

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF THE)	CASE NO.
WHOLESALE WATER SERVICE RATES OF)	2019-00444
PRINCETON WATER AND WASTEWATER)	

CALDWELL COUNTY WATER DISTRICT AND LYON COUNTY WATER DISTRICT'S
RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION ISSUED
ON MARCH 27, 2020

Filed: April 17, 2020

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF THE) CASE NO.
WHOLESALE WATER SERVICE RATES OF) 2019-00444
PRINCETON WATER AND WASTEWATER)

VERIFICATION OF ALAN VILINES

COMMONWEALTH OF KENTUCKY)
COUNTY OF Warren)

Alan Vilines, Kentucky Rural Water Association on behalf of Caldwell County Water District and Lyon County Water District, states that he has supervised the preparation of certain responses to Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Alan Vilines

The foregoing Verification was signed, acknowledged and sworn to before me this 16th day of April, 2020, by Alan Vilines.

Bobbie S. Shanahan #603266
Commission expiration: 7/12/2022



**Caldwell County Water District and Lyon County Water District
Case No. 2019-00444
Commission Staff's First Request for Information issued March 27, 2020**

1. Refer to the Direct Testimony of Alan Vilines (Vilines Testimony), page 4, lines 4-6.
 - a. Explain why Customer or Administrative costs should be allocated to the Wholesale customer.
 - b. If Customer or Administrative costs are allocated to the wholesale customer, explain whether or not it would be appropriate to account for these costs as a customer charge.

Response:

- a. Many of the tasks typically associated with administrative work are related to providing service to both retail and wholesale customers, so a portion of those expenses should be allocated to wholesale customers. Examples of administrative expenses that are to some extent applicable to both classes of customers include salary expense for office staff, some supervisory salary expense, miscellaneous office expense, and certain professional services.

Customer costs are primarily incurred in providing service to retail customers and are generally not allocated to wholesale customers. These costs include office staff salaries and miscellaneous office expenses not allocated to Administrative such as talking to walk-in customers, answering customer calls, dispatching employees and following up on customer issues, billing, taking payments, paper work on collections, etc. Also included in this category are maintenance group expenses related to meter reading, connects and disconnects, collections, responding to customer issues in the field, repairing customer service line leaks and leaks at meters.

- b. Although allocated administrative costs could be recovered through a customer charge, the method generally accepted by the PSC includes these expenses in the unit rate.

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2. Refer to the Vilines Testimony, page 6, line 15.
 - a. Provide a list and the amounts of the inapplicable expenses referred to in the response.
 - b. Provide a list and amounts of the incorrectly allocated amounts referred to in the response.

Response:

- a.

Health insurance premiums exceeding the Bureau of Labor Statistics average	\$	51,492
GASB and OPEB retirement liabilities	\$	91,110
- b. Incorrectly allocated amounts are all operation and maintenance, depreciation, and debt service expenses. The actual amounts are shown in the spreadsheet titled Cald_Lyon Wholesale.xlsx. A hard copy is attached to this response and an excel spreadsheet is being filed electronically.

**Caldwell County Water District and Lyon County Water District
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3. Refer to the Vilines Testimony, page 6, lines 22-24.
 - a. Provide copies of all workpapers and calculations in Excel spreadsheet format, with all formulas unprotected and with all rows and columns accessible, supporting the \$569,900 wholesale revenue requirement.
 - b. State all assumptions made and describe all methods used to determine the wholesale revenue requirement.
 - c. Provide copies of all workpapers and calculations in Excel spreadsheet format, with all formulas unprotected and with all rows and columns accessible, supporting the \$2.59 per 100 cubic feet.
 - d. State all assumptions made and describe all methods used to determine the wholesale rate of \$2.59 per 100 cubic feet.

Response:

- a -d. See the following spreadsheets which are attached in hard copy to these responses and are also being filed electronically in excel format:

Cald_Lyon Wholesale.xlsx – attached to Response 2

PSC_1-8_EMPLOYEE_INSURANCE_AHV.xlsx – attached to this response

PSC_2-13_(ab)_NARUC_Depreciation_AHV.xlsx – attached to this response