

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

RESPONSE OF GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED MAY 11, 2021

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

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 his knowledge, information, and belief, formed after reasonable inquiry.



Trent Underwood

The foregoing Verification was signed, acknowledged and sworn to before me this 18 day of May, 2021, by Trent Underwood.

 #585519

Commission expiration: 9/2/21

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

Witnesses:

Trent Underwood: Items 1 – 14 and 16

Alan Vilines: Item 15

1. Refer to Commission Staff's First Request for Information (Staff's First Request), Item 23. Provide for Garrison District's water division a schedule listing the number of occurrences of the Connection/Turn-on charges, Connection/Turn-on charges (After Hours), Field Collection charges, Late Payment Penalty, Meter Relocation charges, Meter Re-read charges, Meter Test charges, Reconnection charge, Reconnection charge (After Hours), Returned Check charges, Service Call charges, and Service Call (After Hours) charges billed, and the total dollar amount collected during the test year.

Response: See file - Item #1 Water Schedule of Occurrences

2. Refer to Staff's First Request, Item 26. Provide for Garrison District's sewer division a schedule listing the number of occurrences of the Connection/Turn-on charges, Connection/Turn-on charges (After Hours), Field Collection charges, Late Payment Penalty, Relocation charges, Reconnection charges, Reconnection charges (After Hours), Returned Check charges, Service Call charges, and Service Call (After Hours) charges billed, and the total dollar amount collected during the test year.

Response: See file - Item #2 Sewer Schedule of Occurrences

3. Refer to Garrison District's 2019 Annual Report,² page 57 of 67, line 10, and the Application, Attachment 5.

a. Explain the method by which the Bulk Sales revenues of \$2,999 from the billing analysis and the 2019 Annual Report were calculated.

Response: Bulk water sales is recorded on a miscellaneous receipt with the amount of gallons, dollar amount and tax. At the end of each workday the totals are transferred to the computer. A paper copy is also kept for our records. Each month the bulk water sales is computed under the Transaction Rate Summary which has the total amount of bulk water sales and sales tax. Both are combined on the report.

b. Based upon the 327,170 gallons reported on Line 10 of the 2019 Annual Report and the rate stated in the current Tariff of \$8.68 per 1,000 gallons, Commission Staff (Staff) has calculated the revenues from Bulk Sales as \$2,840. Explain the difference between the revenue of \$2,999 in the Application, the 2019 Annual Report, and the Staff calculated revenues.

Response: The bulk water receipts were tabulated again, and the original reported amount was overstated by 1,060 gallons. The total gallons should have been 326,110 instead of 327,170. The correct amount of the sales was \$2,830.00. The added amount of the sales tax that was included would have been an additional \$169.00 for a grand total of \$2,999.00 for bulk water sales with taxes included.

4. Refer to Garrison District's responses to Staff's First Request, Item 3, 2019 Trial Balance and to the Application, Attachment No. 4, Schedule of Operations Water Division.

a. Provide a schedule in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that lists each expense account from the 2019 Trial Balance that is included in the water division's reported Miscellaneous expense account of \$129,858.

Response: See file – Item #4a Misc Expenses

b. Provide a detailed explanation of the revenue account IRS Tax on Bond Refund of \$5,094.

Response: The revenue account IRS Tax on Bond Refund is a Build America bond on our Bond Series 2010. It gives money back on the interest that is paid biannually. The amount of \$5,094 was the total amount that was received back on our bond in 2019.

5. Explain whether Garrison District uses direct time reporting for its outside field employees.

Response: Each employee clocks in and out daily. There is no direct time charged for each thing that an employee does during the day.

6. In Case No. 2013-00350,³ Garrison District estimated that two of its field employees split their time equally between the divisions while the third employee's time was split 75 percent to the water division and 25 percent to the sewer division. Provide the estimated percentage of time each outside employee listed in the table below spends with each division. Include documentation (i.e., time analysis or employee time records) to support Garrison District's estimates.

Response:

	<u>Employee</u>	<u>Estimated % of Time Spent at Each Division</u>	
		<u>Water</u>	<u>Sewer</u>
a.	Employee No. 7 Foreman/Manager	2.00%	98.00%
b.	Employee No. 2 Operator	80.00%	20.00%
c.	Employee No. 6 Operator	80.00%	20.00%
d.	Employee No. 10 Operator	80.00%	20.00%

Also see file – Item #6 Time Cards

7. In Case No. 2013-00350, Garrison District estimated that each of its outside field employee spent approximately 10 percent of their time reading customer meters.

a. Confirm that the 10 percent meter reading estimate is true for Garrison District's current field employees.

Response: Monthly meter reading takes 3 days each month to read meters. The operators read approximately 6 hours per day for those 3 days. The 18 hours that it takes to read meters is 10% of the time that each employee works monthly.

b. If the response to Item 7a is no, provide an estimate of the percentage of time each employee listed in the table below spends reading the customer meters. Include documentation (i.e., time analysis or employee time records) to support Garrison District's estimates.

