

LEVEE ROAD WATER ASSOCIATION, INC.
CASE NO. 2024-00067 RESPONSE TO COMMISSION
STAFF'S INITIAL REQUEST FOR INFORMATION

1. Provide copies of each of the following 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 for the years ended December 31, 2022, and 2023.

Response: See the attached files titled: 1_a_2022 General Ledger.xlsx, 1_a_2023 General Ledger.xlsx.

Witness: Ben Rudd

b. A list of all audit adjustments for the years ended December 31, 2022, and 2023.

Response: The Audit is not complete as of 6/12/24.

Witness: Ben Rudd

c. The trial balance for the years ended December 31, 2022, and 2023, including all year-end adjustments that will appear in the audited financial statements.

Response: See the attached files titled: 1_c_Trial Balance 2023 Book 7.xlsx, 1_c_Trial Balance 2022 Book 9.xlsx

Witness: Ben Rudd

d. Refer to the Application, Schedule of Adjusted Operations (SAO). Provide a cross reference that points each 2022 general ledger account to each revenue and expense line in the SAO and reconcile each amount that does not match.

Response: We have contacted our accountant that completed the Annual Report for assistance with this request, however we have not received a response. We will provide when available.

Witness: Ben Rudd

2. Identify where Purchased Power expenses were recorded for the years ended December 31, 2020, and 2021.

Response: Included with Water Purchased.

Witness: Ben Rudd

3. Refer to the Application, Attachment 4, SAO, adjustment E. Confirm if the total purchased power amount for the test year is \$6,162. If not, provide the expense categories the remaining purchase power expense was recorded to.

Response: Confirmed, Purchase power listed as utilities in Misc. Expense.

Witness: Ben Rudd

4. Refer to the Application, SAO, Adjustment References. Provide all workpapers used to calculate the proposed adjustments. Component details of a workpaper should tie to the general ledger accounts that comprise the SAO line items including any adjustment for unreconciled amounts.

Response: We have contacted our accountant that completed the Annual Report for assistance with this request, however we have not received a response. Refer to the application attachment 11. 2., file titled: 11_2_Levee Road WA Rate Study.xlsx for calculations.

Witness: Ben Rudd

5. Refer to the Application, Attachment 4, 4_SAO_With_Attachments.pdf, References, Adjustment B. Distribute the increase of \$7,854 in pro forma labor costs in the following format.

<u>Decription</u>	<u>Amount</u>	<u>Percent</u>
Gross Test Year Wages	\$ 40,038	
Charged to Tap Fees/Capitalized ()		

Reported Test Year Wages	40,038
Wage Rate Inflation	
Merit/ Promotion Increases	
Positions Added Since	
Beginning of	
Test Year	
Turnover During Test Year	
Pro Forma Wages	<u>\$ 47,892</u>

Response: LRWA has two part time employees. The increase is 100% due to wage rate inflation.

Witness: Ben Rudd

6. Provide a document listing the employee number, job titles, hours worked, job description, and pay rates for each employee during the test year and those currently employed.

Response: See the application attachment 11. 2., file titled: 11_2_Levee Road WA Rate Study.xlsx, Wages tab.

Witness: Ben Rudd

7. 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.

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

Response: LRWA does not provide benefits to employees.

Witness: Ben Rudd

b. Using the same list 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: Levee Road WA does not provide Insurance benefits for it's employees.

Witness: Ben Rudd

8. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2022 and 2023.

Response: See the attached files titled: 8_Insurance.pdf

Witness: Ben Rudd

9. Provide the minutes from Levee Road Water's Board of Director's (Board) meetings for the calendar years 2022, 2023, and year to date 2024.

Response: See the attached file titled: 9_Board Minutes.zip

Witness: Ben Rudd

10. Provide a document listing the name of each director for each of the calendar years 2022, 2023, and 2024 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.

Response: Refer to the application attachment 11. 2., file titled: 11_2_Levee Road WA Rate Study.xlsx, Wages tab. The current board members have served for the years requested. See the attached file titled: 10_LRWA Board.xlsx

Witness: Ben Rudd

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

a. Number of installations during the test year.

Response: 9 new meter connections

Witness: Ben Rudd

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: LRWA hires outside contractors to install new connections.

Witness: Ben Rudd

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: Material costs were not capitalized.

Witness: Ben Rudd

12. State the last time Levee Road Water performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether Levee Road Water considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: The Association is not proposing a revision to its current rate design and has not experienced any material revisions in its operations of the system, no benefit would be gained by the preparation of a COSS.

Witness: Ben Rudd

b. Explain whether any material changes to Levee Road Water would cause a new COSS to be prepared since the last time it completed one.

Response: The Association is a rural water system, providing water predominately to residential customers. LRWA does not presently plan any material revisions in the operations of the system that would necessitate the preparation of a COSS.

