

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF HYDEN-)
LESLIE COUNTY WATER DISTRICT FOR) CASE NO. 2020-00141
AN ALTERNATIVE RATE ADJUSTMENT)**

**HYDEN-LESLIE WATER DISTRICT’S
RESPONSE TO COMMISSION STAFF REPORT**

For its response to Commission Staff’s Report, Hyden-Leslie County Water District (“Hyden-Leslie District”) states:

1. Hyden-Leslie District has no objections to the findings and recommendations contained in Commission Staff’s Report and, for purposes of this proceeding only, agrees with those findings and recommendations.

2. In its report, Commission Staff indicated two areas in which Hyden-Leslie District should offer additional evidence regarding adjustments to test period Employee Salaries and Wages. Pursuant to the Commission Staff Report and the Commission’s Order of June 18, 2020, Hyden-Leslie District provides the following:

a. Additional Distribution System Operator. In its report, Commission Staff noted that Hyden-Leslie District employed twelve employees at the start of the test period, one employee (a distribution system operator) left during the test period and his position was not filled in the test period or the following year. It advised in its Report that Hyden-Leslie District should indicate in its response whether a distribution operator has since been hired and the level of his or her salary and benefits.¹¹ The position was filled in March 2020. Exhibit A to this Response shows the annual cost to Hyden-Leslie District of this additional employee is approximately \$50,353.

¹¹ Staff Report at 11.

b. Lump Sum Vacation Payment. In its report, Commission Staff recommended that \$9,949 of test-period Employee Salaries and Wages be disallowed because Hyden-Leslie District “failed to provide adequate documentation to show that its policy regarding the lump-sum payments to its employees for unused vacation time is reasonable or warranted.”² In its Response to Item 7 of Commission Staff’s Second Request for Information, Hyden-Leslie District inadvertently omitted the pages of its Employee Handbook addressing vacation leave. These pages are attached as Exhibit. Hyden-Leslie District has found that the practice of lump sum payment of vacation time has reduced costs by reducing the total amount of overtime pay. If an employee did not choose to voluntarily forego vacation leave, Hyden-Leslie District would be required to pay other employees to work overtime to perform the vacationing employee’s duties and maintain adequate utility operations.

3. Hyden-Leslie District accepts the Commission Staff-recommended rates and requests, but requests that the Commission consider the evidence attached to this Response and in rendering a decision on its application for rate adjustment.

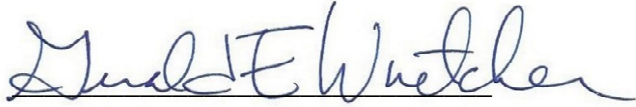
4. Hyden-Leslie District waives its right to a hearing in this matter and requests that the Commission proceed to issue a decision based upon the existing evidence of record, including the evidence submitted with this Response. Commission Staff has prepared and filed in the record of this proceeding a thorough review of Hyden-Leslie District’s finances and operations. Moreover, the Commission in two recent proceedings³ has also reviewed and held evidentiary hearings on Hyden-Leslie District’s operations and finances.

² *Id.* at 11.

³ *Investigation into Excessive Water Loss by Kentucky’s Jurisdictional Water Utilities*, Case No. 2019-00041 (Ky. PSC initiated Mar. 12, 2019); *Electronic Application of Hyden-Leslie County Water District For Authorization To Enter A Short-Term Assistance Agreement With Kentucky Rural Water Finance Corporation To Refund An Existing Loan and To Subsequently Enter A Long-Term Assistance Agreement With the Kentucky Infrastructure Authority*, Case No. 2019-00412 (Ky. PSC filed Nov. 30, 2019).

Dated: September 30, 2020

Respectfully submitted,

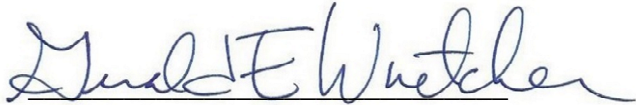


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Counsel for Hyden-Leslie County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Hyden-Leslie County Water District's electronic filing of this Response is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on September 30, 2020; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that that within 30 days following the termination of the state of emergency declared in Executive Order 2020-215, this Response in paper medium will be delivered to the Public Service Commission.



Gerald E. Wuetcher

EXHIBIT A

EXPECTED ANNUAL COSTS WITH ADDITIONAL EMPLOYEE

Employee Wages (2,080 hours x \$16.15 per hour)	\$34,320.00
FICA Employer Taxes (Wages x .0765)	\$ 2,625.48
Health Insurance (\$1,692.89 per month x 12 months x .66 (permitted employer contribution))	<u>\$13,407.69</u>
Total Annual Cost	<u>\$50,353.17</u>

EXHIBIT B



Employee Information

Handbook

SECTION 3 BENEFITS

Hyden-Leslie County Water District Benefits have been designed to provide employees with a comprehensive package of employee benefits. A balance of time off from work without creating undue hardship, help in case of injury, illness or retirement and an opportunity to advance in their position. Regular full-time employees are eligible for most benefits if they meet specific requirements.

Most of the cost of the benefits is paid by Hyden-Leslie County Water District. Be sure to keep any handouts regarding changes made to the handbook. Questions concerning benefits should be directed to management

Benefits described in this section are subject to change.

VACATION ELIGIBILITY

The company recognizes that employees need a scheduled time away from normal work duties for their personal well-being. The company grants annual vacation with pay to regular full-time employees who meet the service requirements as follows:

10 days (80 hours) annually. Time will be added to eligible employees in January of each year.

Vacation time cannot exceed 160 hours

Eligible employees may be paid for a maximum of 80 hours each calendar year for unused earned vacation time at the employee's regular rate of pay. No more than 40 hours will be made in one payment. Employees should give the request to the manager. If the employee has the earned vacation time, the paid vacation hours will be paid on the next pay period after the request if approved and if funds are available.

An employee who terminates employment in good standing will receive pay for the unused vacation time earned. Any employee who terminates employment without giving the District required notice or is discharged for other reasons forfeits all vacation pay

VACATION SCHEDULES

Vacation request must be made to the manager. With management approval, vacation may be taken at any time during the year after eligibility with the following provisions:

- Employees are expected to take their paid vacation time as a means of rest and diversion for themselves and their families.

- Job requirements will always take precedence over vacation schedules.
- Seniority will be considered in the event a conflict in vacation schedules arises.

Pay for vacation time will be at the employee's regular rate of pay. Paid vacation time will not be considered as time worked for the purpose of computing overtime.