

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BREATHITT	)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE	)	2022-00136
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

ORDER

On June 6, 2023,<sup>1</sup> Breathitt County Water District (Breathitt District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Breathitt District filed this proceeding in compliance with the final Order in Case No. 2020-00218.<sup>2</sup> In that proceeding, Breathitt District was ordered to file an application by November 5, 2021, 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. On October 27, 2021, Breathitt District filed a motion for an extension of time for a period of five months.<sup>3</sup> On November 17, 2021, the Commission denied Breathitt District's motion and ordered it to file for a traditional adjustment in rates or an ARF as soon as possible.<sup>4</sup>

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<sup>1</sup> Breathitt District tendered its application on June 13, 2022. By letter dated June 20, 2022, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on June 6, 2023.

<sup>2</sup> Case No. 2020-00218, *Electronic Application Of Breathitt County Water District For The Issuance Of A Certificate Of Public Convenience And Necessity To Construct A Water Improvements Project Pursuant To The Provisions Of KRS 278.020 And 807 KAR 5:001* (Ky. PSC Nov. 5, 2020).

<sup>3</sup> Case No. 2020-00218, (filed Oct. 27, 2021), Motion for Extension of Time, Post-Case filings.

<sup>4</sup> Case No. 2020-00218, (Ky. PSC Nov. 17, 2021), Order.

The Commission finds that a procedural schedule<sup>5</sup> should be established to ensure the orderly review of Breathitt District's application. The procedural schedule is attached as Appendix A to this Order.

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

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<sup>5</sup> No action is necessary to suspend the effective date of Breathitt 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 Breathitt District's financial condition supports a higher rate than Breathitt District proposes or the assessment of an additional rate or charge not proposed in Breathitt District's application, Breathitt 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 Breathitt District accounts for the depreciation of Breathitt District's assets, Breathitt District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Breathitt 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.

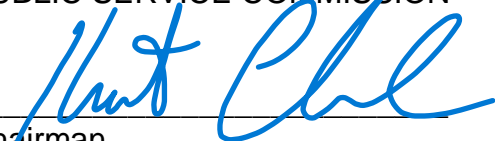
14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>6</sup> regarding filings with the Commission.

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<sup>6</sup> 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

ENTERED  
JUL 12 2023  
rCS  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00136 DATED JUL 12 2023

Requests for intervention shall be filed no later than .....7/27/2023

All requests for information to Breathitt District  
shall be filed no later than .....8/03/2023

Breathitt District shall file responses to requests  
for information no later than .....8/17/2023

All supplemental requests for information to  
Breathitt District shall be filed no later than .....8/31/2023

Breathitt District shall file responses to supplemental  
requests for information no later than .....9/14/2023

Commission Staff's Report shall be filed no later than.....10/28/2023

## APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00136 DATED JUL 12 2023

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

Breathitt County Water District (Breathitt 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 August 17, 2023. The Commission directs Breathitt District to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> 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.

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

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<sup>1</sup> 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).



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

For any request to which Breathitt District fails or refuses to furnish all or part of the requested information, Breathitt 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, Breathitt 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 copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible:

a. The general ledger for the calendar years 2021 and 2022; and the trial balance for the calendar years 2021 and 2022.

b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years 2021 and 2022.

c. Minutes from Breathitt District's commissioner meetings for the calendar years 2021 and 2022.

d. A document listing the employee position, job titles, job description,

hours worked and pay rates for each employee during the test year and for those currently employed.

e. A list that describes all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous three years.

f. A document listing the name of all commissioners for calendar years 2021, and 2022 and current, and state, individually, the total amount of each benefit paid to, or on the behalf of, each commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.).

g. Fiscal Court minutes approving each commissioner's appointment and compensation.

h. Refer to the Application, Attachment 5, Schedule of Adjusted Operations – Water Utility, References. Provide all workpapers used to generate the proposed adjustments A-E.

2. Provide a breakdown for the number of board meetings each commissioner attended during the test year.

3. Provide a copy of the most recent invoice received for all insurance policies provided to employees.

4. Identify the number of new water connections that Breathitt District installed in calendar years 2021 and 2022.

5. Provide a monthly breakdown in both gallons and dollar amount, of water purchased during the test year by vendor, identifying all vendors from whom Breathitt District purchased water.

6. Provide the current rate charged by each vendor from whom Breathitt District purchases water.

7. Provide the total amount recorded for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the 2021 test year and calendar year of 2022.

8. Provide updated cost justification sheets for all nonrecurring charges listed in Breathitt District's current tariff.

9. Provide a copy of Breathitt District's current and proposed billing analysis in Excel spreadsheet format with all formulas, rows and columns unprotected and fully accessible.

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

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

12. Explain whether any material changes to Breathitt District's system would cause a new COSS to be prepared since the last time it has completed one.

13. If there have been no material changes to Breathitt District's system explain when Breathitt District anticipates completing a new COSS.

14. Provide the date that Breathitt District's billing cycle begins (meter read date) and 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.

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

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