

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
CARROLL COUNTY WATER DISTRICT #1)	2021-00475

RESPONSE OF CARROLL COUNTY WATER DISTRICT #1
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED MARCH 4, 2022

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF) CASE NO.
CARROLL COUNTY WATER DISTRICT #1) 2021-00475

VERIFICATION OF ALAN VILINES

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF WARREN)

Alan Vilines, Kentucky Rural Water Association on behalf of Carroll County Water District #1, 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.



Alan Vilines

The foregoing Verification was signed, acknowledged, and sworn to before me this 21st day of March 2022, by Alan Vilines.



Commission expiration: 7/12/2022
603266

Carroll County Water District #1
Case No. 2021-00475
Commission Staff's Second Request for Information

Witnesses: Obe Cox (Items 1 and 4 – 7)
Alan Vilines (Items 2 and 3)

1. Refer to the Application, Attachment No. 5, Schedule of Adjusted Operations, and Carroll District #1's 2020 Annual Report, page 57.² Purchase Water expense in the application is \$4,910 but the annual report reports zero water purchased. Reconcile this difference.

Response: This was a reporting error. Line 3 of Page 57 should have a value of 2,295 (2,295,000 gallons). As a result of this, other changes are as follows: Line 4 - 323,570; Line 31 - 39,638; and water loss should be 12.25% instead of 11.62%.

2. Refer to the Application, Attachment No. 5, Schedule of Adjusted Operations, Adjustment B. Provide the amount reported for late fees for the calendar years 2017 and 2018.

Response: Late fees in 2017 and 2018 were \$39,725 and \$37,544, respectively.

3. Provide the following information concerning the costs for the preparation of this case.

- a. A detailed schedule of expenses incurred to date for the following
 - (1) Accounting;
 - (2) Engineering;
 - (3) Legal;
 - (4) Consultants; and
 - (5) Other Expenses (Identify separately).

b. For each category identified in item 3.a., the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the test year.

Response: Other than expending internal resources, the District has incurred no expenses to date.

c. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 3.a., with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

Response: The only expense anticipated is a lump sum charge from Kentucky Rural Water Association for consulting services to perform the rate study and assist with the PSC application. In accordance with the KRWA proposal approved by the District, the total charge for these services will be \$8,900. This amount will be billed at the conclusion of this case. See file CC 2.3 – KRWA Proposal

d. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in Items 3.a. and 3.b., and a cumulative total of cost incurred to date for each category. Updates will be due when the utility files its monthly financial statements with the commission, through the month of the response to the Staff Report.

Response: Because only one lump sum charge is anticipated and this charge will not become due and payable until the conclusion of this case, the information requested here is not necessary.

4. Refer to Carroll District #1's response to Commission Staff's First Request for Information (Staff's First Request), Item 1j.

a. Identify the name and title of the person who authorized the payment of benefits to the commissioners.

b. Provide a copy of the minutes for the meeting during which the commissioners' non-salary benefits was decided.

Response: After a thorough search, we were not able to locate any records of how this benefit was initially authorized. I have been the General Manager of CCWD approximately twelve years, and it was an ongoing, established benefit to the commissioners upon my arrival. I have searched the minutes back to 2006 and have not been able to find any records of the commissioners' single dental coverage benefit.

5. Refer to Staff's First Request, Item 4, Exhibit CC1.4, Nonrecurring Charges.

a. The connection charge of \$65 multiplied by 344 occurrences equals \$22,360. The amount stated in Exhibit CC1.4 equals \$22,185. Reconcile this difference.

Response: Early in the month of February, management learned that the billing staff was incorrectly charging and collecting based on the prior tariff rate of \$40. The staff was informed of the error and directed to charge the correct amount going forward. Prior to this, 7 accounts were charged based on the former tariff of \$40 instead of the newly approved Connection Fee of \$65.

b. The disconnection charge of \$65 (per the Tariff) multiplied by 194 occurrences equals \$12,610. The amount stated in Exhibit CC1.4 equals \$12,585. Reconcile this difference.

Response: Prior to the correction described above, one account was charged based on the former tariff of \$40 instead of the newly approved Disconnect Fee of \$65.

6. Refer to Staff's First Request, Item 5, Exhibit CC1.5 Cost Justification. Provide the cost justification sheet for the disconnection charge.

Response: Attached is the Nonrecurring Charges Cost Justification worksheet that covers both connection and disconnection work. Included with this attachment is CCWD's table of nonrecurring charges that was submitted to the PSC with the 2019 tariff filing. This shows the Disconnection fee established at \$65. See file CC 2.6 – Cost Justification Detail.

7. Refer to Staff's First Request, Item 9. Explain whether the labor and materials expense used to install the new meters is included in the Salaries and Wages-Employees, and the Materials and Supplies expenses.

Response: The labor and material expenses associated with new service installations is capitalized and therefore not included in the operating expenses under labor and materials & supplies.

The actual cost to install each new 5/8" x 3/4" meter is not tracked and recorded. Instead, the total tap fee of \$1,040 is divided as follows: \$322.40 to labor and \$717.60 to materials. These amounts are deducted from operating expenses and capitalized under Meters, Meter Installations, and Services. The larger sized meters (1 inch and larger) are capitalized based on actual cost of each installation.