

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLACK)	CASE NO.
MOUNTAIN UTILITY DISTRICT FOR A RATE)	2022-00275
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO BLACK MOUNTAIN UTILITY DISTRICT

Black Mountain Utility District (Black Mountain 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 November 14, 2022. The Commission directs Black Mountain 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.

Black Mountain District shall make timely amendment to any prior response if Black Mountain 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 Black Mountain District fails or refuses to furnish all or part of the requested information, Black Mountain 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, Black Mountain 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 each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected:
 - a. Provide copies of the most recent invoices for each of General Liability, Workers' Compensation, Automobile and property and casualty insurance. Designate the time frame for which the invoice represents (i.e. month, quarter, year).
 - b. Provide a copy of the most recent invoice for each employee benefit.

c. Provide the number of paid hours of overtime for each employee in 2020, 2021, and year to date 2022.

d. Provide a reconciliation of pay by employee to Pro Forma wages of \$273,554 (before adjustment for tap fee labor of \$1,860). Include work hours, calculations of straight time earnings, calculations overtime premium, and any other projected sources of compensation.

e. Provide an accounts payable aging, by supplier, for 2020 and 2021.

f. Provide a current list of leased assets including description, contract date, contract length (in months), and payment amount.

g. Provide training records for each commissioner for 2020, 2021, and 2022.

h. Provide a schedule of actual versus required depreciation / maintenance reserves by loan number for each debt component as of December 31, 2021. Include the general ledger account numbers in which the funds are classified and state the reasons for any shortfalls in the required amounts. Provide documentation from the lender if Black Mountain District has been granted permission to utilize any of the reserve funds.

2. Refer to Black Mountain District's Application, Exhibit C, Schedule of Adjusted Operations and Revenue Requirements and References. Also refer to Black Mountain District's 2021 Annual Report.

a. Provide the workpapers that support each pro forma adjustment described in the References in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Confirm that grant revenue of \$152,927 discussed in Reference Item “A” is considered a recurring item in the Pro Forma and provide the justification for its continued receipt.

3. Refer to the Water Statistics pages of the Annual Reports that were filed by Black Mountain District with the PSC for the years 2017 through 2021.

a. Describe management’s efforts to reduce water loss throughout the period. Include a discussion of capital projects that have been initiated as well as planned water loss reduction efforts, including anticipated funding sources, for the next five years 2023 through 2027. For planned actions, include reference to minutes of commissioner meeting discussions for each item.

b. Provide a summary analysis of customer meters that includes quantity of radio read meters, quantity of manual read meters, age ranges of meters, number of meters replaced each year from 2017 through 2022, meter testing history (quantity and results) for 2017 through 2022, and planned replacement schedule.

4. Provide the following with respect to capital assets in general.

a. Capital spending by project for each year beginning with 2017 through year-to-date 2022. Include description, dollar amount, completion status, and expected result of project. Lump tap fees as one item for each year. Include leased assets and designate as such.

b. List of vehicle or equipment disposals, net book value of each item, and sale proceeds of each item.

c. Capital spending plans project for 2023 through 2025. Include description, dollar amount, anticipated funding sources, and expected result of each project.

5. Provide copies of all financial and management reports that were presented to the Commissioners for the two most recent Commissioner meetings.

6. Provide the following information with respect to grants received or awarded by Black Mountain District from 2017 through 2022, including pass through grants from the Fiscal Court.

a. List each grant (designate received or pending receipt and date). Include source of grant, amount, designated purpose, and status of completion for the underlying project.

7. Refer to Black Mountain District's response to Staff's First Request for Information (Staff's First Request), Item 1a, Trial Balance 2020, sheet name "Tie to PSC Report".

a. Provide supporting journal entry including detailed explanation for credit adjustment to revenue of \$100,000 that is identified as "3 To adjust equity accounts". State why adjustment is not carried forward to adjusted balance column.

b. Confirm that \$152,927 reported in account 4075, Surcharge Income, represents a grant receipt (referenced as item "A" in the Schedule of Adjusted Operations) and is not the total of surcharges that are billed to "Division 1" customers at \$4.26 per month as authorized in Black Mountain District's tariff that was effective 11/9/2015.

c. Accounts 4030 and 4031 refer to sewer revenues and are excluded from the Adjusted Balance for total revenues. State whether wastewater treatment

expenditures are excluded from total operating expenses of \$2,232,365. If trial balance amounts have been adjusted for wastewater treatment expenditures, provide the amounts and line items affected in the trial balance.

d. Provide a schedule of trial balance account numbers, descriptions, and amounts based on the December 31, 2020 balances, distributed between water and sewer in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

e. Provide a description and backup for expenses totaling \$5,692 that are reported in acct 5017, Employee Retirement Expense.

f. Provide supporting journal entry including detailed explanation for credit adjustment to other expense account 6000 for \$30,663.

g. Provide a description of the items charged to each of the accounts below. State whether an expense is paid on a fixed amount each month or if any expenditures are for annual support or maintenance contracts. Provide copies of invoices for the three largest expenses for each account listed.

