

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matters of:

ELECTRONIC APPLICATION OF MCCREARY)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2021-00300
ALTERNATIVE RATE ADJUSTMENT)	

ELECTRONIC APPLICATION OF MCCREARY)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2021-00301
ALTERNATIVE RATE ADJUSTMENT)	

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

McCreary County Water District (McCreary District), 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 January 3, 2022. The Commission directs McCreary District 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

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).

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.

McCreary District shall make timely amendment to any prior response if McCreary 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 McCreary District fails or refuses to furnish all or part of the requested information, McCreary 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, McCreary 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 McCreary District's responses to Staff's First Request for Information (Staff's First Request), Item 4, Returned Check Charge.

- a. Explain whether the 14 occurrences of the Returned Check Charge being applied were to only the water customer accounts.

b. If any of the 14 occurrences of the Returned Check Charge being applied was to sewer customer accounts, state how many occurrences and how the charge was allocated between the customers' water and sewer account.

2. Refer to McCreary District's responses to Staff's First Request, Item 6, the "corrected version" of ARF Form 1 – attachment BA-DB, page 2 of 4, the information for the US Penitentiary McCreary Prison does not seem to be correct. The entry in the form attached to this request states the usage for the US Penitentiary McCreary Prison of 67,266,900 in the Usage Table and yet the response to Staff's First Request, Item 3, has a total usage of 70,241,600, (see Item 3, tables attached to the response on page 1 of 4).

a. Reconcile the differences in usage reported for the US Penitentiary McCreary Prison in these separate tables.

b. Explain why the same customer has usage reported as two separate amounts in the filing.

3. Refer to McCreary District's responses to Staff's First Request, 2021-00301-Application-Rate Calculations, spreadsheet 2021-00301_Application_01_RateCalculations SpreadsheetWater.xlsx.

a. Explain the Usage information in the Usage Table and Revenue Table as stated in this spreadsheet and the information provided in response to Staff's First Request, Item 6.

(1) Explain whether the information provided in response to Item 6 is the correct usage amount that should have been the information in the response 2021-00301-Application-RateCalculations, spreadsheet 2021-00301_Application_01_Rate Calculations Spreadsheet Water.xlsx.

(2) If the usage in the response to Item 6 is the correct usage, provide a revised 2021-00301 - Application - Rate Calculations, spreadsheet 2021-00301_Application_01_RateCalculationsSpreadsheetWater.xlsx.

(3) If the usage in the response to Item 6, is not the correct usage information, explain and provide the correct usage in the Form BA-DB and the appropriate Excel spreadsheet.

4. Refer to McCreary District’s responses to Staff’s First Request, Items 17-20, Excel Workbook: Response_Q17-Q20_EmployeeInfo; Item 14, Excel spreadsheet: Response_Q14_2020a Water TB to Operations, Tab: Wage-Benefits; and to Item 15, Excel Workbook: 001_RateCalculationsSpreadsheet_Sewer, Tab: Wage-Benefits.

a. Using the 2021 employee hourly wage rates from Tab 17 and the 2020 employee workhours (regular, holiday, and overtime) from Tab 18 calculate each employee’s pro forma salary. Provide the pro forma salary calculations in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible in table format below.

Employee Number	Job Title	2021 Pay Rates		2020 Work Hours			Pro Forma Employee Salaries			
		Regular	Overtime	Regular	Holiday	Overtime	Regular	Holiday	Overtime	Total

b. Provide a table in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that compares the pro forma employee salaries calculated in the response to Item 1.a to the adjusted wage salaries listed in the Wage-Benefit Tabs. The Excel spreadsheet shall be provided in the table format below.

Employee Number	Job Title	Pro Forma Employee Salaries	Adjusted Wage/Salary	Differences
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c. Provide a detailed explanation for each difference noted in the response to Item 1.b.

