

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

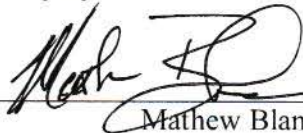
In the Matter of:

ELECTRONIC APPLICATION OF LYON COUNTY)	CASE NO.
WATER DISTRICT #3 FOR AN ALTERNATIVE RATE)	2023-00352
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

VERIFICATION OF MATHEW BLANE

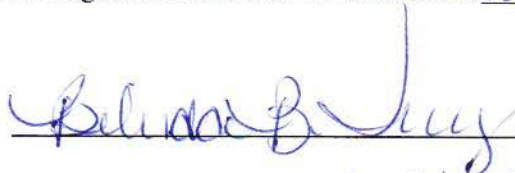
COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF LYON)

Mathew Blane, on behalf of Lyon 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.



Mathew Blane

The foregoing Verification was signed, acknowledged and sworn to before me this 18th day of April, 2024, by Mathew Blane.



Commission expiration: April 17, 2026



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LYON COUNTY)	CASE NO.
WATER DISTRICT FOR AN ALTERNATIVE RATE)	2023-00352
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

VERIFICATION OF ARIEL BAKER

COMMONWEALTH OF PENNSYLVANIA)
)
 COUNTY OF CAMBRIA)

Ariel Baker, on behalf of Lyon County Water District, states that she 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.

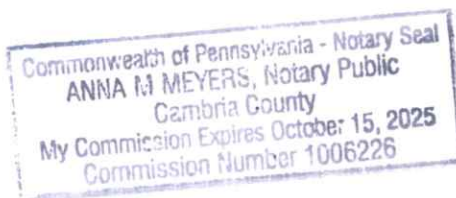
Ariel Baker

 Ariel Baker

The foregoing Verification was signed, acknowledged and sworn to before me this 18 day of April, 2024, by Ariel Baker.

[Signature]

 Commission expiration: 10/15/25



**Lyon County Water District
Case No. 2023-00352
Commission Staff's Second Request for Information**

Witnesses: Mathew Blane #1, 3-6, and 8-13
Ariel Baker # 2 and 7

1. Refer to Lyon District's response to Commission Staff's First Request for Information (Staff's First Request), Item 1a, General Ledger, Account Number 630.04, Professional Fees – Accounting. Describe, in detail, each of the services provided by Thurman Campbell totaling \$85,520 during 2022. Provide copies of all invoices.

Response: In the test year(2022), Lyon County Water District paid Thurman Campbell Group \$92,055.

Non-typical expenses from this amount include the following:

a.) Annual Audit -	\$4,000.00
b.) Public Service Commission Annual Reports -	\$1000.00
c.) Services performed for Rate Case -	\$500.00
Total non-typical expenses -	\$5,500.00

Typical expenses paid to Thurman Campbell Group from the aforementioned amount include:

a.) Accounting Services -	\$48,500
b.) Full time administrative professional -	\$38,055

A copy of all invoices from and paid to Thurman Campbell Group are attached in the file labeled Item #1 Invoices.pdf

2. Refer to the Application, Schedule of Adjusted Operations for Water and Schedule of Adjusted Operations for Sewer.
 - a. Explain the methodology used to determine which expenses, and the amounts that will be allocated to Lyon District's Sewer Division.

Response: The methodology employed to the Sewer Division allocation amounts in the rate study utilized the number of customer percentage method to determine the amounts to be allocated to the Sewer Division. The expenses chosen were based on expenses mutually incurred, but not directly assigned to either division.

- b. Explain why there is not an allocation for each of the following items from the Water Division to the Sewer Division: Materials and Supplies, Contracted Services, Insurance – General Liability and Other, Insurance – Workers Comp, and Miscellaneous Expenses.

Response: Materials and Supplies expense and Miscellaneous Expenses are directly assigned to their respective division when incurred. Therefore, no additional allocation is necessary. General Liability Insurance is part of the allocations that were made in the rate study. Lyon District states that an allocation was not made to Workers Compensation Insurance in the rate study, however, because payroll expenses were allocated, and Workers Compensation Insurance would be a direct benefit to the Sewer Division, this allocation should be made.

3. Refer to the Application, Adjustment G (United Systems software installation). Also refer to Lyon District's response to Staff's First Request, Item 5. Application, reference G states "The cost to install the upgrade was \$30,224, with additional monthly fees of \$5,116." However, Lyon District's response in Item 5 also stated the software has not been installed.

a. Reconcile the discrepancy for whether or not the software has been installed. If it has not been installed, state when the installation will occur.

Response: As of today, April 18, 2024 the software has not been installed. The quotes received by United System software have been reviewed by the board and accepted, but the software installation has not yet been scheduled.

b. Provide copies of invoices for the \$30,224 capitalized amount.

