

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
BEECH GROVE WATER SYSTEM, INC.)	2022-00054

RESPONSE OF BEECH GROVE WATER SYSTEM, INC.
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED APRIL 20, 2022

Beech Grove Water System, Inc.
Case No. 2022-00054
Commission Staff's First Request for Information

Witnesses: Sheila Murphy #1-2 and #6-11
Robert K. Miller #3-5

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 2019, 2020, 2021, and 2022 to date.

Response: See files

1a_2019_GL	1a_2019_TB
1a_2020_GL	1a_2020_TB
1a_2021_GL	1a_2021_TB
1a_2022_GL	1a_2022_TB

- b. The trial balance for the calendar years 2019, 2020, 2021, and 2022 to date.

Response: See files

1a_2019_TB
1a_2020_TB
1a_2021_TB
1a_2022_TB

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

Response: See files

1c_Insurance_Policy
1c_Insurance_Certificate

- 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:

Sheila Murphy, Office Manager	Hired 7/5/2009
Pay Rate December 31, 2019	\$17.49 / hour
Pay Rate December 31, 2020	\$17.49 / hour
Pay Rate December 31, 2021	\$17.49 / hour
Job Description: Attends water board meeting; attends training classes; answer phone; respond to email; receive and send faxes; obtains readings from AMI system; prepares water bill	

statements; collect payment either in person, mail, ach or debt card; collect all late bills or turn service off; take call for new installation, disconnections, moving, meter leak, meter lid off, someone ran over meter , etc.; write orders in InHance System; call Before U Dig; payroll.

Michael Wahl, Distribution Operator Hired 2/4/2013
 Pay Rate December 31, 2019 \$17.49 / hour
 Pay Rate December 31, 2020 \$17.49 / hour
 Pay Rate December 31, 2021 \$17.49 / hour

Job Description: : Attends water board meeting; attends training classes; talks to customers in field; read meters that don't call in; verify readings when customers call; line flushing and records; water storage tank inspections; fire hydrant inspections; pump station inspections; valve inspections; install and repair meters, miu's, and repeaters; repair water main breaks; monitors water quality; locate water mains; inspect booster pumps; operate trencher and excavator; take bac-t samples; take lead and copper samples; prepares sanitary surveys.

- 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.

Response: Employees do not receive medical insurance, dental insurance, vision insurance, life insurance, or retirement benefits. Employees do receive a defined contribution to a 401k plan.

	Sheila Murphy	Michael Wahl
2016	\$1,020.60	\$1,020.60
2017	\$1,029.60	\$1,029.60
2018	\$1,029.60	\$1,029.60
2019	\$1,080.77	\$1,080.77
2020	\$1,091.48	\$1,091.48

- f. Minutes from Beech Grove Water Board of Director meetings for the calendar years 2020, 2021 and the current period.

**Response: See files 1f_2020_Board_Minutes
 1f_2021_Board_Minutes
 1f_2022_Board_Minutes**

- g. A document listing the name of all Beech Grove Water Board directors for each of the five previous years, and state, individually, the total amount of each

benefit paid to, or on the behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.).

Response: Board members do not receive any pay or benefits.

**2017 Chad McMahon
Wally Murphy
Greg Dant
Greg Cheatham
Nathan Ward**

**2018 Chad McMahon
Wally Murphy
Greg Dant
Greg Cheatham
Nathan Ward**

**2019 Chad McMahon
Wally Murphy
Greg Dant
Greg Cheatham
Nathan Ward**

**2020 Chad McMahon
Wally Murphy
Greg Dant
Greg Cheatham
Nathan Ward**

**2021 Chad McMahon
Wally Murphy
Greg Dant
Greg Cheatham
Nathan Ward
Joey Tapp (replaced Nathan Ward)**

- h. Provide a copy of the financial audit (or compilation) for years 2019, 2020, and 2021.

Response: Beech Grove Water did not have a financial audit or compilation performed for years 2019, 2020, 2021.

- i. Provide an accounts receivable aging by customer for 2019, 2020, and 2021.

Responses: The billing system used by Beech Grove Water can only provide a current aged receivables report.

