

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| ELECTRONIC TARIFF FILING OF CITY OF |) | CASE NO. |
| JACKSON REVISING ITS WHOLESALE WATER |) | 2021-00244 |
| SERVICE RATES |) | |

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO THE CITY OF JACKSON

The city of Jackson (Jackson) 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 September 17, 2021. The Commission directs Jackson 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 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.

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).

Jackson shall make timely amendment to any prior response if Jackson 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 fails or refuses to furnish all or part of the requested information, Jackson 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, Jackson 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 the Commission Staff's Requests for Information to Jackson, contained in the Commission's June 21, 2021 Order, Appendix B (Staff's First Request) Item 1. Jackson did not adequately respond to Staff's First Request Item 1. Provide in written verified form the direct testimony of each witness that Jackson intends to rely on in this matter.

2. Refer to Staff's First Request, Item 5. Jackson did not adequately respond to Staff's First Request Item 5. Provide the audit adjustments for the Fiscal Year 2020 test year. Trace the 2020 Trial Balances to the 2020 Audit report.

3. Refer to Staff’s First Request, Item 6. Jackson did not adequately respond to Staff’s First Request Item 6. For each outstanding revenue bond issuance related to Jackson’s operations, provide:

- a. The bond ordinance or resolution authorizing its issuance;
- b. An amortization schedule;
- c. A detailed explanation of why the debt was incurred; and
- d. A calculation of the annual debt service payment, including all

required payments to debt service reserve accounts or funds, for each of the next three years.

4. Refer Staff’s First Request, Item 4, Item 5, and Item 6.

a. Provide a pro forma income statement for the test year, 2019 fiscal year ending June 30, 2020, using the table below. The income statement should use the revenue and expense subaccounts listed in the trial balance.

| | 2020 | | |
|-----------------------------------|-------------------|--------------------|-------------------|
| | Fiscal Year | Pro Forma | Pro Forma |
| | <u>Operations</u> | <u>Adjustments</u> | <u>Operations</u> |
| Operating Revenues | | | |
| Operating Expenses | | | |
| Net Utility Income | | | |
| Nonutility Income | | | |
| Income available for Debt Service | | | |

b. Provide copies of all workpapers, calculations, and assumptions used to develop Jackson’s pro forma adjustments. Include any documentation that shows that the pro forma adjustments are known and measurable.

c. Provide responses to Items 4.a and 4.b in an Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

d. Calculate Jackson’s revenue requirement using the table below:

| | <u>Amounts</u> |
|---|---------------------|
| Pro Forma Operation & Maintenance Expenses | \$ - |
| Pro Forma Depreciation | <u>0</u> |
| Pro Forma Operating Expenses | 0 |
| Plus: Average Annual Debt Principal and Interest Payments | 0 |
| Debt Coverage Requirement | <u>0</u> |
| Total Revenue Requirement | 0 |
| Less: Other Operating Revenue | 0 |
| Non-operating Income | 0 |
| Interest Income | <u>0</u> |
| Revenue Required from Rates | 0 |
| Less: Normalized Revenues from Water Sales | <u>0</u> |
| Required Revenue Increase/(Decrease) | <u><u>\$ -</u></u> |
| Percentage Increase | <u><u>0.00%</u></u> |

5. Refer to Staff’s First Request, Item 7. Jackson did not adequately respond to Staff’s First Request Item 7. Provide a schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible where Jackson lists all employees on its payroll during Fiscal Year 2020. For each employee, state their job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each city division (e.g., water, sewer, police department, or public works) during the fiscal year. If Jackson’s records do not permit the allocation of an employee’s work hours among city divisions, provide an estimate for each employee and explain how Jackson derived the estimate.

