

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH)	CASE NO.
HOPKINS WATER DISTRICT FOR AN)	2022-00122
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On April 26, 2022, South Hopkins Water District (South Hopkins District) tendered an application, pursuant to 807 KAR 5:076, requesting to adjust its water service rates. The Commission notified South Hopkins District by letter dated April 26, 2022, that its application was rejected for failure to satisfy the minimum filing requirements set forth in certain Commission regulations. South Hopkins District subsequently cured the filing deficiencies and its application was deemed filed as of April 29, 2022.

The Commission finds that a procedural schedule¹ is established to ensure the orderly review of the South Hopkins District's application. The procedural schedule is attached as an Appendix A to this Order.

In addition, South Hopkins 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.

IT IS THEREFORE ORDERED that:

¹ No action is necessary to suspend the effective date of South Hopkins 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.

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, South Hopkins District 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 (Commission Staff's Report) containing its findings and recommendations regarding South Hopkins District's requested rate adjustment.

4. No later than 14 days after the date of the filing 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.

5. If Commission Staff finds that South Hopkins District's financial condition supports a higher rate than South Hopkins District proposes or the assessment of an additional rate or charge not proposed in South Hopkins District's application, South Hopkins 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.

6. If Commission Staff finds that changes should be made to the manner in which South Hopkins District accounts for the depreciation of South Hopkins District's assets, South Hopkins District in its response to the Commission Staff's Report shall also

state its position in writing on whether the Commission should require South Hopkins District 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'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.

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 Commission Staff's 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).

PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00122 DATED MAY 19 2022

Requests for intervention shall be filed no later than06/17/2022

South Hopkins District shall file responses to Commission
Staff's First Request for Information, attached to this
Order as Appendix B no later than.....07/01/2022

Commission Staff shall schedule and conduct a field
review no later than07/29/2022

Commission Staff's Report shall be filed no later than.....08/26/2022

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00122 DATED MAY 19 2022

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO SOUTH HOPKINS WATER DISTRICT

South Hopkins Water District (South Hopkins District), 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 July 1, 2022. The Commission directs South Hopkins District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ 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.

South Hopkins District shall make timely amendment to any prior response if South Hopkins District 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

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to which South Hopkins District fails or refuses to furnish all or part of the requested information, South Hopkins District shall provide a written explanation of the specific grounds for its failure to respond completely and precisely.

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, South Hopkins District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Using a table format, provide the following information for each employee, identified by employee number and job title, job description, date hired, date terminated (if applicable), and pay rates (hourly or salary) for each employee at December 31 for 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.

2. Using a table format, provide the following actual full-year salary information for each employee for each employee identified in South Hopkins District's response to Item 1 above for the calendar years 2019, 2020, and 2021 (in gross dollars — not hourly or monthly rates). The employee salary information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

a. Regular salary or pay.

- b. Overtime pay.
- c. Vacation payout.
- d. Standby/Dispatch pay.
- e. Bonus pay.
- f. Other amounts paid and reported on the employees' W-2 (specify).

3. Using a table format, provide the employee work hours broken down into the categories listed in Item 2 above. The employee hours shall be provided separately for each employee identified in South Hopkins District's response to Item 2 above for the calendar years 2019, 2020, and 2021. Provide the requested tables in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

4. Provide copies of the January 2021 and January 2022 invoices for the following employee insurance benefits:

- a. Medical.
- b. Vision.
- c. Dental.
- d. Life

5. Provide a table listing the name of all Commissioners for each calendar year 2019, 2020, and 2021. 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, and other compensation.).

6. Provide a copy of the Fiscal Court minutes approving each Commissioner's compensation.

7. Provide copies of the current contracts between South Hopkins District and any company (i.e.: sewer, garbage, etc.) that South Hopkins District provides billing and collections services to.

8. Provide copies of each document listed below:

a. Adjusted trial balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended 2020.

b. A list of the audit adjustments with detailed explanations.

c. Audit workpapers for long-term debts.

d. Audit workpapers for accounts receivable, allowance for doubtful accounts, and bad debt expense.

9. Refer to the Application, Outstanding Debt Amortization Schedules (United States Department of Agriculture bonds and Kentucky Infrastructure Authority loan). For each debt issuance that is still active; provide the case number in which the Commission authorized South Hopkins District to issue the debt.

10. a. Identify the number of new connections (meters) that South Hopkins District installed in calendar year 2020 and 2021.

b. Identify the amount of tap-on fees South Hopkins District collected in calendar years 2020 and 2021.

c. Identify the account where South Hopkins District recorded its tap-on fees.

d. State whether South Hopkins District keeps a record of the dollar amounts of labor and materials used to install new customer taps. If so, 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.

11. a. Provide the cost justification for each of South Hopkins District's nonrecurring charges listed in the table below.

Late Payment Charge		10.00%
Connection Charge	\$	50.00
Reconnection Charge	\$	50.00
Reconnection Charge (After Hours)	\$	100.00
Returned Payment Charge	\$	25.00
Service Call Investigation	\$	50.00
Service Call Investigation (After Hours)	\$	100.00
Meter Test Request	\$	100.00
Damage to Meter Setting or Lid		Actual Cost
Meter Relocate		Actual Cost

b. For the damage to meter setting and the meter locate charges explain how South Hopkins District computes the actual cost and if the charges collected are recorded as an expense or are the costs capitalized.

c. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during calendar year 2020.

d. Provide the late charges revenue from the calendar years 2017, 2018, and 2019.

12. In calendar year 2020 South Hopkins District recorded a water loss percentage of 28.99 percent. Provide an overview of any actions planned or taken by South Hopkins District to reduce its water loss, including any water loss reduction plan.

13. Provide the date when South Hopkins District last performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether any material changes to South Hopkins District's system have occurred that would cause a new COSS to be prepared since the date of South Hopkins District's most recent COSS.

b. If there have been no material changes to South Hopkins District's system, explain when South Hopkins District anticipates completing a new COSS.

14. Refer to South Hopkins District's Application, Billing Analysis, Excel Workbook: Billing.xlsx; Tab: Billing Analysis.

a. Compare the annual revenue produced by South Hopkins District's billing analysis to the revenues reported in its Application, Schedule of Adjusted Operations.pdf. Include detailed explanations for any noted differences.

b. Provide the source of the 2020 usage data South Hopkins District presented in the Billing Analysis, and state whether any adjustments were made to the data.

c. Provide a listing of each adjustment South Hopkins District made to its billing data, the number of gallons (if any) adjusted, and the reason for each adjustment.

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