

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GALLATIN)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2021-00396
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On October 26, 2021, Gallatin County Water District (Gallatin District) filed an application, pursuant to 807 KAR 5:076, to comply with Commission final Order in Case No. 2019-00460,¹ which ordered Gallatin District to file for an adjustment to its rates within one year.

The Commission finds that a procedural schedule² should be established to ensure the orderly review of Gallatin District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Gallatin District should file on or before January 6, 2022, its responses to the Commission Staff's First Request for Information, attached as Appendix B to this Order.

¹ Case No. 2019-00460, *Electronic Application of Gallatin County Water District to Issue Securities in the Approximate Principal Amount of \$1,633,000 for the Purpose of Refunding Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Feb. 28, 2020).

² No action is necessary to suspend the effective date of Gallatin 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.

IT IS THEREFORE ORDERED that:

1. The procedural schedule set forth in Appendix A to this Order, which is attached hereto and incorporated herein, shall be followed.

2. In addition, Gallatin District shall file on or before January 6, 2022, its responses to Commission Staff's First Request for Information, attached as Appendix B to this Order.

3. In addition to the procedural schedule set forth in Appendix A, no later than March 4, 2022, Commission Staff shall file with the Commission and serve upon all parties of record a written report (Staff Report) containing its findings and recommendations regarding Gallatin District's requested rate adjustment.

4. No later than 14 days after the date of the filing of the Commission Staff Report, each party of record shall file with the Commission:

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

b. Any additional evidence for the Commission to consider.

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

6. If Commission Staff finds that changes should be made to the manner in which Gallatin District accounts for the depreciation of Gallatin District's assets, Gallatin

District in its response to the Commission Staff Report shall also state its position in writing on whether the Commission should require Gallatin District to implement the proposed change for accounting purposes.

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

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

9. 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.

10. 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.

11. 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 that 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. 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 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. In addition, any motion to intervene filed after the date established in the procedural schedule attached as an Appendix to this Order 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.

12. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission.

³ 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).

By the Commission

ENTERED
DEC 07 2021
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2021-00396

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00396 DATED DEC 07 2021

- Requests for intervention shall be filed no later than..... 12/13/2021
- All requests for information to Gallatin District
shall be filed no later than 12/17/2021
- Gallatin District shall file responses to requests
for information no later than 01/06/2022
- All supplemental requests for information to
Gallatin District shall be filed no later than 01/21/2022
- Gallatin District shall file responses to supplemental
requests for information no later than..... 02/04/2022
- Commission Staff Report shall be filed no later than..... 03/04/2022

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00396 DATED DEC 07 2021

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO GALLATIN COUNTY WATER DISTRICT

Gallatin County Water District (Gallatin District), 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 January 6, 2022. The Commission directs Gallatin District to the Commission's July 22, 2021 Order in Case No. 2020-00085⁴ 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 response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Gallatin District shall make timely amendment to any prior response if Gallatin District 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

⁴ 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).

which Gallatin District fails or refuses to furnish all or part of the requested information, Gallatin District 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, Gallatin District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the test year.
2. Provide the cost justification for all nonrecurring charges listed in Gallatin District's tariff.
3. Provide an overview of any actions planned or taken by Gallatin District to reduce its water loss, including any water loss reduction plan.
4.
 - a. Provide the date when Gallatin District last performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.
 - b. Explain whether any material changes to Gallatin District's system has occurred that would cause a new COSS to be prepared since the date of Gallatin District's most recent COSS.

c. If there have been no material changes to Gallatin District's system, explain when Gallatin District anticipates completing a new COSS.

5. Provide a copy of Gallatin District's general ledgers for calendar year 2020 and the current period. The general ledgers 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.

