COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
EDMONSON COUNTY WATER DISTRICT	)	2021-00013

RESPONSE OF EDMONSON COUNTY WATER DISTRICT
TO THE COMMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED FEBRUARY 18, 2021

Filed: March 4, 2021

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
EDMONSON COUNTY WATER DISTRICT	)	2021-00013
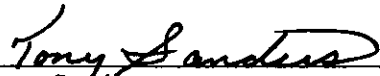
VERIFICATION OF TONY SANDERS
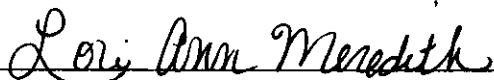
COMMONWEALTH OF KENTUCKY	)
	)
COUNTY OF _____EDMONSON_____	)

Tony Sanders, General Manager of Edmonson County 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 therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

_____Tony Sanders_____
Tony Sanders

The foregoing Verification was signed, acknowledged and sworn to before me this _4_ day of March, 2021, by Tony Sanders.

_____Lou Ann Meredith_____

Commission expiration: __May 27, 2022__

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
EDMONSON COUNTY WATER DISTRICT	)	2021-00013

VERIFICATION OF ALAN VILINES

COMMONWEALTH OF KENTUCKY	)
	)
COUNTY OF ___WARREN___	)

Alan Vilines, Kentucky Rural Water Association, on behalf of Edmonson County 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 therein are true and accurate to the best of his knowledge, information, and belief, formed after reasonable inquiry.

_____
Alan Vilines

The foregoing Verification was signed, acknowledged and sworn to before me this ___2nd___ day of March, 2021, by Alan Vilines.

Bobbie S. Shanahan
_____

Commission expiration: _7/12/2022_

603266

1. Provide copies of Edmonson District's general ledgers for calendar years 2019 and 2020. The general ledger shall include all check registers and spreadsheets used to record and track financial transactions. If available, provide a copy of the requested general ledgers in Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

> **Response:** See files -   Item #1 2019 General Ledger.xls
> Item #1 2020 General Ledger.xls
> Item #1 Traverse Check Register.xlsx

2. Provide copies of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years ended 2019 and 2020. The trial balances shall be traced and referenced directly to the general ledgers requested in Item 1.

> **Response:** See files -   Item #2 2019 Adjusted Trial Balance.xlsx
> Item #2 2019 Trial Balance.xls
> Item #2 2020 Adjusted Trial Balance.xlsx
> Item #2 2020 Trial Balance.xls

3. Provide copies of Edmonson District's General Liability Insurance policies for 2019 and 2020.

> **Response:** See files -   Item #3 Liability Insurance 2019-2020.pdf
> Item #3 Liability Insurance 2020-2021.pdf

4. Provide the minutes from Edmonson District commissioner meetings for the calendar years 2019, 2020, and the current period.

> **Response:** See files -   Item #4 2019 Board Minutes.pdf
> Item #4 2020 Board Minutes.pdf
> Item #4 2021 Board Minutes.pdf

5. Provide 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 file -   Item #5 Comm Wages & Benefits.xlsx

6.   Provide the fiscal Court minutes approving each commissioner's appointment and compensation.

   Response: See file -   Item #6 Fiscal Ct Minutes Re Comm.pdf

Item 7
Witness: Alan Vilines

7.   Refer to the Application, Attachment 5. Provide the workpapers for the pro forma adjustments described in the References page of the Attachment in Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

   Response: See files -   Item #7 Pro forma Adjustments.xlsx
                                    Item #7 Adjmt Information.pdf

Items 8 - 19
Witness: Tony Sanders

8.   Using a table format, provide the following information for each employee identified by employee number and job title: job description, date hired, date terminated (if applicable), and pay rates for each employee at December 31 for calendar years 2016 through 2020.

   Response: See file -   Item #8 Empl Pay Rate 2016-2020.xlsx

9.   Using a table format, provide the regular hours and overtime hours for each employee identified in Edmonson District's response to Item 8 for the calendar years 2016 through 2020. Provide the requested table in an Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

   Response: See file -   Item #9 Empl Hours Worked.xlsx

10.   Using a table format, provide the following actual full-year salary information for each employee listed in Item 8 above, identified by employee number and job title, for the calendar years 2016 through 2020 (in gross dollars—not hourly or monthly rates). The employee salary information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

a. Regular salary or pay.
b. Overtime pay.
c. Vacation payout.
d. Standby/Dispatch pay.
e. Bonus pay.
f. Other amounts paid and reported on the employees' W-2 (specify).

Response: See file -   Item #10 Employee Gross Wages.xlsx

11. Using a table format, provide the following actual full-year benefit information for each employee listed in Item 8 above, identified by employee number and job title, for the calendar years 2016 through 2020. The employee's benefit information for each year shall be provided in a separate table. Provide the requested tables in an Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

a. Health care benefit cost for each employee.
   (1) Amount paid by Edmonson District.
   (2) Amount paid by each employee.
b. Dental benefits cost for each employee.
   (1) Amount paid by Edmonson District.
   (2) Amount paid by each employee.
c. Vision benefits cost for each employee.
   (1) Amount paid by Edmonson District.
   (2) Amount paid by each employee.
d. Life insurance cost for each employee.
   (1) Amount paid by Edmonson District.
   (2) Amount paid by each employee.
e. Accidental death and disability benefits for each employee.
   (1) Amount paid by Edmonson District.
   (2) Amount paid by each employee.

