

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
CANNONSBURG WATER DISTRICT FOR A)	CASE NO.
RATE ADJUSTMENT PURSUANT TO 807 KAR)	2024-00155
5:076)	

ORDER

On May 22, 2024,¹ Cannonsburg Water District (Cannonsburg 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 Cannonsburg District’s application. The procedural schedule is attached as Appendix A to this Order.

In addition, Cannonsburg 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 Cannonsburg District tendered its application on May 15, 2024. By letter dated May 20, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on May 22, 2024.

² No action is necessary to suspend the effective date of Cannonsburg 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, Cannonsburg District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.
3. Cannonsburg 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 Cannonsburg 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 Cannonsburg District's financial condition supports a higher rate than Cannonsburg District proposes or the assessment of an additional rate or charge not proposed in Cannonsburg District's application, Cannonsburg 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 Cannonsburg District accounts for the depreciation of Cannonsburg District's assets, Cannonsburg District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Cannonsburg 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
JUN 12 2024
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00155 DATED JUN 12 2024

Requests for intervention shall be filed no later than 06/20/2024

All requests for information to Cannonsburg District
shall be filed no later than 06/27/2024

Cannonsburg District shall file responses to requests
for information no later than 07/18/2024

All supplemental requests for information to
Cannonsburg District shall be filed no later than 08/01/2024

Cannonsburg District shall file responses to supplemental
requests for information no later than 08/15/2024

Commission Staff's Report shall be filed no later than 09/26/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00155 DATED JUN 12 2024

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

Cannonsburg Water District (Cannonsburg 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 July 18, 2024. The Commission directs Cannonsburg 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.

Cannonsburg District shall make timely amendment to any prior response if Cannonsburg 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 Cannonsburg District fails or refuses to furnish all or part of the requested information, Cannonsburg 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, Cannonsburg 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 with all transactions for the years ended December 31, 2022, and 2023.

b. The trial balance in Excel spreadsheet format with all transactions for the years ended December 31, 2022, and 2023.

c. Provide a cross reference that matches each test year general ledger account to each revenue and expense line that is reported in the Schedule of Adjusted Operations (SAO) and reconcile each amount that does not match.

2. Provide the following information related to billing and general ledger software:

a. State whether the billing software and general ledger/financial management software are separate or integrated.

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.

3. Provide all workpapers used to support each proposed adjustment in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected. Component details of a workpaper should tie to the general ledger accounts that comprise the SAO line item including any adjustment for unreconciled amounts.

4. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that lists each position (Position 1, Position 2, etc.) job title, hours worked, pay rate, total wages paid, and total FICA cost for each employee for the years ended December 31, 2022, and 2023. Include the date the employee was hired and, if applicable, the employee's termination date. The table should include a column for total wages by employee (regular wages and overtime) and a row for total wages for all employees. Employee names should be redacted from all documents.

a. Provide calculations by employee that support pro forma wages of \$422,242. This may be provided as a separate table or combined with the table above. 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.

b. Provide a summary of overtime hours worked and cost that were due to vacant positions and thus will be eliminated when the vacant positions are filled.

5. Provide a complete description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar year 2022. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

a. Provide a copy of one invoice for 2023 for each employee benefit described above.

b. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. If health insurance is provided 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 certificates of insurance and the most recent invoices for general liability, workers' compensation, automobile, property, and casualty as well as invoices for 2022, and 2023.

7. Provide gallons purchased and total cost for each supplier for 2022 and 2023. Reconcile reported gallons purchased in the test year annual report water statistics and the purchased water expense reported in the test year.

8. Provide the minutes from Cannonsburg District's commissioner meetings for the calendar years 2022 and 2023.

a. Designate each action that authorizes hiring.

b. Designate each action that authorizes adjustments to wage rates and any other compensation actions.

9. Provide a document that lists the name of each member of the Board of Commissioners (Board) for each of the calendar years 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.

a. Provide documentation from the Fiscal Court that authorizes each Board member's appointment and compensation.

b. Provide training records for each board member for 2022 and 2023.

10. Provide the following with respect to new tap installations.

a. Number of installations during the test year.

b. State whether labor costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

c. State whether material costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

11. Refer to Cannonsburg District's Tariff, PSC Ky. No. 1, Original Sheet No. 13, Billing, Meter Readings and Related Information, Frequency of meter reading.

a. Provide the date that Cannonsburg District'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.

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

a. Explain whether Cannonsburg District considered filing a COSS with the current rate application and the reasoning for not filing one.

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

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

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

13. Refer to the Application, Current Billing Analysis 2022 Usage and Existing Rates and Proposed Billing Analysis 2022 Usage and Proposed Rates.

a. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Describe adjustments to the billing analysis and their justification.

c. Provide an analysis of the proposed pro forma adjustment to metered revenues.

14. Refer to the Application, Schedule of Adjusted Operations, provide an itemization of Other Water Revenues of \$10,321 and Misc. Service Revenues of \$15,795.

15. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2022 and 2023.

16. Provide a schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year and the total amount recorded for each nonrecurring charge. If the revenue for any nonrecurring charge was zero, include that charge and indicate that no revenue was recorded. Include the general ledger account numbers where each nonrecurring charge is recorded.

17. Provide updated cost justification sheets to support each nonrecurring charge listed in Cannonsburg District's tariff.

18. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Cannonsburg District's tariff.

19. Refer to the Application, Attachment 8, Bond and Loan Amortization Schedules. Provide the principal and interest payments for 2028 for the RD loan listed in the attachment.

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