

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
KIRKSVILLE WATER ASSOCIATION, INC. FOR A) 2023-00258
RATE ADJUSTMENT PURSUANT TO 807 KAR 5:076)

KIRKSVILLE WATER ASSOCIATION'S RESPONSE
TO STAFF'S FIRST REQUEST FOR INFORMATION
TO KIRKSVILLE WATER ASSOCIATION

COMES NOW THE PETITIONER, KIRKSVILLE WATER ASSOCIATION, by counsel, and states each answer provided is true and accurate to the best knowledge and belief of the witness providing the response. For its Response, Kirksville Water Association states as follows:

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 year to date 2023.

b. The trial balance in Excel spreadsheet format for the years ended December 31, 2022, and year to date 2023. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2022 and 2023.

c. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar years 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.

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

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: All information responsive to 1a-b of this request is prepared and maintained by KWA's accountant and is attached as Exhibit 1a and Exhibit 1b. The accountant does not use Excel for these functions. Response to 1c:

Health Insurance:

\$369.36/Monthly for each Full-Time Employee

Phone Expense:

\$100.00/Monthly for Company Manager

\$30.00/Monthly for Field Supervisor

\$30.00/Monthly for Field Crew Employee

Mileage:

Field Employees were paid gas mileage for personal vehicle use. Pay was based on IRS standard mileage rate times by how many miles were traveled per month.

Retirement:

Kirksville Water Association pays 10% of each Full-Time employee's monthly gross wages to be placed in a retirement account of their choosing. The 10% payment of each employee's gross wages is paid directly from the Association to the employee's retirement account.

Information responsive to 1d is attached as Exhibit 1d.

2. In Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, provide a document 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 on December 31, 2022, and as of June 30, 2023. 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

spreadsheet 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.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see Exhibit 2.

3. Using the same spreadsheet 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.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached Exhibit 2.

4. Provide the minutes from the board of directors' meetings for the calendar year 2022 and year-to-date 2023.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached.

5. Provide the following information related to billing software:

a. Brand or common name for software.

b. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.

c. If locally installed, state the installation date.

d. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

e. Provide the dates of the most recent training that Kirksville Water billing software users received on the system.

Responding Witness: Ashley Owens/Aaron Owens

- a. Kirksville Water Association uses Ampstun Corporation, based in Richmond, KY, for Utility Billing Software.
- b. Ampstun Corporation utilizes a cloud-based system. The billing software is accessible from each computer or device using a web browser and secure internet connection.
- c. Kirksville Water Association went live with the Ampstun Corporation software on March 1, 2022.
- d. Kirksville Water Association pays an annual fee of \$2500.00 to Ampstun Corporation for support. In addition to the utility billing software, Ampstun also provides Kirksville Water with technical support.
- e. The most recent training that Kirksville Water Association billing software users received from Ampstun was in March 2022, which was the Association's go live date with Ampstun Corporation software.

6. Provide a document listing the names of each member of the board of directors for Kirksville Water for each of the calendar years 2022 and year-to-date 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.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE:

Kirksville Water Association Board Members 2022

2022 Board of Directors prior to the Annual Meeting held on September 15, 2022:

1.) Wayne Long; Chairman

Term Began: September 17, 2020

Term Ends: September 21, 2023

\$350.00/Monthly

\$4,200/Annually

2.) Alfred Winkler; Vice-Chairman

Term Began: September 16, 2021

Term Ends: September 19, 2024

\$300.00/Monthly

\$3,600/Annually

3.) Armon Sanders; Board Member

Term Began: September 17, 2020

Term Ends: September 21, 2023

\$300.00/Monthly

\$3,600/Annually

4.) Bobby W. Powell; Treasurer

Term Began: September 15, 2022

Term Ends: September 18, 2025

\$300.00/Monthly

\$3,600/Annually

5.) Randal Webb; Secretary

Term Ended: September 15, 2022

\$300.00/Monthly

\$3,600/Annually

Not Re-Elected at Annual Meeting in 2022

After the Annual Meeting held on September 15, 2022, Randal Webb was not re-elected and was replaced by a new elect, Shannon Young. His term began September 15, 2022.

