

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CUNNINGHAM)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2023-00323
PURSUANT TO 807 KAR 5:076)	

ORDER

On October 10, 2023,¹ Cunningham Water District (Cunningham District) 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 schedule² should be established to ensure the orderly review of Cunningham District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Cunningham District shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's 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.

¹ Cunningham District tendered its application on October 3, 2023. By letter dated October 5, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on October 10, 2023.

² No action is necessary to suspend the effective date of Cunningham 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, Cunningham District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.
3. Cunningham District 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 recommendations regarding Cunningham District'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 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 Cunningham District's financial condition supports a higher rate than Cunningham District proposes or the assessment of an additional rate or charge not proposed in Cunningham District's application, Cunningham 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.

7. If Commission Staff recommends that changes should be made to the manner in which Cunningham District accounts for the depreciation of Cunningham District's assets, Cunningham District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Cunningham 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 5:001, 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 the utility 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. 2020-00085³ regarding filings with the Commission.

³ 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

ENTERED

NOV 03 2023

rCS

KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2023-00323

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00323 DATED NOV 03 2023

Requests for intervention shall be filed no later than 11/17/2023

All requests for information to Cunningham District
shall be filed no later than 11/28/2023

Cunningham District shall file responses to requests
for information no later than 12/07/2023

All supplemental requests for information to
Cunningham District shall be filed no later than 12/21/2023

Cunningham District shall file responses to supplemental
requests for information no later than 01/05/2024

Commission Staff's Report shall be filed no later than..... 02/08/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00323 DATED NOV 03 2023

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

Cunningham Water District (Cunningham District), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on December 7, 2023. The Commission directs Cunningham 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.

Cunningham District shall make timely amendment to any prior response if Cunningham District obtains information that indicates the response was incorrect or

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).

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

For any request to which Cunningham District fails or refuses to furnish all or part of the requested information, Cunningham 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, Cunningham 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 spreadsheet format for the years ended December 31, 2021, 2022, and year to date 2023.

b. The trial balance in Excel spreadsheet format for the years ended December 31, 2021, 2022, and year to date 2023. Provide certificates of insurance and most recent invoices for general liability, automobile, property, and casualty for 2021, 2022, and 2023.

2. Provide the following information related to billing and financial management software:

a. State whether billing software is integrated with financial operations and reporting (general ledger) software.

b. Brand or common name for software.

c. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.

d. If locally installed, state the installation date.

e. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

f. Provide the dates of the most recent training that users received on the software.

3. Provide a document listing the names of each member of the Board of Commissioners for each of the calendar years 2021, 2022, and year to date 2023 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.), their term (beginning and ending), and current authorized annual compensation.

4. Provide fiscal court minutes that authorize each Commissioner's appointment and compensation.

5. Provide the minutes of each meeting of Cunningham District Commissioners where appointments to the positions of Chairman, Treasurer, and Secretary were made.

6. Provide training records for each Commissioner for 2021, 2022, and year to date 2023.

7. Provide the minutes from Commission meetings, including copies of financial reports, operations reviews, and all other documents referred to in the minutes for the calendar year 2021, 2022, and year to date 2023. This is a continuing request for minutes of meeting through the closure of this case.

8. Refer to the Application, Attachment 4_SAO_and_Rev_Reqmts.pdf, Schedule of Adjusted Operations, etc.

a. Provide the workpapers and other supporting documentation for each pro forma adjustment described in the References (A through D) of the Schedule of Adjusted Operations. Provide in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. State whether forfeited discounts and nonrecurring charges are included in Metered Water Sales in the Schedule of Adjusted Operations. If these amounts are not included in Metered Water Sales, state where they are classified.

9. Refer to the Application, Attachment 4_SAO_and_Rev_Reqmts.pdf, Schedule of Adjusted Operations, etc. For each supplier that is reported in “Contractual Services” provide the following:

a. Description of services provided

b. Name of service provider

c. Amount spent during each of 2021, 2022, and year to date September 2023.

d. Contract amount per reference unit (hour, day, month, etc.) for each of 2021, 2022, and 2023.

e. Designate each reference in minutes of Commissioner meetings where each contract was discussed, or actions were taken pertaining to each contract.

f. Provide copy of most recent contract for each service provider.

g. If certified operator position is not full time, describe how issues that require a certified operator are addressed if the certified operator is not available.

h. State who performs general water system maintenance and repair services if this is not discussed in the contractor positions described above.

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

a. Explain whether conducting a COSS was considered for the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to the utility's system would cause a new COSS to be prepared since the last time one was completed.

c. If there have been no material changes to the utility's system, explain when preparation of a new COSS anticipated.

d. Provide a copy of the most recent COSS in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

11. Provide updated cost justification sheets for all meter or tap fee charges listed in the current tariff.

12. Provide updated cost justification sheets for all nonrecurring charges listed in the current tariff.

13. Provide the number of occurrences and the dollar amount for late fees and each non-recurring charge that was recorded during each of 2021 and 2022.

14. Refer to Cunningham District's current tariff dated May 20, 1989, inclusive of various individually updated components.

a. Provide the date that the 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.

c. State whether the date that the billing cycle begins should be included in the tariff documents.

*Alan Vilines
Kentucky Rural Water Association
Post Office Box 1424
1151 Old Porter Pike
Bowling Green, KENTUCKY 42102-1424

*Billy Viniard
Cunningham Water District
P. O. Box 644
Cunningham, KY 42035

*Cunningham Water District
7506 US Highway 52
P. O. Box 644
Cunningham, KY 42035