

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF HYDEN-LESLIE)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00022
ADJUSTMENT PURSUANT 807 KAR 5:076)	

RESPONSE OF HYDEN-LESLIE COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED FEBRUARY 26, 2024

COMMONWEALTH OF KENTUCKY

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In the Matter of:

ELECTRONIC APPLICATION OF HYDEN-LESLIE) CASE NO.
COUNTY WATER DISTRICT FOR A RATE) 2024-00022
ADJUSTMENT PURSUANT 807 KAR 5:076)

VERIFICATION OF ROBERT K. MILLER


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

Robert K. Miller, Kentucky Rural Water Association on behalf of Hyden-Leslie 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.

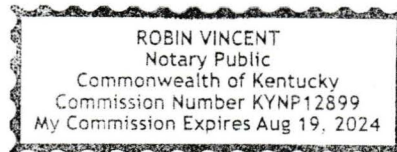


Robert K. Miller

The foregoing Verification was signed, acknowledged and sworn to before me this 2ND day of April, 2024, by Robert K. Miller.



Commission expiration: August 19, 2024



**Hyden-Leslie County Water District
Case No. 2024-00022
Commission Staff's First Request for Information**

Witnesses: L.J. Turner # 1a-d, 2-6, 8-16, 19-22, and 24-28
Robert K. Miller # 1e-f, 7, 17-18, and 23

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 file 1a_2022_General_Ledger
 1a_2023_General_Ledger**

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

**Response: See file 1b_2022_Trial_Balance
 1b_2023_Trial_Balance**

c. The audit adjustments for the years ended December 31, 2022, and 2023.

**Response: See file
1c_Adjusting_Journal_Entries_and_Reconciliations_2022**

The audit for 2023 has not yet been completed so there are no adjusting journal entries available for 2023.

d. The adjusted trial balance audited balances for the years ended December 31, 2022, and 2023.

Response: See file 1d_Trial_Balance_Worksheet_2022

The audit for 2023 has not yet been completed so there is no adjusted trial balance audited balances available for 2023.

e. Refer to Application Schedule of Adjusted Operations. Provide across reference that matches 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: See file 1e_Reconciliation

- f. Refer to the Application, Schedule of Adjusted Operations, Adjustment References. Provide all workpapers used to generate the proposed adjustments.

Response: See file 2022_Rate_Study_Hyden-Leslie Tab SAO

2. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for the years ended December 31, 2022, and 2023.

Response: See files

2_KACO_All_Lines_2022

2_KACO_All_Lines_2023

2_KACO_Declarations_2022

2_KACO_Declarations_2023

2_KACO_WC_2022

2_KACO_WC_2023

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: See file 3-6_Pay_and_Benefits

4. Provide a copy of the most recent invoice for each employee benefit described above.

Response: See file 4_Benefits_Invoice_Redacted

Note: The benefits billing is done online and the attached file was pulled from the website of the benefits provider.

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 titles, hours worked, pay rates, total wages paid, and total FICA cost for each employee for the years ended December 31, 2022, and 2023. Additionally, provide calculations by employee that support pro forma wages of \$615,273. 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 file 3-6_Pay_and_Benefits

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 file 3-6_Pay_and_Benefits

7. Refer to Application Schedule of Adjusted Operations. Distribute the increase of \$57,181 in pro forma labor costs in the following format.

Description	Amount	Percent
Gross Test Year Wages	\$562,663.00	
Charged to Tap Fees/Capitalized (j)	\$4,571.00	
Reported Test Year Wages	\$558,092.00	
Wage Rate Inflation		0.00%
Merit/Promotional Increases		0.00%
Positions Added Since Beginning of Test Year		0.00%
Turnover During Test Year		0.00%
Pro Forma Wages	\$ 615,273.00	

Response:

Description	Amount	Percent
Gross Test Year Wages	\$ 562,663	
Charged to Tap Fees/ Capitalized	4,571	
Reported Test Year Wages	\$ 558,092	
Wage Rate Inflation		
Merit/Promotional Increases	20,792	100%
Positions Added Since Beginning of Test Year		
Turnover During Test Year		
Pro Forma Wages	\$ 578,884	

8. Provide the following information related to billing software:

a. Brand or common name for software.

