

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**In the Matter of:**

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

**FIRST REQUEST FOR INFORMATION TO KNOTT COUNTY WATER  
AND SEWER DISTRICT FROM LETCHER COUNTY WATER AND SEWER  
DISTRICT-CITY OF HINDMAN**

Pursuant to the Public Service Commission’s Order of August 14, 2019, Letcher County Water and Sewer District (“Letcher District”) and the City of Hindman, Kentucky (“City”) respectfully submit the following requests for information to Knott County Water and Sewer District (“Knott County District”) to be answered no later than September 20, 2019.

**Instructions**

1. As used herein, “Documents” include all correspondence, memoranda, notes, email, maps, drawings, surveys, or other written or recorded materials, whether external or internal, of every kind or description in the possession of, or accessible to, Knott District, its witnesses, or its counsel.

2. Please identify by name, title, position, and responsibility the person or persons answering each of these data requests.

3. These requests shall be deemed continuing so as to require further and supplemental responses if Knott District receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted herein.

4. To the extent that the specific document, work paper, or information as requested does not exist, but a similar document, work paper, or information does exist, provide the similar document, work paper, or information.

5. To the extent that any request may be answered by a computer printout, spreadsheet, or other form of electronic media, please identify each variable contained in the document or file that would not be self-evident to a person not familiar with the document or file.

6. If Knott District objects to any request on the ground that the requested information is proprietary in nature, or for any other reason, please notify the undersigned counsel as soon as possible.

7. For any document withheld on the ground 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.

8. In the event any document requested has been destroyed or transferred beyond the control of Knott District, its counsel, or its witnesses, 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 such a document was destroyed or transferred by reason of a document retention policy, describe in detail the document retention policy.

9. If a document responsive to a request is a matter of public record, please produce a copy of the document rather than a reference to the record where the document is located.

#### **Requests for Information**

1. Identify each person who prepared or assisted in the preparation of Knott District's Application and identify that section or sections of the Application for which the person is responsible.

2. For each person listed in the response to Request 1, provide the person's curriculum vitae.

3. If the person or persons who prepared the Application are not Knott District employees, state when each person was retained to prepare or assist in the preparation of Knott District's Application.

4. Provide all reports, studies, analyses, review, and similar documents used to prepare Knott District's Application.

5. For the person who prepared Attachments 5 through 5j:

a. List each case in which he or she presented testimony to the Public Service Commission in oral or written format.

b. List each case in which he or she submitted or otherwise sponsored a cost-of-service study using the same methodology used in Attachments 5 through 5j.

6. Provide a system map showing all Knott District's facilities that are used to serve its wholesale (or sale for resale) customers. This map should show, at a minimum, all master meters, pumping stations, storage tanks, water transmission mains, and water distribution mains used to serve its wholesale customers and clearly indicate the size of all mains.

7. In October 2018, the Kentucky Energy and Environment Cabinet announced a grant of \$850,000 from the Kentucky Division of Abandoned Mine Lands to Knott District for the design and construction of a water line to serve approximately 58 homes along Runnels Branch in central Knott County.

a. State the expected completion date of this project.

b. State whether the addition of 58 customers resulting from this project is reflected in Knott District's pro forma revenues from water sales. If not, explain why not.

8. State the number of tap fees assessed during the test period.

9. Provide a breakdown of the sources of the miscellaneous revenues for the test period.

10. Provide a copy of the minutes of each meeting of Knott District's Board of Commissioners held since January 1, 2018.

11. Describe all changes in Knott District personnel that have occurred since December 31, 2018, including, hires, retirements, dismissals, resignations, wage increases, promotions and demotions.

12. For each current employee, provide the following:

- a. Position;
- b. Current Wage Rate or Salary;
- c. Number of hours worked in test period;
- d. Number of regular hours worked in test period'
- e. Number of overtime hours worked in test period

13. Describe the benefit package available to each Knott District employee.

14. For each employee, list the cost of each benefit (e.g., health insurance, dental insurance, life insurance, retirement) that Knott District provides. State whether the employee is required to make any contribution towards the cost of the benefit (e.g., paying a portion of the cost of health insurance premiums).

