

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

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF ) CASE NO.  
GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT ) 2021-00094

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RESPONSE OF GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT  
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR  
INFORMATION DATED APRIL 7, 2021

COMMONWEALTH OF KENTUCKY

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GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT ) 2021-00094

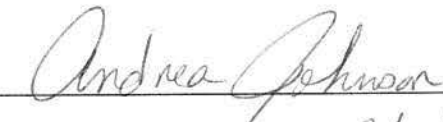
VERIFICATION OF TRENT UNDERWOOD

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF LEWIS )

Trent Underwood, General Manager of Garrison-Quincy-KY-O-Heights 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 her knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Trent Underwood

The foregoing Verification was signed, acknowledged and sworn to before me this 15<sup>th</sup> day of April, 2021, by Trent Underwood.

 #585519  
\_\_\_\_\_  
Commission expiration: 9/2/21

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

In the Matter of:

|   |   |            |
|---|---|------------|
| ALTERNATIVE RATE ADJUSTMENT FILING OF       | ) | CASE NO.   |
| GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT | ) | 2021-00094 |

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**VERIFICATION OF ALAN VILINES**


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COMMONWEALTH OF KENTUCKY    )  
  )  
COUNTY OF WARREN            )

Alan Vilines, Kentucky Rural Water Association on behalf of Garrison-Quincy-KY-O-Heights 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 16<sup>th</sup> day of April, 2021, by Alan Vilines.

  
\_\_\_\_\_  
Commission expiration: 7/12/2022  
  # 603266

**Garrison-Quincy-KY-O-Heights Water District  
Case No. 2021-00094  
Commission Staff's First Request for Information**

**Witnesses**

Trent Underwood: Items 1 - 8, 10 - 29, 31, 33c - 36

Alan Vilines: Items 9, 30, 32, and 33a & b

1. Provide copies of the general ledgers for Garrison District's water division 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, columns, and rows unprotected and fully accessible.

**Response:** See files:   Item 1 and 2 - 2019 GL Water\_Sewer  
                                  Item 1 and 2 - 2020 GL Water\_Sewer

2. Provide copies of the general ledgers for Garrison District's sewer division 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, columns, and rows unprotected and fully accessible.

**Response:** See files:   Item 1 and 2 - 2019 GL Water\_Sewer  
                                  Item 1 and 2 - 2020 GL Water\_Sewer

3. Provide copies of the Adjusted Trial Balance for Garrison District's water division 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 3 and 4 - 2019 TB Water\_Sewer  
                                  Item 3 and 4 - 2020 TB Water\_Sewer

4. Provide copies of the Adjusted Trial Balance for Garrison District's sewer division 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 2.

**Response:** See files:   Item 3 and 4 - 2019 TB Water\_Sewer  
                                  Item 3 and 4 - 2020 TB Water\_Sewer

5. a. Provide copies of Garrison District's General Liability Insurance, Workers' Compensation Insurance and Automobile Insurance policies for 2019 and 2020.

**Response:** See files: Item 5a - 2019 Ins Policies  
Item 5a - 2020 Ins Policies

b. Provide copies of the invoices (bills) received in 2019 and 2020 for the insurance policies identified in Item 5.a.

**Response:** See files: Item 5b - 2019 Ins Invoices  
Item 5b - 2020 Ins Invoices

6. Provide the minutes from Garrison District's commissioner meetings for the calendar years 2019, 2020, and the current period.

**Response:** See files: Item 6 - 2019 Meeting Minutes  
Item 6 - 2020 Meeting Minutes  
Item 6 - 2021 Meeting Minutes

7. 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 7 - List of Commissioners

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

**Response:** See file: Item 8 - Fiscal Court approvals

9. 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, columns, and rows unprotected and fully accessible.

**Response:** See file: Item 9 - Pro forma Adjmts

10. 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 each calendar year from 2016 through 2020. Provide the requested tables in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

**Response:** See file: Item 10 - Employee ID and Info

11. Using a table format, provide the wage increases in dollars and percentages given to each employee identified in Garrison District's response to Item 10 for the calendar years 2016 through 2020. Provide the requested tables in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

**Response:** See file: Item 11 - Empl wage increases

12. Using a table format, provide the regular hours and overtime hours for each employee identified in Garrison District's response to Item 10 for the calendar years 2016 through 2020. Provide the requested tables in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

**Response:** See file: Item 12 - Reg and OT Hrs

13. Using a table format, provide the following actual full-year salary information for each employee listed in Item 10 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, columns, and rows unprotected and 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 13 - Full year salaries

14. Using a table format, provide the following actual full-year benefit information for each employee listed in Item 10 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, columns, and rows unprotected and fully accessible.

