

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
JESSAMINE-SOUTH ELKHORN WATER DISTRICT)	2022-00053

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. 2022-00053

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_Sewer_Minutes
1h_2021_Sewer_Minutes
1h_2022_Sewer_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 2009A Bonds

2008-00036 US Department of Agriculture

Construct a \$6,064,000 sanitary sewer project and for authority to assess initial rates for sewer service. This project will serve approximately 600 new and 25 existing sewer users and will consist of the installation of approximately 40,000 linear feet of gravity sewers, 12,400 linear feet of sewer force main, two pump stations, and related appurtenances.

Series 2021A Bonds

2020-00382 Kentucky Association of Counties Finance

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 has not performed a COSS in the last 20 or more years.

- 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 100 sewer regular taps and 7 sewer drip 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
Sewer Regular Tap	\$209,124.84	47301.99
Sewer Drip Tap	\$ 57,623.00	10110.99

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

Response: Jessamine-South Elkhorn District charges amounts set by Lexington-Fayette Urban County Government plus a \$75 administration fee.

See files **5b_Sewer_Regular_Tap_Fees**
 5b_Sewer_Drip_Tap_Fees
 5b_Sewer_Tap_Fee_Schedule_July_2019-June_2020
 5b_Sewer_Tap_Fee_Schedule_July_2020-June_2021

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: Jessamine-South Elkhorn District does not charge a \$907 Meter Connection-Tap-on Fee for sewer services. As noted above in 5b, Jessamine-South Elkhorn District charges amounts set by Lexington-Fayette Urban County Government plus a \$75 administration fee.

See file **5c_Sewer_Tap_Admin_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 – Non-Payment	27	\$ 945.00	\$ 875.00
Reconnection – Locked Service	6	\$ 210.00	\$ 210.00

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
7_Grease_Trap_Inspection_Cost_Justification
7_Sewer_Service_Line_Inspection_Cost_Justification

8. Refer to Jessamine-South Elkhorn District's Customer Notice. Jessamine-South Elkhorn District proposes to raise its monthly sewer service rates by an across-the-board percentage amount.
- a. Provide an explanation of how the across-the-board percentage method to increase monthly sewer 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 ExBAs and PropBAs 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_Sewer_Usage_Breakdown_by_Units_2000

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

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

Response: See sheet Sewer 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 2021A Sewer 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.