15. According to its 2017 Annual Report, Knott District had 10 full-time employees on December 31, 2017. According to its 2018 Annual Report, Knott District had 12 full-time employees and 2 part-time employees on December 31, 2018. Explain why 3 additional employees (2 full-time and 1 part-time) were added in 2018.

16. State the annual salary of each member of Knott District's Board of Commissioners. Explain why Knott District's annual report indicates that members of the Board of Commissioners are not paid a salary.

17. Provide a copy of the resolution of the Knott County Fiscal Court in which members of Knott District's Board of Commissioners were authorized their current annual salary. If no resolution is available, provide the minutes of the meeting of the Knott County Fiscal Court in which a salary for the members of the Board of Commissioners was authorized.

18. Provide the monthly invoices for the County Retirement System for the test period.

19. Provide the calculations made to derive the test period pro forma expense for employee retirement benefits.

20. Provide a breakdown of the test period Materials and Supplies Expense of \$97,455.

21. Provide the invoices for test period Material and Supplies Expense of \$97,455.

22. Provide a breakdown of test period Contractual Services Expense of \$235,642.

23. Provide the invoices for test period Contractual Services Expense of \$235,642

24. State the basis for Knott District's proposed adjustment to Contractual Services Expense of \$69,566. In the response, state all assumptions used and show all calculations to derive the proposed adjustment.

25. Provide a breakdown of test period Miscellaneous Expenses of \$123,090. Also provide the invoices supporting these expenses.

26. State the basis for Knott District's proposed adjustment to Miscellaneous Expenses of \$52,875. In the response, state all assumptions used and show all calculations to derive the proposed adjustment.

27. Provide a breakdown of each tax and the amount of payments included in test period Taxes Other than Income of \$40,007.

28. According to its present tariff, Knott District has not adjusted its non-recurring charges since 2007. State whether Knott District has calculated the current cost of the service provided in return for each of its non-recurring charges. If yes, provide the calculations for each non-recurring charge. If Knott District has not calculated the current cost for these services, explain why not.

29. According to its 2018 Annual Report, approximately 2,400,000 gallons of water is used by Knott District's wastewater treatment plant. Describe how Knott District's sewer operations compensate Knott District's water operations for water used at the wastewater treatment plant.

30. According to its 2018 Annual Report, approximately 11,000,000 gallons of water of "Other Water Used" was for "other." For what purpose or activity was this water used?

31. According to Attachment 5g of the Application, all of the salaries for members of Knott District's Board of Commissioners were allocated to water operations. Explain why none of the salaries were allocated to sewer operations.

32. The rate schedule that Knott District currently has on file with Public Service Commission does not contain a rate for wholesale (or sales for resale) customers.

a. State whether Knott District is proposing to revise its rate schedule to expressly include a rate for water service to wholesale customers.

b. If yes, state the conditions of service, if any, that Knott District intends to impose on "wholesale customers" and that are not currently set forth in its filed rate schedules.

33. State whether any of the employees whose salaries, wages and employee benefits are included in test year total operating expenses performed work for Knott District's sewer

operations. If yes, identify the employees (by position) and the nature and frequency of the work performed for the sewer operations and describe how Knott District allocated expenses associated with the employee(s) between the water and sewer operations.

34. State whether equipment or vehicles owned by Knott District's water operations or for which Knott District is seeking recovery of depreciation expense through rates for water service is used to provide sewer service. If yes, describe how Knott District allocates the depreciation and maintenance expense associated with such equipment or vehicles between its water and sewer operations.

35. Provide Knott District's cost allocation manual and all other documents, including policy statements, memoranda, correspondence, and official guidance, that address how Knott District allocates shared or joint costs between its water and sewer operations.

36. Refer to Attachment 5g of Knott District's Application. Explain how each expense category was allocated between the various functions (e.g., water production, transmission and distribution, customer accounts, administrative and general). Provide the work papers used to develop the table.

37. Given that a final decision on Knott District's proposed rates is not likely to be rendered before the end of 2019, explain why determining annual debt service payments based upon the average of annual payments for the years 2020 through 2024 is not more accurate and reasonable than the average of annual payments for the years 2019 through 2023.

Dated: September 6, 2019

Respectfully submitted,



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## CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that on September 6, 2019 a true and accurate copy of this Request was transmitted by electronic mail to the following:

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