

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF HARRISON)	CASE NO.
COUNTY WATER ASSOCIATION, INC. FOR AN)	2023-00154
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On May 18, 2023,¹ Harrison County Water Association (Harrison Water) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Harrison Water filed this proceeding in compliance with the final Order in Case No. 2022-00354.² In that proceeding, Harrison Water was ordered to file an application by May 22, 2023, for either a traditional adjustment in rates or for an alternative rate adjustment (ARF) to ensure its revenue is sufficient to support adequate and reliable service.

The Commission finds that a procedural schedule³ should be established to ensure the orderly review of Harrison Water’s application. The procedural schedule is attached as Appendix A to this Order.

¹ Harrison Water tendered its application on May 11, 2023. By letter dated May 12, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on May 18, 2023.

² See Case No. 2022-00354, *Electronic Purchased Water Adjustment Filing of Harrison County Water Association, Inc.* (Ky. PSC Nov. 22 2022), final Order at 6, ordering paragraph 5.

³ No action is necessary to suspend the effective date of Harrison Water’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.

In addition, Harrison Water shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's First 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, Harrison Water shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.
3. Harrison Water 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 Harrison Water's requested rate adjustment.
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 Harrison Water's financial condition supports a higher rate than Harrison Water proposes or the assessment of an additional

rate or charge not proposed in Harrison Water's application, Harrison Water 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 Harrison Water accounts for the depreciation of Harrison Water's assets, Harrison Water in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Harrison Water 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 5:001E, 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.

13. Any motion to intervene filed after the date established in the procedural schedule attached as an Appendix 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.

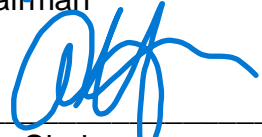
14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085⁴ regarding filings with the Commission.

⁴ 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



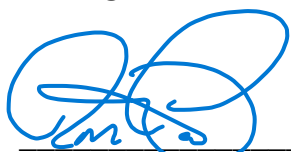
Vice Chairman



Commissioner

ENTERED
JUN 07 2023 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director *FNR*

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00154 DATED JUN 07 2023

Requests for intervention shall be filed no later than6/15/2023

All requests for information to Harrison Water
shall be filed no later than6/22/2023

Harrison Water shall file responses to requests
for information no later than7/06/2023

All supplemental requests for information to
Harrison Water shall be filed no later than7/20/2023

Harrison Water shall file responses to supplemental
requests for information no later than8/03/2023

Commission Staff's Report shall be filed no later than.....9/12/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00154 DATED JUN 07 2023

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO HARRISON COUNTY WATER ASSOCIATION

Harrison County Water Association (Harrison Water), pursuant to 807 KAR 5:001E, shall file with the Commission an electronic version of the following information. The information requested is due on June 22, 2023. The Commission directs Harrison 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 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.

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

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).

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

For any request to which Harrison Water fails or refuses to furnish all or part of the requested information, Harrison 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 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, Harrison Water 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 unprotected and fully accessible:

a. The general ledger for the calendar years 2022 and 2023 to date; and the trial balance for the calendar years 2022 and 2023 to date.

b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years 2022 and 2023 to date.

c. Minutes from Harrison Water's commissioner meetings for the calendar years 2022 and 2023 to date.

d. A document listing the, job titles, hours worked, job description, and pay rates for each employee during the test year and for those currently employed for the test year and year up to date 2023. Names of employees should be excluded.

e. Provide a copy of the most recent invoice received for all insurance policies provided to employees (i.e., health, dental, vision, life, disability, etc.).

f. A list that describes all employee benefits, other than salaries and wages, paid to, or on behalf of, each position for each of the previous two years. Names of employees should be excluded.

g. A document listing the name of all commissioners for each of the two previous years, 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.).

h. Provide all workpapers that support each pro forma adjustment described in the statement of adjusted operations References.

2. Refer to the Application, Exhibit 7, Exhibit_7_Depreciation_Schedule.pdf. Provide a copy of the Depreciation schedule in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

3. Refer to the Application, Exhibit 4, Exhibit_4_Schedule_of_Adjusted_Operations.pdf; and the Annual Report of Harrison Water to the Public Service Commission for the Calendar Year Ended December 31, 2022 (2022 Annual Report), page 49, Water Operating Revenue.

a. Reconcile or confirm whether Total Metered Water Sales (Account #461) is \$2,981,501 as recorded in the Application or \$2,969,474 as in the 2022 Annual Report.

b. Reconcile or confirm whether Forfeited Discounts (Account #470) \$12,752 as recorded in the Application or \$0 as in the 2022 Annual Report.

c. Reconcile or confirm whether Miscellaneous Service Revenues is \$74,972 as recorded in the Application or \$12,752 as in the 2022 Annual Report.

d. Reconcile or confirm whether Other Water Revenues (Account #474) is \$14,038 as in the Application or \$0 as in the 2022 Annual Report.

