

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MORGAN)	
COUNTY WATER DISTRICT FOR THE)	
ISSUANCE OF A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT A WATER SYSTEM)	2022-00245
IMPROVEMENTS PROJECT AND AN ORDER)	
AUTHORIZING THE ISSUANCE OF SECURITIES)	
PURSUANT TO THE PROVISIONS OF KRS)	
278.020, KRS 278.300, AND 807 KAR 5:001)	

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

Morgan County Water District (Morgan 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 September 23, 2022. The Commission directs Morgan 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

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).

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.

Morgan District shall make timely amendment to any prior response if Morgan 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 Morgan District fails or refuses to furnish all or part of the requested information, Morgan 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, Morgan 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. Refer to Application, Exhibit A, regarding four waterlines (KY 191, KY 1000, Brushy Fork, and Heaven Brn. Tr. Park) that Morgan District proposes to replace.

- a. Describe the process Morgan District used to identify the four waterlines for replacement.

b. Provide the estimated age and present condition of each of the four waterlines, including the expected remaining useful life of each in their present condition.

c. Provide the expected useful life of each of the new waterlines proposed to be installed through this project.

2. State whether Morgan District considered repairing each of the four waterlines in question as opposed to replacing them entirely, including the estimated cost of repairs for each waterline and how long such repairs could extend the expected remaining useful life of each waterline.

3. Refer to Application, Exhibit A, regarding appurtenances to the waterlines.

a. State what items of equipment are included as appurtenances to the current waterlines.

b. Provide the expected remaining useful life of each of the current appurtenances.

c. Provide the expected useful life of each of the appurtenances proposed to be installed through this project.

4. Explain whether any of the current appurtenances could be repaired, as opposed to being replaced, and, if so, provide the estimated cost of repairing the appurtenances, and how long any such repairs would extend the expected remaining useful life of each appurtenance.

5. Provide a breakdown of the manufacture, model, type and age of the meters in Morgan District's system, including whether Morgan District currently operates any automated meter reading (AMR) meters or advanced metering infrastructure (AMI) meters.

6. Identify the manufacturer and model of the new meters Morgan District is proposing to purchase.

7. Explain whether Morgan District issued a request for proposal (RFP) for the new meters, and, if an RFP was issued, provide a copy of the RFP and identify how the RFP was publicized.

8. Provide the evaluation criteria Morgan District applied in selecting new meters.

9. Explain whether Morgan District already owns the equipment necessary to read such meters remotely.

10. Provide an itemized breakdown of the cost of the 200 new meters and any new equipment or annual software license cost that will be necessary to read the meters remotely.

11. Explain how Morgan District will determine which of its current meters that will be replaced and describe the general condition, age, and remaining useful life of the 200 water meters expects to replace.

12. Provide the expected useful life of the 200 new water meters proposed to be installed through this project and provide documentation to support the expected useful life of the meters.

13. Explain whether Morgan District considered repairing or refurbishing the 200 water meters in question as opposed to replacing them entirely, including the estimated cost of repairs or refurbishing, and why it chose not to pursue that option.

14. If the current meters were repaired or refurbished, state how long repairing or refurbishing the current meters could extend the remaining useful life of the 200 water meters in question.

15. Provide quantifiable benefits of replacing the existing 200 water meters with new water meters that include radio transmitters, including the estimated savings that Morgan District expects to realize from the replacement, and how the savings were calculated.

16. Refer to Application, Exhibit C, Attachment B. State whether the proposed project to replace 200 meters with meters with radio transmitters is included in the project financed by Kentucky Infrastructure Authority (KIA). If not, explain how that project will be financed.

17. Refer to Application, Exhibit C, Attachment B, Section V, Project Schedule, stating that the construction start date is September 15, 2021.

a. Confirm that the construction project has not started.

b. Explain whether the delay in the expected start date effected Morgan District's financing approval.

c. State when Morgan District must begin the project and when it must complete the project to obtain its financing from Kentucky Infrastructure Authority (KIA).

18. Refer to Application, page 6, indicating that no rate adjustment is being requested in connection with this Application. Refer also to Application, Exhibit C, Attachment B, Section XI, Recommendations, indicating that KIA conditioned financing approval on Morgan District raising rates to cover expenses and debt service associated with the project.

a. State whether and, if so, when Morgan District expects to propose a rate increase to meet expenses and debt service associated with the project.

b. If Morgan District does not intend to propose a rate increase to meet expenses and debt service associated with the project, explain how Morgan District will satisfy that KIA condition and how it will cover the expenses and debt service associated with the project.

19. Refer to Application, Exhibit D.

a. Provide an itemized breakdown of the amounts shown for “Preconstruction Estimated Operating Cost” and the “Post Construction Estimated Operating Cost.”

b. Explain how Morgan District arrived at the “Post-Construction Estimated Operating Cost” of \$182,759, including the basis for any changes in an itemized expense from the estimated preconstruction cost to the post-construction cost.

c. Explain how savings were estimated for lost water amount, manpower requirements, and maintenance costs.

d. State whether the preconstruction operating cost is an estimate and, if so, explain why actual operating costs were not used.

20. Refer to Application, Exhibit H.

a. Explain whether the bids reflected in Exhibit H include the proposed replacement of the 200 water meters, and if so, identify the item in which the replacement of the meters is included.

b. State how long the bids reflected on Exhibit H will remain valid.

c. State whether Morgan District expects to accept the lowest bid, and if not, explain the criteria Morgan District used to select the winning bidder.

d. Explain how Morgan District will finance the remainder of the proposed project given that the KIA loan does not appear sufficient to cover the cost of the project.

21. Provide water loss reports for each of the last two calendar years.

22. State the extent to which the proposed projects are expected to decrease water loss, and explain the basis for the response.



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DATED SEP 06 2022

cc: Parties of Record

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