

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTHERN)
KENTUCKY WATER DISTRICT FOR AN) CASE NO.
ADJUSTMENT OF RATES; ISSUANCE OF) 2018-00291
BONDS; FINANCING; AND TARIFF REVISIONS)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO NORTHERN KENTUCKY WATER DISTRICT

Northern Kentucky Water District (Northern Kentucky District), pursuant to 807 KAR 5:001, shall file with the Commission the original and an electronic version of the following information. The information requested is due on or before November 28, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. 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 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.

Northern Kentucky District shall make timely amendment to any prior response if it obtains information that indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Northern Kentucky District fails or refuses to furnish all or part of the requested information, Northern Kentucky District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Northern Kentucky District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to Northern Kentucky District's application, Exhibit G and the Final Order in Case No. 2006-00398. Provide a schedule comparing the depreciation lives being used in this current case to those lives authorized by the Commission in Case No. 2006-00398.¹ Include a detailed explanation for any depreciation lives currently being used that differ from those depreciation lives that the Commission authorized.

2. Refer to the application, Exhibit K, Revenue Requirement Comparison.

a. Provide the calculation Northern Kentucky District used to generate the Average Debt Service of \$20,291,603.

b. Provide additional information about the amortization of sludge removal as stated in the Revenue Requirement Comparison, including when sludge removal last occurred, the amortization period utilized in the revenue requirement calculation, and the original cost of the sludge removal.

¹ Case No. 2006-00398, *Application of Northern Kentucky Water District for Approval of Depreciation Study* (Ky. PSC Nov. 21, 2007).

3. Refer to the application, Exhibit K, Pro Forma Statement of Revenues, Expenses, and Changes in Net Position (Pro Forma Statement). Also, refer to the application, Exhibit K, Revenue Requirement Comparison.

a. Operating and Maintenance Expense is stated at \$27,399,326 in the Pro Forma Statement, whereas Pro Forma Operating Expenses are stated as \$26,307,371 in the Revenue Requirement Comparison. Reconcile the difference between these amounts.

b. Depreciation Expense on the Pro Forma Statement is stated at \$11,747,133, whereas on the Revenue Requirement Comparison, Depreciation Expenses is stated at \$11,546,013. Reconcile the difference between these amounts.

4. Refer to the application, Schedule K, and Northern Kentucky District's Response to Staff's First Request for Information (Staff's First Request), Item 1a.

a. Northern Kentucky District filed an Excel spreadsheet that provided pro forma wage information for a prospective period ending June 30, 2019, but did not provide support, calculations, or assumptions for all pro forma adjustments to Northern Kentucky District's test period information. Provide the requested information for all of Northern Kentucky District's pro forma adjustments listed in Schedule K.

b. For any calculations provided in the response to item 4.a. above, provide the information in Microsoft Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

c. For the pro forma wage amounts stated in the Excel spreadsheet discussed in Item 4.a. above, provide the minutes of each meeting of Northern Kentucky District's Board of Commissioners in which the salary increases reflected in this period were discussed and approved.

5. Refer to the application, Exhibit M, Proposed Tariff Original Sheet No. 5, paragraph 11, in regards to the cost of total gallons billed used when actual water usage cannot be determined.

a. Explain why Northern Kentucky District decreased the total gallons used from 18,000 to 12,000 gallons and from 6,000 to 4,000 gallons.

b. Provide the number of occurrences in the past three years when a customer's actual water usage could not be determined.

6. Refer to the application, Exhibit M, Proposed Tariff Original Sheet No. 12, paragraph 8, which states that customers will be informed of the amount of the fee charged for credit or debit card payments "[p]rior to processing the transaction." Provide specific details and time periods for notifying customers of the actual fee amount and explain whether customers will have the option to cancel or continue with credit or debit card payment after receiving notice of the fee amount.

