

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING)	CASE NO.
OF CAWOOD WATER DISTRICT)	2020-00311

RESPONSE OF CAWOOD WATER DISTRICT
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED OCTOBER 22, 2020

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING) CASE NO.
OF CAWOOD WATER DISTRICT) 2020-00311

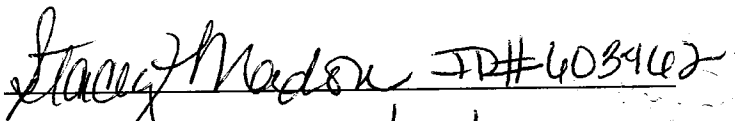
VERIFICATION OF RICHARD SCRUGGS

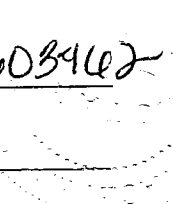
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF HARLAN)

Richard Scruggs, Financial Officer of Cawood Water District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Richard Scruggs

The foregoing Verification was signed, acknowledged, and sworn to before me this 30th day of October 2020, by Richard Scruggs.


Commission expiration: 6/22/22



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

a. The general ledger and trial balance for the calendar years 2019 and 2020 to date.

Response: See attachments PSC - 1_a - 2019 General Ledger and PSC - 1_a - 2020 General Ledger as of 9-30-2020

b. The trial balance for calendar years 2019 and 2020 to date.

Response: See attachments PSC - 1_a and 1_b - 2019 Trial Balance and PSC -1_a and 1_b - 2020 Trial Balance as of 9-30-2020

c. General liability insurance policies for 2019 and the current period, if available.

Response: See attachment PSC - 1_c - General Liability Insurance

d. Hours worked by each employee, separated by regular hours worked, overtime hours worked, and any other form of hourly wage for the calendar year 2019.

Response: See attachment PSC - 1_d - Hours worked and wages paid for each employee

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

Response: See attachment PSC - 1_e - Employee, titles, job description and pay rates

f. A description of 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 PSC - 1_f - Employee benefits

g. Minutes from Cawood District commissioner meetings for the calendar years 2019, and the current period.

Response: See attachment PSC - 1_g - Minutes of Meetings

h. 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 PSC - 1_h - Commissioners benefits

i. Fiscal Court minutes approving each commissioner's compensation.

Response: See attachment PSC - 1_i - Fiscal Court minutes approving each commissioner

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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 PSC - 2 - Unaudited trial balance at 12-31-2019

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3. Refer to the Application, Attachment 4. Provide the workpapers for the pro forma adjustments described in the References page of the Attachment in Excel spreadsheet format with all formulas intact and unprotected and all rows and columns fully accessible.

Response: See attachment PSC 3 - Pro forma adjustments

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4. Refer to the Application, Appendix A, Current and Proposed Rates. Cawood District proposes to raise its monthly water service rates by an across-the-board percentage amount, phased in over two years.

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

Response: There have been no significant changes in the distribution of Cawood District's customer usage in many years. Therefore, 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 Cawood 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.

c. Explain the reason why a phased in approach was requested in the Application.

Response: A phased approach lessens the immediate impact of the increase on customers while still permitting the District to meet the coverage requirements of its long-term debt instruments. If the rate increase were implemented in one phase, the average residential customer's bill would increase 33 percent. The residents of Harlan County are not well-positioned to absorb such an abrupt increase. According to the U.S. Census Bureau, Harlan County has a poverty rate of 33.4 percent and a per capita income of \$15,834.

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5. Refer to the Application, Attachment 5, 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 PSC 5_a - Billing data. No adjustments to the billing data were made.

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

Response: No adjustments to the billing data were made.

c. Provide a detailed breakdown of the items that are included in the Net Billing Adjustments amount of \$18,238 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 PSC 5_c - Billing adjustments.

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6. A review of records on file with the Commission shows that Cawood District last filed a cost of service study (COSS) in Case No. 1999-00362.

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

Response: There have been no material changes to the District's system that would cause a new COSS to be prepared.

b. If there have been material changes to the Cawood District's system, explain when Cawood District anticipates completing a new COSS.

Response: There have been no material changes that would cause a new COSS to be prepared. A COSS would be appropriate if material changes were to occur.

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7. Refer to Cawood District's 2019 PSC annual report, page 57 of 67. Line 20, Other, is stated as 3,092,000 gallons, which equates to 2.3215 percent of the water produced and purchased by Cawood district.

a. Provide a detailed explanation of the amount of water 3,092,000 gallons included in the category listed as Other (line 20).

Response: See attachment PSC - 7_a_b_c - Water production and purchased

b. Provide copies of all documents relied upon to support the amounts of water usage for Other (line 20).

Response: See above

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

Response: See above