6. Refer to Staff’s First Request, Item 8. Jackson did not adequately respond to Staff’s First Request Item 8. For each employee listed in Jackson’s response to Item

5 above, describe how Jackson allocated their payroll and payroll overhead charges to each city division for the proposed test year. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

7. Refer to Staff's First Request, Item 9. Jackson did not adequately respond to Staff's First Request Item 9. Provide in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible the following actual full-year salary information for each employee listed in Item 5 above, for the fiscal years 2016–2020 (in gross dollars—not hourly or monthly rates). Use the table format below. The employee salary information for each year shall be provided in a separate tab on the Excel workbook.

| Employee Identification <u>Number</u> | Job <u>Title</u> | <u>Regular</u> | <u>Overtime</u> | <u>Vacation</u> | Standby/ <u>Dispatch</u> | <u>Bonus</u> | <u>Other</u> |
|---|---------------------|----------------|-----------------|-----------------|-----------------------------|--------------|--------------|
|---|---------------------|----------------|-----------------|-----------------|-----------------------------|--------------|--------------|

8. Refer to Staff's First Request, Item 10. Jackson did not adequately respond to Staff's First Request Item 10. Using a table format, provide the regular hours and overtime hours for each employee listed in Item 5 above, for the fiscal years 2016–2020. The employee time information for each year shall be provided in a separate table. Provide the requested table(s) in an Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

9. Refer to Staff's First Request, Item 11. Jackson did not adequately respond to Staff's First Request Item 11. Using a table format, provide the following actual full-year benefit information for each employee listed in Item 7 above, identified by employee

number and job title, for the fiscal years 2016-2020. The employee's benefit information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

- a. Health care benefit cost for each employee.
 - (1) Amount paid by Jackson.
 - (2) Amount paid by each employee.
- b. Dental benefits cost for each employee.
 - (1) Amount paid by Jackson.
 - (2) Amount paid by each employee.
- c. Vision benefits cost for each employee.
 - (1) Amount paid by Jackson.
 - (2) Amount paid by each employee.
- d. Life insurance cost for each employee.
 - (1) Amount paid by Jackson.
 - (2) Amount paid by each employee.
- e. Accidental death and disability benefits for each employee.
 - (1) Amount paid by Jackson.
 - (2) Amount paid by each employee.
- f. Defined Contribution - 401 (k) or similar plan cost for each employee.

Provide the amount paid by Jackson.

- g. Defined Benefit Retirement cost for each employee.
 - (1) Amount paid by Jackson.

(2) Amount paid by each employee.

h. Cost of any other benefit available to an employee (specify).

10. Refer to Staff's First Request, Item 12. Jackson did not adequately respond to Staff's First Request Item 12. Provide a listing of all health care plan categories available to Jackson's employees, i.e., single, married no dependents, single parent with dependents, family, etc. For each employee listed in Item 7 above, identify the type of health insurance coverage the employees are provided.

11. Refer to Staff's First Request, Item 13. Jackson did not adequately respond to Staff's First Request Item 13.

a. List all joint or shared costs that Jackson incurred during the Fiscal Year 2020. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.

b. Describe the procedures to allocate joint and shared costs among divisions for Fiscal Year 2020.

12. Refer to Staff's First Request, Item 14. Jackson did not adequately respond to Staff's First Request Item 14. Provide all internal memorandums, policy statements, correspondence, and documents related to the allocation of joint and shared costs.

13. Refer to Staff's First Request, Item 15. Jackson did not adequately respond to Staff's First Request Item 15. Provide separate depreciation schedules for each of Jackson's utility divisions.

14. Refer to Staff's First Request, Item 16. Jackson did not adequately respond to Staff's First Request Item 16. Provide the "Enterprise Funds Uniform Financial

Information Report” that Jackson submitted to the Kentucky Department of Local Government for the fiscal years ending in 2018, 2019, and 2020.

15. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (Identify separately).

(6) For each category, the schedule should include the date of each transaction, the check number or other document references, the vendor, the hours worked, the rates per hour, the amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the base period.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 15.a. above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. Provide monthly updates of the actual costs incurred in conjunction

with this rate case, reported in the manner requested in Item 15.a. above.

16. Refer to Staff's First Request, Item 18. Jackson did not adequately respond to Staff's First Request Item 18. Complete the table below*:

| | | Miles of Line Used to |
|-----------|-------------|-----------------------|
| Water | Total Miles | to Serve Wholesale |
| Main Size | of Line | Customers |
| 16" | | |
| 14" | | |
| 12" | | |
| 10" | | |
| 8" | | |
| 6" | | |
| 4" | | |
| 2" | | |

*If larger sized mains are used to serve the wholesale customers, include these sized mains in the table being submitted in response to this question.

