

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
SOUTH WOODFORD WATER DISTRICT)	2022-00035

RESPONSE OF SOUTH WOODFORD WATER DISTRICT
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED MARCH 31, 2022

South Woodford Water District
Case No. 2022-00035
Commission Staff's First Request for Information

Witnesses: Matthew Coyle #1-3, #5, #7-8, #9b, #11-15, #17-18
Robert K. Miller #4, #6, #9a, #10, #16

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 ledgers for the calendar years 2020 and 2021 to date.

Response: The previous manager did not keep accounting records on the computer; instead, all records for 2020 and prior were kept in paper folders. The auditor went through the folders and put together a recap and an audit report for 2020. South Woodford District began keeping their accounting records on a computer system in 2021.

See files **1a_General_Ledger_Recap_2020**
 1a_2020_Audit
 1a_General_Ledger_2021

b. Provide copies of South Woodford District's General Liability Insurance, Workers' Compensation Insurance and Automobile Insurance policies for 2020 and 2021.

Response: See files **1b_Auto_and_GL_Policy_May2019-May2020**
 1b_Auto_and_GL_Policy_May2020-May2021
 1b_Workers_Comp_Policy_July2019-July2022

c. Provide copies of the invoices (bills) received in 2020 and 2021 for the insurance policies identified in Item 1.b.

Response: See files **1c_Auto_and_GL_Invoices_2019**
 1c_Auto_and_GL_Invoices_2020
 1c_Auto_and_GL_Invoices_2021
 1c_Workers_Comp_Invoices_2019
 1c_Workers_Comp_Invoices_2020
 1c_Workers_Comp_Invoices_2021

d. A document detailing the names, job titles, job description, and pay rates for each employee on December 31, 2019, December 31, 2020, December 31, 2021, and for those currently employed.

Response: See file 1d_2019_2020_2021_employee_info

- e. Using a table format, provide the regular hours, overtime hours, and other hours (identify) for each employee identified in South Woodford District's response to Item 1.d. for the calendar years 2019, 2020, and 2021. Provide the requested table in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See file 1e_2019_2020_2021_employee_hours

- f. Provide a description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2019, 2020 and 2021.

Response: See file 1f_2019_2020_2021_employee_benefits

- g. For each employee benefit listed in South Woodford District's response to Item 1.f., provide the monthly premium per employee paid for each benefit, the employer premium contribution, and the employee premium contribution. Identify for each employee the type of health care plan coverage (i.e., single, married no dependents, single parent with dependents, family, etc.) that each employee has.

Response: The employees do not contribute to the premiums for the dental insurance. It is wholly paid for by the district.

**George Withers 2019 Delta Dental monthly \$23.02 yearly \$276.24 married
Shirley Withers 2019 Delta Dental monthly \$23.02 yearly \$276.24 married
Janet Napier 2019 Delta Dental monthly \$23.02 yearly \$276.24 married**

**George Withers 2020 Delta Dental monthly \$23.02 yearly \$276.24 married
Shirley Withers 2020 Delta Dental monthly \$23.02 yearly \$276.24 married
Janet Napier 2020 Delta Dental monthly \$23.02 yearly \$276.24 married**

**George Withers 2021 Delta Dental monthly \$23.02 yearly \$276.24 married
Shirley Withers 2021 Delta Dental monthly \$23.02 yearly \$276.24 married
Janet Napier 2021 Delta Dental monthly \$23.02 yearly \$276.24 married
Heather Hensley 2021 Delta Dental monthly \$23.92 partial year \$119.60 single**

- h. Provide the minutes from South Woodford District commissioner meetings for the calendar years 2019, 2020, and 2021.

Response: The District was unable to locate minutes from meetings held in 2019. For meetings held in 2020 and 2020:

**See files 1h_2020_minutes
1h_2021_minutes**

- i. Provide a document listing the names of all commissioners for the calendar years 2019, 2020, and 2021, 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: The commissioners did not receive any benefits. The received compensation shown on these files:

**See files 1i_2019_Commissioners
1i_2020_Commissioners
1i_2021_Commissioners**

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

**Response: See files 1j_Collins
1j_Hamm
1j_Lippert
1j_Poor
1j_Drury
1j_Hudson
1j_Coyle**

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 2_Trial_Balance_2020

3. Provide a copy of the Trial Balance for the calendar year ended 2021 in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response: See file 3_Trial_Balance_2021

4. Refer to South Woodford District's Cover Letter (filed March 17, 2022), paragraph 2.

- a. Provide a schedule comparing the hourly field maintenance rates included in the old and new maintenance contracts. Include documentation to support the increase in the hourly rates.

