

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING) CASE NO.
OF NORTH MERCER WATER DISTRICT) 2023-00185

NORTH MERCER WATER DISTRICT RESPONSE TO COMMISSION STAFF'S
REQUEST FOR INFORMATION

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. Employee names should be redacted from all documents.

a. The general ledger in Excel spreadsheet format for the years ended December 31, 2022, and 2023.

Response: See the attached files titled:

1.(a) 2022 NMWD Ledger Analysis.pdf

1.(a) 2023 NMWD Ledger Analysis.pdf

Witness: Mischell Lee

b. The trial balance in Excel spreadsheet format for the years ended December 31, 2022, and 2023.

Response: See the attached file titled, 1_b_NMWD trial balance 2022_2023.pdf

Witness: Mischell Lee

c. Refer to Application Schedule of Adjusted Operations. Provide a cross reference that points each 2022 general ledger account to each revenue and expense line in the Schedule of Adjusted Operations and reconcile each amount that does not match.

Response: The Schedule of Adjusted Operations is developed from NMWD 2022 PSC annual report. The district staff is unaware of any amounts that do not match the general ledger. See the attached file titled, 1_a_2022 NMWD Ledger Analysis.pdf

Witness: Mischell Lee

d. Refer to Application Schedule of Adjusted Operations. Distribute the increase of \$72,452 in pro forma labor costs in the following format.

Description	Amount	Percent
Test Year Wages	\$ 591,437	
Wage Rate Inflation		0.0%
Merit / Promotional Increases		0.0%
Positions Added Since Beginning of Test Year		0.0%
Turnover During Test Year		0.0%
Pro Forma Wages	<u>\$ 591,437</u>	<u>0.0%</u>

Response: See the attached files titled:

1_d_wages distribution.xlsx

1_d_2022 TY North Mercer Rate Study.xlsx

Witness: Sam Reid

2. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2022 and 2023.

Response: See the attached file titled, 2_NMWD Insurance.pdf

Witness: Mischell Lee

3. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar year 2022. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

Response: The district provides full time employees health, dental, life and disability insurance. Employees must pay for any family members for dental or added disability coverage. The application adjusts insurance expenses in accordance with PSC policy. The district participates in the Kentucky retirement system pension fund and contributes to the fund for full time employees. Employees are allowed 4 hours sick pay for every month worked (48 hours per year) any unused sick time is paid out at the end of the year.

Witness: Mischell Lee

4. Provide a copy of one invoice for 2023 for each employee benefit described above.

Response: See the attached file titled, 4_NMWD Invoices of Benefits.pdf

Witness: Mischell Lee

5. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that lists each position (Position 1, Position 2, etc.), job title, hours worked, pay rates, total wages paid, and total FICA cost for each employee for the years ended December 31, 2022, and December 31, 2023. Additionally, provide calculations by employee that support pro forma wages of \$663,889. 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. The table should include a

column for total wages by employee (regular wages and overtime) and a row for total wages for all employees. Employee names should be redacted from all documents.

Response: See the attached files titled:

5_employee information.pdf

1_d_2022 TY North Mercer Rate Study.xlsx, Wages tab.

Witness: Mischell Lee

6. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. 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: See the attached files titled:

1_d_2022 TY North Mercer Rate Study.xlsx, Medical Tab

5_Employee Information.xlsx

Witness: Mischell Lee

7. Provide the minutes from North Mercer District's Board of Commissioners meetings for the calendar years 2022 and 2023.

Response: The January 2022 board meeting was canceled due to an ice storm. See the attached files titled:

7_NMWD Minutes 2023.pdf

7_NMWD Minutes 2022.pdf

Witness: Mischell Lee

8. Provide a document listing the names of each member of the Board for each of the calendar years 2022 and 2023 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.), their term (beginning and ending), and current authorized annual compensation.

