

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF) CASE NO. 2022-00336
MCCREARY COUNTY WATER DISTRICT)

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

McCreary County Water District submits its Response to the Commission Staff's Second Request for Information.

Dated: January 11, 2023

Respectfully submitted,



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Counsel for McCreary County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on January 11, 2023 and that there is currently no party that the Public Service Commission has excused from participation by electronic means in this proceeding.



Counsel for McCreary County Water District

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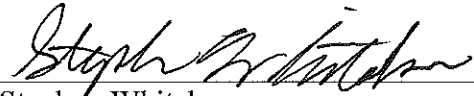
RESPONSE OF MCCREARY COUNTY WATER DISTRICT
TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

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VERIFICATION

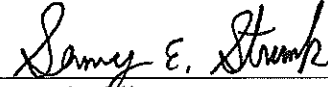
COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF MCCRERY)

The undersigned, Stephen Whitaker, being duly sworn, deposes and states that he is the Manager/Superintendent 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.

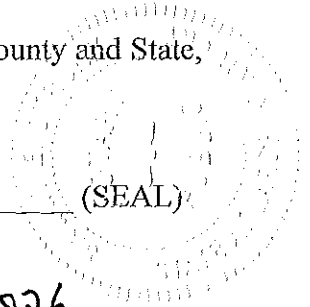


Stephen Whitaker

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 10th day of January 2023.



Notary Public



My Commission Expires: 5-26-2026

Notary ID: KyNP 52434

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Second Request for Information
Case No. 2022-00336**

Question No. 1

Responding Witness: Stephen Whitaker

Q-1. Refer to McCreary District's response to Commission Staff's First Request for Information (Staff's First Request), Item 2(b), in which McCreary District states that their Commissioners determined that payments not received before the end of the business day should not be credited to that day's receipts. Explain how this statement reconciles with McCreary District's proposed tariff, PSC KY No. 4, Original Sheet No. 9, Item i., which states "Payments deposited in the night deposit box, except for those made in response to a termination for service notice, will be considered as received on the previous business day."

A-1. The cited sentence incorrectly states McCreary County Water District policy and was marked for revision prior to the proposed tariff's filing but was not revised due to an oversight by legal counsel. Sheet No. 9, Item I. should read:

The District maintains a night depository box for the convenience of Customers and retrieves the deposited payments at the start of each business day. Payments deposited in the night deposit box will be considered as received on the next business day.

McCreary County Water District has supplemented its response to Commission Staff's First Request for Information, Item 2 to reflect this revision.

McCreary County Water District apologizes for the confusion.

MCCREARY COUNTY WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00336

Question No. 2

Responding Witness: Stephen Whitaker

- Q-2. Refer to McCreary District's response to Staff's First Request, Item 2(c), in which McCreary District states that a payment placed into the night deposit box from a customer issued a termination notice would be credited to the previous day's receipts. Explain how this statement reconciles with McCreary District's proposed tariff, PSC KY No. 4, Original Sheet No. 9, Item i., which states "Payments deposited in the night deposit box, except for those made in response to a termination for service notice, will be considered as received on the previous business day."**
- A-2. See Response to Question 1. McCreary County Water District will record payments placed in the night deposit box on the next business day even if payment is made in response to a termination of service notice for non-payment. Under McCreary County Water District's present operating procedures, however, deposits in the night deposit box are retrieved and reviewed prior to the dispatch of District's employees to disconnect service for nonpayment. Even if the recorded payment date is beyond the last payment date, no termination of service will occur if the payment is retrieved from the night deposit box prior to the dispatch of employees to make terminations.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Second Request for Information
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Question No. 3

Responding Witness: Stephen Whitaker

- Q-3. Refer to McCreary District's response to Staff's First Request, Item 3(b), in which McCreary District states that it believes 90 days is adequate time for a prospective applicant to review the estimate and determine whether they will apply for a water main extension. For the last ten requests for an estimate in which a water main extension was ultimately requested, provide the amount of time between the customer receiving the estimate and requesting the water main extension.**
- A-3. A review of the last ten requests for estimates for a water main extension shows that no more than 30 days elapsed between the time the estimate was provided and the request for extension was received.

MCCREARY COUNTY WATER DISTRICT

Response to Commission Staff's Second Request for Information Case No. 2022-00336

