

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF HYDEN-	)	CASE NO.
LESLIE COUNTY WATER DISTRICT FOR AN	)	2020-00141
ALTERNATIVE RATE ADJUSTMENT	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO HYDEN-LESLIE COUNTY WATER DISTRICT

Hyden-Leslie County Water District (Hyden-Leslie District), pursuant to 807 KAR 5:001, is to file with the Commission the responses to the following information, with a copy to all parties of record. The information requested herein is due on or before August 20, 2020. Pursuant to the Commission's Orders in Case No. 2020-00085,<sup>1</sup> issued March 16, 2020, and March 24, 2020, Hyden-Leslie 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

---

<sup>1</sup> 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.

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.

Hyden-Leslie District shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Hyden-Leslie District fails or refuses to furnish all or part of the requested information, Hyden-Leslie 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, Hyden-Leslie 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 Hyden-Leslie District's 2019 Annual Report, page 57, line 22, Total Other Water Used that lists 70,019,000 gallons, which equates to 20.56 percent of the water produced by Hyden-Leslie District.<sup>2</sup>

a. Provide a detailed explanation how the amounts were determined for each of the categories listed as Other Water Used.

---

<sup>2</sup> 2019 Annual Report, page 57, line 21 divided by line 4.

b. Provide copies of all documents relied upon to support the amounts of water usage for each of the categories listed as Other Water Used.

c. In the event that any of the usage is estimated, provide the basis for the amount of the estimate.

d. Provide an explanation for Hyden-Leslie District's high volume of system use.

e. Provide a detailed description of all of Hyden-Leslie District's efforts to reduce Hyden-Leslie District's system use.

2. Refer to Hyden-Leslie District's 2019 Annual Report, page 57, Hyden-Leslie District's reported water loss percentage is 24.40 percent. Provide a detailed description of Hyden-Leslie District's efforts to reduce its water loss percentage from November 22, 2019, to the present.

3. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 3.c. Provide an explanation and all documentation supporting the Demand Weighting Factors that were used in the calculation of rates in each of the four alternatives.

4. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 5.c. Provide a reconciliation of the \$4,385 labeled Net Billing Adjustment. Provide the response in Excel spreadsheet format with all rows and columns unhidden and formulas accessible.

5. Provide the meter sizes and the number of each size of meter Hyden-Leslie District uses to serve its customers.

a. Provide the test year monthly usage for each customer Hyden-Leslie District serves with a meter larger than a 5/8-inch meter, separating the customers by meter size in Excel spreadsheet format with all rows and columns unhidden and formulas accessible.

b. Identify the customers from the above response that are currently billed at Hyden-Leslie District's residential rate.

6. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 7, the 2018 Trial Balance and Item 15, Employee Salary Information. In its 2018 General Ledger, Hyden-Leslie District recorded an employee salary and wage expense of \$523,882;<sup>3</sup> however, on its Employee Salary Information Spreadsheet, Hyden-Leslie District calculates a test-year employee salary and wage of \$501,405.<sup>4</sup> Provide a reconciliation and detailed explanation for the difference of \$22,477.

7. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 15, Employee Salary Information.

a. Provide Hyden-Leslie District's written policy regarding vacation pay.

b. Explain whether Hyden-Leslie District requires its employees to use all of their vacation hours in the calendar year that they are earned or are they allowed to accrue any unused hours into the next calendar year.

c. Explain whether Hyden-Leslie District makes lump sum payments to its employees for any vacation hours that are not used by the end of a calendar year.

---

<sup>3</sup> \$453,058 (Acct. 5099 Salaries and Wages) + \$70,823 (Acct. No. 5099 Overtime Wages) = \$523,881.

<sup>4</sup> \$414,036 (Annual Salary) + \$70,823 (Overtime Pay) + \$9,908 (Vacation Pay) \$2,948 (Standby Dispatch Pay) + \$2,200 (Bonus Pay) + \$1,490 (Comp) = \$501,405.

d. If Hyden-Leslie District makes lump sum payments to its employees for unused vacation hours, identify any lump sum payments included in the vacation pay column on the employee salary spreadsheet for calendar year 2018.

e. Provide a detailed explanation of Hyden-Leslie District's standby dispatch pay, identify each employee that qualifies for the pay, the rate standby pay is calculated, and the number of hours of standby pay earned by each employee in calendar year 2018.

f. Provide a detailed explanation of Hyden-Leslie District's policy for accruing compensatory time and for the payment to the employee for the accrued time.

g. Provide the number of hours of compensatory time Hyden-Leslie District's manager accrued in calendar year 2018 and the hourly wage rate used to calculate the payment of \$1,490.

8. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 16, Employee Hours. For an employee working a 40-hour week, the normal number of regular work hours is 2,080 hours.<sup>5</sup> For each employee listed in the schedule below provide a detailed explanation for the regular hours worked in calendar year 2018 being greater than 2,080 hours.

