

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DAVIESS	)	CASE NO.
COUNTY WATER DISTRICT FOR AN	)	2022-00142
ADJUSTMENT OF RATES	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO DAVIESS COUNTY WATER DISTRICT

Daviess County Water District (Daviess 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 August 2, 2022. The Commission directs Daviess District 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.

Daviess District shall make timely amendment to any prior response if Daviess 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 Daviess District fails or refuses to furnish all or part of the requested information, Daviess 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, Daviess 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. Provide the following expense account data:
  - a. Schedules, in comparative form, showing the operating expense account balance for the test year and each of the three most recent calendar years for each account or subaccount included in the utility's annual report. Show the percentage of increase or decrease of each year over the prior year.
  - b. A listing, with descriptions, of all activities, initiatives or programs undertaken or continued by the utility since its last general rate case for the purpose of

minimizing costs or improving the efficiency of its operations or maintenance activities. Include all quantifiable realized and projected savings.

2. Provide, in the format provided in Schedule A, schedules showing a comparison of the balance in the revenue accounts for each month of the test year to the same month of the immediately preceding 12-month period for each revenue account or subaccount included in the utility's chart of accounts. Include appropriate footnotes to show the month each rate change was approved and the month the full impact of the change was recorded in the accounts.

3. Provide the utility's cash account balances at the beginning of the most recent calendar year and at the end of each month through the date of this request.

4. Provide the following monthly account balances and a calculation of the average (13-month) account balances for the 12 months preceding the test year:

- a. Plant in service (Account No. 101);
- b. Plant purchased or sold (Account No. 102);
- c. Property held for future use (Account No. 105);
- d. Completed construction not classified (Account No. 106);
- e. Construction work in progress (Account No. 107);
- f. Depreciation reserve (Account No. 108);
- g. Materials and supplies (include all accounts and subaccounts);
- h. Computation and development of minimum cash requirements;
- i. Balance in accounts payable applicable to amounts included in utility plant in service (if actual is indeterminable, provide a reasonable estimate.);

j. Balance in accounts payable applicable to amounts included in plant under construction (if actual is indeterminable, provide a reasonable estimate.); and

k. Balance in accounts payable applicable to prepayments by major category or subaccount.

5. Provide a detailed analysis of expenses for professional services during the test year, as shown in Schedule B, and all workpapers supporting the analysis. At a minimum, the workpapers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the services provided.

6. Provide the following information:

a. A detailed analysis of charges booked for advertising expenditures during the test year. Include a complete breakdown of Account No. 660 – Advertising Expenses, and any other advertising expenditures included in any other expense accounts, as shown in Schedule C1. The analysis should specify the purpose of the expenditure and the expected benefit to be derived.

b. An analysis of Account No. 675 – Miscellaneous General Expenses for the test year. Include a complete breakdown of this account as shown in Schedule C2 and provide detailed workpapers supporting this analysis. At a minimum, the analysis should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more, provided that lesser items are grouped by classes as shown in Schedule C2.

7. Provide an analysis of the utility's expenses for research and development activities for the test year and the three most recent calendar years. The analysis should include the following:

a. The basis of fees paid to research organizations and the utility's portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.

b. Details of the research activities conducted by each organization.

c. Details of services and other benefits provided to the utility by each organization.

d. Annual expenditures of each organization with a basic description of the nature of costs incurred by the organization.

e. Details of the expected benefits to the utility.

8. Provide the following information for the most recent calendar year concerning all affiliate-related activities not identified in response to Item 11:

a. Provide the names of affiliates that provided some form of service to the utility and the type of service the utility received from each affiliate.

b. Provide the names of affiliates to whom the utility provided some form of service and the type of service the utility provided to each affiliate.

c. Identify the service agreement with each affiliate, state whether the service agreement has been previously filed with the Commission, and identify the proceeding in which it was filed. Provide each service agreement that has not been previously filed with the Commission.

