

Case No. 2019-00444
Princeton Water and Wastewater Wholesale Water Rates Increase
Responses to Commission Staff's Post-Hearing Request for Information

1. Validate and identify the position and title Tracy Musgove current holds with Princeton if she is an employee of Princeton.

Response: Tracy Musgove is currently employed by Princeton Water and Wastewater as the Director of Finance and Special Projects. She is considered a "full-time" employee as defined in the employee handbook. See attached.

"A full-time position is considered to be any position in which an employee works a minimum of 100 hours per month."

CLASSIFICATION OF EMPLOYEES

Employees of the Commission will normally be classified in one of the following classifications:

1. Full-time employees shall be those who fill positions for which there will be a continuing need. Such employees shall have satisfactorily demonstrated their ability and qualifications for the position held and are entitled to sick leave, medical leave, vacation time and other benefits and privileges as applicable.
2. Part-time employees shall be those who work less than 100 hrs per month. Part-time employees shall not be entitled to sick leave, vacation time and other benefits applicable to a full-time employee.
3. Temporary employees shall be those employees who are serving their probationary period prior to re-classification as "full-time" status. Also in this category shall be those employees who are hired to fill positions of temporary or irregular nature. Temporary employees shall not be entitled to sick leave, vacation time and other benefits applicable to a full-time employee.

Witness: Tracy Musgove and James Noel

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PHDR Exhibit 1



EMPLOYEE HANDBOOK

SEPTEMBER 2018

Princeton Water & Wastewater Commission
101 E. Market Street - PO Box 231
Princeton, KY 42445
270-365-9301

PERFORMANCE APPRAISALS

All employees shall be evaluated for job performance at four (4) week intervals during the ninety (90) day probationary period, and annually thereafter during the first week of June. Additional appraisals may be given at any time if performance is less than satisfactory and termination can occur at anytime during the probationary period. All performance appraisals will become a permanent part of the employee's personnel file.

WORKING HOURS

The hours you work depend upon your assignment. Since the PWWC is responsible for service to the public 24 hours a day, every day of the year, it therefore requires some employees to work nights, weekends, and holidays. All employees, full-time and part-time, are required to work their share of weekends and holidays according to the needs of the specific department.

A full-time position is considered to be any position in which an employee works a minimum of 100 hours per month.

ANNIVERSARY DATE OF EMPLOYMENT

Anniversary Date of Employment (ADE) will be used in connection with determination of length-of-service, wage adjustment consideration during training periods, and in the computation of appropriate benefits such as vacation, sick leave, insurance, etc., where length-of-service is a factor. Full-time employees will be assigned an ADE, which will normally be based on the initial date of employment with the PWWC.

Employees with interrupted periods of regular employment with the PWWC will be assigned an adjusted ADE reflecting the date upon which the employee would have been employed if full-time employment had been continuous. Employees who resign in good-standing who are subsequently re-employed shall receive a new ADE as of the date of re-employment.

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who are hired to fill positions of temporary or irregular nature. Temporary employees shall not be entitled to sick leave, vacation time and other benefits applicable to a full-time employee.

Between the date of employment and the date of reporting to work, the following steps shall be taken:

- a) The new employee must be given, at the expense of the Commission, a physical examination by a medical doctor and a copy of the medical report will be filed in the new employee's personnel file. This may be waived for a temporary employee.
- b) The new employee shall be given a complete and up to date copy of the Employee Policy Handbook. This new employee shall sign a statement that he has received a copy of the above handbook. This signed statement shall be placed in the employee's personnel file.
- c) The new employee shall sign an "Employees Withholding Allowance Certificate".

OVERTIME

In order to determine whether an employee will receive overtime pay or compensatory time for hours worked in excess of a forty (40) hour work week, the Superintendent shall declare employees "exempt" or "non-exempt" according to provisions of existing labor laws. Exempt employees shall not receive overtime pay but shall be entitled to compensatory time on an hour for hour basis for those hours worked in excess of their normally scheduled work week. Non-exempt employees will be compensated at the rate of time and ½ for all hours worked in excess of the forty (40) hour workweek.

Time off with pay (such as vacation, medical leave, sick leave or personal time) shall not be considered as hours worked for overtime pay purposes. Holidays for which employees are paid, but which are not worked shall be used for computing hours worked. However, should an emergency arise where an employee is called into work for the benefit of the department, those hours worked during the emergency will be paid at the rate of overtime pay whether or not that employee had used time off with pay during that particular pay period.

