

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	CASE NO.
MANCHESTER WATER ASSOCIATION, INC.)	2023-00183
FOR AN ALTERNATIVE RATE ADJUSTMENT)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO NORTH MANCHESTER WATER ASSOCIATION, INC.

North Manchester Water Association, Inc. (North Manchester 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 November 29, 2023. The Commission directs North Manchester 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

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).

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

North Manchester Water shall make timely amendment to any prior response if North Manchester Water obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which North Manchester Water fails or refuses to furnish all or part of the requested information, North Manchester 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, North Manchester 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. Refer to North Manchester Water's response to Commission Staff's First Request for Information (Staff's First Request) at page 116 of 130, which provides a schedule called "Other Charge History". Also refer to North Manchester Water's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 19, that states "There were 1,186 occurrences in 2022 resulting in (\$166,238.42) in adjustments;" describe and summarize the components of "Other Credits" totaling

(\$194,062.90) in North Manchester Water’s response to Staff’s First Request and provide an explanation of the difference in dollar amount to North Manchester Water’s response to Staff’s Second Request. The summary should resemble the following with the shaded areas being completed.

Description	Quantity	Dollars
Leak Adjustments		
Corrections for Entry Errors into Billing System		
Billing Error Corrections (that reached the customer)		
Other (describe)		
Total	1,186	(\$166,238.14)
		OR
		(\$194,062.90)

2. Refer to North Manchester Water’s response to Staff’s Second Request beginning at page 74 of 358 and ending at page 110 of 358, which reflects North Manchester Water’s general ledger for the year ended December 31, 2022. Also refer to the Schedule of Adjusted Operations on page 64 of 68 in North Manchester Water’s June 22, 2023 Response to Deficiency Letter. Commission Staff notes that the general ledger reflects a profit of \$174,906.39 and that depreciation expense of \$111,254, which is reported in the Schedule of Adjusted Operations, is not a component of the general ledger expenses. Commission Staff is not able to match the general ledger amounts to the Schedule of Adjusted Operations. Provide a cross reference that points each general ledger account (table below) to the description in the Schedule of Adjusted Operations and describe each amount that does not match. For example, the general ledger reflects “Metered Water Revenue” of \$1,106,392.74 but the Schedule of Adjusted Operations reflects water revenues of \$1,007,846 for an unexplained difference of \$98,547. An example of cross referencing is provided. Explain any discrepancies between the general

ledger amounts and the line item amounts reported in the Schedule of Adjusted Operations.

Cross Reference	Acct	Descr	Amount
	401	Operating Expense	1,577.69
10	408	Taxes Other Than Income	16,520.27
Other	419	Interest & Dividend Income	(45.76)
Exclude	427	Interest Exepnse	570.54
Sales	461	Metered Water Revenue	(1,106,392.74)
1	601	Wages-Employees	201,411.35
2	604	Employee Pensions & Benefits	28,576.15
3	610	Purchased Water	423,397.80
	615	Purchased Sewer	2,060.56
5	620	Materials and Supplies	8,918.85
	621	Sales Tax	9,159.64
	622	Utility Tax	30,918.67
	623	Occupational Tax	2,022.02
9	624	Bank Service Charge	259.00
6	630	Contractual Services	9,941.50
7	650	Transportation Expense	2,910.00
8	655	Insurance Expense	22,166.92
9	675	Miscellaneous Expense	81.00
9	700	Uniforms	6,836.01
9	710	Billing	7,074.76
9	783	Pest Control	150.00
7	785	Fuel	23,285.36
6	802	Accounting & Professional	29,495.95
9	807	Miscellaneous	300.00
5	828	Parts/Supplies for Lines, Etc.	46,868.57
5	831	Repairs	4,795.60
	855	Telephone	6,184.45
4	860	Utilities	46,049.45
		General Ledger Net Income	(174,906.39)
11		Depreciation	111,254.00
		Adjusted Net	(63,652.39)
		Excluded Items	(570.54)
		Schedule of Adj Operations	61,514.53
		Difference	(2,708.40)

3. Provide the number of employees needed by North Manchester Water to be considered fully staffed; state whether these positions are full-time (at least 1,080 hours per year) or part-time. Provide the number of hours worked for part-time employees and provide a job description for each position.

4. State how employees of North Manchester Water record working time, sick time, and vacation time for payroll purposes, include in the response how the time is verified and who documents the approval for each employee's reported time.

5. Describe and explain how payroll is processed beginning with approved working time through payment, including payment method, to employees.

6. Refer to the ARF Form-3 for Steve Davis filed on July 6, 2023. State the relationship between Steve Davis and Rose Lewis.

7. Provide the meeting minutes from the board meeting in which North Manchester Water approved hiring Rose Lewis.

8. Provide meeting minutes for all meetings of North Manchester Water's board during which the board decided upon the compensation, benefits, or working conditions for Rose Lewis.

9. Provide all contracts, letters of engagement, and any other agreement or invoice for consulting or professional services that were rendered during 2022 and 2023 that have not already been filed into the record of this proceeding.

10. Provide all invoices to support the 2022 expense for health insurance and any supplemental benefits coverage. Specify each individual covered under the plans.

