

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
NORTH SHELBY WATER COMPANY)	2022-00317

RESPONSE OF NORTH SHELBY WATER COMPANY
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED OCTOBER 14, 2022

North Shelby Water Company
Case No. 2022-00317
Commission Staff's First Request for Information

Witnesses: David Hedges #1-2, #4-6, #9-14, #17
Robert K. Miller #3, #7-8, #15-16

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.

Response: North Shelby Water will provide this response by November 23,2022.

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.

Response: North Shelby Water will provide this response by November 23,2022.

c. Certificates of insurance and invoices for General Liability, Workers' Compensation, Automobile and property and casualty for 2021 and 2022.

Response: North Shelby Water will provide this response by November 23,2022.

d. Description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for the calendar years 2020 and 2021, and the year to date for 2022.

Response: North Shelby Water will provide this response by November 23,2022.

e. Copy of the most recent invoice for 2022 for each employee benefit described above.

Response: North Shelby Water will provide this response by November 23,2022.

2. Using a table format, provide an Excel document that describes job titles, hours worked, pay rates, total wages paid, and total FICA cost for each North

Shelby Water employee in 2020 and 2021, and for the Proforma 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.

Response: North Shelby Water will provide this response by November 23,2022.

3. Using the table described in Item 2, list each employee benefit, the employee's contribution, the employer's premium contribution, and the both the percentage and adjustment based on Bureau of Labor 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.

Response: North Shelby Water will provide this response by November 23,2022.

4. Provide the minutes from North Shelby Water's Board of Directors meetings for the calendar years 2020, 2021, and 2022.

Response: North Shelby Water will provide this response by November 23,2022.

5. Provide a document listing the names of all North Shelby Water's Directors for each calendar year from 2020 to 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.). If not included in the minutes, provide the documentation that authorizes each director, their term, and current compensation.

Response: North Shelby Water will provide this response by November 23,2022.

6. Provide documentation for any training that each director attended during 2021 and year to date 2022.

Response: North Shelby Water will provide this response by November 23,2022.

7. Refer to North Shelby Water's Application, Attachment 4, Schedule of Adjusted Operations and Revenue Requirements and References. Also refer to North Shelby Water's 2021 Annual Report.

- a. Provide the workpapers that support each pro forma adjustment described in the Schedule of Adjusted Operations References in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See file 7_Rate_Study_2021 Tab SAO Columns I and L

- b. Provide a reconciliation, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, of the test year Total Operating Expenses of \$3,486,124 reported in the Schedule of Adjusted Operations to Utility Operating Expenses of \$3,615,792 as reported on page 20 of the 2021 Annual Report, Comparative Operating Statement.

Response: The Total Operating Expenses reported in the Schedule of Adjusted Operations was \$3,486,124. The Utility Operating Expenses reported on page 20 of the 2021 Annual Report Comparative Operating Statement was also \$3,486,124.

See file 7_Page_20_from_2021_PSC_Annual_Report

- c. Designate where interest income of \$13,965 that is reported on page 20 of the 2021 Annual Report is reported in either the Schedule of Adjusted Operations or the Revenue Requirements Schedule.

Response: Interest Income of \$13,965 was erroneously not included in the Schedule of Adjusted Operations or the Revenue Requirements Schedule submitted with the ARF Application, but has been included in the Revenue Requirements Schedule with this Response.

See File 7_Rate_Study_2021 Tab Revenue Requirements Cells C7 and C21

- d. For Reference Item B in the Schedule of Adjusted Operations, Salaries and Wages, provide a breakdown of the \$111,637 adjustment to the test year between (1) amount attributable to annualization of 2021 vacancies, (2) new hires after December 31, 2021, and (3) wage rate increases.

Response: North Shelby Water will provide this response by November 23,2022.

- e. State the average percentage amount of wage rate increases that is included in Reference Item B in the Schedule of Adjusted Operations, Salaries and Wages.

Response: North Shelby Water will provide this response by November 23,2022.

8. Refer to North Shelby Water's Application, Table A, Depreciation Expense Adjustments. Also refer to North Shelby Water 2021 Annual Report. Provide a reconciliation of the difference between total assets of \$26,782,363 reported in Table A and total assets of \$28,303,611 reported on pages 16 and 27 of the annual report. Provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: The difference between the total assets reported in the annual report and the total assets reported in Application A Depreciation Expense Adjustments is attributable to removal of value of assets that have been fully depreciated for the purpose of computing the depreciation adjustment.

**See file 8_Depreciation_Schedule_2021_Modified_for_Rate_Study
Tab Reconciliation**

9. Provide the number of gallons of water purchased, the cost of purchases, and the average 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 for 2022.

Response: North Shelby Water will provide this response by November 23,2022.

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

Response: North Shelby Water will provide this response by November 23,2022.

11. Refer to the Kentucky Public Service Commission Tariffs Library, North Shelby Water Company Contracts.

- a. Confirm that the Second Joint Operation Contract Amendment which was executed on September 17, 2019, with U.S. 60 Water District is the most recently executed amendment.

Response: North Shelby Water will provide this response by November 23,2022.

- b. State whether any amendments to the contract are anticipated during the remainder of 2022.

Response: North Shelby Water will provide this response by November 23,2022.

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

Response: North Shelby Water will provide this response by November 23, 2022.

13. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that were assessed during the calendar years 2017, 2018, 2019, 2020, and 2021.

Response: North Shelby Water will provide this response by November 23, 2022.

14. Provide an updated cost justification sheet for each nonrecurring charge listed in North Shelby Water's tariff.

Response: North Shelby Water will provide this response by November 23, 2022.

15. a. State the last time North Shelby Water performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

Response: It appears that North Shelby has not performed a COSS in the last 20 or more years. The most recent rate study was performed in 2009.

b. Explain whether North Shelby Water considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: North Shelby Water did not consider filing a COSS with the current rate application. There have been no material changes to their system that would create the need for a new COSS to be prepared.

c. Explain whether any material changes to North Shelby Water'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 the North Shelby Water system that would create the need for a new COSS to be prepared.

d. If there have been no material changes to North Shelby Water's system, explain when North Shelby Water anticipates completing a new COSS.

Response: A new COSS would be appropriate if material changes in

customer usage patterns were to occur.

e. Provide a copy of the most recent COSS that has been performed for North Shelby Water's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: North Shelby Water was unable to locate a copy of the most recent COSS study spreadsheets.

16. Refer to North Shelby Water'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 16a_Usage_Breakdown_By_Units_2021

b. Provide a list of applicable adjustments made to the billing analysis and include an explanation of each adjustment.

Response: See file 16b_Adjustments_2021

17. a. Provide the date that North Shelby Water's billing cycle begins with the reading of the meters.

Response: North Shelby Water will provide this response by November 23,2022.

b. State if 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.

Response: North Shelby Water will provide this response by November 23,2022.