9. Describe the utility's lobbying activities and provide a schedule showing the name, salary, and job title of each individual whose job function involves lobbying on the local, state, or national level.

10. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (Identify separately).

b. For each category identified in Item 10.a., the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the test year.

c. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 10.a, with an estimate of the hours to be worked and the rates per hour. Include a detailed

explanation of how the estimate was determined, along with all supporting workpapers and calculations.

d. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in Items 10.a. and 10.b., and a cumulative total of cost incurred to date for each category. Updates will be due when the utility files its monthly financial statements with the Commission, through the month of the public hearing.

11. Provide the following information with regard to uncollectible accounts for the three most recent calendar years:

- a. Reserve account balance at the beginning of the year;
- b. Charges to the reserve account (accounts charged off);
- c. Credits to reserve account;
- d. Current year provision;
- e. Reserve account balance at the end of the year; and
- f. Percent of provision to total revenue.

12. Provide a schedule of franchise fees paid to cities, towns, or municipalities, including the basis of these fees.

13. Provide the journal entries relating to the purchase of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise currently included in rate base. Also, provide a schedule showing the calculation of the acquisition adjustment at the date of purchase for each item of utility plant, the amortization period, and the unamortized balance at the beginning of the test year.

14. Provide the following:
  - a. A list of all outstanding issues of long-term debt as of the end of the latest calendar year together with the related information as shown in Schedule D1.
  - b. An analysis of short-term debt as shown in Schedule D2 as of the end of the latest calendar year.
15. Provide the information shown in Schedule E for each construction project in progress, or planned to be in progress, during the 12 months preceding the test year, the test year, and the forecasted test period.
16. Provide, in the format provided in Schedule F, an analysis of the utility's Construction Work in Progress (CWIP) as defined in the Uniform System of Accounts for each project identified in Schedule E.
17. Concerning the utility's construction projects:
  - a. For each project started during the last five calendar years, provide the information requested in the format contained in Schedule G1. For each project, include the amount of any cost variance and delay encountered, and explain in detail the reasons for such variances and delays.
  - b. Using the data included in Schedule G1, calculate the annual "Slippage Factor" associated with those construction projects. The Slippage Factor should be calculated as shown in Schedule G2.
  - c. In determining the capital additions reflected in the test year and forecasted test period, explain whether the utility recognized a Slippage Factor.
18. Describe in detail how the test year capitalization rate was determined. If different rates were used for specific expenses (i.e., payroll, clearing accounts,

depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the capitalization rate and how the changes were determined.

19. Provide a calculation of the rate or rates used to capitalize interest during construction for the three most recent calendar years. Explain each component entering into the calculation of the rate(s).

20. State whether any changes have been made to the utility's internal accounting manuals, directives, and policies and procedures since the utility's most recent rate case. If so, provide each item that was changed and identify the changes.

21. Provide the utility's long-term construction planning program.

22. Provide a copy of the utility's most recent depreciation schedule. The schedule should include a list of all facilities by account number, service life and accrual rate for each plant item, the methodology that supports the schedule, and the date the schedule was last updated.

23. Provide a complete description of the utility's Other Post-Employment Benefits package(s) provided to its employees.

24. Provide a complete description of the financial reporting and ratemaking treatment of the utility's pension costs.

25. Provide detailed descriptions of all early retirement plans or other staff reduction programs the utility has offered or intends to offer its employees during either the test year or the forecasted test period. Include all cost-benefit analyses associated with these programs.

26. Provide all current labor contracts and the most recent labor contracts previously in effect.

27. Provide the information requested in Schedule H for budgeted and actual numbers of full- and part-time employees, regular wages, overtime wages, and total wages by employee group, by month, for the three most recent calendar years, and the test year. Explain any variance exceeding 5 percent.

28. For each employee group, state the amount, percentage increase, and effective dates for general wage increases and, separately, for merit increases granted or to be granted in the past two calendar years, the test year, and the forecasted test period.

