

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	CASE NO.
NELSON WATER DISTRICT FOR A RATE)	2024-00234
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On August 7, 2024,¹ North Nelson Water District (North Nelson District) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. North Nelson District filed this proceeding in compliance with the final Order in Case No. 2022-00146.² In that proceeding, North Nelson District was ordered to file an application by June 24, 2023, for either a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or for an alternative rate adjustment (ARF) pursuant to 807 KAR 5:076 to ensure its revenue is sufficient to support adequate and reliable service. North Nelson received a one-year extension of time, until June 24, 2024, in an order on July 31, 2023.³ North Nelson District filed another motion for a 90-day extension on time on June 7, 2024, but the motion was denied by Commission Order issued on June 20, 2024.⁴

¹ North Nelson District tendered its application on August 7, 2024. By letter dated August 12, 2024, the Commission filed a No Deficiency Letter and the application is deemed filed on August 7, 2024.

² See Case No. 2022-00146, *Electronic Purchased Water Adjustment Filing of North Nelson Water District*.

³ Case No. 2022-00146, July 31, 2023 final Order at 4.

⁴ Case No. 2022-00146, June 20, 2024 final Order at 2.

The Commission finds that a procedural schedule⁵ should be established to ensure the orderly review of North Nelson District's application. The procedural schedule is attached as Appendix A to this Order.

In addition, North Nelson 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.

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, North Nelson District shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.
3. North Nelson 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 North Nelson District's requested rate adjustment.

⁵No action is necessary to suspend the effective date of North Nelson 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.

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 North Nelson District's financial condition supports a higher rate than North Nelson District proposes or the assessment of an additional rate or charge not proposed in North Nelson District's application, North Nelson 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 North Nelson District accounts for the depreciation of North Nelson District's assets, North Nelson District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require North Nelson 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. 2020-00085⁶ regarding filings with the Commission.

⁶ 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. 2024-00234 DATED SEP 05 2024

Requests for intervention shall be filed no later than 09/12/2024

All requests for information to North Nelson District
shall be filed no later than 09/19/2024

North Nelson District shall file responses to requests
for information no later than 10/10/2024

All supplemental requests for information to
North Nelson District shall be filed no later than 10/24/2024

North Nelson District shall file responses to supplemental
requests for information no later than 11/07/2024

Commission Staff's Report shall be filed no later than..... 12/13/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00234 DATED SEP 05 2024

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO NORTH NELSON WATER DISTRICT

North Nelson Water District (North Nelson 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 October 3, 2024. The Commission directs North Nelson 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.

North Nelson District shall make timely amendment to any prior response if North Nelson 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 North Nelson District fails or refuses to furnish all or part of the requested information, North Nelson 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, North Nelson 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 2024 general ledger in Excel spreadsheet format with all transactions through July 31, 2024.

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

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 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. Refer to North Nelson's Application, Rate Study, Wages tab.

a. Confirm that no overtime hours were worked by North Nelson's employees. If not confirmed, explain the response.

b. Provide the dates each employee was hired and, if applicable, the employee's termination date. Employee names should be redacted from all documents.

4. Provide a complete description of all employee benefits paid to or on behalf of each employee for the calendar year 2023. Include a description of contribution amounts required by employees. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents. Provide a copy of one invoice for 2024 for each employee benefit described.

5. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2022 and 2023.

6. Provide the minutes from North Nelson District's commissioner meetings for the calendar years 2022, 2023, and year-to-date July 2024.

a. Designate each action that authorizes hiring.

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

7. Refer to North Nelson District's Application, Rate Study, Wages Tab. Confirm that no salaries or benefits are offered for Commissioners. If not confirmed, explain the response.

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

b. Provide training records for each Commissioner for 2022, 2023, and 2024.

8. Refer to North Nelson District's Tariff, PSC Ky. No. 1, 1st. Revised Sheet No. 6, Rules & Regulations, Service Information.

a. Confirm the date that North Nelson 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.

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

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

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

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

10. Refer to the Application, Current Billing Analysis 2023 Usage and Existing Rates and Proposed Billing Analysis 2023 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 a justification for each.

11. Refer to the Application, Schedule of Adjusted Operations, provide a reconciliation of Miscellaneous Service Revenues to the test year general ledger. For amounts other than forfeited discounts, state whether each item is a recurring source of revenue.

12. Provide the number of occurrences for late fees that were recorded during the calendar years 2023.

13. 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.

14. Provide updated cost justification sheets to support each nonrecurring charge listed in North Nelson District's tariff.

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

16. Refer to North Nelson's Application, 2023 general ledger, account number 62000 - Materials. The account activity includes the following items:

<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
06/27/23	SEILER INSTRUMENTS & MFG. CO. INC.	Inv# INV8557 Sales Order# SO8287 Trimble GPS System	6,250.70

- a. Provide a copy of each invoice for the amount recorded.
- b. Describe the item(s) purchased and state whether the purchase(s) should have been capitalized.
- c. If North Nelson District believes the classification as an expense is proper, explain the reasoning.
- d. If the item should have been capitalized, provide the appropriate NARUC depreciation.

17. Refer to North Nelson's Application, 2023 general ledger, account number 63500 – Contracted Services.

Date	Name	Memo	Amount
01/31/23	BUILD ONE INC.	Jan. Installs/Repairs	1,857.50
02/28/23	BUILD ONE INC.	Feb. Meter Installs/repairs	10,607.50
03/31/23	BUILD ONE INC.	March leak repairs	1,110.00
04/28/23	BUILD ONE INC.	April Meter installs/repairs	6,752.00
05/26/23	BUILD ONE INC.	May meter installs/repairs	4,440.00
07/31/23	BUILD ONE INC.	June/July Meter installs/repairs	10,652.00
10/31/23	BUILD ONE INC.	Sept./Oct. repairs/meter installs	17,840.00
11/10/23	Argenbright Dirt Works, LLC	Inv# 4705 Hibbs Lane 4" Water Main Relocation	3,760.00
11/30/23	BUILD ONE INC.	Nov. meter installs/repairs	4,020.00
12/29/23	BUILD ONE INC.	Dec. Meter installs/repairs	2,360.00

- a. Provide a copy of each invoice for the amount recorded.
- b. Describe the item(s) purchased and state whether the purchase should have been capitalized.
- c. If North Nelson District believes the classification as an expense is proper, explain the reasoning.
- d. If the item should have been capitalized, provide the appropriate NARUC depreciation.

*Colin Cissell
General Manager
North Nelson Water District
5555 Louisville Road
P. O. Box 25
Cox's Creek, KY 40013

*North Nelson Water District
5555 Louisville Road
P. O. Box 25
Cox's Creek, KY 40013

*Susy Duncan
North Nelson Water District
5555 Louisville Road
P. O. Box 25
Cox's Creek, KY 40013

*Sam Reid
312 N. Jackson Street
Perryville, KENTUCKY 40468