

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC APPLICATION OF LYON COUNTY) | CASE NO. |
| WATER DISTRICT FOR AN ALTERNATIVE RATE) | 2023-00352 |
| FILING PURSUANT TO 807 KAR 5:076) | |

ORDER

On January 30, 2024,¹ Lyon County Water District (Lyon District) filed its application with the Commission requesting an adjustment to its water and sewer rates pursuant to 807 KAR 5:076.

The Commission finds that a procedural schedule² should be established to ensure the orderly review of Lyon District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, Lyon 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 Lyon District tendered its application on December 13, 2023. By letter dated December 14, 2023, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured on December 14, 2023. However, Commission Staff then found additional deficiencies which required further response from Lyon District. These deficiencies were cured, and the application is deemed filed on January 30, 2024.

² No action is necessary to suspend the effective date of Lyon 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 forth 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, Lyon District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.
3. Lyon 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 Lyon 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 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 Lyon District's financial condition supports a higher rate than Lyon District proposed or the assessment of an additional rate or charge not proposed in Lyon District's application, Lyon 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 Lyon District accounts for the depreciation of Lyon District's assets, Lyon District, in its response to the Commission Staff's Report, shall also state its position in writing on whether the Commission should require Lyon District to implement the proposed changes 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

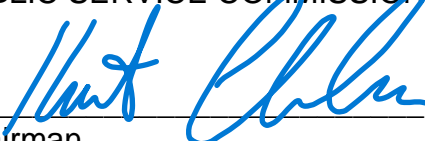
intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of the utility 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
FEB 14 2024 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00352 DATED FEB 14 2024

- Requests for intervention shall be filed no later than 02/28/2024
- All intervenor requests for information to Lyon District
shall be filed no later than 03/05/2024
- Lyon District shall file responses to Commission Staff's
requests for information no later than 03/21/2024
- Lyon District shall file responses to intervenor
requests for information no later than 03/28/2024
- All supplemental requests for information to
Lyon District shall be filed no later than 04/04/2024
- Lyon District shall file responses to supplemental
requests for information no later than 04/18/2024
- Commission Staff's Report shall be filed no later than..... 05/30/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00352 DATED FEB 14 2024

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO LYON COUNTY WATER DISTRICT

Lyon County Water District (Lyon 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 March 21, 2024. The Commission directs Lyon 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.

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

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).

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

For any request to which Lyon District fails or refuses to furnish all or part of the requested information, Lyon 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, Lyon 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. Employee names should be redacted from all documents.
 - a. The general ledger in Excel spreadsheet format for the years ended December 31, 2022, and 2023 for both the water and sewer divisions.
 - b. The trial balance in Excel spreadsheet format for the years ended December 31, 2022, and 2023 for both the water and sewer divisions.
 - c. Identify any sewer specific expenditures that are recorded in the same general ledger accounts as water expenditures. Also, identify any general ledger accounts that are sewer specific.

d. Refer to Schedule of Adjusted Operations - Water. Provide a cross reference that points each 2022 general ledger account to each revenue and expense line in the Schedule of Adjusted Operations and reconcile each amount that does not match.

e. Refer to Schedule of Adjusted Operations – Water, Misc. Service Revenue. List each revenue component, its pro forma amount, and confirm that the item will recur. If not confirmed, explain why not.

f. A document that lists each position (Position 1, Position 2, etc.), job title, hire date, termination date, test year hours worked, test year pay rates, total wages paid, full or part-time status, and total FICA cost for each employee for the calendar year 2022. Employee names or other identifying information should not be listed. 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. The table should include a column for total wages by employee (regular wages and overtime) and a row for total wages for all employees.

g. Provide the minutes from each Board of Commissioners' meetings for the calendar years 2021, 2022, and 2023.

2. Provide the method and justification used for any cost allocations between the water and sewer divisions.

3. Refer to Schedule of Adjusted Operations.

a. Provide a list of contracted services by supplier and the test-year dollar amount for each to account for the total of \$103,327.

b. State where the \$30,224 upgrade cost described in Adjustment G is classified in the general ledger.

c. State where the five-year amortization of the installation costs is classified.

4. Provide a detailed fixed asset listing.

5. Provide the following information related to billing software:

a. Brand or common name for software.

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

c. If locally installed, state the installation date.

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

e. Provide the dates of the most recent training that users received on the system.

6. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty.

7. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar years 2022 and 2023. Include the required employee contribution percentage for each benefit.

a. Provide a copy of one invoice for 2024 for each employee benefit described above.

8. Provide a document listing the names of each member of the Board of Commissioners for each of the calendar year 2021, 2022, and 2023 and state, individually, the total amount of each benefit paid to, or on the behalf of, each commissioner 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.

9. Provide documentation that authorizes each commissioner's appointment and compensation.

10. Provide training records for each commissioner for 2021, 2022, and 2023.

11. Refer to Lyon District's current water Tariff on file with the Commission, PSC KY No. 1, First Revised Sheet No. 5, Canceling PSC Original Sheet No. 5, Billing, Collection and Penalties paragraph. This paragraph states that the meter reading begins on the 15th of each month.

a. Confirm whether Lyon District's billing cycle begins (meter read date) on the 15th of each month. If not confirmed, explain why not.

b. State whether the 15th of the month is the date that would be best stated as the effective date of any order the Commission issues concerning rates in this case.

12. Refer to Lyon District's current sewer Tariff on file with the Commission, PSC KY No. 1, Original Sheet No. 3, Rules and Regulations, Billing and Collection.

a. Confirm the date that Lyon District's billing cycle begins (meter read date) on the tenth. If not confirmed, explain why not.

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

a. Explain whether Lyon District considered filing a water COSS or a sewer COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Lyon District's water system or sewer system would result in a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to Lyon District's water system or sewer system, explain when Lyon District anticipates completing a new COSS.

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

14. Provide a schedule listing the number of occurrences for each nonrecurring charge that were recorded during the test year, the total amount recorded, and the general ledger accounts where amounts were recorded for each nonrecurring charge. If the revenue for any nonrecurring charge was zero, include that charge and indicate that no revenue was recorded. Designate division separately as follows:

a. Water system.

b. Sewer system.

15. Provide updated cost justification sheets to support each nonrecurring charge listed in Lyon District's water tariff and sewer tariff.

16. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Lyon District's water tariff and sewer tariff.

17. Refer to the Application, Attachment 4, Sewer System Schedule of Adjusted Operations.

a. Confirm that there were no occurrences of Sewer Late Payment Penalties or Sewer Returned Check Charges.

b. Explain the omission of allocated revenues to the Sewer Operations for the Sewer Late Payment Penalties or Sewer Returned Check Charges.

18. Refer to the Application, the Current Billing Analysis for water and sewer operations and the Proposed Billing Analysis for water and sewer operations.

a. Provide these billing analyses in Excel Spreadsheet format with all formulas, rows and columns unprotected and fully accessible.

b. Provide a list of applicable billing adjustments made to the billing analyses and include an explanation of each adjustment.

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