

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

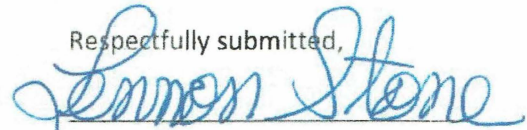
ELECTRONIC APPLICATION OF COLUMBIA/ADAIR)
UTILITIES DISTRICT FOR A RATE ADJUSTMENT) CASE NO. 2021-00315
PURSUANT TO 807 KAR 5;076)

**RESPONSE OF COLUMBIA/ADAIR UTILITIES DISTRICT
TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Columbia/Adair Utilities District submits its Response to the Commission Staff's Second Request for Information.

Date: November 17th, 2021

Respectfully submitted,



Lennon Stone
General Manager
109 Grant Lane
Columbia KY 42728
270-384-2181
Lenny.stone@caud.net

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA/ADAIR)
UTILITIES DISTRICT FOR A RATE ADJUSTMENT) **CASE NO. 2021-00315**
PURSUANT TO 807 KAR 5:076)

RESPONSE OF COLUMBIA/ADAIR UTILITIES DISTRICT
TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

FILED: November 17, 2021

VERIFICATION

COMMONWEALTH OF KENTUCKY)

)

COUNTY OF ADAIR)

The undersigned, Lennon Stone, being duly sworn, deposes and states that he is the General Manager of the Columbia/Adair Utilities District and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained herein are true and correct to the best of his information, knowledge, and belief.



Lennon Stone

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of November 2021.



Notary Public

(SEAL)

My Commission Expires

9-24-2024

Notary ID:

KYNP15910

VERIFICATION

COMMONWEALTH OF KENTUCKY)

)

COUNTY OF ADAIR)

)

The undersigned, Jennifer Carter, being duly sworn, deposes and states that she is the Office Manager of the Columbia/Adair Utilities District and that she has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained herein are true and correct to the best of her information, knowledge, and belief.

Jennifer Carter
Jennifer Carter

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of November 2021.

Ashley B Bennett (SEAL)
Notary Public

My Commission Expires Feb 21, 2024

Notary ID: KYNP3252

VERIFICATION

STATE OF KENTUCKY)
)
COUNTY OF WOODFORD)

The undersigned, Holly Nicholas, being duly sworn, deposes and states that she is the Consultant to the Columbia/Adair Utilities District and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained herein are true and correct to the best of her information, knowledge, and belief.

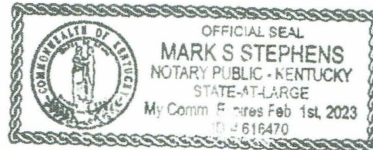
Holly Nicholas
Holly Nicholas

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of November 2021.

Mark S. Stephens (SEAL)
Notary Public

My Commission Expires 02/01/2023

Notary ID: #616470



ATTACHMENT Q/A.1

COLUMBIA/ADAIR UTILITIES DISTRICT

RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION CASE NO. 2021-00315

Question No. 1

Responding Witness: Jennifer Carter

Q.1 Refer to the application, Vol_1-CAUD_Water_ARF_Exhibits_A-D.pdf, Exhibit C, Schedule of Adjusted Operation. Also refer to Adair District's Response to Staff's First Request for Information (Staff's First Request), Item 2; and 2020 Trial_Balance.xlsx (2020 Trial Balance). In the Application, Purchased Water Expense is recorded to be \$0. In the 2020 Trial Balance, Purchased Water Expense is recorded to be \$120,768.62. In Item 2 of the Response to Staff's First Request, Adair District provided a table whereas the total purchased water expense between Jamestown Utilities and City of Campbellsville is \$51,800.53. Reconcile these three different totals and provide the correct purchased water expense.

A.1.a. The District's auditor did not for unknown reasons show the purchased water as purchased water in the 2020 PSC Report which is the basis for the ARF rate calculations.

The District missed including all the purchases from the City of Campbellsville in the filing of the First Response.

