

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF POWELL'S	)	CASE NO.
VALLEY WATER DISTRICT FOR A RATE	)	2023-00387
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

ORDER

On January 10, 2024, Powell's Valley Water District (Powell's Valley District) filed its application with the Commission requesting an adjustment to its water and sewer rates pursuant to 807 KAR 5:076. Powell's Valley District filed this proceeding in compliance with the final Order in Case No. 2023-00053.<sup>1</sup> In that proceeding, Powell's Valley District was ordered to file an application by June 30, 2024, for either a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or for an alternative rate adjustment pursuant to 807 KAR 5:076 to ensure its revenue is sufficient to support adequate and reliable service.

The Commission finds that a procedural schedule<sup>2</sup> should be established to ensure the orderly review of Powell's Valley District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Powell's Valley District shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's request for information,

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<sup>1</sup> See Case No. 2023-00053, *Electronic Purchased Water Adjustment Filing of Powell's Valley Water District* (Ky. PSC Mar. 16, 2023).

<sup>2</sup> No action is necessary to suspend the effective date of Powell's Valley 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.

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.

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, Powell's Valley District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.

3. Powell's Valley 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 recommendations regarding Powell's Valley 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 Powell's Valley District's financial condition supports a higher rate than Powell's Valley District proposes or the assessment of an additional rate or charge not proposed in Powell's Valley District's application,

Powell's Valley 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 Powell's Valley District accounts for the depreciation of Powell's Valley District's assets, Powell's Valley District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Powell's Valley 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 5:001, 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 the utility 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. 2020-00085<sup>3</sup> regarding filings with the Commission.

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<sup>3</sup> 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 *Fok*

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00387 DATED FEB 05 2024

Requests for intervention shall be filed no later than .....02/14/2024

All Intervenor requests for information to Powell's Valley District  
shall be filed no later than .....02/21/2024

Powell's Valley District shall file responses to requests  
for information no later than .....03/06/2024

All supplemental requests for information to  
Powell's Valley District shall be filed no later than .....03/20/2024

Powell's Valley District shall file responses to supplemental  
requests for information no later than .....04/03/2024

Commission Staff's Report for both water and sewer  
shall be filed no later than .....05/21/2024

## APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00387 DATED FEB 05 2024

### COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO POWELL'S VALLEY WATER DISTRICT

Powell's Valley Water District (Powell's Valley District), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on March 6, 2024. The Commission directs Powell's Valley District to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> 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.

Powell's Valley District shall make timely amendment to any prior response if Powell's Valley District obtains information that indicates the response was incorrect or

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<sup>1</sup> 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).

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

For any request to which Powell's Valley District fails or refuses to furnish all or part of the requested information, Powell's Valley 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, Powell's Valley 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. Provide copies of each of the following, and when appropriate, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected. Employee names should be redacted from all documents.

a. The general ledger in Excel spreadsheet format for the years ended December 31, 2022, and 2023 for both water and sewer divisions.

b. The trial balance in Excel spreadsheet format for the years ended December 31, 2022, and 2023 for both water and sewer divisions.

c. Identify any sewer specific expenditures that are recorded in the same general ledger accounts as water expenditures. Also, identify any general ledger accounts that are sewer specific.

d. Refer to Application Schedule of Adjusted Operations. Provide a cross reference that points each 2022 general ledger account to each revenue and expense line in the Schedule of Adjusted Operations and reconcile each amount that does not match for both water and sewer divisions.

2. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2023 and 2024.

3. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar year 2022. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

4. Provide a copy of one invoice for 2024 for each employee benefit described above.

5. List each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. If health insurance is provided 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.

6. Refer to Application Schedule of Adjusted Operations. Distribute the decrease of \$63,788 in pro forma labor costs in the following format.

	2022	Wage Inflation	Staf Increases / (Reductions)	Allocation to Sewer	Other (explain)	Pro Forma
Water	272,790			(21,385)		187,617
Sewer	0			21,385		21,385
	<u>272,790</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>209,002</u>

7. Provide the following information related to billing software:
  - a. Brand or common name for software.
  - b. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.
  - c. If locally installed, state the installation date.
  - d. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.
8. Provide minutes from Powell's Valley District's commissioner meetings, authorizing current salaries and wages for all current employees.
9. Refer to the Application, Schedule of Adjusted Operations, Adjustment References. Provide all workpapers used to generate the proposed adjustments.
10. Provide the minutes from Powell's Valley District's board of commissioners' (Board) meetings for the calendar years 2022 and 2023.
11. Provide a document listing the name of each member of the Board for each of the calendar years 2022 and 2023 and 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, etc.), their term (beginning and ending), and current authorized annual compensation.
12. Provide documentation from the Fiscal Court that authorizes each Board member's appointment and compensation.
13. Provide training records for each Board member for 2022 and 2023.
14. Provide the method and justification used for any cost allocation between the water and sewer divisions.

15. Provide the following with respect to new tap installations for both water and sewer.

- a. Number of installations during the test year.
- b. State whether labor costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.
- c. State whether material costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

16. Refer to Powell's Valley District's current water Tariff, PSC Ky. No. 1, Original Sheet No. 12, Billing, Meter Readings and Related Information, Frequency of meter reading.

- a. Provide the date that Powell's Valley District'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.

17. Refer to Powell's Valley District's current sewer Tariff, PSC Ky, No. 1, Original Sheet No. 3, Rules and Regulations, Billing and Collection.

- a. Provide the date that Powell's Valley District 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.

18. State the last time Powell's Valley District performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Powell's Valley District considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Powell's Valley District's system would cause a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to Powell's Valley District's system, explain when Powell's Valley District anticipates completing a new COSS.

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

19. Refer to the Application, Schedule of Adjusted Operations Water Division, provide an itemization of the Other Water Revenues, stated as \$45,226.

20. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2022 and 2023 for both water and sewer.

21. Provide a schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year and the total amount recorded for each nonrecurring charge for the water division. If the revenue for any nonrecurring charge was zero, include that charge and indicate that no revenue was recorded. Include the general ledger account numbers where each nonrecurring charge is recorded.

a. Provide updated cost justification sheets to support each nonrecurring charge listed in Powell's Valley District's tariff.

b. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Powell's Valley District's tariff.

22. Provide a schedule listing the number of occurrences for each nonrecurring charge that was assessed during the test year and the total amount recorded for each nonrecurring charge for the sewer division. If the revenue for any nonrecurring charge was zero, include that charge and indicate that zero revenue was received.

a. Provide an updated cost justification sheet for each nonrecurring charge listed in Powell's Valley District's sewer tariff.

b. Provide an updated cost justification sheet for each Sewer Connection/Tap-on Fee listed in Powell's Valley District's tariff.

23. Powell's Valley District has proposed to implement rates for both 1-inch and 2-inch meter sizes.

a. Explain and provide support for the calculation of the minimum bills for the proposed meter sizes above 5/8-inch meters.

b. Explain why Powell's Valley District is proposing to implement the rates for these larger size meters.

24. In its billing analysis, Powell's Valley District has proposed (\$15,950) in adjustments to its metered water sales for the test period. Provide support for this adjustment.

25. Refer to the Application, Attachment 5, Current Billing Analysis, Water Division. Powell's Valley District indicates an adjustment of (\$99,953) to test year metered water sales as a result of revenues produced by its billing analysis. This adjustment represents a difference of approximately 7.5 percent to adjusted test year

revenues. Explain and provide support for such a large adjustment to the adjusted test year revenues from water sales.

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