

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	CASE NO.
SHELBY WATER COMPANY FOR A RATE)	2022-00317
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On September 14, 2022, North Shelby Water Company (North Shelby Water) tendered an application, pursuant to 807 KAR 5:076, in response to the Commission's Order in Case No. 2021-00249.¹ North Shelby Water is not requesting an increase in its water service rates with this application. The Commission notified North Shelby Water by letters dated September 19, 2022, and September 22, 2022, that its application was rejected for failure to satisfy the minimum filing requirements set forth in certain Commission regulations. North Shelby Water subsequently cured the filing deficiencies and its application was deemed filed as of September 27, 2022.

The Commission finds that a procedural schedule² should be established to ensure the orderly review of North Shelby Water's application. The procedural schedule is attached as Appendix A to this Order.

¹ Case No. 2021-00249, *Electronic Purchased Water Adjustment Filing of North Shelby Water Company* (Ky. PSC July 19, 2021), Order at 5.

² No action is necessary to suspend the effective date of North Shelby Water'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.

In addition, North Shelby Water 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. The procedural schedule set forth in Appendix A to this Order shall be followed.

2. North Shelby Water shall file its responses to Commission Staff's First Request for Information, attached to this Order as Appendix B, on or before the date set forth in the procedural schedule.

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 North Shelby Water's requested rate adjustment.

4. No later than 14 days after the date of service 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 recommends that North Shelby Water's financial condition supports a higher rate than North Shelby Water proposes or the assessment of an additional rate or charge not proposed in North Shelby Water's application, North Shelby Water 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 recommends that changes should be made to the manner in which North Shelby Water accounts for the depreciation of North Shelby Water's assets, North Shelby Water in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require North Shelby Water to implement the proposed change for accounting purposes.

7. A party's failure to file written objections to a recommendation 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 service 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. 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 Appendix A 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.

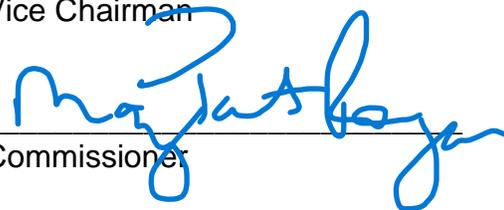
12. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission.

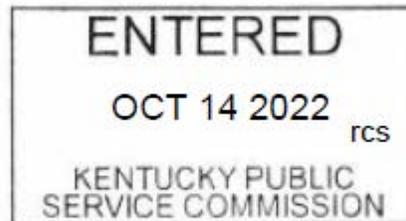
³ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are not required to file the original physical copies of the filings required by 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. 2022-00317 DATED OCT 14 2022

Requests for intervention shall be filed no later than10/27/2022

North Shelby Water shall file responses to Commission
Staff's First Request for Information, attached to this Order
as Appendix B no later than11/03/2022

All supplemental requests for information to
North Shelby Water shall be filed no later than11/17/2022

North Shelby Water shall file responses to supplemental
requests for information no later than12/08/2022

Commission Staff's Report shall be filed no later than.....02/08/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00317 DATED OCT 14 2022

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO NORTH SHELBY WATER COMPANY

North Shelby Water Company (North Shelby Water), 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 November 3, 2022. The Commission directs North Shelby Water 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.

North Shelby Water shall make timely amendment to any prior response if North Shelby Water obtains information that indicates the response was incorrect when made

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).

or, though correct when made, is now incorrect in any material respect. For any request to which North Shelby Water fails or refuses to furnish all or part of the requested information, North Shelby Water 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, North Shelby Water shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected:

a. The general ledger in Excel format for the years ended December 31, 2020, and December 31, 2021, and the year to date for 2022.

b. The trial balance in Excel format for the years ended December 31, 2020, and December 31, 2021, and the year to date for 2022.

c. Certificates of insurance and invoices for General Liability, Workers' Compensation, Automobile and property and casualty for 2021 and 2022.

d. Description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2020 and 2021, and the year to date for 2022.

e. Copy of the most recent invoice for 2022 for each employee benefit described above.

2. Using a table format, provide an Excel document that describes job titles, hours worked, pay rates, total wages paid, and total FICA cost for each North Shelby Water employee in 2020 and 2021, and for the Proforma calculation. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it note the vacancy and the amount of time that it has been vacant. A column that includes total wages by employee (regular wages and overtime) and total for all employees should be provided.

