

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S SECOND 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 April 18, 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

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.

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 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. Refer to Lyon District's response to Commission Staff's First Request for Information (Staff's First Request), Item 1a, General Ledger, Account Number 630.04, Professional Fees – Accounting. Describe, in detail, each of the services provided by Thurman Campbell totaling \$85,520 during 2022. Provide copies of all invoices.

2. Refer to the Application, Schedule of Adjusted Operations for Water and Schedule of Adjusted Operations for Sewer.

a. Explain the methodology used to determine which expenses, and the amounts that will be allocated to Lyon District's Sewer division.

b. Explain why there is not an allocation for each of the following items from the Water Division to the Sewer Division: Materials and Supplies, Contracted Services, Insurance – General Liability and Other, Insurance – Workers Comp, and Miscellaneous Expenses.

3. Refer to the Application, Adjustment G (United Systems software installation). Also refer to Lyon District's response to Staff's First Request, Item 5. Application, Reference G states "[t]he cost to install the upgrade was \$30,224, with additional monthly fees of \$5,116." However, Lyon District's response in Item 5 also stated that the software has not been installed.

a. Reconcile the discrepancy for whether or not the software has been installed. If it has not been installed, state when the installation will occur.

b. Provide copies of invoices for the \$30,224 capitalized amount.

c. Provide the general ledger account where the \$30,224 purchase was recorded.

d. Provide the general ledger account where amortization expense directly relating to software installation was recorded during 2023. Include in the response the amount of amortization expense directly relating to software installation that was recorded during 2023.

4. Provide the amount of gallons of water purchased from each of Lyon District's vendors during the test year. Include in the response the current purchase price of each vendor.

5. Refer to Lyon District's response to Staff's First Request, Item 2, Rate Study. Provide a detailed itemization of the adjustment of \$16,979 identified as Forfeited Discount in the pro forma adjustments. If included in the rate study, explain where it is located.

6. Refer to Lyon District's response to Staff's First Request, Item 1(e) and Item 14. Explain and reconcile the amount in the pro forma of \$8,101 in Miscellaneous Service Revenues and the \$55,717.06² amount provided in Item 14.

7. Refer to Lyon District's response to Staff's First Request, Item 2.

a. Reconcile the discrepancy in the pro forma adjustment in the Application Water, Schedule of Adjusted Operations – Water \$86,804 and the pro forma adjustment in the response to Item 2, Tab SAOW of \$56,632.

b. Reconcile the discrepancy in the pro forma adjustment in the Application Sewer Schedule of Adjusted Operations - Sewer of (\$152) and the pro forma adjustment in the response to Item 2, Tab SAOs of \$878.

8. Refer to Lyon District's response to Staff's First Request, Item 11 and Item 12. Lyon District's current tariff states that the district's billing cycle for its water division begins on the 15th of each month, and that its billing cycle for its sewer division begins on the 10th of each month. Explain if Lyon District would be amenable to setting both the Water Rates and the Sewer Rates on the 10th of the month to be the effective date for any Order the Commission issues concerning rates in this case. If not, please identify the concerns that Lyon District would have with an effective date of the 10th of the month,

² Lyon District's Response to Staff's First Request (filed Mar. 21, 2024), Item 14 Schedule, Sum of Nonrecurring Charges.

and any other days during a month for an effective date that would create concerns for implementing new rates.

9. Refer to Lyon District's response to Staff's First Request, Item 14 and Item 16. Refer also to Lyon District's current tariff on file with the Commission, 8th Revised Sheet No. 1.

a. The Meter Read – Out Charge is listed as \$7 in the current tariff filing, \$12 in the cost justification sheet, and is \$25.13³ in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

b. The Returned Check Charge – NSF Draft - Water is listed as \$31 in the current tariff filing, \$17 in the cost justification sheet, and is \$33.92⁴ in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

c. The Returned Check Charge – NSF Draft - Sewer is listed as \$31 in the current tariff filing, \$17 in the cost justification sheet, and is \$1.48⁵ in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

d. The Meter Taps Fees is listed as \$1,022 in the current tariff filing, \$1,265 in the cost justification sheet, and is \$1,022⁶ in the Item 14 schedule. Reconcile

³ \$2,010 divided by 80 occurrences equals \$25.13.

⁴ \$1,051.42 divided by 31 occurrences equals \$33.92.

⁵ \$8.89 divided by 6 occurrences equals \$1.48.

⁶ \$32,704 divided by 32 occurrences equals \$1,022.

the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

e. The Field Collection Charge is listed as \$7 in the current tariff filing and is \$18.50⁷ in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

f. The Meter Reconnection Charge is listed as \$10 in the current tariff filing and \$15 in the cost justification sheet. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

g. The Meter Test Charge is listed as \$37 in the current tariff filing and \$40 in the cost justification sheet. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

h. The 1-Inch Meter Tap Fee is listed as \$1,382 in the current tariff filing and \$1,679.15 in the cost justification sheet. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

10. Refer to Lyon District's response to Staff's First Request, Item 14 and Item 16. Provide cost justification sheets that support the Meter Connection Charge – Unlock, Broken Lock Fee, and Service Charge – PNB Water. Include in the response an explanation of these charges and why they aren't listed in Lyon District's current tariff filing. If it is included in the tariff, then explain where it is located.

11. Refer to Lyon District's response to Staff's First Request, Item 14 and Item 16. Refer also to Lyon District's tariff on file with the Commission, 8th Revised Sheet

⁷ \$37 divided by 2 occurrences equals \$18.50.

No.1. Lyon District's current tariff was updated May 13, 2022, and the cost justification sheets have a date of August 13, 2007.

a. Provide the cost justification sheets from 2022 for the district's tariff on file.

b. Explain if Lyon District is seeking to revise its current nonrecurring charges listed in the tariff. If so, provide the list of each charge and the requested change.

c. If Lyon District is requesting a change to any of its nonrecurring charges, provide updated cost justification sheets for each charge a change is requested.

12. Refer to Lyon District's response to Staff's First Request, Item 16. The response provided is not sufficient. Provide cost justification for the Nonrecurring Charges – Sewer. If included in Item 16, explain where the cost justification is located.

13. Refer to Lyon District's response to Staff's First Request, Item 17.

a. Explain whether adjustments are made to the Sewer accounts considering the nonrecurring charges are allocated to the Water account.

b. Explain whether Lyon District adjusts the Annual Report for the Sewer Operations considering the nonrecurring charges are allocated to the Water account.



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DATED APR 04 2024

cc: Parties of Record

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