

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF EDMONSON |) | CASE NO. |
| COUNTY WATER DISTRICT FOR A RATE |) | 2021-00013 |
| ADJUSTMENT PURSUANT TO 807 KAR 5:076 |) | |

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

Edmonson County Water District (Edmonson District), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on April 2, 2021. Pursuant to the Commission's Orders in Case No. 2020-00085,¹ issued March 16, 2020, and March 24, 2020, (Edmonson District) SHALL NOT FILE the original paper copy of all requested information at this time, but rather shall file original paper copies within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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 when made or, though correct when made, is now incorrect 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 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. Refer to Edmonson District's responses to Commission Staff's First Request for Information (Staff's First Request), Item 8. For each employee listed in the response, describe how Edmonson District allocated each employee's payroll and payroll overhead charges between the sewer and water divisions in the calendar year 2019. This response should include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

2. a. List all joint or shared costs that Edmonson District incurred during the calendar year 2019. For each cost allocated between the sewer and the water division, provide a schedule listing the total expense amount, the amounts allocated per division, and the basis for the allocation.

b. Describe the procedures used by Edmonson District to allocate joint and shared costs between the sewer and water divisions for the calendar year 2019.

c. Provide copies of all of Edmonson District's internal memoranda, policy statements, correspondence, and documents related to the allocation of joint and shared costs between its sewer and water divisions.

3. Provide copies of the cost justification sheets Edmonson District filed with the Commission to support its \$600 Tap-on Fee for its water division and its \$600 Residential and Commercial/Industrial Tap-on Fees for Edmonson District's sewer division.

4. Refer to Edmonson District's responses to Staff's First Request, Item 1, 2019 General Ledger.

a. Confirm that all reconnect charges collected and billed by Edmonson District in the calendar year 2019 were recorded in Account No. 47100-000, Miscellaneous Service revenues.

b. If the response to 4.a is no, identify the account and the amount of reconnect charges billed to that account.

c. Identify the number of reconnect charges billed by Edmonson District in the calendar year 2019 and the total dollar amount collected.

d. Confirm that the cost justification sheets Edmonson District filed to support its \$50 reconnect charge totaled \$60.93 and are listed in the table below.

| | |
|-------------------------------------|-----------------|
| Field Expense - Labor | \$ 41.40 |
| Clerical and Office Expense - Labor | 9.53 |
| Transportation | <u>10.00</u> |
| Total Reconnect Fee | <u>\$ 60.93</u> |

e. Provide a detailed explanation as to why Edmonson District chose to charge a reconnect fee of \$50 rather than \$60.93 that its cost justification sheets supported.

f. Confirm that Edmonson District charges a 10 percent penalty for payment of water bills past the due date.

g. Provide a schedule listing each late payment penalty Edmonson District billed and collected in the calendar year 2019.

h. For each expenditure listed in the Appendix attached to this request, provide the following: a detailed description of the expenditure; identify if any of the expenditure has been capitalized; and copies of all invoices or work orders related to that expenditure.

5. Refer to Edmonson District's responses to Staff's First Request, Item 2, 2019 Adjusted Trial Balance. Provide a detailed explanation for each audit adjustment listed in the table below. Where it is applicable, include an itemized schedule to support the adjustment.

| | Gen. Ledger Account No. | Description/Account Title | Credit/ Debit | Amount |
|----|----------------------------|---------------------------|------------------|-----------|
| a. | 47100-00 | Misc. Service Revenues | Debit | 5,425.00 |
| b. | 60131-00 | Sal & Wages/Brn Plt Oper | Debit | 627.00 |
| c. | 60132-00 | Sal & Wages/Wax Plt Oper | Debit | 128.00 |
| d. | 60150-00 | Sal & Wages/Trans&Dist Op | Credit | 2,572.00 |
| e. | 60170-00 | Sal & Wages/Cust Accts | Debit | 666.00 |
| f. | 60180-00 | Sal & Wages/Admin & Gen | Debit | 4,298.00 |
| g. | 60580-00 | Post Empl Ret Ben/Admin | Debit | 13,432.00 |

