

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH	)	CASE NO.
MARSHALL WATER DISTRICT FOR A RATE	)	2023-00134
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

ORDER

On May 15, 2023,<sup>1</sup> North Marshall Water District (North Marshall District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. North Marshall District filed this proceeding in compliance with the final Order in Case No. 2021-00333.<sup>2</sup> In that proceeding, North Marshall District was ordered to file an application by February 21, 2023, for either a general 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 schedule<sup>3</sup> should be established to ensure the orderly review of North Marshall District's application. The procedural schedule is attached as Appendix A to this Order.

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<sup>1</sup> North Marshall District tendered its application on May 9, 2023. By letter dated May 10, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on May 15, 2023.

<sup>2</sup> See Case No. 2021-00333 *Electronic Application of North Marshall Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an order Approving a Change in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023*, (Ky. PSC Feb 21, 2022) at 4, paragraph 1.

<sup>3</sup> No action is necessary to suspend the effective date of North Marshall 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, North Marshall District 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, North Marshall District shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.

3. North Marshall 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 North Marshall 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 North Marshall District's financial condition supports a higher rate than North Marshall District proposes or the assessment of an additional rate or charge not proposed in North Marshall District's application, North Marshall 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 North Marshall District accounts for the depreciation of North Marshall District's assets, North Marshall District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require North Marshall 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 why 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.

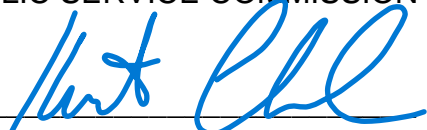
12. As set forth in 807 KAR 5:001E, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that the person requesting permissive intervention 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. In addition, 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.

13. 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

ENTERED  
JUN 02 2023  
rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00134 DATED JUN 02 2023

Requests for intervention shall be filed no later than .....06/12/2023

Intervenor requests for information to  
North Marshall District shall be filed no later than .....06/19/2023

North Marshall District shall file responses to all requests  
for information no later than .....07/03/2023

All supplemental requests for information to  
North Marshall District shall be filed no later than .....07/17/2023

North Marshall District shall file responses to supplemental  
requests for information no later than .....07/31/2023

Commission Staff's Report shall be filed no later than.....09/07/2023

## APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00134 DATED JUN 02 2023

### COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO NORTH MARSHALL WATER DISTRICT

North Marshall Water District (North Marshall District), pursuant to 807 KAR 5:001E, is to file with the Commission an electronic version of the following information. The information requested is due on July 3, 2023. The Commission directs North Marshall 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.

North Marshall District shall make timely amendment to any prior response if North Marshall District obtains information that indicates the response was incorrect or

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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).

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

For any request to which North Marshall District fails or refuses to furnish all or part of the requested information, North Marshall 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, North Marshall 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 calendar years 2021 and 2022; and the trial balance for the calendar years 2021 and 2022.

b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years 2021 and 2022.

c. Minutes from North Marshall District's commissioner meetings for the calendar years 2021, 2022, and year to date 2023.

d. A document listing the names, 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.

e. 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 two years.

f. A document listing the names of all commissioners for each of the five 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.).

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

h. Provide all the workpapers that support each pro forma adjustment described in the Statement of Adjusted Operations References used to generate the proposed adjustments.

i. Explain for how North Marshall District handles excess pensions and other post-employment benefits expenses over contribution levels.

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

3. State whether each current commissioner has completed all required Commission approved training pursuant to KRS 74.020(8)(b) and KRS 74.020(7)(a) to receive \$6,000 annual compensation.

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

5. Provide a copy of the education and training courses completed in calendar years 2021 and 2022, including a copy of all cost of each training course.

6. Identify the number of new water connections that North Marshall District installed in calendar years 2021 and 2022.

7. Refer to the Application, Attachment #4, Schedule of Adjusted Operations, Purchased Water Expense; and the Annual Report of North Marshall District to the Public Service Commission for the Calendar Year Ended December 31, 2021, page 57. Reconcile the 4,126,000 gallons of water purchased from the annual report to the \$0 for Purchased Water Expense in the application.

8. Provide a monthly breakdown in both volumetric amount and dollar amount, for each Chemical purchased during the test year by vendor, identifying all vendors from whom North Marshall District purchased chemicals.

9. Provide the current rates charged by each vendor for each chemical North Marshall District purchases.

10. Provide an overview of any actions planned or taken by North Marshall District to reduce its water loss, including a copy of any water loss reduction plan.

11. Refer to the Application, Exhibit 4, Adjustment M. Provide a breakdown of the expected rate case expenses, as well as a copy of the actual costs incurred in conjunction with this rate case.

12. Refer to the Application, Exhibit 4, Table A, Depreciation Expense Adjustments, and Attachment 7, 7\_2021\_Depreciation\_Schedule.xls. Reconcile Table A's Asset Original Cost and Reported Depreciation Expense columns with the

Depreciation Schedule that comprise each asset class recorded, provide where each asset is recorded in Table A.

13. Refer to Application, Attachment 4, Table B, Debt Service Schedule. For each outstanding debt issuance still active, provide the case number in which North Marshall District was authorized to issue the debt.

14. Provide a copy of the most recent cost-of-service-study (COSS) performed for North Marshall District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

a. State the last time North Marshall District performed a COSS to review the appropriateness of its current rates and rate design.

b. Explain whether North Marshall District considered filing a COSS with the current rate application and the reasoning for not filing one.

c. Explain whether any material changes to North Marshall District's system would cause a new COSS to be prepared since the last time it has completed one.

d. If there have been no material changes to North Marshall District's system, explain when North Marshall District anticipates completing a new COSS.

15. Refer to North Marshall District's Application, Current 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 adjustments made to the billing analysis and include an explanation of each adjustment.

16. a. Provide the date that North Marshall District's meter-reading billing cycle begins.

b. State if the date that the billing cycle begins is the date that would best be stated as the effective date of any Order the Commission issues concerning rates in this case.

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

18. Provide the total amount recorded for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the calendar years 2021 and 2022.

19. Provide an updated cost justification sheet for each nonrecurring charge listed in North Marshall District's tariff.

20. Provide an updated cost justification sheet for each Meter Connection/Tap-on Fee listed in North Marshall District's tariff.

21. 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 \$16,249.

b. In the Other Operating Revenues of \$68,177.

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