

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTHERN)	CASE NO.
WATER AND SEWER DISTRICT FOR AN)	2022-00099
ALTERNATIVE RATE ADJUSTMENT)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO SOUTHERN WATER AND SEWER DISTRICT

Southern Water and Sewer District (Southern 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 May 31, 2022. The Commission directs Southern 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

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).

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

Southern District shall make timely amendment to any prior response if Southern 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 which Southern District fails or refuses to furnish all or part of the requested information, Southern 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, Southern 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 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. Southern District's general ledger for the calendar years 2020, 2021, and 2022 to date;
 - b. Southern District's trial balance for the calendar years 2020, 2021, and 2022 to date;

- c. General Liability Certificates of Insurance and copies of invoices for 2021 and the current period;
- d. A document detailing the names, job titles, job description, and pay rates for each Southern District employee on December 31, 2019, December 31, 2020, December 31, 2021, and for those currently employed;
- e. A description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for each of the previous five years;
- f. Minutes from Southern District's commissioner meetings for the calendar years 2020, 2021, and 2022 to date;
- g. A document listing the name of all Commissioners for each of the five previous years, and state, individually, the total amount of each benefit paid to, or on behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.);
- h. A copy of Southern District's audited financial statements for years 2020 and 2021;
- i. An Accounts receivable aging in total dollars as of December 31, 2019, 2020, 2021, and April 30, 2022;
- j. A description of management's efforts to collect delinquent accounts receivable;
- k. An Accounts payable aging by supplier as of December 31, 2020, 2021, and April 30, 2022, with payables related to capital expenditures that will be funded from approved debt sources, debt, or authorized grants designated as such;

l. The monthly water purchase invoices from each of Southern District's wholesale suppliers for 2021 and 2022 to date; and

m. The total gallons, by month, that Southern District pumped for the calendar year 2022 to date.

2. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years ended 2020 and 2021 in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

3. Refer to Southern District's Application, Attachment 8, Outstanding Debt Instruments, pages 142 through 146. The loan documentation on the referenced pages appears to refer to a modification agreement between Southern District and Citizens Bank of Kentucky, executed on December 2, 2021.

a. Provide the original promissory note, and any subsequent modifications to the note not already included in the Application in this case.

b. State the original principal and the original use of the funds acquired when the loan was originally entered.

c. State the current principal balance on the loan.

d. Confirm the Citizen's National Banknotes that are listed on pages 40 and 43 in Southern District's 2021 annual report filed with the Commission, indicating principal balances of \$24,535 and \$22,421, respectively, are referencing the same banknote referenced in the modification agreement filed with Southern District's Application. If this cannot be confirmed, provide the original promissory note and any subsequent modifications to the note referenced in Southern District's 2021 annual report.

e. If the response to Item 3.d. of this request can be confirmed, reconcile the discrepancy between the principal balance listed on the modification agreement filed with the Application and the two balances reported on Southern District's 2021 annual report.

4. Refer to Southern District's, Attachment 4, Statement of Adjusted Operations, References. Provide the workpapers used to generate each of the pro forma adjustments in the References page in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

a. Refer to Adjustment A, which refers to the Current Billing Analysis.

(1) Describe the underlying reason(s) that metered sales reflect a reduction of \$194,628 (net of \$3,946 reclassification to Sales for Resale) (approximately 5.6 percent of the Proforma Metered Sales total) from the test-year amount.

(2) Explain why gallons sold of 267,621,370 (excluding wholesale) is less than gallons sold (excluding wholesale) of 281,055,000 (approximately 5.0 percent less) that is reported in Southern District's 2021 Annual Report, Water Statistics, for Southern District.

5. Explain whether Southern District considered filing a cost of service study with the current rate application that would focus on whether a revenue neutral rate design change would be necessary.

6. Provide the number of new meter tap-ons installed by meter size for 2021 and dollar amounts billed for any meter size larger than 1 inch.

a. State whether the Southern District 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.

b. Separately state the amounts expensed to install each new meter during the test year.

c. 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 a list of the annual dollar amounts of late payment penalties assessed by year for the calendar years ended December 31, 2017, 2018, 2019, 2020, 2021, and year to date ended April 30, 2022.

9. Provide the total dollar amount collected for each nonrecurring charge listed on Sheet 5, Section D, of Southern District's tariff and the number of occurrences for each nonrecurring charge that was assessed during the test year. If a specific nonrecurring charge had no occurrences for the test year, include this information in the response.

10. Provide a current, updated cost justification sheet for all nonrecurring charges listed in Southern District's tariff.

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

Linda C. Bridwell

Linda C. Bridwell, PE
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Public Service Commission
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DATED MAY 10 2022

cc: Parties of Record

Case No. 2022-00099

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