

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
REID VILLAGE WATER DISTRICT)	2023-00140

RESPONSE OF REID VILLAGE WATER DISTRICT
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED JULY 13, 2023

**Reid Village Water District
Case No. 2023-00140
Commission Staff's Second Request for Information**

Witnesses: Rachel Cartmill #2, 4-5, and 8-9
Robert K. Miller #1, 3, and 6-7

1. Refer to Reid Village District's Application, Attachment 4, Schedule of Adjusted Operations, Adjustment F.

- a. Provide the calculation for the increase in chemical expense in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: Adjustment F was composed of two parts based upon an email dated March 7, 2023 from Reid Village District (see file 1a_Chlorine_Email):

- i. **Correct misclassification of Chlorine as Materials and Supplies in the amount of \$3,292.99.**
ii. **Increase total cost of Chlorine by \$680.59, from \$3,292.99 in 2021 to \$3,973.58 in 2022.**

See response to Question 1b below for details on calculation.

- b. Provide copies of invoices to support the increase.

Response: Reid Village District provided invoices from 2021 and 2022 for 1000 PK of 10mL DPD Free Chlorine Reagent Powder Pillows that showed an increase of \$174.03 or 49.3% per shipment, from \$352.96 to \$526.99.

In lieu of adjusting the cost of chemicals by the unit price increase of 49.3%, Reid Village District made the adjustment based upon the total cost of chlorine used in 2022, an increase of \$680.69 or 20.7%. (See files 1b_Chlorine_Invoices which total \$3,973.58 and 1b_Chlorine_2021_and_2022_Comparison_Invoices which show the per shipment comparison.)

2. Refer to Reid Village District's Application, Attachment 4, Schedule of Adjusted Operations, Adjustment C. Provide confirmation from the Kentucky Public Pensions Authority (KPPA) of participation in KPPA.

Response: See file 2_Email_Proof_of_Participation

3. Provide a detailed fixed asset list for 2021.

Response: The report previously provided is the only option available from the Reid Village District accounting software. (See file 3_Depreciation).

4. Refer to the Reid Village District's response to Commission Staff's First Request of Information (Staff's First Request), Item 1, General Ledger 2021, Account 60400 – Salary, beginning on Excel designated row 4418.

- a. Describe each field that may post individually to the salary line for an employee. Some examples could be straight time wages, overtime premium, or FICA withholdings.

**Response: Straight time
 Overtime
 Holiday
 Hourly Sick Time
 Hourly Vacation Time**

- b. State whether the entirety of each employee's compensation for the test year is reported in Account 60400 – Salary.

Response: Yes, the entirety of each employee's compensation for the test year is reported in Account 60500 – Salary.

- c. If all employee salaries are not classified in Account 60500 – Salary, provide a list of general ledger accounts and amounts that reconcile to total employee salaries.

Response: All are classified under Salary 60500.

5. Refer to the Reid Village District's response to Staff's First Request, Item 1, General Ledger 2021, Account 63200 – Payroll Tax Expenses, beginning on Excel designated row 5310. There appear to be five fields that post to this account for each employee's pay period.

- a. Describe each field that may post individually to the payroll tax line for an employee.

**Response: 1. Local tax (Montgomery County tax at 2%)
 2. Federal withholding
 3. Social Security Employee portion
 4. Medicare Employee portion
 5. Medicare Additional Tax (Currently not used)**

6. Refer to Reid Village District's responses to Staff's First Request, Item 16.

- a. Explain why Reid Village District did not enter the customer usage information from the Tier Report into an Excel file and use as their billing analysis.

Response: Reid Village District entered the customer usage information from the Tier Report into the rate study existing and proposed billing analysis. However, the total revenue computed by the existing billing analysis of \$452,314 did not come close to matching the billed revenue of \$599,543 from the annual report or the amount shown on the Tier Report of \$606,758.39. (see files 6a_Rate_Study tabs ExBA and PrBA and 6a_Tier_Report.)

- b. Explain if Reid Village District considered hand entering the raw customer usage information into the billing analysis Excel file. If no, explain why not.

Response: Reid Village District was unable to generate a report of raw customer usage information from the billing software.

- c. The Tier Report provided by Reid Village District shows a rate of \$13.265 as the minimum bill rate instead of the \$26.53 minimum bill shown in their current tariff. Explain this discrepancy.

Response: The Tier Report shows a rate of \$0.013625 for the minimum bill. This is one of several attributes of the Tier Report which appear to be inexplicable.

- 7. Refer to Reid Village District's responses to Staff's First Request, Item 14.

- a. Explain why the Existing Billing Analysis contains a negative usage amount in the "Next 5,000 Gallons" usage block.

Response: Reid Village District entered the data from the Tier Report into the standard Existing Billing Analysis spreadsheet that has been consistently reliably used for computing revenues generated by rates and usages for other water districts throughout Kentucky. This spreadsheet computed a negative amount of usage which indicated that the Tier Report was clearly unusable.

- b. Explain why Reid Village District is using the same "unusable" billing analysis that contains errors to justify the revenue required from their proposed rates.

Response: Reid Village District did not use the detail (emphasis added) from the "unusable" Tier Report to justify the revenue required from the proposed rates; instead, Reid Village District used the total from the bottom of the Tier Report.

- c. Explain if Reid Village District attempted to figure out why there was negative usage for the "Next 5,000 Gallons" usage block in their filed Billing Analysis. If no, explain why not.

Response: Reid Village District spent extensive effort reviewing the Tier Report in what eventually became a fruitless attempt to make sense of the

details of the report. However, there were multiple aspects of the report which were counterintuitive.

8. Refer to Reid Village District's responses to Staff's First Request, Item 18.
- a. Provide cost justification for the \$5 in supplies for the Returned Check Fee.

Response: paper, ink to print statement from bank

- b. Provide cost justification for the \$5 in supplies for the Connection Fee.

Response: receipt paper, ink

- c. Explain if Reid Village District uses a contractor for its Meter Testing Charge or if this is done in-house by Reid Village District.

Response: There have been no meter tests performed during 2021 and 2022. However, Reid Village District intends to use a contractor for meter testing when needed.

- d. Reid Village District's current tariff shows a Tap-On Fee of \$650 but cost justification sheets calculate a charge of \$1,483.36. Explain if Reid Village District proposes to increase its Tap-On Fee and to what amount.

Response: Reid Village District proposes to increase the Tap-On Fee to \$1,843.36 as indicated on the cost justification sheet.

9. Refer to Reid Village District's responses to Staff's First Request, Item 19. Reid Village District states that it collected \$300 for 12 instances of issuing a Returned Check Fee. This calculates to a Returned Check Fee of \$25 per instance. However, Reid Village District's current tariff shows a Returned Check Fee of \$15. Explain this discrepancy.

Response: The current office manager was hired after the previous office manager had passed away. Training was limited to reading and studying the procedures that were being used at that time. The current office manager used the last fee that the previous office manager had charged and was unaware of a discrepancy with the current tariff.