

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF RICHMOND	)	CASE NO.
WATER, GAS & SEWAGE WORKS REVISING	)	2021-00239
ITS WHOLESALE WATER SERVICE RATES	)	

ORDER

On May 5, 2021, Richmond Water, Gas & Sewage Works (Richmond Water) filed with the Commission a revised tariff sheet setting forth a proposed increase to its existing wholesale water rates to Kirksville Water Association (Kirksville Water) and Madison County Utilities District (Madison District) effective July 1, 2021. Richmond Water's current monthly wholesale water rate to Kirksville Water and Madison District is \$2.53725 per 100 cubic feet. Richmond Water's proposal increases the wholesale water rate by \$0.03045 per 100 cubic feet, or 1.2 percent, to \$2.56770 per 100 cubic feet. Richmond Water proposed no change to its Kentucky River Authority Fee. Richmond Water responded to a request for information from Commission Staff on May 25, 2021. That response is attached to this Order as Attachment, and will be included in the evidentiary record on this matter.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having considered the proposed rate adjustment and being otherwise sufficiently advised, the Commission finds that an investigation will be necessary to determine the reasonableness of the proposed rate adjustment and that such an investigation cannot

be completed by July 1, 2021. Pursuant to KRS 278.190, the Commission will, therefore, suspend the effective date of the proposed rates for five months, up to and including November 30, 2021.

The Commission finds that Kirksville Water and Madison District, as wholesale purchasers of Richmond Water, have a significant interest in this proceeding and should be served with a copy of this Order and presented an opportunity to intervene in this proceeding. The Commission further finds that Kirksville Water and Madison District, or any other interested party, should file any motion to intervene, signed by counsel, no later than July 15, 2021.

The Commission finds that within seven days of the date of entry of this Order, Richmond Water should have its counsel enter an appearance into this proceeding that contains the name, address, telephone number, fax number, and electronic mail address of counsel.

As 807 KAR 5:001, Section 8, permits the Commission to direct the use of electronic filing procedures for proceedings that we initiate on our own motion, we find that electronic filing procedures should be used. As such, Richmond Water, and Kirksville Water and Madison District should they intervene, should follow the procedures set forth in 807 KAR 5:001, Section 8, when filing any document or paper in this matter. The Commission directs Richmond Water, and Kirksville Water and Madison District, should they intervene, to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. The Commission expects the

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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.

original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency.

The Commission further finds that a procedural schedule should be established to review the reasonableness of the proposed rates. The procedural schedule is attached hereto as an Appendix A to this Order and is incorporated herein.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of Richmond Water's proposed wholesale rate increase to Kirksville Water and Madison District.

2. Richmond Water's proposed wholesale rate is suspended for five months from July 1, 2021, up to and including November 30, 2021.

3. Kirksville Water, Madison District, or any interested party, may, by counsel, file a motion to intervene no later than July 15, 2021.

4. Richmond Water shall, by counsel, enter an appearance in this proceeding within seven days of the date of entry of this Order. The entry of appearance shall include the name, address, telephone number, fax number, and electronic mail address of counsel.

5. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to service and electronic filing of papers shall be followed in this proceeding.

6. Pursuant to 807 KAR 5:011, Section 8(9), within seven days of entry of this Order, Richmond Water shall file by electronic means a written statement that it waives any right to service of Commission orders by United States mail and that it or its

authorized agents possesses the facilities to receive electronic submissions. The paper original shall be filed within 30 days of the ending of the current state of emergency caused by COVID-19.

7. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of entry of an Order of the Commission, granting intervention, file with the Commission a written statement that:

(1) It, or its authorized agent possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding should be served.

8. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

9. The procedural schedule set forth in Appendix A to this Order shall be followed.

10. Richmond Water shall file responses to the information request set forth in Appendix B no later than July 15, 2021.

11. a. 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. The paper original shall be filed within 30 days of the ending of the current state of emergency caused by COVID-19.

b. Each response shall include the name of the witness responsible for responding to the questions related to the information provided and 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.

