

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
SOUTHERN MADISON WATER DISTRICT)	2022-00129

RESPONSE OF SOUTHERN MADISON WATER DISTRICT
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED JUNE 15, 2022

**Southern Madison Water District
Case No. 2022-00129
Commission Staff's First Request for Information**

Witnesses: Wayne Robinson #1-2, #5-8, and #10d
Robert K. Miller #3-4, #9-10c, and #11

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, 2021, and 2022 to date;

Response: See files **1a_General_Ledger_2020**
 1a_General_Ledger_2021
 1a_General_Ledger_2022
 1a_Trial_Balance_2020
 1a_Trial_Balance_2021
 1a_Trial_Balance_2022

b. The trial balance for the calendar years 2020, 2021, and 2022 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_Insurance_2020**
 1c_Insurance_2022

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, 2021, and 2022 to date;

Response: See files **1d_Payroll_2020**
 1d_Payroll_2021
 1d_Payroll_2022

e. 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 1e_Job_Titles_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 files 1f_Employee_Benefits_2020
1f_Employee_Benefits_2021
1f_Employee_Benefits_2022**

In these files, Southern Madison District provides the requested information for calendar years 2019, 2020, and 2021. Southern Madison District changed accounting software in 2019 and staff does not have access to data in the previous system.

- g. State whether Southern Madison 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: See files 1g_CERS_Statement_Summary
1g_CERS_Statement_Detail**

- h. Minutes from Southern Madison District commissioner meetings for the calendar years 2020 and the current period;

Response: See file 1h_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.); and

**Response: See files 1d_Payroll_2020
1d_Payroll_2021
1d_Payroll_2022**

In these files, Southern Madison District provides the requested information for calendar years 2019, 2020, and 2021. Southern Madison District changed accounting software in 2019 and staff does not have access to data in the previous system.

- 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 files **2_Trial_Balance_Unadjusted**
 2_Audit_Adjustments
 2_Trial_Balance_Final

3. Refer to Southern Madison District's Application, Attachment 9, Outstanding Debt Instruments. For each debt instrument, provide a summary of the institution to whom the debt is owed, its original purpose, and the Case Number of the case in which it was authorized by the Public Service Commission.

Response: Southern Madison has no outstanding debt.

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

Response: Southern Madison District was unable to identify the last time a cost of service study was performed.

- a. Explain whether Southern Madison District considered filing a COSS with the current rate application and the reasoning for not filing one;

Response: Southern Madison 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 Southern Madison 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 Southern Madison District's system since the last time it completed a COSS.

- c. If there have been no material changes to the Southern Madison District's system, explain when Southern Madison District anticipates completing a new COSS; and

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 Southern Madison District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: Southern Madison 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: 79 3/4 inch meters
3 1 inch meters
1 1 1/2 inch meter
83 Total Meters Set**

- a. State whether Southern Madison District keeps a record of the dollar amounts of labor and materials used to install new customer taps. If Southern Madison 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: Southern Madison District does not keep a record of the dollar amounts of labor and materials used to install new customer taps.

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

Response: Because Southern Madison District does not keep a record of the dollar amounts of labor and materials used to install new customer taps, it can provide only the estimate that was included in the Alternative Rate Filing application:

Labor	\$20,955
Materials	\$48,895

These amounts were proposed in the ARF to be deducted from test year expenses.

- c. Provide copies of the cost justification sheets Southern Madison District filed with the Commission to support its \$700 Meter Connection/Tap-on Fee.

Response: See file 5c_Meter_Connection_Cost_Justifications

6. Provide Southern Madison 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: See file 6_Nonrecurring_Charges

7. Provide the total amount of Late Payment Penalties collected and the number of occurrences late fees were assessed during the calendar years 2017, 2018, 2019, 2020, and 2021.

Response: See file 7_Late_Charges

In this file, Southern Madison District provides the requested information for calendar years 2019, 2020, and 2021. Southern Madison District changed accounting software in 2019 and staff does not have access to data in the previous system.

8. Refer to the tariff currently on file with the Commission for Southern Madison District. Provide copies of the cost justification sheets Southern Madison District filed with the Commission to support each nonrecurring charge. If Southern Madison District is unable to locate the cost justification sheets filed with the Commission provide updated ones.

Response: See file 8_Non-Recurring_Charges_Cost_Justification

9. Refer to Southern Madison District's Customer Notice. Southern Madison 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; and

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 Southern Madison District considered and an explanation as to why each alternative was not chosen to increase its monthly water service rates.

Response: No alternative methods were considered.

10. Refer to Southern Madison 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 file 3_Rate_Study Tabs ExBA and PrBA

- 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 10b_Usage_Breakdown_for_Rate_Study

- c. Provide an itemized listing of the Leak Adjustments as well as any other adjustments made to the data and include an explanation of each adjustment;

Response: See file 10c_Leak_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 files 10d_Billing_Register_January_2020
10d_Billing_Register_February_2020
10d_Billing_Register_March_2020
10d_Billing_Register_April_2020
10d_Billing_Register_May_2020
10d_Billing_Register_June_2020
10d_Billing_Register_July_2020
10d_Billing_Register_August_2020
10d_Billing_Register_Sepember_2020
10d_Billing_Register_October_2020
10d_Billing_Register_November_2020
10d_Billing_Register_December_2020

11. Confirm whether any of Southern Madison District's debt instruments require a set debt coverage ratio. If yes, detail these ratios and explain whether Southern Madison District requires this rate adjustment to meet those requirements.

Response: Southern Madison has no outstanding debt. The original Alternative Rate Filing application was based upon computation of the Revenue Requirement using the Debt Service Coverage method. Southern Madison has also computed the revenue requirement using the Operating Ratio method, which increases the required revenue increase from \$70,972 to \$349,851. See file 3_Rate_Study Tab SAO Cell G68.