

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF MARION COUNTY)
WATER DISTRICT FOR A RATE ADJUSTMENT)
PURSUANT TO 807 KAR 5:076)**

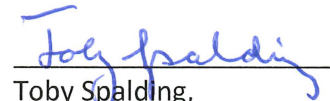
CASE NO. 2021-00394

**RESPONSE OF MARION COUNTY WATER DISTRICT
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

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

Date: December 17, 2021

Respectfully submitted,



Toby Spalding,
General Manager
1835 Campbellsville Road
P.O. Box 528
Lebanon, KY 40033
(270) 692-2004
mcwdh2o@yahoo.com

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

In the Matter of:

**ELECTRONIC APPLICATION OF MARION COUNTY)
WATER DISTRICT FOR A RATE ADJUSTMENT)
PURSUANT TO 807 KAR 5:076)**

CASE NO. 2021-00394

**RESPONSE OF MARION COUNTY WATER DISTRICT
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

FILED: December 17, 2021

ATTACHMENT Q/A.1

MARION COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION CASE NO. 2021-00394

Question No. 1

Responding Witness: Cheryl Sullivan

- Q.1 Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected:
- a. The general ledger and trial balance for the calendar years 2020 and 2021 to date.
 - b. The trial balance for the calendar years 2020 and 2021 to date.
 - c. General Liability Insurance policies for 2020 and the current period, if available.
 - d. 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.
 - e. 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.
 - f. Minutes from Marion District commissioner meetings for the calendar years 2020 and the current period.
 - g. 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.).
 - h. Fiscal Court minutes approving each commissioner's appointment and compensation.
- A.1.a The general ledger is maintained in an accounting software program. It has been exported by the software suite to an Excel spreadsheet. The Excel files do not contain formulas. The Excel files are attached as Exhibit A.1.a (2020). and A.1.a (YTD 2021).
- A.1.b The trail balances are also maintained in an accounting software and were exported to an Excel spreadsheet. There are no formulas in the exported file . The Excel files are attached as Exhibit A.1.b (2020) and A.1.b (YTD 2021).

- A.1.c The District's General Liability Insurance Policy period runs from July 1st to June 30th. Accordingly, three (3) years of policy documents are being provided. The policy documents are attached as Exhibit A.1.c (2019-2020), Exhibit A.1.c (2020-2021), and Exhibit A.1.c (2021-2022).
- A.1.d Excel spreadsheets detailing the requested employee information for each calendar year are attached as Exhibit A.1.d (2018), Exhibit A.1.d (2019), Exhibit A.1.d (2020), and Exhibit A.1.d (2021).
- A.1.e Employee benefits have remained unchanged for the previous five years, except for the vacation policy which has been revised multiple times.

All Employees receive partially paid single and family health insurance coverage. Health insurance is provided through the Kentucky Employees Health Plan. The plan specifies the required employer and employee contributions, which varies slightly year to year. The health insurance coverage also includes \$20,000 of life and AD&D benefits. Retirement is provided through Kentucky CERS retirement program. Sick leave is provided and accumulates for all employees at a rate of one day for each month of service. Vacation leave is provided with the number of days based upon each employee's years of employment. Currently, the number of days per year varies from 10 (1-5 years of employment) to 20 (greater than 16 years of employment). Uniforms and "Muck" boots are provided for all field operations employees. The General Manager receives a District provided cell phone. Field employees who are required to be on-call are pay \$20.00 per month as compensation for using their personal cell phones for District business.

- A.1.f Minutes of the District commissioner meetings for the 2020 and current calendar years are attached as Exhibit A.1.f (2020) and Exhibit A.1.f (2021).
- A.1.g An Excel spreadsheet detailing the requested commissioner benefit information for each of the five previous years is attached as Exhibit A.1.g.
- A.1.g Minutes of the Marion County Fiscal Court approving each commissioner's appointment and compensation are attached as Exhibit A.1.h.

ATTACHMENT Q/A.2

MARION COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION
CASE NO. 2021-00394**

Question No. 2

Responding Witness: Cheryl Sullivan

- Q.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, rows, and columns fully accessible and unprotected**
- A.2 The Adjusted Trial Balance for year end 2020 in Excel spreadsheet format is attached as Exhibit A.2.

ATTACHMENT Q/A.3

MARION COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION
CASE NO. 2021-00394**

Question No. 3

Responding Witness: Lee Mudd

- Q.3 Refer to Marion District's Application, Exhibit C, References. Provide the workpapers used to generate the pro forma adjustments in the References page in Excel Spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.**
- A.3 The workpapers (spreadsheets) used to generate the pro forma adjustments are attached as Exhibit A.3.

ATTACHMENT Q/A.4 (1)

MARION COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION
CASE NO. 2021-00394**

Question No. 4 (1)

Responding Witness: Cheryl Sullivan

Q.4 (1) Refer to Marion District's Application, Exhibit C, References, Adjustment D. Confirm Marion District employees participate in the County Employees' Retirement System (CERS). Provide a list of the current employees who participate in the CERS for which Marion District is required to remit contributions.

