

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

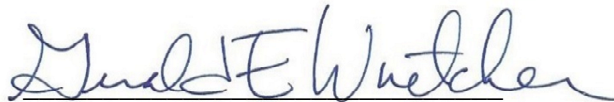
ELECTRONIC EMERGENCY DOCKET)
RELATED TO THE NOVEL CORONAVIRUS) **CASE NO. 2020-00085**
COVID-19)

**RESPONSE OF MCCREARY COUNTY WATER DISTRICT
TO COMMISSION STAFF’S INITIAL REQUEST FOR INFORMATION**

McCreary County Water District submits its Response to Commission Staff’s Initial Request for Information.

Dated: July 21, 2020

Respectfully submitted,

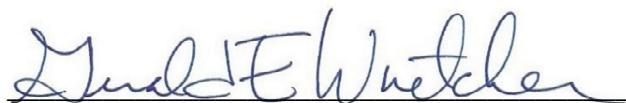


Gerald E. Wuetcher
gerald.wuetcher@skofirm.com
Stoll Keenon Ogden PLLC
300 West Vine St. Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
Fax: (859) 259-3517

Counsel for McCreary County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that McCreary County Water District’s electronic filing of this Response is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on July 21, 2020; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that within 30 days following the end of the state of emergency announced in Executive Order 2020-215 this Response in paper medium will be delivered to the Public Service Commission.



Counsel for McCreary County Water District

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EMERGENCY DOCKET)
RELATED TO THE NOVEL CORONAVIRUS) CASE NO. 2020-00085
COVID-19)

RESPONSE OF
MCCREARY COUNTY WATER DISTRICT
TO
COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION

FILED: July 21, 2020

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF MCCREARY)

The undersigned, Sam Strunk, being duly sworn, deposes and states that he is the Office Manager of McCreary County Water District and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Sam Strunk

Sam Strunk
Office Manager
McCreary County Water District

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 21st day of July 2020.

Kathy Jewell

Notary Public

My Commission Expires: 7/13/2022

Notary ID: 603026

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 1

Responding Witness: Sam Strunk

Q-1. Provide the utility's current number of customers and the date used for that determination.

A-1. As of June 22, 2020, McCreary County Water District's had 6,181 customers receiving water service and 1,148 customers receiving sewer service.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 2

Responding Witness: Sam Strunk

Q-2. If applicable, provide the utility's current number of customers per class.

A-2. As of June 22, 2020, McCreary County Water District's had 6,181 customers receiving water service. These customers are classified as follows:

Residential – 5,682
Commercial – 247
Apartments – 25
Church/Non-Profit – 108
Education – 19
Government - 87
Fire Department - 7
Industrial – 6

As of June 22, 2020, McCreary County Water District's had 1,148 customers receiving sewer service. These customers are classified as follows:

Residential – 867
Commercial – 159
Apartments – 19
Church/Non-Profit – 23
Education – 14
Government - 59
Fire Department - 2
Industrial – 5

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 3

Responding Witness: Sam Strunk

- Q-3. If a utility provides multiple services, such as both water and sewer residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average total bill for all customers for:**
- a. 2017 as a year, not each month;**
 - b. 2018 as a year, not each month;**
 - c. 2019 as a year, not each month; and**
 - d. Each month in 2020.**

Total bill is defined as including charges for current service and past service that is unpaid, including the accumulation of fees.

- A-3. a. – d. See embedded spreadsheet labeled Question_03.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 4

Responding Witness: Sam Strunk

- Q-4. If a utility provides multiple services, such as both water and sewer residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average total bill for all customers in each class for:**
- a. 2017 as a year, not each month;**
 - b. 2018 as a year, not each month;**
 - c. 2019 as a year, not each month; and**
 - d. Each month in 2020.**

Total bill is defined as including charges for current service and past service that is unpaid, including the accumulation of fees.

- A-4. a. – d. See embedded spreadsheet labeled Question_04.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 5

Responding Witness: Sam Strunk

- Q-5. If a utility provides multiple services, such as both water and sewer residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average bill for current service for all customers for:**
- a. 2017 as a year, not each month;**
 - b. 2018 as a year, not each month;**
 - c. 2019 as a year, not each month; and**
 - d. Each month in 2020.**
- A-5. a. – d. See embedded spreadsheet labeled Question_05.**

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 6

Responding Witness: Sam Strunk

- Q-6. If a utility provides multiple services, such as both water and sewer residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average bill for current service for all customers in each class for:**
- a. 2017 as a year, not each month;**
 - b. 2018 as a year, not each month;**
 - c. 2019 as a year, not each month; and**
 - d. Each month in 2020.**

The differences between request 3 and request 5, and request 4 and request 6 should provide the average arrearage for all customers and for each class, respectively.

- A-6. a. – d. See embedded spreadsheet labeled Question_06.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 7

Responding Witness: Sam Strunk

Q-7. Explain how the utility calculates bad debt.

- a. Explain the decision criteria governing when the utility writes off bad debt.**
- b. Provide the monthly bad debt write-offs for each month in 2018, 2019 and 2020.**
- c. If the utility has changed its calculation or determination of bad debt in the past two years, explain its previous calculation or determination of bad debt and the reason for the change**

A-7. a. - .c McCreary County Water District does not currently write-off bad debt.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 8

Responding Witness: Sam Strunk

Q-8. Assuming the Commission's moratorium on disconnections was not in effect, provide the number of customers in each class that would be subject to disconnection, and the date used for this determination.