3. Using the table described in Item 2, list each employee benefit, the employee's contribution, the employer's premium contribution, and the both the percentage and adjustment based on Bureau of Labor Statistics (BLS) contribution rates. For the health insurance benefit provided to each employee designate the coverage type (i.e., single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.

4. Provide the minutes from North Shelby Water's Board of Directors meetings for the calendar years 2020, 2021, and 2022.

5. Provide a document listing the names of all North Shelby Water's Directors for each calendar year from 2020 to 2022, and state, individually, the total amount of each benefit paid to, or on the behalf of, each director during each year (i.e., wages, health

insurance premiums, life insurance premiums, FICA taxes, etc.). If not included in the minutes, provide the documentation that authorizes each director, their term, and current compensation.

6. Provide documentation for any training that each director attended during 2021 and year to date 2022.

7. Refer to North Shelby Water's Application, Attachment 4, Schedule of Adjusted Operations and Revenue Requirements and References. Also refer to North Shelby Water's 2021 Annual Report.

a. Provide the workpapers that support each pro forma adjustment described in the Schedule of Adjusted Operations References in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Provide a reconciliation, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, of the test year Total Operating Expenses of \$3,486,124 reported in the Schedule of Adjusted Operations to Utility Operating Expenses of \$3,615,792 as reported on page 20 of the 2021 Annual Report, Comparative Operating Statement.

c. Designate where interest income of \$13,965 that is reported on page 20 of the 2021 Annual Report is reported in either the Schedule of Adjusted Operations or the Revenue Requirements Schedule.

d. For Reference Item B in the Schedule of Adjusted Operations, Salaries and Wages, provide a breakdown of the \$111,637 adjustment to the test year between (1) amount attributable to annualization of 2021 vacancies, (2) new hires after December 31, 2021, and (3) wage rate increases.

e. State the average percentage amount of wage rate increases that is included in Reference Item B in the Schedule of Adjusted Operations, Salaries and Wages.

8. Refer to North Shelby Water's Application, Table A, Depreciation Expense Adjustments. Also refer to North Shelby Water 2021 Annual Report. Provide a reconciliation of the difference between total assets of \$26,782,363 reported in Table A and total assets of \$28,303,611 reported on pages 16 and 27 of the annual report. Provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

9. Provide the number of gallons of water purchased, the cost of purchases, and the average cost of purchases for each supplier by month and in total for the years ended December 31, 2020, and December 31, 2021, and the year to date for 2022.

10. Provide the number of gallons of water sold by month year to date for 2022.

11. Refer to the Kentucky Public Service Commission Tariffs Library, North Shelby Water Company Contracts.

a. Confirm that the Second Joint Operation Contract Amendment which was executed on September 17, 2019, with U.S. 60 Water District is the most recently executed amendment.

b. State whether any amendments to the contract are anticipated during the remainder of 2022.

12. Provide the number of occurrences for which late fees were assessed during the calendar years 2017, 2018, 2019, 2020, and 2021, and the year to date in 2022.

13. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that were assessed during the calendar years 2017, 2018, 2019, 2020, and 2021.

14. Provide an updated cost justification sheet for each nonrecurring charge listed in North Shelby Water's tariff.

15. a. State the last time North Shelby Water performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

b. Explain whether North Shelby Water considered filing a COSS with the current rate application and the reasoning for not filing one.

c. Explain whether any material changes to North Shelby Water's system would cause a new COSS to be prepared since the last time it has completed one.

d. If there have been no material changes to North Shelby Water's system, explain when North Shelby Water anticipates completing a new COSS.

e. Provide a copy of the most recent COSS that has been performed for North Shelby Water's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

16. Refer to North Shelby Water's Application, Attachment 5, Current Billing Analysis.

a. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Provide a list of applicable adjustments made to the billing analysis and include an explanation of each adjustment.

17. a. Provide the date that North Shelby Water's billing cycle begins with the reading of the meters.

b. State if the date that the billing cycle begins is the date that would be best stated as the effective date of any Order the Commission issues concerning rates in this case.

*Robert K. Miller
Straightline Kentucky LLC
113 North Birchwood Ave.
Louisville, KENTUCKY 40206

*North Shelby Water Company
4596 Bagdad Road
P. O. Box 97
Bagdad, KY 40003

*David Hedges
North Shelby Water Company
4596 Bagdad Road
P. O. Box 97
Bagdad, KY 40003