ON CALL TIME

1. The PWWC Maintenance Crew will be paid from Friday at 3:31p.m. to Friday at 3:30 p.m. Payroll checks will be issued after the close of the weekly pay period. All duties performed by the employee scheduled for call out time will be considered first as call time and not as scheduled overtime.
2. Call out time will be paid as follows:
 - a. Two (2) hours per day for weekdays (5days - 10 hours)
 - b. Four (4) hours per day for weekends and holidays (2 days equals 8 hours)

Only the man on call will be paid call out time ($18 \times 1.5 = 27$ hours). Any man helping the man on call will be paid for the exact hours worked. The man on call will be required to work at least two (2) hours per day during the week and four (4) hours per day on weekends and holidays before additional time will be paid.

Examples:

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2. Provide a detailed and descriptive itemization of the duties performed by Tracy Musgove and the average hours per week spent performing each of those duties in her capacity as Director of Finance for the period July 1, 2019, through December 31, 2019. Also provide a detailed and descriptive itemization of the duties and hours spent on each task Ms. Musgove currently performs for Princeton for January 1, 2020 up to the present. Princeton's lists should include but not limited to the tasks, hours, rate paid, and how those should be allocated between the salary in her position with Princeton and the expense incurred directly from working on the rate case.

Response: Refer to Exhibit labeled PSC PHDR 2 Duties of Finance Director for a general list of duties.

During the period from July through December, Ms Musgove's weekly hours averaged 26.3 per week. Many of Ms. Musgove's duties are performed monthly and others are performed as the time of year requires. For example, over half of the month of July was spent on closeout of the fiscal year-end, balancing accounts to general ledger, and getting ready for the audit. July also was the time when the decision was made to bid the depository services and subsequently move the entire banking relationship. Several hours/days were spent with bankers going over the terms and then getting with management to review the positives and negatives of each bid. As with each month, 25 – 30 hours are spent on developing the board packages and compiling and analyzing actual to budgets and comparing to previous years while then drafting financial narratives. Payroll duties typically take 3 – 4 hours per week; however, this duty was handed off to the Office Manager in mid-September after the

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plans for Ms. Musgove's retirement were made known.

August required SPGE reporting, worker's compensation audit and the closing of the USDA interim loan which took additional days both out of the office and in the office reconciling construction reports with a new USDA loan officer that had not been involved in the actual loan. Approximately 25 hours was spent with the auditors and another 25 hours was spent on the board packages once again. Transfer of the banking relationship occurred during the last week of the month.

During the first week of September, Ms. Musgove and other office staff worked on the depository relationship familiarizing themselves with new reporting and on-line products of the new bank. She spent four days at the One Water Summit in Austin, Texas as a small system delegate and another 2 – 3 days working/ training other office staff on certain duties that she could begin handing off. Data on employee health benefits was compiled for the board and the final week of the month was once again consumed with preparing financials for the Board.

At the first of October, the draft audit was received and approximately 3 days were spent on review, making adjusting entries, balancing GL, spreads and comparative analysis and updating the unit cost worksheet to study the effect on the proposed rates. Ms. Musgove also took a planned vacation, prepared materials for the meeting with the water districts and met with the Mayor and Judge Executive regarding the rate increase. The final week was spent on additional payroll training and financial package preparations for the Board.

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In November, the decision was made to hire another full-time office employee since the part-time employees had some personal family health issues and also to take cross train on some of the duties that Ms. Musgove had previously done. Four days were spent preparing a test, advertising, narrowing down the people to interview, interviewing and selecting the individual. Several outside meetings took place regarding the proposed rate increase and work was completed on the PSC tariff package along with appropriate notification to the water districts. The last week of November and the first week of December was spent preparing for the board meeting which was postponed until December 10th due to the Thanksgiving holidays.

After the December 10th board meeting, Ms. Musgove's time has been documented as to how much was spent on PSC vs Princeton duties. The time allotted to Princeton has mainly been the continuing preparation of monthly board financial packages and financial analysis and narratives. In February, the worker's compensation premium estimate had to be completed which entailed projecting salaries and overtime through the current fiscal year and also what the salaries would be in the upcoming fiscal year. This took approximately two extra days along with the normal 25 – 30 hours on the Board package. April began the budgeting process and bid letters were sent and compiled on chemicals and lab services. More details on Ms. Musgove's work can be viewed in the "Finance Time Accounting" tab of the Excel file that PWWC filed on May 15, 2020, as a supplement to PSC 2-3.