29. For the test year and three most recent calendar years, provide a schedule reflecting the job title, duties and responsibilities of each executive officer, the number of employees who report to each officer, and to whom each officer reports, and the percentage annual increase and the effective date of each increase. For employees elected to executive officer status since the test year in the utility's most recent rate case, provide the salaries for the persons they replaced.

30. Provide, in the format provided in Schedule I, the following information for the utility's compensation and benefits, for the three most recent calendar years and the test year. Provide the information individually for each corporate officer and by category for Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly. Provide the amounts, in gross dollars, separately for total company operations and jurisdictional operations.

- a. Regular salary or wages.
- b. Overtime pay.
- c. Excess vacation payout.

- d. Standby/Dispatch pay.
- e. Bonus and incentive pay.
- f. Any other forms of incentives, including stock options or forms of deferred compensation (specify).
- g. Other amounts paid and reported on the employees' W-2 (specify).
- h. Healthcare benefit cost.
  - (1) Amount paid by the utility.
  - (2) Amount paid by the employee.
- i. Dental benefits cost.
  - (1) Amount paid by the utility.
  - (2) Amount paid by the employee.
- j. Vision benefits cost.
  - (1) Amount paid by the utility.
  - (2) Amount paid by the employee.
- k. Life insurance cost.
  - (1) Amount paid by the utility.
  - (2) Amount paid by the employee.
- l. Accidental death and disability benefits.
  - (1) Amount paid by the utility.
  - (2) Amount paid by the employee.
- m. Defined Benefit Retirement cost.
  - (1) Amount paid by the utility.
  - (2) Amount paid by the employee.

n. Defined Contribution – 401(k) or similar plan cost. Provide the amount paid by the utility.

o. Cost of any other benefit available to an employee, including fringe benefits (specify).

31. For each benefit listed in Item 41 above for which an employee is required to pay part of the cost, provide a detailed explanation as to how the employee contribution rate was determined.

32. Provide a listing of all health care plan categories, dental plan categories, and vision plan categories available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees (e.g., single, family, etc.). Include the associated employee contribution rates and employer contribution rates of the total premium cost for each category, and each plan's deductible(s) amounts.

33. Provide each medical insurance policy that the utility currently maintains.

34. Provide a listing of all life insurance plan categories available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each plan category.

35. Provide a listing of all retirement plans available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees. Include the associated employee

contribution rates, if any, and employer contribution rates of the total cost for each plan category.

36. Concerning employee fringe benefits:

a. Provide a detailed list of all fringe benefits available to the utility's employees. Indicate any fringe benefits that are limited to management employees.

b. Provide comparative cost information for the 12 months preceding the test year and following the test year. Explain any changes in fringe benefits occurring over this 24-month period.

37. State whether the utility, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to those of other utilities in the region, or to other local or regional enterprises.

a. If comparisons were performed, provide the results of the study or survey, including all workpapers and discuss the results of such comparisons. State whether any adjustments to wages, salaries, benefits, and other compensation in the rate application are consistent with the results of such comparisons.

b. If comparisons were not performed, explain why such comparisons were not performed.

38. Regarding the utility's employee compensation policy:

a. Provide the utility's written compensation policy as approved by the board of directors.

b. Provide a narrative description of the compensation policy, including the reasons for establishing the policy and the utility's objectives for the policy.

c. Explain whether the compensation policy was developed with the assistance of an outside consultant. If the compensation policy was developed or reviewed by a consultant, provide any study or report provided by the consultant.

d. Explain when the utility's compensation policy was last reviewed or given consideration by the board of directors.

e. Explain whether the utility's expenses for wages, salaries, benefits, and other compensation included in the test year and any adjustments to the test year, are compliant with the board of director's compensation policy.

