

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF HENRY	)	CASE NO.
COUNTY WATER DISTRICT #2 FOR AN	)	2023-00090
ALTERNATIVE RATE ADJUSTMENT	)	

ORDER

On April 20, 2023,<sup>1</sup> Henry County Water District #2 (Henry District #2) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076.

The Commission finds that a procedural schedule<sup>2</sup> should be established to ensure the orderly review of Henry District #2's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Henry District #2 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.

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<sup>1</sup> Henry District #2 tendered its application on March 30, 2023. By letter dated April 3, 2023, the Commission rejected the application for filing deficiencies. Henry District #2 subsequently submitted additional information, and, by letter dated April 19, 2023, the Commission again rejected the application for filing due to filing deficiencies. The deficiencies were subsequently cured on April 20, 2023, and the application is deemed filed on April 20, 2023.

<sup>2</sup> No action is necessary to suspend the effective date of Henry District #2'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, Henry District #2 shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.
3. Henry District #2 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 Henry District #2'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 Henry District #2's financial condition supports a higher rate than Henry District #2 proposes or the assessment of an additional rate or charge not proposed in Henry District #2's application, Henry District #2 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 Henry District #2 accounts for the depreciation of Henry District #2's assets, Henry District #2 in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Henry District 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 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.

13. 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.

14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>3</sup> regarding filings with the Commission.


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<sup>3</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. 2023-00090 DATED MAY 15 2023

Requests for intervention shall be filed no later than .....06/05/2023

Henry District #2 shall file responses to requests  
for information no later than .....06/23/2023

All supplemental requests for information to  
Henry District shall be filed no later than .....07/11/2023

Henry District #2 shall file responses to supplemental  
requests for information no later than .....07/25/2023

Commission Staff's Report shall be filed no later than.....09/26/2023

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00090 DATED MAY 15 2023

#### COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO HENRY COUNTY WATER DISTRICT #2

Henry County Water District #2 (Henry District #2), pursuant to 807 KAR 5:001E, shall file with the Commission an electronic version of the following information. The information requested is due on June 23, 2023. The Commission directs Henry District #2 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.

Henry District #2 shall make timely amendment to any prior response if Henry District #2 obtains information that indicates the response was incorrect or incomplete

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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).

when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Henry District #2 fails or refuses to furnish all or part of the requested information, Henry District #2 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, Henry District #2 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 the general ledger in Excel format with all formulas, rows, and columns fully accessible and unprotected for the years ended December 31, 2020, 2021, and 2022.
2. Provide the trial balance in Excel format with all formulas, rows, and columns fully accessible and unprotected for the years ended December 31, 2020; December 31, 2021; and December 31, 2022.
3. Provide a copy of the certificates of insurance and invoices for General Liability, Workers' Compensation, Automobile and property and casualty for 2021, 2022, and 2023.



4. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that, for each Henry District #2 employee in 2021, 2022, and for the Proforma calculation, describes job titles, and states the hours worked, pay rates, total regular wages and overtime paid, and total FICA cost. 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.

5. Using the same table described in Item 4, 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.

6. Provide a 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.

7. Provide a copy of the most recent invoice for 2023 for each employee benefit described above.

8. Provide a document listing the names and terms, including term beginning and end dates, for all Henry District #2's Board members for each calendar year 2020, 2021, 2022, and 2023.

9. Provide the annual compensation for each current board member.

10. Provide Fiscal Court minutes that authorize the appointment and specify salaries of Board members.

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

12. Specify the total number of utility employees based on full staffing.

13. Provide the minutes from Henry District #2's Board of Directors meetings for the calendar years 2020, 2021, 2022, and year to date 2023.

14. Refer to Henry District #2's Response to Deficiency Letter, Schedule of Adjusted Operations and Revenue Requirements and References. Provide the workpapers that support the 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.

15. Provide the total dollar amount of Late Payment Penalties and the number of occurrences of late payment penalties assessed during the calendar years ended December 31, 2020, 2021, and 2022.

16. Provide a schedule listing the number of occurrences and total amount recorded for each nonrecurring charge during the test year. If the revenue for any nonrecurring charge was zero, include that charge and indicate that zero revenue was received.

17. Provide updated cost justification information to support each nonrecurring charge listed in Henry District #2's tariff. Use the nonrecurring charge cost justification form found on the Commission's website at: <https://psc.ky.gov/agencies/psc/forms/other/nrcjust.doc>.

18. Provide the number of new tap-ons installed by meter size for 2021 and 2022. State whether Henry District #2 keeps a record of the dollar amounts of labor and materials used to install new customer taps. If so, state the amount of labor expense and materials expense for the test year and where it is located in the general ledger; separately state the amounts expensed to install each meter.

19. Provide updated cost justification information to support the Meter Connection/Tap-On Charges listed in Henry District #2's tariff.

20. Provide an overview of any actions planned or taken by Henry District #2 to reduce its water loss, including a copy of any water loss reduction plan.

21. Provide the date when Henry District #2 last performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

22. Explain whether any material changes to Henry District #2's system have occurred that would cause a new COSS to be prepared since the date of its most recent COSS. If there have been no material changes to Henry District #2's system, explain when a new COSS is anticipated.

23. Refer to Henry District #2's Application, Attachment 5, Current Billing Analysis and Henry District #2's 2021 Annual Report at page 57. Reconcile the difference between the Total Water Sales Reported in the 2021 Annual Report of 500,421,000 gallons and the Total Gallons Sold in the 2021 (test year) Current Billing Analysis of 498,630,638.

24. Refer to Henry District #2's Application, Attachment 5, Current Billing Analysis. Provide the source of the 2021 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.

25. Refer to Henry District #2's Application, Attachment 5, Current Billing Analysis. Provide a list of any adjustments made to the data and include an explanation of each adjustment.

26. Refer to Henry District #2's Application, Attachment 5, Current Billing Analysis. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

27. Refer to Henry District #2's Application, Attachment 5, Current Billing Analysis. Provide the billing register monthly total for each month of the calendar year 2021, for water customers, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible for the calendar year 2021.

28. Refer to Henry District #2's Application, Attachment 1, Customer Notice. Henry District #2 proposes to raise its monthly water service rates by an across-the-board percentage amount. Provide an explanation of how the across-the-board percentage method to increase monthly water service rates was chosen and explain if any alternative methods were considered.

29. Provide the date that Henry District #2's billing cycle begins (meter read date). 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.

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