A-8. As of June 11, 2020, 1,190 customers would be subject to disconnection but for the Commission's moratorium.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 9

Responding Witness: Sam Strunk

Q-9. Provide the percent of customers, by class, that pay on time for:

- a. 2017 as a year, not each month;**
- b. 2018 as a year, not each month;**
- c. 2019 as a year, not each month; and**
- d. Each month in 2020**

A-9. McCreary County Water District does not maintain the requested information by customer class. The information set forth below represents pay on time percentages for all customers and for all services (water and sewer).

- a. 79%
- b. 78%
- c. 80%
- d. January 2020 – 80%
February 2020 – 77%
March 2020 – 79%
April 2020 – 76%
May 2020 – 75%
June 2020 – 80%
July 2020 – 81%

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff’s Initial Request for Information
Case No. 2020-00085**

Question No. 10

Responding Witness: Sam Strunk

Q-10. Provide the following information for January 1, 2015, until December 31, 2019. If a utility provides multiple services, such as both water and sewer residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Further, provide the following information by class.

- a. Provide monthly totals of service termination notices issued to customers only for nonpayment of bills.
- b. Provide monthly totals of service terminations for customers only for non-payment of bills.
- c. Provide the total number of customers for each month.

This information should be provided so as not to duplicate customer counts. The information requested in this request should be presented similarly to the residential-only information provided in Case No. 2019-00366. For reference, refer to Louisville Gas and Electric Company and Kentucky Utilities Company’s response to Post-Formal Conference Request for Information filed with the Commission on March 6, 2020.

A-10. a. See table below.

LATE PAYMENT NOTICES					
Month	2015	2016	2017	2018	2019
January	1383	1631	1587	1229	1360
February	1374	1360	1163	1351	1497
March	1416	1342	1098	1339	1568
April	1193	1485	1372	1428	1330
May	1569	1407	1404	1328	1163
June	1434	1218	1204	1362	1438
July	1271	1631	1596	1549	1425
August	1467	1481	1363	1226	1345
September	1352	1456	1454	1494	1439
October	1466	1471	1352	1266	1392
November	1299	1170	1253	1149	1523
December	1291	1536	1400	1534	0

b. See table below.

TERMINATIONS OF SERVICE					
Month	2015	2016	2017	2018	2019
January	30	0	33	80	46
February	25	45	37	41	0
March	49	43	28	38	61
April	65	27	51	39	54
May	44	57	0	42	36
June	44	37	49	29	46
July	47	28	34	28	59
August	24	55	37	49	38
September	35	46	0	0	50
October	38	35	55	35	42
November	34	14	38	41	46
December	43	32	2	0	0

c. See table below.

NUMBER OF CUSTOMERS					
	2015	2016	2017	2018	2019
January	6176	6154	6145	6154	6125
February	6169	6142	6137	6147	6141
March	6156	6143	6138	6129	6133
April	6158	6151	6155	6149	6134
May	6170	6163	6177	6145	6143
June	6184	6176	6170	6160	6140
July	6180	6168	6172	6153	6170
August	6174	6182	6171	6160	6172
September	6173	6189	6184	6161	6174
October	6173	6175	6182	6156	6168
November	6159	6169	6192	6149	6162
December	6153	6149	6188	6133	6148

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 11

Responding Witness: Sam Strunk

Q-11. Provide the total income received from late payment fees for:

- a. Each month in 2017;**
- b. Each month in 2018;**
- c. Each month in 2019; and**
- d. Each month in 2020**

A-11. a. – d. McCreary County Water District does not assess late payment fees.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 12

Responding Witness: Sam Strunk

Q-12. Quantify the amount of late payment fees the utility would have assessed since March 16, 2020, absent the Commission's directive.

A-12. None. McCreary County Water District does not assess late payment fees.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 13

Responding Witness: Sam Strunk

Q-13. Provide copies of all general communication provided to customers regarding arrearages, late payments, payment plans, etc. since March 16, 2020. Customer-specific communication is excluded from this request.

A-13. McCreary County Water District has not provided any general communications to its customers since March 16, 2020.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 14

Responding Witness: Sam Strunk

Q-14. Provide a detailed explanation and breakout of any cost increases and decreased income (by customer class if applicable) the utility has experienced as a result of the COVID-19 State of Emergency.

A-14. McCreary County Water District has experienced a decrease in revenues due to its inability to terminate service.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 15

Responding Witness: Sam Strunk

Q-15. Provide a detailed explanation and breakout of any cost decreases and increased income the utility has experienced as a result of the COVID-19 State of Emergency.

A-15. As a result of the State of Emergency, McCreary County Water District laid off seven employees and has thus experienced a decrease in employee payroll expense. It has also experienced a decrease in printing and postage costs as termination of service notices are not currently being issued.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Initial Request for Information
Case No. 2020-00085**

Question No. 16

Responding Witness: Sam Strunk

Q-16. Provide any additional information or data the utility believes the Commission should consider in amending or vacating its previous Orders in this matter.

A-16. Upon the lifting of the state of emergency, the Commission should permit water utilities to require full payment of unpaid bills unless the customer can provide evidence of inability to pay or hardship resulting from the state of emergency.