

AUTHORITY TO ADJUST RATES - SEWAGE UTILITY

(Historical Test Period)

Filing Requirements Checklist

(Applicable Regulation: 807 KAR 5:071, Section 3 and 807 KAR 5:001, Sections 14 and 16)

Case No. _____ Applicant Name _____ Received Date _____ Form Circulation Date _____

Instructions:

- 1) Each division noted by checkmark () is to complete its review and return within three business days of receipt.
- 2) This form is to list only the specific filing deficiencies as identified in the regulations. If additional information is needed, an information request must be issued.
- 3) Staff member should use initials and list date review is completed.
- 4) **Return by email to Filings Branch following review and copy all Team members.**

Reviewed by following Divisions:

Date

Staff Member

	Filings		
	Financial Analysis		
	Legal		

Division Responsible

Law/Regulation

Filing Requirement

Requirement Met

Waiver Requested

Approve Waiver?

Legal	KRS 278.180	30 days' notice of proposed rate revision to Commission unless the utility has not proposed an effective date for the proposed rate revision.			
	807 KAR 5:071:				
Legal	Section 3(2)	(a) Copy of valid third-party beneficiary agreement or other evidence of financial integrity.			
Financial Analysis		(b) A comparative income statement showing test period; per books, revenues and expenses, pro forma adjustments to those figures, and explanations for each adjusted entry.			

Requirement Met		Waiver Requested	Approve Waiver?	
Yes	No		Yes	No

Division Responsible	Law/Regulation	Filing Requirement	Requirement Met		Waiver Requested	Approve Waiver?	
			Yes	No		Yes	No
Financial Analysis		(c) Detailed analysis of any expenses contained in the comparative income statement which represent an allocation or proration of total expenses.					
Financial Analysis		(d) Detailed depreciation schedule of all treatment plant properties and facilities listing all major components of "package" treatment plants separately.					
Financial Analysis		(e) Copies of all service contracts entered into by the utility for outside services, such as but not limited to: operation and maintenance, sludge hauling, billing, collection, repairs, etc., in order to justify current contract services and charges or proposed changes in said contracts.					
Financial Analysis		(f) A description of the applicant's property and facilities, including a statement of the net original cost (estimate if not known), the cost thereof to the applicant, and a current breakdown of contributed and non-contributed property and facilities owned by the applicant.					
Financial Analysis		(g) A detailed customer listing showing number of customers in each customer class and average water consumption for each class of customers.					
Financial Analysis		(h) If the utility has billing and collection services provided by the Louisville Water Company, remittance advices from the Louisville Water Company showing revenues and collection charges should be submitted for the test period.					
Financial Analysis		(i) A copy of the latest tax returns (federal and state, if applicable) filed by the applicant.					
Legal & Financial Analysis		(j) A full and complete explanation of corporate or business relationships between the applicant and a parent or brother-sister corporation, subsidiary(ies), a development corporation(s), or any other party or business, to afford the commission a full and complete understanding of the situation.					

807 KAR 5:001:

Division Responsible	Law/Regulation	Filing Requirement	Requirement Met		Waiver Requested	Approve Waiver?	
			Yes	No		Yes	No
Legal	Section 4(3)	Paper signed by submitting party or attorney.					
Legal	Section 4(3)	Name, address, telephone number, fax number, and e-mail address of submitting party or attorney.					
Legal	Section 4(10)	Has submitting party redacted –					
All filings with the Kentucky Public Service Commission which contain personal information must be redacted by the filer pursuant to 807 KAR 5:001 Sec. 4 (10). Filings which are not in compliance will be <u>rejected</u> .		- All social security numbers					
		- All birthdates					
		- All financial account numbers					
		- All other personal identification information					
Legal	Section 8(4)(b)	Has submitting party optimized pdf document –					
(Electronic Case Filing only)		- Making all text pages searchable or OCR'd					
		- Bookmarks added to distinguish sections of the paper					
Legal	Section 14(2)	If applicant is a corporation, application includes state of incorporation and date of incorporation, states applicant is in good standing in state of incorporation, and if not a Kentucky corporation, states it has authorization to transact business in the state of Kentucky					
Legal	Section 14(3)	If applicant is a limited liability company, application includes state where organized and date of organization, states applicant is in good standing in the state where organized and if not a Kentucky limited liability company, states it has authorization to transact business in the state of Kentucky.					
Legal	Section 14(4)	If applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, or a written					

Division Responsible	Law/Regulation	Filing Requirement	Requirement Met		Waiver Requested	Approve Waiver?	
			Yes	No		Yes	No
		statement that its partnership agreement and all amendments have been filed with the Commission in a prior proceeding and a reference to the case number of that proceeding.					
Legal	Section 16(1)(b)	1. A statement of the reason the adjustment is required.					
Legal		2. A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary.					
Financial Analysis		3. New or revised tariff sheets, if applicable, in a form that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.					
Financial Analysis		4. New or revised tariff sheets, if applicable, shown by either providing the present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side, or providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.					
Legal		5. A statement that notice has been given in compliance with subsections (3) and (4) of 807 KAR 5:001, Section 17 with a copy of the notice.					
Legal	Section 16(2)	If utility's gross annual revenues exceed \$5,000,000, was written notice of intent to file a rate application filed at least thirty (30) days, but not more than sixty (60) days prior to application.					
Legal		(a) Notice shall state whether the application will be supported by historical or a fully forecasted test period.					
Legal		(c) Has a copy of the notice of intent been served upon the Attorney General, either by electronic mail in a portable document format or mail?					

