

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCKINNEY	)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT	)	2022-00400
PURSUANT TO 807 KAR 5:076	)	

ORDER

On November 23, 2022, McKinney Water District (McKinney District) tendered an application, pursuant to 807 KAR 5:076, requesting to adjust its McKinney District service rates. The Commission notified McKinney District by letter dated November 28, 2022, that its application was rejected for failure to satisfy the minimum filing requirements set forth in certain Commission regulations. McKinney District subsequently cured the filing deficiencies, and its application was deemed filed as of November 29, 2022.

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

In addition, McKinney 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 McKinney 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, McKinney 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 McKinney 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 McKinney District's financial condition supports a higher rate than McKinney District proposes or the assessment of an additional rate or charge not proposed in McKinney District's application, McKinney 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 McKinney District accounts for the depreciation of McKinney District's

assets, McKinney District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require McKinney 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 McKinney District 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.

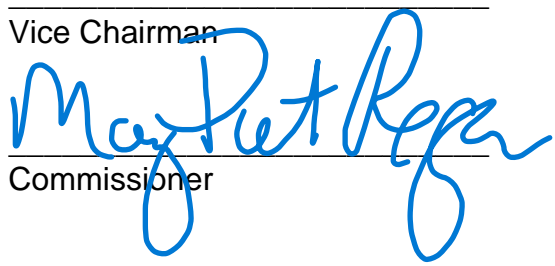
12. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>2</sup> regarding filings with the Commission.

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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. 2022-00400 DATED DEC 22 2022

Requests for intervention shall be filed no later than ..... 12/29/2022

Intervenor requests for information to  
McKinney District shall be filed no later than.....01/09/2023

McKinney District shall file responses to requests  
for information no later than .....01/23/2023

All supplemental requests for information to  
McKinney District shall be filed no later than.....02/07/2023

McKinney District shall file responses to supplemental  
requests for information no later than .....02/21/2023

Commission Staff's Report shall be filed no later than.....03/28/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00400 DATED DEC 22 2022

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

McKinney Water District (McKinney 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 January 17, 2023. The Commission directs McKinney 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.

McKinney District shall make timely amendment to any prior response if McKinney District obtains information that indicates the response was incorrect when made or,

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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).

though correct when made, is now incorrect in any material respect. For any request to which McKinney District fails or refuses to furnish all or part of the requested information, McKinney 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, McKinney 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 in Excel format for the years ended December 31, 2020, 2021, and year to date 2022.

b. The trial balance in Excel format for the years ended December 31, 2020, 2021, and year to date August 2022.

c. Provide certificates of insurance and most recent invoices for General Liability, Workers' Compensation, Automobile and property and casualty for 2021 and 2022.



d. Provide a description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2020, 2021, and year to date 2022.

e. Provide a copy of one invoice for 2022 for each employee benefit described above.

f. Using a table format, provide an excel document that describes job titles, hours worked, pay rates, total wages paid, and total FICA cost for each McKinney District employee on December 31, 2020, December 31, 2021, and Proforma. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it note the vacancy and the amount of time that it has been vacant. A total column that includes total wages by employee (regular wages and overtime) should be provided.

g. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates. If health insurance is provided designate the coverage type (i.e.; single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.

h. Provide the minutes from McKinney District's Board of Commissioners meetings for the calendar years 2020, 2021, and 2022.

i. Provide a document listing the names of all McKinney District's Commissioners for each calendar year 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.). If not included in the minutes, provide the documentation that authorizes each Commissioner, their term, and current compensation.

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

2. Refer to McKinney District's Application, Attachment #4, Schedule of Adjusted Operations and Revenue Requirements and References. Also refer to McKinney District's 2021 Annual Report.

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

b. Provide a reconciliation of commissioner compensation by individual to reported 2021 compensation of \$20,800 on page 50 of the annual report.

c. Explain why no cost is reported for purchased power.

d. Reference Item B states "The changes in wages results in lower payroll taxes of \$3,838 than previously reported". Explain why a net wage increase of \$4,991 results in a net decrease of \$3,838 in payroll taxes.

3. Refer to the Water Statistics pages of the Annual Reports that were filed by McKinney District with the PSC for the years 2020 and 2021.

a. Describe management's efforts to reduce water loss. Include a discussion of capital projects that have been initiated along with planned water loss reduction efforts for the next five years 2023 through 2027. For planned actions, include

reference to minutes of commissioner meeting discussions for each item as well as anticipated funding sources.

b. Provide a summary analysis of customer meters that includes quantity of radio read meters, quantity of manual read meters, age ranges of meters, and planned replacement schedule. Include an estimate of time required for reading meters for all customers.

4. Provide the number of gallons of water purchased, the cost of purchases, and the average cost of purchases for each supplier and in total for the years ended December 31, 2020, 2021, and year to date 2022.

5. Provide the number of gallons of water sold year to date 2022.

6. Refer to the Application, Attachment #1, McKinney Water District Customer Notice. Provide a detailed discussion of how the proposed \$3.44 per customer per month water loss surcharge will be utilized.

7. Provide the number of occurrences and the dollar amount for late fees that were assessed during the calendar years 2017, 2018, 2019, 2020, 2021, and year to date 2022.

8. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the 2021 test year.

9. a. Provide the date that McKinney District's billing cycle begins (meter read date).

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

10. Provide an updated cost justification sheet for each nonrecurring charge listed in McKinney District's tariff.

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

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

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

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

\*Robert K. Miller  
Straightline Kentucky LLC  
113 North Birchwood Ave.  
Louisville, KENTUCKY 40206

\*McKinney Water District  
2900 KY HWY 198  
Stanford, KY 40484

\*Matt Rankin  
Chairman  
McKinney Water District  
P. O. Box 7  
McKinney, KY 40448