

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
LYON COUNTY WATER DISTRICT)	2021-00391

RESPONSE OF LYON COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED JANUARY 13, 2022

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

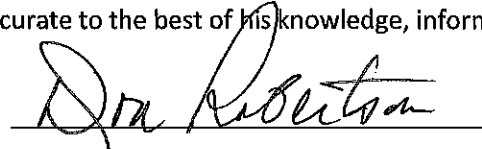
In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF) CASE NO.
LYON COUNTY WATER DISTRICT) 2021-00391

VERIFICATION OF DON ROBERTSON


COMMONWEALTH OF KENTUCKY)
COUNTY OF LYON)

Don Robertson, Board Chairman of the Lyon County 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.



Don Robertson

The foregoing Verification was signed, acknowledged, and sworn to before me this 10th day of February 2022, by Don Robertson



Commission expiration: 10/22/25

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
LYON COUNTY WATER DISTRICT)	2021-00391

VERIFICATION OF MICHAEL HANSEN

COMMONWEALTH OF KENTUCKY)
COUNTY OF LYON)

Michael Hansen, HDR Engineering, Inc. on behalf of the Lyon County 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.

Michael A. Hansen

Michael Hansen

The foregoing Verification was signed, acknowledged, and sworn to before me this 10th day of February 2022, by Michael Hansen

John A. ...

Commission expiration: 10/12/25

Lyon County Water District

Case No. 2021-00391

Commissions Staff's First Request for Information

Witnesses:

Don Robertson - Questions 1, 2, 3, 4, 5, 6, 7, 11, 12, 13a, 15d

Michael Hansen - Questions 8, 9, 10, 13b, 13c, 14, 15a-c, 15e

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

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

Response: See attached files: 1a_2020 General Ledger, 1a_2021 General Ledger, 1a_2020 Trial Balance, 1a_2021 Trial Balance

- b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years 2020 and 2021 to date.

Response: LCWD had no adjusting entries after the 2020 audit and the 2021 audit has not been completed. No adjusting entries are expected in 2021.

- c. The schedule of notes and bonds payable on December 31, 2019, December 31, 2020, and the current period.

Response: See attached files: 1c_2019 Debt Schedule, 1c_2020 Debt Schedule, 1c_2021 Debt Schedule

- d. All debt agreements/bond ordinances and amortization schedules not otherwise included in its application, including related party debt.

Response: See attached file: 1d_Dodge Truck Note Farmers Bank

- e. General Liability Insurance policies and invoices for 2020 and the current period, if available.

Response: See attached files: 1e_Insurance Policies 20-21, 1e_Insurance Policies 21-22

- f. Hours worked by each employee for the calendar years 2019, 2020 and the current period.

Response: See attached files: 1f_2019 Hours Worked, 1f_2020 Hours Worked, 1f_2021 Hours Worked

- g. A document listing the names, job titles, job description, and pay rates for each employee, on December 31, 2020, and for those currently employed.

Response: See attached file: 1g_Employees

- h. A list that describes all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years.

Response: See attached file: 1h_Insurance & Retirement Benefits

- i. Minutes from Lyon District's commissioner meetings for the calendar years 2019, 2020, and the current period.

Response: See attached files: 1i_LCWD-Minutes 2019, 1i_LCWD-Minutes 2020, 1i_LCWD-Minutes 2021

- j. 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 commission during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.)

Response: See attached file: 1j_Commissioners Pay

- k. Fiscal Court approving each commissioner's appointment and compensation.

Response: See attached file: 1k_FiscalCourt

- 2. Provide a breakdown for the number of board meetings each commission attended during the test year.

Response: In 2020, there was a total of 12 board meetings. The April meeting was cancelled due to the Covid Pandemic. There were two meetings in June, one a special called meeting for the interest in hiring a new superintendent and then the regularly scheduled meeting. Chairman Don Robertson attended all 12 meetings, Commissioner Charlie Murphy attended all 12 meetings, Commissioner Chris Sutton attended 11 meetings with the January meeting being his only absence.

- 3. Provide a monthly breakdown, in both gallons and dollar amount, of water purchased during the test year, identifying all vendors from whom Lyon District purchased water.

RESPONSE: See attached file: 3_Water Purchases

4. Provide the current rate charged by each vendor from whom Lyon District purchased water.

Response:

Lake Barkley Water District - \$2.23/1000 Gallons
Crittenden-Livingston County Water District - \$3.34/1000 Gallons
City of Eddyville - \$4.09/1000 Gallons
City of Kuttawa - \$2.19/1000 Gallons
City of Princeton - \$3.26/1000 Gallons plus Surcharge of \$697/month

5. Provide the number of occurrences for which late fees were assessed during the test year.

Response: See attached file: 5_Jan & Feb 2020 Late Fees. In 2020, \$2059.08 in late fees were assessed. Starting in March 2020 late fees were suspended due to the Covid Pandemic.

6. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the test year. If the revenue for any nonrecurring charge was zero, include that charge and indicate that zero revenue was received.

Response: See attached files: 6_Returned Check Charge, 6_Reconnection Charges

For the test year the following was collected:

Read Out Charge – 0 revenue

Field Connection – 0 revenue

Meter Reconnection – 59 Instances \$2950 collected

Meter Relocation – 0 revenue

Meter Re-Read – 0 revenue

Meter Test Charge – 0 revenue

Returned Check – 29 Instances \$870 collected

7. Provide the cost justification for all nonrecurring charges in Lyon District's tariff.

Response: See attached files: 7_Nonrecurring, 7_one inch Tap Fee, 7_five eights Tap Fee

8. Provide the rate for each nonrecurring charge collected in the test year and the rate for all nonrecurring charges contained in Lyon District's tariff.

Response: The District charges its customers for nonrecurring charges as shown on tariff sheet titled "Nonrecurring Charges" on unnumbered page 3 of the district's tariff. See also answers to question 6 and question 9.

9. Explain the discrepancies in the amounts set forth for nonrecurring and special charges listing in the unnumbered tariff sheet titled "Nonrecurring Charges" on unnumbered page 3 of Lyon District's tariff and the amounts listed on Tariff Sheet 6-7 under "Special Charges." Indicate which amount Lyon District charges its customers.

Response: It appears the amounts listed on Tariff Sheet 6-7 under "Special Charges" are very old and outdated. The District charges its customers for nonrecurring charges as shown on tariff sheet titled "Nonrecurring Charges" on unnumbered page 3 of the district's tariff.

10. Provide an overview of any actions planned or taken by Lyon District to reduce its water loss, including any water loss reduction plan.

Response: Water Loss is a constant concern for water utilities. Lyon County Water District considers this as an ongoing never-ending struggle. LCWD is currently working on a KIA infrastructure project to replace old aging infrastructure. In addition, the Governor just awarded the district with \$100,000 of grant funds to replace aging infrastructure. This spring, the plan is for the district to get assistance from Kentucky Rural Water Association to help locate leaks in areas that are prone to leaks and line breaks. As you can see from the attached meeting minutes, every month leaks are repaired as they are found. Water loss is a moving target which requires, money, manpower, and luck to achieve these goals. Since the new Superintendent Mathew Blane has been hired, the water loss of the District has decreased significantly.

11. Identify the number of new water connections that Lyon District installed in the test year.

Response: See attached file: 11_2020 Meter Sets. There were 32 new meter sets in 2020.

12. Provide the amount of labor and materials recorded for each water connection used during the test year.

Response: The District does not track individual labor and materials for each water connection. See Response to number 11 for value of each meter.

13. Refer to the Application, Exhibit H

- a. Provide the amortization schedule for the Series 2016 debt Issuance.

Response: The information provided in the original ARF submittal is the information that the District has.

- b. Confirm Lyon District has no additional debt issuance besides the three listed.

Response: Confirmed

- c. For each outstanding debt issuance still active; provide the case number in which Lyon District was authorized to issue the debt.

Response:

USDA Series 2016 – Case No. 2015-00376

Regions Series 2013C – Case No. 2012-00430

KIA – Case No. 2005-0058

14.

- a. Provide the date when Lyon District last performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

Response: it does not appear that Lyon County Water District has performed a cost-of-service study in the past twenty years. During that time LCWD has had engineering studies containing certain COSS/Rate components as recorded by USDA and/or KIA.

- b. Explain whether any material changes to Lyon District's system has occurred that would cause a new COSS to be prepared since the date of Lyon District's most recent COSS.

Response: There have been no material changes to the LCWD's system that would create the need for a new COSS to be prepared.

- c. If there have been no material changes to Lyon District's system, explain when Lyon District anticipates a new COSS.

Response: A new COSS would be appropriate if material changes in customer usage patterns were to occur.

15. Refer to Lyon District's Application, Billing Analysis

- a. Provide the billing analysis where the usage information separated in the same manner as that of Lyon's District's usage blocks shown in its tariff.

Response: See attached files:

15a_PSC_Usage_Table_and_Revenue_Table__Present_Rates

15a_PSC_Usage_Table_and_Revenue_Table_-_Proposed_Rates

- 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: The source of the 2020 usage data was taken from the monthly billing registers and divided by meter size and usage. No adjustments were made.

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

Response: No adjustments were made

- 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 attached file: 15d_Monthly Billing Registers

- e. Provide a copy of the most recent COSS performed for Lyon District's system in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response: See answers to question 14.