Response: Munilink Billing Systems

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

Response: Subscription Service

c. If locally installed, state the installation date.

Response: Not applicable

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

Response: Hyden-Leslie District maintains a service contract.

9. Provide minutes from Hyden-Leslie District's Board of Commissioner (Board) meetings, authorizing current salaries and wages for all current employees.

Response: Hyden-Leslie District does not have specific meeting minutes with approval of each employee's wage. However, the Board regularly reviews payroll documents.

11. Provide a document listing the name 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 commissioner 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:

2023				
Name:	Income	Term Appointment Date	Expiration Date	Authorized Compensation Annually
Dwight Lewis	\$ 6,000.00	5/17/2020	5/17/2024	\$ 6,000.00
Patrick K Cook	\$ 6,000.00	5/17/2021	5/17/2025	\$ 6,000.00
Ronnie Gay	\$ 6,000.00	8/25/2021	9/13/2025	\$ 6,000.00
Ted A. Couch	\$ 3,500.00	3/29/2023	5/17/2025	\$ 6,000.00
William Horton	\$ 6,000.00	5/17/2020	5/17/2024	\$ 6,000.00
William Wooton	\$ 2,000.00	5/28/2021	5/17/2025	\$ 6,000.00

2022				
Name:	Income	Term Appointment Date	Expiration Date	Authorized Compensation Annually
Dwight Lewis	\$ 6,000.00	5/17/2020	5/17/2024	\$ 6,000.00
Patrick K Cook	\$ 6,000.00	5/17/2021	5/17/2025	\$ 6,000.00
Ronnie Gay	\$ 6,000.00	8/25/2021	9/13/2025	\$ 6,000.00
William Horton	\$ 6,000.00	5/17/2020	5/17/2024	\$ 6,000.00
William Wooton	\$ 6,000.00	5/28/2021	5/17/2025	\$ 6,000.00

12. Provide the minutes from the Fiscal Court that authorize each Board member's appointment and compensation.

Response: See file 12_Fiscal_Court_Minutes

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

Response: See file 13_Training_Certificates

Note: Ronnie Gay attended training in July 2022 but didn't receive the certificate.

14. Provide the following with respect to new tap installations.

a. Number of installations during the test year.

Response: In 2022, we had 14 new installations.

b. State whether labor costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

Response: Labor cost in the amount of \$2,227.39 was not capitalized.

c. State whether material costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

Response: Materials cost in the amount of \$9,267.08 was capitalized.

**See file 14_Depreciation_Report_January_2023
Group: 1500 - Meter & Meter Inst Line: 515**

15. Provide an overview of any actions taken or planned by Hyden-Leslie District to reduce its water loss, including a copy of any water loss reduction plan.

Response: The Hyden-Leslie District has continued to work to improve its water loss. 2011-2018 annual water loss average was 35%. From 2019-2023 the annual average was 22%. 2023 water loss was 19%.

We have made these operational improvements without any capital projects or grant dollars. The District has multiple capital projects that will address water loss and operational issues. These projects have been funded with 100% grant monies.

See file 15_Capital_Project_Summary

16. Refer to Hyden-Leslie District's Tariff, PSC Ky. No. 6, Original Sheet No. 4, Terms and Conditions of Billing and Payment.

- a. Provide the date that Hyden-Leslie District's billing cycle begins (meter read date).

Response: We begin meter reading on the 20th or the next business day of each month.

- 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: We would like to request a billing cycle begin date of the 15th or the next business day of each month and use that as the effective date of any order the Commission issues concerning rates in this case.

17. State the last time Hyden-Leslie District performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

Response: The last time that Hyden-Leslie District performed a cost-of-service study to review the appropriateness of its current rates and rate design was in 2020 as part of Case No. 2020-00141.

- a. Explain whether Hyden-Leslie District considered filing a COSS with the current rate application. If not considered, explain why not.

Response: Hyden-Leslie District did not consider a filing a COSS with the current rate application because the previous study was less than five year ago.

- b. Explain whether any material changes to Hyden-Leslie District's system would cause a new COSS to be prepared since the last time it completed one.

Response: There have not been any material changes to Hyden-Leslie District's system that would cause a new COSS to be prepared since the last time it completed one.

- c. If there have been no material changes to Hyden-Leslie District's system, explain when Hyden-Leslie District anticipates completing a new COSS.

