

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF THE CITY OF)
AUGUSTA TO INCREASE THE WHOLESALE) CASE NO.
WATER RATE CHARGED TO BRACKEN) 2024-00349
COUNTY WATER DISTRICT)

INITIAL REQUEST FOR INFORMATION TO
BRACKEN COUNTY WATER DISTRICT
FROM THE CITY OF AUGUSTA

Comes the City of Augusta to submit these Data Requests to Bracken County Water District (“Bracken”) to be answered by March 12, 2025, in accordance with the Procedural Schedule appended to the Kentucky Public Service Commission (“Commission”) Order dated December 27, 2024, and in accordance with the following:

1. In each case where a request seeks data already filed with the Commission, reference to the appropriate cite in the Commission’s records will be deemed a satisfactory response.

2. Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Upon request, Augusta can provide Bracken’s counsel with an electronic version of these questions.

3. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate

to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

4. If Bracken finds any request to be confusing, requests for clarification should be directed to Augusta's Counsel.

5. These requests shall be deemed continuing and require further and supplemental responses if Bracken discovers additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon. Information which Bracken later becomes aware of, or has access to, and which is responsive to any request is to be made available to Augusta. Any studies or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they become complete. Bracken is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to Bracken after the answers hereto are served.

6. Bracken shall make timely amendment to any prior response if Bracken obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

7. To the extent that a specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, Bracken shall provide the similar document, workpaper, or information.

8. To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

9. As used herein, the words “document” or “documents” are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases;

time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

10. For any request to which Bracken fails or refuses to furnish all or part of the requested information, Bracken shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

11. For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

12. In the event any document called for has been destroyed or transferred beyond the control of Bracken, state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy. (13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound electronic volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations and Orders.

13. Abbreviations, definitions and instructions: a. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise. b. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

/s/ CYNTHIA C. THOMPSON, ESQ.
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail this 27th day of February, 2024, to the parties of record listed below.

/s/ CYNTHIA C. THOMPSON, ESQ.
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In Re: ELECTRONIC TARIFF FILING OF THE CITY OF AUGUSTA TO INCREASE THE WHOLESALE WATER RATE CHARGED TO BRACKEN COUNTY WATER DISTRICT, CASE NO. 2024-00244

INITIAL REQUESTS FOR INFORMATION TO BRACKEN FROM AUGUSTA

1. The City of Augusta operates a water treatment facility (“Augusta Treatment”) that serves wholesale water to the City of Augusta’s water distribution system (“Augusta Distribution”) and to Bracken County Water District (“Bracken District”). All water produced by Augusta Treatment is delivered to either Augusta Distribution or Bracken District through water meters located immediately adjacent to the Water Treatment Plant facilities. Augusta Distribution receives service through a 6-inch meter connected to a 6-inch transmission main whereas Bracken District receives service through an 8-inch meter connected to an 8-inch transmission main. Augusta Treatment does not transmit or distribute water to any entity beyond the location of those metering points.

KRS 278.170 (1) states: “No utility shall, as to rates or service, give any unreasonable preference or advantage to any person or subject any person to any unreasonably prejudice or disadvantage, or establish or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions.”

Identify and describe separately each difference in the physical characteristics of the wholesale water service provided by Augusta Treatment to Bracken District when compared to the wholesale water service provided by Augusta Treatment to Augusta Distribution that warrants Bracken District being charged a wholesale rate by Augusta Treatment that is less than the rate charged to Augusta Distribution.

2. During the fiscal year ended June 30, 2023, Bracken District purchased 173,162,980 gallons of water from Bracken District. Bracken District decreased

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purchases to 154,489,118 gallons for the 12 months ended April 30, 2024 and to 142,982,009 gallons for the calendar year ended December 31, 2024. Explain the reason that Bracken District decreased the volume of water purchased from Augusta Treatment and state whether Bracken District intends to continue purchasing wholesale water from Augusta Treatment at the reduced volume in future periods.

3. Refer to Case No. 2021-00415, in the matter of Electronic Application of Bracken County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076, where Bracken District sought and was awarded rate recovery of pro forma depreciation expense (a non-cash expense) in the amount of \$379,720. This depreciation expense accrued on plant that was originally funded with retained earnings, contributions in aid of construction, and proceeds from issuing long-term debt. Explain in full detail the reasons that Bracken District believes it was necessary to recover through rates 100 percent of its pro forma depreciation expense.