Response:

	<u>Employee</u>	<u>Meter Reading</u>
a.	Employee No. 2 Operator	10.00%
b.	Employee No. 6 Operator	10.00%
c.	Employee No. 10 Operator	10.00%

8. Refer to Garrison District's responses to Staff's First Request, Item 9, Excel spreadsheet: Item_9-Pro_forma_Adjmts and Item 12, Excel spreadsheet: Item_12-Reg_and_OT_Hrs. The Excel spreadsheet provided in the response to Item 12 indicates that there was only five overtime hours worked by one employee in calendar year 2019. However, Garrison District's workpapers calculates pro forma Employee Salaries and Wages expense using overtime hours of 1,554 as shown in the table below. Provide a schedule in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that lists the correct overtime hours each employee earned in 2019. Include a detailed explanation for the noted discrepancies.

Employee No.	2019 Overtime Hours
1	-
2	377
3	65
4	430
5	313
6	369
Total	<u>1,554</u>

Response: In Item #12 from the Staff's First Request, the information was correct. The discrepancy was that what was listed as compensation time was actually overtime that had been worked. As our District allows, that overtime was put into compensation time and paid out at the employees' request.

9. Refer to Garrison District's responses to Staff's First Request, Item 12, Excel spreadsheet: Item_12-Reg_and_OT_Hrs and Item 10, Excel spreadsheet: Item_10-Employee_ID_and_Info. Provide a revised Item_12-Reg_and_OT_Hrs Excel spreadsheet identifying each employee by the Employee No. and Title used in the Excel spreadsheet that Garrison District provided in its response to Item 10.

Response: See file – Item #9 Employee ID and Info

10. Refer to Garrison District's responses to Staff's First Request Item 12, Excel spreadsheet: Item_12-Reg_and_OT_Hrs. Garrison District's response indicates that it allows its employees to earn compensatory time. Provide Garrison District's written policy regarding the accrual and use of compensatory time.

Response: See file – Item #10 Comp time use

11. Refer to Garrison District's responses to Staff's First Request, Item 15. Garrison District explains that the only salaries being allocated are those being paid to its system operators. The salary allocation for these employees is 80 percent to the water system and 20 percent to the sewer system.

a. Provide documentation (i.e., a salary study or analysis) to support Garrison District's allocation factors.

Response: See file – Item #11a salary allocation

b. Provide a detailed explanation as to why Garrison District is only allocating the salaries of its outside field employees to the sewer division.

Response: The duties of the outside operators have time allocated to water and sewer separately. The hours worked in each division must be recorded due to licensing purposes as well as budgeting. The office staff time is allocated to water only because every sewer bill is also attached to a water bill. No real time is used to separate the duties inside the office.

12. Refer to Garrison District's responses to Staff's First Request, Item 31.

a. Provide a copy of Garrison District's calendar year 2019 Depreciation Schedule for its water division in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See file – Item #12a & b 2019 Depreciation Schedule

b. Provide a copy of Garrison District's calendar year 2019 Depreciation Schedule for its sewer division in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See above

c. Provide copies of Garrison District's calendar year 2020 Depreciation Schedule for both divisions in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: The 2020 audit is not complete. Therefore, that depreciation schedule is not available.

13. Refer to Garrison District's responses to Staff's First Request, Item 9, Excel spreadsheet: Item_9-Pro_forma_Adjmts.

a. Confirm that Garrison District currently provides water service to 1,067 customers and sewer service to 304 customers.

Response: That is correct.

b. If Garrison District's response to Item 13a, is no, provide current number of customers being served by Garrison District for both divisions.

Response: N/A

c. Provide the current number of current customers that receive both water and sewer service.

Response: 304 customers receive both water and sewer service.

14. Refer to Garrison District's responses to Staff's First Request, Item 1, 2019 General Ledger. For each expenditure listed in the Appendix attached to this request, provide a detailed description of the expenditure, identify whether Garrison District has capitalized the expenditure, and provide copies of all invoices related to that expenditure.

Response: See file – Item #14 Expenditures

15. Refer to the Application, Attachment No. 2, Reasons for the Application. Garrison District is requesting the Commission authorize a monthly Water Loss Reduction Surcharge of \$1.73 per customer to fund projects to assist Garrison District to reduce its water loss to a more acceptable level.

a. Provide copies of the workpapers, calculations, and assumptions used by Garrison District to calculate its requested water loss surcharge.

Response: In the Application Attachment 4 – Schedule of Adjusted Operations, the three adjustments marked with Reference I are adjustments related to water loss in excess of 15 percent. These three adjustments total \$22,116. $1,067 \text{ customers} \times 12 \text{ months} = 12,804 \text{ bills per year}$. $\$22,116 / 12,804 = \1.73 .

b. Identify the number of years Garrison District is proposing to charge its surcharge.

Response: The District proposes to charge the surcharge for 4 years.

16. Refer to the Application, Attachment No. 4, Revenue Requirements.

a. Provide a detailed calculation to support the Phase II and Phase III Surcharge revenues of \$22,944.

Response: See file – Item #16 Surcharge Revenues

b. For each surcharge, identify the outstanding debt issuance each is funding, the current outstanding debt balance, and the remaining life of each surcharge.

Response: See above