

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF UNION COUNTY )	CASE NO.
WATER DISTRICT FOR AN ALTERNATIVE RATE )	2022-00160
ADJUSTMENT )	

ORDER

On June 3, 2022, Union County Water District (Union District) tendered an application, pursuant to 807 KAR 5:076, requesting to adjust its Water service rates. The Commission notified Union District by letter dated June 16, 2022, that its application was rejected for failure to satisfy the minimum filing requirements set forth in certain Commission regulations. Union District subsequently cured the filing deficiencies, and its application was deemed filed as of July 7, 2022.

The Commission finds that a procedural schedule<sup>1</sup> is established to ensure the orderly review of Union District's application. The procedural schedule is attached as an Appendix A to this Order.

In addition, Union 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.

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<sup>1</sup> No action is necessary to suspend the effective date of Union 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 shall be followed.

2. On or before the date set forth in the procedural schedule, Union 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 Union 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 Union District's financial condition supports a higher rate than Union District proposes or the assessment of an additional rate or charge not proposed in Union District's application, Union 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 Union District accounts for the depreciation of Union District's assets, Union District

in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Union 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

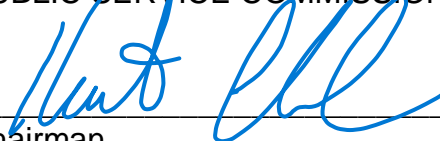
will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of Water consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest. In addition, 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. 2020-00085<sup>2</sup> regarding filings with the Commission.

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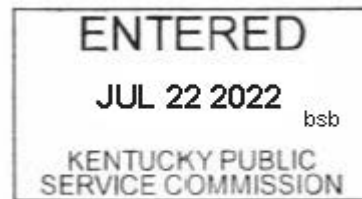
<sup>2</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings 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. 2022-00160 DATED JUL 22 2022

Requests for intervention shall be filed no later than .....08/04/2022

Union District shall file responses to Commission Staff's  
First Request for Information, attached to this Order  
as Appendix B no later than .....08/15/2022

All requests for information to Union District  
shall be filed no later than .....08/31/2022

Union District shall file responses to requests  
for information no later than .....09/16/2022

All supplemental requests for information to  
Union District shall be filed no later than .....09/30/2022

Union District shall file responses to supplemental  
requests for information no later than .....10/14/2022

Commission Staff's Report shall be filed no later than.....11/22/2022

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00160 DATED JUL 22 2022

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

Union County Water District (Union 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 August 15, 2022. The Commission directs Union District to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> 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.

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

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<sup>1</sup> 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).

Union District fails or refuses to furnish all or part of the requested information, Union 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, Union 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 fully accessible and unprotected:

- a. The general ledger for the calendar year 2021.
- b. Provide copies of Union District's General Liability Insurance, Workers' Compensation Insurance and Automobile Insurance policies for 2021 and 2022.
- c. Provide copies of the invoices (bills) received in 2021 and 2022 for the insurance policies identified in Item 1.b.
- d. A document detailing the names, job titles, job description, and pay rates for each Union District employee on December 31, 2019, December 31, 2020, December 31, 2021, and for those currently employed in 2022. Include the date the employee was hired and if applicable the employee's termination date.



e. Using a table format, provide the regular hours, overtime hours, and other hours (identify) for each employee identified in Union 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, 2021, and 2022.

g. For each employee benefit listed in Union District's response to Item 1.f., provide the total monthly premium per employee for each benefit, the employer premium contribution, and the employee premium contribution.

h. Provide the minutes from Union District Board of Director meetings for the calendar years 2020, 2021, and 2022.

i. Provide a document listing the names of all Union District's directors for the calendar years 2020, 2021, and 2022, 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 2021 in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

3. Refer to Union District's Application, Attachment 4, Schedule of Adjusted Operations and References.

a. 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.

b. Union District proposed to increase Purchased Water expense by \$39,552 and Purchased Power expense by \$3,618. Provide detailed explanations of Union District's proposed adjustments and supporting calculation for each adjustment.

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

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

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

b. Explain whether any material changes to Union 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 Union District's system, explain when Union District anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for Union District'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 Union District installed in calendar year 2021.

b. Identify the amount of tap-on fees Union District collected in calendar year 2021.

- c. Identify the account where Union District recorded its tap-on fees.
  - d. State whether Union 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. 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 calendar years 2017, 2018, 2019, 2020, and 2021.
  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 Union District's tariff.
  10. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, test-year Depreciation expense \$300,079. Provide a copy of Union District 2021 Depreciation Schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that supports its reported test-year depreciation expense.
  11. Refer to the Application, Attachment 8, Outstanding Debt Instrument, Promissory Note, and Attachment 9, Amortization Schedule.

a. Confirm that Union District's only outstanding indebtedness is a ten-year promissory note with the United Community Bank of West Kentucky, Inc. (United Community Bank).

b. If Union District has additional outstanding debt, update Attachment 8 of the application to reflect all outstanding debt.

c. Provide the case number in which the Commission authorized Union District to enter into the United Promissory Note.

12. Refer to Union 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 2021 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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