

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

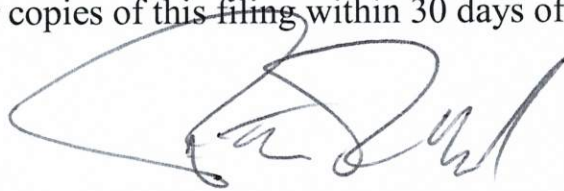
**ELECTRONIC EMERGENCY DOCKET)
RELATED TO THE NOVEL CORONAVIRUS) CASE NO. 2020-00085
COVID-19)**

**RESPONSE OF
HENDERSON COUNTY WATER DISTRICT
TO
COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
DATED JUNE 23, 2020**

FILED: July 20, 2020

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8 and the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085 regarding electronic filings, I certify that Henderson County Water District's Response to Commission Staff's Initial Request for Information was transmitted to the Public Service Commission by way of email on July 20, 2020 and Henderson County Water District will file original paper copies of this filing within 30 days of the lifting of the State of Emergency.

A handwritten signature in black ink, appearing to read 'Pete Conrad', is written over a horizontal line. The signature is stylized and cursive.

Pete Conrad, Superintendent
Henderson County Water District

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 1

Responding Witness: Pete Conrad

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

A-1. As of June 26, 2020, Henderson County Water District has 6,449 customers.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 2

Responding Witness: Pete Conrad

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

A-2. As of June 26, 2020, Henderson County Water District has 6,196 residential and 253 commercial customers.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 3

Responding Witness: Pete Conrad

- 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.** Henderson County Water District provides only water service. However, Henderson County Water District does provide billing of sewer services for one subdivision for Henderson Water Utility (HWU). There are 107 water Customers in this subdivision who pay HWU for sewer service, that Henderson County Water District collects for. None of those customers have ever paid only their water or sewer bill in my time here. As such, the sewer customers were not broken out as a separate service. The information requested is on the excel sheet listed as A-3 as requested.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 4

Responding Witness: Pete Conrad

- 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. The information requested is on the excel sheet listed as A-4 as requested.**

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 5

Responding Witness: Pete Conrad

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. The information requested is on the excel sheet listed as A-5 as requested.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 6

Responding Witness: Pete Conrad

- 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. The information requested is on the excel sheet listed as A-6 as requested.**

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 7

Responding Witness: Pete Conrad

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. After a customer is turned off, or cut-off for non-payment they are sent a final bill in the next month/billing cycle. If that final bill is not paid, in each of the next 2 months, the customer is sent letters from our office informing the customer that they owe a debt. During this time, these customers are also receiving calls to the phone numbers that they provided to Henderson County Water District when they applied for service. Henderson County Water District writes off bad debt only twice a year (in February and September), not monthly. A customer's bill will have to be more than 6 months old before it is written off (i.e. if a customer's bill is only 5 months old in February, the

bill will keep being worked on until it is written off in the following September round of write -offs). During this process, customers will still be called at least once a month, or more often depending on information collected during attempts to collect this debt. One month prior to write-off, all individual customers due for write-off will be sent one final letter, and if there is still no resolution to the debt, they would be written off in the February or September write off cycle.

- b. The information requested is on the excel sheet listed as A-7 as requested.
- c. Henderson County Water District has not changed its calculation or determination of bad debt in the previous two years.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 8

Responding Witness: Pete Conrad

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. The information requested is on the excel sheet listed as A-8 as requested.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 9

Responding Witness: Pete Conrad

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. The information requested is on the excel sheet listed as A-9 as requested. However, Henderson County Water District has not collected information that would differentiate between residential customers and commercial customers whom pay on time or not. The percentage of total customers was provided. Since January of 2015, the average number of commercial customers Henderson County Water district is 189, which is an average of .02% of its total customers by month.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 10

Responding Witness: Pete Conrad

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. The information requested is on the excel sheet listed as A-10 as requested. However, Henderson County Water District has never tracked between residential customers and commercial customers whom pay on time or receive termination notices, so there is no way to provide those numbers.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 11

Responding Witness: Pete Conrad

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. The information requested is on the excel sheet listed as A-11 as requested.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 12

Responding Witness: Pete Conrad

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. Absent the Commission's March 16, 2020 directive, Henderson County Water District would have collected \$20,812.24 in late payment fees as of June 26, 2020.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 13

Responding Witness: Pete Conrad

- 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. At this point, Henderson County Water District has only sent out, or had customer-specific communications with its customers regarding arrearages, late payments, payment plans, etc.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 14

Responding Witness: Pete Conrad

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. At this point in time, Henderson County Water District has not seen any increases in costs due to COVID -19. However, Henderson County Water District has seen a decrease in collected income by month, but does not feel comfortable calling this decreased income at this time as these bills are still to be paid by the individual customer, and will not be a loss until Henderson County Water District is not able to collect on the outstanding customer bills.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 15

Responding Witness: Pete Conrad

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. At this point in time, Henderson County Water District has not seen any decreases in costs due to COVID -19, and our income has not increased during this period.

HENDERSON COUNTY WATER DISTRICT

CASE NO. 2020-00085

Response to Commission Staff's Initial Request for Information

Question No. 16

Responding Witness: Pete Conrad

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. Henderson County Water District asks that the PSC consider what the effect this Order is having not only on entities under PSC jurisdiction, but also those municipalities following the Order as was suggested in the initial March 16, 2020 Order. While all systems that I have spoken with are seeing similar results of this order, class 1 and 2 systems due just to their size are having a hard time operating financially due to lack of income. While news reports did go out that no one would take advantage of this moratorium of fees and cutoffs, I would submit some basic information about the status of some current Henderson County Water District customers. As of July 14, 2020, we still have 14 customers who were up for March cut-off (they have not paid a bill since December 2019- these customers are currently 6 months behind), 12 of them had been cut-off at least once in the previous 12 months. These 14 customers have 6 months of unpaid bills. There are still 15 customers who would have been up for April cut-off (currently 5 months behind), 9

of them had been cut-off at least once in the previous 12 months. There are 30 customers whom would have been up for May cut-off (currently 4 months behind), 17 of them had been cut-off at least once in the previous 12 months. There are still 24 customers who would be up for June cut-off (currently 3 months behind) 24 of them had been cut-off at least once in the previous 12 months. Also, we currently have 13 customers who signed up for service prior to, or while the current Order was put in place, whom have never paid a bill. We are aware of 4 customers whom have unfortunately passed away while this Order has been in effect and we are aware of 6 customers whom have moved out and left their service on, but will not respond to calls and letters to them to have their service terminated. While these numbers may be low, these are the ones we are aware of, and that number may, or may not change.

Henderson County Water District will most likely not know the full financial impact of this Order until it is allowed to resume cut-offs. Cut-offs will result in finding locations/customers whom have left and/or new ones whom have moved in. With the ability to cut-off , it will allow Henderson County Water District to start working on finding out which customers will now need to be looked for, to try recover lost revenue, and which ones that we know where they are, and to work with them to get back to having service with us and having a bill that is currently paid.