

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF )  
WEST CARROLL WATER DISTRICT ) CASE NO. 2017-00244  
FOR RATE ADJUSTMENT )

**ATTORNEY GENERAL’S INITIAL DATA REQUESTS**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Data Requests for Information to Monroe County Water District (“District”) to be answered within twenty-one (21) days of service as required by 807 KAR 5:076(10)(c), and in accord with the following instructions:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness(es) who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Joint Applicants with an electronic version of these data requests, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the

preparer or 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.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or

memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of

destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



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1. Refer to Attachment to Application “Schedule of Adjusted Operations.” The category “Salaries and Wages – Employees” shows an expense of \$9,000. Confirm that \$9,000 reflects the total cost of the Commissioner’s salaries.
2. Refer to Attachment to Application “Schedule of Adjusted Operations” and the category titled “Contractual Services.”
  - a. Provide a breakdown of the contracts and amounts included in this category.
  - b. Provide the following information for each contract included in this category:
    - i. Did the District engage in competitive bidding before awarding the contract?
    - ii. If the District engaged in competitive bidding, provide all documentation pertaining to the competitive bidding process, including but not limited to any and all internal emails, memoranda, and correspondence. If any RFPs were issued, provide any and all documents with such, and identify all parties to whom any RFPs were forwarded.
    - iii. If the District did not engage in competitive bidding, explain in detail why not. Explain in detail what process the District used to evaluate and negotiate each contract in the absence of competitive bidding.
3. Confirm that Carrollton Utilities manages and maintains the District’s system pursuant to an Operational Agreement; provide a complete copy of that agreement and any subsequent addendums.
4. Refer to the Amended Supplemental Agreement entered into on December 15, 2016 between the District and Carrollton Utilities.
  - a. Confirm that the amount of Annual Compensation was lowered from \$263,178.45 to \$248,178.45.
  - b. Does the District’s Application reflect the lowered compensation agreement in its pro forma expenses?
  - c. Provide a complete breakdown of the cost categories included in the \$248,178.45 Annual Compensation.
5. Refer to the Operation Agreement between the District and Carrollton Utilities (the “Operation Agreement”), Terms and Conditions, Section 6A.
  - a. Confirm that the current Agreement dictates that Carrollton Utilities will provide personnel responsible for general operation of the system while the District will cover personnel salaries for regular time or overtime, and all employee benefits.

- b. Provide a breakdown of the benefits provided under this agreement. Include a description of the types of health, dental, vision, disability, life insurance plans, and all other benefits provided to employees and/or employee family members, and the total dollar amount that the District pays in premiums per month for employee plans. Provide a detailed breakdown that accounts for the dollar amount that employees must pay versus what the District must pay for each of the above referenced plans per month.
  - c. Provide the number of employees who are compensated under this agreement. Explain generally what job duties each employee performs for the District pursuant to the Operation Agreement. Indicate if the number of employees compensated under this agreement has changed since it was first entered into by the parties.
  - d. Do any employees compensated by the District also perform work for Carrollton Utilities? If so, describe what methods the District uses to determine how much of each employee's time is spent performing work for the District and how much time is spent performing work for Carrollton Utilities.
  - e. If employees do perform work for both the District and Carrollton Utilities, confirm that time worked for each entity is compensated for separately. Provide copies of any written policies or communications regarding such a split in salary and benefits.
6. Refer to the District's Application, Attachment, Reasons for Application. The District lists higher personnel costs as the source of increased operating costs under the Operation Agreement with Carrollton Utilities, particularly in relation to "increased health insurance costs and high cost of pension plan." What steps has the District taken to control these expenses?
7. Refer to the District's Annual Report for selected test year 2016, page 56, where the District reported a Water Loss Percentage of approximately 32.3%, and the District's Supplemental Agreement to the Operation Agreement with Carrollton Utilities which was entered into on April 18, 2013.
  - a. Did the District remove any and all expenses associated with water loss above the allowed 15% limit from its pro forma test year expenses in its Application?
  - b. Confirm that the District set water loss targets to occur throughout 2013 and 2014 which would lower the District's water loss from over 35% to 15%.
  - c. Confirm that the April 18, 2013 Supplemental Agreement provided the District with the option to terminate the agreement if water loss targets were not achieved.

- d. Explain in detail what steps were taken to meet the water loss targets and why current water loss remains at almost 35%.
  - e. Did the District consider terminating the Operation Agreement with Carrollton Utilities when those targets were not met? Explain fully the reasoning behind this decision.
  - f. Does a similar termination provision exist in the current Operation Agreement between the District and Carrollton Utilities?
8. Refer to the Operation Agreement, Terms and Conditions, Section 6A(8). Provide all relevant documentation related to Distribution Integrity and Carrollton's obligations under this section, including, but not limited to, leak surveys, compliance with meter change-out requirements, and valve maintenance.
9. Provide the Minutes from the District's Board Meetings for calendar years 2016 and 2017.
10. Confirm that the District had an Audit performed for the test year 2016. Provide the Auditor's Report and any documentation relating to that Audit. If no audit was performed for the test year, provide the Auditor's Report and any documentation relating to the last audit performed for the District.