

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SIMPSON)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00068
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On March 21, 2024, Simpson County Water District (Simpson District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Simpson District filed this application in compliance with the final Order in Case No. 2021-00014.¹ In that proceeding, Simpson District was ordered to file an application by March 24, 2024, 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 schedule² should be established to ensure the orderly review of Simpson District's application. The procedural schedule is attached as Appendix A to this Order.

¹ Case No. 2021-00014, *Electronic Application of the Simpson County Water District to Issue Securities in the Approximate Principal Amount of \$1,620,000 for the Purpose of Refunding and Reamortizing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 AND 807 KAR 5:001*, (Ky. PSC Mar. 24, 2021), at 8, ordering paragraph 6.

² No action is necessary to suspend the effective date of Simpson 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.

In addition, Simpson 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 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, Simpson District shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.

3. Simpson 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 Simpson 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 Simpson District's financial condition supports a higher rate than Simpson District proposes or the assessment of an additional rate or charge not proposed in Simpson District's application, Simpson 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 Simpson District accounts for the depreciation of Simpson District's assets, Simpson District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Simpson 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. 2020-00085³ 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

ENTERED
APR 09 2024 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00068 DATED APR 09 2024

Requests for intervention shall be filed no later than 04/18/2024

All requests for information to Simpson District
shall be filed no later than 04/25/2024

Simpson District shall file responses to requests
for information no later than 05/09/2024

All supplemental requests for information to
Simpson District shall be filed no later than..... 05/23/2024

Simpson District shall file responses to supplemental
requests for information no later than 06/06/2024

Commission Staff's Report shall be filed no later than..... 07/25/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00068 DATED APR 09 2024

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

Simpson County Water District (Simpson 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 May 9, 2024. The Commission directs Simpson 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.

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

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).

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

For any request to which Simpson District fails or refuses to furnish all or part of the requested information, Simpson 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, Simpson 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, 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 for the years ended December 31, 2022, and 2023.

b. A list of all year-end adjusting entries for the years ended December 31, 2022, and 2023.

c. The trial balance in Excel spreadsheet format for the years ended December 31, 2022, and 2023, including all year-end adjustments that will appear on the financial statements.

d. Refer to the 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.

2. Provide a list of all General Ledger accounts that are calculated based on an allocation or direct charge from Warren County Water District (Warren District).

3. Provide in an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected, all allocation methodologies and formulas used to allocate expenses from Warren District to Simpson District.

4. Provide the following information related to billing software:

a. State whether the billing software and general ledger/financial management software are separate or integrated.

b. Brand or common name for software.

c. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.

d. If locally installed, state the installation date.

e. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

5. Refer to the Application, Schedule of Adjusted Operations, Adjustment References. Provide all workpapers used to generate the proposed adjustments. Component details of a workpaper should tie to the general ledger accounts that comprise the Schedule of Adjusted Operations line item including any adjustment for unreconciled amounts.

6. Refer to the application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment C. Distribute the increase of \$52,616 in pro forma labor costs in the following format.

Description	Amount	Percent
Gross Test Year Wages Charged to Tap Fees/Capitalized ()	\$228,656	
Reported Test Year Wages	228,656	
Wage Rate Inflation		
Merit/Promotional Increases		
Postions Added Since Beginning of Test Year		
Turnover During Test Year		
Pro Forma Wages	\$281,272	

7. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2022 and 2023.

8. Provide the minutes from Simpson District's Board of Commissioner's (Board) meetings for the calendar years 2022, 2023, and year to date 2024.

9. Provide a document listing the name of each member of the Board for each of the calendar years 2022, 2023, and 2024 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.), their term (beginning and ending), and current authorized annual compensation.

a. Provide documentation from the Fiscal Court that authorizes each Board member's appointment and compensation.

b. Provide a list of water commissioner trainings attended or confirm water commissioner training has not been attended for the following individuals: Stephen Snider, Corey Konow, and Larry Gomer, for 2022, 2023, and year to date 2024.

10. Provide the following with respect to new tap installations.

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.

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

a. Explain whether Simpson District considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Simpson District would cause a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to Simpson District, explain when Simpson District anticipates completing a new COSS.

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

12. Refer to the Application, Current Billing Analysis 2022 Usage and Existing Rates and Proposed Billing Analysis 2022 Usage and Proposed Rates.

- a. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.
- b. Describe adjustments to the billing analysis and their justification.
- c. Provide an analysis of the proposed pro forma adjustment to metered revenues of \$23,666.

13. Refer to the Application, Exhibit 4, 4_SAO_With_Attachments.pdf, Revenue Requirement table. Also refer to the Annual Report of Simpson District to the Public Service Commission for the Calendar Year Ended December 31, 2022 (2022 Annual Report), at 20.

- a. In the Revenue Requirement Table, Interest Income is reported as \$14,635, however in the 2022 Annual Report on page 20, Interest and Dividend Income (419) is reported as \$19,115. Reconcile and explain the difference.

- b. In the Revenue Requirement Table, Non-utility Income is reported as \$7,790, however in the 2022 Annual Report on page 20, Non-utility Income (421) is reported as \$7,879. Reconcile and explain the difference.

14. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2022, 2023, and year to date 2024.

15. 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. 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 Simpson District's tariff.

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

16. Refer to the Application, Exhibit 7, 7_Depreciation_Schedule_2022.pdf. Provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected a fixed Asset list that is used to generate the Depreciation Schedule.

17. Refer to Simpson District's Tariff, PSC Ky. No. 1, Original Sheet No. 11, Billing, Meter Readings and Related Information, Frequency of meter reading.

a. Provide the date that Simpson 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.

18. Refer to the Application, Attachment 8, 8_Debt_Amortization_Schedules.pdf. For each outstanding debt issuance still active, provide the case number in which Simpson District was authorized to issue the debt.

19. Refer to the 2022 Annual Report, Comparative Operating Statement, at 20, Gains (Losses) from Disposition of Utility Property (414). Provide an explanation for the transactions that account for the \$4,977.37 balance.

20. Refer to the Application, Exhibit 4, 4_SAO_With_Attachments.pdf, SAO, Contractual Services - Other.

a. Provide a list of each contractor that has a cost allocation to the Contractual Services Account balance.

b. Provide the corresponding amounts for each contractor.

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

*Jacob Cuarta
Simpson County Water District
523 US Highway 31W Bypass
P. O. Box 10180
Bowling Green, KY 42102

*Simpson County Water District
523 US Highway 31W Bypass
P. O. Box 10180
Bowling Green, KY 42102

*Mark Frost
Montgomery County Water District #1
4412 Camargo Road
Mt. Sterling, KY 40353