6. Refer to Edmonson District's Responses to Staff's First Request, Item 17.d, Ret Health Payments, Deposits and Interest. The table below contains the annual payments, the interest earned, and annual withdrawals from the Grantor Trust fund for Edmonson District's retiree health insurance plan

| Year | Deposits | Interest | Withdrawals |
|------|------------|-----------|-------------|
| 2005 | 233,808.68 | 5,524.63 | 0.00 |
| 2006 | 9,408.00 | 13,474.20 | 4,239.82 |
| 2007 | 9,408.00 | 13,474.20 | 4,239.82 |
| 2008 | 20,710.00 | 12,321.04 | 12,966.10 |
| 2009 | 18,468.00 | 6,232.89 | 12,401.41 |
| 2010 | 12,636.00 | 4,877.83 | 10,057.36 |
| 2011 | 0.00 | 6,380.24 | 3,452.55 |
| 2012 | 12,312.00 | 1,775.90 | 3,849.85 |
| 2013 | 18,792.00 | 1,680.83 | 4,284.72 |
| 2014 | 19,440.00 | 1,779.11 | 4,416.69 |
| 2015 | 9,072.00 | 2,750.99 | 4,022.27 |
| 2016 | 13,716.00 | 1,920.33 | 1,899.84 |
| 2017 | 0.00 | 2,227.66 | 7,185.70 |
| 2018 | 0.00 | 3,414.17 | 17,350.00 |
| 2019 | 0.00 | 5,657.60 | 17,275.64 |
| 2020 | 12,312.00 | 5,355.93 | 16,804.31 |

a. From 2007 to 2008 the annual amount withdrawn from the trust account increased from \$4,240 to \$12,966 an increase of \$8,726 or 205.8 percent. Provide a detailed explanation for the 205.8 percent increase in the amounts withdrawn between the two years.

b. From 2010 to 2011 the annual amount withdrawn from the trust account decreased from \$10,057 to \$3,453 a decrease of \$6,605 or 65.7 percent. Provide a detailed explanation for the 65.7 percent decrease in the amounts withdrawn between the two years.

c. From 2017 to 2018 the annual amount withdrawn from the trust account increased from \$7,186 to \$17,350 an increase of \$10,164 or 141.5 percent. Provide a detailed explanation for the 141.5 percent increase in the amounts withdrawn between the two years.

d. Provide a detailed explanation describing the process used to determine when Edmonson District is required to make deposits into the Grantor Trust and how the amount of the required deposit is determined.

7. Refer to the Application, Attachment 5, Schedule of Adjusted Operations, References E, Retiree Health Insurance Plan and to Edmonson District's responses to Staff's First Request, Item 17.d, Ret Health Payments, Deposits and Interest.

a. Edmonson District explains that in 2020, contributions to the trust are required from operations and will amount to \$12,312 for the year. Provide documentation of the amount that Edmonson District will be required to deposit into the Grantor Trust in calendar year 2021.

b. The 10-year average of Edmonson District's deposits in the Grantor Trust for the period 2011 through 2020 is \$8,564. Given the fluctuations of Edmonson District's annual deposits into the Grantor Trust since its inception as shown in the table in Item 6 above, provide a detailed explanation as to why the 10-year average would not be more appropriate to use rather than the amount paid in 2020.