6. a. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended 2020. The trial balances shall be traced and referenced directly to the calendar year 2020 general ledger requested in Item 5.

b. Provide a schedule tracing the unadjusted account balances in trial balance directly to the calendar year 2020 general ledger requested in Item 5.

c. Provide a schedule tracing the adjusted account balances in trial balance directly to the actual test-year reported in the Application, Attachment 4, Schedule of Adjusted Operations.

d. Provide copies of the responses to Item 6.a, Item 6.b., and Item 6.c in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

7. a. Provide copies of Gallatin District's General Liability Insurance, Workers' Compensation Insurance and Automobile Insurance policies for 2019, 2020, and 2021.

b. Provide copies of the invoices (bills) received in 2019, 2020, and 2021 for the insurance policies identified in Item 7.a.

8. Provide the minutes from Gallatin District commissioner meetings for the calendar year 2020, and the current period.

9. Provide a document listing the name of all commissioners for each of the five previous calendar years, 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.).

10. Provide the Fiscal Court minutes approving each commissioner's appointment and compensation.

11. Refer to the Application, Attachment 4, Schedule of Adjusted Operations. Provide the workpapers that support the pro forma adjustments described in the References page of the Attachment in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

12. Using a table format, provide the following information for each employee identified by employee number and job title: job description, date hired, date terminated (if applicable), and pay rates for each employee on December 31 for calendar years 2016 through 2020 and the pay rates as of July 1, 2021. Provide the requested tables in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

13. Using a table format, provide the regular hours and overtime hours for each employee identified in Gallatin District's response to Item 12 for the calendar years 2016 through 2020. Provide the requested table in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

14. Using a table format, provide the following actual full-year salary information for each employee listed in Item 12 above, identified by employee number and job title, for the calendar years 2016 through 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 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).

15. Using a table format, provide the following actual full-year benefit information for each employee listed in Item 12 above, identified by employee number and job title, for the calendar years 2016 through 2020. The employee's benefit information for each year shall be provided in a separate table. Provide the requested tables in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

- a. Health care benefit cost for each employee.
 - (1) Amount paid by Gallatin District.
 - (2) Amount paid by each employee.

- b. Dental benefits cost for each employee.
 - (1) Amount paid by Gallatin District.
 - (2) Amount paid by each employee.
- c. Vision benefits cost for each employee.
 - (1) Amount paid by Gallatin District.
 - (2) Amount paid by each employee.
- d. Life insurance cost for each employee.
 - (1) Amount paid by Gallatin District.
 - (2) Amount paid by each employee.
- e. Accidental death and disability benefits for each employee.
 - (1) Amount paid by Gallatin District.
 - (2) Amount paid by each employee.
- f. Defined Contribution - 401(k) or similar plan cost for each employee.

Provide the amount paid by Gallatin District.

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

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

17. a. Identify the number of new connections (meters) that Gallatin District installed in calendar year 2019, 2020, and to date in 2021.

b. Identify the amount of tap-on fees Gallatin District collected in calendar years 2019, 2020, and to date in 2021.

c. Identify the account where Gallatin District recorded its tap-on fees.

18. Identify the cost of the meters and services that Gallatin District capitalized in calendar year 2020 and to date in 2021. Also, identify the calendar year 2020 adjusting journal entry where the cost of the meters and services were transferred from the expense to the capital accounts.

19. Identify the labor Gallatin District capitalized associated with its meter installations in calendar year 2020 and to date in 2021. Explain in detail how the capitalized labor costs were capitalized.

20. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, References C. Explain if Gallatin District adjusted its operating revenues and expenses to annualize the usages for the customers added during the test-year, calendar year 2020.

21. Provide a detailed explanation of any cost containment actions that Gallatin District has implemented in calendar years 2016 through 2020. Quantify the financial impact that each cost containment action had on Gallatin District's financial condition.

22. Refer to the Application, Attachment 7, 2020 Depreciation Schedule. Provide a copy of Gallatin District's 2020 Depreciation Schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

23. Refer to the Application, Attachment 8, Outstanding Debt Instruments. For each debt issuance that is still active; provide the case number in which Gallatin District was authorized to issue the debt.

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