

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING) CASE NO.
OF NORTH MARSHALL WATER DISTRICT) 2023-00134

VERIFICATION OF ROGER L. COLBURN

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF MARSHALL)

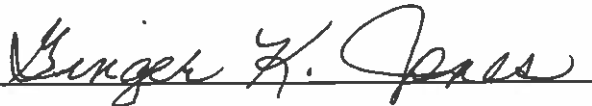
Roger L. Colburn, Manager of North Marshall Water District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Roger L. Colburn

The foregoing Verification was signed, acknowledged and sworn to before this

31ST day of July 2023. By Roger L. Colburn.



Commission expiration: 8-20-24



NORTH MARSHALL WATER DISTRICT
CASE NO. 2023-00134 RESPONSE TO
Commission Staff's Supplemental Request for Information

1. Refer to the response to Commission Staff's First Request for Information (Staff's First Request), Item 1.h., NMWD_Rate_Study.xlsx, Depreciation tab, Table A, Depreciation Expense Adjustments. Provide a copy of the depreciation information justifying the proposed 15-year service life for Meter Change Outs.

- 1) **Response:** The district believes the 35 year design life assumed by the PSC presumably based on data provided by NARUC is excessive for electronic meters currently in use. The life of electronic registers is generally limited. For the meters used by the district, the life has been 10 years or less. While the life of meter bodies is presumably greater, the limited life of the register impacts the cost of replacement. The cost of the electronic register can typically be 70% of the total cost of the meter for a typical mechanical residential water meter. For the new ultrasonic type meters, the registers are integral and the entire meter would have to be replaced typically after 15 years.

We have reviewed additional published information regarding the service life for meters and believe that a service life no greater than 20 years would be more appropriate. The California Public Utilities Commission published a policy for depreciation determinate procedures for small water and sewer system utilities referred to as Standard Practice U-4-SM. In this document, an average service life for water meters is suggested to be 20 years. See the attached file titled 1_Depreciation Procedures for Small Water and Sewer System Utilities.

Witness: Roger L. Colburn

2. Provide the following information concerning the costs for the preparation of this case:

- a. A detailed schedule of expenses incurred to date for the following

categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (identify separately).

Response: NMWD contracted with KRWA to assist with the ARF application. See the attached file 2_North Marshall WD Proposal.pdf. The only other direct rate case expense is the \$453.60 cost of publishing the required public notice. See the attached invoice, 2_newspaper Invoice.pdf. There have been no other direct costs associated with the rate application. A significant amount of office staff time has been used to provide documents and support for the application.

Witness: Roger L. Colburn

b. For each category identified in Item 2.a., the schedule should include the date of each transaction, the check number or other document reference, the vendor, the hours worked, the rates per hour, the amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the test year.

Response: See the response to 2. a.

Witness: Roger L. Colburn

c. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 2.a., with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

Response: See the response to 2. a.

Witness: Roger L. Colburn

d. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in Items 2.a. and 2.b., and a cumulative total of cost incurred to date for each category. Updates will be due when the utility files its monthly financial statements with the Commission, through the month of the public hearing.

Response: See the response to 2.a.

Witness: Roger L. Colburn

3. Refer to the response to Staff's First Request, Item 1.f., NMWD Commissioners.xlsx. Provide the fiscal court minutes appointing Dan McCoy, term beginning on July 1, 2023.

Response: See the attached file titled, 3_Minutes_Commissioner_Appointment.pdf

Witness: Roger L. Colburn

4. Refer to the response to Staff's First Request, Item 17, and Item 21.(b) the Late fees reported in these two schedules are of differing amounts.

a. Verify that the response to Item 17, is what was reported in the General Ledger.

Response: See the attached file titled, 4_a_General Ledger Late Fees.pdf verifying the amount reported in the initial RFI Item 17.

Witness: Roger L. Colburn

b. Regarding the response to Item 21, Late Fees of \$20,294, was the amount in addition to the Late Fees in Item 17 or were they included in the Late Fees in Item 17?

