

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF CITY OF)
AUGUSTA REVISING ITS WHOLESALE) CASE NO. 2020-00277
WATER SERVICE RATES)

**BRACKEN DISTRICT’S RESPONSE IN OPPOSITION TO
THE CITY OF AUGUSTA’S MOTION TO STRIKE**

Bracken County Water District (“Bracken District”) submits to this response in opposition to the City of Augusta’s (“Augusta”) Motion to Strike.

Augusta’s requested relief is extraordinary in its scope and lack of specificity. Augusta requests relief from responding to **all requests for information** and yet fails to specifically identify any request as unduly burdensome or excessive or to explain why even one request is unreasonable or unduly burdensome. The sole purpose of Augusta’s Motion is to deprive Bracken District of any meaningful opportunity to conduct discovery.

Nothing better illustrates this motion’s lack of merit than the requested relief. As the motion’s proponent, Augusta bears the burden to identify the specific requests that it seeks to strike and to explain why they are excessive or unduly burdensome. The motion fails to meet this burden. Instead, it shifts that burden to the Commission and requests the Commission identify the requests that are unreasonable and should not be answered. If Augusta cannot express a single reason why even one request is inappropriate or unreasonable, it has failed to meet its burden and its Motion should be summarily denied.

Augusta’s principal complaint appears to be the number of requests. Given the circumstances of this proceeding, however, the number of requests is not unreasonable. Unlike Commission Staff, which had at least three prior opportunities for discovery in this proceeding

before its current request, Bracken District has only one. It has attempted to be as thorough as possible in its requests as it will not have another opportunity. Moreover, Bracken District does not have the benefit of examining Augusta's case in chief before posing its requests since the procedural schedule has reversed the normal order of presentation of testimony and required the intervening parties, not the applicant for rate adjustment, to present their testimony first. As a result, Bracken District's ability to more precisely tailor its requests is limited.

Bracken District's requests are neither excessive nor impose an undue burden upon Augusta. Most are precisely tailored, address a specific and narrow issue, and do not require the production of documents. All are relevant to the requested rate adjustment. Many seek information that the Commission would normally request in a municipal utility wholesale rate proceeding but did not in this proceeding. Some requests merely followed up on Augusta's response to a prior Commission or Commission Staff request to address an inconsistency in Augusta's response. Exhibit A to this Response contains a description of each request, explains its relevance, and states whether the request requires the production of documents.

Contrary to contention that amount in issue is only \$24,302 and therefore does not justify further investigation, the amount is much higher. This amount, which the Commission identifies in its Order of February 1, 2021, assumes that Augusta's present cost to provide service is no less than the \$2.35 per 1,000 gallons and that Augusta's proposed rate will be in effect for only one year. In interviews with the Kentucky Division of Water three months after Augusta filed its notice of the proposed wholesale rate increase, however, Augusta Water Treatment Plant's Operations Manager and Plant Operator reported that the Water Treatment Plant's actual cost to produce water

was only \$1.84 per 1,000 gallons.¹ If the actual cost of water is \$1.84 per 1,000 gallons, then the actual amount in contention is \$109,000 annually. Assuming that Augusta does not seek another rate adjustment for four years, the interval since its last wholesale rate adjustment, the amount at issue is \$436,000. This amount, which must ultimately be borne by Bracken District's ratepayers, is significant enough to justify more than a perfunctory review of Augusta's finances and operations.

The contention that Bracken District already has the requested information is also without merit. The monthly reports to which Augusta refers in its Motion consist of a list of expenses and their amount. They are limited in their nature and scope. For example, a list of amounts paid to an employee does not explain whether that employee is performing duties for various city departments, how the employee's wages are allocated among those departments, what benefits are being provided to employees, or whether employees are required to contribute a portion of the cost of those benefits. The monthly reports provide no information on how expenses are classified or the reason why they were incurred.