The corrected water purchases for test year 2020 are as follows:

Month	Water Purchased – Jamestown Utilities		Water Purchased – City of Campbellsville		Totals	
	Gallons	Amount	Gallons	Amount	Gallons	Amount
January	1,884,200	\$4,051.03	2,130,600	\$5,024.91	4,014,800	\$9,075.94
February	2,823,200	\$6,069.88	2,128,700	\$5,020.45	4,951,900	\$11,090.33
March	1,943,900	\$4,179.39	2,345,600	\$5,530.16	4,289,500	\$9,709.55
April	1,484,200	\$3,191.03	3,398,500	\$8,022.48	4,882,700	\$11,213.51
May	1,189,600	\$2,557.64	2,529,500	\$5,962.33	3,719,100	\$8,519.97
June	1,965,700	\$4,226.26	2,157,800	\$5,088.83	4,123,500	\$9,315.09
July	1,902,400	\$4,090.16	2,391,200	\$5,637.32	4,293,600	\$9,727.48
August	2,361,300	\$5,076.80	2,856,800	\$6,731.48	5,218,100	\$11,808.28
September	2,007,300	\$4,315.70	2,672,400	\$6,298.14	4,679,700	\$10,613.84
October	2,300,300	\$4,347.95	2,786,900	\$6,567.22	4,809,200	\$10,915.17
November	1,837,800	\$3,951.27	2,753,900	\$6,489.67	4,591,700	\$10,440.94
December	1,051,100	\$2,259.87	2,579,000	\$6,078.65	3,630,100	\$8,338.52
Total	22,751,000	\$48,316.98	30,730,900	\$72,451.64	53,203,900	\$120,768.62

ATTACHMENT Q/A.2

COLUMBIA/ADAIR UTILITIES DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2021-00315**

Question No. 2

Responding Witness: Jennifer Carter

Q.2. Refer to Adair District's Response to First Request, Item 9. Provide the individual late fees for 2017, 2018, and 2019.

A.2.

2017 \$105,461.95

2018 \$107,506.27

2019 \$104,814.89

ATTACHMENT Q/A.3

COLUMBIA/ADAIR UTILITIES DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2021-00315**

Question No. 3

Responding Witness: Jennifer Carter

Q.3. Confirm the labor and material costs involved in the installation of new meter taps is not included in the salaries and materials expenses.

A.3. The revenue from meter tap fees is recorded as Revenue under non-recurring charges. However, the labor and materials used for setting meters are included in the salaries and expenses of the District.

ATTACHMENT Q/A.4

COLUMBIA/ADAIR UTILITIES DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2021-00315**

Question No. 4

Responding Witness: Jennifer Carter

Q.4. Refer to the Application, Wage_Calculations-PSC-Filing.xlsx.

a. Provide the justification for the salary allocation percentages between the water and sewer divisions.

b. Also, refer to Adair District's Response to Staff's First Request, Item 1, 2020 Trial Balance. In the 2020 Trial Balance, Salaries and Wages-Employees and Officers total \$744,440.79. In the Wage_Calculations-PSC_Filing.xlsx, the salaries and wages for the water division is \$833,375. Reconcile the salaries and wages expense.

A.4.a. When the District first assumed ownership of the City of Columbia's water and sewer system in 2010, staff kept logs for a period of time to determine who worked on the sewer system and how much time was dedicated to the sewer. The resulting percentages for staff working in both water and sewer were determined by those logs. Those percentages are used to this day.

A.4.b.

The payroll in the trial balance includes payroll accrual. The salaries and wages in the Wage_Calculations-PSC_Filing.xlsx were from the District's Year End Wage Report which listed the total gross annual wage earned by each employee in the calendar year 2020.

ATTACHMENT Q/A.5

COLUMBIA/ADAIR UTILITIES DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2021-00315**

Question No. 5

Responding Witness: Holly Nicholas

Q.5. Refer to the Application, Debt_Details.xlsx. Provide the justification for the Long-Term Debt allocation percentages between the water and sewer divisions.

A.5. The information for the two Kentucky Rural Water Finance Corporation refinancing was provided by Raymond James.

2013 Refinancing

Total Amount of Refinancing: \$3,780,000.00

Amount of Sewer Portion: \$1,247,400.00

Percent Sewer: 33%

2020 Refinancing

Total Amount of Refinancing: \$5,110,000.00

Amount of Sewer Portion: \$95,000.00

Percent Sewer: 2%

The percentage between water and sewer for the most recent Rural Development project was determined by dividing the sewer construction cost by the total construction cost.

