

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BATH COUNTY )	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT )	2022-00404
PURSUANT TO 807 KAR 5:076 )	

ORDER

On December 15, 2022, Bath County Water District (Bath District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Bath District filed this proceeding in compliance with the final Order in Case No. 2022-00067.<sup>1</sup> In that proceeding, Bath District was ordered to file an application by December 31, 2022, for an alternative rate adjustment (ARF) to ensure its revenue is sufficient to support adequate and reliable service.

The Commission finds that a procedural schedule should be established to ensure the orderly review of Bath District's application.<sup>2</sup> The procedural schedule is attached as an Appendix A to this Order. In addition, to further facilitate the review of this matter, the Commission finds that Bath District should file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B, on or before February 14, 2023, as set forth in the procedural schedule.

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<sup>1</sup> See Case No. 2022-00067, *Electronic Purchased Water Adjustment Filing of Bath County Water District* (KY PSC August 22, 2022).

<sup>2</sup> No action is necessary to suspend the effective date of Bath 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.

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, Bath District shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.
3. 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 Bath District's requested rate adjustment.
4. 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.
5. If Commission Staff recommends that Bath District's financial condition supports a higher rate than Bath District proposes or the assessment of an additional rate or charge not proposed in Bath District's application, Bath 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.
6. If Commission Staff recommends that changes should be made to the manner in which Bath District accounts for the depreciation of Bath District's assets, Bath

District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Bath District to implement the proposed change for accounting purposes.

7. 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.

8. If a party requests a hearing or informal conference, then the party shall make the request in its written comments and state the reason why a hearing or informal conference is necessary.

9. 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.

10. 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.

11. As set forth in 807 KAR 5:001E, 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 water 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. In addition, 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.

12. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>3</sup> regarding filings with the Commission.

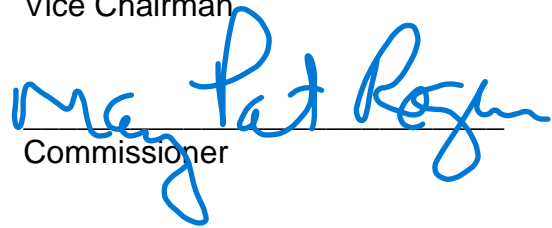
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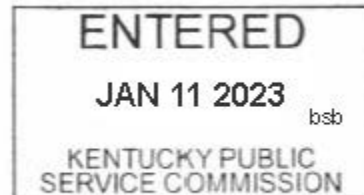
<sup>3</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

PUBLIC SERVICE COMMISSION

  
Chairman

Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00404 DATED JAN 11 2023

Requests for intervention shall be filed no later than .....01/17/2023

All requests for information to Bath District  
shall be filed no later than .....01/24/2023

Bath District shall file responses to requests  
for information no later than .....02/14/2023

All supplemental requests for information to  
Bath District shall be filed no later than .....02/28/2023

Bath District shall file responses to supplemental  
requests for information no later than .....03/14/2023

Commission Staff's Report shall be filed no later than.....05/03/2023

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00404 DATED JAN 11 2023

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

Bath County Water District (Bath District), pursuant to 807 KAR 5:001E, is to file with the Commission an electronic version of the following information. The information requested is due on February 14, 2023. The Commission directs Bath 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.

Bath District shall make timely amendment to any prior response if Bath District obtains information that indicates the response was incorrect when made or, though

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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).

correct when made, is now incorrect in any material respect. For any request to which Bath District fails or refuses to furnish all or part of the requested information, Bath 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, Bath District shall, in accordance with 807 KAR 5:001E, 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 fully accessible and unprotected.

a. The general ledger (at an individual transaction level), including audit adjustments, in Excel format for the years ended December 31, 2020, 2021, and year to date 2022. Individual month files should not be provided.

b. The trial balance, including audit adjustments, in Excel format for the years ended December 31, 2020, 2021, and year to date 2022. Individual month files should not be provided.

c. Provide certificates of insurance and all invoices for General Liability, Workers' Compensation, Automobile and property and casualty for 2021 and 2022.



d. Provide a description (specify life, health, dental, medical, vision, supplemental, retirement, flex spending, etc.) of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2020, 2021, and year to date 2022. State the amount of each benefit that employees are required to contribute.

e. Provide a copy of one invoice for 2022 for each employee benefit described above.

f. Provide a detailed fixed asset listing in Excel format.

g. Provide the minutes from Bath District's Board of Commissioners meetings for the calendar years 2020, 2021, and 2022.

h. State whether water district commissioners receive any benefits other than salary, and if so, identify those benefits.

i. Provide training records for each commissioner for 2020, 2021, and 2022.

