

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
SHARPSBURG WATER DISTRICT)	2022-00348

RESPONSE OF SHARPSBURG WATER DISTRICT
TO THE COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED NOVEMBER 22, 2022

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

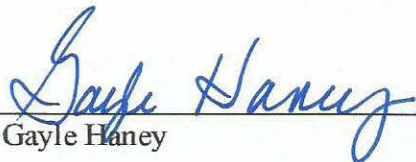
In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF) CASE NO.
SHARPSBURG WATER DISTRICT) 2022-00348

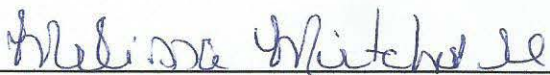
VERIFICATION OF GAYLE HANEY

COMMONWEALTH OF KENTUCKY)
COUNTY OF Bath)

Gayle Haney, Manager of Sharpsburg Water District, states that she 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 her knowledge, information, and belief, formed after reasonable inquiry.


Gayle Haney

The foregoing Verification was signed, acknowledged, and sworn to before me this 27th day of January 2023, by Gayle Haney.


Commission expiration: May 2, 2023

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF) CASE NO.
SHARPSBURG WATER DISTRICT) 2022-00348

VERIFICATION OF ALAN VILINES

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF WARREN)

Alan Vilines, Kentucky Rural Water Association on behalf of Sharpsburg 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.



Alan Vilines

The foregoing Verification was signed, acknowledged, and sworn to before me this 30th day of January 2023, by Alan Vilines.

Bobbie S. Shanahan
Commission expiration: 7/12/2026
KYN 53770

Sharpsburg Water District
Case No. 2022-00348
Commission Staff's First Request for Information

Witnesses: Gayle Haney (Items 1.a – i, 2 – 9, 11, 12, and 15.d)
Alan Vilines (Items 1.j, 10, 13, 14, 15.a – c & e, 16 and 17)

1. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible:

a. The general ledger for the calendar years 2021 and 2022 to date; and the trial balance for the calendar years 2021 and 2022 to date.

Response: See files SWD1 1.a – GL 2021
SWD1 1.a – GL 2022
SWD1 1.a – Trial Balance 2021
SWD1 1.a – Trial Balance 2022

b. Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years 2021 and 2022 to date.

Response: See file SWD1 1.b – Adjusted Trial Balance

c. Minutes from Sharpsburg District's commissioner meetings for the calendar years 2020, 2021, and the current period.

Response: See file SWD1 1.c – Meeting Minutes

d. Insurance policies for 2020, 2021, and the current period, if available.

Response: See file SWD1 1.d – Insurance Policies

e. Hours worked by each employee for the calendar years 2020, 2021, and the current period.

Response: See file SWD1 1.e – Employee Hours

f. A document listing the names, job titles, job description, and pay rates for each employee during the test year and for those currently employed.

Response: See file SWD1 1.f – Employee Information

g. A list that describes all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years.

Response: See file SWD1 1.g – Employee Benefits

h. A document listing the names of all commissioners for each of the five previous years, 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, life insurance premiums, FICA taxes, etc.).

Response: See file SWD1 1.h – Commissioner Comp

i. Fiscal Court minutes approving each commissioner’s appointment and compensation.

Response: See file SWD1 1.i – Fiscal Court Minutes

j. Refer to the Application, Attachment 4, References. Provide all workpapers used to generate the proposed adjustments A-M.

Response: See file SWD1 1.j - Adjustments

2. Provide a breakdown for the number of board meetings each commissioner attended during the test year.

Response: Due to COVID there were no in person meetings in 2021.

3. Provide a list of the number of occurrences and annual dollar amounts of late fees assessed for the calendar years ending December 31, 2017, 2018, 2019, 2020, and 2021.

Response: See file SWD1 3 – Late Fees

4. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the test year. If the revenue for any nonrecurring charge was zero, include that charge and indicate that zero revenue was received.

Response: See file SWD1 4 – Nonrecurring Charges

5. Provide a copy of the most recent invoice received for all insurance policies provided to Employees.

Response: See file SWD1 5 – Ins Invoices

6. Provide updated cost justification information for all nonrecurring charges listed in Sharpsburg District's tariff.

Response: See files SWD1 6 – Service Calls
SWD1 6 – Serv Calls After Hrs
SWD1 6 – Returned Check
SWD1 6 – Meter Test
SWD1 6 – Tap Fee
SWD1 6 – Labor Work Sheet

7. Provide a monthly breakdown in both gallons and dollar amount, of water purchased during the test year by vendor, identifying all vendors from whom Sharpsburg District purchased water.