Response: See the attached file titled, 8_NMWD Commissioners Wage.pdf

Witness: Mischell Lee

9. Provide documentation from the Fiscal Court that authorizes each Board member's appointment and compensation.

Response: See the attached file titled, 9_NMWD Fiscal Court Minutes.pdf

Witness: Mischell Lee

10. Provide training records for each board member for 2022 and 2023.

**Response: See the attached files titled:
10_NMWD Commission Training.pdf**

Witness: Mischell Lee

11. Refer to Application, Attachment 4.

a. Provide the workpapers and other supporting documentation for

each pro forma adjustment described in the References (A through L) of the Schedule of Adjusted Operations. Provide in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response: See the attached file titled, 1_d_2022 TY North Mercer Rate Study.xlsx

Witness: Mischell Lee

b. Refer to Application Schedule of Adjusted Operations, Reference “B”. Provide the specific Board minutes from the meeting where hourly wages were increased.

Response: See the minutes from the October 18, 2023 meeting in the attached file titled: 11_b_NMWD Wage Increases.pdf

Witness: Mischell Lee

12. 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 year ended December 31, 2023.

Response: See the attached files titled: 12_NMWD Cost of Water 2023.pdf

Witness: Mischell Lee

13. Provide the number of occurrences and the dollar amount for late fees that were recorded during the calendar years 2022 and 2023.

Response: See the attached files titled: 13_NMWD Late Fees 2022_2023.xlsx

Witness: Mischell Lee

14. Provide the total amount recorded for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was recorded during the calendar years 2022 and 2023 and the general ledger account they are listed in.

Response: See the attached files titled: 14_NMWD Non Recurring Charges 2022_2023.pdf

Witness: Mischell Lee

15. Provide updated cost justification sheets for all nonrecurring charges listed in the current tariff.

Response: See the attached files titled: 15_NMWD NRC cost Justification.pdf

Witness: Mischell Lee

16. Provide updated cost justification sheets for Tap Fees.

Response: See the attached file titled, 16_Tap Fee Cost Just.pdf

Witness: Mischell Lee

17. Refer to North Mercer District's current tariff dated February 13, 2023, Rules and Regulations, Meter Reading and Billing Procedure.

- a. Provide the date that the billing cycle begins (meter read date).
- 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: The District reads it's meters between the tenth and fifteenth of the month. Bills are usually mailed a couple days before the end of the month. Payment is due by the 10th. Penalties applied on the 16th and cut off is 10 or more days after late notice has been sent. Yes, as requested in the application cover letter the fifteenth of the month would be the best effective date for rates authorized by the Commission.

Witness: Mischell Lee

18. State the last time a cost of service study (COSS) was performed to review the appropriateness of its current rates and rate design.

- a. Explain whether conducting a COSS was considered for the current

rate application and the reasoning for not filing one.

Response: NMWD is not proposing a revision to its current rate design and has not experienced any material revisions in its operations of the system, that would create the need for the preparation of a COSS.

Witness: Mischell Lee

- b. Explain whether any material changes to the utility's system would

cause a new COSS to be prepared since the last time one was completed.

Response: NMWD is a rural water system, providing water predominately to residential customers. NMWD does not presently plan any material revisions in the operations of the system that would necessitate the preparation of a COSS.

Witness: Mischell Lee

c. If there have been no material changes to the utility's system, explain

when preparation of a new COSS anticipated.

Response: There have been no material changes in the system and NMWD has no plans to make material changes to the system therefore, NMWD does not anticipate hiring outside consultants to prepare a COSS.

Witness: Mischell Lee

d. Provide a copy of the most recent COSS in Excel spreadsheet format

with all formulas, rows, and columns fully accessible and unprotected.

Response: NMWD current staff are unaware of a COSS being produced for NMWD.

Witness: Mischell Lee

19. Refer to the Application, Attachment 5 current rate the Billing Analysis and

Attachment 6, the proposed rate Billing Analysis,

a. Provide the billing analysis for both attachments in Excel

Spreadsheet format with all formulas, rows and columns unprotected and fully accessible.

Response: Refer to the attached file titled, 1_d_2022 TY North Mercer Rate Study.xlsx, Tabs labeled ExBA and PrBA.

Witness: Sam Reid

b. Provide a list of applicable billing adjustments made to the billing

analysis and include an explanation of each adjustment.

**Response: See the attached files titled:
19_b_2022 Customer Activity Report.pdf**

Witness: Mischell Lee