

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF SIMPSON	)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE	)	2024-00068
ADJUSTMENT PURSUANT 807 KAR 5:076	)	

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RESPONSE OF SIMPSON COUNTY WATER DISTRICT  
TO THE COMMISSION STAFF'S FIRST REQUEST FOR  
INFORMATION DATED APRIL 9, 2024





**Simpson County Water District**  
**Case No. 2024-00068**  
**Commission Staff's First Request for Information**

**Witnesses:** Robert K. Miller #5, 11-13, and 18  
Jeff Peebles #1-4, 6-10, 14-17, and 19-20

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 files**      **1a\_General\_Ledger\_2022**  
   **1a\_General\_Ledger\_2023**

b. A list of all year-end adjusting entries for the years ended December 31, 2022, and 2023.

**Response: See file**      **1b\_Adjusting\_Entries\_2022**  
   **1b\_Adjusting\_Entries\_2023**

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

**Response: See files**      **1c\_Trial\_Balance\_2022**  
   **1c\_Trial\_Balance\_2023**

d. Refer to Application, Schedule of Adjusted Operations. Provide a cross reference that points 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**      **1d\_Reconciliation**

2. Provide a list of all general ledger accounts that are calculated based on an allocation or direct change from Warren County Water District (Warren District).

**Response: See file                    2\_Allocations\_from\_Warren\_County**

3. Provide in an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected, all allocation methodologies and formulas used to allocate expenses from Warren District to Simpson District.

**Response: See files**

**3\_Allocation\_Methodology**

**3\_Allocation\_Schedule\_1**

**3\_Allocation\_Schedule\_2**

4. 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: Separate.**

b. Brand or common name for software.

<b>Response:</b>	<b>Software Type</b>	<b>Brand Name</b>
	<b>Billing system</b>	<b>CIS Infinity</b>
	<b>Ledger / Financial management</b>	<b>Sage 100</b>

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

**Response: Locally installed on a utility-owned computer.**

d. If locally installed, state the installation date.

<b>Response:</b>	<b>Software Brand</b>	<b>Installation</b>
	<b>CIS Infinity</b>	<b>12/19/2011</b>
	<b>Sage 100</b>	<b>1/01/1999</b>

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

<b>Response:</b>	<b>Brand Name</b>	<b>Serviced by Manufacturer</b>	<b>Maintains Service Contract</b>
	<b>CIS Infinity</b>	<b>Yes</b>	<b>Yes</b>
	<b>Sage 100</b>	<b>Yes</b>	<b>Yes</b>

5. Refer to the Application, Schedule of Adjusted Operations, Adjustment References. Provide all workpapers used to generate the proposed adjustments. The workpapers should tie to the general ledger accounts that comprise the Schedule of Adjusted Operations line item including any adjustment for unreconciled amounts.

**Response: See file 5\_Simpson\_County\_Rate\_Model  
Tab SAO-DSC**



6. Refer to the Application, Attachment 4, 4\_SAO\_With\_Attachments.pdf, References, Adjustment C. Distribute the increase of \$52,616 in pro forma labor costs in the following format.

Description	Amount	Percent
Gross Test Year Wages	\$228,656	
Charged to Tap Fees/Capitalized ()		
Reported Test Year Wages	228,656	
Wage Rate Inflation		
Merit/Promotional Increases		
Postions Added Since Beginning of Test Year		
Turnover During Test Year		
Pro Forma Wages	\$281,272	

**Response:**

SIMPSON COUNTYWAIR DISTRICT		
Pro Forma Wage Distribution		
Description	Amount	Percent
Gross Test Year Wages	\$ 228,656	
Charged to Tap Fees/Capitalized ()	-	
Reported Test Year Wages	228,656	81.3%
Wage Inflation Rate	23,693	8.4%
Merit/Promotional Increases	7,333	2.6%
Positions Added Since Beginning of Test Year	14,713	5.2%
Turnover Since Test Year	(12,990)	-4.6%
Customer Wage Shift from Capital to Operating Expense	19,867	7.1%
Pro Forma Wages	\$ 281,272	100.0%



8. Provide the minutes from Simpson District's Board of Commissioner's (Board) meetings for the calendar years 2022, 2023, and year to date 2024.

**Response: See files**

**8\_Minutes\_2022**

**8\_Minutes\_2023**

**8\_Minutes\_2024**

9. Provide a document listing the name of each member of the Board 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: See file 9\_Board\_Compensation**

- a. Provide documentation from the Fiscal Court that authorizes each Board member's appointment and compensation.

**Response: See file 9a\_Appointments  
9a\_Board\_List**

- b. Provide a list of water commissioner trainings attended or confirm water commissioner training has not been attended for the following individuals: Stephen Snider, Corey Konow, and Larry Gomer, for 2022, 2023, and year to date 2024.

**Response: See file 9b\_Board\_Training**

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

a. Number of installations during the test year.

**Response: 46 Installations**

**See file 10\_Meter\_Installations, column 10(a)**

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 costs are capitalized.**

**See file 10\_Meter\_Installations, column 10(b)**

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 are capitalized.**

**See file 10\_Meter\_Installations, column 10(c)**

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

**Response: It appears that Simpson District has not performed a cost-of-service study to review the appropriateness of its current rate design in the last 25 or more years.**

- a. Explain whether Simpson District considered filing a COSS with the current rate application and the reasoning for not filing one.

**Response: Simpson District did not consider filing a COSS with the current rate application because there have not been any material changes to the system that would cause a new COSS to be prepared.**

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

**Response: Yes, material changes to Simpson District system would cause a new COSS to be prepared.**

- c. If there have been no material changes to Simpson District, explain when Simpson District anticipates completing a new COSS.

