

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ELKHORN)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	
REPLACE 6600 LF OF PIPELINE, TO REPLACE A)	CASE NO.
BOOSTER PUMP STATION, TO INSTALL A NEW)	2020-00113
MASTER METER, AND NEW INDIVIDUAL)	
METERS, AND TO REFURBISH AN EXISTING)	
ELEVATED WATER TANK)	

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

Elkhorn Water District (Elkhorn District), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on within 14 days of the date of this request. Pursuant to the Commission's Orders in Case No. 2020-00085, issued March 16, 2020, and March 24, 2020, Elkhorn District SHALL NOT FILE the original paper copy of all requested information at this time, but rather shall file original paper copies within 30 days of the lifting of the current state of emergency. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

Each response 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.

Elkhorn District 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. For any request to which Elkhorn District fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Elkhorn 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. Refer to Exhibit 5 of the application in this matter at Addendum #1 to the contract documents (Addendum #1), which identifies the system improvements within the scope of Contract I, Contract II, and Contract III, respectively.

- a. Confirm that Contract I, as referred to therein, only includes the construction of approximately 6,600 linear feet (LF) of new PVC water lines to replace the

existing 3-inch asbestos/cement line along Jones Lane in Franklin County, Kentucky, and the construction of a new 400 GPM booster pump station to replace an existing flood prone station, and if it cannot be confirmed, explain why it cannot be confirmed.

b. Confirm that Contract II, as referred to therein, only includes the installation of approximately 500 new individual meters and the installation of a new master meter, and if it cannot be confirmed, explain why it cannot be confirmed.

c. Confirm that Contract III, as referred to therein, only includes the renovation of an elevated water tank, and if it cannot be confirmed, explain why it cannot be confirmed.

d. Explain why the application in this matter does not request a CPCN for the improvements within the scope of Contract III.

e. Describe the status of obtaining bids for the improvements within the scope of Contract III.

f. State whether Elkhorn District intends to use the proceeds for the loan at issue in this matter to fund any portion of the improvements within the scope of Contract III.

2. Provide an itemized explanation of the total expected cost of the improvements identified in Addendum #1 as being within the scope of Contract I, including any engineering costs and any costs to obtain necessary rights in real property.

3. Provide an itemized explanation of the total expected cost of the improvements identified in Addendum #1 as being within the scope of Contract II, including any engineering costs and any costs to obtain necessary rights in real property.

4. Provide an itemized explanation of the total expected cost of the improvements identified in Addendum #1 as being within the scope of Contract III, including any engineering costs and any costs to obtain necessary rights in real property.

5. Identify all parties to which Elkhorn District sent a request for a bid to complete improvements within the scope of Contract I. Identify all parties from which a bid for completing those improvements was received, and state the amount of each bid.

6. Identify all parties to which Elkhorn District sent a request for a bid to complete improvements within the scope of Contract II. Identify all parties from which a bid for completing those improvements was received, and state the amount of each bid.

7. Identify all parties to which Elkhorn District sent a request for a bid to complete improvements within the scope of Contract III. Identify all parties from which a bid for completing those improvements was received, and state the amount of each bid.

8. Provide the winning bids for the improvements within the scope of Contract I and the improvements within the scope of Contract II as those contracts are defined in Addendum #1.

9. Refer to the application at paragraph 7 in which Elkhorn District indicates that it is requesting a CPCN to construct 6,600 LF of new PVC water line to replace the existing 3-inch asbestos/cement line along Jones Lane in Franklin County, Kentucky.

a. Identify when the existing line that will be replaced was installed.

b. Identify the plant in service and the depreciation reserve for the line that Elkhorn District intends to replace.

c. Explain in detail every reason why the installation of the new line is necessary.

d. Identify each alternative to replacing the existing line with a new PVC water line that was explored to address the needs identified in response to subpart (c) of this request. Explain why Elkhorn District chose its current proposal over those alternatives, and if no alternatives were explored, explain why they were not.

e. Provide all cost-benefit analyses, if any, performed by or on behalf of Elkhorn District to assess the proposed installation of the new line.

f. State whether the installation of the new water line will result in an increase in Elkhorn District's annual operating and maintenance expenses, and if so, provide an itemized explanation of that expected increase.

10. Refer to the application at paragraph 7 in which Elkhorn District indicates that it intends to install "new individual meters."

a. Identify the manufacturer and model of meters that Elkhorn District intends to replace with new meters, and identify the years in which those meters were installed and the number of such meters that were installed in each such year.

b. Identify the plant in service and the depreciation reserve for the meters, if any, that Elkhorn District intends to replace with new meters.

c. Explain in detail every reason why the project to install new individual meters is necessary.

d. Identify each alternative to installing the new meters as proposed that was explored to address the needs identified in response to subpart (c). Explain why Elkhorn District chose its current proposal over those alternatives, including why it chose the proposed meters over other options, and if no alternatives were explored, explain why they were not.

e. Provide all cost-benefit analyses, if any, performed by or on behalf of Elkhorn District to assess the proposed installation of new individual meters.

f. Identify any additional equipment and services, if any, that will be necessary to utilize the new meters as compared to Elkhorn District's existing meters.

g. State whether the installation of the new individual meters will result in an increase in Elkhorn District's annual operating and maintenance expenses, and if so, provide an itemized explanation of that expected increase.