4. As required by the Stipulated Agreement entered in Case No. 2020-00277, Augusta Treatment contracted Cann-Tech, LLC/Kenvirons ("Cann-Tech") to prepare an engineering review of the water treatment plant condition and capital improvement needs. In Cann-Tech's May 2022 report, necessary plant renewals, replacements and improvements are identified that have an estimated cost of \$3,250,000. State whether Bracken District agrees or disagrees with Cann-Tech's findings. Explain in detail all reasons for disagreement.

5. Exhibit A attached hereto is a copy of the worksheet presented to Bracken District by Augusta Treatment at their February 14, 2025 meeting.

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a. At the volume of water sold by Augusta Treatment in pro forma operations, does Bracken District agree that Augusta Treatment must charge a unified rate of \$2.635 per thousand gallons to generate the minimum level of annual revenue required by Augusta Treatment's long-term debt resolutions? Explain in detail all reasons for disagreement.

b. At the volume of water sold by Augusta Treatment in pro forma operations, does Bracken District agree that Augusta Treatment must charge a unified rate of \$3.181 per thousand gallons to recover through rates 100 percent of pro forma depreciation expense? Explain in detail all reasons for disagreement.

c. Does Bracken District recognize that Augusta Treatment's proposed unified rate in the amount of \$2.967 does not include recovery of depreciation expense in the amount of \$42,105?

6. a. What is the name of the licensed individual currently providing water system distribution services for Bracken County Water District? Is such individual an employee of Bracken County Water District or an independent contractor? What are the specific duties and regular hours of such individual at Bracken County Water District? If such individual is not an employee of Bracken County Water District, has such individual entered into a written contract for water system distribution services with Bracken County Water District?

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Exhibit A

Cash Related Pro forma Expenses			416,123						Working Capital		
Average Annual Debt Payments			86,861						after Payment		
Less: Interest Income			(1,409)						of Pro Forma		
									Cash Related		
Cash Related Revenue Requirement			501,575						Expenses	Coverage	Depreciation
Add: Debt Service Coverage			17,372		See Note 1 Below	Rate					
Minimum Revenue Required by Lenders			518,947	+	196,923	=	\$ 2.635		17,372		
Plus: Depreciation Requested in Unified Tariff			65,412								
Amount Request in Unified Tariff			584,359	+	196,923	=	\$ 2.967		82,784	(17,372)	65,412
Plus: Depreciation not Requested in Tariff	See Note 2 Below		42,105								
Maximum Allowable by KPSC full Depreciation All Plant			626,464	+	196,923	=	\$ 3.181		124,889	(17,372)	107,517
CALCULATION OF RATE USING DEPRECIATION CALCULATED CONSISTENT WITH METHOD USED BY PADGETT IN 2020. Refer to "Depreciation" Worksheet.											
Minimum Revenue Required by Lenders			518,947								
Plus: Depreciation Consistent w/ 2020 Rate Case, See "Depreciation" Worksheet			9,316								
Total			528,263	+	196,923	=	\$ 2.683		26,688	(17,372)	9,316
Bracken District Rate with Debt Limited to .64 Charged to Both Parties			565,168	+	196,923	=	\$ 2.870		62,184	(17,372)	44,812
			541,537	+	196,923	=	\$ 2.750		38,553	(17,372)	21,181
Note 1											
			Amount of Debt Shifted by Debt Limitation								
Pro forma Sales	Callons				Bracken District Actual Use			\$	81,772		
					Limited to 64%				66,709		
Augusta Distribution	42,433,508				Amount Shifted to Augusta			\$	15,063		
Bracken District	154,489,118										
Total	196,922,626				Increase on Augusta Rate			\$	0.355		
					Decrease on Bracken District Rate			\$	0.098		
					Total Rate Difference			\$	0.452		
Note 2											
Water Treatment Plant	1,500,000				Rates Calculated in Report with 64% Debt Limitation						
Lagoon	100,000				Augusta			\$	3.322		
Total Plant Financed with Debt	1,600,000				Bracken			\$	2.870		
Divide by: Depreciable Life	38	Years			Difference			\$	0.452		
Depreciation on Financed Plant	42,105										