

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH 641)	CASE NO.
WATER DISTRICT FOR A SEWER RATE)	2023-00051
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On February 14, 2023, South 641 Water District (South 641 District) filed its application with the Commission requesting an adjustment to its sewer rates pursuant to 807 KAR 5:076.

The Commission finds that a procedural schedule¹ should be established to ensure the orderly review of South 641’s application. The procedural schedule is attached as an Appendix A to this Order.

In addition, South 641 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, and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

¹ No action is necessary to suspend the effective date of South 641’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.

IT IS THEREFORE ORDERED that:

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 641 District shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.
3. South 641 District shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.
4. 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 641 District's requested rate adjustment.
5. 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.
6. If Commission Staff recommends that South 641 District's financial condition supports a higher rate than South 641 District proposes or the assessment of an additional rate or charge not proposed in South 641 District's application, South 641 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.

7. If Commission Staff recommends that changes should be made to the manner in which South 641 District accounts for the depreciation of South 641 District's assets, South 641 District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require South 641 District to implement the proposed change for accounting purposes.

8. 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.

9. If a party requests a hearing or informal conference, then the party shall make the request in its written comments and state the reason a hearing or informal conference is necessary.

10. 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.

11. 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.

12. As set forth in 807 KAR 5:001E, 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 sewer 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.

13. 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.

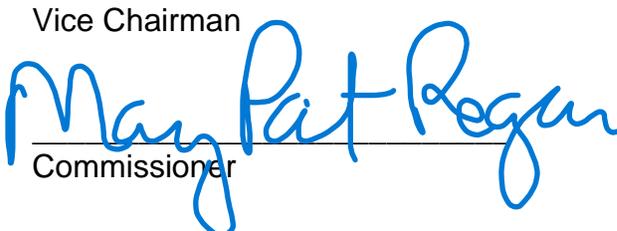
14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085² regarding filings with the Commission.

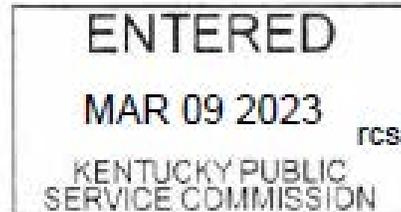
² Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

PUBLIC SERVICE COMMISSION

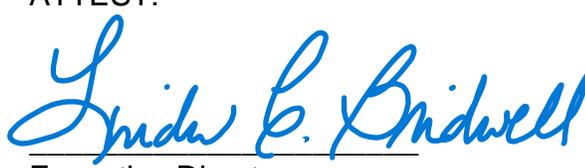

Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00051 DATED MAR 09 2023

Requests for intervention shall be filed no later than03/16/2023

All requests for information to South 641
shall be filed no later than03/23/2023

South 641 shall file responses to requests
for information no later than04/10/2023

All supplemental requests for information to
South 641 shall be filed no later than04/24/2023

South 641 shall file responses to supplemental
requests for information no later than05/08/2023

Commission Staff's Report shall be filed no later than.....07/11/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00051 DATED MAR 09 2023

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO SOUTH 641 WATER DISTRICT

South 641 Water District (South 641 District), pursuant to 807 KAR 5:001E, is to file with the Commission an electronic version of the following information. The information requested is due on April 10, 2023. The Commission directs South 641 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 641 District shall make timely amendment to any prior response if South 641 District obtains information that indicates the response was incorrect or incomplete

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).

when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which South 641 District fails or refuses to furnish all or part of the requested information, South 641 District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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 641 District shall, in accordance with 807 KAR 5:001E, 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 spreadsheet format for the years ended December 31, 2020; December 31, 2021; December 31, 2022; and the year to date for 2023.

b. The trial balance in Excel spreadsheet format for the years ended December 31, 2020; December 31, 2021; December 31, 2022; and the year to date for 2023.

c. Certificates of insurance and invoices for general liability, workers' compensation, automobile, and property and casualty for 2021, 2022, and 2023.

d. Description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2021 and 2022, and the year to date for 2023.

e. Copy of the most recent invoice for 2023 for each employee benefit described above.

f. Provide a document listing the names of all South 641 District's board members for each calendar year 2020, 2021, 2022, and 2023 and state, individually, each board member, their term (beginning and ending), and current annual compensation.

g. Provide appointing documents that specify salaries of board members.

h. Provide training records for each board member for 2020, 2021, and 2022.

2. Using a table format, provide an Excel spreadsheet document that states the number of positions, describes job titles, hours worked, pay rates, total wages paid, and total FICA cost for each South 641 District employee in 2021, 2022, and for the pro forma 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 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 a PDF of the BLS report on which Item 3 is based.

5. Provide the minutes from South 641 District's board of directors' meetings for the calendar years 2020, 2021, 2022, and year to date 2023.

6. Refer to Application, Attachment 4, Schedule of Adjusted Operations and Revenue Requirements and References. 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. Provide support for adjustments C, D, and E not in the form of a price index.

7. Provide the number of occurrences and the dollar amount for late fees that were assessed during the calendar years 2017, 2018, 2019, 2020, 2021, and 2022.

8. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the 2021 test year.

9. a. Provide the date that South 641 District Sewer Division's billing cycle begins (meter read date).

b. State whether 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.

10. Refer to the cost justification filed with the application. Included there is a Sewer Service Line Inspection Charge.

a. Explain if this is to be a new charge to be included in the Sewer Nonrecurring Charges.

b. Explain why this charge was not included in the customer notice.

11. State the last time South 641 District Sewer Division performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether South 641 District Sewer Division considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to South 641 District Sewer Division's system would cause a new COSS to be prepared since the last time it has completed one.

c. If there have been no material changes to South 641 Sewer Division's system, explain when South 641 District Sewer Division's anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for South 641 District Sewer Division's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

12. Refer to Application, Attachment 4, Schedule of Adjusted Operations and Attachment 5, Billing Analysis.

a. Explain the notations on these exhibits that the billing software and the analysis is suspect.

b. Explain the methodology used to verify the accuracy of the proposed rates in the application.

c. Explain why the billing software usages are calculated in hundreds of gallons and not thousands of gallons.

d. Explain how South 641 District Sewer Division is assured that this billing software is charging the customer the proper charge and how South 641 District Sewer Division is sure that the revenue being collected is appropriate for each customer.

e. Explain why the consultant did not produce his own billing analysis document using the data provided by the billing software.

f. Provide the usage data in Excel Spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

13. Refer to Application, Attachment 4, Schedule of Adjusted Operations. Provide a detailed itemization of the revenues that are included in the Other Operating Revenues of \$3,163.

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

*South 641 Water District
207 Main Street
P. O. Box 126
Hazel, KY 42049

*Ricky Walls
Chairman
South 641 Water District
P. O. Box 126
Hazel, KY 42047