Witness: Ben Rudd

c. If there have been no material changes to Levee Road Water, explain when Levee Road Water anticipates completing a new COSS.

Response: No material revisions in the operations of the system are currently planned. LRWA does not anticipate preparing a COSS, to support an adjustment to its service rates.

Witness: Ben Rudd

d. Provide a copy of the most recent COSS that has been performed for Levee Road Water in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: The Association is unaware of a COSS being performed for the utility.

Witness: Ben Rudd

13. Refer to the Application, Current Billing Analysis 2022 Usage and Existing Rates and Proposed Billing Analysis 2022 Usage and Proposed Rates.

a. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response: See the application attachment 11 2, attached file titled: 11_2_Levee_Road_WA_Rate_Study.xlsx, Tab ExBA.

Witness: Ben Rudd

b. Describe adjustments to the billing analysis and their justification.

Response: See the attached files titled: 13_b_LRWA billing analysis.pdf

Witness: Ben Rudd

c. Provide an analysis of the proposed pro forma adjustment to metered revenues of \$8,048.

Response: Refer to the application attachment 11 2, attached file titled: 11_2_Levee_Road_WA_Rate_Study.xlsx, Tab ExBA.

Witness: Ben Rudd

14. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2022, 2023, and year to date 2024.

Response: See the attached files titled: 14_Late fees.pdf

Witness: Ben Rudd

15. 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.

a. Provide updated cost justification sheets to support each nonrecurring charge listed in Levee Road Water's tariff.

Response: See the attached files titled: 15_a_LRWA NRC Cost Justification.pdf, 15_NRC occurrences.pdf

Witness: Ben Rudd

b. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in Levee Road Water's tariff.

Response: See the attached files titled: 15_b_LRWA tapfee cost just.pdf

Witness: Ben Rudd

16. Refer to the SAO, adjustment "H" which requests amortization of estimated rate case expenses of \$8,100 over a three-year period of an amortization expense of \$2,700.

Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (Identify separately).

Response: Refer to the application attachment 11 (1) file titled: 11_1_LRWA_Rate_study_Proposal.pdf. The Association's application did not request recovery for rate case expenses other than the \$8,100 in the KRWA assistance agreement.

Witness: Ben Rudd

b. For each category identified in Item 13a., the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and

the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the test year.

Response: See the response to 13.a.

Witness: Ben Rudd

c. An itemized estimates of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 13a, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

Response: See the response to 13.a.

Witness: Ben Rudd

d. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in Items 13a. and 13b, and a cumulative total of cost incurred to date for each category. Updates will be due when the utility files its monthly financial statements with the Commission, through the month of the public hearing.

Response: See the response to 13.a.

Witness: Ben Rudd

17. Refer to Levee Road Water's Tariff, PSC Ky. No. 3, Original Sheet No. 3, General Information, Effective date July 4, 2018.

a. Provide the date that Levee Road Water's billing cycle begins (meter read date).

Response: The Association reads it's meters on the twenty-first of the month.

Witness: Ben Rudd

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: The Association reads it's meters on the twenty-first of the month. Yes, as requested in the application cover letter the twinty-first of the month would be the best effective date for rates authorized by the Commission.

Witness: Ben Rudd

18. Refer to the Application, Attachment 10. For each outstanding debt issuance still active, provide the case number in which Levee Road Water was authorized to issue the debt.

Response:

RD 91-03 Case No. 9410

RD 91-04 Case No. 1994-00455

RD 91-06 Case No. 2021-00015

Witness: Ben Rudd

19. Refer to the 2022 Annual Report, Comparative Operating Statement at 20, Gains (Losses) from Disposition of Utility Property (414). Provide an explanation for the transactions that account for the \$4,977 balance.

Response: LRWA 2022 Annual Report Comparative Operating Statement at 20, Gains (Losses) from Disposition of Utility Property (414) lists no retirement of property.

Witness: Ben Rudd

20. Provide the following information related to billing software:

a. State whether the billing software and general ledger/financial management software are separate or integrated.

Response: We use United systems software for our billing and our accountant has their own software.

Witness: Ben Rudd

b. Brand or common name for software.

Response: United Systems Software, Alliance

Witness: Ben Rudd

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

Response: United Systems Software is based in Benton, Ky

Witness: Ben Rudd

d. If locally installed, state the installation date.

Response: Upgraded in 2022 to Alliance program

Witness: Ben Rudd

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

Response: Yes, there is a service contract.

Witness: Ben Rudd

21. Refer to the Application, Exhibit 4, 4_SAO_With_Attachments.pdf, SAO, Contractual Services - Other.

a. Provide a list of each contractor that has a cost allocation to the Contractual Services Account balance.

Response: Legal fees - \$150, Accounting fees – \$3,536, Micro Computer - \$2,350, Pace Analytical Services - \$95

Witness: Ben Rudd

b. Provide the corresponding amounts for each contractor.

Response: See the response to 21. a

Witness: Ben Rudd