

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
UNION COUNTY WATER DISTRICT)	2022-00160

RESPONSE OF UNION COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED JULY 22, 2022

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

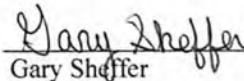
In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF) CASE NO.
UNION COUNTY WATER DISTRICT) 2022-00160

VERIFICATION OF GARY SHEFFER

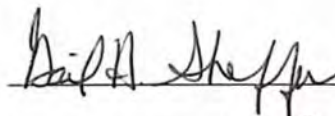
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF UNION)

Gary Sheffer, Manager of Union County Water District, states that he 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 his knowledge, information and belief, formed after reasonable inquiry.



Gary Sheffer

The foregoing Verification was signed, acknowledged and sworn to before me this 4 day of August, 2022, by Gary Sheffer.



Commission expiration: 2-19-23

Union County Water District
Case No. 2022-00160
Commission Staff's First Request for Information

Witnesses: Gary Sheffer #1-2, #4, and #6-11
Robert K. Miller #3, #5, and #10-12

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 for the calendar year 2021.

Response: See file 1a 2021 General Ledger

b. Provide copies of Union District's General Liability Insurance, Workers' Compensation Insurance and Automobile Insurance policies for 2021 and 2022.

**Response: See file 1b General Liability and Auto Policy
1b Workers Comp Policy**

c. Provide copies of the invoices (bills) received in 2021 and 2022 for the insurance policies identified in Item 1.b.

**Response: See file 1c General Liability and Auto Invoice
1c Workers Comp Invoice**

d. A document detailing the names, job titles, job description, and pay rates for each Union District employee on December 31, 2019, December 31, 2020, December 31, 2021, and for those currently employed in 2022. Include the date the employee was hired and if applicable the employee's termination date.

Response: See file 1d Employee Names and Job Titles

e. Using a table format, provide the regular hours, overtime hours, and other hours (identify) for each employee identified in Union District's response to Item 1.d. for the calendar years 2019, 2020, and 2021. Provide the requested table in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See file 1e Employee Hours

- f. Provide a description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2019, 2020, 2021, and 2022.

Response: See file 1f and g Employee Benefits and Premiums

- g. For each employee benefit listed in Union District's response to Item 1.f., provide the total monthly premium per employee for each benefit, the employer premium contribution, and the employee premium contribution.

Response: See file 1f and g Employee Benefits and Premiums

- h. Provide the minutes from Union District Board of Director meetings for the calendar years 2020, 2021, and 2022.

**Response: See files 1h 2020 Minutes
1h 2021 Minutes
1h 2022 Minutes**

- i. Provide a document listing the names of all Union District's directors for the calendar years 2020, 2021, and 2022, 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: See files 1i Board Member Names and Pay
1i Board Member Benefits and Premiums**

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

Response: See file 2 Adjusted Trial Balance

- 3. Refer to Union District's Application, Attachment 4, Schedule of Adjusted Operations and References.

- a. Provide the workpapers that support the pro forma adjustments described in the References page of Attachment 4 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See file 3a Rate Study 2021 Tab SAO

- b. Union District proposed to increase Purchased Water expense by \$39,552 and Purchased Power expense by \$3,618. Provide detailed explanations of Union District's proposed adjustments and supporting calculation for each adjustment.

Response: Those adjustments were intended to decrease Purchased Water expense by \$39,552 and Purchased Power expense by \$3,618 or 4.38% of the totals due to water loss in excess of 15%. However, the sign on those adjustments were incorrectly reversed. This error has been corrected on file 3a Rate Study 2021.

4. Provide an overview of any actions planned or taken by Union District to reduce its water loss, including any water loss reduction plan.

Response: See file 4 Water Loss Reduction Plan

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

Response: A search of the online records on the Kentucky Public Service Commission website shows no record of a cost of service study having been performed by Union District since 1986.

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

Response: No, Union 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 Union 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 Union District's system, explain when Union 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 Union District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: Union District was unable to find a copy of the most recent COSS study spreadsheets.

6. a. Identify the number of new connections (meters) that Union District installed in calendar year 2021.

Response: 19

- b. Identify the amount of tap-on fees Union District collected in calendar year 2021.

Response: \$20,900

- c. Identify the account where Union District recorded its tap-on fees.

Response: General Ledger Account 425.01

- d. State whether Union District 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. Separately state the amounts expensed to install each new meter during the test year.

Response: Union District does not keep a record of the dollar amounts of labor and materials used to install new customer taps.

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

Response: See file 6e Tap Fee Cost Justification

Note: The attached Tap Fee Cost Justification was prepared in 2020.

7. Provide the number of occurrences for which late fees were assessed during the calendar years 2017, 2018, 2019, 2020, and 2021.

Response: See file 7 Penalties

8. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the calendar years 2018, 2019, 2020, and 2021.

**Response: See files 8 Meter Read Charges
8 Reconnection Charges and Returned Payment Charges**

There were no occasions of Meter Test Request Charges during 2018-2021.

Regarding the Meter Read Charge: Union District is a self-read district. All customers must submit their reading by the 25th of every month to calculate their next bill. If they fail to submit a reading, Union District gets the reading and charges the customer the Meter Read Charge.

9. Provide an updated cost justification sheet for all nonrecurring charges listed in Union District's tariff.

Response: See file 9 Non-Recurring Charge Cost Justifications

10. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, test-year Depreciation expense \$300,079. Provide a copy of Union District 2021 Depreciation Schedule in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible that supports its reported test-year depreciation expense.

Response: See file 10 Depreciation 2021 Tab Rate Study

11. Refer to the Application, Attachment 8, Outstanding Debt Instrument, Promissory Note, and Attachment 9, Amortization Schedule.
 - a. Confirm that Union District's only outstanding indebtedness is a tenyear promissory note with the United Community Bank of West Kentucky, Inc. (United Community Bank).

Response: Union District confirms that its only outstanding long-term indebtedness is the referenced promissory note.

- b. If Union District has additional outstanding debt, update Attachment of the application to reflect all outstanding debt.

Response: Not applicable.

- c. Provide the case number in which the Commission authorized Union District to enter into the United Promissory Note.

Response: It appears that Union District failed to obtain Commission authorization to enter into the United Promissory Note.

12. Refer to Union District's Application, Attachment 5, Current Billing Analysis.
 - a. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response: See file 3a Rate Study 2021 Tabs ExBA and PrBA

- b. Provide the source of the 2021 usage data presented in the Billing Analysis, and state whether any adjustments were made to the data.

Response: See file 12b Billing Analysis Input 2021

Adjustments were made to the data to reflect adjustments of \$29,243.50 and \$660.00.

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

Response: See file 12c Billing Adjustments 2021