

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH)	
EASTERN WATER ASSOCIATION, INC. FOR)	
COMMISSION APPROVAL PURSUANT TO 807)	CASE NO.
KAR 5:001 AND KRS 278.020 FOR A)	2022-00065
CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY TO CONSTRUCT A CUSTOMER)	
SERVICE AND OPERATIONS FACILITY)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO SOUTH EASTERN WATER ASSOCIATION, INC.

South Eastern Water Association, Inc. (South Eastern Water), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on May 31, 2022. The Commission directs South Eastern Water 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

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).

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.

South Eastern Water shall make timely amendment to any prior response if South Eastern Water obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which South Eastern Water fails or refuses to furnish all or part of the requested information, South Eastern Water 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, South Eastern Water 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 Application, pages 4–5.
 - a. Explain South Eastern Water's plan for the existing customer service and operation facilities (Existing Facilities).
 - b. Explain whether South Eastern Water has discussed the sale of the Existing Facilities with any potential buyers.

- c. State the estimated value of the Existing Facilities, including the value of land.
 - d. Provide any appraisals or other information used to determine estimated value.
 - e. Explain how the proceeds of the sale would be used if the Existing Facilities were to be sold.
- 2. Refer to Application, page 11, paragraph 25.
 - a. Explain why, in 2017, South Eastern Water purchased the property where it proposes to build the proposed facility.
 - b. State whether South Eastern Water intends to recover any part of the cost of purchasing this property in a future rate case.
 - c. State whether South Eastern Water intends to recover any part of the cost of constructing the proposed facility in a future rate case.
- 3. Refer to Application, page 15, paragraph 40. Provide an itemized schedule of operations costs for the Existing Facilities.
- 4. Refer to Application, page 8, paragraph 20.
 - a. Provide the annual amount that South Eastern Water pays to repair shops to perform maintenance on its service vehicles.
 - b. State how much it will cost South Eastern Water to purchase the necessary tools and equipment, as well as the annual expense of hiring employees capable of performing the work necessary to service the vehicles properly in-house.

c. Provide any cost-benefit analysis performed to justify bringing all repair work in-house as opposed to outsourcing the repair work to third-parties as is currently done.

d. State whether costs necessary to perform the repair work in-house were factored into the overall projected cost of \$2,115,864, and if so, identify those portions of the overall projected cost that represent the costs associated with moving the repair work in-house.

5. Provide the expected costs of moving from the Existing Facilities to the proposed facility.

6. Describe, including time frames, any expected interruption of operations during the move from the Existing Facilities to the proposed facility.

7. Provide the numbers and percentages of growth in customer base and the increase in the number of personnel since South Eastern Water began using the Existing Facilities.

8. State the number of personnel that could reasonably work in the facility.

9. Identify the number of personnel by department that occupy South Eastern Water's Existing Facilities and the number of personnel by department that South Eastern Water expects to occupy the proposed facility.

10. State whether South Eastern Water currently owns or leases any buildings or facilities containing offices or storage space other than the Existing Facilities, and if so:

a. Identify the location of each building or facility, provide the size of each building or facility, and describe how each such building or facility is currently used.

b. Explain whether and why each such building or facility would be suitable for providing the extra workspace that is claimed to be needed by a brand-new office facility.

11. State whether South Eastern Water considered leasing any property that would satisfy the needs stated in its CPCN application.

a. If South Eastern Water did consider leasing such property, explain what efforts were made to obtain a lease, and why it was ultimately decided to not be a viable alternative.

b. If South Eastern Water did not consider leasing such property, explain the reason why it was not considered.

12. Identify the depreciation rate currently used to calculate depreciation expense for the existing headquarters facility, and identify the case in which that depreciation rate was set.

13. Provide the useful life of South Eastern Water's existing headquarters facility used to calculate its depreciation rate.

14. Provide the plant in service and accumulated depreciation for South Eastern Water's existing headquarters as of December 31, 2021.

15. State whether any consideration was made to purchase or lease office space to house a portion of the customer service representatives, engineers, or any other employees currently located in the present office space in order to alleviate the overcrowding issues mentioned in the application, and thereby eliminate the need to construct an entirely new building.

a. If such consideration was made, state the reason or reasons why it was determined to not be feasible.

b. If no such consideration was made, state why not.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
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DATED MAY 11 2022

cc: Parties of Record

Case No. 2022-00065

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