5.) Shannon Young; Board Member

Term Began: September 15, 2022

Term Ends: September 18, 2025

\$300.00/Monthly

\$3,600/Annually

Elected at the Annual Meeting in 2022

Kirksville Water Association Board Members 2023

2023 Board of Directors prior to the Annual Meeting held on September 21, 2023:

6.) Wayne Long; Chairman

Term Began: September 21, 2023

Term Ends: September 17, 2026

\$350.00/Monthly

\$4200.00/Annually

Re-elected at the Annual Meeting on September 21, 2023.

7.) Alfred Winkler; Vice-Chairman

Term Began: September 16, 2021

Term Ends: September 19, 2024

\$300.00/Monthly

\$3,600/Annually

8.) Armon Sanders; Secretary

Term Began: September 17, 2020

Term Ends: September 21, 2023

\$300.00/Monthly

\$3,600/Annually

Not re-elected at the Annual Meeting in 2023.

9.) Bobby W. Powell; Treasurer

Term Began: September 15, 2022

Term Ends: September 18, 2025

\$300.00/Monthly

\$3,600/Annually

6.) Shannon Young; Board Member

Term Began: September 15, 2022

Term Ends: September 18, 2025

\$300.00/Monthly

\$3,600/Annually

After the Annual Meeting held on September 21, 2023, Armon Sanders was not re-elected and was replaced by a new elect, Joanna Jones. Her term began September 21, 2023.

3.) Joanna Jones; Secretary

Term Began: September 21, 2023

Term Ends: September 17, 2026

\$300.00/Monthly

\$3600.00/Annually

7. Provide authorizing documentation for each director's compensation.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: The authorizing documentation for each director's compensation can be found in the attached Kirksville Water Association By-Laws.

Article VIII, Duties and Officers, Section 6, of the By-Laws states:

“Compensation of the officers will be fixed by the Board of Directors of this Corporation.”

Article IX, Duties of Directors, Section 1B states:

“To select and appoint all officers, agents or employees of the corporation or remove such agents of employees of the corporation for just cause, prescribe such duties, and designate such powers as may not be inconsistent with these by-laws, fix their compensation and pay for faithful services.”

8. Provide training records for each director for 2021, 2022, and year-to-date 2023.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE:

Kirksville Water Association Board of Commissioner's Training History
2021-2023 YTD

Wayne Long; Chairman (Current)

Past Training History:

Wayne Long has served on Kirksville Water Association's Board of Commissioners since 2010. Although documentation identifying the specific date of training hasn't been located, he is certain that he has attended in the past.

Upcoming Trainings 2023:

Wayne is registered to attend the PSC Training Seminar to be held at the PSC Office in Frankfort, KY on December 5, 2023.

Alfred Winkler; Vice Chairman (Current)

Past Training History:

Alfred Winkler has served on Kirksville Water Association's Board of Commissioners since 2018. Alfred attended the December 4, 2018, training held at the PSC Office in Frankfort, KY.

Upcoming Trainings 2023:

Alfred is registered to attend the PSC Training Seminar to be held at the PSC Office in Frankfort, KY on December 5, 2023.

Bobby W. Powell; Treasurer (Current)

Past Training History:

Bobby Powell has served on Kirksville Water Association's Board of Commissioners since 2019. Bobby attended the December 3, 2019, training held at the PSC Office in Frankfort, KY.

Upcoming Trainings 2023:

Bobby is registered to attend the PSC Training Seminar to be held at the PSC Office in Frankfort, KY on December 5, 2023.

Randal Webb; Secretary (2019-2022)

Past Training History:

Randal Webb served one term (three years) on Kirksville Water Association's Board of Commissioners. Randal was elected at the Annual Meeting that was held in September 2019 and attended the PSC Training held at the PSC Office in Frankfort, KY on December 3, 2019.

At the Annual Meeting held in September 2022, Randal Webb was not re-elected for a second term and did not attend any further training.

Armon Sanders; Secretary (2002-2023)

Past Training History:

Armon Sanders has served on Kirksville Water Association's Board of Commissioners since 2002. Armon attended the December 3, 2019, training held at the PSC Office in Frankfort, KY.

At the Annual Meeting held in September 2023, Armon Sanders was not re-elected.