- a. Health care benefit cost for each employee.
  - (1) Amount paid by Garrison District.
  - (2) Amount paid by each employee.
- b. Dental benefits cost for each employee.
  - (1) Amount paid by Garrison District.
  - (2) Amount paid by each employee.
- c. Vision benefits cost for each employee.
  - (1) Amount paid by Garrison District.
  - (2) Amount paid by each employee.

- d. Life insurance cost for each employee.
  - (1) Amount paid by Garrison District.
  - (2) Amount paid by each employee.
- e. Accidental death and disability benefits for each employee.
  - (1) Amount paid by Garrison District.
  - (2) Amount paid by each employee.
- f. Defined Contribution - 401(k) or similar plan cost for each employee.

**Response:** See file: Item 14a(1) - Health Ins Dist Pd  
None of the other benefits listed above are offered.

Provide the amount paid by Garrison District.

- g. Defined Benefit Retirement cost for each employee.
  - (1) Amount paid by Garrison District.
  - (2) Amount paid by each employee.
- h. Cost of any other benefit available to an employee (specify).

**Response:** See files: Item 14g(1) - Ret Cost Pd by Dist  
Item 14g(2) - Ret Pd by Empl  
No other benefits are available to employees.

15. For each employee listed in Item 10 above, describe how Garrison District allocated their payroll and payroll overhead charges between the sewer and water divisions in calendar year 2019. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

**Response:** Payroll for system operators (employees who work in the field) is allocated 80 percent to the water system and 20 percent to the sewer system. Payroll for the Manager and office personnel is allocated entirely to the water system. All payroll overhead is charged to the water system.

16. Provide a listing of all health care plan categories available to Garrison District's employees, i.e., single, married no dependents, single parent with dependents, family, etc. For each employee listed in Item 14 above, identify the type of health insurance coverage the employees are provided.

**Response:** The water district pays each employee \$300.00 each month to go toward the purchase of their own health insurance.

17. Identify the number of new water connections that Garrison District installed in calendar year 2019.

**Response:** There were 10 new water taps installed in 2019.

18. Identify the number of new sewer connections that Garrison District installed in calendar year 2019.

**Response:** There was one new Sewer tap installed in 2019.

19. Refer to the Application, Attachment 4, References B. Provide a detailed explanation as to why Garrison District reported the collection of tap-on fees as operating revenues from water sales.

**Response:** This was an inadvertent reporting error.

20. Provide copies of the cost justification sheets Garrison District filed with the Commission to support its \$600 Tap-on Fee for its water division.

**Response:** The information requested in this item could not be found.

21. Provide copies of the cost justification sheets Garrison District filed with the Commission to support its \$600 Residential and Commercial/Industrial Tap-on Fees for its sewer division.

**Response:** The information requested in this item could not be found.

22. Refer to the tariff currently on file with the Commission for Garrison District's water division. Provide copies of the cost justification sheets Garrison District filed with the Commission to support each nonrecurring charge listed in the table below.

|    |                                    |    |     |
|----|------------------------------------|----|-----|
| a. | Late Payment Penalty               |    | 10% |
| b. | Re-Connection Charge               | \$ | 30  |
| c. | Re-Connection Charge (After Hours) | \$ | 40  |
| d. | Seasonal Re-Connection Charge      | \$ | 30  |

**Response:** The information requested in this item could not be found.

23. Separately identify the number of Re-Connection Charges, Re-Connection Charges (After Hours), and Seasonal Re-Connection Charges billed by the Garrison District water division in the calendar year 2019 and the total dollar amount the water division collected for each listed Re-Connection Charge.

**Response:** In 2019 there were 46 reconnects totaling \$1,380.00 and 3 seasonal reconnects totaling \$90.00. There were no after hours reconnects.



24. Provide a schedule listing each late payment penalty the Garrison District water division billed and collected in the calendar year 2019.

**Response:** See Files: Item 24 - 2019 Late Fees Water  
Item 24 - Penalty Postings W\_S

25. Refer to the tariff currently on file with the Commission for Garrison District's sewer division. Provide copies of the cost justification sheets Garrison District filed with the Commission to support each nonrecurring charge listed in the table below.

|    |                                    |    |     |
|----|------------------------------------|----|-----|
| a. | Late Payment Penalty               |    | 10% |
| b. | Re-Connection Charge               | \$ | 30  |
| c. | Re-Connection Charge (After Hours) | \$ | 40  |

**Response:** The information requested in this item could not be found.

26. Separately identify the number of Re-Connection Charges, Re-Connection Charges (After Hours), and Seasonal Re-Connection Charges billed by the Garrison District sewer division in the calendar year 2019 and the total dollar amount the sewer division collected for each listed Re-Connection Charge.