Response: Hyden-Leslie District anticipates completing a new COSS when there have been material changes to the system.

- d. Provide a copy of the most recent COSS that has been performed for Hyden-Leslie District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

**Response: See files 2020_H-L_Application_Worksheet
Alternative A
Alternative B
Alternative C
Alternative D**

18. Refer to the Application, Current Billing Analysis 2022 Usage and Existing Rates and Proposed Billing Analysis 2022 Usage and Proposed Rates. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

**Response: See file 2022_Rate_Study_Hyden-Leslie
Tabs ExBA and PrBA**

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

Response: No late fees were charged for 2022 and 2023.

20. Provide a schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year and the total amount recorded for each nonrecurring charge. If the revenue for any nonrecurring charge was zero, include that charge and indicate that no revenue was recorded. Include the general ledger account numbers where each nonrecurring charge is recorded.

Response: In 2022 we charged the following: Connection/Turn on Fee 201/\$2098.44, Reconnect Fee 14/\$146.16, Tap on Fee 14/\$14,000.00. In 2022 we were using our old billing system, so we don't have access to the reports now. We are confident that the total dollar amounts are correct, but we are not sure if the classification fee type is accurate.

In 2023, we switched to the MuniLink Billing system which will allow us to generate reports showing the details requested. For 2023, we charged for the following: Connection/Turn on Fee 233/\$2,432.52, Tap on fee 20/\$20,000.00, Reconnection Charge 495/\$5,167.80.

21. Provide updated cost justification sheets to support each nonrecurring charge listed in Hyden-Leslie District's tariff.

**Response: See files 21_Nonrecurring_Charges_2024
21_Cost-Justification_Worksheet_2024**

Note: Transportation expense based on 30 miles at \$0.67 per mile.

22. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Hyden-Leslie District's tariff.

Response: See file 22_Tap_Fee_Calculation_2024

23. Refer to Hyden-Leslie District's Application, Attachment #5, "CURRENT BILLING ANALYSIS WITH 2022 USAGE & EXISTING RATES", Hyden-Leslie District made (\$21,757) in adjustments to its metered water sales for the test period. Provide detailed support for this amount.

Response: The correct amount of adjustments to its metered water sales for the test period should have been \$22,443.05.

See file 23_Billing_Adjustments_2022_ARF_2023

24. Provide a detail description of the 1.0 million gallon tank located in Hyden, including a timeline of the design, construction, operation, and maintenance. Include the final construction cost, and costs for repairs and when those repairs took place. Identify the outside vendors responsible for design and construction, as well as all sources of funding for construction and any maintenance that has occurred.

Response: According to our records the “glass lined” 1.0 million gallon tank was put into service 11/30/2012 and the total cost was \$858,004.93. Engineering was done by Sissler Maggard Engineering and constructed by Knight Electric. The first inspection that we were able to find was from September 2013. In the inspection it was documented that the tank was leaking. Repairs were attempted with no resolve. Several attempts have been made at sealing the leak in the foundation, but none have been successful. This project was completed under prior management and board or commissioners.

25. What is the current plan for the Hyden tank including the timeline and costs?

Response: A cost estimate to replace the tank has been prepared and submitted to AML for consideration of funding. Preliminary feedback on this project indicate that AML may be able to fund the project from their 2025 funding cycle. Underway is the creation of a project profile and procurement of an engineer. Funding applications to ARC and other funding agencies will be submitted over the next 12 months. Initial cost estimates to replace the tank is \$2.648 million.

26. Was a geotechnical survey completed as part of the original tank design?

Response: This project was completed under prior management and board of commissioners. We do not know if a geotechnical survey was completed. It is the standard practice of our current management and board of commissioners to require geotechnical surveys.

27. Was a siting study completed as part of the original tank design? If so, who completed the siting study and if not, is there any record of why not?

Response: This project was completed under prior management and board of commissioners. We do not know if a siting study was completed.

28. Does Hyden-Leslie own the property at the location of the tank? If not, who owns the property? If so, when did Hyden-Leslie District acquire the property and from whom was the property acquired?

Response: The Hyden-Leslie County Water District does own the property at the location of the tank. According to PVA records the property was purchased from Leroy Lewis and J Collins Heirs for \$1.00 in 2010.