Shannon Young; Board Member (Current)

Past Training History:

Shannon Young has served on Kirksville Water Association's Board of Commissioners since 2022. Shannon attended the October 3-4, 2022, training held at Carter Caves.

Upcoming Trainings 2023:

Shannon is registered to attend the PSC Training Seminar to be held at the PSC Office in Frankfort, KY on December 5, 2023.

Joanna Jones; Secretary (Current)

Past Training History:

Joanna Jones was elected to serve on Kirksville Water Association's Board of Directors in September 2023.

Upcoming Trainings 2023:

Joanna is registered to attend the PSC Training Seminar to be held at the PSC Office in Frankfort, KY on December 5, 2023.

9. Refer to the Water Statistics page of the Annual Reports that are filed with the Commission for the years ended December 31, 2017, through December 31, 2022.2 Water loss ranges from a low of 15.76 percent in 2020 to 22.96 percent in 2022 with an average of 20.55 percent for 2018 through 2022.

- a. Describe efforts to reduce water loss and quantify success for the period 2018 through 2022.**
- b. Provide of the quantity of installed meters (may be grouped by age), water loss testing history, and the average number and age of meters that are replaced each year.**
- c. Describe the capital planning process and provide details of the plan for the period 2023 through 2027. For each project include estimated cost, sources of funding, overall purpose of project (i.e., water loss, asset age, system expansion, etc.), estimated life of asset, and estimated rate impact per thousand gallons.**

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE:

- a. In the period 2018 through 2022, Kirksville Water Association has taken the following steps to reduce water loss and quantify success:

- Replacement of lines in areas with older infrastructure and/or lines with multiple problem areas.
- New valve installations in some areas to isolate water leaks.
- New Field Crew Employee hired to assist with daily tasks.
- Replacing old meters to reduce water loss associated with metering.
- Routinely checking bypass meters.

b.

2017:

New Installations: 18
Meter Changes: 267

2018:

New Installations: 14
Meter Changes: 216

2019

New Installations: 20
Meter Changes: 58

2020:

New Installations: 24
Meter Changes: 73

2021:

New Installations: 38
Meter Changes: 14

2022:

New Installations: 26
Meter Changes: 20

Kirksville Water Association has installed 140 new meters from 2017-2022. Kirksville Water Association changed 648 existing meters during the years of 2017-2022 due to age.

On average, the meters that Kirksville Water Association changed out during 2017-2022 have been 8-10 years old. When meters are changed out, all new meters have been tested

by the manufacturer before they go in the ground. However, if a customer feels there is an issue with meter accuracy, we offer them the option to have the meter tested at their expense. After testing, if the meter proves accurate, the customer is responsible for all water usage and the cost of the test. If the meter proves inaccurate, Kirksville Water Association will cover the cost of the test and correct the customer billings.

- c. The Kirksville Water Association (KWA) has a Capital Improvements Plan that is updated approximately every two years. This plan takes into consideration the association’s current state of water loss, asset age, recent growth within the system, and required operations & maintenance and lays out an anticipated timeline for completing the plan along with funding planned improvements. The most recent Plan was completed in October 2021 and included the following:

- **KY 52 Cross County Water Line**

- *Project Scope*

- KYTC is relocating KY 52 in Madison County. Approximately 10,640 feet of the road goes cross Country. KYTC is replacing the existing water line that will be disturbed in this project but not constructing any water line associated with the cross-country road replacement. The end result of this project will have KY 52 connecting to Duncannon Land at the I-75 exit on Duncannon Lane. When this road is complete there should be substantial development along the newly constructed road that connects to I-75. This project will construct water lines for the portion of new KY 52 that runs cross country and not adjacent to the existing KY 52 to accommodate future development along the new KY 52.

- *Budget*

- \$946,000

- *Timeline*

- 0-2 Years

- *Funding*

- 22HB001 Cleaner Water Program (FY 2023) \$238,747
- “Other” Grant (Not committed) \$707,253

- *Rate Impact*

- KWA intends to fund this project solely with Grant Funds and therefore will not impact user rates.

- **Barnes Mill Pump Station Replacement**

- *Project Scope*

- The Barnes Mill Pump Station is an existing underground 400 GPM Booster Pump Station serving a portion of the KWA distribution system. The current station is approaching the end of its useful

life and requires replacement. A new site will be procured for the proposed pump station that is more easily accessed.

