

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED)
ADJUSTMENT OF THE WHOLESALE) CASE NO. 2017-00417
WATER SERVICE RATES OF)
LEBANON WATER WORKS)

RESPONSE OF
LEBANON WATER WORKS COMPANY
TO
COMMISSION STAFF'S
POST-HEARING REQUEST FOR INFORMATION
DATED JUNE 21, 2018

FILED: June 27, 2018

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

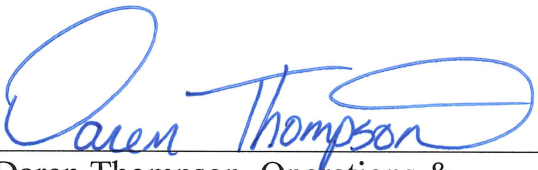
In the Matter of:

ELECTRONIC PROPOSED)
ADJUSTMENT OF THE WHOLESALE) CASE NO. 2017-00417
WATER SERVICE RATES OF)
LEBANON WATER WORKS)

CERTIFICATION OF RESPONSE TO
COMMISSION STAFF'S POST-HEARING
REQUEST FOR INFORMATION

This is to certify that I have supervised the preparation of Lebanon Water Works Company's Response to the Commission Staff's Post-Hearing Request for Information. The response submitted on behalf of Lebanon Water Works Company is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: 6/27/18


Daren Thompson, Operations &
Management Superintendent
Lebanon Water Works Company

LEBANON WATER WORKS COMPANY

CASE NO. 2017-00417

Response to Commission Staff's Post-Hearing Request for Information

Question No. 1

Responding Witness: Daren Thompson & Lisa Mattingly

Q-1. Refer to Holly Nicholas Rebuttal Testimony, Exhibit 1, column titled Original Revenue/Expenses. Provide a complete breakdown by employee of the salaries and fringe benefits listed in that column.

A-1. See attached **Exhibit 1-1**. Page 1 of **Exhibit 1-1** shows the breakdown of the employee salaries. Because of employee changes, the Company calculated the 12-month cost of each of the fifteen employees that would be on staff going forward by adding each employee's March 2017 and April 2017 gross wages. Then, the Company divided that figure by nine (9), which is the number of pay periods in March 2017 – April 2017, and then multiplied by 52 weeks. Next, the Company multiplied the total by six (6) percent to account for budgeted raises and certification raises.

The actual salary expense for Fiscal Year 2018 is shown on page 2 of **Exhibit 1-1**. This shows that the Company's Revenue Requirements of \$615,200 for salary expense was reasonable and understated the actual salary expense.

Page 3 of **Exhibit 1-1** shows the breakdown of employee fringe benefits.

EXHIBIT 1-1

Breakdown - Salaries- \$615,200

EE Number	Job Title	March 2017 Gross	April 2017 Gross	Annualized 12 month	Class	13 class upgrades (5/1/2017 to 6/22/18)
3	Ofc Mgr	\$ 4,789.05	\$ 3,831.24	\$ 49,806.18	n/a	
6	Trmt Plant Oper	\$ 4,305.25	\$ 3,481.18	\$ 44,988.32	IV	Class IV - Dec. 2017
7	Dist Mgr	\$ 4,271.40	\$ 3,427.29	\$ 44,481.38	III	
8	Dist Oper	\$ 3,333.33	\$ 2,595.18	\$ 34,253.67	III	Class III - Feb. 2018
9	Trmt Plant Oper-PT	\$ 2,297.67	\$ 2,419.74	\$ 27,256.21	III	
11	Trmt Plant Oper	\$ 3,787.78	\$ 3,265.38	\$ 40,751.65	IV	
15	Trmt Plant Mgr	\$ 5,288.45	\$ 4,230.76	\$ 54,999.94	Multiple	
17	Cust Srv Rep	\$ 3,040.00	\$ 2,432.00	\$ 31,616.06	n/a	
18	Bd Member	\$ 671.59	\$ 671.59	\$ 7,760.66	n/a	
19	Trmt Plant Oper	\$ 2,838.97	\$ 2,370.72	\$ 30,100.49	IV	Class II - July 2017; Class III - Oct. 2017; Class IV - Feb. 2018
20	Oper & Maint Supt	\$ 9,134.60	\$ 7,307.68	\$ 94,999.90	Multiple	
21	Dist Oper	\$ 3,124.75	\$ 2,378.00	\$ 31,793.73	II	Class I - Dec. 2017; Class II - Feb. 2018
22	Dist Oper	\$ 3,045.00	\$ 2,421.50	\$ 31,584.28	II	Class I - Dec. 2017; Class II - Feb. 2018
23	Trmt Plant Oper	\$ 2,309.13	\$ 2,268.00	\$ 26,445.70	II	Class I - Oct. 2017; Class II - Feb. 2018
24	Trmt Plant Oper	\$ 2,756.01	\$ 2,360.75	\$ 29,563.56	II	Class I - Oct. 2017; Class II - Jan. 2018
		<u>\$ 54,992.98</u>	<u>\$ 45,461.01</u>	\$ 580,401.73		
				<u>x 6% *</u>		
				\$ 34,824.10		
				<u>\$ 615,225.83</u>		

* 3% Budgeted raises and 3% Projected to include employees obtaining initial and subsequent Distribution/Treatment Certifications

Method of Calculation: Add March 2017 and April 2017 Gross Wages; then divide by 9 pay periods multiplied by 52 weeks; add 6% (3% budgeted raises and 3% certification upgrades).

