

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KNOTT COUNTY)	
WATER AND SEWER DISTRICT FOR)	CASE NO. 2019-00268
AN ALTERNATIVE RATE ADJUSTMENT)	

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits these Initial Data Requests to Knott County Water and Sewer District (hereinafter “KCWSD” or the “District”) to be answered by September 20, 2019, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words “document” or “documents” are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting

records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



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1. Explain the intent and formulation of the proposed 3 phase rate implementation.
 - a. Though the full rate increase is proposed to increase over time in 3 phases, confirm that the eventual result is an 80% increase in the retail rates over the course of two years.
 - b. Explain how the time period of one year between each phase was selected, and what factors were used to determine the length of this time period.
 - c. Fully explain how such an increase comports with the principle of gradualism.
2. Reference the Application, Attachment 3, which states that the "District's existing retail water rates were established in 2011."
 - a. Reference Case No. 2002-00292. Confirm that this was Knott County's last base rate case/ Alternative Rate Filing.
 - b. Further reference Case No. 2002-00292, Commission's Order of May 20, 2003, Appendix A. Confirm that the retail water rates approved in the 2002 case are the same rates currently in use by Knott County.
 - c. Fully explain whether the District's water rates were ever changed after they were set in Case No. 2002-00292. If not, explain why the District has waited until now to seek a rate increase.
 - d. Explain whether the District's sewer rates have increased since Case No. 2002-00292. If not, explain why not.
3. Explain whether the District expects much or any load growth over the next 5–10 years.
 - a. If so, describe where in the service territory and provide an estimate of the scale of such growth.
4. Reference the Application, Attachment 2. The wholesale customer rate is proposed to increase by 18.3%. Further reference the District's Response to Letcher County Water and Sewer District ("LCWSD")'s Motion to Intervene, and the attached letter of the District dated December 27, 2019.
 - a. Explain whether the decision to increase the wholesale rates was connected to the District's decision not to renew a written contract for wholesale water service with LCWSD.
 - b. Explain the rationale for continuing to provide uninterrupted water service to LCWSD without a contract, but on a month-to-month basis.

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- c. Describe whether LCWSD has continued to purchase the same amount of water and provide the monthly amounts for 2019 to date.
5. Reference the Application, Attachment 3. As one of the reasons stated for seeking the rate increase and more revenue, the District listed its need to maintain and replace infrastructure to “ensure reliable service to its customers and control water loss.”
 - a. Further reference the Application, Schedule 5d, which lists the current line losses at 9.18%. Confirm that this loss and the associated purchased, sold, and used water are based on the 2018 calendar year figures.
 - b. Reference the District's Annual Reports from 2014 to 2017, Water Statistics Reference Page 30. Confirm the water loss figures listed from those years are:

2014: 22.68%
2015: 18.60%
2016: 20.79%
2017: 5.22%
 - c. Fully explain how the District has been able to reduce its water loss from a high of 22.68% to single digit percentages in 2017 and 2018.
 - d. Explain what specific challenges remain for the District to keep water loss at an acceptable percentage.
 - e. Name and describe any specific projects of infrastructure repair or replacement the District has identified which will specifically help to maintain a low water loss.
6. Provide the current number of District employees, and identify how many are full-time versus part-time.
 - a. Explain whether the District requires contributions from its employees for health insurance premiums consistent with recent Commission precedent.
 - b. If so, provide the percentage of employee contribution. If not, explain why not.
 - c. Provide the percentage of any merit-based or cost of living wage increases to employees over the past three (3) years and explain the process of how the District evaluates whether to award such increases and how much to award.

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7. Reference the Application, Schedule 5b.
 - a. Explain the apparent redundancies for Computer equipment with large purchases in 2010, 2012, and 2014 despite all having a pro forma service life of ten (10) years.
 - b. Explain the apparent redundancy for billing software with large purchases in 2010 and 2014, despite having a pro forma service life of ten (10) years.
 - c. Explain the need to purchase two mini excavators in 2010.
8. Reference the Application, Attachment 8.
 - a. Explain whether the truck purchases in 2018, three Dodge Rams, were paid for in cash or financed.
 - b. If financed, provide the terms and length of the agreement, and the promissory note holder.
 - c. If the financing extends of two years, explain whether the District sought permission from the Commission in accordance with KRS 278.300. If not, fully explain why not.
9. State the District's projected rate expense for the instant alternative rate filing, or provide where in the application such expense is located.
10. Reference the Application, Attachment 5, which lists the salaries and wages for officers as \$30,200. Also reference the District's 2017 Annual Report, Contacts Ref. Page 6, which lists five (5) officers and board members but shows their salaries as \$0.
 - a. Explain the apparent discrepancy and if officers are currently paid, state the salary paid to each.
 - b. Explain whether officers receive any other remuneration or benefits.
11. Reference the Application, Attachment 5. Provide a breakdown of the Miscellaneous Expenses category and the associated adjustment.

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Certificate of Service and Filing

Counsel certifies that an original and ten (10) photocopies of the foregoing were served and filed by hand delivery to Gwen R. Pinson, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail to:

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This 6th day of September 2019.



Assistant Attorney General