

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 SECOND REQUEST FOR
INFORMATION DATED MAY 23, 2022

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

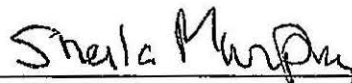
In the Matter of:

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

VERIFICATION OF SHEILA MURPHY


COMMONWEALTH OF KENTUCKY)
COUNTY OF Webster)

Sheila Murphy, Office Manager of Beech Grove Water System, Inc., states that she 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 her knowledge, information and belief, formed after reasonable inquiry.



Sheila Murphy

The foregoing Verification was signed, acknowledged and sworn to before me this 8 day of June, 2022, by Sheila Murphy.



Commission expiration: 1-23-2024

KYNP1313

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

Witnesses: Sheila Murphy #2 and #4-11
Robert K. Miller #1, #3, and #12

1. Refer to Beech Grove Water’s response to Commission Staff’s First Request for Information (Staff’s First Request), Item 8, and Item 10. The response to Item 8, states the Termination Charge was the only nonrecurring charge that was charged during the test year. The response to Item 10 states that \$25 was the Rate Collected during the test year for the Turn-on Charge, the Reconnect Charge, the Termination Charge, the Meter Resetting Charge, and the Meter Test Charge. Reconcile these two responses and provide the number of times each nonrecurring charge listed in response to Item 10 was charged during the test year.

Response: The “Rate Collected” referred to in the response to Item 10 in Staff’s First Request was based on the understanding that this was the rate that would have been collected if there had been any occurrences of those charges.

Non-Recurring Charge	Occurrences	Rate	Amount Collected
Turn-On Charge	0	\$ 0.00	\$ 0.00
Reconnect Charge	0	\$ 0.00	\$ 0.00
Termination Charge	36	\$ 25.00	\$ 900.00
Meter Resetting Charge	0	\$ 0.00	\$ 0.00
Meter Test Charge	0	\$ 0.00	\$ 0.00

2. Refer to Application, Attachment 2, Reasons for Application. Describe how the proposed Water Loss Reduction Surcharge of \$6.24 per customer per month will be utilized. Provide anticipated projects, their priority, the estimated cost, and the estimated start and completion dates of each project.

Response: Surcharge of \$6.24 per customer per month will be utilized to replace meters; replace water mains; replace service lines; and add zone meters.

The estimated cost is approximately \$180,000. This may increase due to increasing cost of materials.

The estimated start time is within the next year if materials will be available.

The estimated completion date is unknown due to the time frame to get the necessary equipment and parts.

3. Refer to Application, Attachment 4, References. Provide the work papers used to generate the pro forma adjustments in Excel Spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

- a. Provide the calculation for Adjustment F, Purchased Water adjustment of \$85,433 that includes unit quantities and purchase rates in the calculation.

Response: See file 3_Rate_Study, Tab Purchased Water, Cell D11

- b. Provide the calculation for Adjustment G, excess water loss of \$45,218 and reconcile the difference between the amount stated in the adjustment and \$43,218 stated in the Schedule of Adjusted Operations. Include unit quantities, rates, and water loss percentage in the calculation.

Response: See file 3_Rate_Study, Tab Purchased Water Cell D41

The correct amount for Adjustment G is \$43,218. The amount of \$45,218 shown in the references was a typographical error and should have been \$43,218.

- c. Provide the calculation for Adjustment G, adjustment to Purchased Power due to excess water loss of \$773 that includes unit quantities, rates, and water loss percentage in the calculation.

Response: See file 3_Rate_Study, Tab Purchased Water Cell D42

4. Refer to Beech Grove Water's response to Staff's First Request, Item 1f, Attachment 1f_2022_Board_Minutes.pdf. Describe the 250,000-gallon elevated water storage tank project mentioned in the April 12, 2022 Beech Grove Water Board minutes, including a time frame for regulatory approvals, construction start and completion, and estimated first payment date.

Response: This potential project is currently under discussion only, as no funding has been established.

5. Provide the dollar amount, the general ledger account charged, and the authorization for customer account balances that were written off as uncollectible for 2019, 2020, 2021, and year to date 2022.

Response: Beech Grove Water has not written off any uncollectible balances during 2019, 2020, 2021, or year-to-date 2022.

6. State the number of hours of overtime worked by each employee during 2020 and 2021. Explain how overtime hours are compensated.

Response: No overtime is allowed by the Association commissioners.

7. Provide the amounts collected for Shut Off and Connect Fees (Account 470.2) and Membership Fees (Account 474.2) for the years 2017 through 2021 and 2022, to date.

Response: Account 470.2

2017	\$ 1,050.00
2018	\$ 925.00
2019	\$ 1,075.00
2020	\$ 900.00
2021	\$ 750.00
2022	\$ 450.00

Account 474.2

2017	\$ 240.00
2018	\$ 160.00
2019	\$ 320.00
2020	\$ 300.00
2021	\$ 300.00
2022	\$ 130.00

8. Refer to Beech Grove Water's response to Staff's First Request, Item 1a, 2020 General Ledger and 2021 General Ledger. Provide current year invoices or quotes for insurance categories that correspond to the items listed below, if available.

