

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SHARPSBURG)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2022-00348
PURSUANT 807 KAR 5:076)	

ORDER

On October 28, 2022, Sharpsburg Water District (Sharpsburg 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 Sharpsburg District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Sharpsburg 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 Sharpsburg 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, Sharpsburg 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 Sharpsburg District's requested rate adjustment.

4. No later than 14 days after the date of service 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 recommends that Sharpsburg District's financial condition supports a higher rate than Sharpsburg District proposes or the assessment of an additional rate or charge not proposed in Sharpsburg District's application, Sharpsburg 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 recommends that changes should be made to the manner in which Sharpsburg District accounts for the depreciation of Sharpsburg District's assets, Sharpsburg District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Sharpsburg District to implement the proposed change for accounting purposes.

7. A party's failure to file written objections to a recommendation 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 service 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. 2022-00348 DATED NOV 22 2022

Requests for intervention shall be filed no later than 12/09/2022

All requests for information to Sharpsburg District
shall be filed no later than 12/20/2022

Sharpsburg District shall file responses to requests
for information no later than 02/02/2023

All supplemental requests for information to
Sharpsburg District shall be filed no later than 02/13/2023

Sharpsburg District shall file responses to supplemental
requests for information no later than 02/27/2023

Commission Staff's Report shall be filed no later than 03/27/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00348 DATED NOV 22 2022

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO SHARPSBURG WATER DISTRICT

Sharpsburg Water District (Sharpsburg 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 February 2, 2023. The Commission directs Sharpsburg 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.

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

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request to which Sharpsburg District fails or refuses to furnish all or part of the requested information, Sharpsburg 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, Sharpsburg 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 for the calendar years 2021 and 2022 to date; and the trial balance for the calendar years 2021 and 2022 to date.

b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years 2021 and 2022 to date.

c. Minutes from Sharpsburg District's commissioner meetings for the calendar years 2020, 2021, and the current period.

d. Insurance policies for 2020, 2021, and the current period, if available.

e. Hours worked by each employee for the calendar years 2020, 2021, and the current period.

f. A document listing the names, job titles, job description, and pay rates for each employee during the test year and for those currently employed.

g. A list that describes all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years.

h. A document listing the names 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.).

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

j. Refer to the Application, Attachment 4, References. Provide all workpapers used to generate the proposed adjustments A-M.

2. Provide a breakdown for the number of board meetings each commissioner attended during the test year.

3. Provide a list of the number of occurrences and annual dollar amounts of late fees assessed for the calendar years ending December 31, 2017, 2018, 2019, 2020, and 2021.

4. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the test year. If the revenue for any nonrecurring charge was zero, include that charge and indicate that zero revenue was received.

5. Provide a copy of the most recent invoice received for all insurance policies provided to Employees.

6. Provide updated cost justification information for all nonrecurring charges listed in Sharpsburg District's tariff.

7. Provide a monthly breakdown in both gallons and dollar amount, of water purchased during the test year by vendor, identifying all vendors from whom Sharpsburg District purchased water.

8. Provide the current rate charged by each vendor from whom Sharpsburg District purchases water.

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

10. Refer to Application, Attachment 9. For each outstanding debt issuance still active; provide the Commission case number in which Sharpsburg District was authorized to issue the debt.

11. Identify the number and type of new water connections that Sharpsburg District installed in the test year.

12. Confirm whether Sharpsburg District participates in the County Employee Retirement System.

13. Provide the date when Sharpsburg District last performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether any material changes to Sharpsburg District's system have occurred that would cause a new COSS to be prepared since the date of its most recent COSS.

b. If there have been no material changes to Sharpsburg District's system, explain when a new COSS is anticipated.

14. Refer to Sharpsburg District's Application, Attachment 4, Schedule of Adjusted Operations, Other Water Revenues. Provide a detailed breakdown of all items that are part of the 2021 Other Water Revenues total of \$38,962, specifically the Pro Forma amount of \$12,902.

15. Refer to Sharpsburg District's Application, Attachment 5, Current Billing Analysis.

a. Provide the source of the 2021 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.

b. Provide a list of any adjustments made to the data and include an explanation of each adjustment.

c. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

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 2021.

e. Provide a detailed breakdown of the \$7,849 billing adjustments that are deducted from the Total Revenue in the Current Billing Analysis.

16. Refer to Sharpsburg District's Application, Attachment 6, Proposed Billing Analysis. Provide a detailed explanation of the \$9,268 Billing Adjustment.

17. Refer to Sharpsburg District's Application, Attachment 1, Customer Notice. Sharpsburg 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 increase method to increase monthly water service rates was chosen.

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

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