Response: See below

Maintenance	Hours	Test Year Rate	Test Year Total	Proforma Rate	Proforma Total	Adjustment
Service Calls/Meter Reading and Verification	102	\$ 40.00	\$ 4,080	\$ 60.00	\$ 6,120	\$ 2,040
Service Calls/Meter Changeout and Turning Valves	198	\$ 40.00	\$ 7,920	\$ 80.00	\$ 15,840	\$ 7,920
Two Men and Truck First Hour	43	\$ 150.00	\$ 6,450	\$ 200.00	\$ 8,600	\$ 2,150
Two Men and Truck Subsequent Hours	64	\$ 100.00	\$ 6,400	\$ 150.00	\$ 9,600	\$ 3,200
Two Men, Truck, and Excavator First Hour	65	\$ 200.00	\$ 13,000	\$ 300.00	\$ 19,500	\$ 6,500
Two Men, Truck, and Excavator Subsequent Hours	142	\$ 150.00	\$ 21,300	\$ 250.00	\$ 35,500	\$ 14,200
	614		\$ 59,150		\$ 95,160	\$ 36,010

- b. Provide, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible, a schedule calculating the field repair costs that South Woodford District expended in the test year using the test-year maintenance contract hourly rates and the pro forma field repairs costs using the new maintenance hourly rates.

Response: See file 4_Rate_Study_Updated_with_New_Contractor_Rates Tab Contractors Cell G23

- c. Given that South Woodford District explained that its new maintenance service contract markedly increased the hourly rates for field repairs, explain why the new contract resulted in an estimated decrease to Contractual Services Maintenance expense of \$3,600.

Response: The original Schedule of Adjusted Operations submitted with the ARF included an adjusted decrease of \$3,600 to Contractual Services-Management, not Contractual Services-Maintenance. The decrease of \$3,600 to Contractual Services-Management was due to a decrease in the management contract cost as documented in the response to Question 8 below.

There have been three updates to the Schedule of Adjusted Operations contained in file 4_Rate_Study_Updated_with_New_Contractor_Rates

- i. The adjustment noted as Reference F in the amount of \$228 was removed because documentation to support that adjustment was not found.
- ii. An adjustment noted as Reference M in the amount of \$5,040 was added to reflect increased water testing costs approved after the original rate study was prepared.

- iii. An adjustment noted as Reference N in the amount of \$36,010 was added to reflect increased distribution system maintenance expenses approved after the original rate study was prepared and noted in the response to Question 4a above.

The effect of these three updates to the Schedule of Adjusted Operations has caused the following results:

	Original SAO	Updated SAO
Revenue Required from Sale of Water	\$935,372	\$976,541
Required Revenue Increase	\$ 95,921	\$136,743
Percent Increase	11.42%	16.28%

5. Provide Refer to South Woodford District’s Cover Letter (filed March 17, 2022), paragraph 3. South Woodford County explained that it has submitted a Letter of Intent for Kentucky Infrastructure Authority Funds (KIA) B/C in the amount of \$2,230,000 for a comprehensive system rehabilitation project.

- a. Provide an itemized schedule in an Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected to support the projected \$2,300,000 comprehensive system rehabilitation project.

Response: see file 5a_SWWD_System_Rehab_Project_Cost

- b. Provide the estimated impact the proposed comprehensive system rehabilitation project will have on South Woodford District’s system water loss.

Response: see file 5b_PSC_Letter_Project_Waterloss_Effects

- c. Provide South Woodford District’s estimated timeline for the following:

- i. Receiving KIA authorization of the \$2.300,000 debt.

Response: KIA Board approved SWWD Fund B loan for the above project profile of \$2.300,000 as of 4/07/2022.

- ii. For submitting its application for a Certificate of Public Convenience and Necessity and approval of the KIA financing with the Commission.

Response: Comprehensive System Rehabilitation Project Estimated Schedule

Apr 07, 2022 KIA Financing Commission Approval
Sep 22, 2022 Bid Opening
Nov 22, 2022 Certificate of Public Convenience and Necessity
Jan 23, 2023 Construction Start
July 23, 2023 Construction Stop

6. Refer to South Woodford District’s Application, Attachment 4, Statement of Adjusted Operations and References. Provide the workpapers that support the pro forma adjustments described in the References page of the Attachment in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See files
6_Rate_Study_Submitted_With_ARF Tab SAO Column M
9a_Known_and_Measurable_Changes_Meter_Reading

7. Refer to South Woodford District’s Application, References, Adjustment D, Tap-on Fees.

- a. Identify the number of new connections (meters) by meter size that South Woodford District installed in calendar years 2019, 2020, and 2021.

