

RATTLESNAKE RIDGE WATER DISTRICT
CASE NO. 2023-00338 SUPPLEMENTAL RESPONSE TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

3. Explain the method Rattlesnake Ridge utilizes when it replaces a meter that is not fully depreciated and still has a book value, and how Rattlesnake Ridge accounts for the undepreciated value.

Response: The Rattlesnake Ridge Water District is completing it's phase 12 project of replacing all of their meters. The contractor that was low bid was in charge of taking out all of the old meters, setter assembly and old line. The old meters had depreciated out and were non- functional and removed by contractor. The District did have approximately 220 newer meters that were functioning but not compatible to our new system so they were donated to a local utility.

Witness: David Gifford

5. Refer to the Application, Attachment 4, Depreciation Expense Adjustments Table, and item 7, 7_Dep_schedule_2022.xls. Provide the cost, useful life, date in service, and if the asset is already included in the depreciation schedule the asset number of the following:

b. Each component of the line replacement and meter replacement projects approved in Case No. 2022-00426.

Response: Refer to the case file in Case No. 2022-00426. The phase 12 project is not complete. See the attached files titled:

5_b_components phase 12.pdf

5_b_bid sheet.pdf

5_b_Bp Pipe.pdf

Witness: David Gifford

6. Provide a list of all fixed assets added during 2022 and 2023.

Response: RRWD purchased two new meter reading trucks in 2023, first a 2023 Chevy 1500 4x4 and second was a 2024 Chevy 1500 4x4. Both trucks were paid for with a check and were not financed. The district's new auditor Kelley, Galloway, Smith & Goolsby, PSC will prepare the depreciation schedule for 2023. We are confident that going forward KGS&G will prepare a comprehensive depreciation schedule.

Witness: David Gifford

7. Refer to the 2022 audited financial statements, page 5. Also refer to the application, exhibit 7, 7_Dep_schedule_12.31.22.xls, row 114.

a. Gross Capital Assets less Construction in Progress of \$26,099

equals \$40,690,515 in the 2022 audited financial statements. However, the Depreciation Schedule reflects a total tax cost of \$38,639,965. Reconcile and explain the difference.

Response: Application, Exhibit 7, 7_Dep_schedule 2022.xls, Includes only costs associated with assets that contributed to depreciation expense in the test year. A list of the assets and their costs that did not contribute to depreciation expense in the test year is attached in the file titled, 8_2022 assets no current dep.xls.

Witness: Sam Reid

b. Accumulated Depreciation of \$19,901,194 in the 2022 audited

financial statements. However, the Depreciation Schedule reflects a Tax End Depreciation of \$16,786,082. Reconcile and explain the difference.

Response: See the attached file titled 7_b_63980000_202212Tax Asset Detail.xls

Witness: David Gifford

c. Net capital assets of \$20,789,321 in the 2022 audited financial statements. However, the Depreciation Schedule reflects a Tax Net Book Value of \$21,853,883. Reconcile and explain the difference.

Response: See the attached file titled 7_b_63980000_202212Tax Asset Detail.xls

Witness: David Gifford

d. Explain why the proposed pro forma Depreciation Expense of \$618,933 is correct given that the reported net book value of the asset detail exceeds the reported net book value in the 2022 audited financial statements by \$1,064,562 as shown in the table below.

	<u>Cost Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Book Vaule</u>
Audited Financial Statement - Gross Fixed Assets	\$ 40,716,614	\$ (19,901,194)	\$ 20,815,420
Less: Constuction in Process ()	<u>(26,099)</u>	<u>-</u>	<u>(26,099)</u>
Gross Fixed Assets	40,690,515	(19,901,194)	20,789,321
Less: Asset Detail Schedule ()	<u>(38,639,965)</u>	<u>(16,786,082)</u>	<u>(21,853,883)</u>
Difference	<u>\$ 2,050,550</u>	<u>\$ (36,687,276)</u>	<u>\$ (1,064,562)</u>

Response: See the attached file titled 7_b_63980000_202212Tax Asset Detail.xls

Witness: David Gifford

8. Refer to the Application, Exhibit 7, 7_Dep_schedule_12.31.22.pdf, cell F115. Also refer to Rattlesnake Ridge's 2022 Annual Report, pages 26 and 27. In the

Depreciation Schedule, Rattlesnake Ridge's total assets for the test year is \$38,639,965; however, in the 2022 annual report it is reported as \$40,683,445. Explain and reconcile the difference between these.

Response: Application, Exhibit 7, 7_Dep_schedule 2022.xls, Includes only assets and costs associated with assets that contributed to depreciation expense in the test year. A list of the assets and their costs that did not contribute to depreciation expense in the test year is attached in the file titled, 8_2022 assets list with no current dep.xls. See also the response to 7. B.

Witness: Sam Reid

12. Refer to Rattlesnake Ridge's Response to Commission Staff's First Request, Item 1b, 1_b_2022_RRWD_Adjusted_TB.xlsx, row 166, account 8973 Interest expense; also refer to Rattlesnake Ridge's 2022 Annual Report to the Public Service Commission (2022 Annual Report) for the Calendar Year Ended December 31, 2021, page 20. In the 2022 Annual Report, Interest Expense is recorded as \$112,511; however, in the Adjusted Trial Balance the unadjusted interest expense is reported as \$159,080, while the adjusted balance is \$196,823. Reconcile and explain the difference between the trial balance amount and the annual report amount.

Response: The difference is due to year-end audit adjustments by our auditor. See the attached file provided by our auditor titled, 12_RRWD-Long term debt.xlsx

Witness: David Gifford

25. Refer to the 2022 Audit Report, at 31, Aged Accounts Receivable table, Confirm that the total amount of accounts receivable from the test year was 432,108, in addition confirm how much of the \$432,108 receivables was considered as permanently uncollectable and officially “written off” during the test year.

Response: There is an allowance for uncollectable accounts provided of \$231,845 for past due accounts, however, none were considered as permanently uncollectable and officially “written off” during the test year. See the attached file titled, 25_2022 aged trial balance report.pdf

Witness: David Gifford

