

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

**In the Matter of:  
ELECTRONIC APPLICATION OF  
MARTIN COUNTY WATER DISTRICT  
FOR AN ALTERNATIVE RATE  
ADJUSTMENT**

**Case No. 2021-00154**

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**MARTIN COUNTY CONCERNED CITIZENS, INC.’S FIRST SET OF DATA  
REQUESTS TO MARTIN COUNTY WATER DISTRICT**

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Pursuant to the Public Service Commission’s (“Commission”) April 14, 2021 Scheduling Order in this matter, Martin County Concerned Citizens (“MCCC”) hereby propounds the following data requests on Martin County Water District (“MCWD” or “the district”):

1. Please provide a detailed breakdown that categorizes each of the “miscellaneous service revenues” listed in the schedule of adjusted operations and provides the amount of revenue received for each category.
2. Please provide a detailed breakdown of expenses that comprise the category of “miscellaneous expenses” in the schedule of adjusted operations.
3. Please explain how the pro forma operating expenses in the two sheets of Attachment 4(a) were derived and why they do not seem to align with the pro forma expenses provided in the schedule of adjusted operations.
4. Please explain the impact the 2020 moratorium on disconnections and late fees had on the water district’s cash flows and how those imposed policies affected the district’s 2020 monthly revenue shortfalls. If the district has conducted any analysis of the impacts of the moratorium on disconnections and late fees on the district’s revenues, please provide that analysis. If the district has not conducted such an analysis, please state so affirmatively.
5. Please explain what is included in the \$14,311 in “miscellaneous income” listed in the 2020 audit’s “statement of revenues and expenses and changes in net position.” (Att. 4(e), p.10). State whether those revenues are included in the pro forma operating revenues in the schedule of adjusted operations. And, if they are not included, please explain why they are not.

6. Please state whether any efforts have been by or on behalf of the Martin County Water District to negotiate its debt payments to the following. If negotiation has been undertaken with any of the following, please describe those negotiations and state when they occurred:
  - a. ZipZone Express
  - b. CI Thornburg
  - c. Evans Hardware
  - d. Linda Sumpter, CPA
  - e. Xylem
  - f. Cumbo Law Office
  
7. Please provide a single copy of all written policies and/or procedures currently used by the Martin County Water District relating to the collection of residential unpaid balances. Please state whether the district uses the County Attorney to recover residential unpaid balances. If the County Attorney is used to recover unpaid balances, please explain in detail the process by which the district determines whether to refer accounts to the county attorney and provide all records of communications between the district and the county attorney since January 2020 related to the recovery of unpaid balances.
  
8. Please provide a copy of all written policies or procedures adopted by or used by the Martin County Water District related to termination / disconnection of service for non-payment. In addition, please specifically explain the following:
  - a. The time after nonpayment when the disconnect process begins?
  - b. How and when the water district contacts the customer regarding potential disconnection?
  - c. How and when the water district follows up with the customer to assure that they received proper notice?
  - d. How and when the district discusses payment options with the customer?
  - e. How does the district assure that customers are given sufficient notice of potential disconnection and are given information such that they understand their payment options?
  - f. How, when, and where the district documents all communications with the customer related to the potential disconnection, including oral communications?
  
9. Please provide a detailed explanation, and include a copy of any written policies and/or procedures, describing or designating how the Martin County Water District will comply with Kentucky statutory language providing in relevant part: “Any late payment charge imposed by a water district or water association shall be waived for any bill or portion of a bill for which a customer has received third-party billing assistance through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program or

from another public or charitable source.” The response to this request shall, without limitation, specifically describe how the Martin County Water District intends to identify whether “any bill or portion of a bill for which a customer has received third-party billing assistance through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program or from another public or charitable source.”

10. Provide an Accounts Payable aging report for all outstanding accounts payable. Separately provide an Accounts Payable aging report that shows only the Accounts Payable that have accrued since January 1, 2020.
11. Please explain whether the practice of maintaining two separate offices for the water district has resulted in any additional operating expenses. If no additional expenses are added, please explain how the additional office is paid for. Further, explain why the district believes it is necessary to have two offices in Inez, and why it would not be in the customer’s interest to save some money by closing the office in the community center and combining that office with the satellite office?
12. Please provide any explanation of how Alliance has saved the district money through economies of scale purchasing. Provide any analysis that shows the amount of savings to the district in 2020 through economies of scale purchasing. If no such analysis exists, please state so affirmatively.
13. Please state the total number of instances of water theft the district has discovered since January 1, 2020 and describe what was done in each instance.
14. Please state the total number of instances of multiple households on one meter that the district is aware of and discuss how the district intends to address this problem, whether through charging a separate base rate for each household attached to the meter, setting new meters for each household, or other methods.
15. Provide the number of residential customers served by the Martin County Water District by zip code.
16. Please provide a detailed explanation of the order in which residential customer payments are applied against various components of an account balance. Indicate, for example, whether late payment charges are paid before usage charges; whether unpaid balances are paid in the order in which they were incurred; etc. Provide a numerical example in sufficient detail that would allow duplication.