---

<sup>5</sup> 40 (Hours per Week) x 52 (Number of Weeks in a Year) = 2,080 (Annual Work Hours).

Employee ID No.	Regual Hours		Average Regualr Hours	Difference in Regular Work Hours
	Worked in Calendar Year 2018			
1	2,152		2,080	72
3	2,127		2,080	47
5	2,100		2,080	20
7	2,101		2,080	21
8	2,275		2,080	195
15	2,110		2,080	30
16	2,169		2,080	89
17	2,216		2,080	136
10	2,136		2,080	56
11	2,146		2,080	66

9. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 14; Employee Information; Item 16, Employee Hours; and Item 16, Employee Hours.

a. In the Schedule below is the comparison of the calculated annual salary for each of Hyden-Leslie District's employees to the amounts reported by the District. Provide a detailed explanation for the differences between the calculated salary and the amounts reported by Hyden-Leslie District.

Employee ID No.	Regular Hours 2018	Wage Rate 2018	Calculated Annual Salary	DR 1; Item 15 Annual Salary	Difference
1	2,152	\$ 15.57	\$ 33,510	\$ 32,770	\$ (740)
14	2,079	\$ 62,000.00	\$ 62,000	\$ 62,000	\$ 0
3	2,127	\$ 18.97	\$ 40,345	\$ 40,097	\$ (248)
4	958	\$ 16.15	\$ 15,465	\$ 14,994	\$ (471)
5	2,100	\$ 17.67	\$ 37,115	\$ 36,593	\$ (522)
7	2,101	\$ 13.50	\$ 28,370	\$ 27,686	\$ (684)
8	2,275	\$ 17.35	\$ 39,463	\$ 36,341	\$ (3,122)
15	2,110	\$ 14.50	\$ 30,597	\$ 27,333	\$ (3,264)
16	2,169	\$ 13.00	\$ 28,203	\$ 27,556	\$ (647)
17	2,216	\$ 13.00	\$ 28,808	\$ 28,456	\$ (353)
10	2,136	\$ 19.37	\$ 41,374	\$ 40,474	\$ (899)
11	2,146	\$ 18.58	\$ 39,873	\$ 39,736	\$ (137)

b. In the Schedule below is the comparison of the calculated overtime pay for each of Hyden-Leslie District's employees to the amounts reported by the District.

Provide a detailed explanation for the differences between the calculated overtime pay and the amounts reported by Hyden-Leslie District.

Employee ID No.	Overtime Hours 2018	Overtime Rate (1.5 x Regular)		Calculated Overtime Pay	DR 1; Item 15 Overtime Pay	Difference
			2018			
1	315.62	\$	23.36	\$ 7,373	\$ 6,300	\$ (1,072)
14	354.23	\$	-	\$ -		\$ -
3	208.31	\$	28.46	\$ 5,929	\$ 4,965	\$ (964)
4	177.37	\$	24.23	\$ 4,298	\$ 3,675	\$ (623)
5	139.75	\$	26.51	\$ 3,705	\$ 3,541	\$ (164)
7	113.49	\$	20.25	\$ 2,298	\$ 1,973	\$ (326)
8	247.31	\$	26.03	\$ 6,437	\$ 5,174	\$ (1,264)
15	362.12	\$	21.75	\$ 7,876	\$ 6,360	\$ (1,516)
16	553.92	\$	19.50	\$ 10,801	\$ 9,378	\$ (1,424)
17	639.71	\$	19.50	\$ 12,474	\$ 11,308	\$ (1,167)
10	334.08	\$	29.06	\$ 9,708	\$ 8,991	\$ (718)
11	356.83	\$	27.87	\$ 9,945	\$ 9,160	\$ (785)

10. Identify the number of new connections (meters) that Hyden-Leslie District installed in calendar year 2018. Also identify the amount of tap-on fees Hyden-Leslie District collected in 2018 and the account where Hyden-Leslie district recorded its tap-on fees.

11. Identify the cost of the meters and services that Hyden-Leslie District capitalized in calendar year 2018. Also, identify the calendar year 2018 adjusting journal entry where the cost of the meters and services were transferred from the expense to the capital accounts.

12. Identify the labor Hyden-Leslie District capitalized associated with its meter installations. Explain in detail how the capitalized labor costs were capitalized.

13. Refer to the application, Exhibit C, Schedule of Adjusted Operations, References, B. Hyden-Leslie District explains that during calendar year 2019 all of its employees received a cost of living adjustment of 2.8 percent.

a. Given Hyden-Leslie District's current financial condition and its need for its requested 70.2 percent increase in rates, explain in detail why it is appropriate to give its employees the wage increases in 2019.

b. Provide a detailed explanation of any cost containment actions that Hyden-Leslie District has implemented in calendar years 2016 through 2020. Quantify the financial impact that each cost containment action had on Hyden-Leslie District's financial condition.

