

**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 )**

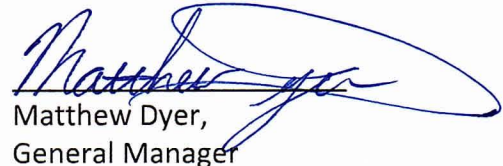
**CASE NO. 2022-00291**

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

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

Date: November 3, 2022

Respectfully submitted,



Matthew Dyer,  
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**FILED: November 3, 2022**





# **ATTACHMENT Q/A.1**

## CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 1

Responding Witness: Matthew Dyer

- Q.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 in Excel format for the years ended December 31, 2020, and December 31, 2021, and the year to date for 2022.**
  - b. The trial balance in Excel format for the years ended December 31 ,2020, and December 31, 2021, and the year to date for 2022.**
  - c. Certificates of Insurance and Invoices for General Liability, Workers' Compensation, Automobile and Property and Casualty policies for 2021 and 2022.**
  - d. A description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for 2020, 2021 and year to date for 2022.**
  - e. Copy of the most recent invoice for 2022 for each employee benefit described above.**
- A.1.a The general ledger is maintained in an accounting software program. It has been exported by the software suite to an Excel spreadsheet. The Excel files do not contain formulas. The Excel files are attached as Exhibit A.1.a (2020), A.1.a (2021), and A.1.a (YTD 2022).
- A.1.b The trail balances are also maintained in an accounting software and were exported to an Excel spreadsheet. There are no formulas in the exported file . The Excel files are attached as Exhibit A.1.b (2020), A.1.b (2021), and A.1.b (YTD 2022).
- A.1.c The requested Certificates of Insurance are attached as Exhibit A.1.c. The terms for all for all the various policies are for three (3) year periods. The policy term for Auto Liability doesn't align with those for the other policies. Invoices could not be located and copies were subsequently requested from insurance provider. They provided a breakdown of the most recent amount billed and paid for each policy and that is provided as part of the attachment.

A.1.d The District paid employee benefits include partial paid (80%) single plan health insurance, 100% company paid Group Life and ADD insurance (\$25,000 payout), a \$250 uniform allowance for all employees, and \$100 outerwear allowance for field employees. In addition, a performance/incentive bonus was paid to all employees in both 2021 and 2022. An Excel spreadsheet detailing employee benefits paid to, or on behalf of, each employee for each calendar year included as Exhibit A.3.

A.1.e Most recent invoice for the benefits listed in A.1.d is attached as Exhibit A.1.e.

## **ATTACHMENT Q/A.2**



**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 2

Responding Witness: Matthew Dyer

- Q.2 Provide an Excel document that describes job titles, hours worked, pay rates, total wages paid, and total FICA cost for each Cumberland District employee in 2020 and 2021, and for the Pro forma calculation. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it note the vacancy and the amount of time that it has been vacant. A column that includes total wages by employee (regular wages and overtime) and total for all employees should be provided.**
- A.2 The requested information in Excel spreadsheet format is attached as Exhibit A.2**

## **ATTACHMENT Q/A.3**

**CUMBERLAND COUNTY WATER DISTRICT**

**RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION  
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Question No. 3

Responding Witness: Matthew Dyer

- Q.3 Using the tables attached as Exhibit A.2 (2020) and A.2 (2021), list each employee benefit, the employee contribution, the employer's premium contribution, and both the percentage and adjustment based on Bureau of Labor and Statistics (BLS) contribution rates. For the health insurance benefit provided to each employee designate the coverage type (i.e., single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.**
- A.3 The requested information in Excel spreadsheet format is attached as Exhibit A.3.**

## **ATTACHMENT Q/A.4**

**CUMBERLAND COUNTY WATER DISTRICT**

**RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION  
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Question No. 4

Responding Witness: Matthew Dyer

**Q.4 Provide the minutes from Cumberland District's Board of Commissioners meetings for the calendar years 2020, 2021, and year to date for 2022.**

A.4 The minutes from the Cumberland District's Board of Commissioners meeting are attached as Exhibit A.4 (2020), Exhibit A.4 (2021), and Exhibit A.4 (YTD 2022).

