

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MORGAN)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00010
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On March 22, 2024,¹ Morgan County Water District (Morgan District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Morgan District filed this proceeding in compliance with the final Order in Case No. 2021-00476.² In that proceeding, Morgan District was ordered to file an application by February 18, 2025, for either a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or for an alternative rate adjustment (ARF) pursuant to 807 KAR 5:076 to ensure its revenue is sufficient to support adequate and reliable service.

The Commission finds that a procedural schedule³ should be established to ensure the orderly review of Morgan District’s application. The procedural schedule is attached as Appendix A to this Order.

¹ Morgan District tendered its application on March 15, 2024. By letter dated March 20, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on March 22, 2024.

² See Case No. 2021-00476, *Electronic Application of Morgan County Water District for Approval to Issue of Securities for the purpose of Refinancing certain High Interest Indebtedness* (Ky. PSC Feb. 18, 2022) at 8.

³ No action is necessary to suspend the effective date of Morgan District’s proposed rates for service. Pursuant to 807 KAR 5:076, Section 7(1), an applicant who applies for a rate adjustment pursuant

In addition, Morgan District shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's 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.

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

3. Morgan 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 Morgan 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.

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.

6. If Commission Staff recommends that Morgan District's financial condition supports a higher rate than Morgan District proposes or the assessment of an additional rate or charge not proposed in Morgan District's application, Morgan 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 Morgan District accounts for the depreciation of Morgan District's assets, Morgan District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Morgan 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.

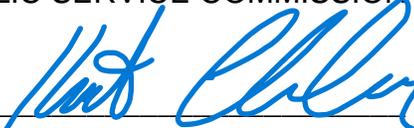
12. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that the person requesting permissive intervention 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. 2020-00085⁴ regarding filings with the Commission.

⁴ 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

ENTERED
APR 12 2024 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00010 DATED APR 12 2024

Commission Staff's initial requests for information shall be filed no later than.....	04/12/2024
Requests for intervention shall be filed no later than	04/26/2024
Morgan District shall file responses to Commission Staff's requests for information no later than	04/26/2024
Hearing for emergency rate relief pursuant to Commission Order issued on April 8, 2024.....	05/02/2024
All Intervenor requests for information to Morgan District shall be filed no later than	05/10/2024
Morgan District shall file responses to Intervenor's requests for information no later than	05/24/2024
Commission Staff's supplemental requests for information to Morgan District shall be filed no later than	05/24/2024
Morgan District shall file responses to Commission Staff's supplemental requests for information no later than	06/07/2024
All Intervenor supplemental requests for information to Morgan District shall be filed no later than	06/07/2024
Morgan District shall file responses to Intervenor's supplemental requests for information no later than	06/24/2024
Commission Staff's Report shall be filed no later than.....	07/31/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00010 DATED APR 12 2024

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO MORGAN COUNTY WATER DISTRICT

Morgan County Water District (Morgan 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 April 26, 2024. The Commission directs Morgan 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.

Morgan District shall make timely amendment to any prior response if Morgan District obtains information that indicates the response was incorrect or incomplete when

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

For any request to which Morgan District fails or refuses to furnish all or part of the requested information, Morgan 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, Morgan 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. Refer to the Application generally. Morgan District stated that it is prepared to accept and support a three-year phase-in of the overall rate increase of 41 percent as proposed by Morgan District. However, nowhere in the Application or supporting documents is a three-year phase-in mentioned or supported. Provide a copy of Morgan District's billing analysis, with each year of the phase-in rates, percentage increase for each year, and the revenue from rates that it will generate.

2. Provide the minutes from Morgan District's board of commissioner's meetings for the calendar years 2022, 2023, and year to date 2024.

3. Provide copies of all bank statements for each account for Morgan District for February and March of 2024 with account numbers redacted.

4. 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. Employee names should be redacted from all documents.

a. The general ledger in Excel spreadsheet format with all transactions for the years ended December 31, 2022, 2023, and year to date 2024.

b. The trial balance in Excel spreadsheet format with all transactions for the years ended December 31, 2022, 2023, and year to date 2024.

c. Provide a cross reference that matches each test year general ledger account to each revenue and expense line that is reported in the Schedule of Adjusted Operations and reconcile each amount that does not match.

5. Refer to the Schedule of Adjusted Operations (SAO), Revenue Requirements Calculation, SAO Adjustment References. Provide all workpapers used to support each proposed adjustment in Excel Format. Component details of a workpaper should tie to the general ledger accounts that comprise the SAO line item including any adjustment for unreconciled amounts.

6. Refer to the Application generally and the SAO.

a. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that lists each position (Position 1, Position 2, etc.) job title, hours worked, pay rate, total wages paid, and total FICA cost for each employee for the years ended December 31, 2022, and 2023. Include the date the employee was hired and, if applicable, the employee's termination date. The table should include a column for total wages by employee (regular wages and overtime) and a row

for total wages for all employees. Employee names should be redacted from all documents.

b. Provide calculations by employee that support pro forma wages of \$621,701. This may be provided as a separate table or combined with the table above. 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.

c. Provide a summary of overtime hours worked and cost that were due to vacant positions and thus will be eliminated when the vacant positions are filled.

d. Distribute the increase of \$209,648 in pro forma labor costs in the following format.

Description	Amount	Percent
Gross Test Year Wages Charged to Tap Fees / Capitalized ()	\$ 444,858	
Reported Test Year Wages	444,858	
Wage Rate Inflation		0.00%
Merit / Promotional Increases		0.00%
Positions Added Since Beginning of Test Year		0.00%
Turn Over During Test Year		0.00%
Pro Forma Wages	\$ 444,858	0.00%

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