Notwithstanding that its requests for information are appropriate and reasonable, Bracken District is mindful of the admonition contained in the Commission's Order of February 1, 2021. In good faith and in a spirit of accommodation, Bracken District through its counsel contacted Augusta's counsel less than 24 hours after Augusta filed its Motion to Strike and requested that Augusta identify those requests that were unduly burdensome. Bracken District further proposed to withdraw or amend a number of requests to address Augusta's concerns. Augusta, however, could not identify the requests that it deemed unduly burdensome. It requested several days to

¹ See Bracken County Water District's Reply to Augusta's Response to Motion for Ruling and Establishment of Procedural Schedule, Exhibit A. Given the timing of the release of the Commission's Order of February 1, 2021, it is unlikely that the Commission was aware of these statements when issuing this Order.

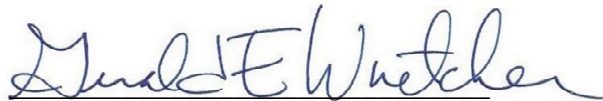
review Bracken District's First Request for Information before responding to Bracken District's proposal.

Rather than wait for Augusta to review Bracken District's requests – an action that should have preceded Augusta's Motion to Strike, Bracken District has unilaterally amended its First Request for Information to remove 16 requests that required the production of documents, to revise three requests to eliminate any requirement for the production of documents, and to clarify two other requests to reduce the potential number of requested documents. While the information originally sought would assist Bracken District's review of the proposed rate adjustment, as well as the Commission's review, Bracken District has taken this action in good faith to enable this proceeding to continue without further delay.

WHEREFORE, Bracken County Water District requests the Commission deny the Motion to Strike and direct Augusta to promptly respond to Bracken District's First Request for Information as amended.

Dated: February 15, 2021

Respectfully submitted,

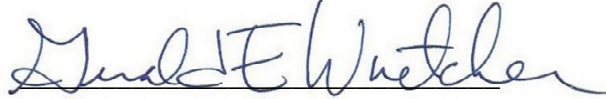


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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Bracken County Water District's electronic filing of this Motion 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 February 15, 2021; 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.

A handwritten signature in blue ink that reads "Gerald E. Wuetcher". The signature is written in a cursive style with a horizontal line underneath the name.

Gerald E. Wuetcher

EXHIBIT A

Request	Nature of Request
1	Request does not seek the production of documents, only the names of persons who prepared Augusta's Response to the Commission's Order of 8/25/2020. Although Augusta was expressly directed to provide this information by the Order of 8/25/2020, it failed to do so.
2	Request does not seek the production of documents, only the names of persons who will testify on Augusta's behalf at any hearing. This information has not been previously requested in this proceeding.
3	Request seeks a copy of Augusta's 2019 and 2020 Audit Reports. Augusta has stated that its 2019 Audit Report is the source of previously filed information supporting its proposed rate. Request seeks confirmation of that previously filed information. 2020 Audit Report is requested to confirm proposed adjustments to 2019 test period as well as to confirm that 2019 test period operations are representative operations. Both documents are required to be filed with Department of Local Government and are commonly requested by the Commission in municipal utility rate proceedings. This information has not been previously requested in this proceeding. This information is not available online.
4	Requests seeks copy of debt instruments whose principal and interest payments are to be recovered though the proposed rate. Request seeks confirmation of that previously filed information regarding Augusta's debt service. Augusta refinanced one debt issue since its 2015 rate case. The debt instruments are not available online from the Department of Local Government. These documents are commonly requested by the Commission in municipal utility rate proceedings. This information has not been previously requested in this proceeding.
5	Request seeks copy of the debt service schedule for those debts whose principal and interest payments are to be recovered though the proposed rate. These schedules are commonly requested by the Commission in municipal utility rate proceedings. As the requested information may be contained in the debt instrument or the 2020 Audit Report, an appropriate response may be to reference a response to Requests 3 or 4. This information has not been previously requested in this proceeding.
6	Request does not seek the production of documents. It seeks only the reason for the methodology that Augusts used to calculate debt service and Augusta's opinion as to the use of different method of calculating debt service. This information has not been previously requested in this proceeding. It is not available from other sources.
7	Request does not seek the production of documents. It seeks only information that should be readily available from the Augusta employee responsible for city finances. This information has not been previously requested in this proceeding. It is not available from online sources.

