

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF THE)	
WHOLESALE WATER SERVICE RATES OF THE)	CASE NO.
CITY OF PIKEVILLE TO MOUNTAIN WATER)	2019-00080
DISTRICT)	

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION
TO THE CITY OF PIKEVILLE

The city of Pikeville (Pikeville), pursuant to 807 KAR 5:001, is to file with the Commission the original and an electronic version of the following information. The information requested herein is due on September 20, 2019. 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 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.

Pikeville shall make timely amendment to any prior response if it obtains information which 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 Pikeville fails or refuses to furnish all or part of the requested information, Pikeville shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Pikeville shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Pikeville pays for its gasoline and telephone/public works expenses and then receives a reimbursement from Utility Management Group (UMG) for these expenses. Provide the history and the reason for this arrangement between Pikeville and UMG.

2. State whether these expenses (gasoline and telephone/public works) are being recovered by UMG through its annual management fee. If the response is yes, identify the amount of expense reimbursement that was recovered in UMG's test-year management fee.

3. State whether Pikeville or UMG originally decided how to allocate the UMG contract costs between the following Pikeville divisions: Water Treatment Plant, Waste

Water Treatment Plant, Solid Waste, Parks, Landscaping, Government Liason, Outside Water, Inside Sewer, Inside Water, Outside Sewer, Streets, and Gas Distribution.

4. Provide a detailed description of the methodology(s) UMG uses to allocate its contract costs between the following Pikeville divisions: Water Treatment Plant, Waste Water Treatment Plant, Solid Waste, Parks, Landscaping, Government Liason, Outside Water, Inside Sewer, Inside Water, Outside Sewer, Streets, and Gas Distribution. Include the reason(s) the allocation methodology(s) was chosen and describe the input that was provided by Pikeville in the development of the allocation methodology(s).

5. Provide a schedule comparing the UMG contract costs broken down by Pikeville divisions for the Fiscal Years ending June 30, 2014, through June 30, 2017.

Division	UMG Annual Management Fees - Breakdown (Fiscal Years)						
	2014	2015	% Inc. 2014-2015	2016	% Inc. 2015-2016	2017	% Inc. 2016-2017
Water Treatment Plant							
Waste Water Treatment Plant							
Gas Distribution							
Solid Waste							
Parks							
Lanscaping							
Government Liaison							
Outside Water							
Inside Sewer							
Inside Water							
Outside Sewer							
Streets							
Gas Distribution							

6. Review Pikeville’s Supplemental Response to Mountain Water District’s Initial Data Request, Item 69.

a. The monthly Invoices from UMG to Pikeville list a charge of \$7,150 for a “Government Liaison.” Provide a detailed description of this position and describe the services this UMG employee provides to Pikeville.

b. Identify the amount of this annual cost of \$85,803 for the Government Liaison that UMG allocates to the inside city water system.

7. Explain and describe the direct correlation between water consumption and UMG management contract cost allocations.

8. Explain and describe the direct correlation between water consumption and repairs and maintenance expense allocations.

9. Provide the results of the Pikeville master meter tests for fiscal years ending June 30, 2014–2018.

10. Provide a copy of the engineering report or any other documentation that explains how the construction project funded with the proceeds of the USDA Series 2016A Bonds to serve the KY Enterprise Industrial Park was modified to reflect the demands of Mountain Water District on the Southern Section of Pikeville’s distribution system.

11. Refer to Pikeville's responses to the Commission's June 10, 2019 Order, Item 4.a, Inside Water General Ledger FYE June 30, 2017, Account No. 210.10.610, Public Works Water, and to Pikeville’s Supplemental Response to Mountain Water District’s Initial Data Request, Item 69. The monthly amounts billed by UMG for its management fees for August 2016 through June 30, 2017, for the inside city system are \$108,630,¹ while the amounts recorded in the general ledger for the same period is \$96,837 for a difference of \$11,793 per month. Provide an explanation for the difference between the amounts actually billed to Pikeville by UMG and the payment made to UMG that Pikeville recorded in its general ledger.

¹ \$51,594 (Water Treatment Plant) + \$56,478 (Outside Water) = \$108,636.

12. Provide the following information for fiscal years ending June 30, 2014–

2018.

Fiscal Years	Outside City			Inside City		
	Revenues	Consumption	Customers	Revenues	Consumption	Customers
2018						
2017						
2016						
2015						
2014						

Fiscal Years	Treatment Plant Production (Gallons)	Water Sales - Gallons			Southern Water District
		Inside - City	Outside City	Mountain District	
2018					
2017					
2016					
2015					
2014					



Gwen R. Pinson
 Executive Director
 Public Service Commission
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DATED SEP 13 2019

cc: Parties of Record

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