Witness: Tracy B. Musgove

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PSC PHDR 2 Duties of Finance Director

Director of Finance and Special Projects

Review WTP Monthly Operating Report data and update excel spreadsheets for following:

- Backwash Information
- Plant Operating Hours vs Actual Labor Hours Worked
- Water Loss Information to Account for Internal Use, Flushing, Fire and other Accounted For Usages and Compare to Previous Months & Years.
- Analyze chemical usage and account for differences in inventory reporting

Prepare Chemical, Equipment, Insurance, Depository and Other Necessary Bid packages to include the following:

- Letter to Potential Candidates/Entities
- Advertisement for Paper (if required)
- Gather Data
- Analyze Cost, Benefits vs Other Effectiveness
- Update Budget with bid information
- Prepare Recommendation for Board

Payroll to include:

- Balance departmental data
- Create & submit ACH deposit file
- Create and Submit GL and EFTPS entries
- Update QS1 System and Dual Excel System with Leave Accruals – Balance Monthly
- Maintain Excel Based Leave Accrual worksheet w/annual projected balances for VAC, Sick, MLV & HOL and Share Information with Department Heads
- Maintain Employee Deductions in QS1 and update excel worksheet
- Prepare Separate Vacation Payout twice annually
- Prepare Separate Bonus Payout
- Input Salary and Wage Increases
- Prepare Proposed Budget for New Year by Employee and Department to include Total Wage Pkg
- Print and balance EOY W-2s and submit to appropriate governmental agencies
- Gather information for annual worker's compensation audit by classification and report departmental differences for adjustments

Maintain Board Packages and Board Minutes

- Work with Superintendent to Prepare Agenda for Meetings
- Notify Press Outlets of Special Called Meetings
- Attend Meetings and take notes of actions
- Research topics of interest requested by Commissioners and prepare reports on same
- Transcribe minutes and present for approval at next board meeting

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- Maintain minute book

Prepare Monthly Financial Data to include the following:

- Merge QS1 Departmental Monthly and YTD Data with Excel Budgeted Departmental Income Statements
- Update Monthly Water and Sewer Revenue Spreadsheets
- Maintain Rolling 12 month Actual vs Budgeted Projections
- Prepare Consolidated Comparative Analysis of Actual to Budget and by Department
- Balance Income on Balance Sheet with Consolidated Excel Spreadsheets
- Prepare List of Checks Written for Previous Month and Review Vendor Invoices
- Prepare Narrative discussing Monthly Actual vs Budget, YTD Actual vs Budget and Quarterly Comparisons of Actual vs Previous Years by Department and on Consolidated basis
- Print and Gather Information for Commissioner Packets and Deliver in Advance

Prepare Annual Budget to include the following:

- Prepare YTD material by Department along with comparative data from previous two fiscal years
- Gather Departmental information on Updates to treatment procedures, capital expenditures needed and personnel requirements for upcoming year.
- Work with Superintendent on planned raises and certifications for employees
- Prepare detailed labor and benefit analysis after review of health plans and other benefits.
- Request information on new health plans and alternatives to existing benefits periodically to maintain cost efficiency and effectiveness
- Separate Budgets by Individual Departments (Administrative, Water Treatment, Wastewater Treatment, Maintenance and Commission) and compare on a monthly basis
- Maintain information on joint expenses with adequate departmental breakdown by asset, service performed or employee
- Review and update Miscellaneous Billing Rates annually and report to City Council on any necessary changes
- Consider new revenue sources and review old policies for updates and/or elimination

Prepare numerous documents for attorney review to include water contracts, farm lease, correspondence to numerous officials, regulations, handbook amendments, policy amendments, PSC documents related to water district contracts, etc.

Attend management conferences and utility law seminars to maintain knowledge of new regulations, etc.

Prepare information an annual updates for board review comparing rates in PADD district vs city rates

Provide assistance to other employees regarding balancing various GL accounts and preparation of tax forms. Create excel spreadsheets to aid in preparation of taxes and retirement payments and any other items/tasks requested by management.

Prepare inventory reports for maintenance employees to conduct physical count, make necessary entries to balance to GL and then prepare update for outside auditor to conduct item count reviews

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Prepare information for loan and grant packages. Maintain construction fund accounting to include draws, payments to vendors, percentage of completion, remaining fund balance and entries to GL for grant revenues, fixed assets, internal reimbursements, and loan proceeds.

Compare monthly operational data with SCADA reports to aid in tracking tank turnover and employee compliance with directives

Balance Fiscal Year End data and prepare for Audit. Make necessary end of year adjustments to closing entries. Gather information requested by outside auditor and send files for work to be completed remotely

Analyze final audited data and prepare spreads and analysis for board along with management's narrative to be contained in audit. Make updates to departmental spreads and analyze costs vs revenues for potential need for rate increases.