Response: The \$20,294 reported for late fees in Item 21(B) is the same \$20,294 reported for Item 17 of the initial RFI. This amount was included in the \$68,177 amount reported for Other Operating Revenues.

Witness: Roger L. Colburn

5. Refer to the Application, Schedule of Adjusted Operations, Attachment 4 (SOA-4), and to the response to Staff's First Request, Item 18.

a. The total stated on the SAO-4 is \$16,249, and the total stated in Item 18 is \$18,424. Reconcile these two totals.

Response: The \$16,249 is the 2021 reported miscellaneous service revenues. The total of \$18,424 in response to Item 18 was for the requested 2022 miscellaneous service revenues. Refer to the attached file 5_General Ledger Misc Service Fees.pdf. The total of \$18,424 in response to Item 18 was for the requested 2022 miscellaneous service revenues. The 2022 amount can't be reconciled to the 2021 amount used in the SOA. The amount shown for 2021 on our Item 18 response of the original data request is \$17,189. This table was reviewed and the following comments are offered:

-We were able to reconcile the reported value for transfer / reading fees using supplemental journal records and the value that is included in the non-recurring charges 2021 appears to be the correct amount. The amount shown for this item in the Miscellaneous Service Revenues appears to be in error. The correct number appears to be \$9,785.

-The correct number for return ACH/Check fees is \$635 as shown on the non-recurring charges table. A total of 23 charges were charged the full tariff rate for return check or automatic withdrawal. Six additional \$10 charges were made for

instances where checks were returned or we were prevented from an automatic withdrawal where accounts were reported closed due to fraudulent activities.

-The other values in the table match what was shown on the non-recurring charges. Please note that our accounting system has one account number for miscellaneous service revenues. There is a separate revenue account for meter install fees.

Witness: Roger L. Colburn

b. Explain what has caused this to increase from the test-year amount of \$16,249.

Response: The frequency of service occurrences varies from one year to the next.

Witness: Roger L. Colburn

6. Refer to the response to Staff's First Request, Item 18, the Nonrecurring Charges 2022 Table.

a. Reconcile and explain the difference between the recorded \$940 and the Return Check/ACH Fee number of occurrences of 40, with the tariff rate being \$25.

Response: The district charges the actual bank charge when a check is returned or an ACH fails when the customer can prove through the bank the event occurred due to the banks response to fraudulent activity on their account. The \$940 referred to in the Commission RAD is shown on the 2022 table. It appears the value was derived using 36 charges at \$25 per event and 4 charges of \$10 to address the accounts that reported fraudulent activity.

Witness: Roger L. Colburn

b. Reconcile and explain the difference between the total recorded amount of \$573 and the Meter Installation Fee number of occurrences of 8, with the tariff rate being \$50.

Response: A review was completed of the amount reported for meter install fee for 2022 shown in the non-recurring charges table. The response in the table in the district's original response to the PSC request for additional information shows a total of \$573 for a total of 8 meter installations. The data shown under the account number for this item in the general ledger is 4. The entry in dollars is \$200.

Witness: Roger L. Colburn

c. The Replace Box or Lid Fee has the number of occurrences of 8, with the total being \$400. The Replace Box or Lid Fee is not a charge stated in the current Tariff on file with the Commission. Explain in detail this fee including the calculation of the amount charged, and why the North Marshall District believes this fee is authorized.

Response: There is no set amount for the amount charged. The replace box or lid fee has historically been charged to replace lids or boxes damaged by an individual customer. Some discretion is used in charging customers in respect to determining whether the damage occurred by wrongful action or negligence. Section II Subsection 7 of our tariff is our basis for assessing this charge. Specifically, if the box is destroyed due to the negligence of a customer or someone employed performing work for the customer we charge the customer for the repairs. The district does not believe all of our customers share in the cost of repair due to a negligent customer act.

