

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF THE CITY OF	)	CASE NO.
HARRODSBURG WATER DEPT. REVISING ITS	)	2022-00349
WHOLESALE WATER SERVICE RATES	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO CITY OF HARRODSBURG WATER DEPT.

City of Harrodsburg Water Dept. (Harrodsburg), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on November 28, 2022. The Commission directs Harrodsburg to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> 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

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<sup>1</sup> 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).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Harrodsburg shall make timely amendment to any prior response if Harrodsburg 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 Harrodsburg fails or refuses to furnish all or part of the requested information, Harrodsburg 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, Harrodsburg shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. a. Identify each witness that Harrodsburg intends to rely on in this matter.

b. Provide the written direct testimony of each witness identified in Harrodsburg's response to Item 1.a. above.

2. Confirm the 12-month fiscal year ending June 30, 2021, is the test year upon which Harrodsburg is basing its proposed wholesale rate adjustment. If this cannot be confirmed, identify the test year Harrodsburg is using.

3. Provide Harrodsburg's general ledgers for the Fiscal Years 2020 and 2021. The general ledgers shall include all check registers and spreadsheets used to record and track financial transactions. If available, provide the copies of the requested general ledgers in Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

4. Provide copies of the adjusted trial balances and audit adjustments for the Fiscal Years 2020 and 2021. The trial balances shall be traced and referenced directly to the general ledger requested in Item 3.

5. Refer to Harrodsburg's Report on Audited Financial Statements and Supplementary Information for the Year Ended June 30, 2021 (2021 Audit), Combining Statement of Revenues and Expenses Municipal Waterworks and Sewer System For the Year Ended June 30, 2021 at pages 62-63.

a. Provide a detailed explanation as to why the reported depreciation expense of \$2,597,794 was divided evenly between Harrodsburg's water and sewer divisions (\$1,298,897 each division).

b. Provide separate depreciation schedules for each of Harrodsburg's divisions (Water and Sewer).

6. Refer to Harrodsburg's 2021 Audit, Loans Payable at pages 30-31. For each outstanding long-term loan issuance related to Harrodsburg's water operations, provide:

a. The loan agreement, or resolution authorizing its issuance.

b. An amortization schedule for each outstanding long-term loan.

c. A detailed explanation of why each long-term loan issuance was incurred.

d. A calculation of the annual debt service payment, including all required payments to debt service reserve accounts or funds, for each of the next three years.

7. Refer to Harrodsburg's 2021 Audit, Bonds Payable at page 31. For each outstanding bond issuance related to Harrodsburg's water operations, provide:

a. The bond ordinance, or resolution authorizing its issuance.

b. An amortization schedule for each outstanding bond issuance.

c. A detailed explanation of why each bond issuance was issued.

d. A calculation of the annual debt service payment, including all required payments to debt service reserve accounts or funds, for each of the next three years.

8. List all persons on Harrodsburg's payroll as of June 30, 2021, and those currently employed. For each employee, state their job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each city division (e.g., water, sewer, police department, public works) during the fiscal year. Include the date the employee was hired and if applicable the employee's termination date. If Harrodsburg's records do not permit the allocation of an employee's work hours among city divisions, provide an estimate for each employee and explain how Harrodsburg derived the estimate.

9. For each employee listed in Harrodsburg's response to Item 8 above, describe how Harrodsburg allocated their payroll and payroll overhead charges to each

city division for the proposed test year. This response shall 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.

10. a. Provide a listing of all health care plan categories available to Harrodsburg's employees, i.e., single, married no dependents, single parent with dependents, family, etc.

b. Explain if Harrodsburg pays 100 percent of each employee's health care premium.

c. If the response is Item 10.b. is no, identify the amount of the premium each employee is required to contribute.

d. For each employee listed in Harrodsburg's response to Item 8 above, identify the type of health insurance coverage the employees are provided.

11. Refer to Harrodsburg's 2021 Audit, Schedule of Utility Operating Expenses Municipal Waterworks and Sewer System For the Year Ended June 30, 2021 at page 63. The Fringe Benefits reported by the water division for fiscal year 2021 is \$282,953.<sup>2</sup> Provide a breakdown of Harrodsburg's reported fringe benefits of \$282,953 (i.e.; Health Insurance, Dental Insurance, Vision Insurance, Life Insurance, County Employee Retirement System, etc.).

12. a. List all joint or shared costs that Harrodsburg incurred during the Fiscal Years 2020 and 2021. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.

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<sup>2</sup> \$44,554 (Water Administration – Fringe Benefits) + \$161,327 (Water Operations – Fringe Benefits) + \$77,072 (Water and Sewer Maintenance – Fringe Benefits) = \$282,953.

b. Describe the procedures Harrodsburg uses to allocate joint and shared costs between its divisions.

13. Provide all internal memorandums, policy statements, correspondence, and documents related to Harrodsburg’s allocations of joint and shared costs.

14. Provide the “Enterprise Funds Uniform Financial Information Report” that Harrodsburg submitted to the Kentucky Department of Local Government for the fiscal year ending June 30, 2021.

15. Provide the information requested in the following tables:

City of Harrodsburg  
Schedule of All Mains and Jointly Used Mains

Main Size	Total System		Jointly Used		
	Length (Feet)	Main	Inch Miles	Main	Inch Miles
24					
20					
16					
12					
10					
8					
6					
4					
3					
2					
1					

		City of Harrodsburg Water Produced, Sold, and Used					
Line No.		Fiscal Year 2019		Fiscal Year 2020		Fiscal Year 2021	
		Gallons	Percentage	Gallons	Percentage	Gallons	Percentage
1	Water Produced and Purchased:						
2	Water Produced						
3	Water Purchased						
4							
5	Total Water Produced and Purchased:						
6							
7	Water Sales:						
8	Residential, Commercial, and Industrial						
9	Wholesale						
10	Public Authority						
11							
12	Total Water Sales						
13							
14	Other Water Used:						
15	Utility Water at Treatment Plant						
16	Wastewater Plant						
17	System Flushing						
18	Fire Department(s)						
19	Other Usage (Explain)						
20							
21	Total Other Water Used						
22							
23	Water Loss						
24							
25	Water Loss Percentage (Line 23 Line 5)						

16. Provide the independent auditor's reports for Harrodsburg for the Fiscal years 2020, and 2022. If Harrodsburg's independent audit report for fiscal year 2022 has not been completed, provide the date Harrodsburg expects that its 2022 Audit will be completed.

17. State the annual effect the proposed wholesale rate adjustment(s) will have on Harrodsburg's revenues. Show all calculations made and state all assumptions used to derive this response. Provide this in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

18. Provide the information below:

a. Identify all entities to which Harrodsburg provides wholesale water service.

b. Provide for each customer listed above, the previous 24 months monthly water usage and the amount that Harrodsburg charged it for service.

19. Provide the ordinance or resolution of the city council or similar governing body in which the proposed rate adjustment(s) were approved.

20. Provide the minutes of each city council meeting in which Harrodsburg's proposed wholesale rate adjustment(s) were discussed.



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

DATED NOV 10 2022

cc: Parties of Record



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