

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF HYDEN-LESLIE)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2020-00141
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On May 7, 2020, Hyden-Leslie County Water District (Hyden-Leslie District) submitted an application (Application) requesting to adjust its monthly water service rates pursuant to the procedures set forth in 807 KAR 5:076.

The Commission finds that a procedural schedule should be established to ensure the orderly review of Hyden-Leslie District's Application.

All requests for intervention should be filed by July 6, 2020. Any motion to intervene filed after June 17, 2020, should show a basis for intervention and good cause for being untimely. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Further, KRS 278.040(2) requires that a person seeking intervention must have an interest in the rates or service of a utility, as those are the only matters that are subject to the Commission's jurisdiction.

Based on the foregoing, the Commission further finds that any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of water consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

Finding that a procedural schedule¹ should be established to ensure the orderly review of the Application, the Commission HEREBY ORDERS that:

1. The information requested in the Appendix to this order shall be filed by July 6, 2020.
2. All supplemental requests for information to Hyden-Leslie District shall be served upon Hyden-Leslie no later than July 20, 2020.
3. Hyden-Leslie District shall file with the Commission and serve upon all parties of record its responses to the supplemental requests for information no later than August 3, 2020.
4. No later than September 4, 2020, Commission Staff (Staff) shall file with the Commission and serve upon all parties of record a written report (Staff Report) containing its findings regarding Hyden-Leslie District's requested rate adjustment.
5. No later than 14 days after the date of the filing of the Staff Report, each party of record shall file with the Commission:

¹ No action is necessary to suspend the effective date of Hyden-Leslie District's proposed rates for service. Pursuant to 807 KAR 5:076, Section 7(1), an applicant who applies for a rate adjustment pursuant to the procedures set for in 807 KAR 5:076 may not place its proposed rates into effect until the Commission approves those rates or six months from the date of the filing of its application.

a. Its written comments on and any objections to the findings contained in the Staff Report; and

b. Any additional evidence for the Commission to consider.

6. If Staff finds that Hyden-Leslie District's financial condition supports a higher rate than Hyden-Leslie District proposes or the assessment of an additional rate or charge not proposed in the Application, Hyden-Leslie District shall also state in its written response to the Staff Report its position on whether the Commission should authorize the assessment of the higher rate or the additional rate or charge.

7. If Staff finds that changes should be made to the manner in which Hyden-Leslie District accounts for the depreciation of Hyden-Leslie District's assets, Hyden-Leslie District shall also state in its written response to the Staff Report its position on whether the Commission should require Hyden-Leslie District to implement the proposed change for accounting purposes.

8. A party's failure to file written objections to a finding contained in the Staff Report within 14 days after the date of the filing of the Staff Report shall be deemed a waiver of all objections to that finding.

9. If a party requests a hearing or informal conference, the party shall make the request in its written comments and state why a hearing or informal conference is necessary.

10. A party's failure to request a hearing or informal conference in the party's written response shall be deemed a waiver of all rights to a hearing on the Application and a request that the case stand submitted for decision.

11. A party's failure to file a written response within 14 days after the date of the filing of the Staff Report shall be deemed a waiver of all rights to a hearing on the Application.

12. Responses to requests for information shall be appropriately bound, tabbed, and indexed, with the original and an electronic version to the Commission. 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.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an 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.

c. A party 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.

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

e. 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.

f. Any party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

13. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

14. The Commission directs all parties to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085 regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency.

15. All requests for intervention shall be filed by July 6, 2020.

16. Any motion to intervene filed after July 6, 2020, shall show a basis for intervention and good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule established for this proceeding.

By the Commission

ENTERED
JUN 18 2020 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00141 DATED JUN 18 2020

1. Refer to Hyden-Leslie District's Application, Attachment A, Reasons for the Application. Hyden-Leslie District explains that it is requesting that the proposed rate increase be implemented in two phases. Provide an Excel spreadsheet showing that after the implementation of the Phase one rate increase, Hyden-Leslie District will be in compliance with the coverage requirements of its lenders.

2. Provide any form of documentation relied on by Hyden-Leslie District in developing its pro forma adjustments that is not already attached to Hyden-Leslie District's Application.

3. Refer to Hyden-Leslie District's Application, Attachment B, Current and Proposed Rates. Hyden-Leslie District proposes to raise its monthly water rates by an across-the-board percentage amount in two phases.

a. Provide an explanation of how the across-the-board percentage increase method to increase monthly water rates was chosen.

b. Provide a list of the alternative methods to increase its monthly water rates Hyden-Leslie District considered and an explanation why each alternative was not chosen.

c. Provide a copy of all alternative rate analyses that were performed to increase Hyden-Leslie District monthly water rates.

d. Provide an explanation of why the two-phase increase was chosen to increase monthly water rates.

4. Refer to Hyden-Leslie District's Application, Attachment C, Schedule of Adjusted Operations, Reference C. Hyden-Leslie District explains that in calendar year 2019 all employees received a cost of living adjustment of 2.8 percent. As support of the 2.8 percent cost of living adjustment, explain whether Hyden-Leslie District, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to other local or regional enterprises.

a. If comparisons were made, provide and discuss the results of such comparisons. Include the results of the study or survey with your response, including all work papers.

b. If comparisons were not made, explain why such comparisons were not performed.

