

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST CASEY )	CASE NO.
COUNTY WATER DISTRICT FOR A RATE )	2023-00220
ADJUSTMENT PURSUANT TO 807 KAR 5:076 )	

ORDER

On July 24, 2023,<sup>1</sup> East Casey County Water District (East Casey District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. East Casey District filed this proceeding in compliance with the final Order in Case No. 2022-00228.<sup>2</sup> In that proceeding, East Casey District was ordered to file an application by June 30, 2023, 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.

The Commission finds that a procedural schedule<sup>3</sup> should be established to ensure the orderly review of East Casey District’s application. The procedural schedule is attached as Appendix A to this Order.

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<sup>1</sup> East Casey District tendered its application on June 30, 2023. By letter dated July 13, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on July 24, 2023.

<sup>2</sup> Case No. 2022-00228, *Electronic Investigation of East Casey County Water District and its Officers, Kevin Atwood, Lily Sandusky, Ricky Carman, Tracy Gossage, John McQuery, and its Manager, Andy Greynolds, to Comply with a Commission Order, KRS 278.990* (Ky. PSC Dec. 8, 2022), Order at 8.

<sup>3</sup> No action is necessary to suspend the effective date of East Casey 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.

In addition, East Casey 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, East Casey District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.

3. East Casey 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 East Casey District'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 East Casey District's financial condition supports a higher rate than East Casey District proposes or the assessment of an additional rate or charge not proposed in East Casey District's application, East Casey 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 East Casey District accounts for the depreciation of East Casey District's assets, East Casey District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require East Casey 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>4</sup> regarding filings with the Commission.

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<sup>4</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. 2023-00220 DATED AUG 21 2023

Requests for intervention shall be filed no later than .....08/25/2023

All requests for information to East Casey District  
shall be filed no later than .....08/29/2023

East Casey District shall file responses to requests  
for information no later than .....09/19/2023

All supplemental requests for information to  
East Casey District shall be filed no later than .....10/03/2023

East Casey District shall file responses to supplemental  
requests for information no later than .....10/17/2023

Commission Staff's Report shall be filed no later than.....11/28/2023

## APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00220 DATED AUG 21 2023

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

East Casey County Water District (East Casey 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 September 19, 2023. The Commission directs East Casey 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.

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

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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).

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

For any request to which East Casey District fails or refuses to furnish all or part of the requested information, East Casey 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, East Casey 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 fully accessible and unprotected. Employee names should be redacted from all documents.

- a. The general ledger in Excel spreadsheet format for the years ended December 31, 2021, 2022, and year to date 2023.

- b. The trial balance in Excel spreadsheet format for the years ended December 31, 2021, 2022, and year to date 2023. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2021, 2022, and 2023.



c. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar years 2022. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

d. Provide a copy of one invoice for 2023 for each employee benefit described above.

2. Using a table format, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected a document that lists each position (Position 1, Position 2, etc.), job title, hours worked, pay rates, total wages paid, and total FICA cost for each employee on December 31, 2022, and as of June 30, 2023. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant. The table should include a column for total wages by employee (regular wages and overtime) and a row for total wages for all employees. Employee names should be redacted from all documents.

3. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. If health insurance is provided designate the coverage type (i.e., single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.

4. Provide the minutes from Commission meetings for the calendar year 2022, and year to date 2023.

5. Provide the following information related to billing software:

a. Brand or common name for software.

b. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.

c. If locally installed, state the installation date.

d. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

e. Provide the dates of the most recent training that East Casey District users received on the system.

6. Provide a document listing the names of each member of the Board of Commissioners for East Casey District for each of the calendar years 2021, 2022, and year to date 2023 and state, individually, the total amount of each benefit paid to, or on the behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.), their term (beginning and ending), and current authorized annual compensation.

