

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

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
EAST CLARK COUNTY WATER DISTRICT	)	2021-00318

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RESPONSE OF EAST CLARK COUNTY WATER DISTRICT  
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR  
INFORMATION DATED OCTOBER 27, 2021





**East Clark County Water District  
Case No. 2021-00318  
Commission Staff's First Request for Information**

**Witnesses:** William Ballard (Items 1 – 7, and 9.d)  
Alan Vilines (Items 8, 9.a – 9.c, and 10)

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

a. The general ledger and trial balance for the calendar years 2020 and 2021 to date.

**Response:** See files – RFI 1 Item 1a-General Ledger 2020  
RFI 1 Item 1a-General Ledger YTD 2021

b. The trial balance for the calendar years 2020 and 2021 to date.

**Response:** See file – RFI 1 Item 1b-Trial Balance YTD 2021  
For 2020 Trial Balance, see Item 2

c. General Liability Insurance policies for 2020 and the current period, if available.

**Response:** See file – RFI 1 Item 1c-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 2020.

**Response:** See file – RFI 1 Item 1d\_e-Employee Information

e. A document detailing the names, job titles, job description, and pay rates for each employee on December 31, 2018, December 31, 2019, December 31, 2020, and for those currently employed.

**Response:** Included in file provided for Item 1d.

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:** The District pays 100% of the cost of health insurance for employees and their families, life and AD&D insurance, dental insurance, and short term disability (which replaced previous sick leave program). The District also participates in the Kentucky CERS retirement program.

g. State whether East Clark District employees participate in CERS. If confirmed, provide a statement from CERS that reflects the actual monthly payments remitted in 2020.

**Response:** East Clark employees participate in CERS.  
See file – RFI 1 Item 1g-CERS Monthly Report

h. Minutes from East Clark District commissioner meetings for the calendar years 2020 and the current period.

**Response:** See files – RFI 1 Item 1h-Board Mtg Minutes

i. 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 – RFI 1 Item 1i-Commissioners 2016-2021

j. Fiscal Court minutes approving each commissioner's appointment and compensation.

**Response:** See file – RFI 1 Item 1j-Commissioner Appointments

2. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended 2020 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

**Response:** See file – RFI 1 Item 2-2020 Adj Trial Balance

3. Refer to East Clark District's Application, Attachment 8, Outstanding Debt Instruments. For each principal and interest summary included, provide a summary of the institution to whom the debt is owed, its original purpose, and the Case No. of the case in which it was authorized by the Public Service Commission.

**Response:** The June 10, 2010 Bonds in amount of \$740,000 were approved in Order 2010-00150 to refinance 2000 series bonds from Order 2000-00021. The November 10, 2011 Bonds in amount of \$520,000 were approved in Order 2011-00271 to finance the construction of a 500,000 Gallon Elevated Tank. The March 27, 2013 Bonds in amount of \$130,000 were approved in Order 2013-00042 to refinance Bonds from Order 2002-00264.

4. State when the last time East Clark District performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

**Response:** After a review of the District's records, it appears that a COSS has not been performed in at least 26 years.

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

**Response:** The District did not consider filing a COSS because there have been no material changes in the District's system that would create the need for a new COSS to be prepared.

b. Explain whether any material changes to East Clark District's system would cause a new COSS to be prepared since the last time it has completed one.

**Response:** If there were material changes in the District's system it would be appropriate to perform a COSS.

c. If there have been no material changes to the East Clark District's system, explain when East Clark District anticipates completing a new COSS.

**Response:** A new COSS would be appropriate when material changes in customer usage patterns occur.

d. Provide a copy of the most recent COSS that has been performed for East Clark District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

**Response:** The District was not able to locate a COSS and is not aware of one being performed in the last 26 years.

5. Provide the number of new tap-ons installed by meter size for 2020.

**Response:** During 2020 the East Clark installed 55 new 5/8 x 3/4" meters and one 1" meter.

a. State whether East Clark District keeps a record of the dollar amounts of labor and materials used to install new customer taps. If East Clark District does, state the amount of labor expense and materials expense for the test year and where it is located in the general ledger.

**Response:** East Clark does not keep a record of labor and material expenses for installing new taps.

b. Separately state the amounts expensed to install each meter.

**Response:** East Clark does not track individual meter expense.

c. Provide copies of the cost justification sheets East Clark District filed with the Commission to support its \$907 Meter Connection/Tap-on Fee.

**Response:** The existing cost justification is included with Item 7 below. A proposed update is included here for the Commission's approval. See file – RFI 1 Item 5c-Revised Meter Cost.

6. Provide East Clark District's nonrecurring charges, a schedule listing the number of occurrences during the test year for each of the charges, and the total dollar amount billed and the total dollar amount collected during the test year.

**Response:** See file – RFI 1 Item 6-Nonrecurring Charges

7. Refer to the tariff currently on file with the Commission for East Clark District. Provide copies of the cost justification sheets East Clark District filed with the Commission to support each nonrecurring charge.

**Response:** See file – RFI 1 Item 7-Nonrecurring Charge Justifications

8. Refer to East Clark District's Customer Notice. East Clark District proposes to raise its monthly water service rates by an across-the-board percentage amount.

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

**Response:** Since there have been no material changes in its system, the District considered 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 East Clark District considered and an explanation as to why each alternative was not chosen to increase its monthly water

**Response:** No alternative methods were considered.

9. Refer to East Clark District's Application, Attachment 5, Billing Analysis.
- a. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

**Response:** See file – RFI 1 Item 9a-Current BA

- b. Provide the source of the 2020 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.

**Response:** See file – RFI 1 Item 9b-Usage data

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

**Response:** No adjustments were made to data provided.

- d. Provide monthly billing registers for water customers in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible for the calendar year 2020.

**Response:** See files – RFI 1 Item 9d-Monthly Billing Reg 2020

10. Confirm whether any of East Clark District's debt instruments require a set debt coverage ratio. If yes, detail these ratios and explain whether East Clark District requires this rate adjustment to meet those requirements.

**Response:** The District's Assistance Agreements with the Kentucky Rural Water Finance Corporation require a set debt coverage ratio. The "annual net revenues" of the system must be equal to at least 120 percent of the average annual debt service on all outstanding bonds. The required debt coverage was included in the revenue requirement calculation for the current rate adjustment application.