

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST DAVIESS)	
COUNTY WATER ASSOCIATION, INC. FOR A)	CASE NO.
RATE ADJUSTMENT PURSUANT TO 807 KAR)	2023-00025
5:076)	

ORDER

On February 4, 2023,¹ East Daviess County Water Association, Inc. (East Daviess Water) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. East Daviess Water filed this proceeding in compliance with the final Order in Case No. 2022-00112.² In that proceeding, East Daviess Water was ordered to file a rate study or rate application within three years, for either a traditional adjustment in rates or for an alternative rate adjustment (ARF) to ensure its revenue is sufficient to support adequate and reliable service.

The Commission finds that a procedural schedule³ should be established to ensure the orderly review of East Daviess Water's application. The procedural schedule is attached as Appendix A to this Order.

¹ East Daviess Water tendered its application on February 3, 2023. By letter dated February 3, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on February 4, 2023.

² See Case No. 2022-00112, *Electronic Purchased Water Adjustment Filing of East Daviess County Water Association, Inc.* (Ky. PSC June 2, 2022).

³ No action is necessary to suspend the effective date of East Daviess Water'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.

In addition, East Daviess Water 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, and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

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, East Daviess Water shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.

3. East Daviess Water shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.

4. 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 East Daviess Water's requested rate adjustment.

5. 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.

6. If Commission Staff recommends that East Daviess Water's financial condition supports a higher rate than East Daviess Water proposes or the assessment of an additional rate or charge not proposed in East Daviess Water's application, East Daviess Water 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.

7. If Commission Staff recommends that changes should be made to the manner in which East Daviess Water accounts for the depreciation of East Daviess Water's assets, East Daviess Water in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require East Daviess Water to implement the proposed change for accounting purposes.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 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.

13. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085⁴ regarding filings with the Commission.

⁴ 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

Case No. 2023-00025

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00025 DATED FEB 20 2023

Requests for intervention shall be filed no later than02/27/2023

All requests for information from intervenors to East Daviess Water
shall be filed no later than03/13/2023

East Daviess Water shall file responses to requests
for information no later than03/27/2023

All supplemental requests for information to
East Daviess Water shall be filed no later than04/10/2023

East Daviess Water shall file responses to supplemental
requests for information no later than04/24/2023

Commission Staff's Report shall be filed no later than06/27/2023

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00025 DATED FEB 20 2023

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO EAST DAVIESS COUNTY WATER ASSOCIATION, INC.

East Daviess County Water Association, Inc. (East Daviess Water), 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 March 27, 2023. The Commission directs East Daviess Water 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.

East Daviess Water shall make timely amendment to any prior response if East Daviess Water 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

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).

to which East Daviess Water fails or refuses to furnish all or part of the requested information, East Daviess Water 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, East Daviess Water 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 fully accessible and unprotected:

a. The general ledger in Excel format for the years ended December 31, 2020; December 31, 2021; December 31, 2022; and the year to date for 2023.

b. The trial balance in Excel format for the years ended December 31, 2020; December 31, 2021; December 31, 2022; and the year to date for 2023.

c. Certificates of insurance and invoices for General Liability, Workers' Compensation, Automobile and property and casualty for 2021, 2022, and 2023.

d. Description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2021 and 2022, and the year to date for 2023.

e. Copy of the most recent invoice for 2023 for each employee benefit described above.

f. Provide a document listing the names of all East Daviess Water's Board members for each calendar year 2020, 2021, 2022, and 2023 and state, individually, each board member, their term (beginning and ending), and current annual compensation.

g. Provide appointing documents that specify salaries of Board members.

h. Provide training records for each Board member for 2020, 2021, and 2022.

2. Using a table format, provide an Excel document that states the number of positions, describes job titles, hours worked, pay rates, total wages paid, and total FICA cost for each East Daviess Water employee in 2021, 2022, and for the Proforma calculation. 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 column that includes total wages by employee (regular wages and overtime) and total for all employees should be provided.

3. Using the table described in Item 2, list each employee benefit, the employee's contribution, the employer's premium contribution, and both the percentage and adjustment based on Bureau of Labor Statistics (BLS) contribution rates. For the health insurance benefit provided to each employee 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.

4. Provide a pdf of the BLS report on which Item 3 is based.
5. Provide the minutes from East Daviess Water's Board of Directors meetings for the calendar years 2020, 2021, 2022, and year to date 2023.
6. Refer to Application, Attachment 4, Schedule of Adjusted Operations and Revenue Requirements and References. Provide the workpapers that support each pro forma adjustment described in the Schedule of Adjusted Operations References in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.
7. Provide the number of gallons of water purchased, the cost of purchases, and the average cost of purchases for each supplier by month and in total for the years ended December 31, 2020, December 31, 2021, December 31, 2022, and the year to date for 2023. Provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.
8. Provide the number of gallons of water sold by month year to date for 2023. Provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.
9. Provide the number of occurrences for which late fees were assessed during the calendar years 2017, 2018, 2019, 2020, 2021, 2022, and the year to date in 2023.
10. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that were assessed during the calendar years 2017, 2018, 2019, 2020, 2021, and 2022.
11. Provide an updated cost justification sheet for each nonrecurring charge listed in East Daviess Water's tariff.

12. a. Provide the date that East Daviess Water'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.

13. a. State the last time East Daviess Water performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

b. Explain whether East Daviess Water considered filing a COSS with the current rate application and the reasoning for not filing one.

c. Explain whether any material changes to East Daviess Water'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 East Daviess Water's system, explain when East Daviess Water anticipates completing a new COSS.

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

14. Refer to East Daviess Water'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.

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