**Response: Simpson District anticipates completing a new COSS after material changes to the system.**

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

**Response: Simpson District was unable to locate a copy of the most recent COSS.**

12. 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 file 12\_Billing\_Analysis**

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

**Response: The following adjustments were made to the Billing Analysis, negative usage and incorrect minimum bill. Below are the explanations.**

1. **Negative Usage – if a customer is billed the incorrect usage, the incorrect bill is cancelled and the bill is reissued with the correct usage. The accounts with amounts are bills where the reissued bill was less than the cancelled bill resulting in a credit. A cancel/rebill is performed for the following:**
    - a. **Cut wires - damage to the wiring on the electronic registers.**
    - b. **Incorrect readings.**
    - c. **Leak at the meter/yoke leaking - Usage billed to the customer but determined by field personnel to be on the District's side of the service line.**
    - d. **Incorrect refund amount - Customers who received local grant assistance are required to return unused balances to community action credit balance when they terminate their service.**
  2. **Incorrect Minimum Bill**
    - a. **Adjustments to customer bills for reasons stated above in 1.**
    - b. **Prorating of first and final bills – most of the “less than minimum” amounts are customer bills prorated for less than one month usage when customer begins or terminates service.**
- c. Provide an analysis of the proposed pro forma adjustment to metered revenues of \$23,666.

**Response: The proposed adjustment to metered revenues is \$93,251 and not \$23,666 as referenced in the Commission Staff's question. At the end of 2022, Simpson District's wholesale water supplier decreased (case No. 2022-00390) its wholesale water rate. According to the Final Order in Case No. 2022-00390 the rate decrease took**

**effect on January 1, 2023. The impact of the wholesale rate decrease combined with the unbilled revenues of \$42,920 results in the \$93,251 billing analysis adjustment.**



13. Refer to the Application, Exhibit 4, 4\_SAO\_With\_Attachments.pdf, Revenue Requirement table. Also refer to the Annual Report of Simpson District to the Public Service Commission for the Calendar Year Ended December 31, 2022 (2022 Annual Report), at 20.

- a. In the Revenue Requirement Table, Interest Income is reported as \$14,635, however in the 2022 Annual Report on page 20, Interest and Dividend Income (419) is reported as \$19,115. Reconcile and explain the difference.

**Response: Interest income of \$14,635 from year 2021 was incorrectly reported as income for the test year 2022. The correct amount of interest income is \$19,115.**

- b. In the Revenue Requirement Table, Non-utility Income is reported as \$7,790, however in the 2022 Annual Report on page 20, Non-utility Income (421) is reported as \$7,879. Reconcile and explain the difference.

**Response: Nonutility Income of \$7,790 from year 2021 was incorrectly reported as income for the test year 2022. The correct amount of nonutility income is \$7,879.**

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.

<b>Response:</b>	<b>Year</b>	<b>Occurrences</b>	<b>Total</b>
	<b>2022</b>	<b>5,875</b>	<b>\$37,943.32</b>
	<b>2023</b>	<b>6,234</b>	<b>\$43,883.76</b>
	<b>2024 March YTD</b>	<b>1,512</b>	<b>\$ 9,999.39</b>

15. Provide a schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year and 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: See file 15\_Nonrecurring\_Charges**

- a. Provide updated cost justification sheets to support each nonrecurring charge listed in Simpson District's tariff.

**Response: See file 15a\_Nonrecurring\_Charges\_Justification**

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

**Response: See file 15b\_Tap\_Fee\_Justification**

16. Refer to the Application, Exhibit 7, 7\_Depreciation\_Schedule\_2022.pdf. Provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected a fixed asset list that is used to generate the Depreciation Schedule.

**Response: See file 16\_Depreciation**

17. Refer to Simpson District's Tariff, PSC Ky. No. 1, Original Sheet No. 11, Billing, Meter Readings and Related Information, Frequency of meter reading.

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

**Response: Cycle 2 read date starts the 15th 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: Yes, this date would be best stated as the effective date of any order the Commission issues concerning rates in this case.**

18. Refer to the Application, Attachment 8, 8\_Debt\_Amortization\_Schedules.pdf. For each outstanding debt issuance still active, provide the case number in which Simpson District was authorized to issue the debt.

**Response: United States Department of Agriculture, Rural Development (USDA, RD), Series 91-09: Case No. 2019-00395, Electronic Application of Simpson County Water District, (A) for a Certificate of Public Convenience and Necessity, Pursuant to KRS 278.020 And 278.023, Authorizing Said District to Construct Improvements and Extensions to its Existing Water System Which Improvements and Extensions will be Financed in Part Under Terms of an Agreement Between the Water District and the United States Department of Agriculture; Rural Development, (B) for Authority to Issue Certain Securities as Required by 278.300; and (C) for Approval of Water Rates and Charges, Final Order issued November 26, 2019.**

**Kentucky Rural Water Finance (KRWFC), Series 2021A: Case No. 2021-00014, Electronic Application of the Simpson County Water District to Issue Securities in the Approximate Principal Amount of \$1,620,000 for the Purpose of Refunding and Reamortizing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001, Final Order issued March 24, 2021.**

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 \$4,977.37 balance.

**Response:** During the year, 17 meters were removed from service and scrapped due to age and declining accuracy. These meters could not be repaired and were subsequently scrapped. The remaining book value of the meters totaling \$4,997.37 were recorded as a loss on disposition. A breakdown of the disposition is provided:

**See file 19\_Scrapped\_Meters**

20. 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: See file 20\_Contractual\_Services**

b. Provide the corresponding amounts for each contractor.

**Response: See file 20\_Contractual\_Services**