

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LEVEE ROAD)	CASE NO.
WATER ASSOCIATION, INC. FOR A RATE)	2024-00067
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

On May 1, 2024,¹ Levee Road Water Association (Levee Road Water) filed its application with the Commission requesting an adjustment to its water rates pursuant to 807 KAR 5:076. Levee Road Water filed this proceeding in compliance with the final Order in Case No. 2021-00015.² In that proceeding, Levee Road Water was ordered to file an application by June 24, 2022, 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 Levee Road Water’s application. The procedural schedule is attached as Appendix A to this Order.

¹ Levee Road Water tendered its application on April 11, 2024. By letter dated April 18, 2024, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on May 1, 2024.

² See Case No. 2021-00015, *Electronic Application of Levee Road Water Association, Inc. for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving a Change in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023*, (Ky. PSC June 24, 2021), Order at 5, ordering paragraph 1.

³ No action is necessary to suspend the effective date of Levee Road Water’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.

In addition, Levee Road Water 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, Levee Road Water shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.

3. Levee Road Water 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 Levee Road Water'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 Levee Road Water's financial condition supports a higher rate than Levee Road Water proposes or the assessment of an additional rate or charge not proposed in Levee Road Water's application, Levee Road Water 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 Levee Road Water accounts for the depreciation of Levee Road Water's assets, Levee Road Water in its response to the Commission Staff's Report shall also state its position in writing on whether the Commission should require Levee Road Water 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.

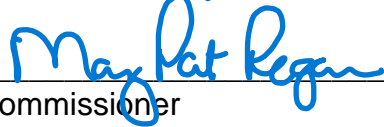
14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085⁴ regarding filings with the Commission.

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


Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00067 DATED MAY 20 2024

Requests for intervention shall be filed no later than 05/29/2024

All requests for information to Levee Road Water
shall be filed no later than 06/05/2024

Levee Road Water shall file responses to requests
for information no later than 06/19/2024

All supplemental requests for information to
Levee Road Water shall be filed no later than 07/03/2024

Levee Road Water shall file responses to supplemental
requests for information no later than 07/17/2024

Commission Staff's Report shall be filed no later than..... 08/28/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00067 DATED MAY 20 2024

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO LEVEE ROAD WATER ASSOCIATION

Levee Road Water Association (Levee Road Water), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on June 19, 2024. The Commission directs Levee Road Water 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.

Levee Road Water shall make timely amendment to any prior response if Levee Road Water 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 Levee Road Water fails or refuses to furnish all or part of the requested information, Levee Road Water 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, Levee Road Water 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 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 for the years ended December 31, 2022, and 2023.
 - b. A list of all audit adjustments for the years ended December 31, 2022, and 2023.
 - c. The trial balance for the years ended December 31, 2022, and 2023, including all year-end adjustments that will appear in the audited financial statements.

d. Refer to the Application, Schedule of Adjusted Operations (SAO).

Provide a cross reference that points each 2022 general ledger account to each revenue and expense line in the SAO and reconcile each amount that does not match.

2. Identify where Purchased Power expenses were recorded for the years ended December 31, 2020, and 2021.

3. Refer to the Application, Attachment 4, SAO, adjustment E. Confirm if the total purchased power amount for the test year is \$6,162. If not, provide the expense categories the remaining purchase power expense was recorded to.

4. Refer to the Application, SAO, Adjustment References. Provide all workpapers used to calculate the proposed adjustments. Component details of a workpaper should tie to the general ledger accounts that comprise the SAO line items including any adjustment for unreconciled amounts.

5. Refer to the Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment B. Distribute the increase of \$7,854 in pro forma labor costs in the following format.

<u>Decription</u>	<u>Amount</u>	<u>Percent</u>
Gross Test Year Wages	\$ 40,038	
Charged to Tap Fees/Capitalized ()		
Reported Test Year Wages	40,038	
Wage Rate Inflation		
Merit/ Promotion Increases		
Positions Added Since Beginning of Test Year		
Turnover During Test Year		
Pro Forma Wages	<u>\$ 47,892</u>	

6. Provide a document listing the employee number, job titles, hours worked, job description, and pay rates for each employee during the test year and those currently employed.

7. Provide a 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 the most recent invoice for each employee benefit described above.

b. Using the same list 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.

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

9. Provide the minutes from Levee Road Water's Board of Director's (Board) meetings for the calendar years 2022, 2023, and year to date 2024.

10. Provide a document listing the name of each director 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 director 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.

11. 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.

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

a. Explain whether Levee Road Water considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Levee Road Water would cause a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to Levee Road Water, explain when Levee Road Water anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for Levee Road Water 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 of \$8,048.

14. 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.

15. 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.

- a. Provide updated cost justification sheets to support each nonrecurring charge listed in Levee Road Water's tariff.

- b. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Levee Road Water's tariff.

16. Refer to the SAO, adjustment "H" which requests amortization of estimated rate case expenses of \$8,100 over a three-year period of an amortization expense of \$2,700. Provide the following information concerning the costs for the preparation of this case:

- a. A detailed schedule of expenses incurred to date for the following categories:
 - (1) Accounting;

- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (Identify separately).

b. For each category identified in Item 13a., the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the test year.

c. An itemized estimates of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 13a, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

d. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in Items 13a. and 13b, and a cumulative total of cost incurred to date for each category. Updates will be due when the utility files its monthly financial statements with the Commission, through the month of the public hearing.

17. Refer to Levee Road Water's Tariff, PSC Ky. No. 3, Original Sheet No. 3, General Information, Effective date July 4, 2018.

a. Provide the date that Levee Road Water'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.

18. Refer to the Application, Attachment 10. For each outstanding debt issuance still active, provide the case number in which Levee Road Water was authorized to issue the debt.

19. Refer to the 2022 Annual Report, Comparative Operating Statement at 20, Gains (Losses) from Disposition of Utility Property (414). Provide an explanation for the transactions that account for the \$4,977 balance.

20. Provide the following information related to billing 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.

21. Refer to the Application, Exhibit 4, 4_SAO_With_Attachments.pdf, SAO, Contractual Services - Other.

a. Provide a list of each contractor that has a cost allocation to the Contractual Services Account balance.

b. Provide the corresponding amounts for each contractor.

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