

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF LEXINGTON-)	
FAYETTE URBAN COUNTY GOVERNMENT)	
REVISING ITS MONTHLY SEWER USER FEE)	CASE NO.
AND TAP-ON CONNECTION FEES TO)	2022-00186
JESSAMINE-SOUTH ELKHORN WATER)	
DISTRICT)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

Lexington-Fayette Urban County Government (LFUCG), 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 August 26, 2022. The Commission directs LFUCG 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

¹ 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.

LFUCG shall make timely amendment to any prior response if LFUCG 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 to which LFUCG fails or refuses to furnish all or part of the requested information, LFUCG shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

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

1. Based on the calculation below, LFUCG's audit reports indicate that, for each of the past three years, the Sanitary Sewer System Business-Type Activity performed by LFUCG has had a positive cash-basis income. If LFUCG has had a positive cash-basis income, explain why LFUCG proposed an increase in sewer service and tap-on fees charged to Jessamine-South Elkhorn Water District. If the cash-basis income has not been positive, provide supporting documentation to reflect that the cash-basis income has not been positive.

Year	2019	2020	2021
Net Income before Contributions	\$ 14,611,395	\$ 12,540,237	\$ 6,902,619
Pension / OPEB Non-Cash Adjustments	2,515,033	2,519,665	2,545,571
Subtract: Principal Payments ()	<u>(7,921,901)</u>	<u>(10,482,732)</u>	<u>(11,212,512)</u>
Adjusted Net Income / (Loss)	\$ 9,204,527	\$ 4,577,170	\$ (1,764,322)
Add: Depreciation Expense	<u>12,517,562</u>	<u>13,649,916</u>	<u>16,327,030</u>
Cash Basis Income	<u>\$30,926,616</u>	<u>\$22,804,256</u>	<u>\$12,798,386</u>

2. Refer to LFUCG's response to Commission Staff's First Request for Information, Item 1-2, 2021 Audit Report. Provide a set of financial statements broken down by Business-Type Activity similar to those shown on pages 49-52 of the 2021 Audit Report for the fiscal year ended June 30, 2022.

3. Refer to Appendix B of the Commission's June 24, 2022 Order in this proceeding, which consists of an email exchange between David Barberie and Commission Staff. In the email sent on June 1, 2022, Item 5, Mr. Barberie stated "[w]ith respect to this year, both LFUCG's overall historical costs, and the costs experienced this last fiscal year justify the rate increases at least in the amount filed with the PSC." Provide support illustrating how the historical costs and actual costs experienced in the last fiscal year support the proposed rate increases.



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 Public Service Commission
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DATED AUG 05 2022

cc: Parties of Record

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