Response: There are no invoices for the \$30,224 as the software has not yet been installed. However, attached in the document labeled Item #3 Quotes.pdf includes the quotes the Lyon District received and presented to the board for approval.

c. Provide the general ledger account where the \$30,224 purchase was recorded.

Response: This purchase was not recorded, as the installation hasn't occurred yet.

d. Provide the general ledger account where amortization expense directly relating to software installation was recorded during 2023. Include in the response the amount of amortization expense directly relating to software installation that was recorded during 2023.

Response: The purchase and subsequent amortization expense have not been recorded, as the installation has not occurred yet.

4. Provide the amount of gallons of water purchased from each of Lyon District's vendors during the test year. Include in the response the current purchase price of each vendor.

Response: Please reference the attached file for the amount of purchased gallons:

Item #4 2022 Gallons Purchased.xlsx

The purchased water rates from our suppliers are as follows:

Princeton Water - \$3.583 per 1,000 gallons, increasing to \$3.904 effective 01/01/2025, and increasing to \$4.225 effective 01/01/2026

Kuttawa - \$3.22 per 1,000 gallons

Eddyville - \$4.09 per 1,000 gallons

Barkley - \$0.00281 per gallon

Crittendon-Livingston (Emergency Water Only) - \$2.83 per 1,000 gallons

5. Refer to Lyon District's response to Staff's First Request, Item 2, Rate Study. Provide a detailed itemization of the adjustment of \$16,979 identified as Forfeited Discount in the pro forma adjustments. If included in the rate study, explain where it is located.

Response: Please refer to the attached file the includes a report from Lyon District's billing software outlining the amount of penalties charged in 2022.

Item #5 Customer Activity Report.pdf

6. Refer to Lyon District's response to Staff's First Request, Item 1(e) and Item 14. Explain and reconcile the amount in the pro forma of \$8,101 in Miscellaneous Service Revenues and the \$55,717.06 amount provided in Item 14.

Response: Please find the attached document labeled Item #6 2022 Non Recurring Charges.xlsx. Note the total corresponds to the \$8,801 listed in the Rate Study. Removed from these amounts are Meter Tap Fees of \$32,704, and Late Fees of \$16,611 to reach the total of \$55,717. Meter Tap Fees are appropriately capitalized according the standard accounting practice, and Late Fees are listed separately in the rate study.

7. Refer to Lyon District's response to Staff's First Request, Item 2.

- a. Reconcile the discrepancy in the pro forma adjustment in the Application Water, Schedule of Adjusted Operations – Water \$86,804 and the pro forma adjustment in response to Item 2, Tab SAOW of \$56,632.

Response: The adjustment in the original Application was an adjustment for a test year of 2021. The adjustment of \$56,632 normalizes billing for 2022, which is the test year of 2022.

- b. Reconcile the discrepancy in the pro forma adjustment in the Application Sewer Schedule of Adjusted Operations – Sewer of \$(152) and the pro forma adjustment in the response to Item 2, Tab SAOs of \$878.

Response: The adjustment in the original Application was an adjustment for a test year of 2021. The adjustment of \$878 normalizes billing for 2022, which is the test year of 2022.

8. Refer to Lyon District's response to Staff's First Request, Item 11 and Item 12. Lyon District's current tariff states that the district's billing cycle for its water division begins on the 15th of each month, and that its billing cycle for its sewer division begins on the 10th of each month. Explain if Lyon District would be amenable to setting both the Water Rates and the Sewer Rates on the 10th of the month to be the effective date of any Order the Commission issues concerning rates in this case. If not, please identify the concerns that Lyon District would have with an effective date of the 10th of the month, and any other days during a month for an effective date that would create concerns for implementing new rates.

Response: Lyon District states that an order setting rates on the 10th of the month effective date would be the best date.

9. Refer to Lyon District's response to Staff's First Request, Item 14 and Item 16. Refer also to Lyon District's current tariff on file with the Commission, 8th Revised Sheet No. 1.

- a. The Meter Read – Out charge is listed as \$7 in the current tariff filing, \$12 in the cost justification sheet, and is \$25.13 in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

Response: Please reference the attachment given in response to Item #6. The tariff was adjusted in the middle of the test period and so two different charges based on that were assessed. Item #6 response separates out these charges between the amounts actually charged.

- b. The Returned Check Charge – NSF Draft – Water is listed as \$31 in the current tariff filing, \$17 in the cost justification sheet, and is \$33.92 in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets the support the correct charge.

Response: Please reference the attachment given in response to Item #6. The tariff was adjusted in the middle of the test period and so two different charges based on that were assessed. Item #6 response separates out these charges between the amounts actually charged.