FYE 6/30/2018

EE Number	Gross - 3rd qtr 2017	Gross - 4th qtr 2017	Gross - 1st qtr 2018	Gross - 4/1/2018 to 6/22/18	Projected 6/29/18	Total Projected FYE 6/30/18
3	\$ 12,825.02	\$ 13,811.56	\$ 13,025.02	\$ 12,288.48	\$ 986.54	\$ 52,936.62
6	\$ 12,868.39	\$ 15,967.21	\$ 15,175.57	\$ 13,710.28	\$ 857.20	\$ 58,578.65
7	\$ 12,742.25	\$ 16,251.88	\$ 14,662.46	\$ 13,698.04	\$ 1,089.42	\$ 58,444.05
8	\$ 4,066.56	\$ 8,717.56	\$ 7,883.61	\$ 1,592.10	\$ 760.40	\$ 23,020.23
9	\$ 8,814.94	\$ 9,023.36	\$ 5,915.45	\$ 7,662.50	\$ 980.80	\$ 32,397.05
11	\$ 10,910.19	\$ 1,292.01	\$ 8,635.17	\$ 10,080.62	\$ 743.60	\$ 31,661.59
15	\$ 15,024.96	\$ 16,876.88	\$ 14,362.46	\$ 13,073.04	\$ 1,089.42	\$ 60,426.76
17	\$ 8,143.20	\$ 8,890.07	\$ 8,816.58	\$ 7,681.23	\$ 626.40	\$ 34,157.48
18	\$ 2,075.01	\$ 2,075.01	\$ 2,075.01	\$ 1,383.34	\$ 691.67	\$ 8,300.04
19	\$ 8,491.21	\$ 10,988.06	\$ 9,864.30	\$ 9,450.02	\$ 700.00	\$ 39,493.59
20	\$ 24,462.49	\$ 26,344.22	\$ 24,462.49	\$ 22,580.76	\$ 1,881.73	\$ 99,731.69
21	\$ 8,179.65	\$ 9,142.62	\$ 9,661.64	\$ 8,326.01	\$ 677.60	\$ 35,987.52
22	\$ 8,523.27	\$ 9,604.56	\$ 10,179.73	\$ 8,838.45	\$ 677.60	\$ 37,823.61
23	\$ 8,158.14	\$ 9,213.84	\$ 9,060.60	\$ 8,698.50	\$ 656.80	\$ 35,787.88
24	\$ 9,003.86	\$ 9,713.37	\$ 9,204.55	\$ 8,589.72	\$ 656.80	\$ 37,168.30
	\$ 154,289.14	\$ 167,912.21	\$ 162,984.64	\$ 147,653.09	\$ 13,075.98	\$ 645,915.06

Breakdown - Fringe Benefits - **\$188,400**

EE Number	Job Title	Portion paid by LWWC					Short Term Disability
		Health	Dental	Vision	Life		
3	Ofc Mgr	\$ 8,940.00	\$ -	\$ -	\$ 63.00	\$ -	
6	Trmt Plant Oper	\$ 10,728.00	\$ -	\$ -	\$ 209.00	\$ -	
7	Dist Mgr	\$ 13,212.00	\$ -	\$ -	\$ 67.00	\$ -	
8	Dist Oper	\$ 16,668.00	\$ -	\$ -	\$ 41.00	\$ -	
9	Trmt Plant Oper-PT	\$ -	\$ -	\$ -	\$ -	\$ -	
11	Trmt Plant Oper	\$ 20,760.00	\$ -	\$ -	\$ 212.00	\$ -	
15	Trmt Plant Mgr	\$ 10,584.00	\$ -	\$ -	\$ 67.00	\$ -	
17	Cust Srv Rep	\$ 20,184.00	\$ -	\$ -	\$ 63.00	\$ -	
18	Bd Member	\$ -	\$ -	\$ -	\$ -	\$ -	
19	Trmt Plant Oper	\$ 20,124.00	\$ -	\$ -	\$ 67.00	\$ -	
20	Oper & Maint Supt	\$ 16,704.00	\$ -	\$ -	\$ 30.00	\$ -	
21	Dist Oper	\$ 17,820.00	\$ -	\$ -	\$ 67.00	\$ -	
22	Dist Oper	\$ 20,124.00	\$ -	\$ -	\$ 155.00	\$ -	
23	Trmt Plant Oper	\$ 11,460.00	\$ -	\$ -	\$ 30.00	\$ -	
24	Trmt Plant Oper	waived coverage	\$ -	\$ -	\$ 21.00	\$ -	
		\$ 187,308.00	\$ -	\$ -	\$ 1,092.00	\$ -	

Total Fringe Benefits \$ 188,400.00

- Note:**
1. In FY 2017, the Company did not provide any dental or vision insurance. The Company provided health insurance and life insurance (\$10k per employee)
 2. The premium amounts shown above are based upon the premiums in effect during FY 2017.
 3. Beginning in FY 2018, employees were required to contribute 10% of health insurance family coverage premiums. Beginning in FY 2019, employees will pay 15%.

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Lebanon Water Works Company's June 27, 2018 electronic filing of this Response is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on June 27, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and one copy in paper medium of this Response will be delivered to the Commission on or before June 29, 2018.


Damon R. Talley