Springs derived the estimate.

8. Provide job titles, job descriptions, and pay rates for each employee on December 31 for the fiscal years ending June 30, 2016, June 30, 2017, and June 30, 2018.

9. Using a table format, provide the following actual full-year salary information for each employee, identified by employee number and job title, for the fiscal years ending June 30, 2016, June 30, 2017, and June 30, 2018. The employee salary information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all columns and rows unprotected and accessible.

- (1) Regular salary or pay.
- (2) Overtime pay.
- (3) Vacation payout.
- (4) Standby/Dispatch pay.
- (5) Bonus pay.

(6) Other amounts paid and reported on the employees' W-2 (specify).

10. Using a table format, provide the regular hours and overtime hours for each employee identified in Dawson Springs' response to Item 7 for the fiscal years ending June 30, 2016, June 30, 2017, and June 30, 2018. The employee salary information for each year shall be provided in a separate table. Provide the requested table in an Excel spreadsheet format with all columns and rows unprotected and accessible.

11. Using a table format, provide the following actual full-year benefit information for each employee, identified by employee number and job title, for the fiscal years ending June 30, 2016, June 30, 2017, and June 30, 2018. The employee's benefit information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all columns and rows unprotected and accessible.

- a. Healthcare benefit cost for each employee.
 - (1) Amount paid by Dawson Springs.
 - (2) Amount paid by each employee.
- b. Dental benefits cost for each employee.
 - (1) Amount paid by Dawson Springs.
 - (2) Amount paid by each employee.
- c. Vision benefits cost for each employee.
 - (1) Amount paid by Dawson Springs.
 - (2) Amount paid by each employee.

- d. Life insurance cost for each employee.
 - (1) Amount paid by Dawson Springs.
 - (2) Amount paid by each employee.
- e. Accidental death and disability benefits for each employee.
 - (1) Amount paid by Dawson Springs.
 - (2) Amount paid by each employee.
- f. Defined Contribution - 401 (k) or similar plan cost for each employee. Provide the amount paid by Dawson Springs.
- g. Defined Benefit Retirement cost for each employee.
 - (1) Amount paid by Dawson Springs.
 - (2) Amount paid by each employee.
- h. Cost of any other benefit available to an employee (specify).

12. Provide a listing of all health care plan categories available to Dawson Springs' employees, i.e., single, married with no other dependents, single parent with dependents, family, etc. For each employee listed in Dawson Springs' response to Item 7, identify the type of health insurance coverage the employees are provided.

13. For each employee listed in Item 7, describe how Dawson Springs allocated his or her payroll and payroll overhead charges to each department for the proposed test period. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health-insurance premiums, pension costs, and any other employee benefit costs.

14. a. List all joint or shared costs that Dawson Springs incurred during the proposed test period. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.

b. Describe the procedures to allocate joint and shared costs among Dawson Springs' divisions for the proposed test period.

c. Provide all internal memorandums, policy statements, correspondence, and documents related to the allocation of joint and shared costs.

15. Provide detailed depreciation schedules for the water and sewer divisions. A separate schedule shall be provided for each division.

16. Provide an adjusted trial balance and audit adjustments for the proposed test period and the most recently completed fiscal year. The trial balance shall be traced and referenced directly to the general ledgers requested in Item 5.

17. Provide the "Enterprise Funds Uniform Financial Information Report" that Dawson Springs submitted to the Kentucky Department of Local Government for the fiscal years ending June 30, 2014, June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018.

18. a. Complete the Table below:

Total System				Jointly Used	
Main Size	Feet	Miles of line	Inch Miles	Miles of line	Inch Miles
32					
30					
28					
26					
24					
22					
20					
18					
16					

14					
12					
10					
8					
6					
4					
3					
2					
1 1/2					
1					
5/8					

*If Dawson Springs has mains larger than listed provide the information as requested on a separate sheet referencing this question.

b. Provide who pays for the water main(s) that Dawson Springs uses to deliver water to Dawson Springs' wholesale customers.

c. Besides South Hopkins District, provide a list of other customers Dawson Springs serves.

d. For each customer listed in response to Item 18(c), provide each customer's monthly water usage for each of the previous 24 months.

19. a. Provide the maximum capacity of Dawson Springs' water treatment plant.

b. Provide the amount of Dawson Springs' total water treatment plant capacity that is currently reserved for each wholesale customer. Provide the name(s) of the wholesale customer(s) and the plant capacity reserved for each customer.

c. Explain any changes Dawson Springs expects within the next three years in the level of water treatment capacity reserved for each of the customers listed in Item 19(b)

20. a. Provide who owns the master meter(s) through which Dawson Springs provides water to the customers listed in Item 19(b)

b. Provide the number of master meters from which Dawson Springs provides water service to each of the customers listed in Item 19(b).

c. Provide who is responsible for maintaining these master meters.

21. Provide a system map showing all Dawson Springs facilities that are used to serve the customers listed in Item 19(b).

22. Provide the portion of Dawson Springs' water main(s) that serve the customers listed in Item 19(b) that are gravity fed.

23. For each month of the previous 36 months, state Dawson Springs' water sales (in gallons) to their retail customers and each of their wholesale customers.

24. Complete the table below:

Dawson Springs**	Gallons for Test Period	Gallons for Fiscal Year Ending June 30, 2018
Plant Use		
Line Loss (Unaccounted for)		
Sales to Retail		
Sales to South Hopkins District		
Sales to other wholesale customer 1		
Unmetered Water Service		
Total Produced and Purchased		
Total Sold		

**If Dawson Springs has other wholesale customers than listed provide the information as requested on a separate sheet referencing this question.

25. Referring to the table in Item 23, provide the types of water service (e.g., service to municipal buildings, fire protection, etc.) included in the unmetered amount. For each type of service, estimate the percentage of the total unmetered amount.

26. Provide a copy of the cost-of-service study upon which the proposed rates are based, and:

a. Identify who prepared this cost-of-service study.

b. Provide the preparer's curriculum vitae.

c. List all cases before the Commission in which the preparer has submitted a cost-of-service study.

d. List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or service) for which the study was prepared.

27. If a cost-of-service study was not prepared for Dawson Springs' proposed rate increase, provide the method on how the proposed rate was established. Provide in detail, any calculations or assumptions Dawson Springs may have used in determining the proposed rate.

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