

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH)	CASE NO.
WOODFORD WATER DISTRICT FOR A RATE)	2022-00035
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On March 17, 2022, South Woodford Water District (South Woodford District) filed an application, pursuant to 807 KAR 5:076, requesting to adjust its monthly Water service rates.

The Commission finds that a procedural schedule¹ is established to ensure the orderly review of South Woodford District's application. The procedural schedule is attached as an Appendix A to this Order.

In addition, South Woodford District shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.

IT IS THEREFORE ORDERED that:

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

¹ No action is necessary to suspend the effective date of South Woodford 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.

2. On or before the date set forth in the procedural schedule, South Woodford District shall file its responses to the Commission's Staff's First Request for Information, attached to this Order as Appendix B.

3. No later than the date set forth in the procedural schedule, Commission Staff shall file with the Commission and serve upon all parties of record a written report (Commission Staff's Report) containing its findings and recommendations regarding South Woodford District's requested rate adjustment.

4. No later than 14 days after the date of the filing of the Commission Staff's 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 South Woodford District's financial condition supports a higher rate than South Woodford District proposes or the assessment of an additional rate or charge not proposed in South Woodford District's application, South Woodford District in its response to the Commission Staff's 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 South Woodford District accounts for the depreciation of South Woodford District's assets, South Woodford District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require South Woodford 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's 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. 2020-00085² regarding filings with the Commission.

² 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).

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman

Commissioner

ENTERED
MAR 31 2022 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00035 DATED MAR 31 2022

Requests for intervention shall be filed no later than04/14/2022

South Woodford District shall file responses to Commission
Staff's First Request for Information, attached to this Order
as Appendix B no later than04/21/2022

All requests for information to South Woodford District
shall be filed no later than05/05/2022

South Woodford District shall file responses to requests
for information no later than05/19/2022

All supplemental requests for information to
South Woodford District shall be filed no later than06/02/2022

South Woodford District shall file responses to supplemental
requests for information no later than06/16/2022

Commission Staff's Report shall be filed no later than.....07/26/2022

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00035 DATED MAR 31 2022

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO SOUTH WOODFORD WATER DISTRICT

South Woodford Water District (South Woodford 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 April 21, 2022. The Commission directs South Woodford District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ 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.

South Woodford District shall make timely amendment to any prior response if South Woodford District obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For

¹ 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).

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

13. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

- a. The general ledgers for the calendar years 2020 and 2021.
- b. Provide copies of South Woodford District's General Liability Insurance, Workers' Compensation Insurance and Automobile Insurance policies for 2020 and 2021.
- c. Provide copies of the invoices (bills) received in 2020 and 2021 for the insurance policies identified in Item 1.b.
- d. A document detailing the names, job titles, job description, and pay rates for each employee on December 31, 2019, December 31, 2020, December 31, 2021, and for those currently employed.

e. Using a table format, provide the regular hours, overtime hours, and other hours (identify) for each employee identified in South Woodford District's response to Item 1.d. for the calendar years 2019, 2020, and 2021. Provide the requested table in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

f. Provide a description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2019, 2020 and 2021.

g. For each employee benefit listed in South Woodford District's response to Item 1.f., provide the monthly premium per employee paid for each benefit, the employer premium contribution, and the employee premium contribution. Identify for each employee the type of health care plan coverage (i.e., single, married no dependents, single parent with dependents, family, etc.) that each employee has.

h. Provide the minutes from South Woodford District commissioner meetings for the calendar years 2019, 2020, and 2021.

i. Provide a document listing the names of all commissioners for the calendar years 2019, 2020, and 2021, 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.).

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

14. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended 2020 in

Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

15. Provide a copy of the Trial Balance for the calendar year ended 2021 in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

16. Refer to South Woodford District's Cover Letter (filed March 17, 2022), paragraph 2.

a. Provide a schedule comparing the hourly field maintenance rates included in the old and new maintenance contracts. Include documentation to support the increase in the hourly rates.

b. Provide, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible, a schedule calculating the field repair costs that South Woodford District expensed in the test year using the test-year maintenance contract hourly rates and the pro forma field repairs costs using the new maintenance hourly rates.

c. Given that South Woodford District explained that its new maintenance service contract markedly increased the hourly rates for field repairs, explain why the new contract resulted in an estimated decrease to Contractual Services Maintenance expense of \$3,600.

