

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LAUREL)	CASE NO.
COUNTY WATER DISTRICT NO. 2 FOR AN)	2021-00385
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On October 7, 2021, Laurel County Water District No. 2 (Laurel District No. 2) tendered an application, pursuant to 807 KAR 5:076, requesting to adjust its water service rates. The Commission notified Laurel District No. 2 by letter dated October 18, 2021, that its application was rejected for failure to satisfy the minimum filing requirements set forth in certain Commission regulations. Laurel District No. 2 subsequently cured the filing deficiencies and its application was deemed filed as of February 9, 2022.

The Commission finds that a procedural schedule¹ should be established to ensure the orderly review of Laurel District No. 2's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Laurel District No. 2 should 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.

¹ No action is necessary to suspend the effective date of Laurel District No. 2'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 the Appendix A to this Order shall be followed.

2. On or before the date set forth in the procedural schedule, Laurel District No. 2 shall file its responses to the Commission's 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 (Staff Report) containing its findings and recommendations regarding Laurel District No. 2's requested rate adjustment.

4. No later than 14 days after the date of the filing of the Commission Staff 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 Report; and

b. Any additional evidence for the Commission to consider.

5. If Commission Staff finds that Laurel District No. 2's financial condition supports a higher rate than Laurel District No. 2 proposes or the assessment of an additional rate or charge not proposed in Laurel District No. 2's application, Laurel District No. 2, in its response to the Commission Staff 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 finds that changes should be made to the manner in which Laurel District No. 2 accounts for the depreciation of Laurel District No. 2's assets,

Laurel District No. 2, in its response to the Commission Staff Report, shall also state its position in writing on whether the Commission should require Laurel District No. 2 to implement the proposed change for accounting purposes.

7. A party's failure to file written objections to a finding contained in the Commission Staff Report within 14 days after the date of the filing of the Commission Staff 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 the filing of the Staff Report shall be deemed a waiver of all rights to a hearing on the application.

11. 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. Further, KRS 278.040(2) requires that a person seeking intervention must have an interest in the rates or service of a utility, as those are the only matters that are subject to the Commission's jurisdiction. 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 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.

12. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085² regarding filings with the Commission.

² 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).

By the Commission

ENTERED
FEB 18 2022 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2021-00385

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00385 DATED FEB 18 2022

Requests for intervention shall be filed no later than.....03/09/2022

Laurel District No. 2 shall file responses to Commission Staff's First Request
for Information, attached to this Order as Appendix B no later than..... 03/11/2022

All requests for information to Laurel District No. 2
shall be filed no later than 03/25/2022

Laurel District No. 2 shall file responses to requests
for information no later than 04/08/2022

All supplemental requests for information to
Laurel District No. 2 shall be filed no later than..... 04/22/2022

Laurel District No. 2 shall file responses to supplemental
requests for information no later than 05/06/2022

Commission Staff Report shall be filed no later than 06/15/2022

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00385 DATED FEB 18 2022

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
LAUREL COUNTY WATER DISTRICT NO. 2

Laurel County Water District No. 2 (Laurel District No. 2), 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 March 11, 2022. The Commission directs Laurel District No. 2 to the Commission's July 22, 2021, Order in Case No. 2020-00085³ 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.

Laurel District No. 2 shall make timely amendment to any prior response if Laurel District No. 2 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

³ 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).

to which Laurel District No. 2 fails or refuses to furnish all or part of the requested information, Laurel District No. 2 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, Laurel District No. 2 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:

- a. The general ledgers for the calendar years 2020 and 2021.
- b. Provide copies of Laurel District No. 2's General Liability Insurance, Workers' Compensation Insurance and Automobile Insurance policies for 2020 and 2021.
- c. Provide copies of the invoices (bills) received in 2020 and 2021 for the insurance policies identified in Item 1.b.
- d. A document detailing the names, job titles, job description, and pay rates for each employee on December 31, 2019, December 31, 2020, December 31, 2021, and for those currently employed.
- e. Using a table format, provide the regular hours, overtime hours, and other hours (identify) for each employee identified in Laurel District No. 2's response to

Item 1.d. for the calendar years 2019, 2020, and 2021. Provide the requested table in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

f. Provide a description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2019, 2020 and 2021.

g. For each employee benefit listed in Laurel District No. 2's response to Item 1.f., provide the monthly premium per employee paid for each benefit, the employer premium contribution, and the employee premium contribution.

h. Provide the minutes from Laurel District No. 2 commissioner meetings for the calendar years 2019, 2020, and 2021.

i. Provide a document listing the names of all commissioners for the calendar years 2019, 2020, and 2021, 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.).

j. Provide the Fiscal Court minutes approving each commissioner's appointment and compensation.

2. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years ended 2020 and 2021 in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

3. Refer to Laurel District No. 2's Application, Statement of Adjusted Operations – Water Utility and References. Provide the workpapers that support the pro

forma adjustments described in the References page of the Attachment in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

4. Refer to Laurel District No. 2's Application, References, Adjustment C. Provide a list of the current employees who participate in the County Employees' Retirement System for which Laurel District No. 2 is required to remit contributions

5. State the last time Laurel District No. 2 performed a cost of service Study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Laurel District No. 2 considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Laurel District No. 2's system would cause a new COSS to be prepared since the last time it has completed one.

c. If there have been no material changes to Laurel District No. 2's system, explain when Laurel District No. 2 anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for Laurel District No. 2's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

6. a. Identify the number of new connections (meters) that Laurel District No. 2 installed in calendar year 2020 and 2021.

b. Identify the amount of tap-on fees Laurel District No. 2 collected in calendar years 2020 and 2021.

c. Identify the account where Laurel District No. 2 recorded its tap-on fees.

d. State whether Laurel District No. 2 keeps a record of the dollar amounts of labor and materials used to install new customer taps. If Laurel District No. 2 does, state the amount of labor expense and materials expense for the test year and where it is located in the general ledger. Separately state the amounts expensed to install each new meter during the test year.

e. Provide revised cost justification sheets to support any changes to the Meter Connection/Tap-on Fee.

7. Provide the number of occurrences for which late fees were assessed during the test year.

8. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the test year.

9. Provide the cost justification for all nonrecurring charges listed in Laurel District's No. 2 tariff.

10. Provide an overview of any actions planned or taken by Laurel District's No. 2 to reduce its water loss, including any water loss reduction plan.

*Kenneth Fisher
Laurel County Water District #2
3910 South Laurel Road
London, KY 40744

*Laurel County Water District #2
3910 South Laurel Road
London, KY 40744

*Wanda Smith
Office Manager/Accountant
Laurel County Water District #2
3910 South Laurel Road
London, KY 40744