

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LAUREL	)	CASE NO.
COUNTY WATER DISTRICT NO. 2 FOR AN	)	2021-00385
ALTERNATIVE RATE ADJUSTMENT	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO LAUREL COUNTY WATER DISTRICT NO. 2

Laurel County Water District No. 2 (Laurel District No. 2), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on April 8, 2022. The Commission directs Laurel District No. 2 to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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

Laurel District No. 2 shall make timely amendment to any prior response if Laurel District No. 2 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 Laurel District No. 2 fails or refuses to furnish all or part of the requested information, Laurel District No. 2 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, Laurel District No. 2 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 Laurel District No. 2's responses to Commission Staff's First Request for Information (filed March 11, 2022) (Commission Staff's First Request), Item 1.a. In its response, Laurel District No. 2 stated that Excel Workbooks for the audited general ledger for calendar year 2020 and the unaudited general ledger for calendar year 2021 were attached to its responses as Q..a (2020) and Q.1.a (2021 draft). However, the referenced Excel Workbooks were not included in Laurel District No. 2's responses.

a. Provide the audited calendar year 2020 general ledger in an Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected as originally requested.

b. Provide the unaudited calendar year 2021 general ledger in an Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected as originally requested.

2. Refer to Laurel District No. 2's responses to Commission Staff's First Request, Item 1.e, Excel Workbook: Attachment\_Q\_1.(e)(1).xlsx. Identify each employee listed on the schedule that installed new customer services in 2021 and the number of hours that were capitalized for each employee.

3. Refer to Laurel District No. 2's responses to Commission Staff's First Request, Item 1.g, Excel Workbook: Attachment\_Q.1.g\_(2021).xlsx. For each employee listed on the schedule identify the type of health care plan coverage (i.e., single, married no dependents, single parent with dependents, family, etc.) that each employee has.

4. Refer to Laurel District No. 2's responses to Commission Staff's First Request, Item 1.i, Excel Workbook: Attachment\_Q.1.i.xlsx, and Item 1.j, Attachment Q.1.j, Commissioners Compensation.

a. Did the Laurel County Fiscal Court or did the Board of Commissioners authorize the payment of the benefits (Health Insurance and Life Insurance) for the commissioners.

b. Provide either copies of the Laurel County Fiscal Court resolution or the minutes of the Laurel District No. 2 commissioner meeting wherein the payment of the commissioners' benefits were authorized.

c. If neither the Laurel County Fiscal Court nor the Board of Commissioners authorized the payment of the commissioners' benefits, identify the person responsible for the authorization and documentation of how the authorization of the benefit payment was given.

d. Provide a detailed explanation as to why Laurel District No. 2 only health insurance benefits to two of its six commissioners.

e. Laurel District No. 2 identifies a Febco HRA card that was provided to three of its commissioners in calendar years 2020 and 2021. Provide the following information:

I. A detailed explanation of the Febco HRA card and the purpose of the cards.

II. Explain how Laurel District established the maximum for each Febco HRA card (i.e.; \$2,900 and \$5,800).

III. For calendar years 2019, 2020, and 2021, what was the actual cost incurred by Laurel District for each Febco HRA card.

5. Refer to Laurel District No. 2's responses to Commission Staff's First Request, Item 1.g. In its response, Laurel District No. 2 stated that a summary of the premiums paid for employee life Insurance and AD&D was attached as Attachment Q.1.g (Life Insurance and AD&D Premiums). However, the referenced Excel Workbook was not included in Laurel District No. 2's responses. Provide a copy of Attachment Q.1.g (Life Insurance and AD&D Premiums) in an Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected as originally requested.

6. Provide copies of the invoices (bills) received for employee health insurance coverage that covers July 2020 and July 2021.

7. Refer to the Application, Laurel District No. 2's 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 an Appendix A.

a. Provide a copy of Laurel District No. 2's 2020 Depreciation Schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Provide any analysis or study that was prepared by Laurel District No. 2 or its auditors showing that Laurel District No. 2's Capitalization Policy and proposed depreciation lives are reasonable.

c. Provide a schedule in Excel format with all formulas, columns, and rows unprotected and fully accessible that compares the depreciation lives for all asset categories in Laurel District No. 2's 2020 Depreciation Schedule to the average service life ranges in the NARUC survey.

d. Using the midpoint depreciation life of the average service life ranges in the NARUC survey recalculate Laurel District No. 2's pro forma depreciation expense for each asset category. Provide the recalculation of pro forma depreciation expense in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

8. Provide the total amount collected for the following nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the test year.

- a. Returned Check Charge
- b. Meter Re-Read Charge

9. Provide the cost justification sheets for the following nonrecurring charges listed in Laurel District No. 2's tariff.

- a. Returned Check Charge
- b. Meter Re-Read Charge



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DATED MAR 25 2022

cc: Parties of Record

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