

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LAKE VILLAGE)	CASE NO.
WATER ASSOCIATION, INC. FOR A RATE)	2022-00068
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On March 4, 2022, Lake Village Water Association, Inc. (Lake Village Water) filed an application, pursuant to 807 KAR 5:076, requesting to adjust its monthly Water service rates.

The Commission finds that a procedural schedule¹ shall be established to ensure the orderly review of Lake Village Water’s application. The procedural schedule is attached as Appendix A to this Order. In addition, Lake Village Water 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 Lake Village Water’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, Lake Village Water 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 (Staff Report) containing its findings and recommendations regarding Lake Village Water'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 Lake Village Water's financial condition supports a higher rate than Lake Village Water proposes or the assessment of an additional rate or charge not proposed in Lake Village Water's application, Lake Village Water 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 Lake Village Water accounts for the depreciation of Lake Village Water's assets, Lake Village Water in its response to the Commission Staff Report shall also state its position in writing on whether the Commission should require Lake Village Water 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.

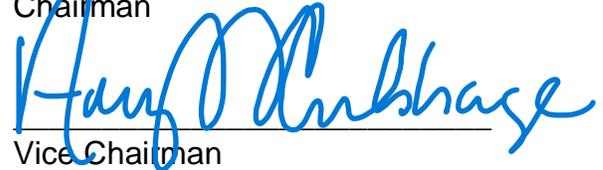
12. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085² regarding filings with the Commission.

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

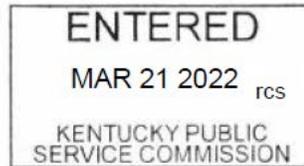


Chairman



Vice Chairman

Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00068 DATED MAR 21 2022

Requests for intervention shall be filed no later than..... 04/01/2022

Lake Village Water shall file responses to Commission
Staff's First Request for Information, attached to this
Order as Appendix B no later than..... 04/08/2022

All requests for information to Lake Village Water
shall be filed no later than 04/22/2022

Lake Village Water shall file responses to requests
for information no later than 05/06/2022

All supplemental requests for information to
Lake Village Water shall be filed no later than 05/20/2022

Lake Village Water shall file responses to supplemental
requests for information no later than 06/03/2022

Commission Staff Report shall be filed no later than 07/15/2022

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00068 DATED MAR 21 2022

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO LAKE VILLAGE WATER ASSOCIATION, INC.

Lake Village Water Association, Inc. (Lake Village Water), 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 Lake Village Water 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.

Lake Village Water shall make timely amendment to any prior response if Lake Village 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

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to which Lake Village Water fails or refuses to furnish all or part of the requested information, Lake Village 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, Lake Village 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. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected:

- a. The general ledgers for the calendar years 2020 and 2021.
- b. Provide copies of Lake Village Water'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 Lake Village Water employee on December 31, 2019, December 31, 2020, December 31, 2021, December 31, 2022, 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 Lake Village Water'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, 2021, and 2022.

g. For each employee benefit listed in Lake Village Water'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.

h. Provide the minutes from Lake Village Water Board of Director meetings for the calendar years 2019, 2020, and 2021.

i. Provide a document listing the names of all Lake Village Water's directors 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 director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.).

2. 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 fully accessible and unprotected.

3. Refer to Lake Village Water's Application, Attachment 4, Schedule of Adjusted Operations and References. Provide the workpapers that support the pro forma

adjustments described in the References page of Attachment 4 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

4. Refer to Lake Village Water's Application, Attachment 4, References, Adjustment B.

a. Provide a copy of the current management agreement between Lake Village Water and the Mercer County Sanitation District.

b. Provide any written documentation that Lake Village Water has to support the \$5,000 increase in the annual management fee.

5. State the last time Lake Village Water performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Lake Village Water considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Lake Village Water'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 Lake Village Water's system, explain when Lake Village Water anticipates completing a new COSS.

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

6. a. Identify the number of new connections (meters) that Lake Village Water installed in calendars year 2020 and 2021.

b. Identify the amount of tap-on fees Lake Village Water collected in calendar years 2020 and 2021.

c. Identify the account where Lake Village Water recorded its tap-on fees.

d. State whether Lake Village Water keeps a record of the dollar amounts of labor and materials used to install new customer taps. If so, 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 revised cost justification sheets to support any changes to the Meter Connection/Tap-on Fee.

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

8. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the calendar years 2018, 2019, 2020, and 2021.

9. Provide an updated cost justification sheet for all nonrecurring charges listed in Lake Village Water's tariff.

10. Provide an overview of any actions planned or taken by Lake Village Water to reduce its water loss, including any water loss reduction plan.

11. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, test-year Depreciation expense \$311,352. Provide a copy of Lake Village Water 2020

Depreciation Schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that supports its test-year depreciation expense.

12. Refer to the Application, Attachment 8, Outstanding Debt Instruments and Attachment 9, Amortization Schedules. For each debt issuance that is still active; provide the case number in which the Commission authorized Lake Village Water to issue the debt.

13. Refer to Lake Village Water'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.

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