**Response:** None of these charges were billed or collected in 2019.

27. Provide a schedule listing each late payment penalty the Garrison District sewer division billed and collected in the calendar year 2019.

**Response:** See File: Item 27 - 2019 Late Fees Sewer  
Item 24 - Penalty Postings W\_S

28. Refer to the Application, Attachment 4, Schedule of Operations Water Division and Schedule of Operations Sewer Division. Provide a detailed explanation as to as to how the revenues and expenses listed below are allocated between Garrison District's water and sewer divisions.

- a. Forfeited Discounts
- b. Salaries and Wages - Officers
- c. Insurance – General Liability & Other
- d. Insurance – Workers' Compensation

**Response:** The total amounts for all of the above categories of revenue and expense are reported in the water division. There is no allocation of these to the sewer system.

29. Identify the accounts used by Garrison District's sewer division to record the allocated revenues and expenses listed in Item 28.

**Response:** The District does not have these accounts.

30. Refer to the Application, Attachment 4, Reference E. Garrison District explains that in the test year labor and materials for new meter installations and sewer taps were recorded as operating expenses. To correctly capitalize these costs, Garrison District proposes to deduct 70 percent of the collected tap-fee from the Salaries and Wages expense and the remaining 30 percent from the Materials and Supplies expense in each respective division. Provide documentation to support the Garrison District's proposed 70/30 cost allocation.

**Response:** The allocation of tap fees was actually 30 percent to Salaries and Wages and 70 percent to Materials and Supplies. No documentation was used for these allocations. They were based on past experience, particularly general knowledge regarding the cost of materials used for new meter taps and settings. The fact that this allocation is somewhat arbitrary is irrelevant. The objective is to deduct total tap fees as a surrogate for actual expenses incurred during the construction of these capital improvements. Therefore, in this situation the allocation between labor and materials has no effect on the computation of general service rates.

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

**Response:** This information is not currently available. It is developed in conjunction with the annual audit and that work is not complete.

32. Refer to the Application, Attachment 4, References K. Garrison District states that it is allocating several of its office expenses between the water and sewer divisions using the ratio of the customers served by each division. Provide a schedule identifying each office expense that Garrison District is allocating between the two divisions.

**Response:** The schedule requested is included in the response to Item 9. The amounts allocated were taken from the Trial Balance.

33. Refer to the Application, Attachment 5, Current 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 File: Item 33a - Billing Analysis Data  
No adjustments were made to the billing analysis data.

b. Provide a list of any adjustments made to the data and include an explanation of each adjustment, with a detailed breakdown of Adjustment C in the amount of \$12,807.

**Response:** No adjustments were made to the billing analysis data. Adjustment C is the amount required to be summed with the amount reported in the test year for Sales to Retail Customers and Adjustments A, B, and D to result in the Retail Sales Revenue computed in the Current Billing Analysis.

c. Provide monthly billing registers, for water customers and for sewer customers, in PDF format for the calendar year 2019.

**Response:** See File: Item 33c - Billing Registers

34. Provide an explanation why Garrison District has not proposed to include an increase to its Wholesale Sales Rate.

**Response:** The District proposed not to raise the wholesale rate at this time because of the conditions of the current contract. When the wholesale contract was written the District increased the amount of water to be purchased from our supplier to cover the amount sold to the one wholesale customer that we have. The price of the water purchased has not changed and we see no need to increase the wholesale rate at this time. The District has no responsibility for any of the maintenance at the wholesale meter site.

35. A review of records on file with the Commission indicates that Garrison District has not filed a cost of service study (COSS) since 2007 in Case No. 2007-00476.<sup>2</sup>

a. Explain whether Garrison District considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether Garrison District has performed a COSS since 2007.

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

d. If there has been material changes to Garrison District's system, explain when Garrison District anticipates completing a new COSS.

**Response:** Garrison District did not consider filing a COSS with the current rate application. The District has not performed a COSS since 2007 and there have been no significant material changes to Garrison District's system since then. A COSS will be considered whenever material changes occur.

36. Provide the annual revenue by meter size for each year since 2008.

**Response:** See File: Item 36 - Rev by Mtr Size

Note: All rate codes shown are 5/8x3/4" meters unless a larger meter is shown in the Service Type description.