Budget
\$357,500

Timeline
0-2 Years

Funding
“Other” Grant (Not committed) \$357,500

Rate Impact
KWA intends to fund this project solely with Grant Funds and therefore will not impact user rates.

- **Caleast to Happy Landing Loop**

Project Scope
Water line upgrade and replacement of 4-inch water line from KY 52 and Caleast Road to KY 52 at Happy Landing, including approximately 5,280 feet of 8-inch line and approximately 43,750 feet of 6-inch line.

Budget
\$2,240,000

Timeline
3-5 Years

Funding
TBD – Anticipate Loan

Rate Impact
Assumes: 100% Loan. 40 years @ 3.75% Interest.
2,135 Meters
Monthly Rate Increase per meter \$4.68

- **Kirksville School Tank Repaint**

Project Scope
Resurfacing of Existing Water Storage Tank

Budget
\$250,000

Timeline
3-5 Years

Funding
TBD – Anticipate Loan

Rate Impact
Assumes: 100% Loan. 20 Years @ 2.5% interest.
2,135 Meters
Monthly Rate Increase per meter \$0.69

- **Caleast Road Water Line Upgrade**

Project Scope
Construction of 1.0 miles of 8-inch water line to replace an existing 4-inch water line on Caleast Road.

Budget
\$668,000

Timeline
3-5 Years

Funding
TBD – Anticipate Loan

Rate Impact
Assumes: 100% Loan. 40 years @ 3.75% Interest.
2,135 Meters
Monthly Rate Increase per meter \$1.40

- **Welchwood Master Meter Connection**

Project Scope
Replace existing 2-inch master meter with a 4-inch master meter, including the upgrade of 0.76 miles of 4-inch water line to 6-inch water line from the master meter to John Ballard Road, and tie in two dead end 6-inch water lines from Welchwood Drive to Creekwood Drive.

Budget
\$189,500

Timeline
3-5 Years

Funding

TBD – Anticipate Loan

Rate Impact

Assumes: 100% Loan. 40 years @ 3.75% Interest.
2,135 Meters
Monthly Rate Increase per meter \$0.40

- **Highway 595 (Kirksville Road) Water Line Replacement**

Project Scope

Replacement of 1,100 feet of 6-inch water line on Highway 595 within the Kirksville community due to numerous leaks and maintenance problems. All service lines to meters will be replaced.

Budget

\$68,000

Timeline

3-5 Years

Funding

TBD – Anticipate Loan

Rate Impact

Assumes: 100% Loan. 40 years @ 3.75% Interest.
2,135 Meters
d. Monthly Rate Increase per meter \$0.14

10. Refer to Application, Attachment 5, Schedule of Adjusted Operations.

a. Provide the workpapers and other supporting documentation for each pro forma adjustment described in the Reference column of the Schedule of Adjusted Operations.

Provide in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. State where forfeited discounts and nonrecurring charges are reported in the Schedule of Adjusted Operations.

c. Describe the source of Grant revenue of \$316,931 and state why the association expects the income to recur.

d. Describe the components of Miscellaneous income of \$12,827 and state the amount that is expected to recur.

Responding Witness: Ashley Owens/Aaron Owens as provided by Artie White, C.P.A.

RESPONSE: Please see attached Exhibit 10a&b for information responsive to question 10a and 10b.

c. The amount \$316,931 was grant funding from the State to assist with the costs of the KY-52 Project. Due to this amount being a grant to assist with this specific project, the Association does not expect this income to recur.

d. Components of the Miscellaneous Income totaling \$12,827:

\$9,300 --- Kirksville Water Association submitted a loss claim to The Cincinnati Insurance Company. Two of our fire hydrants were knocked over rendering them inoperable. The Association's insurance with The Cincinnati Insurance Company provides coverage for piping and penstock up to \$100,000 if no other coverage can be obtained from the at fault party. The two fire hydrants reported as losses were covered by this insurance policy and the Association was compensated for these losses. The Association does not expect this income to be recurring.

\$1,800 --- KUDU Systems, an internet service provider out of Lancaster, KY has an antenna placed on the top of one of our water towers. KUDU Systems pays the lease on the space for the antenna annually.