**See files 1i_Aged_Receivables_Detail
 1i_Aged_Receivables_Total**

j. Provide list of late payment penalties for years 2017, 2018, 2019, 2020, 2021, and year to date 2022.

Response:	2017	\$ 4,993.07
	2018	\$ 7,230.02
	2019	\$ 7,846.81
	2020	\$ 1,878.81
	2021	\$ 4,407.52
	thru April 2022	\$ 1,894.70

k. Provide water purchase invoices for 2019, 2020, 2021, and year to date 2022.

**Response: See files 1k_DAV_2019*
 1k_DAV_2020
 1k_DAV_2021
 1k_DAV_2022
 1k_HNSN_2019
 1k_HNSN_2020
 1k_HNSN_2021
 1k_HNSN_2022**

***May 2019 Henderson invoice is missing.**

l. Provide gallons sold by month for 2019, 2020, 2021, and 2022 year to date.

Response:

2019	January	5,085,000
	February	5,358,000
	March	4,684,000
	April	6,224,000
	May	6,190,000
	June	7,067,000
	July	7,398,000
	August	7,250,000
	September	7,215,000
	October	5,416,000
	November	5,519,000

	December	4,499,000
2020	January	4,768,000
	February	4,426,000
	March	3,765,000
	April	4,542,000
	May	4,160,000
	June	5,685,000
	July	5,459,000
	August	4,533,000
	September	5,086,000
	October	4,896,000
	November	4,180,000
	December	4,306,000
2021	January	4,322,740
	February	4,727,500
	March	3,909,580
	April	4,988,560
	May	5,032,771
	June	7,077,739
	July	4,841,870
	August	6,763,963
	September	6,222,578
	October	4,294,414
	November	4,512,095
	December	4,234,091
2022	January	4,578,987
	February	5,496,210
	March	4,594,357
	April	5,429,504

2. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years ended 2020 and 2021 in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response: Beach Grove Water did not have a financial audit performed for years 2019, 2020, 2021.

3. Refer to Beech Grove Water's, Attachment 4, 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. For adjustment A, explain why the test year revenues differ greatly from the billing analysis amounts and require an adjustment of \$93,372.

Response: The test year revenues differ greatly from the billing analysis amounts and required an adjustment of \$93,372 due to the number of Purchased Water Adjustments that occurred subsequent to the start of the test year but prior to submission of the Application. The test year revenues were taken from the 2020 Annual Report submitted by Beech Grove Water. These Purchased Water Adjustments were approved between January 1, 2020 and March 31, 2022:

2020-00038	Henderson Water	\$19,825.81 *
2020-00156	West Daviess District	\$ 2,267.70 *
2021-00062	Henderson and West Daviess	\$ 1,064.18
2021-00188	West Daviess District	\$ 994.52
2021-00474	Henderson Water	\$48,635.32
2022-00047	Henderson Water	\$31,369.84

* 2020-00038 was approved on March 10, 2020 and was partially reflected in 2020 amounts billed. Likewise, 2020-00156 was approved on June 9, 2020 and was similarly partially reflected in 2020 amounts billed.

4. Refer to the Application, Attachment 5, "Current Billing Analysis With 2020 Usage & Existing Rates." Explain whether the gallons sold in 2020 (55,929,740) reflects permanent volume reductions when compared to 2019 (71,906,000 from Annual Report). If confirmed, state whether the 55,929,740 gallons sold reflects a full year impact.

Response: The significant reduction in gallons sold in 2020 compared to prior years is attributable to the closure of the Pennyrile Coal Mine by Rhino Resource Partners in late 2019. This reduction is expected to remain for the foreseeable future, until such time as coal production resumes at the mine.

Gallons Sold to Pennyrile Energy LLC	2019	2020
January	856,200	3,800
February	1,078,200	18,600
March	1,023,900	11,800
April	1,278,500	8,300
May	1,229,800	0
June	1,109,000	0
July	1,119,400	0
August	1,146,500	0

September	1,030,100	0
October	413,700	0
November	170,900	0
December	<u>16,000</u>	<u>0</u>
TOTAL	10,472,200	42,500

See file: 4_Pennyrile_Energy_Closure_Notice

5. State the last time Beech Grove Water performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

Response: Beech Grove Water was unable to identify the last time a cost of service study was performed.

