

COMMONWEALTH OF KENTUCKY
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)

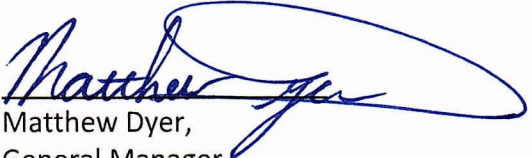
CASE NO. 2022-00291

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

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

Date: December 8, 2022

Respectfully submitted,



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

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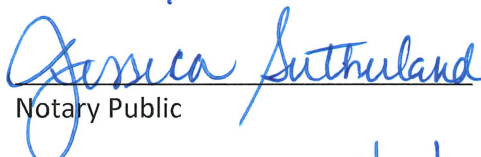
VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF ANDERSON)

The undersigned, James Lee Mudd Jr., being duly sworn, deposes and states that he is the Consultant to the Cumberland County District and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained herein are true and correct to the best of his information, knowledge, and belief.


James Lee Mudd Jr.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8th day of December 2022.


Notary Public (SEAL)
My Commission Expires 5/25/26
Notary ID: KVNP50593

ATTACHMENT Q/A.1

CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 1

Responding Witness: Matthew Dyer

- Q.1 Refer to Cumberland District's response to Commission Staff's First Request for Information (Staff's First Request), Item 5. Clarify whether the salaries provided in Exhibit A.5.a include the \$75 per meeting or \$25 per appearance payments. If not, please provide the per meeting or per appearance payments, by date and amount for each commission, by name, for the years 2017, 2018, 2019, 2020, and 2021.**
- A.1. The Commissioner salaries provided in Exhibit A.5.a of the Districts response to the Staff's First Request include both the \$75 per meeting and \$25 per appearance payments.**

ATTACHMENT Q/A.2

CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 2

Responding Witness: Matthew Dyer

- Q.2 Refer to Application, Exhibit K. Provide proof of publication with an affidavit from a newspaper employee and a copy of the notice as published.**
- A.2 The requested documentation relative proof of customer notice publication is attached as Exhibit A.2.

ATTACHMENT Q/A.3

CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 3

Responding Witness: Matthew Dyer

- Q.3 Refer to Cumberland District's response to Staff's First Request, Exhibit A.1.a, 2021 General Ledger and Exhibit A.1.b, 2021 Trial Balance. Also, refer to the Application.**
- a. Provide a reconciliation of revenue amounts reported in the trial balance to test year operating and non-operating revenues reported in the Application. Exhibit C, Schedule of Adjusted Operations (SAO). Additionally, state whether the application revenue amounts require adjustment as a result of the reconciliation.**
 - b. An expense item designated as "6020-00 Transportation Expense: 8 mobile eight" for \$56,999 reported in the trial balance appears to be excluded from the expenses reported in the SAO. Confirm that the item is excluded and describe the nature of the expense and justification for its exclusion.**
 - c. State the number of new taps that were installed during the year, the total cost that were capitalized and designate the capitalized amounts in Exhibit F, Depreciation Schedule of the Application.**
- A.3.a The primary discrepancy in the revenue amounts reported in the trial balance verses the SOA, is that the trail balance provided to PSC is unadjusted. See attached Exhibit A.3.a. which compares the SAO (test year) to the Audit Adjusted Trail Balance and shows the total revenue amounts are the same. Further complicating the issue is that the meter sales revenue listed in the SAO for the test year (taken from the PSC Annual Report) erroneously included \$73,894 which should have been reported as other water revenues. These misreported revenues were reclassified as shown and described as adjustments to the test year in the SAO.
- A.3.b The expense is excluded. A correcting journal entry was made by Auditor to reclassify loan draws that were posted to miscellaneous income and agree the loan balance to the KRWFC balance.
- A.3.c Seventy-Eight (78) new taps were installed during the 2021 calendar year. It appears that no cost associated with these taps is represented in the Depreciation Schedule.