39. To the extent not provided in the responses above, provide all wage, compensation, or employee benefits studies, analyses, or surveys conducted since the utility's last rate case or that are currently utilized by the utility.

40. Provide the average number of customers on the utility's system (actual and projected), by rate schedule, for the test year and the three most recent calendar years.

41. To the extent not already provided, provide a copy of each cost of service study, billing analysis, and all exhibits and schedules that were prepared in the utility's rate application in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

42. To the extent not already provided, provide all workpapers, calculations, and assumptions the utility used to develop its test period financial information in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

43. Provide a detailed explanation of the method of allocation used to allocate and Revenues and Expenses associated with any and all other utilities operated by Daviess District.



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

DATED     JUL 11 2022    

cc: Parties of Record

Case No. 2022-00142

Daviess County Water District  
Case No. 2022-00142

Comparison of Revenue Account Balances  
With Those of the Preceding 12 months

“000 Omitted”

Account Number and Account Title	1 <sup>st</sup> Month	2 <sup>nd</sup> Month	3 <sup>rd</sup> Month	4 <sup>th</sup> Month	5 <sup>th</sup> Month	6 <sup>th</sup> Month	7 <sup>th</sup> Month	8 <sup>th</sup> Month	9 <sup>th</sup> Month	10 <sup>th</sup> Month	11 <sup>th</sup> Month	12 <sup>th</sup> Month	Total
Test Period													
Previous 12 Months													
Increase													
(Decrease)													

Daviess County Water District  
Case No. 2022-00142

Analysis of Professional Services Expenses  
For the 12 Months Ended \_\_\_\_\_

Line No.	Item (a)	Rate Case (b)	Annual Audit (c)	Other (d)	Total (e)
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

Daviess County Water District  
Case No. 2022-00142

Analysis of Advertising Expenses  
(Including Account No. 660)  
For the 12 Months Ended \_\_\_\_\_

Line No.	Item (a)	Sales or Promotional Advertising (b)	Institutional Advertising (c)	Conservation Advertising (d)	Rate Case (e)	Other (f)	Total (g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Kentucky Jurisdictional						

Note: Specify the purpose of the expenditures and the expected benefit to be derived.

Daviess County Water District  
 Case No. 2022-00142

Analysis of Account No. 675 – Miscellaneous General Expenses  
 For the 12 Months Ended \_\_\_\_\_

Line No.	Item (a)	Amount (b)
1.	Industry Association Dues	
2.	Stockholder and Debt Service Expenses	
3.	Institutional Advertising	
4.	Conservation Advertising	
5.	Rate Department Load Studies	
6.	Director's Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	
10.	Amount Assigned to Kentucky Jurisdictional	

Note: Include detailed workpapers supporting this analysis. Expenditures under \$500 are to be grouped by the classes shown on this Schedule.

Daviess County Water District  
Case No. 2022-00142

Schedule of Outstanding Long-Term Debt  
For the Year Ended December 31, \_\_\_\_\_

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate <sup>(1)</sup> (e)	Cost Rate at Issue <sup>(2)</sup> (f)	Cost Rate at Maturity <sup>(3)</sup> (g)	Bond Rating at Time of Issue <sup>(4)</sup> (h)	Type of Obligation (i)	Annualized Cost Col. (d) x Col. (g) (j)
Total Long-Term Debt and Annualized Cost  Annualized Cost Rate [Total Col. (j) / Total Col. (d)]										

(1) Nominal Rate

(2) Nominal Rate plus Discount or Premium Amortization

(3) Nominal Rate plus Discount or Premium Amortization and Issuance Cost

(4) Standard and Poor's, Moody, etc.

