

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
JESSAMINE-SOUTH ELKHORN WATER DISTRICT)	2022-00050

RESPONSE OF JESSAMINE-SOUTH ELKHORN WATER DISTRICT
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED MARCH 23, 2022

Jessamine-South Elkhorn Water District

Case No. 2022-00050

Commission Staff's First Request for Information

Witnesses: Kimberly Horton Miller #1-2, #5-7
Robert K. Miller #3-4, #8-10

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 ledger and trial balance for the calendar years 2020 and 2021 to date.

Response: See files 1a_General_Ledger_2020
1a_General_Ledger_2021
1a_General_Ledger_2020
1a_Trial_Balance_2020
1a_Trial_Balance_2021
1a_Trial_Balance_2022

- b. The trial balance for the calendar years 2020 and 2021 to date.

Response: See files 1a_Trial_Balance_2020
1a_Trial_Balance_2021
1a_Trial_Balance_2022

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

Response: See files 1c_2020_General_Liability_Policy
1c_2020_General_Liability_Policy

- d. Hours worked by each employee, separated by regular hours worked, overtime hours worked, and any other form of hourly wage for the calendar year 2020.

Response: See file 1d_&_1e_Employee_Hours_and_Pay

- e. 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.

Response: See file 1d_&1e_Employee_Hours_and_Pay

- f. 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.

Response: See file 1f_&_1g_Employee_Benefits

- g. State whether Jessamine-South Elkhorn District employees participate in County Employee Retirement System (CERS). If confirmed, provide a statement from CERS that reflects the actual monthly payments remitted in 2020.

Response: Jessamine-South Elkhorn District does not participate in CERS.

- h. Minutes from Jessamine-South Elkhorn District commissioner meetings for the calendar years 2020 and the current period.

**Response: See files 1h_2020_Water_Minutes
1h_2021_Water_Minutes
1h_2022_Water_Minutes**

- i. 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.).

Response: See file 1i_Commissioners

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

Response: See file 1j_Appointments

- 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_with_Auditor_Adjustments

- 3. Refer to Jessamine-South Elkhorn District's Application, Attachment 8, Outstanding Debt Instruments. For each principal and interest summary included, provide a summary of the institution to whom the debt is owed, its original purpose, and the Case No. of the case in which it was authorized by the Public Service Commission.

Response:

Series 2000B Bonds 1999-00287 US Department of Agriculture Rural Development

Purpose: Construction of approximately 13,560 linear feet of 10-inch PVC water transmission main and appurtenances along US Highway 68 between Almahurst and Clear Creek Road and 8,000 linear feet of 6-inch PVC water transmission main and appurtenances on Sagart Lane off of Matthews Lane.

Series 2016D Bonds 2015-00397 Kentucky Rural Water Finance Corporation

Purpose: Construction of a 750,000-gallon elevated water storage tank off Catnip Hill Road.

KIA Loan F07-02 No PSC Case # Kentucky Infrastructure Authority

Jessamine-South Elkhorn staff was unable to identify PSC authorization for this loan.

Purpose: Construct new 6-inch water lines that will re-pipe the Keene system to eliminate line breaks, water outages and low flow problems. Also, to improve hydraulics and water quality, the Keene area will be connected to recently installed up-sized lined along KY-1267. Additionally, unserved areas will receive service with the construction of hydraulic reinforcement loop lines.

KIA Loan F11-12 No PSC Case # Kentucky Infrastructure Authority

Jessamine-South Elkhorn staff was unable to identify PSC authorization for this loan.

Purpose: Replacement and upsizing of approximately 74,000 l.f. of water mains in areas that were originally constructed in 1972 and are currently experiencing numerous line breaks and water outages. Some of the existing stub mains will be extended to create appropriate looping configurations, thus increasing flow, residual peak flow pressure, and water quality. Original meter services will be replaced with new service employing integral back flow preventers. Additionally, this project will replace, upgrade, and provide fire protection through approximately 7,000 l.f. to the residents in the small community of Dixon Town in northwestern Jessamine County. Frequent breaks and undersized lines have plagued this area for years.