8. Refer to Edmonson District's responses to Staff's First Request, Item 9, Employee Hours Worked and to Edmonson District's responses to Staff's First Request, Item 15, Meter Installation Labor.

a. Identify each Edmonson District employee that was responsible for meter installations or service installations in the calendar year 2019.

b. Explain if the regular work hours reported for the calendar year 2019 in Edmonson District's response to Item 9 was net of the hours that are coded for meter installation or service installation.

c. For each employee identified in 8.a, provide the number of hours that was coded in the payroll system as either service installation or meter installation.

d. If the response to 8.b was no, provide a revised Excel Spreadsheet for 2019 where the hours coded as meter installations or service installations have been eliminated.

e. The two Edmonson District's employees listed in the table below worked in excess of 2,080 regular hours in the calendar year 2019. Provide a detailed explanation as to why this occurred.

| <u>Emp No.</u> | <u>Position Discription</u> | <u>Reg. Hrs.</u> |
|----------------|-------------------------------------|------------------|
| #0008 | Treatment Plant Operator/Supervisor | 2,200 |
| #0013 | Manager | 2,192 |

f. The five Edmonson District's employees listed in the table below worked less than 2,080 regular hours in the calendar year 2019. Provide a detailed explanation as to why this occurred.

| Emp No. | Position Discription | Reg. Hrs. |
|---------|------------------------------------|-----------|
| #0017 | Office Manager | 2,059 |
| #0043 | Inventory Clerk | 1,939 |
| #0058 | Billing Clerk | 1,627 |
| #0061 | Certified Treatment Plant Operator | 1,759 |
| #0066 | Billing Clerk | 2,037 |

9. Refer to the Application, Attachment 5, Schedule of Adjusted Operations, References C, Employee Wage Increases and to Edmonson District's Responses to Staff's First Request, Item 16.c, Need for Wage Increases.

a. Edmonson District states that after comparing its employee wages with other water districts, utilizing the 2019 Kentucky Rural Water Associations compensation survey, Edmonson District decided to give its employees wage increases to aid in retaining an experienced work force. Provide copies of the salary analysis referenced in Edmonson District's application.

b. Explain whether Edmonson District, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to other local or regional enterprises.

(1) If comparisons were made, provide and discuss the results of such comparisons. Include the results of the study or survey with your response, including all work papers.

(2) If comparisons were not made, explain why such comparisons were not performed.

c. Given that the Commission has traditionally limited how far outside the test year it will allow post-test-year expense adjustments,² explain in detail why wage

² Case No. 94-00336, *Application of East Kentucky Power Cooperative, Inc. to Adjust Electric Rates* (Ky. PSC July 25, 1995) at 2–3.

increases Edmonson District granted to its employees in 2021 approximately two years outside of the 2019 test year are reasonable and should be allowed as a pro forma adjustment to a 2019 test year.

10. Confirm that the proposed cost of service study does not contain any expenses that should be allocated to Edmonson District's sewer operations.

A handwritten signature in blue ink that reads "Linda C. Bridwell". The signature is written in a cursive style and is positioned above a horizontal line.

Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED MAR 19 2021

cc: Parties of Record

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00013 DATED MAR 19 2021

List of Test-Year Expenditures

| | Account ID | Transaction Date | Description/Vendor | Amount |
|----|------------|---------------------|-------------------------------|----------|
| a. | 62031-00 | 1/11/2019 | #49252 usa bluebook | 3,965.09 |
| b. | 62031-00 | 3/27/2019 | #49655 ci thornbura | 773.10 |
| c. | 62032-00 | 1/11/2019 | #49253 usa bluebook | 3,869.08 |
| d. | 62032-00 | 2/22/2019 | #49484 control specialist | 1,295.88 |
| e. | 62032-00 | 7/2/2019 | #50205 brooks motor | 405.07 |
| f. | 62050-00 | 5/17/2019 | #49907 decker brothers paving | 2,000.00 |
| g. | 62050-00 | 11/13/2019 | #50961 southern paving | 900.00 |
| h. | 62050-00 | 11/15/2019 | #50973 scottvs contracting | 266.20 |
| i. | 62050-00 | 11/27/2019 | #51081 compact excavator | 985.80 |
| j. | 62060-00 | 3/31/2019 | march wo issued | 1,865.83 |
| k. | 62060-00 | 4/30/2019 | april wo issued | 2,186.38 |
| l. | 62060-00 | 5/31/2019 | may wo issued | 2,609.43 |
| m. | 62060-00 | 6/30/2019 | june wo issued | 3,481.08 |
| n. | 62060-00 | 7/31/2019 | w o issued iulv | 4,820.77 |
| o. | 62060-00 | 8/31/2019 | august wo issued | 3,621.02 |
| p. | 62060-00 | 9/30/2019 | september wo issued | 2,505.31 |
| q. | 62060-00 | 10/31/2019 | october wo issued | 1,523.20 |
| r. | 62060-00 | 11/30/2019 | november wo issued | 1,450.56 |
| s. | 62060-00 | 12/31/2019 | adjust inventory to actual | 2,505.36 |
| t. | 62080-00 | 1/23/2019 | #49297 barren co bus spply | 1,184.19 |
| u. | 62080-00 | 4/15/2019 | #49717 national business | 1,814.88 |
| v. | 62080-00 | 4/25/2019 | #49812 national business | 1,814.88 |
| w. | 63631-00 | 6/20/2019 | #50100 svj electric | 1,216.06 |

