

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTHERN)	CASE NO.
MADISON WATER DISTRICT FOR A RATE)	2022-00129
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On May 24, 2022, Southern Madison Water District (Southern Madison 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 Southern Madison District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Southern Madison 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 Southern Madison 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, Southern Madison District shall file its responses to the Commission 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 Southern Madison 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's Report; and

b. Any additional evidence for the Commission to consider.

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

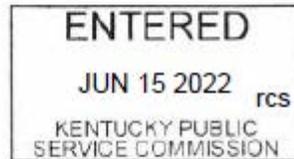
PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00129 DATED JUN 15 2022

Requests for intervention shall be filed no later than06/24/2022

All requests for information to Southern Madison District
shall be filed no later than06/30/2022

Southern Madison District shall file responses to requests
for information no later than07/19/2022

All supplemental requests for information to
Southern Madison District shall be filed no later than08/02/2022

Southern Madison District shall file responses to supplemental
requests for information no later than08/23/2022

Commission Staff's Report shall be filed no later than.....09/21/2022

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00129 DATED JUN 15 2022

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

Southern Madison Water District (Southern Madison 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 July 19, 2022. The Commission directs Southern Madison 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.

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

b. The trial balance for the calendar years 2020, 2021, and 2022 to date;

c. General Liability Insurance policies for 2020 and the current period, if available;

d. Hours worked by each employee, separated by regular hours worked, overtime hours worked, and any other form of hourly wage for the calendar year 2020, 2021, and 2022 to date;

e. 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;

f. 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;

g. State whether Southern Madison District employees participate in County Employee Retirement System (CERS). If confirmed, provide a statement from CERS that reflects the actual monthly payments remitted in 2020;

h. Minutes from Southern Madison District commissioner meetings for the calendar years 2020 and the current period;

i. 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 the behalf of, each commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.); and

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

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, columns, and rows unprotected and fully accessible.

3. Refer to Southern Madison District's Application, Attachment 9, Outstanding Debt Instruments. For each debt instrument, provide a summary of the

institution to whom the debt is owed, its original purpose, and the Case Number of the case in which it was authorized by the Public Service Commission.

4. State when the last time Southern Madison District performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Southern Madison District considered filing a COSS with the current rate application and the reasoning for not filing one;

b. Explain whether any material changes to Southern Madison 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 the Southern Madison District's system, explain when Southern Madison District anticipates completing a new COSS; and

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

5. Provide the number of new tap-ons installed by meter size for 2020.

a. State whether Southern Madison District keeps a record of the dollar amounts of labor and materials used to install new customer taps. If Southern Madison District does, 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 meter; and

c. Provide copies of the cost justification sheets Southern Madison District filed with the Commission to support its \$700 Meter Connection/Tap-on Fee.

6. Provide Southern Madison District's nonrecurring charges, a schedule listing the number of occurrences during the test year for each of the charges, and the total dollar amount billed, and the total dollar amount collected during the test year.

7. Provide the total amount of Late Payment Penalties collected and the number of occurrences late fees were assessed during the calendar years 2017, 2018, 2019, 2020, and 2021.

8. Refer to the tariff currently on file with the Commission for Southern Madison District. Provide copies of the cost justification sheets Southern Madison District filed with the Commission to support each nonrecurring charge. If Southern Madison District is unable to locate the cost justification sheets filed with the Commission provide updated ones.

9. Refer to Southern Madison District's Customer Notice. Southern Madison District proposes to raise its monthly water service rates by an across-the-board percentage amount.

a. Provide an explanation of how the across-the-board percentage method to increase monthly water service rates was chosen; and

b. Provide a list of alternative methods Southern Madison District considered and an explanation as to why each alternative was not chosen to increase its monthly water service rates.

10. Refer to Southern Madison District's Application, Attachment 5, 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 an itemized listing of the Leak Adjustments as well as any other 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.

11. Confirm whether any of Southern Madison District's debt instruments require a set debt coverage ratio. If yes, detail these ratios and explain whether Southern Madison District requires this rate adjustment to meet those requirements.

*Southern Madison Water District
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P. O. Box 220
Berea, KY 40403

*Robert K. Miller
Straightline Kentucky LLC
113 North Birchwood Ave.
Louisville, KENTUCKY 40206

*Wayne Robinson
Southern Madison Water District
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Berea, KY 40403