

SOUTHEAST DAVIESS COUNTY WATER DISTRICT

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December 1, 2020

Ms. Linda Bridwell
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Case No. 2020-00195
Southeast Daviess County Water District

Dear Ms. Bridwell:

The Southeast Daviess County Water District (the District) submits the following comments concerning the Commission Staff Report dated November 20, 2020:

1. Although the District does not agree with the Staff's removal of certain labor expenses from nonrecurring charges, the District does not wish to contest that adjustment in this case. The District's failure to object to Staff's findings and recommendations concerning the reduction of certain Non-Recurring Charges shall not be construed to be a waiver of the District's right to contest a similar finding or recommendation in a future rate proceeding. The District expressly reserves its right to do so.
2. The District concurs with the other findings presented in the Staff Report with the following exceptions:
 - a. **Salaries and Wages** - The tabulated salaries and wages at the top of page 8 of the Staff Report are intended to show total wages for all employees. However instead of totals, an allocated amount is used for the two salaried positions. The corrected tabulation of wages and the resulting Salaries and Wages Adjustment are shown in the attached spreadsheet titled SE and West Daviess Salary Calcs. That spreadsheet also shows corrected values for Payroll Tax and Pension & Benefits Adjustments which are directly related to the change in total pro forma wages.
 - b. **Health Insurance** - The table at the bottom of page 9 of the Staff Report correctly computes the total employer share of health insurance premiums. However, an incorrect amount is used for the Test Year Health Insurance Expense. The amount used in the Staff Report includes other types of insurance coverage, not just health insurance. The corrected computation of the Health Insurance Adjustment is shown in the attached spreadsheet titled SE and West Daviess Insurance Calcs. That spreadsheet also provides reference information to substantiate the correct test year health insurance expense.

- c. **Materials and Supplies** - The computation of the Materials and Supplies Adjustment on page 1 of 3 in Appendix A addresses the allocation of expenses in two accounts that are shared with West Daviess District. However, not all expenses in these accounts are shared and Staff incorrectly included unshared expenses paid by the District in the total shown for Test Year Materials & Supplies. The correct computation of the Materials & Supplies Adjustment is shown in the attached spreadsheet titled SE and West Daviess Matl and Supl Calcs. A list of all shared transactions in the two subject accounts is provided in the attached file titled Matl & Supl Adj Transactions.
 - d. **Rates Calculated by Commission Staff** - The rates shown in Appendix B should be revised to reflect the corrections noted above. The rate schedule should also include the District's new minimum bill for an 8-inch meter and the new wholesale rate.
3. If the discussion above along with the attachments to this letter don't provide sufficient information for resolution of these issues in favor of the District, the District can provide any additional information needed or is open to scheduling an Informal Conference.
 4. The District does waive its right to request a hearing in this case.

If you need any additional information from the District to incorporate these changes or expedite implementation of the new rates, please contact our office.

Sincerely,



William Higdon, General Manager

Enclosures