ATTACHMENT Q/A.4

CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 4

Responding Witness: Matthew Dyer

- Q.4 **Refer to Cumberland District's response to Staff's First Request, Exhibit A.1.a, 2021 General Ledger, Item 1.d., Description of Employees Benefits, Exhibit A.3 Employee Benefit Information, and Exhibit A.1.e. Provide a copy of Most Recent Invoice for 2022 for Each Employee Benefit.**
- a. Describe the product or service that is represented by payments to Anthem Blue Cross Blue Shield and AFLAC that are charged each month to account 6230, Insurance Employee Group.**
 - b. Provide copy of most recent invoice for Anthem Blue Cross Blue Shield.**
 - c. State whether the amounts paid to Anthem Blue Cross Blue Shield and AFLAC are reported on Exhibit A.3 Employee Benefit Information. If the items are not included, explain the justification for their exclusion and state whether the schedule of benefits should be amended and resubmitted.**
 - d. The response to Item 1.e includes the statement "cost of board member coverage is paid by CCWD, but then reimbursed to CCWD by board member." List the names of Cumberland District commissioners that have received insurance coverage, number of expense occurrences, and the general ledger accounts and dates of the commissioner reimbursement postings by month for 2020 through year-to-date 2022.**
 - e. Provide a copy of the commissioner meeting minutes authorizing the 2022 incentive bonus payments to employees.**
 - f. State the payment date of the 2022 incentive bonus payments to employees (Note: Exhibit A.3 does not reflect this item for 2022).**

A.4.a Anthem Blue Cross Blue Shield payments are associated with a Health Reimbursement Arrangement (HRA) where the District pays a portion of each employee's deductible amount up to \$500 (annually with rollover) Anthem processes these deductible payments on a monthly basis and withdraws the District's portion of the deductible payments from the District's bank account via ACH.

AFLAC provides various supplemental insurance coverage to employee (i.e. Accident, Dental, Vision, Cancer, Life, Short-Term Disability, Hospital, etc.)

A.4.b Both the District and its insurance agent have been unable to access the online portal to access any invoices relative to the Anthem Blue Cross Blue Shield payments associated with the Health Reimbursement Arrangement (HRA). The District does not receive paper copies of any statement associated with the HRA.

A.4.c Amounts paid to Anthem Blue Cross Blue Shield and AFLAC are not reported on Exhibit A.3 Employee Benefit Information.

The Employees pay the full cost of their respective AFLAC policies (through payroll deduction) and those amounts are therefore not include on the schedule of benefits. Since the costs of the AFLAC policies are paid by the employee, they are not considered a benefit.

Costs associated with the Anthem Blue Cross Blue Shield HRA were inadvertently overlooked and should have been reported as an employee benefit. Once the District has regained access to the Anthem portal and the District can ascertain the benefit amount attributable to each employee for 2020, 2021, and 2022 YTD, the schedule of benefits will be amended and resubmitted.

A.4.d Jay Cary is the only commissioner that has received insurance coverage. This coverage includes health and a \$25,000 coverage Life and ADD policy. He began receiving this coverage on July 1, 2022. The cost of this coverage is \$31.06 per week. To date, two (2) reimbursement payments have been made by Mr. Cary and are posted to general ledger account 7000-00 – Miscellaneous . The first payment in the amount of \$155.30 for July coverage was posted on 8/24/22. The second payment in the amount of \$403.78 for August, September, and October coverage was posted on 11/2/22.

A.4.e The minutes from the Cumberland District's Board of Commissioners meeting authorizing the 2022 incentive bonus payments to employees is attached as Exhibit A.4.e.

A.4.f The 2022 incentive bonus payments to employees were made on December 1st, 2022.

ATTACHMENT Q/A.5

CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 5

Responding Witness: Lee Mudd

Q.5 Refer to Cumberland District's response to Staff's First Request, Exhibit A.7. The request stated, "Provide the workpapers that support each pro forma adjustment described in the References in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible." Exhibit A.7 only provided calculations for wages and benefits. Provide support for each item in the References. These are designated on Application, page 15, References as "A" through "G".

A.5 Aside from pro forma adjustment Reference "A", which discussed the Current Billing Analysis, no additional workpapers aside from those provided in Exhibit A.7, exist in support of the other adjustments. The Current Billing Analysis was previously provided as Exhibit A.16.a. The other adjustments, including "B", "C", "D" and "G" are explained in writing.

Relative to adjustment "G", which discounts the Purchase Water and Purchased Power for water loss in excess of 15%. Considering a 2021 reported water loss of 35.21%, both Purchase Water and Purchased Power expensed were reduced by 20.21%, resulting in adjustments of \$81,449.00 and \$10,786.00, respectively.

