

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MAGOFFIN COUNTY)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2023-00299
PURSUANT TO 807 KAR 5:076)	

RESPONSE OF MAGOFFIN COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED JANUARY 9, 2024

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MAGOFFIN COUNTY)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2023-00299
PURSUANT TO 807 KAR 5:076)	

VERIFICATION OF DWAYNE ARNETT

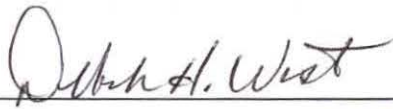
COMMONWEALTH OF KENTUCKY)
COUNTY OF <u> MAGOFFIN </u>)

Dwayne Arnett, on behalf of Magoffin County 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 therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



 Dwayne Arnett

The foregoing Verification was signed, acknowledged and sworn to before me this ____ day of January, 2024, by Dwayne Arnett.



 Commission expiration: 11/14/2026

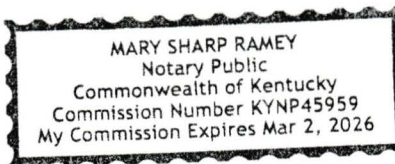
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MAGOFFIN COUNTY) CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT) 2023-00299
PURSUANT TO 807 KAR 5:076)

VERIFICATION OF ROBERT K. MILLER

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)



Robert K. Miller, of Kentucky Rural Water Association on behalf of Magoffin County 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 therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Robert K. Miller

Robert K. Miller

The foregoing Verification was signed, acknowledged and sworn to before me this 24 day of January, 2024, by Robert K. Miller.

Mary Sharp Ramey

Commission expiration: March 2, 2026

**Magoffin County Water District
Case No. 2023-00299
Commission Staff's Second Request for Information**

Witnesses: Dwayne Arnett #3, 6
Robert K. Miller #1-2, 4-5, 7

1. Refer to Magoffin District's response to Commission Staff's First Request for Information (Staff's First Request), Item 1(b), 1b_Adjusted_Trial_Balance_2022.xlsx, Tab IS, cell R131. Also Refer to Magoffin District's response to Staff's First Request, Item 1(j), 1j_Rate_Study.xlsx, Tab Wages, cell G29. In the adjusted trial balance, payroll tax expense is reported as \$29,081. However, in the rate study, test-year payroll taxes are reported as \$29,283. Explain and reconcile the difference.

Response: The test-year payroll tax expense was incorrectly as \$29,283. This has been corrected to \$29,081 on 1_Rate_Study_Corrected, Tab Wages, Cell G29. As a result, Adjustment C has been corrected to reflect this amount.

See file 1_Rate_Study_Corrected Tabs SAO and Wages

2. Refer to Magoffin District's response to Staff's First Request, Item 1(b), 1b_Adjusted_Trial_Balance_2022.xlsx, Tab IS, cell R149. Also Refer to Magoffin District's response to Staff's First Request, Item 1(j), 1j_Rate_Study.xlsx, Tab Wages, cell G35. In the adjusted trial balance, retirement expense is reported as \$139,554, however in the rate study, test-year pension contribution is reported as \$97,279. Explain and reconcile the difference.

Response: The test-year pension contribution of \$97,279 was incorrect. Instead, the test-year pension contribution should have been \$101,437.

To reconcile that amount to the 2022 Adjusted Trial Balance of \$139,554:

Cash Expenses	Amount
Pension	\$ 84,200
<u>Insurance</u>	<u>\$ 17,237</u>
Total Cash Expenses	\$101,437
Non-Cash Expenses	Amount
Net Pension Liability	\$ 42,257
Net OPEB Liability	(\$ 13,477)
<u>Employee Contributions</u>	<u>\$ 9,337</u>
Total Non Cash Expenses	\$ 38,117
Total Cash + Non-Cash Pension Expenses	\$139,554

See file 1_Rate_Study_CorrectedTab SAO

3. Refer to Magoffin District's response to Staff's First Request, Item 2, 2_Depreciation_2022.pdf. Also refer to Magoffin District's response to filing deficiencies note in letter dated October 30, 2023, Exhibits_A_and_B.pdf, Federal Asset Report, page 6. Explain why the Other Plant & Misc. Equipment category is included in Magoffin District's response to filing deficiencies, but is not included in the corrected 2022 Federal Asset Report.

Response: Page 6 of the corrected Federal Asset Report was inadvertently excluded when the document was created. The document was recreated to include page 6.

See file 3_2022_Federal_Asset_Report

4. Refer to Magoffin District's response to Staff's First Request, Item 1(j), 1j_Rate_Study.xlsx, Tab SAO, Cells E19 and E20. The adjustments were hard-entered amounts; provide the calculations and workpapers used to generate the \$19,537 and \$1,125 adjustments.

Response:

Adjustment E of \$19,537 in 1j_Rate_Study.xlsx, Tab SAO, Cell E19 is incorrect. This adjustment, intended to deduct the non-cash portion of the pension expense, should have been \$38,117 as shown in Response #2. As a result, Adjustment E has been corrected to reflect this amount.

See files 1_Rate_Study_CorrectedTab SAO

Adjustment F of \$1,125 in 1j_Rate_Study.xlsx, Tab SAO, Cell E20 was based upon a computation provided by Magoffin District.

See file 4_Health_Insurance_Premium_Increase

5. Refer to Magoffin District's response to Staff's First Request, Item 1(g), 1g_Benefits_2022.xlsx row 6, Overtime Hours. Also, refer to Magoffin District's response to Staff's First Request, Item 1(j), 1j_Rate_Study.xlsx, Tab Wages, column C. In the Benefits worksheet, the total number of Overtime hours worked for the test year is 1,066, however in the rate study, the total number of overtime hours worked during the test year is 1,202. Explain and reconcile the difference.

Response: The Overtime Hours included in 1j_Rate_Study.xlsx, Tab Wages, column C were not correct. The rate study analysis has been corrected to reflect the same amount included in 1g_Benefits_2022.xlsx row 6. As a result, Adjustments C and D were likewise corrected.

See file 1_Rate_Study_CorrectedTab Wages

6. Provide a copy, with name and address of the customer redacted, of a recent bill for approximately 4,000 gallons.

Response: See file 6_Water_Bill_Redacted

7. Refer to Magoffin District's response to Staff's First Request, Item 1(j), Tab ExBA and Tab PrBA, the Commercial 1" Meter Usage and Revenue tables, the rate schedule is stated as First 5,000 gallons; Next 5,000 gallons; Next 5,000 gallons; and Over 10,000 gallons, and the Tariff on file with the Commission, PSC KY No.1, 5th Revised Sheet No. 4, Cancelling PSC KY No. 1, 4th Revised Sheet No. 4, the rate schedule is stated as First 5,000 gallons; Next 5,000 gallons; Next 5,000 gallons; and Over 15,000 gallons.
 - a. Explain which rate schedule is correct.
 - b. Provide a revised Item 1(j), Tab ExBA and Tab PrBA, if necessary.

Response:

- a. **The Tariff on file with the Commission is correct.**
- b. **Tab ExBA and Tab PrBA of the rate study have been revised to reflect that correction. However, because the Commercial 1" Meter Usage occurred entirely in the first rate block, there was no effect from this correction.**

See file 1_Rate_Study_Corrected Tabs ExBA and PrBA