5. Refer to McCreary District's responses to Staff's First Request, Items 17-20, Excel Workbook: Response_Q17-Q20_EmployeeInfo, Tab: #17. According to the employee wage rate schedule during the five-year period from 2016 through 2021, 16 employees were terminated.

a. Provide a detailed explanation for each employee that was terminated during this period.

b. For each terminated employee explain whether McCreary District has or will hire a replacement.

6. Refer to McCreary District's responses to Staff's First Request, Items 17-20, Excel Workbook: Response_Q17-Q20_EmployeeInfo, Tab: #18; Item 14, Excel Spreadsheet: Response_Q14_2020a Water TB to Operations, Tab: Wage-Benefits; and to Item 15, Excel Workbook: 001_RateCalculationsSpreadsheet_Sewer, Tab: Wage-Benefits.

a. Provide a detailed explanation for each employee that worked less than or in excess of 2,080 regular hours in the calendar year 2020.

b. Provide a table in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that compares the pro forma 2020 employee workhours (regular, holiday, and overtime) used to calculate pro forma employee salaries to the actual employee hours worked in 2020 (regular, holiday, and overtime). The Excel spreadsheet shall be provided in the table format below.

Employee Number	Job Title	2020 Work Hours			2020 Pro Forma Work Hours		
		Regular	Holiday	Overtime	Regular	Holiday	Overtime

7. Refer to McCreary District's responses to Staff's First Request, Items 17-20, Excel Workbook: Response_Q17-Q20_EmployeeInfo, Tab: #19.

a. Provide McCreary District's written policy regarding vacation pay.

b. Explain if McCreary District requires its employees to use all of their vacation hours in the calendar year in which they are earned or are they allowed to carry-over any unused hours into the next calendar year.

c. Provide McCreary District's written policy regarding bonus pay. Include a description of the process McCreary District uses to award its employee bonuses and how the bonus amounts are determined.

d. Explain whether McCreary 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.

e. 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 workpapers.

f. Provide an explanation of type of employee compensation included in the category titled "Other." Include an itemized list of each type of compensation included in the Other category and an explanation of how each type is determined.

8. Refer to McCreary District's responses to Staff's First Request, Item 14, Excel Spreadsheet: Response_Q14_2020a Water TB to Operations, Tab: Wage-Benefits; and to Item 15, Excel Workbook: 001_RateCalculationsSpreadsheet_Sewer, Tab: Wage-Benefits.

a. Provide a schedule in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that identifies each employee whose work duties include meter reading. Include in the Excel Workbook the information requested in the table below for each employee identified.

Employee Number	Job Title	Water Division			Sewer Division		
		Percentage	Salary	Benefits	Percentage	Salary	Benefits

b. Provide a schedule in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that identifies each distribution employee whose are allocated between the water and the sewer divisions. Include in the Excel Workbook the information requested in the table below for each employee identified.

Employee Number	Job Title	Water Division			Sewer Division		
		Percentage	Salary	Benefits	Percentage	Salary	Benefits

9. Refer to the Application in Case No. 2021-00300, Exhibit H, Bond Resolutions/Evidences of Indebtedness Application and to the Application in Case No. 2021-00301, Exhibit G, Bond Resolutions/Evidences of Indebtedness.

a. For each water and sewer debt issuance that is still active; provide the case number in which McCreary District was authorized to issue the debt.

b. For each debt issuance that is divided between the water and sewer divisions, provide the method used to allocate the debt between the divisions.

10. Refer to the McCreary District's responses to Staff's First Request, Item 27, Depreciation Schedule for McCreary District's sewer division, Excel Workbook: Response_27_Depreciation and to *O&M Guide for the Support of Rural Water-Wastewater Systems* by the Commission for Rural Water, Chicago, Illinois, 1974, Table

44, Average Service Lifetimes, Major Systems Components, Wastewater systems at 246-247 (Commission for Rural Water O&M Guide) attached hereto as an Appendix A.

a. Provide a schedule in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that compares the depreciation lives for all asset categories in McCreary District's Proposed 2021 Depreciation Schedule for its sewer division to the average service life ranges in the Commission for Rural Water O&M Guide.

b. Using the midpoint depreciation life of the average service life ranges in the Commission for Rural Water O&M Guide recalculate McCreary District's pro forma depreciation expense for its sewer division for each asset category. Provide the recalculation of pro forma depreciation expense in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

11. Refer to McCreary District's responses to Staff's First Request, Item 11, Excel Workbook: Response_Q11_Sewer-GL-2020. For each expenditure listed in the Appendix B 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.