## **ATTACHMENT Q/A.5**

**CUMBERLAND COUNTY WATER DISTRICT**

**RESPONSE TO COMMISSIONS STAFF'S FIRST REQUEST FOR INFORMATION  
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Question No. 5

Responding Witness: Matthew Dyer

**Q.5 Provide a document listing the names of all Cumberland District's Commissioners for each calendar year 2020, 2021, and 2022, 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, FICA taxes, etc.). If not included in the minutes provide pursuant to Exhibit A.4 above, provide the documentation that authorizes each commissioner, their term, and current compensation.**

**A.5** The requested information relative to the benefit paid to, or on behalf of each commissioner is attached in Excel spreadsheet format as Exhibit A.5.a.

Minutes from the Cumberland County Fiscal Court authorizing each commissioner and their term is attached as Exhibit A.5.b. To date, neither the District or the Cumberland County Fiscal Court has been able to locate any document authorizing the current compensation. The current compensation amount is \$75.00 per board meeting and \$25.00 per occurrence when board members are required to appear for other District business. It is thought that these compensation amounts have been in place since at least 2007.

## **ATTACHMENT Q/A.6**



**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 6

Responding Witness: Matthew Dyer

**Q.6 Provide documentation for any training that each commissioner attended during 2021 and the year to date in 2022.**

A.6 No commissioner attended any training during 2021 or year to date in 2022.

## **ATTACHMENT Q/A.7**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 7

Responding Witness: Lee Mudd

- Q.7 Refer to Cumberland District's Application, Exhibit C, Schedule of Adjusted Operations and Revenue Requirements and References. Also refer to Cumberland District's 2021 Annual Report. 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.**
- A.7 The workpapers (spreadsheets) used to generate the pro forma adjustments are attached as Exhibit A.7.

## **ATTACHMENT Q/A.8**

## CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 8

Responding Witness: Matthew Dyer

- Q.8 **Refer to the Water Statistics pages of the Annual Reports that were filed by Cumberland District with the Commission for the years 2017 through 2021.**
- a. **Describe management's efforts to reduce water loss throughout the periods. Include a discussion of capital projects that have been initiated as well as planned water loss reduction efforts for the next five years from 2023 through 2027. For planned actions, include reference to minutes of commission meeting discussions for each item, anticipated funding sources, and expected impacts.**
  - b. **Provide a summary analysis of customer meters that include quantity of radio read meters, quality of manual read meters, age ranges of meters, and planned replacement schedule.**

A.8.a Since 2017, the District has made great attempts to decrease our water loss. We have installed master meters throughout the county dividing our system into zones to help narrow down our search areas. So many master meters in fact that we read 19 master meters every single day, subtracting each day from the day before, in order to help track our water loss for each area. We have installed jumper meters at numerous valves in order for us to close off an area and know exactly how much water is being used. Subtracting customer usage to know how much or if we are losing water in specific areas. We read areas of meters one day, going back the next day at the same time reading the same meters and subtracting the customer usage to try and pinpoint problem areas. We have come in late at night when there is little or no usage, closing valves and timing meters attempting to pinpoint certain trouble areas. We have purchased and had training on leak detection equipment. We have called in the services of the Kentucky Rural Water Association (KRWA) circuit riders on several occasions. We have walked main lines through the woods and over hills.

With every attempt we have most certainly found and repaired small leaks that never amount to much in the way of bringing our percentages down, but they are leaks nonetheless. Every month after finding and repairing sometimes several of these small leaks our percentages will go down then right back up. We don't wait for the percentages

to go up before we begin searching for problems. The efforts listed above are constantly ongoing in order to attempt to gain control of our water loss. Water loss is discussed in depth at every Board meeting as well, as with each employee almost daily. We are aware of our high system, and we are all working together making every effort to get them under control.