4. Refer to 2022 Annual Report at 50 and 51 Water Utility Expense Accounts, and the Application, Exhibit 4, Exhibit_4_Schedule_of_Adjusted_Operations.pdf.

a. Reconcile or confirm whether Purchased Water Expense (Account #610) is \$1,552,166 as recorded in the Application or \$1,522,156 as in the 2022 Annual Report.

b. Reconcile or confirm whether Materials and Supplies Expense (Account #620) is \$15,604 as recorded in the Application or \$93,263 as in the 2022 Annual Report.

c. Reconcile or confirm whether Contractual Services Expense (Account #632, 633, & 636) is \$12,508 as recorded in the Application or \$56,240² as in the 2022 Annual Report.

² Contractual Services – Accounting \$22,937 + Contractual Services – Legal \$22,080 + Contractual Services – Other \$11,223 = \$56,240.

d. Reconcile or confirm whether Regulatory Commission Expenses is \$8,279 as recorded in the Application or \$0 as in the 2022 Annual Report.

e. Reconcile or confirm whether Miscellaneous Expenses (Account #675) is \$1,939 as recorded in the Application or \$97,383 as in the 2022 Annual Report

f. Refer to 2022 Annual Report at 20 Comparative Operating Statement, and the Application, Exhibit 4, Exhibit_4_Schedule_of_Adjusted_Operations.pdf. Reconcile or confirm whether Taxes Other Than Income (Account #408.10-408.13) is \$43,460 as recorded in the Application or \$51,739 as in the 2022 Annual Report.

5. Refer to 2022 Annual Report, page 20 Comparative Operating Statement, and the Application, Exhibit 4, Exhibit_4_Schedule_of_Adjusted_Operations.pdf.

a. Explain the transactions that account for account #414, Gains/Loss on Disposal of Utility Property.

b. Confirm if the transactions are expected to recur annually or are an unusual occurrence.

6. Refer to the Application, Exhibit_4a_ARF_Supplementation_to_Schedule_of_Adjustments.pdf, at 10, Employee Salaries. Provide a document listing the job titles, job description, and pay rates for each employee employed by Harrison Water during the test year. Names of employees should be excluded.

7. Refer to the Application, page 11, Exhibit_4a_ARF_Supplementation_to_Schedule_of_Adjustments.pdf, Employee Salaries.

a. Confirm Employee 5's overtime hours worked is 211.5, and overtime wage rate is \$39.05 per hour.

b. Confirm Employee 6's overtime hours worked is 211.5, and overtime wage rate is \$39.05 per hour.

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

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

10. Provide the current rate charged by each vendor from whom Harrison Water purchases water.

11. Provide an overview of any actions planned or taken by Harrison Water to reduce its water loss, including a copy of any water loss reduction plan.

12. Provide a monthly breakdown in both Kwh and dollar amount, of power purchased during the test year by vendor, identifying all vendors from whom Harrison Water purchased power.

13. Provide the current rate charged by each vendor from whom Harrison Water purchases power.

14. Provide a copy of the current contact Harrison Water has on file for Legal Services, Accounting Services, and Water Testing.

15. Refer to Application, Exhibits 8a, Exhibit_8a_Amortization.pdf. Provide the Amortization table in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible splitting the principal and interest payments; also provide the case number in which Harrison Water was authorized to issue the debt.

16. Refer to Application, Exhibits 8a, Exhibit_8b_Ammortization.pdf. Provide the Amortization table in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible splitting the principal and interest payments; also provide the case number in which Harrison Water was authorized to issue the debt.

17. Identify the number of new water connections that Harrison Water installed in calendar year 2022.

18. Provide the number of occurrences and the dollar amount for Forfeited Discounts/Late Fees that were recorded during the calendar years 2021 and 2022.

19. a. Provide the date that Harrison Water'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.

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

a. Explain whether Harrison Water considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Harrison Water system would cause a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to Harrison Water system, explain when Harrison Water anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for Harrison Water in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

21. Refer to the Application, Attachment 5, the Billing Analysis.

a. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Provide a list of applicable billing adjustments made to the billing analysis and include an explanation of each adjustment.

22. Provide a schedule listing the number of occurrences for each nonrecurring charge that was assessed during the test year and the total amount recorded for each nonrecurring charge. If the revenue for any nonrecurring charge was zero, include that charge and indicate that zero revenue was received.

23. Provide updated cost justification information to support each nonrecurring charge listed in Harrison Water's tariff.

24. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, provide a detailed itemization of the charges that are included:

a. In the Miscellaneous Service Revenues of \$12,752.

b. In the Other Operating Revenues of \$14,038.

*Janell Pitts
Jesse Melcher Law Office, PLLC
127 N. Main St.
P.O. Box 345
Mount Olivet, KENTUCKY 41064

*Jesse Melcher
Jesse Melcher Law Office, PLLC
127 N. Main St.
P.O. Box 345
Mount Olivet, KENTUCKY 41064

*Harrison County Water Association, Inc.
433 SeaBiscuit Way
Cynthiana, KY 41031