Daviess County Water District  
Case No. 2022-00142

Schedule of Short-Term Debt  
For the 12 Months Ended December 31, \_\_\_\_\_

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Nominal Interest Rate (e)	Effective Interest Rate (f)	Annualized Interest Cost Col. (f) x Col. (d) (g)
Total Short-Term Debt							
Annualized Cost Rate [Total Col. (g) / Total Col. (d)]							
Actual Interest Paid or Accrued on Short-Term Debt During the Test Year [Report in Col. (g) of this Schedule]							
Average Short-Term Debt – Schedule E2 Line 15 Col. (d) [Report in Col. (g) of this Schedule]							
Test-Year Interest Rate [Actual Interest / Average Short-Term Debt] [Report in Col. (f) of this Schedule]							

Note: In all instances in which the Effective Interest Rate is different from the Nominal Interest Rate, provide a calculation of the Effective Interest Rate in sufficient detail to show the items of costs which cause the difference.

Daviess County Water District  
Case No. 2022-00142

Construction Projects  
As of \_\_\_\_\_

Line No. (A)	Project No. (B)	Description of Project (C)	Accumulated Costs				Estimated Physical Percent Complete
			Construction Amount (D)	AFUDC Capitalized (E)	Indirect Costs Other (F)*	Total Cost (G = D + E + F)	
			\$	\$	\$	\$	
Total							
*Explain the nature of all other indirect costs in footnotes.							



Daviess County Water District  
Case No. 2022-00142

Construction Projects  
For 5 Years Ended December 31, \_\_\_\_\_

Project No.	Project Title/Description	Annual Actual Cost	Annual Original Budget	Variance in Dollars	Variance as Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance in Dollars	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End

Daviess County Water District  
Case No. 2022-00142

Calculation of Capital Construction Project Slippage Factor

Source: Schedule G1 – Construction Projects

Year	Annual Actual Cost	Annual Original Budget	Variance in Dollars	Variance as Percent	Slippage Factor
1					
2					
3					
4					
5					
Totals					
5 Year Average Slippage Factor (Mathematic Average of the Yearly Slippage Factors / 5 years)					

The Annual Actual Cost, Annual Original Budget, Variance in Dollars, and Variance as Percent are to be taken from Schedule G1. Total all projects for a given year.

The Slippage Factor is calculated by dividing the Annual Actual Cost by the Annual Original Budget. Calculate a Slippage Factor for each year and the Totals line. Carry Slippage Factor percentages to 3 decimal places.

Daviess County Water District  
Case No. 2022-00142

Monthly Payroll Variance Analysis  
As of \_\_\_\_\_

Workpaper Reference No.(s): \_\_\_\_

Month.	Employee Group	Number of Full-Time Employees		Number of Part-Time Employees		Monthly Budget			Monthly Actual			Variance Percent		
		Budgeted	Actual	Budgeted	Actual	Reg.	OT	Total	Reg.	OT	Total	Reg.	OT	Total

Daviess County Water District  
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Analysis of Compensation and Benefit Data, in gross dollars  
For the 12 Months Ended \_\_\_\_\_

Employee Categories	Compensation by Category <sup>(1)</sup>	Subtotal All Compensation	Benefit Type <sup>(2)</sup>		Defined Contribution Plan – Utility Contribution	Other <sup>(3)</sup>	Total Compensation and Benefits	
			Utility	Employee			Utility	Employee
<b>Corporate Officers (Individually)</b>								
Total Amount								
Total KY Jurisdictional								
<b>Corporate Officers (Collectively)</b>								
Total Amount								
Total KY Jurisdictional								
<b>All Other Employee Categories (Separate by Category)<sup>(4)</sup></b>								
Total Amount								
Total KY Jurisdictional								
<b>Total for All Categories</b>								
Total Amounts								
Total KY Jurisdictional								

- (1) Specify as directed in Item 41. Use additional columns as necessary.
- (2) Specify as directed in Item 41. Use additional columns as necessary. Provide utility and Employee contributions for each benefit type.
- (3) Specify. Use additional columns as necessary.
- (4) Specify as directed in Item 41. Use additional rows as necessary. Provide total company and jurisdictional operations separately for each category.

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