2. Refer to the Application, Exhibit C, Schedule of Adjusted Operations and Revenue Requirements and References. Provide the workpapers that support each pro forma adjustment described in the References in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

3. Refer to the Application, Exhibit C1, Salary Changes 2021-2022. Refer also to the December 2021 General Ledger filed with the application in the PDF titled "GL\_12.21.pdf." A cross walk of the information provided is below.

	<b>Test Year</b>	<b>Increase / (Decrease)</b>	<b>Pro Forma</b>
Regular	\$ 363,397	\$ (6,742)	\$ 356,655
OT	9,193	445	9,637
Incentive Pay	10,361	(10,361)	0
Sub Total	382,951	(16,659)	366,292
Capitalized Labor	(12,768)	12,768	0
Total	<u>\$ 370,183</u>	<u>\$ (3,891)</u>	<u>\$ 366,292</u>

a. Describe the nature of the incentive pay of \$10,361 and provide the authority for its issuance (i.e., written personnel policy, commission minutes, etc.).

b. State whether incentive pay should have been included in the Pro Forma amount.

c. Explain why an assumption about capitalized labor was not incorporated into the Pro Forma amount.

4. Refer to the Application, Exhibit C3, Health Insurance/Retirement 2021-2022. Refer also to the December 2021 General Ledger filed with the application in the PDF titled "GL\_12.21.pdf." A cross walk of the information provided is below:

	<b>Test (refer to general ledger)</b>	<b>Change</b>	<b>BLS Adjustment ( )</b>	<b>Pro Forma</b>
Life	\$ 1,749	\$ -		\$ 1,749
HRA FEBCO	23,946	18,054		42,000
Health	122,568	(6,638)	(57,388)	58,542
Retirement	96,608	(4,821)		91,787
Total	<u>\$ 244,871</u>	<u>\$ 6,595</u>	<u>\$ (57,388)</u>	<u>\$ 194,078</u>

a. Explain the difference between the reported general ledger HRA FEBCO amount of \$23,946 and the amount reported in Exhibit C3 on page 11 of \$47,600.

b. The change in retirement of \$4,821 is not self-evident from the information provided in Exhibit C3. Provide documentation that walks the test year pension to the Pro Forma.

c. State the County Employees' Retirement System (CERS) contribution percentage that is being used to calculate the Pro Forma Retirement cost.

5. Refer to the Kentucky Infrastructure Authority (KIA) Infrastructure Revolving Loan Fund Conditional Commitment Letter (B22-003) filed as Exhibit G3 to the application. Provide attachments "A" and "B" that are referred to in the Conditional Commitment Letter.

6. Refer to the application, Exhibit C4, Purchased Water Adjustments 2021-2022 and to the general ledgers in aggregate.

a. The information provided states water purchases for Year 2021 were entirely from Morehead and Mt Sterling. However, the general ledger reflects water purchases from Frenchburg and Owingsville totaling \$47,633.40 (table below). Explain the discrepancy and state whether purchase information should be modified.

**Account 610-001**

Month	MUPB	Frenchburg	Mt Sterling	Owingsville	Total
Jan	68,139.74	257.66	4,503.08	3,873.50	76,773.98
Feb	64,382.91	262.19	4,421.36	4,355.40	73,421.86
Mar	81,944.51	297.71	5,579.30	4,035.15	91,856.67
Apr	74,547.72	458.17	4,530.39	3,519.70	83,055.98
May	71,281.16	782.04	5,235.07	3,519.70	80,817.97
Jun	78,828.70	1,241.55	5,694.21	3,385.20	89,149.66
Jul	78,760.12	799.13	6,636.48	3,765.33	89,961.06
Aug	78,441.12	259.52	5,816.86	3,922.62	88,440.12
Sep	77,627.67	288.36	5,834.96	3,216.42	86,967.41
Oct	80,546.52	245.11	5,119.43	2,709.24	88,620.30
Nov	53,636.72	230.96	5,850.10	2,863.32	62,581.10
Dec	81,133.48	395.43	5,826.10	2,949.99	90,305.00
Total	\$ 889,270	\$ 5,518	\$ 65,047	\$ 42,116	\$ 1,001,951

b. Explain why water purchases "At Previous Rate" of \$1,030,121.06 in Exhibit C4 do not tie to full year water purchases of \$1,001,951.11 as reported in the general ledger, and provide updated information as appropriate.

7. Provide the number of gallons of water purchased, the cost of purchases, and the average cost of purchases for each supplier and in total for year to date 2022.

8. Provide the number of gallons of water sold year to date 2022.

9. Provide the number of occurrences and the dollar amount for late fees that were assessed during the calendar years 2017, 2018, 2019, 2020, 2021, and year to date 2022.

10. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the calendar years 2017, 2018, 2019, 2020, and 2021.

11. Provide an updated cost justification sheet for each nonrecurring charge listed in Bath District's tariff.

12. a. Provide the date that Bath 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.

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

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

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

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

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

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