- a. Explain whether Beech Grove Water considered filing a COSS with the current rate application and the reasoning for not filing one.

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

- b. Explain whether any material changes to Beech Grove Water'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 Beech Grove Water's system since the last time it completed a COSS.

- c. If there have been no material changes to Beech Grove Water's system, explain when Beech Grove Water 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 Lake Village Water's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: Beech Grove Water was unable to find a copy of the most recent COSS study spreadsheets.

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

Response: Six 5/8 inch and one 1 inch taps.

- a. State whether Beech Grove Water keeps a record of the dollar amounts of labor and materials used to install new customer taps. If so, , state the amount of labor expense and materials expense for the test year and where it is located in the general ledger.

Response: Beech Grove water does not record the dollar amounts of labor and materials used to install new customer taps separate from other labor and materials expenses.

- b. Separately, state the amounts expensed to install each new meter during the test year.

Response: Beech Grove water does not record the dollar amounts of labor and materials used to install new customer taps separate from other labor and materials expenses.

- c. Provide revised cost justification sheets to support any changes to the Meter Connection/Tap-on Fee.

Response: See file 6c_Tap_Fee_Justification

- 7. Provide the January 4, 2022 water meter test results performed at the master meter delivery point from the city of Henderson.

Response: See file 7_Meter_Test_1-4-2022

- 8. 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 that is listed in the current tariff. If the revenue consists of occurrences for any nonrecurring charge that was zero, include that charge and indicate that zero revenue was received.

Response:

	Occurrences	Amount Collected
1. Penalties		\$ 1,878.81
2. Turn-On Charge	0	\$ 0.00
3. Reconnect Charge	0	\$ 0.00
4. Termination Charge	36	\$ 900.00
5. Meter Resetting Charge	0	\$ 0.00
6. Meter Test Charge	0	\$ 0.00

- 9. Provide the cost justification for all nonrecurring charges listed in Beech Grove Water’s tariff.

Response: See files 9_Turn-On-Charge
 9_Reconnect_Charge
 9_Termination_or_Collection_Charge
 9_Meter_Resetting_Charge
 9_Meter_Test_Charge
 9_Turn-On-Charge_After_Hours
 9_Reconnect_Charge_After_Hours
 9_Termination_or_Collection_Charge_After_Hours
 9_Meter_Resetting_Charge_After_Hours
 9_Meter_Test_Charge_After_Hours

10. Provide the rate for each nonrecurring charge collected in the test year and the rate for all nonrecurring charges contained in Beech Grove Water’s tariff.

Response:

	Rate Collected	Tariff Amount
1. Turn-On Charge	\$25.00	\$25.00
2. Reconnect Charge	\$25.00	\$25.00
3. Termination Charge	\$25.00	\$25.00
4. Meter Resetting Charge	\$25.00	\$25.00
5. Meter Test Charge	\$25.00	\$25.00

11. Provide an overview of any actions planned or taken by Beech Grove Water to reduce its water loss, including any water loss reduction plan.

Response: Following is an overview of actions taken by Beech Grove Water to reduce its water loss:

- ✓ Gathered information, obtained all customers monthly reading & usage records between 2016 & 2022 for any irregular usage.
- ✓ Visited each meter location to assess any problems and replace meter in needed.
- ✓ Detected, located, and repaired leaks along the water mains.
- ✓ Hired temporary person to help.
- ✓ Working with KRWA Cody Kirby dates scheduled May 3, May 12, May 19 to be on site.
- ✓ McLean County Fiscal to give us \$20,000 in grant money to replace meters.

- ✓ **Talked with President of Zenner Rick Sanders, Manager Dan Davane and several of the technicians with issues having with meters such as batteries going dead that keeps meter from reading in daily. Batteries to have 10-year warranty. All meters installed 2017. Needing additional repeater to keep AMI meters reading. Also talked to them possibility of meter not reading correctly. Seem problem didn't start till all new meter was installed**

- ✓ **Discussions with Water Board about installing zone meters, talking to County Judge Executive about additional grant money to help.**