ATTACHMENT Q/A.6

CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 6

Responding Witness: Matthew Dyer

- Q.6 Refer to Cumberland District's response to Staff's First Request, Item 8.a. and Item 8.b. Also, refer to Cumberland District's 2021 Annual Report and to the Application, generally.**
- a. Cumberland District's response stated that there are 2,739 radio read meters and one manual read meter. The 2021 Annual Report states on page 49, Water Operating Revenue, that the Cumberland District has 2,910 customers. Explain the difference in the total customer and meter counts.**
 - b. Cumberland District stated the age range of the meters is 0 to 12 years. Confirm that all of Cumberland District's meters are 12 years old or less.**
 - c. State the number of meters that are more than ten years old confirm that they have been tested in accordance with 807 KAR 5:066 Section 16(1).**
 - d. Designate the line items and number of meters in each that represent the 2,739 radio read meters in the Application, Exhibit F, Depreciation Schedule.**
 - e. State when Cumberland District expects to apply for a Certificate of Public Convenience and Necessity and financing approval for the USDA Rural Development loan for the Marrowbone line replacement project that is referenced in response to Staff's First Request, Item 8.a.**
- A.6.a** The District's customer base has a large number of seasonal customers associated with Dale Hollow Lake. The District typically removes the meter when accounts go inactive to deter potential theft. The difference between the total customer and meter counts are those inactive service with no meter.
- A.6.b** Yes, all meters are 12 years old or less.

- A.6.c According to District records, there are 119 meters that are more than ten years old. These meters have not been tested to date. The District has scheduled these meters to be pulled and tested in January 2023.
- A.6.d It appears that only 830 meters in total are represented in the Depreciation Schedule. 500 meters are included in line item 201 (\$67,915.00), 200 meters are included in line item 221 (36,624.00), and 130 meters are included in line item 222 (\$24,236.00). The remainder are not represented in the Depreciation Schedule.
- A.6.e The environmental assessment representing the final stage of the funding application process is underway at this time. Project design and the construction bid process will follow thereafter. Accordingly, it is estimated that the CPCN application will be submitted in late 2023 or early 2024.

ATTACHMENT Q/A.7

CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 7

Responding Witness: Matthew Dyer

- Q.7 Refer to Cumberland District's response to Staff's First Request, Item 14, Cost Justification Sheets.
- a. For any Field Expense, Labor of \$18.28, explain how this amount was determined to be appropriate. Provide all calculations and assumptions used to determine that amount of the expense.
 - b. For Field Expense, Labor on the New Service Cost Justifications Sheet, one hour of field labor expense is estimated to be \$18.28, the Total Field Labor Expense is estimated to be \$35.84. Explain why there are two amounts stated and reconcile these amounts. Provide all calculations and assumptions used to determine the amount of the expense.
 - c. For Field Expense, Labor on the After Hours Charge Cost Justifications Sheet of two hours Overtime at \$27.72, explain how this amount was determined to be appropriate.
 - (1) Explain how the Total Expense of \$54.84 was calculated.
 - (2) Provide all calculations and assumptions used to determine the amount of the expense.
 - d. For any Clerical and Office Expenses, Supplies of \$1, explain what supplies are used that equate to a \$1 expense.
 - (1) Explain how this amount of \$1 was determined to be appropriate.
 - (2) Provide all calculations and assumptions used to determine the amount of the expense.
 - e. For Clerical and Office Expense, Labor of \$16.75 at 0.25 hours equated to \$4.19, explain how this amount was determined to be appropriate. Provide all calculations and assumptions used to determine that amount of the expense.

- f. For Clerical and Office Expenses, Supplies on the Re-Connection Charge Cost Justification Sheet as \$2, explain how this amount was determined to be appropriate.
 - (1) Explain what is included in this amount.
 - (2) Provide all calculations and assumptions used to determine the amount of the expense.

- g. For Clerical and Office Expense, Labor on the Re-Connection Charge Cost Justification Sheet as \$16.75 at 0.5 hours totaling \$8.38, explain how this amount was determined to be appropriate. Provide all calculations and assumptions used to determine the amount of the expense.

- h. For Clerical and Office Expenses, Supplies on the Re-Connection Charge Justification Sheet totally \$3.50, explain how this amount was determined to be appropriate.
 - (1) Explain what is included in this amount.
 - (2) Provide all calculations and assumptions used to determine the amount of the expense.

- i. For Clerical and Office Expenses, Labor on the Returned Check Charge Cost Justification Sheet of \$16.75 at 1.0 hours totals \$16.75, explain how this amount was determined to be appropriate. Provide all calculations and assumptions used to determine the amount of the expense.

- j. For any Nonrecurring Charge that a Cost Justification Sheet is changed or revised based upon the answers to the previous requests. Provide a revised Cost Justification Sheet with the amounts to be considered in the revised charge.