5. Refer to Hyden-Leslie District's Application, Attachment E, Billing Analysis.

a. Provide the source of the 2018 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.

b. Provide a detailed list of any adjustments made to the 2018 usage data presented in the Billing Analysis, and include an explanation of each adjustment.

c. Provide a breakdown of the \$4,385 labeled Net Billing Adjustment in the Summary section of page 1. Include a description of each adjustment and the method in which the amount of each adjustment was determined.

d. Provide a breakdown of the \$7,464 labeled Net Billing Adjustment in the Summary section of page 2. Include a description of each adjustment and the method in which the amount of each adjustment was determined.

6. Refer to Hyden-Leslie District's Application, Attachment L, General Ledgers for calendar years 2018 and 2019. Provide copies of the 2018 and 2019 General Ledgers in Excel spreadsheet format with all formulas unprotected and with all rows and columns accessible.

7. Provide copies of Hyden-Leslie District's Trial Balances for calendar year 2018 and 2019 in Excel spreadsheet format with all formulas unprotected and with all rows and columns accessible.

8. Refer to Hyden-Leslie District's Application, Attachment M-1, Adjusting Journal Entries for calendar year 2018. Provide the following:

a. Adjusted trial balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended 2018.

b. A detailed explanation for each calendar year 2018 adjusting journal entry identified in Attachment M-1.

c. Adjusted trial balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended 2019.

d. A detailed explanation for each calendar year 2019 adjusting journal entry identified in Attachment M-2.

9. Refer to Hyden-Leslie District's Application, Attachment F, Depreciation Schedule for calendar year 2018. Provide a copy of Hyden-Leslie District's calendar year 2018 Depreciation Schedule in Excel spreadsheet format with all formulas unprotected and with all rows and columns accessible.

10. Provide a copy of Hyden-Leslie District's calendar year 2019 Depreciation Schedule in Excel spreadsheet format with all formulas unprotected and with all rows

11. Provide a copy of a schedule of notes and bonds payable as of December 31, 2018, December 31, 2019, and current period.

12. Refer to Hyden-Leslie District's Application, Exhibit L, calendar year 2018 General Ledger, Account No. 5520 - Insurance-General in the amount of \$51,209. Provide copies of Hyden-Leslie District's insurance invoices to support the reported calendar year 2018 insurance expense of \$51,209.

13. Refer to Hyden-Leslie District's Application, Exhibit L, calendar year 2019 General Ledger, Account No. 5520 - Insurance-General in the amount of \$57,165. Provide copies of Hyden-Leslie District's insurance invoices to support the reported calendar year 2019 insurance expense of \$57,165.

14. Provide the following information for each employee, identified by employee number and job title, job titles, job description, date hired, date terminated (if applicable), and pay rates for each employee at December 31 for calendar years 2014 through 2019. Provide in Excel spreadsheet format with all columns and rows unprotected and accessible

15. Provide the following actual full-year salary information for each employee, identified by employee number and job title, for the years 2014 through 2019 (in gross dollars—not hourly or monthly rates). The employee salary information for each year shall be provided in a separate table. Provide the information in Excel spreadsheet format with all columns and rows unprotected and accessible.

- a. Regular salary or pay.
- b. Overtime pay.
- c. Vacation payout.

- d. Standby/Dispatch pay.
- e. Bonus pay.
- f. Other amounts paid and reported on the employees' W-2 (specify).

16. Provide the regular hours and overtime hours for each employee identified in Hyden-Leslie District's response to Item 16 for the years 2014 through 2019. Provide in Excel spreadsheet format with all columns and rows unprotected and accessible.

17. Provide a schedule listing the name of all Commissioners for each calendar year 2014 through 2019, and state, individually, the total amount of each benefit paid to, or on the behalf of, each Commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.).

18. Hyden-Leslie District provides water service in Clay, Leslie, and Perry counties, Kentucky.² Provide a copy of the minutes of each Fiscal Court that is required to approve the compensation of Hyden-Leslie District's commissioners.

19. Refer to Hyden-Leslie District's Application, Exhibit Q, Nonrecurring Charge Cost Justification, Meter Test. Provide support for the \$10.00 meter test cost listed in section 3.B. of the form.

20. Refer to Hyden-Leslie District's Application, Exhibit Q, Nonrecurring Charge Cost Justification, Service/Reconnect Charge After Hours.

a. Provide an explanation how of the labor expense was determined in section 2.B.

² *Annual Report of Hyden-Leslie County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2018*, at 12.

b. Provide a detailed explanation of how the transportation expense was determined in section 3.A.

21. Refer to Hyden-Leslie District's Application, Exhibit Q, Nonrecurring Charge Cost Justification, Connection Charge/Re-Read/Reconnection/Service Call.

a. Provide an explanation of how the labor expense was determined in section 2.B.

b. Provide a detailed explanation of how the transportation expense was determined in section 3.A.

22. Refer to Hyden-Leslie District's Application, Exhibit Q, Nonrecurring Charge Cost Justification, Average Meter Connection Expense Cost Justification.

a. Provide a copy of the invoices for the materials listed in the form.

b. Provide a detailed explanation of how the hourly labor expense of \$64.18 was determined in section D.

c. Provide a detailed explanation of how the hourly labor expense of \$75.00 was determined in section E.

23. Refer to Hyden-Leslie District's Application, Exhibit Q, Employee Wage Cost Calculation. Provide the table in Excel spreadsheet format with all columns and rows unprotected and accessible.

*Alan Vilines
Kentucky Rural Water Association
Post Office Box 1424
1151 Old Porter Pike
Bowling Green, KENTUCKY 42102-1424

*Gerald E Wuetcher
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Hyden-Leslie County Water District
356 Wendover Road
Hyden, KY 41749

*L.J. Turner
Hyden-Leslie County Water District
356 Wendover Road
Hyden, KY 41749