17. Explain who pays for the water main(s) that Jackson uses to deliver water to Jackson's wholesale customer(s).

18. Refer to Staff's First Request, Item 19. Jackson did not adequately respond to Staff's First Request Item 19.

a. Provide the maximum capacity of each Jackson water treatment plant.

b. Describe the changes, if any, that Jackson expects within the next three years in the level of water treatment capacity reserved for each of the customers listed in Item 17.a. of Staff's First Request, and state the reason(s) for Jackson's expectations.

19. Refer to Staff's First Request, Item 20. Jackson did not adequately respond to Staff's First Request Item 20. Provide a system map showing all of Jackson's facilities

that are used to serve the wholesale customers listed in Item 17.a. of Staff’s First Request. This map shall show, at a minimum, all master meters, pumping stations, storage tanks, water transmission mains, and water distribution mains used to serve the customers listed in Item 17.a. of Staff’s First Request. The size of all mains shall be clearly indicated on this map.

20. Refer to Staff’s First Request, Item 21. Jackson did not adequately respond to Staff’s First Request Item 21. Provide the portion, if any, of Jackson’s water main(s) that serve the wholesale customers listed in Item 17.a. of Staff’s First Request and are gravity fed.

21. Refer to Staff’s First Request, Item 22. Jackson did not adequately respond to Staff’s First Request Item 22. List the total amount billed by Jackson for retail water service for each month of the test year and the previous 24 months to each of its retail customers.

22. Refer to Staff’s First Request, Item 24. Jackson did not adequately respond to Staff’s First Request Item 24. Complete the table below:

| | Gallons for | Gallons for |
|------------------------------------|-------------|----------------------|
| | Test Period | Fiscal Year |
| Jackson | Test Period | Ending June 30, 2020 |
| Plant Use | | |
| Line Loss | | |
| Retail Sales | | |
| Sales to Breathitt District | | |
| Sales to Other Wholesale Customers | | |
| Total Produced and Purchased | | |
| Total Sold | | |

23. Refer to Staff’s First Request, Item 25. Jackson did not adequately respond to Staff’s First Request Item 25. State whether Jackson provides unmetered water service to any entities (e.g., service to municipal buildings, fire departments, or protection

services). For each type of unmetered service, estimate the percentage of the estimated unmetered gallons provided in the test year.

24. Refer to Staff's First Request, Item 26. Jackson did not adequately respond to Staff's First Request Item 26. Provide a copy of the cost of service study (COSS), if any, upon which the proposed rate is based in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible, or explain that there is not one.

a. Identify the person who prepared the COSS, if any, upon which the proposed rate is based.

b. Provide the preparer's *curriculum vitae*.

c. List all cases before the Commission in which the preparer has submitted a COSS.

d. List all utilities (municipal or public) for which the preparer has prepared a COSS. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

25. Refer to Staff's First Request, Item 27. If the proposed rate is not based upon a COSS, describe how Jackson determined the proposed wholesale rate and state who participated in the determination. Provide all supporting documentation for the proposed rate.

26. Refer to Staff's First Request, Item 32. Jackson did not adequately respond to Staff's First Request Item 32. State the annual effect of the proposed rate adjustment on Jackson's revenues from wholesale water service to each of its wholesale water service customers. Show all calculations made and state all assumptions used to derive

this response. Provide this in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

27. Refer to Staff's First Request, Item 33. Jackson did not adequately respond to Staff's First Request Item 33. Refer to Jackson's Ordinance, Chapter 52.15, Monthly Water Rates, in which it is stated that rates for water service are tied to the Consumer Price Index as published by the Federal Reserve Bank of Cleveland, Ohio. Provide all supporting evidence that the Consumer Price Index is reflective of the costs incurred by Jackson.



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DATED SEP 02 2021

cc: Parties of Record

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