14. Refer to the application, Exhibit S, Documents Embedded in the Electronic Version of the Application, H-L Application Worksheet, and Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 7, 2018 Trial Balance.

a. The reported salaries and wages – employee expense is \$523,882. Confirm that Hyden-Leslie District recorded its 401(k) contribution of \$22,999 in the in the salaries and wages – employee expense account.<sup>6</sup>

b. If the 401(k) contribution are not recorded in the salaries and wages – employee expense account, identify the account where it is recorded.

c. Confirm that Hyden-Leslie District makes a 5 percent 401(k) contribution for each employee calculated for the total salary including annual salary, overtime, vacation, standby dispatch pay, bonus, and compensatory.

15. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 2, 2018 Health Insurance. Provide the type of employee insurance coverage for each acronym listed in the Schedule below.

---

<sup>6</sup> \$453,059 (Acct. 5099 Salaries and Wages) + \$70,823 (Acct. No. 5099 Overtime Wages) = \$523,881.

- a. EMP
- b. ESP
- c. FAM
- d. ECH

16. Refer to Hyden-Leslie District's Responses to the Appendix to the June 18, 2020 Order, Item 6, 2018 General Ledger. For each expenditure listed in the Appendix attached to this request, provide the following: a detailed description of the expenditure; identify whether Hyden-Leslie District has capitalized the expenditure; and copies of all invoices related to that expenditure.



---

Lindsey L. Flora  
Deputy Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED JUL 17 2020

cc: Parties of Record

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00141 DATED JUL 17 2020

#### List of Test-Year Expenditures

	Account	Vendor	Amount
a.	5220 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 2,586.00
b.	5221 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 8,053.05
c.	5222 · Repair and Maintenance / Field	Service Specialties LLC.	\$ 2,566.10
d.	5223 · Repair and Maintenance / Field	USA Blue Book	\$ 1,560.94
e.	5224 · Repair and Maintenance / Field	C.I. Thornburg Co.	\$ 891.00
f.	5225 · Repair and Maintenance / Field	Bluegrass Materials Co. LLC	\$ 546.63
g.	5226 · Repair and Maintenance / Field	Buchanan Pump	\$ 841.07
h.	5227 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 3,037.59
i.	5228 · Repair and Maintenance / Field	C.I. Thornburg Co.	\$ 6,328.50
j.	5229 · Repair and Maintenance / Field	Core and Main LP (HD Supply)	\$ 6,475.26
k.	5230 · Repair and Maintenance / Field	Hayes Pipe Supply Inc.	\$ 1,727.60
l.	5231 · Repair and Maintenance / Field	C.I. Thornburg Co.	\$ 3,901.84
m.	5232 · Repair and Maintenance / Field	Buchanan Pump	\$ 773.42
n.	5233 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 5,128.73
o.	5234 · Repair and Maintenance / Field	Core and Main LP (HD Supply)	\$ 2,544.74
p.	5235 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 3,349.09
q.	5236 · Repair and Maintenance / Field	Core and Main LP (HD Supply)	\$ 1,940.48
r.	5237 · Repair and Maintenance / Field	C.I. Thornburg Co.	\$ 2,464.71
s.	5238 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 4,277.27
t.	5239 · Repair and Maintenance / Field	G&W Const. Co, Inc.	\$ 4,128.00
u.	5240 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 1,064.17
v.	5241 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 4,104.42
w.	5242 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 5,992.66
x.	5243 · Repair and Maintenance / Field	Buchanan Pump	\$ 2,386.00
y.	5244 · Repair and Maintenance / Field	Core and Main LP (HD Supply)	\$ 1,535.97
z.	5245 · Repair and Maintenance / Field	James Jones Excavating	\$ 842.16
aa.	5246 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 3,213.50
ab.	5247 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 5,457.89
ac.	5248 · Repair and Maintenance / Field	C.I. Thornburg Co.	\$ 1,578.53
ad.	5249 · Repair and Maintenance / Field	Buchanan Pump	\$ 1,599.23
ae.	5250 · Repair and Maintenance / Field	Consolidated Pipe and Supply Company	\$ 5,058.00
af.	5230 · Vehicle / Repair and Maint.	Sizemores Service Center	\$ 1,772.86
ag.	5231 · Vehicle / Repair and Maint.	Advance Auto	\$ 1,900.00
ah.	5232 · Vehicle / Repair and Maint.	Double H Auto	\$ 1,255.00
ai.	5233 · Vehicle / Repair and Maint.	Double H Auto	\$ 2,458.99
aj.	5235 · Equipment Repair and Maint.	Wilson Equipment CO.	\$ 1,059.30
ak.	5236 · Equipment Repair and Maint.	Double H Auto	\$ 1,755.00

\*Alan Vilines  
Kentucky Rural Water Association  
Post Office Box 1424  
1151 Old Porter Pike  
Bowling Green, KENTUCKY 42102-1424

\*Gerald E Wuetcher  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Hyden-Leslie County Water District  
356 Wendover Road  
Hyden, KY 41749

\*L.J. Turner  
Hyden-Leslie County Water District  
356 Wendover Road  
Hyden, KY 41749