

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
SOUTH 641 WATER DISTRICT WATER DIVISION)	2023-00050

RESPONSE OF SOUTH 641 WATER DISTRICT
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED APRIL 24, 2023

**South 641 Water District
Case No. 2023-00050
Commission Staff's Second Request for Information**

Witness: Ricky Walls

1. Refer to Application and response to Commission Staff's First Request for Information (Staff's First Request), Item 15. Explain the method that South 641 District utilized to determine how much to allocate to the water division and the sewer division for the test-year returned check fee revenue. Also explain why the revenue was not evenly allocated between the water and sewer divisions.

Response: The method utilized to determine how much to allocate to the water division and sewer division for returned check fee revenue is 62.2% water and 37.8% sewer pursuant to page 11 of PSC Staff Report #2015-00278 which states:

“Staff finds that it is appropriate to allocate the shared expenses listed above based on the number of customers served by each division except for Uncollectible Accounts and General Liability Insurance; however, the number of customer allocation factor used during the test year should have been calculated using the number of customers served by each division as of the end of the test year. The test-year allocation factor is shown below:

	<i>Number of Customers</i>	<i>Percent of Total</i>
<i>Sewer Division</i>	<i>220</i>	<i>37.80%</i>
<i>Water Division</i>	<i><u>362</u></i>	<i><u>62.20%</u></i>
<i>Total</i>	<i>582</i>	<i>100.00%”</i>

2. Refer to Staff First Request, Item 1b, 2021 Trial Balance, and South 641 Water District's 2021 Annual Report. Reconcile the difference between the Salary and Wages Expense reported in the 2021 Annual Report \$41,319.60 and the 2021 Trial Balance Salaries and Wages Employees - Water \$33,012.12.

Response: See file **2_Water_Salaries**

3. Refer to Staff First Request, Item 1b, 2021 Trial Balance, and South 641 Water District's 2021 Annual Report. Reconcile the difference between the Transportation Expenses reported in the 2021 Annual Report \$4,927.66 and the 2021 Trial Balance Transportation Expenses-Water \$4,726.24.

Response: See file **3_Water_Transportation**

4. Refer to Staff First Request, Item 1b, 2021 Trial Balance, and South 641 Water District's 2021 Annual Report. Reconcile the difference between the Insurance Expenses reported in the 2021 Annual Report \$8,216.96 and the 2021 Trial Balance Insurance - General Liability – Water, Insurance - Workers' Comp – Water, and Insurance - Commercial Earthquake - Water sum total \$4,726.24.

Response: See file 4_Water_Insurance

5. Refer to Staff First Request, Item 1b, 2021 Trial Balance, and South 641 Water District's 2021 Annual Report. Reconcile the difference between the Miscellaneous Expenses reported in the 2021 Annual Report \$13,222.85 and the 2021 Trial Balance Misc. General Expense – Water \$746.94.

Response: See file 5_Water_Miscellaneous

6. Provide a detailed fixed asset listing for 2021 (test year) in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: See file 6_Water_Depreciation

7. Explain how the costs are allocated between water and sewer. Provide any written consolidation policies used by South 641 District.

Response: 7. The method utilized to determine how much to allocate to the water division and sewer division (when not directly attributable to each division) is following Staff Report with PSC case 2015-00278. Simply, Uncollectible Accounts and General Liability Insurance Expense is split 75.33% to water and 24.67% to sewer; all other expenses are split 62.2% to water and 37.8% to sewer.