

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

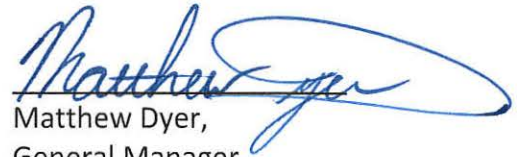
ELECTRONIC APPLICATION OF CUMBERLAND COUNTY)	
WATER DISTRICT FOR A RATE ADJUSTMENT)	CASE NO. 2022-00291
PURSUANT TO 807 KAR 5:076)	

**RESPONSE OF CUMBERLAND COUNTY WATER DISTRICT
TO COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**

Cumberland County Water District submits its Response to the Commission Staff's Third Request for Information.

Date: January 19, 2023

Respectfully submitted,



Matthew Dyer,
General Manager
133 Lower River Street
Burkesville, KY 42717
(270) 864-3133
ccwateroffice@yahoo.com

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BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**ELECTRONIC APPLICATION OF CUMBERLAND COUNTY)
WATER DISTRICT FOR A RATE ADJUSTMENT)
PURSUANT TO 807 KAR 5:076)**

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FILED: JANUARY 19, 2023

ATTACHMENT Q/A.1

CUMBERLAND COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S THIRD REQUEST FOR INFORMATION
CASE NO. 2022-00291**

Question No. 1

Responding Witness: Matthew Dyer

Q.1 Provide the name, educational background and credentials, pay rate, benefit information and hire date of the incoming Cumberland District manager.

A.1. The incoming Cumberland District manager resigned on January 12, 2023. Cumberland District has reopened the hiring process.

ATTACHMENT Q/A.2

CUMBERLAND COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S THIRD REQUEST FOR INFORMATION CASE NO. 2022-00291

Question No. 2

Responding Witness: Matthew Dyer

Q.2 Refer to Cumberland District's response to Staff's First Request for Information (Staff's First Request), Exhibit A.1a, 2021 General Ledger.xlsx. Also refer to Exhibit A.2, Employee Information. Also refer to Cumberland District's audited financial statements for the year ended December 31, 2021, that were filed with the Commission on March 30, 2022.

- a. State whether an employee or outside contractor is responsible for coding receipts and disbursements to the general ledger.**
- b. If an employee is responsible for coding receipts and disbursements to the general ledger, state the position that is responsible for the activity and state whether interim reviews of the information are performed by a qualified party, and if so, state the name of the qualified party.**
- c. State whether Cumberland District has hired someone to review general ledger balances regularly and provide training as noted in management's response to Internal Control finding 2021-3 of the 2021 audited financial statements.**

A.2.a A Cumberland District employee is responsible for these tasks.

A.2.b The General Manager is responsible for these tasks. Annual reviews are performed by Cumberland District's Auditor, Abner & Cox, PLLC.

A.2.c To date, Cumberland District has not hired someone to review general ledger balances on a quarterly basis. These balances are reviewed annually by the Auditor. Limited training has been accomplished by the Auditor during the annual review.

ATTACHMENT Q/A.3

CUMBERLAND COUNTY WATER DISTRICT

RESPONSE TO COMMISSIONS STAFF'S THIRD REQUEST FOR INFORMATION CASE NO. 2022-00291

Question No. 3

Responding Witness: Matthew Dyer

Q.3 Refer to the Application, Exhibit C, ARF Form Attachment SAO-W (SAO) and the response to Staff's Frist Request, Item 12.

- a. The test year SAO provides an adjustment amount of \$15,829. The response to Item 12 provides an amount \$18,420. Explain and reconcile the difference.**
- b. The Commission has recently used the average of the years 2017, 2018 and 2019 amounts of the Forfeited Discounts as a replacement for the Test Year. The average amount for the Forfeited Discounts of these years equals \$20,558. Explain whether Cumberland District agrees that the amount stated in response to Item 12 is more indicative of the amount of the post-Covid-19 pandemic timeframe.**
- c. If the response is not indicative of the post-Covid-19 pandemic timeframe, provide an amount that Cumberland District would ask the Commission to consider, and explain how that amount is calculated.**

A.3.a When a customer who had a leak, repairs that leak, they sign a payment agreement pending a leak adjustment. They must wait until the next billing cycle for the meter to be read so that we can calculate all of the water that was lost. During this process, late charges are added to the customer's account because the account is delinquent until the adjustment can be made. Once the leak adjustment is calculated and approved, the late charges are removed from the account.

Also, when there is an issue with a customer's meter reading. For example, the meter not registering correctly or a meter malfunction. There are times this is not caught until after late charges have been applied. Once we are aware of the problem and it is resolved, the late charges are removed from the account.

There are other less occurring instances in which late charges are temporarily applied depending on the date of the month, until the issue can be resolved. They are then removed from the customer's account once the issue has been resolved. These billing and penalty adjustments make up the difference in the amount provided of \$18,420 and the amount adjusted of \$15,829.

A.3.b Cumberland District agrees that the amount stated in response to Item 12 is indicative of the post Covid-19 pandemic timeframe.

A.3.c No response required

ATTACHMENT Q/A.4

CUMBERLAND COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S THIRD REQUEST FOR INFORMATION
CASE NO. 2022-00291**

Question No. 4

Responding Witness: Matthew Dyer

- Q.4 Refer to the Application, SAO, Miscellaneous Revenues. Also refer to Exhibit A.1a, 2021 General Ledger.xlsx. Provide a description of the underlying charges to account 4040-00, Miscellaneous Service Fees, totaling \$24,952.54 and state the reason the charges are expected to recur.**
- A.4. The charges to account 4040-00, Miscellaneous Service Fees are comprised of various non-recurring charges and deposit payments. While these charges are not guaranteed to recur, it is expected that some amount of these fees will be collected every year.

ATTACHMENT Q/A.5

CUMBERLAND COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S THIRD REQUEST FOR INFORMATION
CASE NO. 2022-00291**

Question No. 5

Responding Witness: Matthew Dyer

Q.5 Refer to the response to Staff's First Request, Item 13, and Exhibit A. 13-Nonrecurring Charge Detail. The amount stated in this response excluding the Meter Relocation Charge, as this charge is billed at the actual cost for each meter relocation, equals \$15,565. The amount provided in the SAO for Miscellaneous Revenues is \$24,953. Reconcile the difference between these amounts.

A.5 The difference is the amount collected for customer deposits.

ATTACHMENT Q/A.6

CUMBERLAND COUNTY WATER DISTRICT

**RESPONSE TO COMMISSIONS STAFF'S THIRD REQUEST FOR INFORMATION
CASE NO. 2022-00291**

Question No. 6

Responding Witness: Matthew Dyer

Q.6 Refer to the SAO, Other Water Revenues. Also refer to Exhibit A.1a, 2021 General Ledger.xlsx. Provide the name of all categories and amount of each item by general ledger account number and amount that is included in the adjustment amount of \$33,112 and state the reason the charges are expected to recur.

A.6 The amounts included in the adjustment of \$33,112.00 are comprised of \$24,240 from general ledger account number 4060-00 – Construction Aid Fees and \$8,872 from account number 7000-00 -Miscellaneous. The Cumberland District concedes that the revenues associated with these charges are not likely to recur.