

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GRANT)	CASE NO.
COUNTY SANITARY SEWER DISTRICT FOR AN)	2022-00377
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On December 9, 2022, Grant County Sanitary Sewer District (Grant Sewer District) tendered an application, pursuant to 807 KAR 5:076, requesting to adjust its sewer service rates. The Commission notified Grant Sewer District by letter dated December 12, 2022, that its application was rejected for failure to satisfy the minimum filing requirements set forth in certain Commission regulations. Grant Sewer District subsequently cured the filing deficiencies and its application was deemed filed as of December 13, 2022.

The Commission finds that a procedural schedule¹ should be established to ensure the orderly review of Grant Sewer District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Grant Sewer 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.

¹ No action is necessary to suspend the effective date of Grant Sewer 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, Grant Sewer 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 Grant Sewer 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 Grant Sewer District's financial condition supports a higher rate than Grant Sewer District proposes or the assessment of an additional rate or charge not proposed in Grant Sewer District's application, Grant Sewer 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 Grant Sewer District accounts for the depreciation of Grant Sewer

District's assets, Grant Sewer District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Grant Sewer 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 5:001E, 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 sewer 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 Appendix A 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.

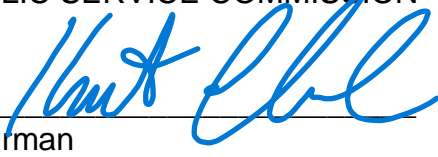
13. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of times with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

14. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

15. Nothing contained in this Order shall prevent the Commission from entering further Orders in this matter.

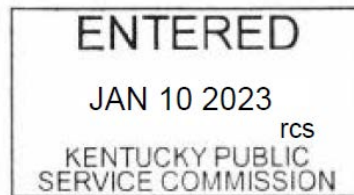
² Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 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. 2022-00377 DATED JAN 10 2023

- Requests for intervention shall be filed no later than01/19/2023
- All Intervenor requests for information to Grant Sewer District shall be filed no later than01/26/2023
- Grant Sewer District shall file responses to Commission Staff's First Request for information attached to this Order as Appendix B no later than.....02/03/2023
- Grant Sewer District shall file responses to intervenor requests for information no later than02/09/2023
- All supplemental requests for information to Grant Sewer District shall be filed no later than02/16/2023
- Grant Sewer District shall file responses to supplemental requests for information no later than03/02/2023
- Commission Staff's Report shall be filed no later than.....04/06/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00377 DATED JAN 10 2023

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO GRANT COUNTY SANITARY SEWER DISTRICT

Grant County Sanitary Sewer District (Grant Sewer District), pursuant to 807 KAR 5:001E, is to file with the Commission an electronic version of the following information. The information requested is due on February 3, 2023. The Commission directs Grant Sewer 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.

Grant Sewer District shall make timely amendment to any prior response if Grant Sewer District obtains information that indicates the response was incorrect when made

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).

or, though correct when made, is now incorrect in any material respect. For any request to which Grant Sewer District fails or refuses to furnish all or part of the requested information, Grant Sewer 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 and scanned 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, Grant Sewer District shall, in accordance with 807 KAR 5:001E, 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; and the trial balance for the calendar years 2021 and 2022.

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

c. Minutes from Grant Sewer District's commissioner meetings for the calendar years 2020, 2021, and 2022.

d. Insurance policies for 2020, 2021, and 2022, if available.

- e. Hours worked by each employee for the calendar years 2020, 2021, and 2022.
 - 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 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.).
 - i. Fiscal Court minutes approving each commissioner's appointment and compensation.
 - j. A document listing the Depreciation Schedule.
 - k. Refer to the Application, Schedule of Adjusted Operations, References. Provide all workpapers used to generate the proposed adjustments A-D.
2. Provide a breakdown for the number of board meetings each commissioner attended during the test year.
 3. Identify the number of new sewer connections that Grant Sewer District installed in calendar years 2021 and 2022.
 4. Provide the method and amount of labor and materials recorded for each new sewer connection used during the test year.
 5. Provide a copy of the most recent invoice received for all insurance policies provided to Employees.

6. Refer to Application, Schedule of Adjusted Operations, and Depreciation Schedule. In the Schedule of Adjusted Operations, test year Depreciation expense is \$204,355; in the Depreciation Schedule, Current Depreciation is \$259,515. Reconcile the discrepancy.

7. Refer to Application, Schedule of Adjusted Operations, adjustment A. Provide a copy of the contract with Bullock Pen Water District for monthly management fee for labor.

8. Refer to Application, Schedule of Adjusted Operations, adjustment B. Provide a copy of the second half of the 2022 invoices from vendors for Purchased Power Expense.

9. Refer to Application, Schedule of Adjusted Operations, adjustment C. Provide a copy of the second half of the 2022 invoices from vendors for Chemicals Expense.

10. Refer to the Application, Schedule of Adjusted Operations, and Exhibit A, Fourth Amended Management and Operational Services Agreement. The Schedule of Adjusted operations reports the Owner/Manager-Management Fee is \$184,046. Exhibit A reports the annual management fee is \$202,164,² reconcile the difference.

11. Provide the number of occurrences for which late fees were assessed during the calendar years; 2018, 2019, 2020, 2021, and 2022.

12. Provide the total amount collected for each nonrecurring charge and the number of occurrences for that were assessed during the test year.

² Monthly management fee \$16,847 x 12 months = \$202,164.

13. Provide an updated cost justification sheet for each nonrecurring charge listed in Grant Sewer District's tariff.

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

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

c. Explain whether any material changes to Grant Sewer District's system would cause a new COSS to be prepared since the last time it has completed one.

d. If there have been no material changes to Grant Sewer District's system, explain when Grant Sewer District anticipates completing a new COSS.

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

15. Refer to Grant Sewer 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 a list of applicable adjustments made to the billing analysis and include an explanation of each adjustment

c. Provide the date that Grant Sewer District's meter-reading billing cycle begins.

d. State if the date that the billing cycle begins is the date that would best be stated as the effective date of any Order the Commission issues concerning rates in this case.

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