12. 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. Therefore, 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 that the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest. In addition, any motion to intervene after the date established in the procedural schedule shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

13. Richmond Water shall give notice of the hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of the hearing shall include the following statements: "This hearing will be streamed live and may be viewed on the PSC website, [psc.ky.gov](http://psc.ky.gov)"; and "Public comments may be made at the beginning of the hearing. Those wishing to make oral public comments may do so by

following the instructions listed on the PSC website, psc.ky.gov.” At the time publication is requested, Richmond Water shall forward a duplicate of the notice and request to the Commission.

14. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

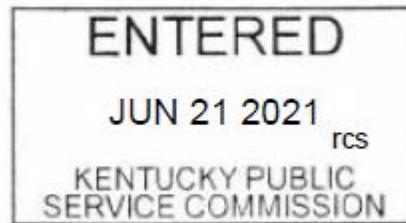
15. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

16. The Commission does not look favorably upon motions of continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

17. The Executive Director shall serve a copy of this Order on Kirksville Water and Madison District.

18. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00239 DATED JUN 21 2021

Requests for intervention shall be filed no later than ..... 07/15/2021

Richmond Water shall file its response to the Commission's request  
for information attached hereto no later than..... 07/15/2021

Initial requests for information to Richmond Water  
shall be filed no later than ..... 07/29/2021

Richmond Water shall file responses to  
initial requests for information no later than.....08/12/2021

All supplemental requests for information to Richmond Water  
shall be filed no later than ..... 08/26/2021

Richmond Water shall file responses to supplemental requests  
for information no later than .....09/09/2021

Intervenor Testimony, if any, in verified prepared  
form shall be filed no later than..... 09/16/2021

All requests for information to Intervenors shall  
be filed no later than..... 09/23/2021

Intervenors shall file responses to requests for  
information no later than..... 10/07/2021

Richmond Water or any Intervenor shall request either a  
hearing or that the case be submitted for decision  
based on the record no later than..... 10/14/2021

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00239 DATED JUN 21 2021

1. Provide in written verified form the direct testimony of each witness that Richmond Water intends to rely on in this matter.

2. Provide the independent auditor's reports for Richmond Water for the fiscal years ending in 2018, 2019, and 2020.

3. Confirm the fiscal year ending June 30, 2020 (Fiscal Year 2020), is the 12-month test year upon which Richmond Water bases its proposed rate adjustment and explain why this test year was chosen.

4. Provide Richmond Water's general ledgers for the Fiscal Year 2020 test year. The general ledger shall include all check registers and spreadsheets used to record and track financial transactions. If available, provide a copy of the requested general ledgers in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

5. Provide an adjusted trial balance and audit adjustments for the Fiscal Year 2020 test year. The trial balance shall be traced and referenced directly to the general ledger requested in Item 4.

6. For each outstanding revenue bond issuance related to Richmond Water's operations, provide:

- a. The bond ordinance or resolution authorizing its issuance;
- b. An amortization schedule;
- c. A detailed explanation of why the debt was incurred; and

d. A calculation of the annual debt service payment, including all required payments to debt service reserve accounts or funds, for each of the next three years.

7. List all persons on Richmond Water's payroll during Fiscal Year 2020. For each employee, state their job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each city division (e.g., water, sewer, police department, public works) during the fiscal year. If Richmond Water's records do not permit the allocation of an employee's work hours among city divisions, provide an estimate for each employee and explain how Richmond Water derived the estimate.

8. For each employee listed in Item 7 above, describe how Richmond Water allocated their payroll and payroll overhead charges to each city division for the proposed test year. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

9. Using a table format, provide the following actual full-year salary information for each employee listed in Item 7 above, identified by employee number and job title, for the fiscal years 2016-2020 (in gross dollars—not hourly or monthly rates). The employee salary information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully 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).

10. Using a table format, provide the regular hours and overtime hours for each employee listed in Item 7 above, for the fiscal years 2016-2020. The employee time information for each year shall be provided in a separate table. Provide the requested table(s) in an Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

11. Using a table format, provide the following actual full-year benefit information for each employee listed in Item 7 above, identified by employee number and job title, for the fiscal years 2016-2020. The employee's benefit information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

- a. Health care benefit cost for each employee.
  - (1) Amount paid by Richmond Water.
  - (2) Amount paid by each employee.
- b. Dental benefits cost for each employee.
  - (1) Amount paid by Richmond Water.
  - (2) Amount paid by each employee.
- c. Vision benefits cost for each employee.
  - (1) Amount paid by Richmond Water.