Request	Nature of Request
8	Request seeks electric bills for test period and following year to confirm report test period expense and proposed adjustment. It also provides Kwh usage that will permit assessment of efficiency of Water Treatment Plant Operations. This information is not available from other sources.
9	Request does not seek the production of documents. Employees' salaries, wages and benefits are responsible for 44.9 percent of total operating costs. The requested information is commonly requested by the Commission in municipal utility rate proceedings and is generally available only to Augusta. Because of Augusta's obligations as an employer, it should be readily available to Augusta in a consolidated form. It has not been previously requested in this proceeding. This information is not available from other sources.
10	Request does not seek the production of documents. It requests only a description of employee benefits and can be answered by the Augusta employee who responsible for employee wages and benefits. This information is commonly requested by the Commission in municipal utility rate proceedings. This information has not been previously requested in this proceeding. This information is not available from other sources.
11	Request does not seek the production of documents. It seeks a breakdown of the cost of employee benefits and required employee contribution rate for such benefits. This information is commonly requested by the Commission in municipal utility rate proceedings. It is used to apply the Commission's ratemaking methodology for employee benefits. This information has not been previously requested in this proceeding. This information is not available from other sources.
12	Request addresses Augusta's methodology for allocating employee wages and benefits between its departments if the employee performs services for departments other than the Water Treatment Plant. It is intended to ensure that Bracken District is not subsidizing the operations of Augusta's other departments. This information is commonly requested by the Commission in municipal utility rate proceedings. This information has not been previously requested in this proceeding. It requires the production of documents only if a written policy on such allocation exists. This information is not available from other sources.
13	Augusta proposed an adjustment to employees' salaries and wages based upon an increase outside of test period. Request seeks evidence of the proposed adjustment. This information is commonly requested by the Commission in municipal utility rate proceedings. This information has not been previously requested in this proceeding. This information is not available from other sources.

Request	Nature of Request
14	Augusta proposes adjustments to test period repair and supply expenses based upon forecasted 2020 expenses. Request seeks confirmation that such expenses were incurred. Request does not seek the production of documents. This information has not been previously requested in this proceeding.
15	Request seeks a depreciation schedule for the year ended June 30, 2020. Such schedule should have been prepared as part of 2020 Audit. Request permits confirmation of the assets for which Augusta is requesting depreciation expense. This information is commonly requested by the Commission in municipal utility rate proceedings. This information has not been previously requested in this proceeding. This information is not available from other sources.
16	Request seeks explanation of conflicting responses in Augusta's Response to Commission Staff's Requests for Information. No production of documents is required. Response seeks to determine if Augusta is seeking double recovery for a cost and whether the cost should be expensed or depreciated as a capital expenditure. This information has not been previously requested in this proceeding. This information is not available from other sources.
17	Request seeks explanation of conflicting responses in Augusta's Response to Commission Staff's Requests for Information. No production of documents is required. Response seeks to determine if Augusta is seeking double recovery of a cost and whether the cost should be expensed or depreciated as a capital expenditure. This information has not been previously requested in this proceeding.
18	Request seeks explanation regarding a response to Commission Staff's Requests for Information. No production of documents is required. Response seeks to determine if recovery of depreciation of a capital expenditure is appropriate if the asset has no remaining useful and has been fully depreciated. This information has not been previously requested in this proceeding. This information is not available from other sources.
19	Request seeks explanation regarding a response to Commission Staff's Requests for Information and a proposed adjustment. No production of documents is required. This information has not been previously requested in this proceeding. This information is not available from other sources.
20	Request asks how Augusta determined the useful lives for its assets. No production of documents is required. This information has not been previously requested in this proceeding. This information is commonly requested by the Commission in rate proceedings. This information is not available from other sources.