7. Refer to the application, Exhibit M, Proposed Tariff Original Sheet No. 14, paragraph 2.

a. State the number of times that Northern Kentucky District has been unable to read a customer's meter due to a car, truck, trailer, or boat blocking access to the meter.

b. Explain the process that Northern Kentucky District currently follows when access to a customer's meter is blocked due to a car, truck, trailer, or boat.

8. Refer to the application, Exhibit M, Proposed Tariff Original Sheet Nos. 44-45, 48-50, and 58-59. The forms on these pages are marked with the (N) margin notation indicating they are new; however, there are versions of these forms in Northern Kentucky

District's current tariff. Provide these forms reflecting margin notations for only the portions that are actually changing.

9. Refer to the application, Exhibit M, Tariff Sheet No. 57. Provide a legible copy of the second page of the customer bill.

10. Refer to the application, Exhibit M, Appendix A. Provide legible copies of all proposed applications and forms filed in Appendix A.

11. Refer to the application, Exhibit M, Appendix A, New Service Residential Application.

a. In Northern Kentucky District's current residential application, applicants must provide a photo ID. Explain why applicants must now provide a driver's license and what documentation applicants without a driver's license must provide.

b. Also, Refer to Case No. 2013-00309, *Donald B. and Kimberly A. Niergarth v. Northern Kentucky Water District* (Ky. PSC Jan. 31, 2014). Explain why Northern Kentucky District included an optional provision for applicants to provide their social security number.

c. Explain why Northern Kentucky District now requires applicants to sign a water turn on a release form.

12. Refer to the application, Exhibit M, Appendix A, New Service Commercial Application. Also refer to the January 31, 2014 Order in Case No. 2013-00309. Explain why Northern Kentucky District requires commercial applicants to provide their Federal Employer Identification Number.

13. Refer to the Direct Testimony of Lindsey Rechtin, lines 90–93. Provide a detailed explanation of Northern Kentucky District's efforts to keep its operating costs low.

14. Refer to the application, Testimony of Constance E. Heppenstall (Heppenstall Testimony), page 6, line 21 to page 7, line 2, regarding how capacity demands were estimated based on judgment.

a. Explain in detail how judgment was used when considering customer class demands.

b. Explain how Northern Kentucky District compares to the other water district systems that conducted the field studies considered.

15. Refer to the Heppenstall Testimony, page 8, lines 13–19. Provide all correspondence, electronic mail messages, memorandum and all other documents exchanged between Northern Kentucky District and Gannett Fleming, Inc., that discuss the guidelines, performance and preparation of the cost-of-service study that Northern Kentucky District submitted in this proceeding.

16. Refer to the Heppenstall Testimony, page 10, lines 5–7.

a. Explain the rationale that was used to determine that Phase 1 rates would be “approximately half-way between the present rates and the proposed Step 2 rates.”

b. Provide calculations and support that show Northern Kentucky District will have adequate cash flows from Phase 1 rates to continue its current operations.

17. Refer to the application, Exhibit N, Schedules F through K. Provide an electronic version of schedules F through K in Microsoft Excel spreadsheet format with all formulas intact and unprotected, and with all columns and rows accessible.

18. Refer to the application Exhibit Q1.1 and Exhibit Q1.2 Average Meter Connection Expense Cost Justification form for 5/8-inch meter and 1-inch meter, Section D.

a. Provide supporting documentation and explanation for how the Average Contractor Cost was determined.

b. Provide Northern Kentucky District's process for determining the contractor chosen for meter installations.

19. Refer to the Response to Staff's First Request, Item 5. Provide the journal entries, and any descriptions or explanations, for Account: 699-8000-078, Pension Expense.

20. Refer to the Response to Staff's First Request, Item 8.a. Provide the requested information for the test period ending June 30, 2018.

21. Refer to the Response to Staff's First Request, Item 8.b. Provide the time/labor records that show the number of hours worked, pay rates, and project description to support the capitalized labor costs for the test period ending June 30, 2018.



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DATED NOV 06 2018

cc: Parties of Record

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