

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MOUNTAIN	)	CASE NO.
WATER DISTRICT FOR A GENERAL	)	2022-00366
ADJUSTMENT OF WATER RATES	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO MOUNTAIN WATER DISTRICT

Mountain Water District (Mountain District), 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 5, 2023. The Commission directs Mountain 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

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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).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Mountain District shall make timely amendment to any prior response if Mountain District obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

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

a. The general ledger for the Test Year; and the trial balance for the Test Year.

b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the Test Year.

c. A document listing the names, job titles, job description, and pay rates for each employee during the test year and for those currently employed.

d. A list that describes all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years.

e. A document listing the name of all commissioners for 2021, 2022, and 2023 to date, 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.).

f. Fiscal Court minutes approving each commissioner's appointment and compensation.

g. A document confirming all commissioners have completed their required initial and test year commission approved training.

h. Refer to the Application, Exhibit 6, References. Provide all workpapers used to generate the proposed adjustments.

2. Provide a copy of the most recent invoice received for all insurance policies provided to Employees.

3. Refer to the Application, Exhibit 8, Written Testimony of Connie L. Allen, Exhibit CLA-4, Mountain Water District, Water Utility Wages (Test Year, Current, and Future) table. Provide an explanation how some of the employees are able to work more than 2,080 regular hours during the test year.

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

5. Provide the current rate charged by each vendor from whom Mountain District purchases water.

6. Refer to the Application, Exhibit 11, Debt Service Requirements for 2023-2027 table. For each outstanding debt issuance still active;

a. Provide the case number in which Mountain District was authorized to issue the debt.

b. Provide a copy of the amortization table.

7. Refer to Mountain District's response to Commission Staff's First Request for Information (Staff's First Request), Item 35.

a. Confirm there were no occurrences for the following nonrecurring charges listed in Mountain District's tariff on file with the Commission.

- (1) Connection Charge;
- (2) Connection Charge After Hours;
- (3) Meter Re-Read Charge;
- (4) Meter Test Charge;
- (5) Returned Check Charge;
- (6) Service Investigation Charge;
- (7) Service Investigation Charge After Hours;
- (8) Termination Charge;
- (9) Turn On Charge; and

(10) Unauthorized Investigation Charge After Hours.

b. If there were occurrences for these nonrecurring charges, provide the number of occurrences and the total revenue collected for each of these nonrecurring charges.

8. Refer to Mountain District's Tariff, PSC Ky. No. 3, 2<sup>nd</sup> Revised Sheet No. 16, Paragraph 12 and Paragraph 14 and Mountain District's response to Staff's First Request, Item 36.

a. Explain the omission of the cost of justification of the Termination Charge and Turn-On Charge to the response.

b. If Mountain District is eliminating these charges from their tariff, confirm this elimination.

c. If there should have been a cost of justification for these charges, provide these.

9. Refer to Mountain District's response to Staff's First Request, Item 36.

a. Explain the inclusion of the Water Connection Cost Estimate for a 3/4- Inch Meter but was not provided on a cost justification sheet for water meter installations/tap fee.

b. Explain the inclusion of the Hydrant Installation Cost Estimate but was not provided on a cost justification sheet for an increase to a nonrecurring charge.

c. Explain the inclusion of the Justification for Increase on Reread Meter Fee but was not provided on a cost justification sheet for an increase to a nonrecurring charge.

d. Explain the inclusion of the Justification for same day Connection Charge After 3 p.m. but was not provided on a cost justification sheet for an increase to a nonrecurring charge.

10. Refer to Mountain District's response to Staff's First Request, Item 36, Nonrecurring Charge Cost Justification, Clerical and Office Expense, Supplies.

a. Provide an explanation and itemization of the \$1.40 for the supplies included in all charges responded to in this request.

b. Explain why this charge was not included in the justification of the Reread Meter Fee and the same day Connection Charge after 3 p.m.

11. Refer to the Application, Exhibit 6, Schedule of Adjusted Operations (SAO), Reference A and Exhibit 9, Statement of Usage and Revenues at Present and Proposed Rates.

a. Reconcile the adjustment to water sales of \$100,902 for a total of \$8,274,887 in the SAO, Reference A with the total revenue stated in Exhibit 9 of \$8,511,273.

b. Provide an itemization of all revenues included in the Miscellaneous Service Revenues of \$175,147 and Other Water Revenues of \$26,760.

c. If there are miscellaneous revenues included in the two categories, explain what may be included in these amounts.

12. Refer to the Application Exhibit 8, Direct Testimony of Connie L. Allen, P.E., page 2-3, beginning at line 21 (Allen Testimony):

a. Explain the assertion that allocating the cost of service by rate classification instead of by meter size, more accurately allocates the cost of service among its customers.

b. Explain the assertion that, if allocating by meter sizes, the cost of service to supply water to customers using the larger sized meters would be as equitable as your customer classification method.

c. Explain the decision to change the manner in which the allocation of cost of service has been revised to allocate costs on customer classification instead of allocating the cost of service based on meter.

d. Explain why the customer classifications' proposed rate schedules vary so greatly in the minimum bill and volumetric charges as shown in the proposed rate schedule in the application and proposed tariff.

13. Refer to Allen Testimony, page 3, line 7:

a. Explain the statement, "The District desires to employ cost based rates."

b. Explain if your statement is that rates based on meter sizes are not cost based.

c. Explain why the meter sized based rates are not defensible.

14. Refer to Allen Testimony, page 3, line 12:

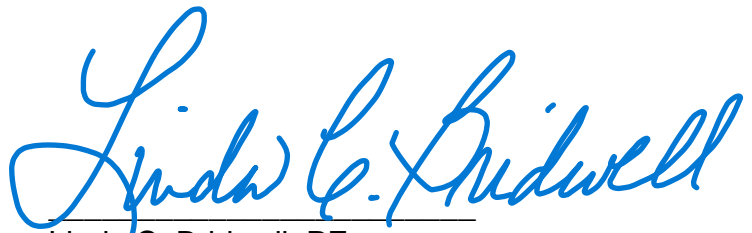
a. Explain if rates based on meter sizes are not within the generally accepted ratemaking principle.

b. Provide any material that discusses the generally accepted ratemaking principles of cost-based rates determined by customer classification and by meter sizes.

15. Refer to Allen Testimony, page 4, line 5:

a. Explain the selection for the test period of July 1, 2021, through June 30, 2022.

b. Explain the decision to not choose the test period of January 1, 2021, through December 31, 2021, the same time frame as the PSC Annual Report filed by Mountain District.



Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED     MAY 22 2023    

cc: Parties of Record



\*Gerald E Wuetcher  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Roy Sawyers  
Mountain Water District  
P. O. Box 3157  
Pikeville, KY 41502

\*Mountain Water District  
6332 Zebulon Highway  
P. O. Box 3157  
Pikeville, KY 41502-3157

\*Tammy Olson  
Mountain Water District  
P. O. Box 3157  
Pikeville, KY 41502