

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF LARUE)	
COUNTY WATER DISTRICT NO. 1 AND THE)	
CITY OF NEW HAVEN FOR AN ORDER)	
APPROVING THE TRANSFER OF OWNERSHIP)	
OF THE CITY OF NEW HAVEN'S WATER)	CASE NO.
SYSTEM AND APPROVING LARUE COUNTY)	2022-00207
WATER DISTRICT NO. 1'S ASSUMPTION OF)	
CERTAIN DEBT OBLIGATIONS OF THE CITY OF)	
NEW HAVEN PURSUANT TO THE PROVISIONS)	
OF KRS 278.020, KRS 278.300, AND 807 KAR)	
5:001)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO LARUE COUNTY WATER DISTRICT NO. 1

LaRue County Water District No. 1 (LaRue District No. 1), 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 24, 2022. The Commission directs LaRue District No. 1 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

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).

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.

LaRue District No. 1 shall make timely amendment to any prior response if LaRue District No. 1 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 LaRue District No. 1 fails or refuses to furnish all or part of the requested information, LaRue District No. 1 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, LaRue District No. 1 shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, page 15. Explain and provide substantiating information for the statement that LaRue District No. 1 will not need to hire any new employees. Provide details of any plans related to adding the service area of the city

water operations, including water loss and meter reading, without requiring additional employees or additional employee time to locate and repair leaks or reading of meters.

2. Refer to the Application, pages 15–16. Provide the impact that LaRue District No. 1’s post-closing rates will have on the average customer’s bill for the “inside the city” customers and the “out of city” customers.²

3. Refer to the Application, Exhibit 4, pages 3–4. Explain at what point a determination will be made regarding the exchange of cash or the exchange of cash offset by assumption of debt will be made.

4. Refer to the Application, Exhibit 5, page 20. Explain why this is an “or” option. As part of this explanation, reconcile the wording in paragraph 2 with the previous section.

5. Refer to the Application, page 17.

a. Provide all studies, analysis or reports composed for the city of New Haven (New Haven) or LaRue District No. 1 that supports the acquisition will have certain economies of scale

b. Provide all studies, analysis or reports composed for New Haven or LaRue District No. 1 that support the statement that the combined systems can be managed, operated, and maintained in a more cost-effective manner.

² **Example:** The impact will increase a typical residential customer’s monthly water bill an average customer uses approximately X,XXX gallons for “the in city” customers and for an average customer uses approximately X,XXX gallons for “the out of city” customers. The impact of LaRue District No. 1 rates will have on “the in city” customer’s bill will be from \$XX.XX (“in city”) to \$XX.XX (LaRue District), an increase (or decrease) of \$XX.XX, or approximately XX.XX percent. The impact of LaRue District No. 1 rates will have on “the out of city” customer’s bill will be from \$XX.XX (“out of city”) to \$XX.XX (LaRue District), an increase (or decrease) of \$XX.XX, or approximately XX.XX percent.

5. Refer to the Application, page 18. Provide any and all favorable impacts on LaRue District No. 1 that will result from this transaction.

6. Pursuant to recent Commission precedent,³ provide an explanation, and accompanying documentation, as to why New Haven is no longer able to operate its water system.

7. State how the Joint Applicants will provide notice of the transfer to the customers currently served by New Haven.

8. Provide any current notice of violations issued by the Energy and Environment Cabinet (EEC) or the Kentucky Division of Water (DOW) to New Haven. Provide copies of each outstanding violation and state how the violation(s) will be resolved.

9. Provide any current notice of violations issued by EEC or the DOW to LaRue District No. 1. Provide copies of each outstanding violation and state how the violation(s) will be resolved.

10. Provide documentation of any communications between the Joint Applicants and the EEC or DOW regarding the Joint Application.

11. Refer to Application, Exhibit 6, Resolution 2022-05-01, page 3. LaRue District No. 1 states that LaRue District No.1's acquisition of New Haven's water system is in the public interest. Provide a detailed discussion and documentation to support LaRue District No. 1's position.

³ Case No. 2021-00387 *Electronic Joint Application of Grayson County Water District and the City of Caneyville for an Order Approving the Transfer of Ownership of the City of Caneyville's Water System and Approving Grayson County Water District's Assumption of Certain Debt Obligations of the City of Caneyville Pursuant to the Provisions of KRS 278.020, KRS 278.300, and 807 KAR 5:001 (Ky. PSC June 6, 2022).*

12. Refer to Application, Exhibit 7, Ordinance NO. 497 Series 2022, page 3. New Haven states that LaRue District No.1's acquisition of New Haven's water system is in the public interest. Provide a detailed discussion and documentation to support New Haven's position.

13. Refer to the Application, Exhibit 14. Provide a detailed asset listing for the assets being acquired from New Haven. At a minimum include description, acquisition date, cost basis (individually and totals by asset class and grand total), depreciation life, accumulated depreciation, and net book value.



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DATED AUG 04 2022

cc: Parties of Record

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