Contract 1 – water - \$1,724,565

Contract 2 – sewer - \$261,250

Total Construction - \$1,985,815

$\$261,250 / 1,985,815 = 13\%$

ATTACHMENT Q/A.6

COLUMBIA/ADAIR UTILITIES DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2021-00315**

Question No. 6

Responding Witness: Lennon Stone

Q.6. Refer to Adair District's Response to Staff's First Request, Item 5. Provide the average number miles used to determine the transportation expense listed in the Cost Justification Sheets for each of the non-recurring charges.

A.6. No one currently at the District did the filing of nonrecurring charges in 2008; it was completed for the District by a consultant. The District does not have the backup data used to determine the transportation expense. Based on the approved IRS mileage rate for 2008, the average number of miles used to determine the transportation cost is approximately 23 miles.

ATTACHMENT Q/A.7

COLUMBIA/ADAIR UTILITIES DISTRICT

RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION CASE NO. 2021-00315

Question No. 7

Responding Witness: Jennifer Carter

Q.7. Refer to Adair District's Response to Staff's First Request, Item 9. Provide a detailed breakdown of the Miscellaneous Service Revenues for each year for 2017, 2018, and 2019.

A.7.

<u>Misc. Revenue</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Return Check Fee	1,625.00	1,850.00	1,725.00
Penalties	103,289.95	103,987.04	100,673.12
Connection Fees	31,280.00	31,440.00	30,540.00
Reinstall Fees	9,820.00	9,400.00	10,180.00
Meter Test	50.00	100.00	50.00
Reconnect Fees	2,280.00	2,110.00	1,570.00
Service Investigation	60.00	90.00	-
Insurance Proceeds	5,280.00	5,280.00	105,280.00
Miscellaneous	<u>3,483.27</u>	<u>5,757.10</u>	<u>4,722.45</u>
	157,168.22	160,014.14	254,740.57

ATTACHMENT Q/A.8

COLUMBIA/ADAIR UTILITIES DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION
CASE NO. 2021-00315**

Question No. 8

Responding Witness: Jennifer Carter

Q.8. Provide the amount collected for each non-recurring charge assessed for each of the years 2017, 2018, and 2019.

A.8.

	Amount	Number of Occurrences
2017		
Water Tap Fees	\$68,800.00	99
Sewer Tap Fees	\$4,000.00	7
Connection Fees	\$31,780.00	1,032
Reinstallation Fees	\$9,850.00	321
Reconnect Fees	\$2,220.00	75
2018		
Water Tap Fees	\$71,200.00	105
Sewer Tap Fees	\$5,250.00	7
Connection Fees	\$31,751.00	1,034
Reinstallation Fees	\$9,520.00	309
Reconnect Fees	\$2,110.00	69
2019		
Water Tap Fees	\$76,000.00	113
Sewer Tap Fees	\$2,750.00	5
Connection Fees	\$30,870.00	1,003
Reinstallation Fees	\$10,270.00	330
Reconnect Fees	\$1,540.00	50

ATTACHMENT Q/A.9

COLUMBIA/ADAIR UTILITIES DISTRICT

RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION CASE NO. 2021-00315

Question No. 9

Responding Witness: Jennifer Carter

Q.9. Refer to Adair District's Response to Staff's First Request, Depreciation_Schedule_-_Excel_version.xlsx.

- a. Provide a list of assets are exclusive to the water division.**
- b. Provide justification for any assets allocated to both water and sewer divisions.**

A.9.a. Attached is a listing of all District assets that are included in the depreciation schedule. Sewer assets are identified with an item number of 3,000 to 3,999 (there are not 3,999 assets currently, remaining numbers are for new additions to the schedule). Assets that are shared between the Water and Sewer Divisions are indicated by the letters "sp" after the Item Number or the word "divided" after the asset description and have been highlighted in the attached list. Water assets exclusively are all remaining items.

A.9.b. The items that are divided between the water and sewer divisions are items that are not necessary for either division 100 percent of the time (for example, mower) or it makes operations easier (for example computers and billing/accounting software).

ATTACHMENT Q/A.9 - LIST