Central Bank Loan 943 No PSC Case # Central Bank & Trust

Jessamine-South Elkhorn staff was unable to identify PSC authorization for this loan.

Purpose: Refinance outstanding RD Loan.

Central Bank Loan 958 No PSC Case # Central Bank & Trust

Jessamine-South Elkhorn staff was unable to identify PSC authorization for this loan.

Purpose: Purchase office building.

Series 2021A Bonds 2020-00382 Kentucky Association of Counties Finance

Purpose: Refinance and discharge \$2,515,000 of outstanding indebtedness to the U.S. Department of Agriculture, acting through Rural Development as well as Kentucky Rural Water Finance Corporation.

4. State when the last time Jessamine-South Elkhorn District performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

Response: It appears that the District performed a COSS in 1990 as part of PSC Case #90-075.

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

Response: No. 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 Jessamine-South Elkhorn District's system would cause a new COSS to be prepared since the last time it has completed one.

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

- c. If there have been no material changes to the Jessamine-South Elkhorn District's system, explain when Jessamine-South Elkhorn 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 Jessamine-South Elkhorn District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

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

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

Response: There were 58 water taps installed in 2020.

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

Response: Jessamine-South Elkhorn District uses a contractor to install new sewer taps. No labor or materials expenses from the District are charged.

	Contractor Cost	GL Account
Water Tap	\$ 35,750.00	63600.20

- b. Separately state the amounts expensed to install each meter.

Response: See file 5b_Water_Tap_Fees

- c. Provide copies of the cost justification sheets Jessamine-South Elkhorn District filed with the Commission to support its \$907 Meter Connection/Tap-on Fee.

Response: See File 5c_Water_Tap_Fee_Justification

- 6. Provide Jessamine-South Elkhorn District’s nonrecurring charges, a schedule listing the number of occurrences during the test year for each of the charges, and the total dollar amount billed, and the total dollar amount collected during the test year.

Response:

<u>Non-Recurring Charge</u>	<u>Number</u>	<u>Billed</u>	<u>Collected</u>
Reconnection – Returned Check	47	\$1,645.00	\$1,645.00
Reconnection – Non-Payment	115	\$4,025.00	\$3,885.00
Reconnection – Locked Service	107	\$3,745.00	\$3,745.00

- 7. Refer to the tariff currently on file with the Commission for Jessamine-South Elkhorn District. Provide copies of the cost justification sheets Jessamine-South Elkhorn District filed with the Commission to support each nonrecurring charge.

**Response: See files 7_Reconnection_Cost_Justification
7_Returned_Check_Cost_Justification**

8. Refer to Jessamine-South Elkhorn District's Customer Notice. Jessamine-South Elkhorn 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 method to increase monthly water service rates was chosen.

Response: There have been no significant changes in the distribution of the District's customer usage in many years. Therefore, the District considers an across-the-board increase to be the most equitable means of passing on increased costs to its customers. 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.

- b. Provide a list of alternative methods Jessamine-South Elkhorn District considered and an explanation as to why each alternative was not chosen to increase its monthly water

Response: No alternative methods were considered.

9. Refer to Jessamine-South Elkhorn District's Application, Attachment 5, Billing Analysis.

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

Response: See sheets ExBAw and PropBAw in file 9a_Rate_Study

- 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 file 9b_Water_Usage_Breakdown_by_Units_2000

The data was adjusted by the amount of adjustments made to water bills.

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

Response: See sheet Water of file 9c_Billing_Adjustments

- 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 9d_Billing_Register_by_Month_2020

10. Confirm whether any of Jessamine-South Elkhorn District's debt instruments require a set debt coverage ratio. If yes, detail these ratios and explain whether Jessamine-South Elkhorn District requires this rate adjustment to meet those requirements.

Response: Yes, the bond covenants for the Series 2016D and Series 2021A Water Bonds specifically require a debt service coverage ratio equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System. Jessamine-South Elkhorn Water District requires this rate adjustment to meet those requirements.