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

DATED DEC 09 2021

cc: Parties of Record

Case No. 2021-00300
Case No. 2021-00301

APPENDIX A

APPENDIX TO A REQUEST FOR INFORMATION OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2021-00300 AND 2021-00301 DATED DEC 09 2021

Table 44
Average Service Lifetimes, Major Systems Components
Wastewater Systems

		Average Service Life Range		Mid-Point Service Life
<u>Septic Tank-Soil Absorption:</u>				
	Septic Tank	20	50	35.0
	Soil Absorptions System	50	30	40.0
<u>Home Aerobic Tanks</u>				
	Tank	20	50	35.0
	Mechanical Components	3	10	6.5
<u>Collection Systems</u>				
	Gravity Sewers, Clay, Cement	25	50	37.5
	Gravity Sewers, Cast Iron	30	75	52.5
	Gravity Sewers, Plastic	30	75	52.5
	Manholes, Structures	20	50	35.0
	Lift Station, Structures	20	50	35.0
	Lift Station, Pumps, etc.	7	7	7.0
	Pressure Sewers, Plastic, Small Diameter	5	10	7.5
	Small (Household) Sewerage Pumps	5	10	7.5
	Pressure Mains-Same as Gravity Sewers			
<u>Treatment System</u>				
	<u>Primary</u>			
	Comminutors	5	5	5.0
	Screens	10	10	10.0
	Clarifier Tanks, Concrete	20	20	20.0
	Clarifier Tanks, Metal	20	20	20.0
	Grit and Sludge Handling Equipment	5	10	7.5
	<u>Secondary</u>			
	Lagoons	5	25	15.0
	Extended Aeration Tankage, Concrete	20	50	35.0
	Extended Aeration Tankage, Metal	20	30	25.0
	Aerator Compressors	5	10	7.5
	Air Diffusers	3	3	3.0
	Sludge Pumps	5	10	7.5
	Clarifier Tankage, Concrete	20	50	35.0
	Clarifier Tankage, Metal	20	30	25.0
	Chlorinators	10	10	10.0
	Sludge Digesters - Same as Aeration Tanks			
	<u>Advanced Wastewater Treatment</u>			
	Sand Filters	5	10	7.5
	<u>Sludge Disposal Equipment</u>			
	Drying Beds	5	15	10.0
	Incinerators			
	Dewatering Devices			
	<u>Effluent Disposal</u>			
	Irrigation Pumps	5	10	7.5
	Sprinkler Heads	2	5	3.5
<u>General Use Equipment</u>				
	Laboratory Instrumentation	3	10	6.5
	Service Vehicles	3	5	4.0
	Pumper/Tank Trucks	5	10	7.5
	Automatic Controls	5	20	12.5

APPENDIX B

APPENDIX TO A REQUEST FOR INFORMATION OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2021-00300 AND 2021-00301 DATED DEC 09 2021

