

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EDMONSON)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00219
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On July 23, 2024,¹ Edmonson County Water District (Edmonson 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 schedule should be established to ensure the orderly review of Edmonson District's application.² The procedural schedule is attached as Appendix A to this Order.

In addition, Edmonson 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 Edmonson District tendered its application on July 19, 2024. By letter dated July 22, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on July 23, 2024.

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

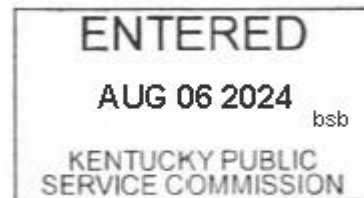
Chairman



Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00219 DATED AUG 06 2024

Requests for intervention shall be filed no later than08/20/2024

All requests for information to Edmonson District
shall be filed no later than08/27/2024

Edmonson District shall file responses to requests
for information no later than09/10/2024

All supplemental requests for information to
Edmonson District shall be filed no later than09/24/2024

Edmonson District shall file responses to supplemental
requests for information no later than10/08/2024

Commission Staff's Report shall be filed no later than.....11/19/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00219 DATED AUG 06 2024

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

Edmonson County Water District (Edmonson 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 September 10, 2024. The Commission directs Edmonson 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.

Edmonson District shall make timely amendment to any prior response if Edmonson 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 Edmonson District fails or refuses to furnish all or part of the requested information, Edmonson 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, Edmonson 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 year ended December 31, 2023, and 2024 year to date.

- b. The trial balance in Excel spreadsheet format for the year ended December 31, 2023, and 2024 year to date.

- c. Refer to the Application, Schedule of Adjusted Operations. Provide a cross reference that matches each 2023 general ledger account to each revenue and

expense line in the Schedule of Adjusted Operations and reconcile each amount that does not match.

d. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, Adjustment References. Provide all workpapers used to generate the proposed adjustments in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

2. Refer to the Application, Attachment 7, Depreciation Schedule. Provide a copy of the Depreciation Schedule. In Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

3. Provide the most recent invoices for general liability, workers' compensation, automobile, and casualty for 2023 and 2024.

4. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar year 2023. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents. State whether part-time employees are eligible for each benefit.

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

6. Refer to the Application, Attachment 4, References, Adjustment G.

a. Provide a copy of the notification that demonstrates Edmonson District's liability and property insurance will be increasing.

b. Provide a copy of the test year's Liability and Property Insurance invoices that generate the Test year amount of \$61,726.

7. 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 titles, whether full or part-time, hours worked, pay rates, total wages paid, and total FICA cost for each employee for the years ended December 31, 2023, and 2024 year to date. Additionally, provide calculations, by employee, that support pro forma wages of \$1,711,793. 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. 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.

8. 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.

9. Refer to the Application, Attachment 4, Schedule of Adjusted Operations. Distribute the increase of \$302,694 in pro forma labor costs in the following format.

Description	Amount	Percent
Gross Test Year Wages	\$1,409,099	
Charged to Tap Fees/Capitalized ()		
Reported Test Year Wages	1,409,099	
Wage Rate Inflation		
Merit/ Promotion Increases		
Positions Added Since Beginning of Test Year		
Turnover During Test Year		
Pro Forma Wages	<u>\$1,711,793</u>	

10. 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.

11. Provide minutes from Edmonson District's commissioner meetings, authorizing current salaries and wages for all current employees.

12. Provide the minutes from Edmonson District's commissioner meetings for the calendar years 2022, 2023 and year-to-date 2024. This is a continuing request through the date of issuance of Commission Staff's Report.

13. Provide a document listing the name of each member of the Board of Commissioners (Board) for each of the calendar years 2022, 2023, and 2024 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. State whether commissioners are paid as contractors (Form 1099) or employees (Form W-2).

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

15. Provide training records for each Board member for 2022, 2023, and 2024 year-to-date.

16. Refer to the Application, Attachment 4, References, Adjustment E. Provide a copy of the Uniform and Boot policy.

17. Provide the method and justification used for any cost allocation between the water and sewer divisions.

18. 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.

19. Provide an overview of any actions taken or planned by Edmonson District to reduce its water loss, including a copy of any water loss reduction plan.

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

a. Provide the date that Edmonson 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.

21. Refer to the Application, Attachment 4, Table B, Debt Service Schedule. For each outstanding debt issuance still active, provide the case number in which Edmonson District was authorized to issue the debt.

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

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

b. Explain whether any material changes to Edmonson 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 Edmonson District's system, explain when Edmonson District anticipates completing a new COSS.

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

23. Refer to the Application, Attachment 4, Schedule of Adjusted Operations. Provide an itemization of the Miscellaneous Service Revenues, stated as \$15,616.

24. Refer to the Application, Attachment 5, Current Billing Analysis 2023 Usage and Existing Rates. Also Refer to the Application, Attachment 6, Proposed Billing Analysis 2023 Usage and Proposed Rates. Provide the billing analysis in Excel

Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

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

26. Provide a schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year and the total dollar 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.

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

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

29. Refer to the Application, Attachment 5, Current Billing Analysis With 2023 Usage and Existing Rates. Provide a detailed breakdown for the Billing Adjustments that reduce Metered Retail Sales by \$56,670.

30. Refer to the Application, Attachment 6, Proposed Billing Analysis With 2023 Usage and Existing Rates. Provide a detailed breakdown for the Billing Adjustments that reduce Metered Retail Sales by \$71,290.

31. Refer to the Application, Attachment 6, Proposed Billing Analysis With 2023 Usage and Existing Rates. Explain in detail how the minimum rate for each meter size was determined for the proposed Rate Design changes and explain the reasoning for changing the rate structure from one rate for all meter sizes to the proposed rate design.

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