- (2) Amount paid by each employee.
- d. Life insurance cost for each employee.
  - (1) Amount paid by Richmond Water.
  - (2) Amount paid by each employee.
- e. Accidental death and disability benefits for each employee.
  - (1) Amount paid by Richmond Water.
  - (2) Amount paid by each employee.
- f. Defined Contribution - 401 (k) or similar plan cost for each employee.

Provide the amount paid by Richmond Water.

- g. Defined Benefit Retirement cost for each employee.
  - (1) Amount paid by Richmond Water.
  - (2) Amount paid by each employee.
- h. Cost of any other benefit available to an employee (specify).

12. Provide a listing of all health care plan categories available to Richmond Water's employees, i.e., single, married no dependents, single parent with dependents, family, etc. For each employee listed in Item 7 above, identify the type of health insurance coverage the employees are provided.

13. a. List all joint or shared costs that Richmond Water incurred during the Fiscal Year 2020. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.

b. Describe the procedures to allocate joint and shared costs among divisions for Fiscal Year 2020.

14. Provide all internal memorandums, policy statements, correspondence, and documents related to the allocation of joint and shared costs.

15. Provide depreciation schedules for the water division. A separate schedule shall be provided for each division.

16. Provide the "Enterprise Funds Uniform Financial Information Report" that Richmond Water submitted to the Kentucky Department of Local Government for the fiscal years ending in 2018, 2019, and 2020.

17. a. Identify all persons or entities to which Richmond Water provides wholesale water service.

b. For each customer listed above, provide for each of the previous 24 months its monthly water usage and the amount that Richmond Water charged it for service.

18. a. Complete the table below\*:

		Miles of Line Used to
Water	Total Miles	to Serve Wholesale
Main Size	of Line	Customers
16"		
14"		
12"		
10"		
8"		
6"		
4"		
2"		

\*If larger sized mains are used to serve the wholesale customers, include these sized mains in the table being submitted in response to this question.

b. Explain who pays for the water main(s) that Richmond Water uses to deliver water to Richmond Water's wholesale customer(s).

19. Provide the maximum capacity of each Richmond Water water treatment plant.

a. For each of the customers listed in response to Item 17.a, state:

(1) The amount of Richmond Water's total water treatment plant capacity currently reserved for that customer; and

(2) The minimum and maximum quantity of water (in gallons) that the customer may purchase in a month under the terms of its present water purchase contract with Richmond Water.

b. Describe the changes, if any, that Richmond Water expects within the next three years in the level of water treatment capacity reserved for each of the customers listed in Item 17.a., and state the reason(s) for Richmond Water's expectations.

c. Identify the owner of the master meter(s) through which Richmond Water provides water to the customers listed in Item 17.a. Include the numbers of master meters that Richmond Water provides wholesale water service to each of the wholesale customers, and identify the party responsible (Richmond Water or wholesale customer) for maintaining these master meters.

20. Provide a system map showing all of Richmond Water 's facilities that are used to serve the wholesale customers listed in Item 17.a. This map shall show, at a minimum, all master meters, pumping stations, storage tanks, water transmission mains, and water distribution mains used to serve the customers listed in Item 17.a. The size of all mains shall be clearly indicated on this map.

21. Provide the portion, if any, of Richmond Water’s water main(s) that serve the wholesale customers listed in Item 17.a and are gravity fed.

22. a. List Richmond Water’s water sales (in gallons) for each month of the test year and for the previous 24 months for each of its wholesale customers and for its retail customers.

b. List the total amount billed by Richmond Water for water service for each month of the test year and the previous 24 months to each of its wholesale customers and to its retail customers.

