

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WOOD CREEK)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2024-00242
PURSUANT TO 807 KAR 5:076)	

ORDER

On September 27, 2024,¹ Wood Creek Water District (Wood Creek District) filed its application with the Commission requesting an adjustment to its sewer service rates pursuant to 807 KAR 5:076. Wood Creek District filed this application in compliance with the final Order in Case No. 2023-00110.² In that proceeding, Wood Creek District was ordered to file an application by July 31, 2024, 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.

The Commission finds that a procedural schedule³ should be established to ensure the orderly review of Wood Creek District's application. The procedural schedule is attached as Appendix A to this Order.

¹ Wood Creek District tendered its application on July 31, 2024. By letters dated August 9, 2024 and September 18, 2024, the Commission rejected the application for filing deficiencies. The Commission also denied a deviation on a test year deficiency by Order dated August 16, 2024. The deficiencies were subsequently cured, and the application is deemed filed on September 27, 2024.

² See Case No. 2023-00110, *Electronic Treated Sewage Adjustment Filing of Wood Creek Water District* (Ky. PSC Apr. 28, 2023), at 5, ordering paragraph 6.

³ No action is necessary to suspend the effective date of Wood Creek District's proposed sewer rates for service. Pursuant to 807 KAR 5:076, Section 7(1), an applicant who applies for a rate adjustment

In addition, Wood Creek District shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's First 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, Wood Creek District shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.

3. Wood Creek 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 Wood Creek 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

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.

b. Any additional evidence for the Commission to consider.

6. If Commission Staff recommends that Wood Creek District's financial condition supports a higher rate than Wood Creek District proposes or the assessment of an additional rate or charge not proposed in Wood Creek District's application, Wood Creek 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 Wood Creek District accounts for the depreciation of Wood Creek District's assets, Wood Creek District in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Wood Creek 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. 2020-00085⁴ regarding filings with the Commission.

⁴ 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



Commissioner



Commissioner

ENTERED
OCT 16 2024 AH
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2024-00242

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00242 DATED OCT 16 2024

Requests for intervention shall be filed no later than 10/28/2024

All requests for information to Wood Creek District
shall be filed no later than 11/04/2024

Wood Creek District shall file responses to requests
for information no later than 11/18/2024

All supplemental requests for information to
Wood Creek District shall be filed no later than 12/02/2024

Wood Creek District shall file responses to supplemental
requests for information no later than 12/16/2024

Commission Staff's Report shall be filed no later than..... 01/27/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00242 DATED OCT 16 2024

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO WOOD CREEK WATER DISTRICT

Wood Creek Water District (Wood Creek 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 November 18, 2024. The Commission directs Wood Creek 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.

Wood Creek District shall make timely amendment to any prior response if Wood Creek District obtains information that indicates the response was incorrect or incomplete

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).

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

For any request to which Wood Creek District fails or refuses to furnish all or part of the requested information, Wood Creek 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, Wood Creek 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 current year thru July 31, 2024.

b. The trial balance in Excel spreadsheet format for the year ended December 31, 2023, and current year thru July 31, 2024.

c. Refer to Application, Attachment 4, 4a_Attachment_4_Schedule_of_Adjusted_Operations_-_Sewer.pdf and 4a_Attachment_4_Sewer_Operations_and_Maintenance_Expenses.pdf. 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. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2023 and 2024.

3. Provide a detailed description of all employee benefits 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.

4. Provide a copy of the most recent invoice for each employee benefit described and provided in the response to Item 3.

5. 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, 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. Include the date each 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 hours worked, wages paid, and FICA for all employees. Employee names should be redacted from all documents.

6. Using the same table created in response to Item 5, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and an adjustment based on the most recent Bureau of Labor Statistics (BLS) contribution rates, if applicable. If medical 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.

7. Refer to Application, Attachment 4, 4a_Attachment_4_Schedule_of_Adjusted_Operations_-_Sewer.pdf, References.

a. Adjustment C refers to a Table A; however, Table A is not provided in the application. Provide Table A in Excel Format with all formulas, rows, and columns fully accessible and unprotected.

b. Adjustment D refers to a Table B; however, Table B is not provided in the application. Provide Table B in Excel Format with all formulas, rows, and columns fully accessible and unprotected.

8. 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.

9. Provide minutes from Wood Creek District's Board of Commissioners' (Board) meetings that authorize current salaries and wages for all current employees.

10. Provide the minutes from Wood Creek District's Board meetings for the calendar years 2022, and 2023, and 2024 to date.

11. Provide a document listing the name of each Wood Creek District Commissioner for each of the calendar years 2023 and 2024. 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.

12. Provide training records for each Commissioner for 2023, and 2024 year to date.

13. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, 4a_Attachment_4_ Schedule_of_Adjusted_Operations_-_Sewer.pdf. Also refer to 4a_Attachment_4_Sewer_Operations_and_Maintenance.pdf.

a. List any costs that are allocated between Wood Creek's Water and Sewer Divisions.

b. For any allocated costs, provide the methodology used to allocated between water and sewer divisions.

14. Refer to the Application, Attachment 4, Schedule of Adjusted Operations. Also refer to Attachment 7, 7_Depreciation_Schedule.pdf. In the Schedule of Adjusted Operations, test year Depreciation Expense is recorded as \$257,855; however, in the Depreciation Schedule, test year Depreciation Expense is recorded as \$1,303,604. Reconcile and explain the difference between the two amounts.

15. Refer to Application, Exhibit 4b, 4b_Revenue_Requirement_Calculation.pdf, Revenue Requirement Calculation – Debt Coverage Method table. For each outstanding debt issuance, provide the case number in which Wood Creek District was authorized to issue the debt.

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

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

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

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

17. Refer to the Application, Attachment 4, 4a_Attachment_4_Schedule_of_Adjusted_Operations_-_Sewer.pdf. Provide an itemization of the Miscellaneous Operating Revenues, stated as \$15,953.

18. Refer to the Application, 5a_Current_Billing_Analysis_2023.pdf, 5b_Current_Billing_Analysis_2024.pdf and 6_Proposed_Billing_Analysis.pdf. The current billing analysis provided by Wood Creek District used two sets of billing rates that were valid during 2023; however, a proper billing analysis is calculated using only the current rates, no matter what billing rates were valid during the test year. Provide a

corrected billing analysis with the test-year usage, test-year number of bills, and the current billing rates, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

19. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2022, 2023, and year-to-date 2024.

20. 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.

21. Provide updated cost justification sheets to support each nonrecurring charge listed in Wood Creek District-Wastewater Division's tariff.

22. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Wood Creek District-Wastewater Division's tariff.

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