Response: ECWD does not offer accidental death and disability benefits.

f. Defined Contribution - 401(k) or similar plan cost for each employee. Provide the amount paid by Edmonson District.
g. Defined Benefit Retirement cost for each employee.
   (1) Amount paid by Edmonson District.
   (2) Amount paid by each employee.
h. Cost of any other benefit available to an employee (specify).

Response: Also See Files - Item #11A Employee Health Ins.xlsx
                              Item #11B Employee Dental.xlsx
                              Item #11C Employee Vision Benefits.xlsx
                              Item #11D Life Insurance.xlsx
                              Item #11F Empl 401K Contributions.xlsx
                              Item #11F Employer 401A Contrib.xlsx
                              Item #11G Defined Ret Benefits.pdf
                              Item #11H Other Benefits from ECWD.pdf

12.   Provide a listing of all health care plan categories available to Edmonson District's employees, i.e., single, married no dependents, single parent with dependents, family, etc. For each employee listed in Item 4 above, identify the type of health insurance coverage the employees are provided.

Response: See File -   Item #12 Employee Benefit Explanation.pdf

13.   Identify the number of new connections (meters) that Edmonson District installed in calendar year 2019. Also, identify the amount of tap-on fees Edmonson District collected in 2019 and the account where Edmonson District recorded its tap-on fees.

Response: In 2019, 172 meters were installed and 167 tap fees were collected. Tap fees are recorded in GL #43210.

14.   Identify the cost of the meters and services that Edmonson District capitalized in calendar year 2019. Also, identify the calendar year 2019 adjusting journal entry where the cost of the meters and services were transferred from the expense to the capital accounts.

Response: See File -   Item #14 2019 Meter & Service Cost.pdf

15.   Identify the labor Edmonson District capitalized associated with its meter installations. Explain in detail how the capitalized labor costs were capitalized.

Response: See File -   Item #15 Meter Installation Labor.pdf

16.   Refer to the Application, Attachment 5, Schedule of Adjusted Operations, References C, Employee Wage Increase. Edmonson District explains that after the test year, calendar year 2019, wages were increased for most employees.
    a.   Provide a detailed employee list identifying the employees receiving wage increases and the percentage wage increase granted.
    b.   Provide a detailed explanation as to why all of Edmonson District's employees did not receive wage increases.
    c.   Given Edmonson District's current financial condition and its need for its requested 17.00 percent increase in rates, explain in detail why it is appropriate to give its employees the wage increases in 2019.
    d.   Provide a detailed explanation of any cost containment actions that Edmonson District has implemented in calendar years 2016 through 2020. Quantify the financial impact that each cost containment action had on Edmonson District's financial condition.

Response: See Files -   Item #16A 2019 Employee Wage Incr.xlsx
                Item #16B Explanation of Wage Incr.pdf
                Item #16C Need for Wage Increases.pdf
                Item #16D Cost Containment Actions.pdf

17.   Refer to the Application, Attachment 5, Schedule of Adjusted Operations, References E, Retiree Health Insurance Plan. Edmonson District explains that it has adopted a retiree health insurance plan funded completely by contributions to a Grantor Trust.

     a.   Identify the year in which Edmonson District began to provide to its employees the referenced retiree health insurance benefit.

     Response: The Retiree Health Account Trust was created in March of 2005. The plan became effective March 1, 2005. The first withdrawal was made from the account in June of 2007.

     b.   Provide copies of the minutes from Edmonson District commissioner meetings wherein the retiree health insurance benefit plan was discussed.
     c.   Provide Edmonson District's written policy regarding the retiree health insurance benefit.
     d.   Provide a schedule listing annual payments Edmonson District made or received from the Grantor Trust for the period from the retiree health insurance plans inception.
     e.   Provide a detailed explanation as to how Edmonson District incorrectly recorded a $31,568 benefit payment from the Grantor Trust as a debit to its Employee Pensions and Benefit expense.

     Response: See Files -   Item #17B & C Ret Health Tr & Plan.pdf
                                      Item #17D Ret Health Pmts, Dep & Int.xlsx
                                      Item #17E $31,568 Benefit Payment.pdf

18.   Refer to the Application, Attachment 5, Schedule of Adjusted Operations, References J, Prior Period Adjustment.
     a.   Provide a detailed explanation of the $45,713 prior period retained earnings adjustment that was made to Nonutility income in calendar year 2019 for theretiree health insurance trust account. In the explanation, include the years the prior period adjustment covered.
     b.   Explain why Edmonson District made the prior period adjustment for the retiree health insurance trust account to its Nonutility income account rather than directly to retained earnings.

     Response: See File -   Item #18A_18B Explanation of Adjmt.pdf

19.   Provide a copy of Edmonson District's calendar year 2020 Depreciation Schedule in Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

     Response: See File -   Item #19 ECWD Depr Spreadsheet.xlsx