In the future, we intend to continue these same efforts which have been ongoing since 2017. As well, we will continue to install more master meters and create additional monitoring zones throughout the system when it is feasible. We are looking closely at our older infrastructure and problem areas. We will focus on replacing water lines in these areas as we have the opportunity and ability to do so. We currently have a proposed project which will replace the main line as well as all service lines from the main to the meter throughout Marrowbone community in western Cumberland County. This is currently our oldest infrastructure and in desperate need of replacing. The project will be financed through USDA Rural Development and the Cleaner Water Grant Program. We will continue to attend trainings as well as seek assistance from KRWA and others in order to help reduce our water loss.

- A.8.b The District has 2,739 radio read meters and 1 manual read meter. The age range of the meters is 0 to 12 years. It is standard policy to remove and test all radio read meters prior to 10 years from original installation. The meters are covered under a full replacement warranty until 10 years, so if the meter test bad, the District receives a full replacement meter free of charge.

## **ATTACHMENT Q/A.9**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 9

Responding Witness: Matthew Dyer

- Q.9 Provide the number of gallons of water purchased, the cost of purchases, and the average unit cost of purchases for each supplier by month and in total for the years ended December 31, 2020, and December 31, 2021 and the year to date in 2022.**
- A.9. The requested purchased water information in Excel spreadsheet format is attached as Exhibit A.9.



## **ATTACHMENT Q/A.10**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 10

Responding Witness: Matthew Dyer

**Q.10 Provide the number of gallons of water sold by month for the year to date in 2022.**

A.10 See Table Below:

| <b>Month</b> | <b>Gallons Sold</b> |
|--------------|---------------------|
| January      | 8,681,200           |
| February     | 8,024,500           |
| March        | 9,696,000           |
| April        | 10,353,700          |
| May          | 13,030,900          |
| June         | 15,340,100          |
| July         | 12,803,100          |
| August       | 13,536,800          |

# **ATTACHMENT Q/A.11**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 11

Responding Witness: Matthew Dyer

- Q.11 Refer to Application, Exhibit G.4, Lease Purchase Agreement – Ditchwitch Financial, Amortization Schedules. Provide the case number in which the Commission authorized Cumberland District to issue the debt.**
- A.11 To the best knowledge of the District, this Lease Purchase Agreement was not authorized by the Commission.

## **ATTACHMENT Q/A.12**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 12

Responding Witness: Matthew Dyer

**Q.12 Provide the number of occurrences and the dollar amount for late fees that were assessed during the calendar years 2017, 2018, 2019, 2020, 2021, and the year to date in 2022.**

**A.12 See Table Below:**

| <b>Calendar Year</b> | <b>Number of Occurrences</b> | <b>Total Dollar Amount Billed</b> |
|----------------------|------------------------------|-----------------------------------|
| 2017                 | 4268                         | \$19,880.50                       |
| 2018                 | 4349                         | \$21,837.34                       |
| 2019                 | 4172                         | \$19,956.06                       |
| 2020                 | 956                          | \$4,021.26                        |
| 2021                 | 3726                         | \$18,420.22                       |
| 2022 (YTD)           | 3306                         | \$17,421.61                       |

## **ATTACHMENT Q/A.13**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 13

Responding Witness: Matthew Dyer

- Q.13 **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 2017, 2018, 2019, 2020, and 2021.**
- A.13 The requested nonrecurring charge information in Excel spreadsheet format is attached as Exhibit A.13.



## **ATTACHMENT Q/A.14**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 14

Responding Witness: Matthew Dyer

**Q.14 Provide and updated cost justification sheet for each nonrecurring charge listed in Cumberland District's tariff.**

A.14 Current cost justifications sheets relative to each nonrecurring charge are attached as Exhibit A.14.

## **ATTACHMENT Q/A.15**

## CUMBERLAND COUNTY WATER DISTRICT

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

Question No. 15

Responding Witness: Matthew Dyer

Q.15

- a. **State the last time Cumberland District performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.**
- b. **Explain whether Cumberland District considered filing a COSS with the current rate application and the reasoning for not filing one.**
- c. **Explain whether any material changes to Cumberland District's system would cause a new COSS to be prepared since the last time it has completed one.**
- d. **If there have been no material changes to Cumberland District's system, explain when Cumberland District anticipates completing a new COSS.**
- e. **Provide a copy of the most recent COSS that has been performed for Cumberland District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.**

A.15.a After a review of the District's records, there is no documentation or evidence that a COSS has ever been performed.