Complete necessary input of budgets, audits and actual YTD data into state website for Special Purpose Governmental Entities (SPGE) as required by Department for Local Government

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3. If Ms. Musgove is not an employee of Princeton, confirm her retirement date and whether she has been engaged as a paid contractor for services performed after that date. Provide copies of board minutes and a copy of the Agreement between Ms. Musgove and Princeton detailing her responsibilities; hourly rate of compensation and any other associated costs, benefits, or fees for her services as a paid contractor; and the amount that has been paid to Ms. Musgove for services performed under that Agreement.

Response: N/A. Ms. Musgove remains a full time employee of Princeton.

Witness: Tracy B. Musgove

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4. For employees #155, #201, #209, and #210, separately identify the position, hours, wages and benefits.

Response: Employees #155 and #201 are both part-time as needed office/customer service employees. Both are paid an hourly wage of \$14 per hour and are entitled to no benefits other than the federal required matching of social security and medicare (7.65%). Employee # 155 worked 770 hours (avg 64 hrs/month) in FY 2019 and has worked 575.5 hours (avg 55 hrs/month) through 5/13/20. Employee # 201 worked 694 hours (avg 58 hrs/month) in FY 2019 and has worked 451.5 hours through 5/13/20 (avg 43 hrs/month).

Employee # 209 was hired 7/29/19 as a full time maintenance employee. Shortly after his hiring he was moved to the water treatment plant since he also holds a Class III operator's license and an existing operator was out on medical leave for several weeks. Currently, he remains classified as a full-time WTP operator and works 40 hours per week at the plant and is paid \$15.50 per hour. He became eligible for benefits as of September 1, 2019 and his benefits are listed under excel worksheet Exhibit PSC 3-10 Salary Budget FY2021 under WTP tab.

Employee # 210 was hired 11/25/19 as a full time office/customer service employee working 40 hours per week. After the probationary period, a \$ 0.75 / hour increase was given thereby increasing the current hourly wage to \$14.25 /

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hour. January 1, 2020 was the benefits eligibility date and the benefits are listed under excel worksheet Exhibit PSC 3-10 Salary Budget FY2021 under Admin tab.

Witness: Tracy B. Musgove

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5. Refer to Princeton's response to Commission Staff's First Request for Information, Item 11. In the submitted Excel spreadsheet for the fiscal year ending June 30, 2019, Princeton did not provide evidence that its part-time employees receive insurance or retirement benefits. Confirm that Princeton does not currently offer insurance and retirement benefits to its part-time employees. If it does provide these benefits to its part-time employees, provide the minutes from its Board of Commissioners approving this change, the part-time definition criteria established by the board to be considered eligible for receiving benefits, and the part-time employee benefits provided by month and by employee in 2020.

Response: Item 11 in the Commission Staff's First Request for Information requested information related to employees that were previously identified in Item 7 which referred to test year only, (i.e. FY2019). Employees #209 and #210 were not hired until fiscal year 2020 and, therefore, were not listed. Employees #155 and #201 were both identified as "Part-time clerical" with no benefits being paid other than matching social security and medicare.

Witness: Tracy B. Musgove

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6. List the overhead expenses included in Capitalized Labor Cost including but not limited to labor costs, employee insurance premiums, retirement, and payroll taxes.

Response: See Excel worksheet labeled PSC 4-6 Misc Billing Hours (and below) which shows the calculations behind the \$37.60 hourly wage which was used to capitalize labor on the water line and sewer projects during 2019. Additionally, refer to Excel worksheets labeled PSC 4-6 Capex RD Water Project and PSC 4-6 CAPEX Sewer Project for initial entries to this account.

Maintenance Hourly Cost

		FY2019	FY2020
Ortt, Adam		\$ 20.91	\$ 21.25
Cotton, David		\$ 18.96	\$ 19.43
Hardrick, Brandon		\$ 18.19	\$ 19.14
Noel, Bobby		\$ 18.45	\$ 19.43
VanMatre, Jerome		\$ 18.00	\$ 18.45
Asher, Billy		\$ 18.00	\$ -
	Avg/Hour	\$ 18.75	\$ 19.54
FICA	0.0765	\$ 1.43	\$ 1.49
Retirement	0.2148	\$ 4.03	\$ 4.70
Worker's Comp	\$4.79/\$100	\$ 0.90	\$ 0.94
	Average Hourly Wage	\$ 25.11	\$ 26.67
FEMA % Used for Hol, Vac, & Sick	0.1493	\$ 3.75	\$ 3.98
Dental	\$ 36.15		
Vision	\$ 5.95		
Health	\$ 1,462.00		
Group Life	\$ 10.88		
Monthly Benefits / Employee	\$ 1,514.98		
Avg Hours per Month	173.33		
Benefit Cost Per Hour		\$ 8.74	\$ 8.74
Labor Rate		\$ 37.60	\$ 39.39

Witness: Tracy B. Musgove