A.4 (1) The Marion County Water District does participate in the County Employee's Retirement System. A list of all current employees who participate in the Kentucky CERS for which the District is required to remit contributions is as follows:

- Thomas W. Bland
- Mary Margaret Ford
- Donald Mitchell Leake
- Ann Marie Mattingly
- John Paul Spalding
- Toby Gene Spalding
- Cheryl Ann Sullivan
- Glenn Gerald Thompson
- Keaton Wayne Vaughn

ATTACHMENT Q/A.4 (2)

MARION COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION CASE NO. 2021-00394

Question No. 4 (2)

Responding Witness: Lee Mudd

Q.4 (2) Refer to Marion District's Application, Exhibit G Outstanding Debt Instruments. For each resolution, agreement, and commitment included, provide a summary of the institution to whom the debt is owed, its original purpose, and the Case Number of the case in which it was authorized by the Public Service Commission.

A.4 (2) See table below:

Bond /Loan Holder	Bond /Loan Number	Original Purpose	PSC Case Number
USDA Rural Development	91-17	Water System Improvements Project (Loretto Water Transmission Main)	2009-00385
Kentucky Infrastructure Authority	B12-06	Water System Improvements Project (KY 84 Water Main Replacement)	2012-00508
Kentucky Infrastructure Authority	B18-10	Water System Improvements Project (2018 Water System Improvements)	2019-00348
Citizens National Bank of Lebanon	77236	Refinance Existing Debt	2013-00093
Farmers National Bank of Lebanon	TBD	Refinance Existing Debt	2021-00303
Farmers National Bank of Lebanon	TBD	Water Meter Replacement Project	2021-00303

ATTACHMENT Q/A.5

MARION COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION CASE NO. 2021-00394

Question No. 5

Responding Witness: Toby Spalding and Cheryl Sullivan

- Q.5 State the last time Marion District performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.**
- a. Explain whether Marion District considered filing a COSS with the current rate application and the reasoning for not filing one.**
 - b. Explain whether any material changes to Marion District's system would cause a new COSS to be prepared since the last time it has completed one.**
 - c. If there has been no material changes to the Marion District's system, explain when Marion District anticipates completing a new COSS.**
 - d. Provide a copy of the most recent COSS that has been performed for Marion District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.**
- A.5 After a review of the District's records, there is no documentation or evidence that a COSS has ever been performed.
- A.5.a 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 COSS to be prepared.
- A.5.b If there were material changes in the District's system it may be appropriate to perform a COSS, depending on the scope of those changes.
- A.5.c The District does not anticipate having to complete a COSS in the near future.
- A.5.d There is no documentation of evidence that the District has ever performed a COSS.

ATTACHMENT Q/A.6

MARION COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION CASE NO. 2021-00394

Question No. 6

Responding Witness: Toby Spalding and Cheryl Sullivan

Q.6 Provide the number of new tap-ons installed by meter size for 2020.

- a. State whether Marion District keeps a record of the dollar amounts of labor and materials used to install new customer taps. If Marion District does, amount of labor expense and materials expense for the test year and where it is located in the general ledger.**
- b. Separately state the amounts expensed to install each new meter during the test year.**
- c. Provide revised cost justification sheets to support any changes to the Meter Connection/Tap-on Fee.**

A.6 During 2020, the District installed ninety-two (92) new 5/8" x 3/4" meter connections and three (3) new 1" meter connections. No meter connections larger than 1" were installed.

A.6.a The District does not keep a record of labor and material expenses for installing new meter connections.

A.6.b The District does not track individual meter connection expenses. The District only records the total meter connection fee paid and does not separate it between labor and materials.

A.6.c Revised Meter Connection cost justifications sheets are attached as Exhibit A.6.c.

ATTACHMENT Q/A.7

MARION COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION CASE NO. 2021-00394

Question No. 7

Responding Witness: Cheryl Sullivan

Q.7 Provide for Marion District's nonrecurring charges a schedule listing the number of occurrences of the Connection/Turn-on charge, Connection/Turn on (After Hours), Reconnection charge, Reconnection charge (After Hours), Field Collection charge, Meter Reading Recheck charge, Meter Test Request charge, Returned Check charge, After Due Date Penalty charge, Broken Meter Lock charge, Meter Valve Replacement, Meter Relocation charge, Service Call/Investigation charges, and Service Call/Investigation (After Hours) charges. In addition, provide the total dollar amount billed and the total dollar amount collected for each item during the test year.