17. Refer to South Woodford District's Cover Letter (filed March 17, 2022), paragraph 3. South Woodford County explained that it has submitted a Letter of Intent for Kentucky Infrastructure Authority Funds (KIA) B/C in the amount of \$2,230,000 for a comprehensive system rehabilitation project.

a. Provide an itemized schedule in an Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected to support the projected \$2,300,000 comprehensive system rehabilitation project.

b. Provide the estimated impact the proposed comprehensive system rehabilitation project will have on South Woodford District's system water loss.

c. Provide South Woodford District's estimated timeline for the following:

(1) Receiving KIA authorization of the \$2.300,000 debt.

(2) For submitting its application for a Certificate of Public Convenience and Necessity and approval of the KIA financing with the Commission.

18. Refer to South Woodford District's Application, Attachment 4, Statement of Adjusted Operations and References. 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.

19. Refer to South Woodford District's Application, References, Adjustment D, Tap-on Fees.

a. Identify the number of new connections (meters) by meter size that South Woodford District installed in calendar years 2019, 2020, and 2021.

b. Identify the amounts of tap-on fees by meter size South Woodford District collected in calendar years 2019, 2020, and 2021.

c. Identify the account where South Woodford District recorded its tap-on fees in the test year.

d. State whether South Woodford District keeps a record of the dollar amounts of labor and materials used to install new customer taps. If South Woodford District does, state the amount of labor expense and materials expense for the test year and where it is located in the general ledger. Separately state the amounts expensed to install each new meter during the test year.

e. Provide the cost justification sheets that supports South Woodford District's current \$400 5/8-Inch x 3/4-Inch Tap-on Fee and its \$450 1-Inch Tap-on Fee that are reported in its current tariff.

f. Provide revised cost justification sheets to support any changes to either to the 5/8-Inch x 3/4-Inch Tap-on Fee or to the 1-Inch Tap-on Fee.

20. Refer to South Woodford District's Application, References, Adjustment E, Management Contract. South Woodford District explained that it had entered into a new contract for system management. Provide copies of the old and new management contracts.

21. Refer to South Woodford District's Application, References, Adjustment L, Meter Reading.

a. Provide documentation and a detailed calculation to support South Woodford District's proposed \$42,732 adjustment for meter reading.

b. Provide a schedule listing all of the costs incurred by South Woodford District for meter reading in the test year and identify the account(s) where South Woodford District recorded its meter reading expense.

22. State the last time South Woodford District performed a cost of service Study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether South Woodford District considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to South Woodford District's system would cause a new COSS to be prepared since the last time it has completed one.

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

d. Provide a copy of the most recent COSS that has been performed for South Woodford District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

23. Provide the number of occurrences for which late fees were assessed during the test year.

24. 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.

25. Provide updated cost justification sheets for all nonrecurring charges listed in South Woodford District tariff.

26. Refer to South Woodford District's Application, References, Adjustment C. In the test year, South Woodford District reported a water loss of 29.63 percent.

a. Provide a schedule listing South Woodford District's reported water loss percentages for calendar years 2015-2019 and 2021.

b. Provide an overview of any actions planned or taken by South Woodford District to reduce its water loss, including any water loss reduction plan.

15. Refer to South Woodford District's Application, Attachment 4, Statement of Adjusted Operations. Provide a detailed breakdown of the test year dollar amount for Other Water Revenues, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

16. Refer to South Woodford District's Application, Attachment 5, Current Billing Analysis.

a. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Provide the source of the 2020 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.

c. Provide a list of any adjustments made to the data and include an explanation of each adjustment.

d. Provide monthly billing registers for water customers in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible for the calendar year 2020.

17. Provide the number of occurrences in the test year that South Woodford District adjusted a customer's bill due to a leak and provide the dollar amount customer's bills were adjusted due to a leak for the test year.

18. Provide the number of occurrences of billing errors and the dollar amount of each adjustment.

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