\$1727.06 --- This amount was composed of two deposits (\$917.76 & \$809.30) received from the State for expenses that Kirksville Water Association incurred during the KY-52 Project. This income was received to reimburse Kirksville Water for expenses such as water loss, labor, etc. during this specific project only. The Association does not expect this income to recur.

11. Provide the number of gallons of water purchased by month by supplier, the cost of monthly purchases by supplier, and the average monthly cost of purchases for all suppliers and in total for the year ended December 31, 2022, and year-to-date 2023.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached Exhibits 11-2022 and Exhibit 11-2023.

12. Provide updated cost justification sheets for all meter or tap fee charges listed in the current tariff.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached as Exhibit 12.

13. Provide the number of occurrences and the dollar amount for late fees that were recorded during each of 2021 and 2022.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached Exhibit 13-2021 and Exhibit 13-2022.

14. Provide the total amount recorded in the General Ledger for each nonrecurring charge, the number of occurrences, and the General Ledger accounts where the revenue was recorded during each of 2021 and 2022.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached as Exhibit 14.

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

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached Exhibit 15.

16. Refer to the Application, Attachment 7, Current Billing Analysis – 2022 Existing Rates (BA-Existing Rates) and Current Billing Analysis – 2022 Proposed Rates (BA-Proposed Rates). Provide a copy of these attachments in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Please see attached Exhibit 16.

17. Refer to Application Attachment 7, BA-Existing Rates and BA-Proposed Rates.

a. Identify the wholesale customers that are served by the “Wholesale Revenue Rate Increment” of \$1.55 per thousand gallons as an Existing Rate and the Wholesale customers served on the rate stated as \$1.32 per thousand gallons on the proposed schedules.

b. Explain the reason for the decrease in the proposed rate given that the Kirksville Water has proposed a 5.18 percent increase in rates in its retail rates.

c. Provide any Tariff page that states the above current rate of \$1.55 rate.

d. Explain why there is a difference between the proposed rate in the billing analysis of \$1.32 per thousand gallons and the proposed wholesale rate in the notice which states \$.00328 per gallon.

Responding Witness: Ashley Owens/Aaron Owens

RESPONSE: Kirksville Water Association does not have any wholesale customers that are served by the “Wholesale Revenue Rate Increment.” Kirksville Water Association purchases their water from Richmond Utilities and has only retail customers.

18. Refer to Kirksville Water’s current tariff dated September 9, 2022, Section II (Rules and Regulations), Item C (Billings, Meter Readings, and Related Information) Item 4 (Frequency of meter reading) on page 13 (Sheet No. 12).

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.

Responding Witness: Ashley Owens/Aaron Owens

a. The billing cycle for Kirksville Water Association begins on the 1st of each month. The meters are read between the 1st and 10th of every month. We strive to read the meters around the same time each month to ensure accurate numbers when figuring water loss.

b. Yes, the billing cycle date of the 1st would be best stated as the effective date of any order the Commission issues concerning rates in this case.

19. 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.

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.

c. If there have been no material changes to the utility’s system, explain when preparation of a new COSS anticipated.


d. Provide a copy of the most recent COSS in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Responding Witness: Ashley Owens/Aaron Owens/legal counsel

RESPONSE: Kirksville Water Association has never had a Cost-of-Service Study performed to review the appropriateness of its current rates and rate design. A Cost-of-Service Study was not considered for the current rate application.

The cost of a COS study is not economically feasible for Kirksville Water Association.

Respectfully submitted,



Jud Patterson
228A West Main Street
Richmond, KY 40475
Counsel for KWA

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2023-00258, I certify that this document was transmitted to the Public Service Commission on October 25th and that there is currently no party that the Public Service Commission has excused from participation by electronic means in this proceeding.



Counsel for Kirksville Water Association

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF MADISON

The undersigned, Ashley Owens and Aaron Owens, being duly sworn, depose and state they have personal knowledge of the matters set forth in the responses for which they are identified as the witness, and that the answers contained therein are true and correct to the best of their information, knowledge and belief.

Ashley Owens
Ashely Owens

Aaron Owens
Aaron Owens

My commission expires: 03/20/2026

Amy Fonticiella
Notary Public