Witness: Roger L. Colburn

d. The Turn Off Fee has the number of occurrences of 119, with the total being \$5,950. The Turn Off Fee is not a charge stated in the current Tariff on file with the Commission. Explain in detail this fee, including the calculation of the amount charged and why North Marshall Water District believes this fee is authorized.

Response: The reference to a turn off fee should not have been used. The correct reference is re-connection charge. It is assessed when we turn a service back on after disconnection for non-payment. The fee is included in our tariff Part I Section D.

Witness: Roger L. Colburn

7. Refer to the Application, Attachment 5, Current Billing Analysis Usage and Existing Rates (Attachment 5), and the response to Staff's First Request, Item 21.(b), the Other Operating Revenues Table.

a. Verify that the response in Attachment 5, is what is correct, and is the total of the adjustments made to the billing records for both Residential Customers and Commercial Customers.

Response: The adjustments are for the combined Residential and Commercial customers. See the attached files titled, 7_a_Commercial Adjustment Report_2021.pdf and 7_a_Residential Adjustment Report_2021.pdf

Witness: Sam Reid

b. Provide an itemized listing of the Adjustments in Attachment 5.

Response: See the attached files provided in response to Item 7. a.

Witness: Sam Reid

(1) Explain the response to Item 21.(b) of Leak Adjustments of \$13,612.

Response: Section II W of the tariff addresses leak adjustments. During the test year period, we entered a total of \$13,612 into the books as leak adjustments. See the attached schedule in response to Item 7. a. for a detailed description of the leak adjustments during the period.

Witness: Roger L. Colburn

(2) Explain whether these adjustments are in addition to the adjustments stated in Attachment 5.

Response: The leak adjustments referred to above are in addition to the adjustments presented as Attachment 5. Leak adjustments are generally tracked in the general ledger as an expense.

Witness: Roger L. Colburn

(3) Explain whether these adjustments are included in the adjustments in Attachment 5.

Response: The leak adjustment item is not included in the adjustments shown for the revenue in the table for Attachment 5.

Witness: Roger L. Colburn

8. Refer to the response to Staff's First Request, Item 21.(b), the Other Operating Revenues Table.

a. Explain the entry of Miscellaneous Income/Insurance.

Response: The item for miscellaneous income / insurance is for proceeds from our property and general liability insurance for damages during the tornado and storm event of December 2021. There is no specific tariff provision to address this item to our knowledge. The revenue for this item was from an insured damage.

Witness: Roger L. Colburn

b. Explain the entry of Tap Main

Response: This entry is for new service connections to the distribution system. During the test year period the tap fee was \$400 for residential 5/8 X 3/4 service connections.

Witness: Roger L. Colburn

c. Explain the entry of Meter Installation.

Response: This entry is for new service connections to the distribution system. During the test year period the tap fee was \$400 for residential 5/8 X 3/4 service connections.

Witness: Roger L. Colburn

d. Explain the entry of Sewer Disconnects.

Response: North Marshall Water District disconnects water for the Marshall County Sanitation District upon request from the Sanitation District. The fee charged is \$50.00 to cover reconnection of the service when the customer pays the bill.

Witness: Roger L. Colburn

e. Explain where in the Tariff on file with the Commission for North

Marshall District these charges are provided or referenced.

Response:

- a. **Item 8a – This item is unique and occurs only after an event where damage is incurred. There is no known tariff provision as the customer is not charged for this item on a per occurrence basis and any applicable costs associated with insurance premiums are treated as a system expense.**
- b. **Reference Tariff Section I Part C for Meter Connection / Tap-On Charges (Item 8b above)**
- c. **Reference Tariff Section I Part D for non-recurring charges. The meter installation charge is addressed under the meter reinstallation item. (Item 8c above)**
- d. **Reference Tariff Section I Part D for non-recurring charges. The reconnection charge is applicable to reconnection of service once the customer pays the sewer bill. Item 8d above)**

Witness: Roger L. Colburn