

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LETCHER)	
COUNTY WATER AND SEWER DISTRICT FOR A)	CASE NO.
RATE ADJUSTMENT PURSUANT TO 807 KAR)	2022-00431
5:076)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO LETCHER COUNTY WATER AND SEWER DISTRICT

Letcher County Water and Sewer District (Letcher District), pursuant to 807 KAR 5:001E, shall file with the Commission an electronic version of the following information. The information requested is due on April 17, 2023. The Commission directs Letcher 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.

Letcher District shall make timely amendment to any prior response if Letcher District obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Letcher District fails or refuses to furnish all or part of the requested information, Letcher 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, Letcher 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. Refer to Letcher District's response to Commission Staff's First Request for Information (Staff's First Request) filed March 20, 2023, Item 1.a, Excel Workbook: 1a_LCSWD_General_Ledger_2021.xlsx. For each operating expense account listed in the table below, provide a schedule that includes the following: a detailed description of each account entry that exceeds \$1,000; identify whether any of the expenditure has been capitalized; and provide copies of all invoices or work orders related to that expenditure.

a.	Account 620.50 – Materials and Supplies	\$	48,035
b.	Account 632.00 - Contract Labor	\$	53,512

2. Refer to Letcher District’s responses to Staff’s First Request, Item 1.c, Excel Workbook: 1c_LCWSD_wtb__adjustments_2021.xlsx and to the revised 2021 Annual Report filed March 23, 2023 (Revised 2021 Annual Report), pages 50–51. Provide a schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that reconciles the Operating Expense account totals listed in the 2021 trial balance column “P&L” to the amounts that are listed in the revised 2021 Annual Report. Include a detailed explanation for each difference noted in Letcher District’s reconciliation schedule.

3. Refer to Letcher District’s response to Staff’s First Request, Item 1.c, Excel Workbook: 1c_LCWSD_wtb__adjustments_2021.xlsx and to the Revised 2021 Annual Report, pages 50–51. Provide a schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that lists the accounts listed in the 2021 trial balance column “P&L” that were combined to arrive at the miscellaneous expense total listed in the revised 2021 Annual Report of \$110,222.

4. Refer to Letcher District’s response to Staff’s First Request, Item 1.c, Excel Workbook: 1c_LCWSD_wtb__adjustments_2021.xlsx and to the Revised 2021 Annual Report, pages 50–51. Provide a detailed explanation as to why the revised 2021 Annual Report expense account totals equal the 2021 Trial Balance totals in column “12/31/2021 Dr(cr)” and not the totals listed in column “P&L.”

a.	Account No. 604.00 – Pensions and Benefits	\$	125,324
b.	Account No. 610.00 – Purchased Water	\$	786,357
c.	Account No. 635.00 – Water Quality Monitoring	\$	4,669

5. Refer to Letcher District's Application, Attachment 5, Revenue Requirement Calculation – Debt Coverage Method and to the revised 2021 Annual Report, page 20.

a. In its Revenue Requirement calculation, Letcher District used Nonutility Income of \$71,396. However, the Revised 2021 Annual Report lists in Account No. 421 – Nonutility Income of \$425,623. Provide a detailed explanation for the discrepancy between the two numbers.

b. Provide an itemized list of the items that were recorded in the Nonutility Income of \$71,396.

c. Provide an itemized list of the items that were recorded in the Nonutility Income of \$425,623.

6. Refer to the Application, Attachment 4, Schedule of Adjusted Operations – Water Utility and to the revised 2021 Annual Report, pages 20 and 50–51.

a. Provide a revised Attachment 4, Schedule of Adjusted Operations – Water Utility in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible using the revised Operating Revenues and Operating Expenses contained in the Revised 2021 Annual Report.

b. Provide a schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible comparing the revised Operating Revenues and Operating Expenses provided in Letcher District's response to Item 1.a. above to the original Exhibit 4, Schedule of Adjusted Operations – Water Utility.

7. Refer to Letcher District's Application, Attachment 5, Revenue Requirement Calculation – Debt Coverage Method. Provide a revised Attachment 5, Revenue Requirement Calculation – Debt Coverage Method, Attachment 4, Schedule of Adjusted

Operations – Water Utility, in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible revised Operating Revenues and Operating Expenses provided in Letcher District’s response to Item 1.a. above.

8. The last Report of Audited Financial Statements (Audit) submitted by Letcher District to the Commission was for the calendar year 2019. Provide copies of Letcher District’s Audits for calendar years 2020 and 2021.

9. Refer to Letcher District’s responses to Staff’s First Request, Item 1.b. In its response Letcher District states that it is going to decommission the facility that is currently providing sewer service to five households in the Milestone area of Letcher County.

a. Provide the date Letcher intends to decommission the Milestone sewer facility.

b. Explain how the five customers in the Milestone service territory will receive sewer service after the plant has been decommissioned.

c. Provide the date Letcher District will file its application with the Commission requesting authorization pursuant to KRS 278.020(6)² to abandon its sewer plant.

d. Refer to the Application, Attachment 4, Schedule of Adjusted Operations – Water Utility. Confirm that the operating revenues and expenses reported

² KRS 278.020(6) states, “No person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.”

by the water division do not include any revenues or expenses incurred to operate the sewer division.

e. If Letcher District's response to Item 10.d. above is no, identify the specific revenue and expense that was incurred to operate the sewer division.

10. Refer to Letcher District's Responses to Staff's First Request, Item 18. Provide a date when Letcher District anticipates filing updated cost justification sheets for all of its nonrecurring charges. If Letcher District cannot provide this information in the responses to this information request explain why it cannot.



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DATED APR 03 2023

cc: Parties of Record

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