7. Provide fiscal court minutes that authorize each Commissioner's appointment and compensation.

8. Provide training records for each Commissioner for 2021, 2022, and year to date 2023.

9. Refer to the Water Statistics page of the Annual Reports that are filed with the Commission for the years ended December 31, 2017, through 2022<sup>2</sup>. Water loss ranges from a low of 25.33 percent in 2017 to 33.88 percent in 2022 with an average of 33.33 percent for 2018 through 2022.

a. Describe efforts to reduce water loss and quantify success for the period 2017 through 2022.

b. Provide of the quantity of installed meters (may be grouped by age), water loss testing history, and the average number and age of meters that are replaced each year.

c. Describe the capital planning process and provide details of the plan for the period 2023 through 2027. For each project include estimated cost, sources of funding, overall purpose of project (i.e., water loss, asset age, system expansion), estimated life of asset, and estimated rate impact per thousand gallons.

10. Refer to the Application, Attachment #5, Schedule of Adjusted Operations

a. Provide the workpapers and other supporting documentation for each pro forma adjustment described in the References (A through B) of the Schedule of Adjusted Operations. Provide in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

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<sup>2</sup> *Annual Report of East Casey County Water District to the Public Service Commission (Annual Report of East Casey District) for the Calendar Year Ended December 31, 2017, 2018 Annual Report of East Casey District, 2019 Annual Report of East Casey District, 2020 Annual Report of East Casey District, 2021 Annual Report of East Casey District.* This report has been filed with the Commission but is under review and has not yet been published on the Commission's website.

b. State whether forfeited discounts and nonrecurring charges are included in Metered Water Sales in the Schedule of Adjusted Operations. If these amounts are not included in Metered Water Sales, state where they are classified.

c. Provide a list of general ledger account numbers, descriptions, and amounts that comprise reported Miscellaneous Expenses of \$55,691.

11. Provide the number of gallons of water purchased by month by supplier, the cost of monthly purchases by supplier, and the average monthly cost of purchases for all suppliers and in total for the year ended December 31, 2022, and year-to-date 2023.

12. Provide updated cost justification sheets for all meter or tap fee charges listed in the current tariff.

13. Provide the number of occurrences and the dollar amount for late fees that were recorded during each of 2021 and 2022.

14. Provide the total amount recorded in the General Ledger for each nonrecurring charge, the number of occurrences, and the General Ledger accounts where the revenue was recorded during each of 2021 and 2022.

15. Provide updated cost justification sheets for all nonrecurring charges listed in the current tariff.

16. Refer to the Application, Attachment 7, Current Billing Analysis – 2022 Existing Rates (BA-Existing Rates) and Current Billing Analysis – 2022 Proposed Rates (BA-Proposed Rates). Provide a copy of these attachments in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

17. Refer to the Application Attachment 7, BA-Existing Rates and BA-Proposed Rates.

a. Identify the wholesale customers that are served by the “Wholesale Revenue Rate Increment” of \$1.55 per thousand gallons as an Existing Rate and the Wholesale customers served on the rate stated as \$1.32 per thousand gallons on the proposed schedules.

b. Explain the reason for the decrease in the proposed rate given that the East Casey District has proposed a 5.18 percent increase in rates in its retail rates.

c. Provide any Tariff page that states the above current rate of \$1.55 rate.

d. Explain why there is a difference between the proposed rate in the billing analysis of \$1.32 per thousand gallons and the proposed wholesale rate in the notice which states \$.00328 per gallon.

18. Refer to East Casey District’s current tariff dated February 2, 2019, Section II, Rules and Regulations, Item C, Billings, Meter Readings, and Related Information, item 4, Frequency of meter reading on page 12 (Sheet No. 11).

a. Provide the date that the 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.

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

a. Explain whether conducting a COSS was considered for the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to the utility's system would cause a new COSS to be prepared since the last time one was completed.

c. If there have been no material changes to the utility's system, explain when preparation of a new COSS anticipated.

d. Provide a copy of the most recent COSS in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

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