FOR UTILITIES USING A HISTORICAL TEST PERIOD THE FOLLOWING INFORMATION MUST BE FILED UNLESS THE UTILITY SUBMITS A STATEMENT WHY THE REQUIRED INFORMATION DOES NOT EXIST AND IS NOT APPLICABLE TO THE UTILITY'S APPLICATION:

Division Responsible	Law/Regulation	Filing Requirement	Requirement Met		Waiver Requested	Approve Waiver?	
			Yes	No		Yes	No
Financial Analysis	Section 16(4)	(a) Complete description and quantified explanation for all proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.					
Financial Analysis		(b) If utility has gross annual revenues exceeding \$5,000,000, written testimony of each witness who will support the application.					
Financial Analysis		(c) If the utility has gross annual revenues less than \$5,000,000, written testimony of each witness who will support application or statement that utility does not plan to submit any written testimony.					
Financial Analysis		(d) Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.					
Financial Analysis		(e) The effect upon the average bill for each customer classification to which change will apply.					
Financial Analysis		(g) Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.					
Financial Analysis		(h) Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.					
Financial Analysis		(i) Reconciliation of rate base and capital used to determine revenue requirements.					
Financial Analysis		(j) Current chart of accounts if more detailed than the Uniform System of Accounts.					
Financial Analysis		(k) Independent auditor's annual opinion report, with any written communication from auditor which indicates existence of material weakness(es) in internal controls.					

Division Responsible	Law/Regulation	Filing Requirement	Requirement Met		Waiver Requested	Approve Waiver?	
			Yes	No		Yes	No
Financial Analysis		(n) Summary of latest depreciation study with schedules by major plant accounts. If filed in another case, refer to that case's number.					
Financial Analysis		(o) List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.					
Financial Analysis		(p) Prospectuses of most recent stock or bond offerings.					
Financial Analysis		(q) Annual report to shareholders, or members, and statistical supplements covering the two (2) most recent years from the application filing date.					
Financial Analysis		(r) Monthly managerial reports providing financial results for twelve (12) months in test period.					
Financial Analysis		(s) SEC's annual report (Form 10-K) for most recent two (2) years, Form 8-Ks issued within past two (2) years, and Form 10-Qs issued during the past six (6) quarters updated as current information becomes available.					
Financial Analysis		(t) If the utility had amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during the previous three (3) calendar years, file:					
		1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge, allocation or payment;					
		2. Explanation of how allocator for the test period was determined; and					
		3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid					

Division Responsible	Law/Regulation	Filing Requirement	Requirement Met		Waiver Requested	Approve Waiver?	
			Yes	No		Yes	No
		during test period was reasonable;					
Financial Analysis		(u) If the utility provides gas, electric, water, or sewage utility service and has annual gross revenues greater than \$5,000,000 a cost of service study based on a methodology generally accepted within the industry and based on current and reliable data from a single time period					

UTILITIES USING HISTORIC PERIODS WITH PRO FORMA ADJUSTMENTS FOR KNOWN AND MEASURABLE CHANGES SHALL FILE THE FOLLOWING INFORMATION OR A STATEMENT EXPLAINING WHY THE REQUIRED INFORMATION DOES NOT EXIST AND IS NOT APPLICABLE TO THE UTILITY'S APPLICATION:

Financial Analysis	Section 16(5)	(a) Detailed income statement and balance sheet reflecting impact of all proposed adjustments.					
Financial Analysis		(b) Most recent capital construction budget containing at least the period of time as proposed for any pro forma adjustment for plant additions.					
Financial Analysis		(c) For each proposed pro forma adjustment reflecting plant additions the following information:					
		1. Starting date of the construction of each major component of plant;					
		2. Proposed in-service date;					
		3. Total estimated cost of construction at completion;					
Financial Analysis		4. Amount contained in construction work in progress at end of test period;					
Financial Analysis		5. A schedule containing complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement;					
Financial Analysis		6. Original cost and the cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions;					

Division Responsible	Law/Regulation	Filing Requirement	Requirement Met		Waiver Requested	Approve Waiver?	
			Yes	No		Yes	No
Financial Analysis		7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and					
Financial Analysis		8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements;					
Financial Analysis		(d) Operating budget for each month of the period encompassing the pro forma adjustments;					
Financial Analysis		(e) Number of customers to be added to the test period - end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.					

THE FOLLOWING INFORMATION SHOULD BE INCLUDED IN THE PUBLIC NOTICE: (NOTE: The commission may grant a utility , upon written request, permission to use an abbreviated form of published notice of the proposed rates provided the notice includes a coupon which may be used to obtain all of the information required herein.)

Financial Analysis	Section 17(4)	(a) The present and proposed rates for each customer class to which the proposed rates will apply.					
Financial Analysis		(b) The amount of change requested in dollar amounts and percentage change for each customer classification to which change will apply.					
Financial Analysis		(c) The amount of the average usage and the effect upon average bill for each customer class to which change will apply.					
Legal	Section 17(4)	If copy of public notice included, did it meet requirements?*					

Section 17
Notice

If a utility has twenty (20) or fewer customers or is a sewage utility, the utility shall mail a written notice to each customer no later than the date on which the application is submitted to the commission.

If a utility has more than twenty (20) customers and is not a sewage utility, it shall provide notice by:

1. Including notice with customer bills mailed no later than the date the application is submitted to the commission;
2. Mailing a written notice to each customer no later than the date the application is submitted to the commission;
3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or
4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission.

A utility that provides service in more than one county and is not a sewage utility may use a combination of the notice methods.

Each notice shall contain:

- (1) The proposed effective date and the date the proposed rates are expected to be filed with the commission;
- (2) The present rates and proposed rates for each customer classification to which the proposed rates will apply;
- (3) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply;
- (4) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer classification for the proposed rate change in basic local service;
- (5) A statement that a person may examine this application at the offices of (utility name) located at (utility address);
- (6) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>;
- (7) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;
- (8) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;
- (9) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and

(10) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.