

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
MCKINNEY WATER DISTRICT)	2022-00400

RESPONSE OF MCKINNEY WATER DISTRICT
TO THE COMMISSION STAFF'S INITIAL REQUEST FOR
INFORMATION DATED DECEMBER 22, 2022

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF) CASE NO.
MCKINNEY WATER DISTRICT) 2022-00400

VERIFICATION OF ROBERT K. MILLER

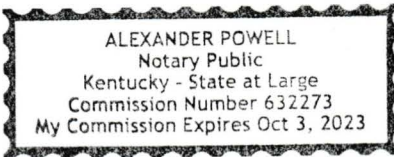
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)


Robert K. Miller, Kentucky Rural Water Association on behalf of McKinney 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.



Robert K. Miller

The foregoing Verification was signed, acknowledged and sworn to before me this 3 day of February, 2023, by Robert K. Miller.





Commission expiration: 10/03/2023

**McKinney Water District
Case No. 2022-00400
Commission Staff's First Request for Information**

Witnesses: Matt Rankin #1, 3-10
Robert K. Miller #2, 11

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, 2021, and year to date 2022.

Response: See files **1a_General_Ledger_2020**
 1a_General_Ledger_2021
 1a_General_Ledger_2022YTD1228

b. The trial balance in Excel format for the years ended December 31, 2020, 2021, and year to date August 2022.

Response: See files **1b_Trial_Balance_2020**
 1b_Trial_Balance_2021
 1b_Trial_Balance_2022YTD1229

c. Provide certificates of insurance and most recent invoices for General Liability, Workers' Compensation, Automobile and property and casualty for 2021 and 2022.

Response: See files **1c_Insurance_2021**
 1c_Insurance_2022

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

Response: None of the employees receive benefits.

e. Provide a copy of one invoice for 2022 for each employee benefit described above.

Response: None of the employees receive benefits.

f. 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 McKinney District employee on December 31, 2020, December 31, 2021, and Proforma. 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 total column that includes total wages by employee (regular wages and overtime) should be provided.

Response: See file 1f_Hours_and_Wages

g. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates. If health insurance is provided 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: None of the employees receive benefits.

h. Provide the minutes from McKinney District's Board of Commissioners meetings for the calendar years 2020, 2021, and 2022.

**Response: See files 1h_2020_Minutes
1h_2021_Minutes
1h_2022_Minutes**

i. Provide a document listing the names of all McKinney 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 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 Commissioner, their term, and current compensation.

Response: See file 1i_Commissioners_Compensation

j. Provide training records for each commissioner for 2020, 2021, and 2022.

Response: McKinney District will provide this response by February 20, 2023.

2. Refer to McKinney District's Application, Attachment #4, Schedule of Adjusted Operations and Revenue Requirements and References. Also refer to McKinney District's 2021 Annual Report.

a. Provide the workpapers that support each pro forma adjustment described in the References (A through J) in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See file 2a_Rate_Study Tab SAO

b. Provide a reconciliation of commissioner compensation by individual to reported 2021 compensation of \$20,800 on page 50 of the annual report.

Response: See file 2b_Commissioners_Fees

McKinney District paid meeting fees of \$10,780 to Commissioners and \$10,200 to Employees (\$150 for regular meetings and \$30 for special meetings).

c. Explain why no cost is reported for purchased power.

Response: See file 2c_Purchased_Power

Power was purchased from Kentucky Utilities and Inter-County Energy during 2021 in the total amount of \$12,363.91. This was misclassified in the 2021 Annual Report as Miscellaneous Expense. This error has been corrected on the attached file 2a_Rate_Study Tab SAO and Tab Water Loss.

d. References Item B states “The changes in wages results in lower payroll taxes of \$3,838 than previously reported”. Explain why a net wage increase of \$4,991 results in a net decrease of \$3,838 in payroll taxes.

Response: McKinney District will provide this response by February 20, 2023.

3. Refer to the Water Statistics pages of the Annual Reports that were filed by McKinney District with the PSC for the years 2020 and 2021.

a. Describe management’s efforts to reduce water loss. Include a discussion of capital projects that have been initiated along with planned water loss reduction efforts for the next five years 2023 through 2027. For planned actions, include reference to minutes of commissioner meeting discussions for each item as well as anticipated funding sources.

Response: McKinney District will provide this response by February 20, 2023.

b. Provide a summary analysis of customer meters that includes quantity of radio read meters, quantity of manual read meters, age ranges of meters, and planned

replacement schedule. Include an estimate of time required for reading meters for all customers.

Response: McKinney District will provide this response by February 20, 2023.

4. Provide the number of gallons of water purchased, the cost of purchases, and the average cost of purchases for each supplier and in total for the years ended December 31, 2020, 2021, and year to date 2022.

Response: See file 4_Water_Purchased

5. Provide the number of gallons of water sold year to date 2022.

Response: See file 5_Water_Sold

6. Refer to the Application, Attachment #1, McKinney Water District Customer Notice. Provide a detailed discussion of how the proposed \$3.44 per customer per month water loss surcharge will be utilized.

Response: McKinney District will provide this response by February 20, 2023.

7. 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 year to date 2022.

Response: See file 7_Late_Fees_Collected

McKinney District has information on the dollar amount but not the number of occurrences for late fees that were assessed.

8. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was assessed during the 2021 test year.

Response: See file 8_2021_Nonrecurring_Charges

9. a. Provide the date that McKinney District's billing cycle begins (meter read date).

Response: Meter reading usually starts the 15th of each month, and it usually takes around 5 working days to get them all.

- 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.

Response: Yes.

10. Provide an updated cost justification sheet for each nonrecurring charge listed in McKinney District's tariff.

Response: McKinney District will provide this response by February 20, 2023.

11. State the last time McKinney District performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

Response: McKinney District is unable to determine the date of the most recent cost-of-service study.

- a. Explain whether McKinney District considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: McKinney District did not consider filing a COSS with the current rate application. There have been no material changes to the District's system that would create the need for a new COSS to be prepared.

- b. Explain whether any material changes to McKinney District'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 McKinney District's system since the last time it completed a COSS.

- c. If there have been no material changes to McKinney District's system, explain when McKinney District anticipates completing a new COSS.

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

- d. Provide a copy of the most recent COSS that has been performed for McKinney District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: McKinney District is unable to locate a copy of the most recent cost-of-service study.