List of Test-Year Expenditures

Account ID	Check Number	Vendor	Amount
930 · MISCELLANEOUS GENERAL EXPENSE	11190	Dave Miller	5,900.00
931 · MISCELLANEOUS GENERAL EXPENSE	11353	David A Stephens	3,600.00
714 · MAINTENANCE-PUMPING SYSTEM	10871	Southern Sales Company, Inc	6,817.09
715 · MAINTENANCE-PUMPING SYSTEM	10901	Eubanks Electrical Supply, Inc.	1,944.88
716 · MAINTENANCE-PUMPING SYSTEM	10932	Wascon Inc	7,680.06
717 · MAINTENANCE-PUMPING SYSTEM	10965	Straeffler Pump	4,950.00
718 · MAINTENANCE-PUMPING SYSTEM	10994	Wascon Inc	3,811.11
719 · MAINTENANCE-PUMPING SYSTEM	10996	Southern Sales Company, Inc	11,093.47
720 · MAINTENANCE-PUMPING SYSTEM	11009	City Electric Motor Company of Lexington	5,161.20
721 · MAINTENANCE-PUMPING SYSTEM	11025	Wascon Inc	3,347.80
722 · MAINTENANCE-PUMPING SYSTEM	11054	Southern Sales Company, Inc	15,227.22
723 · MAINTENANCE-PUMPING SYSTEM	11118	Wascon Inc	9,048.39
724 · MAINTENANCE-PUMPING SYSTEM	11119	Southern Sales Company, Inc	5,529.69
725 · MAINTENANCE-PUMPING SYSTEM	11166	Wascon Inc	3,944.08
726 · MAINTENANCE-PUMPING SYSTEM	11170	Southern Sales Company, Inc	6,161.34
727 · MAINTENANCE-PUMPING SYSTEM	11189	Southern Sales Company, Inc	7,170.95
728 · MAINTENANCE-PUMPING SYSTEM	11199	Wascon Inc	3,221.20
729 · MAINTENANCE-PUMPING SYSTEM	11200	Southern Sales Company, Inc	14,370.00
730 · MAINTENANCE-PUMPING SYSTEM	11220	Southern Sales Company, Inc	4,194.70
731 · MAINTENANCE-PUMPING SYSTEM	11272	Wascon Inc	6,816.00
732 · MAINTENANCE-PUMPING SYSTEM	11293	Wascon Inc	5,665.23
733 · MAINTENANCE-PUMPING SYSTEM	11312	Southern Sales Company, Inc	6,730.00
734 · MAINTENANCE-PUMPING SYSTEM	11324	Wascon Inc	12,418.20
735 · MAINTENANCE-PUMPING SYSTEM	11325	Southern Sales Company, Inc	4,223.79
736 · MAINTENANCE-PUMPING SYSTEM	11411	Southern Sales Company, Inc	11,965.60
737 · MAINTENANCE-PUMPING SYSTEM	11412	Wascon Inc	7,171.36
738 · MAINTENANCE-PUMPING SYSTEM	11467	Wascon Inc	10,202.00
739 · MAINTENANCE-PUMPING SYSTEM	11545	Quality Electric Motor Repair Inc.	7,890.00
742 · MAINTENANCE-PUMPING SYSTEM	11564	Southern Sales Company, Inc	9,737.23
743 · MAINTENANCE-PUMPING SYSTEM	11616	Southern Sales Company, Inc	10,548.85
744 · MAINTENANCE-PUMPING SYSTEM	11628	Wascon Inc	6,432.36
745 · MAINTENANCE-PUMPING SYSTEM	11629	Southern Sales Company, Inc	1,543.74

Account ID	Check Number	Vendor	Amount
715 · MAINTENANCE OF GENERAL PLANT	10855	USA Bluebook	1,617.71
717 · MAINTENANCE OF GENERAL PLANT	10913	Pine Knot Auto Parts	2,166.79
718 · MAINTENANCE OF GENERAL PLANT	10918	USA Bluebook	6,200.24
719 · MAINTENANCE OF GENERAL PLANT	10940	Derek's Computer Sales & Repair	1,158.00
721 · MAINTENANCE OF GENERAL PLANT	10996	Southern Sales Company, Inc	1,975.53
730 · MAINTENANCE OF GENERAL PLANT	11273	Southern Sales Company, Inc	9,487.88
731 · MAINTENANCE OF GENERAL PLANT	11275	Chlorination Co, Inc.	1,593.64
735 · MAINTENANCE OF GENERAL PLANT	11405	USA Bluebook	1,752.11
739 · MAINTENANCE OF GENERAL PLANT	11544	USA Bluebook	1,586.97

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