Response:	Size	2019	2020	2021
	3/4"	2	3	5
	1"	6	19	9

- b. Identify the amounts of tap-on fees by meter size South Woodford District collected in calendar years 2019, 2020, and 2021.

Response:	2019	Total
	3/4"	\$ 1,690
	1"	<u>\$ 6,210</u>
	Total	\$ 7,900
	2020	
	3/4"	\$ 2,535
	1"	<u>\$19,665</u>
	Total	\$22,200
	2021	
	3/4"	\$ 2,535
		\$ 3,800
	1"	\$ 9,315
		<u>\$ 6,900</u>
	Total	\$22,550

- c. Identify the account where South Woodford District recorded its tapon fees in the test year.

Response: Account 4011 Contributed Capitol Tap on Fees

- d. State whether South Woodford District keeps a record of the dollar amounts of labor and materials used to install new customer taps. If South Woodford District does, state the amount of labor expense and materials expense for the test year and where it is located in the general ledger. Separately state the amounts expensed to install each new meter during the test year.

Response: South Woodford District previously paid a contractor for both labor and materials and the bill was not itemized or broken down for new customer taps. South Woodford District cannot provide itemized expenses for the test year 2020.

- e. Provide the cost justification sheets that supports South Woodford District's current \$400 5/8-Inch x 3/4-Inch Tap-on Fee and its \$450 1-Inch Tap-on Fee that are reported in its current tariff.

Response: South Woodford District was unable to locate the cost justification sheets that support the current tap-on fees reported in its current tariff. These tap-on fees were apparently established in 1982 by KY PSC Order No. 8521.

Response: See file 7e_PSC_Case_8521

- f. Provide revised cost justification sheets to support any changes to either to the 5/8-Inch x 3/4-Inch Tap-on Fee or to the 1-Inch Tap-on Fee.

**Response: See files 7f_58_34_Inch_Tap_Fee_Cost_Justification
7f_1_Inch_Tap_Fee_Cost_Justification**

Please note that the labor cost on these two sheets refers to contractor labor.

- 8. Refer to South Woodford District's Application, References, Adjustment E, Management Contract. South Woodford District explained that it had entered into a new contract for system management. Provide copies of the old and new management contracts.

Response: There was not a written contract in place between South Woodford District and George Withers, the former contract manager. There is not yet a written contract in place between South Woodford District and Matthew Coyle, the current contract manager. A draft document has been prepared but has not yet been formalized into a contract.

9. Refer to South Woodford District’s Application, References, Adjustment L, Meter Reading.

a. Provide documentation and a detailed calculation to support South Woodford District’s proposed \$42,732 adjustment for meter reading.

Response: **Meter Reading Expenses: 1,700 accounts * (\$1.80-\$1.47) monthly increase *12 months = \$ 6,732**
Meter Reading System: \$3,000 per month * 12 months = \$36,000
Increase in Meter Reading Expenses = \$42,732

See file:

9a_Known_and_Measurable_Changes_Meter_Reading

b. Provide a schedule listing all of the costs incurred by South Woodford District for meter reading in the test year and identify the account(s) where South Woodford District recorded its meter reading expense.

Response: Account 5016

Reading Meters				-29,964.00
1/6/2020 operation & Main	10029	Derrick Poor	R	-1,128.00
1/6/2020 operation & Main	10030	George Withers	R	-350
1/6/2020 operation & Main	10031	Ricky Poor	R	-1,024.00
2/6/2020 operation & Main	10060	Derrick Poor	R	-1,208.00
2/6/2020 operation & Main	10062	George Withers	R	-350
2/6/2020 operation & Main	10063	Ricky Poor	R	-1,004.00
3/11/2020 operation & Main	10093	Derrick Poor	R	-1,128.00
3/11/2020 operation & Main	10094	George Withers	R	-350
3/11/2020 operation & Main	10095	Ricky Poor	R	-984
4/10/2020 operation & Main	10118	George Withers	R	-350
4/10/2020 operation & Main	10123	Ricky Poor	R	-1,044.00
4/10/2020 operation & Main	10124	Derrick Poor	R	-1,168.00
5/5/2020 operation & Main	10150	Derrick Poor	R	-1,148.00
5/5/2020 operation & Main	10153	George Withers	R	-350
5/5/2020 operation & Main	10168	Ricky Poor	R	-1,004.00
6/11/2020 operation & Main	10187	Derrick Poor	R	-1,128.00
6/11/2020 operation & Main	10188	George Withers	R	-350
6/11/2020 operation & Main	10189	Ricky Poor	R	-984
7/11/2020 operation & Main	10216	Derrick Poor	R	-1,108.00
7/11/2020 operation & Main	10217	George Withers	R	-350
7/11/2020 operation & Main	10218	Ricky Poor	R	-984
8/11/2020 operation & Main	10254	Derrick Poor	R	-1,108.00
8/11/2020 operation & Main	10255	George Withers	R	-350
8/11/2020 operation & Main	10256	Ricky Poor	R	-984
9/11/2020 operation & Main	10288	George Withers	R	-350
9/11/2020 operation & Main	10291	Derrick Poor	R	-1,148.00
9/11/2020 operation & Main	10292	Ricky Poor	R	-1,004.00
10/10/2020 operation & Main	10323	George Withers	R	-350
10/10/2020 operation & Main	10324	Ricky Poor	R	-1,004.00
10/10/2020 operation & Main	10325	Derrick Poor	R	-1,108.00
11/10/2020 operation & Main	10354	Derrick Poor	R	-1,188.00
11/10/2020 operation & Main	10365	Ricky Poor	R	-984
11/10/2020 operation & Main	10370	George Withers	R	-350
12/10/2020 operation & Main	10393	George Withers	R	-350
12/10/2020 operation & Main	10397	Ricky Poor	R	-1,064.00
12/10/2020 operation & Main	10398	Derrick Poor	R	-1,128.00