23. Provide Richmond Water’s current rate schedule for its retail customers and for each of its wholesale customers.

24. Complete the table below:

		Gallons for
	Gallons for	Fiscal Year
<u>Richmond Water</u>	<u>Test Period</u>	<u>Ending June 30, 2020</u>
Plant Use		
Line Loss		
Retail Sales		
Sales to Kirksville Water		
Sales to Madison District		
Sales to Other Wholesale Customers		
Total Produced and Purchased		
Total Sold		

25. State whether Richmond Water provides unmetered water service to any entities (e.g., service to municipal buildings, fire departments or protection services). For each type of unmetered service, estimate the percentage of the estimated unmetered gallons provided in the test year.

26. Provide a copy of the cost of service study (COSS), if any, upon which the proposed rate is based in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

a. Identify the person who prepared the COSS, if any, upon which the proposed rate is based.

b. Provide the preparer's *curriculum vitae*.

c. List all cases before the Commission in which the preparer has submitted a COSS.

d. List all utilities (municipal or public) for which the preparer has prepared a COSS. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

27. If the proposed rate is not based upon a COSS, describe how Richmond Water determined the proposed wholesale rate and state who participated in the determination. Provide all supporting documentation for the proposed rate.

28. Provide the ordinance or resolution of the city council or similar governing body in which the proposed rate adjustment was approved.

29. Provide the minutes of each city council meeting in calendar years 2018-2021 in which a proposed rate adjustment to Richmond Water's wholesale customers was discussed.

30. Provide a copy of all correspondence, electronic mail messages, or other written communications between Richmond Water and its wholesale customers since January 1, 2020, regarding revisions to Richmond Water's wholesale rates.

31. Provide all contracts and amendments, if any, for water service between Richmond Water, Kirksville Water, and Madison District that have not been filed with the Commission.

32. State the annual effect of the proposed rate adjustment on Richmond Water's revenues from wholesale water service to each of its wholesale water service customers. Show all calculations made and state all assumptions used to derive this response. Provide this in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

33. Refer to the February 18, 2009 Amendment to Richmond Water's Contract for Service and Sale of Water with Kirksville Water. Also refer to the April 7, 2009 Amendment to Richmond Water's Contract for Service and Sale of Water with Madison District. Confirm that Richmond Water's contracts with Kirksville Water and Madison District were amended to state that the rates would be adjusted annually on July 1 to reflect Richmond Water's increase in costs for operation.

34. Refer to Richmond Water's May 25, 2021, response to Staff's Request for Information. Provide all supporting evidence that the Consumer Price Index for all consumer products is reflective of the costs incurred by Richmond Water.

35. Provide a detailed explanation why the contract amendments filed in 2009 for Kirksville Water and Madison District do not include a clause for increasing the wholesale rate by the Consumer Price Index as Richmond Water's basis for increasing the wholesale rates. Richmond Water's notice to the Commission stated this was the manner of increasing the rates to Kirksville Water and Madison District.

ATTACHMENT

ATTACHMENT TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00239 DATED JUN 21 2021

ONE PAGE TO FOLLOW

## Hinton, Daniel E (PSC)

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**From:** Scott Althausen  
**Sent:** Tuesday, May 25, 2021 3:16 PM  
**To:** Hinton, Daniel E (PSC)  
**Subject:** RE: Richmond Utilities 2021 Tariff Rate Sheet

Mr. Hinton,

Sorry for the delayed response.

Our City of Richmond Ordinance and also the contracts with Madison County Utilities District and Kirksville Water Association allows for an annual CPI rate adjustment – the all consumer products CPI for 2020 was 1.2%.

Thanks  
Scott

Richmond  Utilities

Scott Althausen  
General Manager  
Richmond Utilities  
PO BOX 700  
300 Hallie Irvine Street  
Richmond, KY 40476-0700  
859-623-2323 Ext 12  
859-624-0805 fax

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**From:** Hinton, Daniel E (PSC) [mailto:dehinton@ky.gov]  
**Sent:** Monday, May 24, 2021 2:40 PM  
**To:** Scott Althausen  
**Subject:** RE: Richmond Utilities 2021 Tariff Rate Sheet

Mr. Althausen:

What was the reason for the increase to the wholesale water rate and how was the 1.2% determined?

If you have any questions, please let me know.

Thanks.

Daniel

\*Richmond Water, Gas & Sewage Works  
300 Hallie Irvine Street  
P. O. Box 700  
Richmond, KY 40476-0700

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