Account	Description	2020 Amount
5016	EMPLOYEE UNIFORMS	\$ 18,529
5054	Repairs:Computer Repairs	\$ 16,748
5056	Repairs:Equipment Repairs	\$ 30,395
5058	Repairs:VEH. MAINT	\$ 15,111

8. Refer to Black Mountain District’s Supplemental Responses to Staff’s First Request, Item 1i, 2020 Aged Receivables and 2021 Aged Receivables.

a. Provide a reconciliation of the December 31, 2020 aged receivables of \$591,809.80 to the adjusted trial balance. Provide each account number, description and amount that is included in the trial balance amount.

9. Refer to Black Mountain District's Supplemental Responses to Staff's First Request, Item 1i, 2020 Aged Receivables and 2021 Aged Receivables. Also, refer to Black Mountain District's response to Staff's First Request, Item 1f, Board Minutes. An aged receivable amount is reported for "rash" and there are various Commission minutes references are made to old garbage/trash bills.

a. State the reasons for the existence of old garbage bills that Black Mountain District is trying to pay off.

b. Provide a copy of the contract under which Black Mountain District is authorized to bill its customers for garbage service.

c. Provide a copy of an invoice or other supporting documentation for the most recent month of garbage service billings.

d. State whether Black Mountain District has any legal liability to the Harlan County Fiscal Court for unpaid garbage bills.

e. Describe the recourses that Black Mountain District or Harlan County Fiscal Court have for a customer's failure to timely pay for garbage removal services.

f. Provide the dates and amounts of payments that were made for garbage bills from the surcharge account as approved at the January 11, 2022 commission meeting (refer to minutes).

10. Refer to Black Mountain District's response to Staff's First Request, Item 2, Adjusted Trial Balance (for 2021). Provide trial balance inclusive of account numbers.

11. Refer to Black Mountain District's response to Staff's First Request, Item 1j, Water Purchase Invoices. Identify missing or obstructed invoices for each supplier and

resubmit as soon as possible. Invoices were missing for each supplier and information on page 9 of 64 was obstructed by a Post It note.

12. Refer to Application, Attachment #1, Black Mountain District Customer Notice and Attachment #3, Current and Proposed Rates.

a. State why the proposed water loss reduction surcharge is different for Division 1 (\$3.65 per bill) and Division 2 (\$7.91 per bill) customers.

b. State the number of customers in Division 1 and provide the calculation of the debt surcharge that is applicable to the customers.

13. Refer to Black Mountain District's Updated Supplemental Response to Staff's First Request, Item 7, Table B, Debt Service Schedule, and refer to the Application, Attachment 8, at page 184 through 188 of the PDF.

a. State the purpose of the original note dated June 16, 2015, with Bank of Harlan.

b. Provide copies of each loan renewal subsequent to the original loan, which was issued on June 16, 2015. Loan documents submitted with the application and response to Staff's First Request are listed below.

Description	Loan Date	Maturity	Balance
Bank of Harlan	06-16-15	06-16-16	150,000.00
Monticello Banking Company	07-01-20	09-01-22	107,624.43
Monticello Banking Company	07-01-20	10-01-23	101,196.54

c. If renewal documents are not available for any period between June 16, 2016, and July 1, 2020, provide an explanation for the lapse.

14. Refer to the Application, Attachment #5, Current Billing Analysis, and Attachment #6, Proposed Billing Analysis. Provide both the current and proposed billing analysis in Excel format with all formulas, rows, and columns fully accessible and unprotected.

15. Refer to Black Mountain District's response to Staff's First Request, Item 6, Nonrecurring Charge Cost Justifications. Black Mountain District indicated a transportation charge of \$2 for all of its nonrecurring charges. Provide support for the proposed \$2 transportation expense.



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Public Service Commission
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DATED OCT 28 2022

cc: Parties of Record

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