

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF THE)	CASE NO.
WHOLESALE WATER SERVICE RATES OF)	2019-00260
CENTRAL CITY MUNICIPAL WATER & SEWER)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO CENTRAL CITY MUNICIPAL WATER & SEWER

Central City Municipal Water & Sewer (Central City), 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 18, 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.

Central City 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 Central City fails or refuses to furnish all or part of the requested information, Central City 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, Central City shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Central City's motion to file a tariff containing a surcharge for rate case expenses incurred in this matter in which it proposes an additional rate increase in the amount of \$1,250 per month for a period of 36 months.

a. Provide an itemized schedule of all costs and expenses incurred in this case.

b. Provide all invoices, bills, receipts, and other similar documents received for all costs and expenses incurred in this case.

c. Provide an itemized estimate of Central City's total costs and expenses to be incurred in this case.

d. Provide a detailed explanation of how Central City's estimate of the total costs and expenses to be incurred in this case was determined, and provide all supporting workpapers and calculations.

e. Provide an explanation of how Central City calculated the surcharge based on its estimated costs and expenses.

2. Refer to Central City's responses to the Commission's July 30, 2019 Order, Item 9, Depreciation Schedule, and to the National Association of Regulatory Commissioners (NARUC) Depreciation Practices for Small Water Utilities, August 15, 1979, Figure 1, Typical Service Lives, Salvage Rates, and Depreciation Rates, Small Water Utilities attached hereto as Schedule 19.

a. Provide a schedule in Excel spreadsheet format that compares the depreciation lives in Central City's schedule for the water division's assets and the shared water and sewer assets to the average service life ranges in the NARUC survey.

b. Using the mid-point depreciation life of the average service life ranges in the NARUC survey; recalculate Central City's pro forma depreciation expense for the water division's assets and the shared water and sewer assets. Provide the recalculation of pro forma depreciation expense in an Excel spreadsheet format with all formulas unprotected and with all rows and columns accessible.

c. Provide any analysis or study that was prepared by Central City's Auditors or hired consultant showing that Central City's Capitalization Policy and depreciation lives are reasonable.

3. Refer to Central City's responses to the Commission's July 30, 2019 Order, Item 22, Cost Analysis, and to Item 4, Audit for Fiscal Year ending (FYE) June 30, 2018.

a. Central City completed an additional financial analysis that is based on actual expenses incurred in Fiscal Year 2019. As support of this analysis, provide the independent auditor's report for Central City for the FYE June 30, 2019.

b. Provide a revised cost analysis using the water division's revenue and expense accounts, as shown in Schedule I, pages 18–20 of the FYE 2018 Audit.

c. Administrative Regulation 807 KAR 5:001, Section 16(1), provides that all applications for a general rate adjustment supported by a twelve (12) month historical test period may include adjustments for known and measurable changes. Administrative Regulation, Section (4)(a), requires the applicant to provide a complete description and quantified explanation for all proposed adjustments with *proper support for any proposed changes* in price or activity levels, and any other factors which may affect the adjustment. For each adjustment contained in the column entitled "Project Only," provide the information as required by the Administrative Regulation.

d. For each adjustment contained in the column entitled "Project Only," explain how it relates to the construction project being funded with the proposed United States Department of Agriculture's Rural Development (RD) grant of \$150,000 and loan of \$850,000.

e. Provide a detailed description of the construction project being funded with the proposed RD grant of \$150,000 and loan of \$850,000.

f. Explain how the proposed construction project will improve or impact Central City's ability to provide wholesale water service to Muhlenberg County Water District and Muhlenberg County Water District #3.

4. Refer to Central City's responses to the Commission's July 30, 2019 Order, Item 4.

a. Provide a detailed description of the water or sewer projects funded by each debt issuance as originally requested.

b. Provide a detailed explanation of how the annual debt service payments for each long-term debt issuance is allocated between Central City's water and sewer divisions.

5. Provide Central City's revenue requirement calculation using the table below.

Pro Forma Operating Expenses	\$
Plus: Average Annual Debt Principal and Interest Payments Debt Coverage Requirement	_____
Total Revenue Requirement	
Less: Interest Income Non-operating Income Nonutility Income	_____
Revenue Required from Rates	
Less: Normalized Revenues from Water Sales	_____
Required Revenue Increase/(Decrease)	\$ _____
Percentage Increase	_____ %



Gwen R. Pinson
Executive Director
Public Service Commission
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DATED SEP 04 2019

cc: Parties of Record

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