10. State the last time South Woodford District performed a cost of service Study (COSS) to review the appropriateness of its current rates and rate design.

- a. Explain whether South Woodford District considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: South Woodford District did not consider filing a COSS with the current rate application. There have been no material changes to the District's system that would create the need for a new COSS to be prepared.

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

Response: There have been no material changes to South Woodford District's system. South Woodford District was unable to identify the date of the last time it completed a COSS.

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

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

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

Response: South Woodford District was unable to find a copy of the most recent COSS study spreadsheets.

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

Response: Late fees were assessed for 627 occurrences for a total of \$2,981.54:

See file: 11_Late_Fees_2020

12. 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.

Response:

	Amount Collected	Occurrences
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Reconnection Fee/Service Charge	\$1,283.26	1,122
Testing Meter for Accuracy	\$ 0.00	0
Returned Check Charge	\$ 200.00	23

See file: 12_Reconnect_Fee

13. Provide updated cost justification sheets for all nonrecurring charges listed in South Woodford District tariff.

Response: See file 13_Non-Recurring_Charge_Cost_Justifications

14. Refer to South Woodford District’s Application, References, Adjustment C. In the test year, South Woodford District reported a water loss of 29.63 percent.

- a. Provide a schedule listing South Woodford District’s reported water loss percentages for calendar years 2015-2019 and 2021.

Response:	2015	2016	2017	2018	2019	2020	2021
	19.8%	8.1%	20.6%	27.6%	25.7%	29.6%	30.5%

- b. Provide an overview of any actions planned or taken by South Woodford District to reduce its water loss, including any water loss reduction plan.

Response:

- ✓ **SWWD plans to eliminate meter reading "lag-times" with AMR Meters.**
- ✓ **SWWD will maintain reporting our MOR's to maintain accurate unaccounted-for water statistics.**
- ✓ **SWWD will maintain a leak repair log and properly record quantities of water loss due to leakage each month.**
- ✓ **SWWD plans to purchase leak detection meters to allow personnel to pinpoint areas for possible leaks.**
- ✓ **SWWD plans to reduce the amount of 1" meters to 3/4x5/8 in the future to catch low flow readings.**
- ✓ **SWWD will continue to use accurate field measurements and procedures to record losses whenever possible.**

15. Refer to South Woodford District’s Application, Attachment 4, Statement of Adjusted Operations. Provide a detailed breakdown of the test year dollar amount for Other

Water Revenues, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response:

16. Refer to South Woodford District's Application, Attachment 5, Current Billing Analysis.

- a. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response: See file 6_Rate_Study_Submitted_With_ARF Tab ExBA

- 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 files 16_Rate_Analysis_2020_Cycle_1
16_Rate_Analysis_2020_Cycle_2
16_South_Woodford_Billing_Analysis**

The data was adjusted by (\$3,097.48) for leaks and by (\$1,478.38) for mis-reads.

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

**Response: See files 17_Leak_Adjustments_2020
18_Misread_Adjustments_2020**

- 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 file 16d_Billing_Register_Summary_2020

17. Provide the number of occurrences in the test year that South Woodford District adjusted a customer's bill due to a leak and provide the dollar amount customer's bills were adjusted due to a leak for the test year.

Response: There were 24 occurrences of leak adjustments totaling \$3,097.48 in 2020.

See file: 17_Leak_Adjustments_2020

18. Provide the number of occurrences of billing errors and the dollar amount of each adjustment.

Response: There were 23 occurrences for billing error adjustments totaling \$1,478.38 in 2020.

See file: 18_Misread_Adjustments_2020