17. Please provide any analysis that Martin County Water District has that demonstrates that the imposition of late fees has had the effect of incentivizing payments or has otherwise affected customer payment behavior. If no such analysis exists, please state so affirmatively.
18. Please provide any evidence or support that the district's late fee is required to recover customer-specific costs incurred that would otherwise result in a monetary loss to the utility or increased rates to other customers. Additionally, please provide any evidence or study demonstrating that the imposition of a smaller fee would not provide the same incentive for timely payment. If no such evidence or analysis exists, please state so affirmatively.
19. Please provide, for residential customers, the accounts receivable aging reports for the months January 2020 to the present inclusive.
  - a. Provide the aging reports indicating the number of accounts by the age of receivable.
  - b. Provide the aging reports indicating dollars by age of receivable.
  - c. Indicate whether the aging buckets are additive or not. For example, if there are \$100 in the aging bucket of 31 – 60 days and \$50 in the aging bucket of 61 – 90 days, is there a total of \$150 in receivables?  
If data for residential customers is not available, please so state and provide data for the total customer base.
20. Please provide, by month for the months January 2020 to the present inclusive
  - a. The number of residential bills issued;
  - b. The number of residential payments received;
  - c. The dollars of residential bills for current service;
  - d. The total dollars of residential bills (for current service plus any other revenue billed, e.g., fees, late charges, etc.);
  - e. The dollars of residential payments received.
21. Please provide, by month for the months January 2020 to present inclusive:
  - a. The dollars of late payment fees charged to residential customers;
  - b. The number of residential accounts having been charged a late payment fee.  
If data for residential customers is not available, please so state and provide data for the total customer base as is available.
22. Please provide by month for the months January 2020 to present inclusive:
  - a. The total number of residential accounts in arrears;
  - b. The total dollars of residential arrears;
  - c. The average residential arrears;

- d. The percentage of residential accounts in arrears;
  - e. The percentage of total dollars billed to residential customers comprised of arrears.
23. Please provide by month for the months January 2020 to present inclusive:
- a. The number of residential disconnections of service for nonpayment;
  - b. The number of final notices of a disconnection of service for nonpayment issued;
  - c. The number of residential accounts to which service was reconnected after a disconnection for nonpayment;
  - d. The number of active residential deferred payment plans;
  - e. The dollars of residential arrears subject to a deferred payment plan;
  - f. The number of broken or defaulted deferred payment plan.
24. Please provide all demographic studies or data for Martin County in the custody or control of the Martin County Water District. If no such studies or data exist, please state so affirmatively.
25. Please provide all studies prepared within the most recent five years, within the custody or control of the Martin County Water District, which examine the collectability of billed revenue for the residential class. If a study that looks only at the residential class is not available, please so state and provide any study prepared that looks at collectability for all classes. If no such studies exists, please state so affirmatively.
26. Please provide all written studies currently within the custody or control of the Martin County Water District, whether or not prepared by or for the Water District, that explicitly assess the extent to which the following activities reduce residential bad debt. If no such studies are available, please state so affirmatively.:
- a. Cash security deposits;
  - b. Deferred payment agreements;
  - c. Disconnections for nonpayment;
  - d. Budget billing plans;
  - e. Late payment charges.
27. Please provide all written studies currently within the custody or control or the Martin County Water District, whether or not prepared by or for the Water District, that explicitly assess the extent to which the following activities accelerate residential payments and/or reduce residential arrears. If no such studies are available, please state so affirmatively.:
- a. Cash security deposits;
  - b. Deferred payment agreements;

- c. Disconnections for nonpayment;
  - d. Budget billing plans;
  - e. Late payment charges.
28. Please provide any report, evaluation, study or other written document of any nature, within the custody or control of the Martin County Water District, whether or not prepared by or for the Water District, dated within the past five years, identifying, evaluating or otherwise discussing why nonpaying residential customers do not make contact with the Water District when, in response to bill nonpayment, those nonpaying customers receive a request or notice to contact the Water District to avoid the disconnection of service. If no such report is available, please state so affirmatively.
29. Please provide any report, evaluation, study or other written document of any nature, within the custody or control of the Martin County Water District, whether or not prepared by or for the Water District, dated within the past five years, identifying, evaluating or otherwise discussing how many customers successfully complete deferred payment plans and for those that do not successfully complete those plans, why residential customers do not successfully complete deferred payment plans (sometimes known as payment agreements or other similar terms) in order to avoid the disconnection of service for nonpayment. If no such report is available, please state so affirmatively.

Respectfully Submitted,

/s/ Mary Varson Cromer

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the forgoing initial data request was served via electronic mail to all parties in this matter on this the 6<sup>th</sup> of May 2021.

/s/ Mary Varson Cromer