

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF)	CASE NO.
HENDERSON WATER UTILITY REVISING ITS)	2021-00067
WHOLESALE WATER SERVICE RATES)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO HENDERSON WATER UTILITY

Henderson Water Utility (Henderson Water), 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 on May 19, 2021. The Commission directs Henderson Water to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ 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. 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

¹ 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.

Henderson Water shall make timely amendment to any prior response if Henderson Water 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 Henderson Water fails or refuses to furnish all or part of the requested information, Henderson Water 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, Henderson Water 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 Henderson Water's response to Commission Staff's First Request for Information (Staff's First Request) Item 6. Provide a detailed explanation of the agreement with Big Rivers Electric Corporation (BREC) and the circumstances that have led to the significant increase in electricity costs. Include in the explanation Henderson Water's plans to mitigate this in the future.

2. Refer to Henderson Water's responses to Staff's First Request, Item 6. Henderson Water explains that in Fiscal Year 2020 it began the design of lines to and

pumps in the existing BREC intake structure at a cost of \$82,000. This project was abandoned and Henderson Water began design of a separate intake structure. Henderson Water expensed the \$82,000 spent on the abandoned project in Fiscal Year 2020.

a. Provide an itemized breakdown of the \$82,000 abandoned design costs.

b. Explain whether any of the design work for the exiting BREC intake can be utilized in the design of the separate intake structure.

c. Given that the design work for the existing BREC intake is a nonrecurring expenditure, explain why it should be expensed in one year rather than to be amortized.

d. In Case No. 1989-00348,² the Commission allowed Kentucky-American Water Company to amortize the abandoned design costs for Kentucky River Station II over five years finding they were reasonable and prudent costs under the circumstances. Provide documentation to show that Henderson Water's abandoned design costs for the BREC intake were reasonable and prudent costs and that they should be recovered from the wholesale customers.

e. If the Commission finds the abandoned design costs were reasonable and prudent, identify a reasonable amortization period to recover the abandoned design costs over. Provide documentation to support Henderson Water's proposed amortization period.

² See Case No. 1989-00348, *In the Matter of Notice of Adjustment of the Rates of Kentucky-American Water Company Effective on January 28, 1990* (Ky. PSC June 28, 1990) at pages 3–7.

3. Refer to Henderson Water's response to the Commission's February 23, 2021 Order, Appendix B, Item 34.a., Excel Spreadsheet:_34a-HCWD_North_Water_Contract_FY2020.

a. Provide a breakdown of the expenses included in the City Overhead Allocation.

b. Provide an explanation of the 35 percent that was used to determine the amount of the City Overhead Allocation.

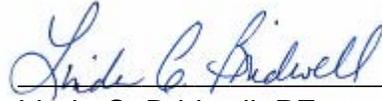
4. Refer to Henderson Water's response to the Commission's February 23, 2021 Order, Appendix B, Item 34.a., Excel Spreadsheet:_34a-HCWD_South_Water_Contract_FY2020. Provide an explanation of the 10 percent that was used to determine the amount of the City Overhead allocation.

5. Provide an explanation why it is reasonable to reduce the expenses using 35 percent for the City Overhead Allocation for the Henderson County District North rate, 10 percent for the City Overhead Allocation for the Henderson County District South rate, and no adjustment for the Beech Grove District rate.

6. Provide an explanation why it is reasonable to charge Beech Grove District and Henderson County District South differing rates when the water system facilities used to provide service are the same.

7. Provide the total gallons of water billed for all customers being served by Henderson Water's North system.

8. Provide the total number of customers for each customer classification for Henderson Water.

A handwritten signature in blue ink that reads "Linda C. Bridwell". The signature is written in a cursive style and is positioned above a horizontal line.

Linda C. Bridwell, PE
Executive Director
Public Service Commission
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DATED MAY 03 2021

cc: Parties of Record

Case No. 2021-00067

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