

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF CITY OF	)	CASE NO.
AUGUSTA REVISING ITS WHOLESALE	)	2020-00277
WATER SERVICE RATES	)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION  
TO CITY OF AUGUSTA

City of Augusta (Augusta), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due by October 14, 2020. Pursuant to the Commission's Orders in Case No. 2020-00085,<sup>1</sup> issued March 16, 2020, and March 24, 2020, Augusta SHALL NOT FILE the original paper copy of all requested information at this time, but rather shall file original paper copies within 30 days of the lifting of the current state of emergency. All responses 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

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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

Augusta shall make timely amendment to any prior response if Augusta obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Augusta fails or refuses to furnish all or part of the requested information, Augusta 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, Frontier 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 Augusta's response to the request for information attached as Appendix B to the August 25, 2020 Order (Commission's First Request), Item 1:

a. Provide the data and provide the calculation for the 15 cents increase as calculated by Augusta. Provide this information in Excel spreadsheet format with all columns and rows accessible and all formulas unprotected.

b. Explain how the 15 cents increase was determined to be the appropriate level of increase for Bracken County Water District (Bracken District).

2. Refer to Augusta’s response to Commission’s First Request, Item 1(c) and the Excel Spreadsheet: 2020\_Proposed\_Increase\_Calculation, Tab Audit.

a. Explain the operating expense labeled Natural Gas, and how it pertains to the provision of wholesale water service to Bracken District.

b. Explain the operating expense labeled Telephone, and how it pertains to the provision of wholesale water service to Bracken District.

c. Explain the operating expense labeled Professional Fees, and how it pertains to the provision of wholesale water service to Bracken District.

d. Explain the operating expense labeled Office Expense, and how it pertains to the provision of wholesale water service to Bracken District.

e. Augusta proposes to increase its Fiscal Year ended June 30, 2019 (Fiscal Year 2019) audited operating expenses by \$26,575. Provide detailed documentation to show that each of Augusta’s proposed adjustments listed in table below meets the rate-making criteria of being known and measurable. For each adjustment include the supporting calculation in an Excel spreadsheet format with all columns and rows accessible and all formulas unprotected.

	Fiscal Year 2019 Audit	Augusta's Adjustments	Pro Forma Expenses
a. Salaries and Wages	186,731	8,497	195,228
b. Chemicals and Testing	33,217	2,022	35,239
c. Electric	64,317	9,117	73,434
d. Telephone	2,272	(262)	2,010
e. Repairs and Supplies	72,006	7,201	79,207

3. Augusta reports a repairs and supplies expense of \$72,006 for Fiscal Year 2019. Provide a schedule in Excel spreadsheet format with all columns and rows

accessible and all formulas unprotected that lists each item included in the Fiscal Year 2019 repairs and supplies expense.

4. Refer to the February 6, 2016 Water Purchase Contract (Contract) between Augusta and Bracken District, Section 16, Methodology for Rate Adjustment, page 4, paragraph 16.a, “The test period for determining any wholesale rate adjustment shall be Augusta’s most recent fiscal year for which an audit has been completed and approved.”

a. Confirm that the Fiscal Year 2019 Audit is the most recent completed audit.

b. If the Audit for the Fiscal Year ended June 30, 2020 (Fiscal Year 2020) has been completed:

(1) Explain in detail why Augusta used the Fiscal Year 2019 as the test year to calculate the wholesale water rate to be charged to Bracken District.

(2) Submit a revised Excel spreadsheet calculating the wholesale water rate for Bracken District using Fiscal Year 2020 as the test Year.

5. Refer to the Contract. Cite to the section in the Contract that allows Augusta to adjust the Audited operating expenses reported in the test year.



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Kent A. Chandler  
Acting Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED SEP 29 2020

cc: Parties of Record

Case No. 2020-00277

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