Question No. 4

Responding Witness: Stephen Whitaker

- Q-4. Refer to McCreary District's response to Staff's First Request, Item 4(a), in which McCreary District states that the construction of additional residences or housing units is an example of the additions that the proposed provision contained in the proposed tariff PSC KY. No. 4, Original Sheet No. 16, Section 9(4)(d), seeks to address. Explain how McCreary District would determine whether a customer violated this provision and how a customer who was found in violation of the provision could avoid termination of service.**
- A-4. If McCreary County Water District has a reasonable belief that a violation occurred, it will investigate and question the customer. Circumstances that would give rise to a reasonable belief would be a significant increase in water usage or visible construction of additional buildings on the property. McCreary County Water District's principal concern is the effect on water service of the additional use or the new addition or fixture or a possible evasion of the District's rules and regulations or the payment a charge or rate in the District's filed rate schedule. McCreary County Water District must also verify that a proper plumbing permit was executed for the new unit. If the additional use or the addition to the property or fixture is found to pose a threat to water quality or the reliability of service, McCreary District will discuss the customer the available options to eliminate the threat to service quality and request that the customer pursue one of these options. If a violation of a District rule or avoidance of a charge or fee will result from the addition, McCreary District will inform the customer of the actions necessary to eliminate the violation or to otherwise comply with the District's rules. Service is terminated only if the customer refuses to act.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Second Request for Information
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Question No. 5

Responding Witness: Stephen Whitaker

- Q-5. Refer to McCreary District's response to Staff's First Request, Item 7(b), in which McCreary District proposes to revise its leak adjustment rule to state "Plastic pipe for repair of underground water service lines must be CTS or IPS pipe." Explain why these two types of plastic pipe are the only acceptable option.**
- A-5. There are several types of plastic pipe, for example, CTS HDPE and IPS HDPE, that can be used in underground construction. Piping such as Schedule 40, Schedule 80, and CPVC are not generally good plastic materials for underground use. By limiting the use of plastic pipe to CTS or IPS pipe, McCreary County Water District seeks to ensure that customers use piping materials that will reduce the risk of future service line breaks and leaks and the costs associated with those breaks and leaks. This limitation also reduces McCreary District's costs for customer leak adjustments. Please note that customers have other piping material options such as K Copper.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Second Request for Information
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Question No. 6

Responding Witness: Stephen Whitaker

Q-6. Refer to the Proposed Tariff, PSC Ky No. 4, Original Sheet 30, Rights and Responsibilities, 14(c)(4)(i). Explain in detail the meaning and inclusion of the policy in the tariff.

A-6. The provision is intended to protect McCreary County Water District from liability to the residential customer for damage to underground facilities, such as septic systems and underground geothermal units, owned by an applicant or customer that are located on the applicant/customer's property and improperly identified or marked. This provision does not extend to facilities that owned by other utilities.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's Second Request for Information
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Question No. 7

Responding Witness: Stephen Whitaker

Q-7. Refer to the Proposed Tariff, PSC KY No. 4, Original Sheet 35, Leak Adjustment, Item h. Explain why there is a maximum limit of \$5,000 on leak adjustments.

7. Neither KRS Chapter 278 nor Public Service Commission regulations require a water utility to provide for leak adjustment adjustments. In the absence of a leak adjustment policy, KRS 278.160(2) requires a utility to bill the customer for all water usage, even if a portion of that usage is due to a leak. 807 KAR 5:066, Section 12(2) provides that a customer "shall furnish and lay the necessary pipe to make the connection from the point of service to the place of consumption and **shall keep the service line in good repair.**" If a customer fails to keep his or her service line in good repair or the customer's internal pumping fails, the customer is generally responsible for the water usage resulting from that failure. Accordingly, the maximum limit on a leak adjustment is a matter largely within a water utility's discretion. Several Commission-regulated water utilities have filed tariffs that make no provision of leak adjustments in their tariffs. *See, e.g.*, Tariff of Beech Grove Water System, Inc.; Tariff of Blue Grass Water Utility Operating Company; Tariff of Columbia-Adair County Water District; Tariff of Cumberland Falls Water District.

McCreary District's Board of Commissioners determined that a \$5,000 maximum would provide limited relief to small and large volume users without encouraging a customer to ignore the condition of its service line. A maximum limit was placed upon the amount of the adjustment to limit McCreary District's financial exposure should a large leak occur on the customer's side of the meter in a facility that the customer was under Commission regulations responsible for maintaining.

MCCREARY COUNTY WATER DISTRICT

**Response to Commission Staff's First Request for Information
Case No. 2022-00336**

Question No. 8

Responding Witness: Stephen Whitaker

- Q-8. Refer to McCreary District's response to Staff's First Request, Item 8(c), regarding class of service.**
- a. Provide the number of residential customers served under the Residential and Non-Residential rate schedule.**
 - b. Provide the number of non-residential customers served under the Residential and Non-Residential rate schedule.**
 - c. Explain whether there is any differentiation in McCreary District's billing system between residential and non-residential customers served under the Residential and Non-Residential rate schedule.**
- A-8.
- a. McCreary County Water District serves 5,794 residential customers under the Residential and Non-Residential rate schedule. Under this rate schedule, McCreary County Water District charges residential and non-residential customers the same rate.
 - b. McCreary County Water District serves 512 non-residential customers under the Residential and Non-Residential rate schedule. Under this rate schedule, McCreary County Water District charges residential and non-residential customers the same rate.
 - c. Non-residential customers are assessed sales tax unless they are tax-exempt (e.g., schools, churches, governments).