| | Account ID | Transaction Date | Description/Vendor | Amount |
|-----|------------|------------------|--------------------------------|-----------|
| x. | 63631-00 | 8/12/2019 | #50417 s.v.j. elec co inc | 1,242.68 |
| y. | 63631-00 | 10/17/2019 | #50788 green river diving | 3,200.00 |
| z. | 63632-00 | 6/5/2019 | #50031 svj electric co inc | 1,128.80 |
| aa. | 63632-00 | 6/5/2019 | #50033 hti inc | 1,611.10 |
| ab. | 63632-00 | 7/24/2019 | #50337 svj electric | 739.70 |
| ac. | 63632-00 | 7/24/2019 | #50338 svj electric | 680.00 |
| ad. | 63632-00 | 7/24/2019 | #50339 brooks motor & elec | 858.88 |
| ae. | 63632-00 | 7/29/2019 | #50358 hti inc | 741.70 |
| af. | 63632-00 | 9/10/2019 | #50581 s v j electric | 1,657.99 |
| ag. | 63641-00 | 1/28/2019 | #49325 svj electric | 936.46 |
| ah. | 63642-00 | 1/22/2019 | #49291 svj electric co inc | 1,705.35 |
| ai. | 63642-00 | 2/14/2019 | #49382 svj electric co inc | 2,000.07 |
| aj. | 63642-00 | 2/25/2019 | #49492 hti inc | 1,277.80 |
| ak. | 63650-00 | 5/20/2019 | #49953 brooks motor & electric | 1,001.82 |
| al. | 63650-00 | 5/21/2019 | #49964 brooks motor & electric | 8,118.32 |
| am. | 63650-00 | 6/19/2019 | #50094 l&k construction | 1,285.24 |
| an. | 63650-00 | 7/10/2019 | #50226 badger meter | 4,800.00 |
| ao. | 63650-00 | 9/5/2019 | #50564 decker bro paving | 1,400.00 |
| ap. | 63650-00 | 9/5/2019 | #50565 decker bro paving | 800.00 |
| aq. | 63660-00 | 8/13/2019 | #50422 kaiser corrosion | 1,250.00 |
| ar. | 63660-00 | 9/10/2019 | #50574 kaiser corrosion | 2,100.00 |
| as. | 63680-00 | 2/19/2019 | #49466 vanguard mapping | 1,250.00 |
| at. | 63680-00 | 4/11/2019 | #49711 onsolve | 8,200.00 |
| au. | 63680-00 | 4/15/2019 | #49723 precision products | 869.25 |
| av. | 63680-00 | 5/8/2019 | #49863 badger meter | 2,460.00 |
| aw. | 63680-00 | 9/10/2019 | #50576 software solutions | 4,791.47 |
| ax. | 63680-00 | 10/7/2019 | #50745 esri | 1,000.00 |
| ay. | 63680-00 | 10/9/2019 | #50749 software solutions | 10,829.72 |
| az. | 63680-00 | 12/20/2019 | #51213 precision products | 1,059.25 |

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