A.7.a The field labor was determined by averaging the hourly wages of all field employees. The amount of \$18.28 was incorrectly calculated based upon the 2021 personnel and their wages instead of the current personnel and their wages. The hourly wage average of all current field employees should be \$16.63, calculated as follows:

Anthony Melecosky	\$15.00
Billy Joe Myers	\$18.00
David Waid	\$13.00
Jessie Shoopman	\$13.00
Joseph Anderson	\$18.50
Rex England	\$18.00
Timmy Davis	\$13.00
Matthew Dyer	\$24.50
	\$133.00
	$\$133.00/8 = \mathbf{\$16.63}$

It is estimated that the travel time to and from the office for the average customer in our service area is 30 minutes and the average time to complete the task is 30 minutes, for a total of 1 hour.

A.7.b This was a clerical mistake. The total should have been listed as \$18.28

A.7.c The field labor after hours was determined by averaging the hourly overtime wage (1.5 times regular wage) of all field employees. The hourly amount of \$27.72 was incorrectly calculated based upon the 2021 personnel and their wages instead of the current personnel and their wages. The hourly overtime wage average of all current field employees should be \$24.94, calculated as follows:

Anthony Melecosky	\$22.50	
Billy Joe Myers	\$27.00	
David Waid	\$19.50	
Jessie Shoopman	\$19.50	
Joseph Anderson	\$27.75	
Rex England	\$27.00	
Timmy Davis	\$19.50	
Matthew Dyer	\$36.75	
	\$199.50	$\$199.50/8 = \mathbf{\$24.94}$

Employees are paid a minimum of 2 hours overtime when called in after hours. Therefore, the total after hours charge should be \$49.88.

A.7.d For any and all work orders, which any non-recurring charge event request triggers, three work order copies are required. One copy for the office, one for the field employee, and then a completed copy for the file. The cost of ink and paper per copy at estimated to be \$0.25 per copy, for a total of \$0.75. The remaining \$0.25 covers miscellaneous cost including ink pens, paper clips, staples, file folders, etc.

A.7.e The office labor was determined by averaging the hourly wages of all office employees. The amount of \$16.75 was incorrectly calculated based upon the 2021 personnel and their wages instead of the current personnel and their wages. The hourly wage average of all current office employees should be \$17.33, calculated as follows:

Julie Clemens	\$14.00	
Brenda Bowlin	\$13.50	
Matthew Dyer	\$24.50	
	\$52.00	$\$52.00/3 = \mathbf{\$17.33}$

It is estimated that the average total time associated with a work order is 15 minutes (0.25 hours).

A.7.f The Reconnection Charge includes closing out or suspending an account and disconnecting service, followed by re-opening and reconnecting service after payment is made. Accordingly, the process requires two (2) work orders to be processed. This is twice the supplies as described in answer A.7.d above.

A.7.g The Reconnection Charge includes closing out or suspending an account and disconnecting service, followed by re-opening and reconnecting service after payment is made. Accordingly, the process requires two (2) work orders to be processed. This is twice the time (and labor expense) as described in answer A.7.e above.

A.7.h The Supplies expense for the Re-Connection Charge Cost Justification Sheet totaled \$2.00 as described in answer A.7.f above.

A.7.i A.7.e The office labor was determined by averaging the hourly wages of all office employees. The amount of \$16.75 was incorrectly calculated based upon the 2021 personnel and their wages instead of the current personnel and their wages. The hourly wage average of all current office employees should be \$17.33, calculated as follows:

Julie Clemens	\$14.00
Brenda Bowlin	\$13.50
Matthew Dyer	\$24.50
	\$52.00
	$\$52.00/3 = \mathbf{\$17.33}$

It is estimated that the average total time associated with a returned check is 60 minutes (1.0 hour). This includes contacting the bank, contacting the customer, receiving new payment from the customer, and documenting all relevant information.

A.7.j Revised cost justifications sheets relative to each nonrecurring charge are attached as Exhibit A.7.j.

EXHIBIT A.2

**Customer Notice Proof of Publication
Uploaded as PDF File**

EXHIBIT A.3.a

**Revenue Reconciliation
Uploaded as Excel File**

EXHIBIT A.4

**Most Recent Invoice from AFLAC
Uploaded as PDF File**

EXHIBIT A.4.e

**Board of Commissioners
Meeting Minutes (11.14.22)
Uploaded as PDF file**

EXHIBIT A.7.j

**Nonrecurring Charge
Cost Justification Sheets
Uploaded as PDF File**