

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BATH COUNTY WATER
DISTRICT FOR A RATE ADJUSTMENT) CASE NO. 2022-00404
PURSUANT TO 807 KAR 5:076)

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

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

Date: March 14, 2023

Respectfully submitted,



Sarah Price
Co-Manager
21 Church Street
PO Box 369
Salt Lick KY 40371
606-683-9917
sarahbcwd@gmail.com

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In the Matter of:

ELECTRONIC APPLICATION BATH COUNTY WATER)
DISTRICT FOR A RATE ADJUSTMENT)
PURSUANT TO 807 KAR 5:076) CASE NO. 2022-00404

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

FILED: March 14, 2023

VERIFICATION

STATE OF KENTUCKY)
)
COUNTY OF WOODFORD)

The undersigned, Holly Nicholas, being duly sworn, deposes and states that she is the Consultant to the Bath County Water District and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained herein are true and correct to the best of her information, knowledge, and belief.

Holly Nicholas
Holly Nicholas

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13TH day of March 2023.

MARK SCOTT STEPHENS
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP64424
MY COMMISSION EXPIRES February 1 2027

Mark Scott Stephens (SEAL)
Notary Public

My Commission Expires 02/01/2027

Notary ID: # KYNP64424

ATTACHMENT 1

BATH COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2022-00404**

Question No. 1

Responding Witness: Holly Nicholas

Q.1 Provide a detailed fixed asset listing in Excel format, with formulas, columns, and rows unprotected and fully accessible.

A1. The District does not have in a fixed asset listing in the format suggested by the Commission Staff. The attached/uploaded Excel spreadsheet is what the District maintains on an annual basis. The files uploaded are for years 2020, 2021 and 2022 but additional prior years are available should the Commission Staff want them.

ATTACHMENT 2

BATH COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION CASE NO. 2022-00404

Question No. 2

Responding Witness: Holly Nicholas

Q.2. Refer to Bath District's response to Staff's First Request, Item 5, KIA Conditional Commitment Letter B22-003.

- a. Refer to KIA Letter at unnumbered page 12, Credit Analysis Projections, which states "the BCWD is regulated by the Public Service Commission (PSC) and will need to apply to the PSC, pursuant to KRS 278.300, for debt authorization for the \$640,469 loan and must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020." State when Bath District plans to apply to the PSC for debt authorization and CPCN.**
- b. Refer to KIA Letter at unnumbered page 7, Executive Summary which provides project schedule dates. Provide updated dates for bid opening, construction start and construction stop.**
- c. Provide the date that the first principal payment will be payable based on the updated project schedule.**

A.2.

- a. We expect to submit for debt authorization and CPCN by 3/31/2023.
- b. Updated schedule: Bid opening – 2/16/2023, construction start – 5/16/2023, and construction stop – 5/2024.
- c. First principal payment schedule based on a construction stop date of 5/2024 is expected to be 12/2024.

ATTACHMENT 3

BATH COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION CASE NO. 2022-00404

Question No. 3

Responding Witness: Holly Nicholas

Q.3. Refer to Bath District's response to Staff's First Request, Item 2, Schedule of Adjusted Operations, attachment 2. Expenses.xlsx. Also refer to the Application, Exhibit C, Statement of Adjusted Operations, Reference Item C, Salaries and Wages – Employees.

- a. Explain why compensation costs of \$37,687 for employee designated as "Office 4 – retired 5/22" should be included in the Pro Forma salary amount of \$366,291.
- b. Explain why pension cost of \$6,081 for employee designated as "Office 4 – retired 5/22" should be included in the Pro Forma benefits amount of \$194,078.

A.3.

- a. At the time of calculating the Schedule of Adjusted Operations I thought the salary cost of the staff person who retired in May 2022 should be included as it was a legitimate expense. But after a conference call with Commission Staff on February 23, 2023; I now realize and agree with the staff that it should not have been included as it is no longer an on-going expense.
- b. Same answer as above.

ATTACHMENT 4

BATH COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2022-00404**

Question No. 4

Responding Witness: Holly Nicholas

Q.4. Refer to the Application, Exhibit C, Statement of Adjusted Operations Reference Item G for Contractual Services. Provide support (contract, invoice, etc.) for rate application cost of \$25,000.00.

A.4.

- a. Invoice is attached/uploaded.



INVOICE

Invoice Date: February 10, 2023

CLIENT:
 Bath County Water District
 Attn: Sarah Price, Co-Manager
 PO Box 369
 Salt Lick, KY 40371

Invoice No. 2023-19

Project No. PSC-ARF

Professional Services for Bath County Water District

Job Description: PSC Alternative Rate Filing
 Billing Period: Project Inception to February 10, 2023

SERVICES	TOTAL FEE	PERCENT COMPLETE	AMOUNT BILLED TO DATE	AMOUNT PAID TO DATE	TOTAL DUE THIS INVOICE
Rate Study & Preparation of PSC Alternative Rate Filing	\$ 25,000.00	75%	\$ 18,750.00		\$ 18,750.00
TOTAL	\$ 25,000.00		\$ 18,750.00	\$ -	\$ 18,750.00
Total Amount Due This Invoice					\$ 18,750.00

PLEASE MAKE CHECK PAYABLE TO:

**Kentucky Engineering Group, PLLC
 P.O. Box 1034
 Versailles, Kentucky 40383**

ORIGINAL

ATTACHMENT 5

BATH COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION CASE NO. 2022-00404

Question No. 5

Responding Witness: Holly Nicholas

Q.5. Refer to the Application, Exhibit C, Statement of Adjusted Operations, Forfeited Discounts, and Bath District's response to Staff's First Request, Item 9, and 9_Late_Fees_2019-2022.xlsx. Given that Bath District experienced an increase in forfeited discounts in 2022, explain why there has been no adjustment made to the Forfeited Discounts of the test year.

A.5. My background is with water and sewer construction grant and loan applications. The funding agencies I have worked with, primarily Rural Development, strongly suggest not increasing late fees (forfeited discounts) beyond what they normally run. The increase from 2021 to 2022 was not that great that I felt it should be adjusted. Late fees (forfeited discounts) can vary from year to year and I have most often only used what was the previous years unless there were extenuating circumstances. Bath District did not have any reason to believe they would increase substantially.