

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

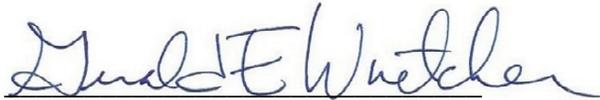
AN ELECTRONIC INVESTIGATION INTO)
MILBURN WATER DISTRICT TO)
DETERMINE THE FEASIBILITY OF)
MERGER WITH A PROXIMATE UTILITY) CASE NO. 2021-00341
PURSUANT TO KRS 74.361 OR)
ABANDONMENT PURSUANT TO KRS)
278.020(6), KRS 278.021)

**RESPONSE OF GRAVES COUNTY WATER DISTRICT
TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Graves County Water District submits its Response to the Commission Staff's Second Request for Information.

Dated: April 12, 2024

Respectfully submitted,



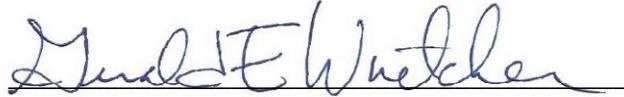
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Counsel for Graves County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on April 12, 2024 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.


Counsel for Graves County Water District

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RESPONSE OF GRAVES COUNTY WATER DISTRICT
TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

FILED: April 12, 2024

GRAVES COUNTY WATER DISTRICT

**Response to Commission Staff’s Second Request for Information
Case No. 2021-00341**

Question No. 1

Responding Witness: Brent Shultz/Kristie McAdoo

Q-1. Provide the following information regarding Graves District’s Operations, Maintenance and Administration:

- a. Provide the number of full time equivalents (FTEs) that support Graves District for operators, field staff, administrative, and managerial. FTEs references may be reported down to .25 increments.**
- b. Describe how Graves District ensures that each required function is performed in the event of the primary employee/contractor’s absence.**

A-1. a. Mayfield Electric and Water Systems (“MEWS”) provides eleven full-time equivalents to support Graves County Water District (“the District”) operations. A breakdown of these full-time equivalents is shown in the table below.

Function	Full-Time Equivalents
Field Operations	4
Leak Detection Specialist	1
Cashier	1
Reporting/Accounts Payable	1
Water Operations Manager	1
Accounts Manager	1
System Mapping/Locates	1
Water Laboratory	1

- b. Pursuant to the Contract Agreement for Operations, Maintenance and Management Services, MEWS is responsible for all aspects of the District’s day-to-day operations, maintenance and management of the water treatment plant, wastewater plant, water distribution system, customer service, billing, collection, accounting and reporting in compliance with regulatory requirements and District policy. In the event that the employees assigned to service the District are unavailable or absent, MEWS would assign other MEWS employees to perform the required functions. Both parties to the Contract Agreement have not contemplated an event in which MEWS will lack adequate personnel to meet its responsibilities. For example, in December 2021 when severe tornadoes struck Graves County, MEWS was able to continue to provide services to the residents of Mayfield and the District’s customers despite significant damage to its facilities.

GRAVES COUNTY WATER DISTRICT

**Response to Commission Staff's Second Request for Information
Case No. 2021-00341**

Question No. 2

Responding Witness: Kristie McAdoo

Q-2. Provide the following information regarding Graves District's water loss surcharge and spending. Refer to Graves District's Annual Reports, Water Operating Revenue sheets in general that were filed with the Commission. Also refer to Graves District's audited financial statements that were filed with the Commission.

- a. State the specific line description where the water loss surcharge is reported in both the Annual Reports and the audited financial statements and provide the amount for each year from 2019 through 2022.**
- b. Provide the dollar amount of water loss surcharge spending that was capitalized during each of 2019 through 2022.**
- c. Confirm that the lease for a hydro excavator that is financed through Crossroads bank is recorded as an operating lease in Graves District's audited financial statements.**

A-2. a. The District reports revenues from the Water Loss Detection and Repair Program Surcharge in its annual reports as Other Water Revenues-Account 474 and in its audited financial statements as Operating Revenue - Charge for Services. The audited financial statements report the amount of funds in the Water Loss Detection and Repair Program Surcharge Fund as part of the Maintenance and Replacement Reserve. The table below shows the amount of surcharge revenue for each year from 2019 through 2022.

Year	Revenue
2019	\$ 47,955
2020	\$288,790
2021	\$289,430
2022	\$275,670

c. See table below.

Year	Amount	Expenditures
2019	\$ 0.00	
2020	\$126,864.09	Meters and Fittings
2021	\$ 25,987.44	Meters, Fittings and Labor
2022	\$ 30,370.00	Meters

- c. The lease for a hydro excavator that is financed through Crossroads Bank is recorded as an operating lease in the District's audited financial statements.

GRAVES COUNTY WATER DISTRICT

**Response to Commission Staff's First Request for Information
Case No. 2021-00341**

Question No. 3

Responding Witness: Brent Shultz

Q-3. Refer to the Graves District's Annual Reports that were filed with the Commission for the years ended December 31, 2021, and 2022. Selected water statistics data and purchased water cost is provided in the table below. [Table omitted]

- a. Confirm that gallons produced and purchased are correct as listed for 2022.**
- b. If the amounts are correct as stated, describe the reason for the change in production versus purchase mix and if the change is permanent or temporary. If temporary, state when the mix will return to its historical amounts.**
- c. Describe the pricing methodology for the sale of water from Mayfield Electric & Water to Graves District.**

- A-3.
- a. The amounts reported in the annual report for 2022 are incorrect. In 2022 Graves County Water District produced 231,412,811 gallons of water and purchased 157,874,908 gallons of water
 - b. Not applicable. See response to Question 3a.
 - c. Graves County Water District does not have a written water purchase agreement with Mayfield but purchases water at a rate determined by the Mayfield Electric Plant Board and published in accordance with KRS 96.176. KRS 96.175(3) requires that the Board establish rates and charges that "shall be sufficient to produce revenues sufficient to pay all operating expenses, interest, and bond requirements, sinking fund requirements, adequate depreciation reserves, taxes, or payments in lieu of taxes, and reserves for contemplated extensions and improvements."