A.15.b The District did not consider filing a COSS because there have been no material changes in the District's system that would create the need for a COSS to be prepared.

A.15.c If there were material changes in the District's system it may be appropriate to perform a COSS, depending on the scope of those changes.

A.15.d The District does not anticipate having to complete a COSS in the near future.

A.15.e There is no documentation or evidence that the District has ever performed a COSS.

## **ATTACHMENT Q/A.16**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 16

Responding Witness: Lee Mudd

**Q.16 Refer to Cumberland District's application, Exhibit E.1, Current Billing Analysis – 2021 Usage Existing Rates.**

- a. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.**
- b. Provide a list of applicable adjustments made to the billing analysis and include an explanation of each adjustment**

A.16.a The Current Billing Analysis is attached in Excel spreadsheet format as Exhibit A.16.a.

A.16.b No adjustments were made to the data.

## **ATTACHMENT Q/A.17**

**CUMBERLAND COUNTY WATER DISTRICT**

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

Question No. 17

Responding Witness: Matthew Dyer

Q.17

- a. **Provide the date that Cumberland District's billing cycle begins with the reading of the meters.**
- b. **State whether the date that the billing cycle begins is the date that would be best stated as the effective date of any order the Commission issues concerning rates in this case.**

A.16.a The District's begins reading meters on the 15<sup>th</sup> of each month, which is effectively the beginning date of the billing cycle.

A.16.b Yes, the District prefers that the effective date of any Order relative to rates in this Case be effective on a date that a billing cycle begins.



**EXHIBIT A.1.a (2020)**

**2020 General Ledger  
Uploaded as Excel File**

**EXHIBIT A.1.a (2021)**

**2021 General Ledger  
Uploaded as Excel File**

**EXHIBIT A.1.a (YTD 2022)**

**2022 General Ledger  
Uploaded as Excel File**

**EXHIBIT A.1.b (2020)**

**2020 Trial Balances  
Uploaded as Excel File**

**EXHIBIT A.1.b (2021)**

**2021 Trial Balances  
Uploaded as Excel File**

**EXHIBIT A.1.b (YTD 2022)**

**2022 Trial Balances  
Uploaded as Excel File**

## **EXHIBIT A.1.c**

**Certificates of Insurance  
& Payment History  
Uploaded as PDF File**

**EXHIBIT A.1.e**

**Current Employee Benefits Invoice  
(Health & Life/ADD Insurance)  
Uploaded as PDF File**



## **EXHIBIT A.2**

**Employee Information  
Uploaded as Excel File**

## **EXHIBIT A.3**

### **Employee Benefit Information Uploaded as Excel File**

**EXHIBIT A.4 (2020)**

**Board of Commissioners  
Meeting Minutes (2020)  
Uploaded as PDF file**

**EXHIBIT A.4 (2021)**

**Board of Commissioners  
Meeting Minutes (2021)  
Uploaded as PDF file**

**EXHIBIT A.4 (2022 YTD)**

**Board of Commissioners  
Meeting Minutes (2022 YTD)  
Uploaded as PDF file**

## **EXHIBIT A.5.a**

**Commissioner Compensation  
Uploaded as Excel File**

**EXHIBIT A.5.b**

**Cumberland County Fiscal Court  
Minutes**

**Uploaded as PDF File**

## **EXHIBIT A.7**

**Pro Forma Adjustment Workpapers  
Uploaded as Excel File**



## **EXHIBIT A.9**

**Purchased Water Information  
Uploaded as Excel File**

## **EXHIBIT A.13**

### **Nonrecurring Charge Information Uploaded as Excel File**

## **EXHIBIT A.14**

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

## **EXHIBIT A.16.a**

**Current Billing Analysis  
Uploaded as Excel File**