11. Refer to the application at paragraph 7 in which Elkhorn District indicates that it is requesting a CPCN for a new 400 GPM booster pump station to replace an existing flood prone station.

a. Describe the project to replace the pump station in detail.

b. Describe how often the flooding occurs at the current pump station and the effect of the flooding on the current pump station.

c. Identify all reasons other than flooding at the existing pump station, if any, and why it is necessary to replace the pump station.

d. Identify each alternative to the new pump station that was explored to address the needs the new pump station is intended to address before Elkhorn District chose to replace the existing line with a new PVC line. Explain why Elkhorn District chose its current proposal over those alternatives, and if no alternatives were explored, explain why they were not.

e. State whether the new pump station will be located on land to which Elkhorn District currently has a legal right to place the pumping station, and if not, explain how Elkhorn District will obtain rights to the property.

f. Provide an itemized explanation of the total expected cost to construct a new pumping station, including the expected cost to obtain any land rights that must be obtained.

g. Provide all cost-benefit analyses, if any, performed by or on behalf of Elkhorn District to assess the proposed installation of the new pump station.

h. State whether the installation of the new pump station will result in an increase in Elkhorn District's operating and maintenance expenses, and if so, provide an itemized explanation of that expected increase.

12. Refer to the application at paragraph 7 in which Elkhorn District indicates that it intends to install a new master meter.

a. Describe the project to install a new master meter and the reason for the project.

b. Identify the manufacturer model and size of the master meter that Elkhorn District intends to install.

13. Refer to the application at paragraph 23 in which Elkhorn District indicated that it received an extension from the Kentucky Infrastructure Authority (KIA) to satisfy the loan conditions.

a. Provide a copy of the March 20, 2019 KIA letter with all attachments wherein KIA extended the period for Elkhorn District to meet the loan conditions from October 23, 2017, to September 20, 2019.

b. Provide all correspondence, if any, received from KIA extending the period for Elkhorn District to meet the loan conditions past the September 20, 2019 deadline.

c. Explain whether Elkhorn District was able to meet the KIA loan conditions by the September 20, 2019 deadline.

d. If Elkhorn District was unable to meet the KIA loan conditions by the September 20, 2019 deadline, provide any form of commitment that Elkhorn District has received from KIA showing that Elkhorn District is currently able to obtain the \$750,000 loan.

e. If Elkhorn District was unable to meet the KIA loan conditions by the September 20, 2019 deadline, provide any form of commitment that Elkhorn District has received from KIA showing that Elkhorn District is currently able to obtain the \$750,000 loan.

f. Explain why Elkhorn District did not tender its application in this matter until April 2020 if it was required to satisfy the KIA loan conditions by September 20, 2019.

14. Refer to Elkhorn District's Application, Exhibit 6, the System Upgrades, Preliminary Engineering Report dated September 2017. Identify those portions of each cost for the projects identified therein that are attributable to the renovation of the elevated storage tank.

15. Refer to paragraph 15 of the application and to Exhibit 7, the October 8, 2019 System Upgrades Final Engineering Report. A 10 percent increase in rates is required to finance Elkhorn District's proposed construction project.

a. Provide any form of communication Elkhorn District has received from KIA that requires a 10 percent increase in the current tariffed rate.

b. If the 10 percent rate increase is not a requirement of KIA, provide a detailed explanation as to how Elkhorn District determined that a 10 percent rate increase is required.

c. Provide the date Elkhorn District intends to submit its rate application with the Commission.

16. Refer to the application, Exhibit 9, Attachment A, Executive Summary KIA Fund B, Infrastructure Revolving Loan Fund.

a. Elkhorn District calculates the audited coverage ratios for the calendar years 2014 through 2016. Provide copies of the workpapers and calculations Elkhorn District used to calculate each audited calendar year coverage ratio in Excel format with all formulas intact and cells unprotected.

b. Elkhorn District calculates the projected coverage ratios for the calendar years 2017 through 2021. Provide copies of the workpapers and calculations Elkhorn District used to calculate each projected calendar year coverage ratio in Excel format with all formulas intact and cells unprotected.

c. Calculate Elkhorn District's audited coverage ratios for the calendar years 2017 through 2019. Provide copies of the workpapers and calculations Elkhorn District used in its response in Excel format with all formulas intact and cells unprotected.

d. Also, refer to Exhibit 7, the Final Engineering report. Confirm whether the project calls for the replacement of the existing water line with 6-inch or 8-inch PVC line.

17. Refer to the application, Exhibit 11, the Kentucky Infrastructure Authority October 23, 2017 "Conditional Commitment Letter." Provide "Attachment A" referred to in the letter.

18. Refer to the application, Exhibit 10, the October 5, 2017 minutes of the KIA Board meeting. Provide copies of the minutes of any KIA board meeting that has occurred since October 5, 2017, wherein the topic of the proposed Elkhorn District loan has been discussed.



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Public Service Commission
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DATED JUL 09 2020

cc: Parties of Record

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