

# SOUTHEAST DAVIESS COUNTY WATER DISTRICT

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August 14, 2020

*Via Electronic Filing*

Kent Chandler  
Acting Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Re: Case No. 2020-00195


Dear Mr. Chandler:

Enclosed please find for filing with the Commission in the above-referenced case Southeast Daviess County Water District's responses to the Commission's First Request for Information.

The original versions of the documents transmitted electronically will be filed with the Commission in paper medium within thirty days of the state of emergency being lifted.

Please do not hesitate to contact me if you have any questions.

Sincerely,

  
Keith Krampe, Office Manager

Enclosures

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
SOUTHEAST DAVIESS COUNTY WATER DISTRICT	)	2020-00195

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RESPONSE OF SOUTHEAST DAVIESS COUNTY WATER DISTRICT  
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR  
INFORMATION DATED JULY 31, 2020

Filed: August 14, 2020





**Southeast Daviess County Water District  
Case No. 2020-00195  
Commission Staff's Initial Request for Information issued July 31, 2020**

1. Provide copies of each of the following. When appropriate, provide in Excel spreadsheet format with all formulas intact and unprotected and all rows and columns fully accessible.

a. General ledger and trial balance for the calendar years 2018, 2019, and 2020 to date;

**Response:** See Attachments 1.a.\_2018S, 1.a.\_2019S, and 1.a.\_2020S

b. Schedule of notes and bonds payable on December 31, 2018; December 31, 2019; and the current period;

**Response:** The District has no such debt at this time.

c. All debt agreements/bond ordinances and amortization schedules, including related party debt;

**Response:** The District has no such debt at this time.

d. Insurance policies for 2018 and 2019 and the current period, if available;

**Response:** See Attachments 1.d.\_2018S, 1.d.\_2019S, and 1.d.\_2020S

e. Hours worked by each employee for the calendar year 2019;

**Response:** See Attachment 1.e.\_S

f. A document listing the names, job titles, job description, and pay rates for each employee on December 31, 2015; December 31, 2016; December 31, 2017; December 31, 2018; December 31, 2019; and for those currently employed;

**Response:** See Attachment 1.f.\_S

g. List and describe all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years;

**Response:** See Attachment 1.g.\_S

h. Minutes from Southeast Daviess District Commissioner meetings for the calendar years 2018, 2019, and the current period;

**Response:** See Attachments 1.h.\_2018S, 1.h.\_2019S, and 1.h.\_2020S

i. A document listing the name of all Commissioners for each of the five previous years, and state, individually, the total amount of each benefit paid to, or on the behalf of, each Commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.);

**Response:** See Attachment 1.i.\_S

j. Fiscal Court minutes approving each Commissioner's compensation.

**Response:** See Attachment 1.j.\_S

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2. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended 2019 in Excel spreadsheet format with all formulas intact and unprotected and all rows and columns fully accessible.

**Response:** See Attachment 2.\_S

**Southeast Daviess County Water District  
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3. Refer to Southeast Daviess District's application, Attachment 4, Current and Proposed Rates. Southeast Daviess District proposes to raise its monthly water service rates by an across-the-board percentage amount.

a. Provide an explanation of how the across-the-board percentage increase method to increase monthly water service rates was chosen.

**Response:** Since there have been no material changes in its system since the last cost of service study, the District considers an across-the-board increase to be the most equitable means of passing on increased costs to its customers. Applying a uniform percentage increase to all customer classes lessens the likelihood that the public will perceive that any customer class is being unfairly favored or disfavored.

b. Provide a list of alternative methods Southeast Daviess District considered and an explanation as to why each alternative was not chosen to increase its monthly water service rates.

**Response:** No alternative methods were considered.



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4. Refer to Southeast Daviess District's application, Attachment 6, Billing Analysis.
- a. Provide the source of the 2019 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.

**Response:** See Attachment 4.a.\_S. The original data table includes wholesale sales. The number of bills and gallons sold were adjusted to eliminate these bills.

- b. Provide a list of any adjustments made to the data and include an explanation of each adjustment.

**Response:** See response above. Forty-eight bills and 103,021,100 gallons were deducted from the All Over 20,000 usage block.

- c. Provide a detailed breakdown of the items that are included in the Net Billing Adjustments amount of (\$411) in the Summary section. Include a description of each adjustment and the method in which the amount of each adjustment was determined.

**Response:** See Attachment 4.c.\_S. This report includes several categories of transactions that are not applicable to billing adjustments. The totals for those categories are marked out. The sum of the remaining categories is close to the total of (\$411) and the difference is immaterial.

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5. A review of records on file with the Commission shows that Southeast Daviess District last filed a cost-of-service study (COSS) in Case No. 2011-00481.

a. Explain if any material changes to the Southeast Daviess District's system would cause a new COSS to be prepared.

**Response:** There have been no material changes that would cause a new COSS to be prepared.

b. If there has been no material changes to the Southeast Daviess District's system, explain when Southeast Daviess District anticipates completing a new COSS.

**Response:** Southeast Daviess County Water District and West Daviess County Water District have approved a Statement of Intent to merge and become the Daviess County Water District. The formal agreement to merge is under consideration at both Districts' August board meetings. If this agreement is approved by both, an application for approval of the merger will be filed with the Public Service Commission in September. The new utility will then file a COSS in 2022 after one full year of merged operations.

**Southeast Daviess County Water District**  
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6. Refer to Southeast Daviess District's 2019 annual report, page 57. Line 30, Total Other Water Used, is stated as 55,231,000 gallons, which equates to 8.0902 percent of the water purchased by Southeast Daviess District.

**Response:** This item uses the following reference: "...District's 2019 annual report, page 57. Line 30, **Total Other Water Used**, is stated as 55,231,000 gallons, ...". Exception is made to this statement because Line 30 is labeled "**Other Loss**" in the District's 2019 annual report on page 57 with the amount of 55,231,000 gallons that matches the reference. The District's responses to Items 6.a., 6.b., and 6.c. are provided with the assumption that a typographical error was made and the intention is for the District to answer questions pertaining to water loss rather than Total Other Water Used which is listed on Line 22.

a. Provide a detailed explanation of how the amounts were determined for each of the categories listed as Other Water Used.

**Response:** The calculation for the category Other Loss is the mathematical result of taking the subtotal amounts on page 57 of the 2019 annual report for Total Gallons Produced and Purchased (Line 4) less the subtotal Total Water Sales (Line 14) less subtotal Total Other Water Used (Line 22) to achieve the residual amount listed as Other Loss.

b. Provide copies of all documents relied upon to support the amounts of water usage for each of the categories listed as Other Water Used.

**Response:** See Attachment 6.b.\_S

c. In the event that any of the usage is estimated, provide the basis for the amount of the estimate.

**Response:** No estimates were made in the calculation of Line 30, Other Loss.