

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)
ADJUSTMENT FILING OF NICHOLAS) CASE NO. 2020-00145
COUNTY WATER DISTRICT)

RESPONSE OF
NICHOLAS COUNTY WATER DISTRICT
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED JULY 16, 2021

FILED: July 26, 2021

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC PURCHASED WATER)
ADJUSTMENT FILING OF NICHOLAS) CASE NO. 2020-00145
COUNTY WATER DISTRICT)**

**CERTIFICATION OF RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of Nicholas County Water District's Response to the Commission Staff's First Request for Information. The response submitted on behalf of Nicholas County Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Silas Cleaver, Chairman
Nicholas County Water District

NICHOLAS COUNTY WATER DISTRICT

CASE NO. 2020-00145

Response to Commission Staff's First Request for Information

Question No. 1

Responding Witness: Silas Cleaver and Monica Pryor

- Q-1. Refer to Nicholas District's June 23, 2021 motion filed in this proceeding.
- a. Provide the date Nicholas District first contacted Kentucky Rural Water Association (KRWA) to request assistance with performing a cost of service study upon which to base a rate adjustment case.
 - b. Provide copies of all written communication between Nicholas District and KRWA related to assistance with performing a cost of service study upon which to base a rate adjustment case, including, but not limited to, emails and letters.

A-1.

- a. In all candor, Nicholas District did not contact KRWA to perform a rate study or a cost of service study until after the May 11, 2021 deadline for filing the application for a rate increase had passed. Someone from the Public Service Commission ("Commission") contacted Nicholas District's Office Manager and informed her that Nicholas District had failed to file a rate increase application by the May 11, 2021 deadline. The Office Manager then called Jason Pennell with KRWA and requested KRWA's assistance with preparing and filing the rate application. Jason Pennell checked with KRWA and learned that it was "booked solid" through December 31, 2021. Jason Pennell then called the Office Manager and informed her that KRWA would be unable to assist Nicholas District.

The reason that Nicholas District did not contact KRWA sooner was because the engineering firm that had performed work for Nicholas District for many, many years had assured Nicholas District that it would not have to file a general rate case or an ARF case by May 11, 2021 because the Rural Development ("RD") Project and associated rate increase that Nicholas District was planning to undertake in 2020 would satisfy the Commission. We recall our former engineer being at a meeting shortly after the Commission's May 11, 2020 Order was issued. To the best of our memory, he said words to this effect, "Don't worry about this Order. We will take care of it. We will have your next

RD Project, which will have a small rate increase, designed, bid, and submitted to the PSC before May 11, 2021.” Unfortunately, we listened and relied upon the “legal” advice given by an engineer rather than seek legal advice from a lawyer with experience practicing before the Commission.

- b. There are no emails or other written communications with KRWA. The communications were done by telephone calls.

NICHOLAS COUNTY WATER DISTRICT

CASE NO. 2020-00145

Response to Commission Staff's First Request for Information

Question No. 2

Responding Witness: Silas Cleaver and Monica Pryor

- Q-2. Refer to Chairman Cleaver's letter dated June 1, 2021, a copy of which is attached as an Attachment, and Nicholas District's June 23, 2021 motion.
- a. State whether, prior to contracting with the Rural Community Assistance Program to prepare and file an Alternative Rate Filing application, Nicholas District intended to satisfy ordering paragraph 5 of the Commission's May 11, 2020 Order in this proceeding by applying for an adjustment to its rates in connection with the United States Department of Agriculture Rural Development (RD) loan discussion in Chairman Cleaver's letter.
 - b. Provide the name of the engineer or engineers with whom Nicholas District is working in connection with the RD loan.
- A-2.
- a. See the answer to Question 1a. Nicholas District mistakenly accepted, believed, and relied upon the advice of its former consulting engineer rather than seeking the advice of a knowledgeable attorney.
 - b. In the fall of 2020, Nicholas District selected a new engineering firm, Bluegrass Engineering, PLLC of Georgetown, Kentucky, to perform the engineering services for its current RD Project. Riley Sumner and Paul Reynolds are the engineers working on the RD Project. It is important to note that neither of these engineers nor any other engineer employed by Bluegrass Engineering provided the incorrect advice referenced in the answer to Question 1a above.

CERTIFICATE OF SERVICE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on July 26, 2021; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

A handwritten signature in blue ink that reads "Mary Ellen Wimberly". The signature is written in a cursive style and is positioned above a horizontal line.

Mary Ellen Wimberly