A.7 See table below:

Nonrecurring Charge Category	Number of Occurrences	Total Dollar Amount Billed	Total Dollar Amount Collected
Connection/Turn-on Charge	450	\$15,750.00	\$15,750.00
Connection/Turn-on Charge After Hours	-	-	-
Reconnection Fee	208	\$7,280.00	\$7,280.00
Reconnection Fee After Hours	-	-	-
Field Collection Charge	-	-	-
Meter Reading Recheck Fee	-	-	-
Meter Test Request	1	\$80.00	\$80.00
Returned Check Fee	19	\$475.00	\$475.00
After Due Date Penalty Charge	2095	\$10,586.68	\$10,191.67
Broken Meter Lock Fee	2	\$120.00	\$120.00
Meter Valve Replacement	-	-	-
Meter Relocation Charge	-	-	-
Service Call/Investigation	-	-	-
Service Call/Investigation After Hours	-	-	-

ATTACHMENT Q/A.8

MARION COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION
CASE NO. 2021-00394**

Question No. 8

Responding Witness: Toby Spalding and Cheryl Sullivan

- Q.8 Refer to Marion District's tariff currently on file with the Commission at sheet 3, which lists the nonrecurring charges assessed by Marion District. Provide current cost justification sheets to support each nonrecurring charge listed on this sheet.**
- A.8 Current cost justifications sheets relative to each nonrecurring charge are attached as Exhibit A.8.

ATTACHMENT Q/A.9

MARION COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION CASE NO. 2021-00394

Question No. 9

Responding Witness: Lee Mudd

- Q.9 Refer to Marion District's Customer Notice. Marion 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 increase method to increase monthly water service rates was chosen.**
 - b. Provide a list of alternative methods Marion District considered and an explanation as to why each alternative was not chosen to increase its monthly water service rates.**
- A.9.a The across-the-board percentage method was used because the ARF Revenue Requirement Calculation Form generates this method and the District felt it was a fair and equitable way to increase its rates. 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.
- A.9.b No alternative methods were considered.

ATTACHMENT Q/A.10

MARION COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION CASE NO. 2021-00394

Question No. 10

Responding Witness: Lee Mudd and Cheryl Sullivan

- Q.10 **Refer to Marion District's Application, Exhibit E.1 Current Billing Analysis.**
- a. **Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.**
 - b. **Provide the source of the 2020 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.**
 - c. **Provide a list of any adjustments made to the data and include an explanation of each adjustment.**
 - 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.**
- A.10.a The Current Billing Analysis is attached in Excel spreadsheet format as Exhibit A.10.a.
- A.10.b The source of the 2020 usage data is from the District's billing software. No adjustments were made to the data.
- A.10.c No adjustments were made to the data.
- A.10.d The monthly billing registers are maintained in a billing software program. They have been exported by the software suite to an Excel spreadsheet. The Excel file does not contain formulas. The Excel file is attached as Exhibit A.10.d.

EXHIBIT A.1.a (2020)

**2020 General Ledger
Uploaded as Excel File**

EXHIBIT A.1.a (2021)

**2021 General Ledger
Uploaded as Excel File**

EXHIBIT A.1.b (2020)

**2020 Trial Balances
Uploaded as Excel File**

EXHIBIT A.1.b (2021)

**2021 Trial Balances
Uploaded as Excel File**

Exhibit A.1.c (2019-2020)

2019 - 2020

**General Liability Insurance Policy
Uploaded as PDF File**

Exhibit A.1.c (2020-2021)

2020 - 2021

**General Liability Insurance Policy
Uploaded as PDF File**

Exhibit A.1.c (2021-2022)

2021 - 2022

**General Liability Insurance Policy
Uploaded as PDF File**

EXHIBIT A.1.d (2018)

**2018 Employee Data
Uploaded as Excel File**

EXHIBIT A.1.d (2019)

**2019 Employee Data
Uploaded as Excel File**

EXHIBIT A.1.d (2020)

**2020 Employee Data
Uploaded as Excel File**

EXHIBIT A.1.d (2021)

**Current (2021) Employee Data
Uploaded as Excel File**

EXHIBIT A.1.f (2020)

2020

**Commissioner Meeting Minutes
Uploaded as PDF File**

EXHIBIT A.1.f (2021)

2021

**Commissioner Meeting Minutes
Uploaded as PDF File**

EXHIBIT A.1.g

**Commissioner Pay & Benefits
Uploaded as Excel File**

EXHIBIT A.1.h

**Marion County
Fiscal Court Minutes
Uploaded as PDF File**

EXHIBIT A.2

**2020 Adjusted Trial Balances
Uploaded as Excel File**

EXHIBIT A.3

**Pro Forma Adjustment Workpapers
Uploaded as Excel File**

EXHIBIT A.6.c

**Meter Connection
Cost Justification Sheets
Uploaded as PDF File**

EXHIBIT A.8

**Nonrecurring Charge
Cost Justification Sheets
Uploaded as PDF File**

EXHIBIT A.10.a

**Current Billing Analysis
Uploaded as Excel File**

EXHIBIT A.10.d

**2020 Monthly Billing Registers
Uploaded as Excel File**