Response: See file SWD1 7 – Water Purchased

8. Provide the current rate charged by each vendor from whom Sharpsburg District purchases water.

Response: See file SWD1 8 – Purchase Rates

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

Response: The District has a meter change out program which helps reduce water loss from inaccurate meters or meters that have stopped. Our master meters are read daily and compared to customer usage. Leaks are repaired as soon as personnel are aware of it. Also, the District is a member of the Kentucky Rural Water Association. KRWA will come in and do a leak detection survey upon request.

10. Refer to Application, Attachment 9. For each outstanding debt issuance still active; provide the Commission case number in which Sharpsburg District was authorized to issue the debt.

Response:

<u>Bond Issue</u>	<u>PSC Case No.</u>
RD Series 1984	8896
RD Series 1990	1990-00353
RD Series 1996	1995-00566
RD Series 2006	2006-00174
RD Series 2011	2011-00188

11. Identify the number and type of new water connections that Sharpsburg District installed in the test year.

Response: In 2021 there were 26 new meters installed. They were all 5/8 x 34" residential services.

12. Confirm whether Sharpsburg District participates in the County Employee Retirement System.

Response: Sharpsburg does not participate in the CERS retirement plan.

13. Provide the date when Sharpsburg District last performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.

Response: Available records over the past 30 years were searched and a COSS could not be located.

a. Explain whether any material changes to Sharpsburg District's system have occurred that would cause a new COSS to be prepared since the date of its most recent COSS.

Response: There have been no material changes in customer usage patterns that would create the need for a COSS.

b. If there have been no material changes to Sharpsburg District's system, explain when a new COSS is anticipated.

Response: A new COSS would be appropriate when material changes in customer usage patterns occur.

14. Refer to Sharpsburg District's Application, Attachment 4, Schedule of Adjusted Operations, Other Water Revenues. Provide a detailed breakdown of all items that are part of the 2021 Other Water Revenues total of \$38,962, specifically the Pro Forma amount of \$12,902.

Response:

Inventory	\$ 25
Misc. Income	2,790
Reconnect Fees	1,020
Returned Check Charges	1,090
Sewer Administration	7,977
Truck Sales Income	2,257
Utility Tax Income	<u>23,803</u>
Subtotal	38,962
Less: Truck Sales & Taxes	<u>(26,060)</u>
Pro forma Amount	\$ 12,902

15. Refer to Sharpsburg District's Application, Attachment 5, Current Billing Analysis.

a. 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 SWD1 15.a – BA Source Data
No adjustments were made to the data.

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

Response: No adjustments were made to the data.

c. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response: See file SWD1 15.c – Billing Analysis

d. Provide monthly billing registers for water customers in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible for the calendar year 2021.

Response: See file SWD1 15.d – Billing Registers. The bill run dated 03/31/21, Audit #2755 and the bill run dated 04/20/21, Audit # 2756 should be added together for the March 2021 billing. The printer jammed with 23 bills left to print and it wasn't known that the Bill Total sheet didn't print until April 20th.

e. Provide a detailed breakdown of the \$7,849 billing adjustments that are deducted from the Total Revenue in the Current Billing Analysis.

Response: See file SWD1 15.e – Billing Adjustments. The transactions in the referenced file listed as Billing Error – Water are included in the total. These result from incorrect meter readings or data entry errors. The billed usage associated with these adjustments was not corrected in the billing system.

16. Refer to Sharpsburg District's Application, Attachment 6, Proposed Billing Analysis. Provide a detailed explanation of the \$9,268 Billing Adjustment.

Response: That billing adjustment is the result of increasing the billing adjustment amount in the Current Billing Analysis by the proposed overall rate increase of 18.07%.

17. Refer to Sharpsburg District's Application, Attachment 1, Customer Notice. Sharpsburg District proposes to raise its monthly water service rates by an across-the-board percentage amount.

a. Provide an explanation of how the across-the-board percentage increase method to increase monthly water service rates was chosen.

Response: Since there have been no material changes in its system, the District considered an across-the-board increase to be the most equitable means of passing on increased costs to its customers. Applying a uniform percentage increase to all customer classes lessens the likelihood that the public will perceive that any customer class is being unfairly favored or disfavored.

b. Provide a list of alternative rate design methods Sharpsburg District considered and an explanation as to why each alternative was not chosen to increase its monthly water service rates.

Response: No alternative rate design methods were considered.