Insurance	2020	2021
656 · Insurance - Vehicles	\$ 1,184.26	\$ 1,676.77
657 · Insurance - General Liability	\$ 2,452.95	\$ 3,672.94
658 · Insurance Workers Compensation	\$ 1,668.10	\$ 1,552.33
659 · Insurance -Other	\$ 101.80	\$ 126.80
Total	\$ 5,407.11	\$ 7,028.84

**Response: See files 8_2020-2021_Insurance_Invoice
8_2021-2022_Insurance_Invoice**

9. Refer to Beech Grove Water's response to Staff's First Request, Item 1a, 2020 General Ledger. Describe the functional components (e.g. customer deposits, debt service reserves, etc.) of the \$175,616.55 balance that is reported in account 132, Independence Bank Savings #5223. Describe restrictions, if any, on each component.

Response: This account is used to receive collections from payments by credit cards. There are no restrictions on this account.

10. Refer to Beech Grove Water's response to Staff's First Request, Item 1a, 2020 General Ledger. For each of the following items, provide a copy of the invoice and a description of the purpose of the expenditure if it is not described on the invoice.

a. Account 620.2, General Supplies - Date: 02/17/2020, Num: 13475; Name: Reed's Trailer Sales; Memo: 6410 dump trailers; Amount: \$4,800.00.

**Response: See file 10a_Reeds_Trailer
Description: Purchase of Dump Trailer**

b. Account 620.2, General Supplies - Date: 07/16/2020, Num: 13553; Name: Matthew Wahl; Memo: Michael purchased water hydrants; Amount: -\$344. Explain why this is a credit entry and provide the corresponding original entry including affected general ledger account(s).

**Response: See file 10b_Matthew_Wahl
Description: Sale of Water Hydrant**

c. Account 620.2, General Supplies – Date: 09/30/2020, Num: debit, Name: Forestry Suppliers; Memo: Line Locator; Amount: \$746.70. In addition, provide the estimated useful life of the item.

**Response: See file 10c_Forestry_Suppliers
Description: Purchase of Line Locator
Estimated Useful Life: Ten Years**

d. Account 632, Contractual Service – Acct – Date: 03/21/2020; Num: 13492; Name: Tonya Murphy; Memo: 20 hrs; Amount \$300.

**Response: See file 10d_Tonya_Murphy
Description: Preparation of Annual Report for PSC**

e. Account 636, Contractual Services – Other – Date: 07/16/2020; Num: 13553; Name: Matthew Wahl; Memo: rented trencher for Sam Hodskins; Amount: \$3,200. Also, note the relationship, if any, of Matthew Wahl to employee Michael Wahl. Describe if the expense is for equipment only or includes excavation.

**Response: See file 10b_Matthew_Wahl
Description: Rental of Trencher
Matthew Wahl is the son of Michael Wahl.**

- f. Account 636, Contractual Services – Other – Date: 11/19/2020; Num: 13630; Name: Michael Wahl; Memo: 175 per ft. 1,800-ft trench; Amount: \$875.

**Response: See file 10f_Michael Wahl
Description: Rental of Trencher**

11. Refer to Beech Grove Water’s response to Staff’s First Request, Item 1e. Provide the employer-sponsored contribution rate expressed as a percentage for the 401k plan.

Response: Three percent of gross pay.

12. Refer to Beech Grove Water’s response to Staff’s First Request, Item 7.

- a. State whether meter inaccuracies noted in the master meter test would have an impact on Beech Grove Water’s water loss calculation.

Response: Yes, the meter inaccuracies noted in the master meter test would have an impact on Beech Grove Water’s water loss calculation.

- b. If Item 12a can be confirmed, provide the estimated water loss impact to Beech Grove’s total water loss, with supporting calculation.

Response: See file 3_Rate_Study Tab Meter Test

Beech Grove Water does not have data available as to what flow rates the system purchases occurred. However, to compute the impact on estimated water loss, three computations were made: as if the flow rate was 50 GPM, 200 GPM, and 400 GPM. The effect on the water loss calculation was:

Original Calculation	29.38%
@50 GPM Flow and 99.2% Accuracy	29.95%
@200 GPM Flow and 95.4% Accuracy	32.63%
@400 GPM Flow and 94.8% Accuracy	33.05%

Because the actual flow rate data during the year is not available, reasonable estimations can be made based upon the computed average flow rate and the estimated peak flow rate. The average flow rate per minute for the year was:

**78,819,000 gallons / (365 days * 24 hours per day * 60 minutes per hour) or
78,819,000 gallons / 525,600 minutes = 151.9 gallons per minute.**

Assuming a peaking factor of 2 times the average flow rate, then the peak flow rate for the year was:

151.9 gallons per minute average * 2 = 303.8 gallons per minute.

Based upon these calculations, it appears that the impact of the master meter test indicates an actual water loss rate in the approximate range of 30% at 151.9 GPM average flow rate to 33% at 303.8 GPM peak flow rate.