11. Provide the contract or agreement between North Manchester Water and its health insurance provider, and any other documents to support the premium charged

for each employee for whom insurance coverage is provided for both 2022 and 2023. If the premium charged is different for each employee, provide the coverage documents supporting the reasons for the differences.

12. Provide the meeting minutes for all North Manchester Water board meetings in the last 36 months during which health insurance was discussed or decided upon.

13. State the individual(s) who are authorized to make changes to health insurance coverage including changes in plan benefits, employee additions, employee deletions, or changes in employee plan coverage, also state who serves as a point of contact between North Manchester Water and its health insurance provider.

14. Provide copies of all correspondence between North Manchester Water and its health insurance carrier since June 30, 2021. This is a continuing request.

15. State which invoices and bills for North Manchester Water are sent to the utility's office and which are sent directly to the association's accountant. The response to this item should have two sponsoring witnesses, North Manchester Water's accountant and the utility employee responsible for office management.

16. Provide the status of the 2022 Audited Financial Statement, including when the audit is expected to be completed and the reasons that the audit is not yet completed. Provide the names of all software programs used to produce customer bills, payroll, and general ledger as well as any programs used to pay the bills of the utility; for each program listed, state whether the program can be used to supply reports in Excel format with all formulas, columns, and rows unprotected and fully accessible, and state for what functions the software is used.

17. State whether the billing software used by North Manchester Water is capable of calculating and issuing refunds to customers and explain the steps North Manchester Water must take to issue a refund to a customer using this software.

18. Provide a copy of a 2023 customer invoice for a 5/8th inch meter for approximately 4,000 gallons of water usage.

19. Provide all available documentation of the lease agreement between Clay County Fiscal Court and North Manchester Water concerning a Kentucky Infrastructure Authority (KIA) loan, for which Clay County Fiscal Court is the borrower, not already provided in this proceeding. This is a continuing request.

20. Provide an aging of accounts receivable as of September 30, 2023, in the format below:

	Current (< 30 days)	30 - 60 days	60 - 90 days	> 90 days	Total
Dollars	\$	\$	\$	\$	\$
Number of Customers					

21. Provide an aging of accounts payable as of September 30, 2023, in the format below. Amounts that are current may be lumped together where “total \$” is noted below. For amounts that are greater than thirty days, list each supplier or contractor and the amounts due for each time reference period. For amounts that are greater than 60 days past due, provide an explanation for the delay of payment.

	Current (< 30 days)	30 - 60 days	60 - 90 days	> 90 days	Total
Dollars	total \$	[REDACTED]			
Name	[REDACTED]				
Name	[REDACTED]				
Name	[REDACTED]				
Total	[REDACTED]				[REDACTED]

22. Provide 12 months of reports, complete with all attachments, for the Utility Gross Receipts License Tax to support the amount recorded of \$30,918.67 in account number 622, Utility Tax, in the general ledger for the year ended December 31, 2022.

23. Refer to North Manchester Water’s response to Staff’s Second Request, Item 4.

a. Provide copies of the front and back of all checks paid to the Clay County Fiscal Court during 2022 and 2023 to service North Manchester Water’s lease debt to the Fiscal Court.

b. State whether there is any other reason that North Manchester Water would issue a check for \$7,000 to Clay County Fiscal Court other than to service its lease debt.

24. Refer to North Manchester Water’s response to Staff’s First Request, Item 5 and Exhibit 5, specifically the minutes from the March 6, 2023 board meeting.

a. Explain the statement that reads: “The new judge is requesting us to pay \$13,000 per month instead of the \$8,000 that we are paying currently. KIA is satisfied with the current amount that we are paying right now.”

b. Identify the new judge.

c. Provide documentation of the request that North Manchester Water pay \$13,000 per month.

d. Provide documentation and support for the payment or obligation to pay \$8,000 per month and to whom the payment is to be made.

e. Provide documentation and support for the statement that, "KIA is satisfied. . ."

25. Refer to North Manchester Water's response to Staff's First Request Item 5 and Exhibit 5.

a. Refer specifically to the minutes from the April 3, 2023 board meeting. Explain the statement that reads: "Ted's clerk forgot to pay 3 checks to KIA. He paid them all 3 to make sure the (sic) are caught up." The response should include a clarification concerning to whom the checks were payable, the amount involved, and the months for which the checks were forgotten.

b. Refer specifically to the minutes from the June 5, 2023 board meeting. Explain the statement that reads: "The county said they (sic) wasn't aware that KIA made an agreement to let us pay the amount we have been paying." Provide all available documentation and correspondence concerning this discussion.

c. Refer specifically to the minutes from the June 5, 2023 board meeting. Explain the statement that reads: "They need to take that balance forward off that they charged us for that we didn't use." The response should identify "they" and the obligation under discussion as well as the amount of the balance forward.

26. Refer to North Manchester Water's response to Staff's Second Request, Item 6, specifically page 31 of 38 of the 2022 general ledger. Explain what "PAYMENTECH" is in account number 620 Materials and Supplies.

27. Provide a current, updated copy of North Manchester Water's bylaws.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
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DATED NOV 15 2023

cc: Parties of Record

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