- c. The Returned Charge Charge – NSF Draft – Sewer is listed as \$31 in the current tariff filing, \$17 in the cost justification sheet, and is \$1.48 in the Item 14 schedule. Reconcile the discrepancy for the charge and provide updated cost justification sheets that support the correct charge.

Response: Please reference the attachment given in response to Item #6. The tariff was adjusted in the middle of the test period and so two different charges based on that were assessed. Item #6 response separates out these charges between the amounts actually charged.

- d. The Meter Taps Fees is listed as \$1,022 in the current tariff filing, \$1,265 in the cost justification sheets, and is \$1,022 in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

Response: The reason for the discrepancy is that costs have increased since the tariff was approved in 2022. Therefore the cost justification sheets provided in this case is the correct amount.

- e. The Field Collection Charge is listed as \$7 in the current tariff filing and is \$18.50 in the Item 14 schedule. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

Response: Please reference the attachment given in response to Item #6. The tariff was adjusted in the middle of the test period and so two different charges based on that were assessed. Item #6 response separates out these charges between the amounts actually charged.

- f. The Meter Reconnection Charge is listed as \$10 in the current tariff filing and \$15 in the cost justification sheet. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

Response: Please reference the attachment given in response to Item #6. The tariff was adjusted in the middle of the test period and so two different charges based on that were assessed. Item #6 response separates out these charges between the amounts actually charged.

- g. The Meter Test Charge is listed as \$37 in the current tariff filing and \$40 in the cost justification sheet. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

Response: Please reference the attachment given in response to Item #6. The tariff was adjusted in the middle of the test period and so two different charges based on that were assessed. Item #6 response separates out these charges between the amounts actually charged.

- h. The 1-Inch Meter Tap Fee is listed as \$1,382 in the current tariff filing and \$1,679.15 in the cost justification sheet. Reconcile the discrepancy for this charge and provide updated cost justification sheets that support the correct charge.

Response: The cost justification sheet is the correct amount. Costs have increased since 2022, therefore the cost to install a tap has also increased.

10. Refer to Lyon District's response to Staff's First Request, Item 14 and Item 16. Provide cost justification sheets that support the Meter Connection Charge – Unlock, Broken Lock Fee, and Service Charge – PNB Water. Include in the responses an explanation of these charges and why they aren't listed in Lyon District's current tariff filing. If it is included in the tariff, then explain where it is located.

Response: Service Charge – PNB Water refers to late payment penalties. These are listed separately on the annual report. Meter Connection Charge – Unlock are Reconnection Charges, and Broken Lock Fees are not currently collected or used, as they are not in the District's tariff.

11. Refer to Lyon District's responses to Staff's First Request, Item 14 and Item 14. Refer also to Lyon District's tariff on file with the Commission, 8th Revised Sheet No. 1. Lyon District's current tariff was updated May 13, 2022, and the cost justification sheets have a date of August 13, 2007.

a. Provide the cost justification sheets from 2022 for the district's tariff on file.

Response: The current charges in the tariff, updated May 13, 2022, were calculated by Commission Staff in the Staff Report in Case No. 2021-00391 and were subsequently approved by the Commission. Therefore, no cost justification sheets were filed for these approved rates.

b. Explain if Lyon District is seeking to revise its current nonrecurring charges list in the tariff. If so, provide the list of each charge and the requested change.

Response: Lyon District is not seeking to revise its current nonrecurring charges, Lyon District only submitted cost justification sheets in response to Staff's Information Request.

c. If Lyon District is requesting a change to any of its nonrecurring charges, provide updated cost justification sheets for each charge a change is requested.

Response: N/A

12. Refer to Lyon District's response to Staff's First Request, Item 16. The response provided is not sufficient. Provide cost justification for the Nonrecurring Charges – Sewer. If included in Item 16, explain where the cost justification is located.

Response: Please reference Lyon District's tariff on file with the Commission, page 3 of 7. The tariff states that the Late Payment Penalty and Returned Check Charge will be the same as the Lyon County Water District. As such, the Returned Check Charge cost justification sheet and the late payment penalty language in Lyon District's water tariff are responsive to this question.

13. Refer to Lyon District's response to Staff's First Request, Item 17.

- a. Explain whether adjustments are made to the Sewer accounts considering the nonrecurring charges are allocated to the Water account.

Response: Adjustments are not made to the Sewer accounts. All adjustments are made and allocated to the Water account.

- b. Explain whether Lyon District adjusts the Annual Report for the Sewer Operations considering the nonrecurring charges are allocated to the water account.

Response: Lyon District does not adjust the Annual Report for the Sewer Operations.