Request	Nature of Request
21	Request seeks information regarding large purchases of equipment or services incurred during the test period. It seeks to determine whether the purchases or services were properly expensed. It requests a description of the purchases item or service and an invoice. This information has not been previously requested in this proceeding. This information is commonly requested by the Commission in rate proceedings. This information is not available from other sources.
22	Request asks whether any of the test period repairs listed in Request 21 extended the life of an asset. It does not request the production of any documents. It seeks to determine whether the repairs were properly expensed. This information has not been previously requested in this proceeding. This information is commonly requested by the Commission in rate proceedings. This information is not available from other sources.
23	Request does not seek the production of documents. It asks why Augusta did not refinance certain debt instruments in light of current favorable interest rates. Augusta seeks to recover through the proposed rate interest and principal payments on this debt instrument. This information has not been previously requested in this proceeding. This information is commonly requested by the Commission in rate proceedings. This information is not available from other sources.
24	Request does not seek the production of documents. It asks why Augusta did not refinance certain debt instruments at the time it refinanced similar debt instruments and obtained a more favorable interest rate. Augusta seeks to recover through the proposed rate interest and principal payments on this debt instrument. This information has not been previously requested in this proceeding.
25	Request does not seek the production of documents. It asks why Augusta did not refinance certain debt instruments in light of current favorable interest rates. Augusta seeks to recover through the proposed rate interest and principal payments on this debt instrument. This information has not been previously requested in this proceeding. This information is commonly requested by the Commission in rate proceedings.
26	Request seeks the minutes of the Augusta City Council meetings since January 1, 2019 in which the Water Treatment Plant is discussed. This period covers the test period. The request seeks information regarding the management of Water Treatment Plant. This information has not been previously requested in this proceeding. This information is commonly requested by the Commission in rate proceedings.

Request	Nature of Request
27	Request does not seek the production of documents. It seeks information regarding a previous improvement to plant for purpose of comparing the accounting treatment of that expenditure with expenditures made in the test period. This information has not been previously requested in this proceeding. This information is not available from other sources.
28	Request does not seek the production of documents. The requested information should be readily available from the Water Treatment Plant's Operations Manager and Chief Operator. The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations.
29	The request seeks to ascertain whether Augusta has commissioned any third-party studies of its Water Treatment Plant, the results of those studies, and what actions were taken in response to those studies. The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations.
30	Request has been deleted.
31	Request has been deleted.
32	Request has been deleted.
33	Request has been deleted.
34	Request has been deleted.
35	Request has been deleted.
36	Request has been deleted.
37	Request has been deleted.
38	Request has been deleted.
39	The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations and should be readily available. The requested information is not voluminous and is not publicly available.
40	The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations. The requested information is not voluminous and is not publicly available.
41	Request does not seek the production of documents. The requested information is not voluminous and is not publicly available.

Request	Nature of Request
42	Request does not seek the production of documents and should be readily available to the Water Treatment Plant's Operations Manager or Plant Operator.
43	The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations and should be readily available. No production of documents is required if Augusta has not retained a third party to inspect its backwash lagoons.
44	Request has been deleted.
45	The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations and should be readily available. No production of documents is required.
46	The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations and should be readily available. No production of documents is required if Augusta has not retained a third party to inspect its filter and filter media.
47	Request has been deleted.
48	Request has been deleted.
49	Request does not seek the production of documents. The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations and should be readily available to the Operations Manager or Plant Operator.
50	Request does not seek the production of documents. The requested information is relevant to the issue of the efficiency of the Water Treatment Plant's operations and should be readily available to the Operations Manager or Plant Operator.
51	Request has been deleted.
52	Request has been deleted.
53	Request has been deleted.
54	Request has been deleted.
55	Water Treatment Plant is required to maintain this information. Requested information will confirm water usage by all Water Treatment Plant customers and the proper allocation of plant expenses.
56	Request information is necessary to confirm the current financial condition of the Water Treatment Plant Fund.

Request	Nature of Request
57	Request does not seek the production of documents. Requested information is that same as that requested in Request 3 of Commission Staff's Second Request for Information.
58	Request does not seek the production of documents. It seeks information regarding the efficiency of Water Treatment Plant operations. It is of the same nature and relevance as Request 4 of Commission Staff's Second Request for Information.
59	Request does not seek the production of documents. The requested information should be readily available to Augusta's financial officer and should be set forth in its Audit Reports. It provides information regarding the present availability of funds to the Water Treatment Plant.
60	Request does not seek the production of documents. Request seeks to identify potential costs that Augusta will incur to comply with Kentucky Division of Water requirements as well as compliance costs that may be included in test period expenses.