

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF OHIO COUNTY)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2024-00127
PURSUANT 807 KAR 5:076)	

RESPONSE OF OHIO COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S THIRD REQUEST FOR
INFORMATION DATED AUGUST 21, 2024

**Ohio County Water District
Case No. 2024-00127
Commission Staff's Third Request for Information**

Witness: Eric Hickman

1. Refer to Ohio District’s response to Commission Staff’s Second Request for Information (Staff’s Second Request), Item 7. Ohio District’s response was insufficient. Ohio District did not provide copies for each invoice listed in the chart, failed to describe each purchase, and failed to state whether each individual item should have been capitalized or, if applicable, explain why its classification as an expense was proper. Provide the requested information from Item 7 for the chart below.

Transaction Number	Company	Description	Debit
25840 Controller	LABTRONX, INC	CL17sc Colormetric Chlorine Analyzer	3,245.00
157158 Door	OVERHEAD DOOR CO. OF BOWLING GREEN	Removal and Install New 10/2 x 24" Door	3,365.00
07192303	HTI, INC	WTP SCADA Upgrades	15,410.00
1581	Superior Asphalt Maintenance	Ashphalt Coating @ Plant	3,675.00

Response: Response: Ohio County Water District’s Depreciation Policy is purchases over \$5,000.

- a. Labtronx – This invoice covered two different types of equipment- A CL17sc Colormetric Chlorine Analyzer and Hach SC4500 Controller. The items are less than the \$5,000 policy amount.
- b. Overhead Door was for purchase and installation of overhead door. The item is below the \$5,000 policy amount.
- c. HTI, Inc was for various items under the \$5,000. However, the project cost was \$19,400 total and over the \$5,000 policy amount. The HTI invoice was marked to capitalize, but was not capitalized by the accountants. This should have been capitalized as Communication Improvement.
- d. Superior Asphalt Maintenance driveway coating was under the \$5,000 policy amount.

**See files 1_Capitalization_and_Depreciation_Policy
1_Scanned_Invoices**

2. Refer to Item 1 of Ohio District’s request to modify expenses filed July 16, 2024, that seeks to “[C]reate a new stand-alone Maintenance Department to bring these responsibilities in-house.” Confirm that bringing “Maintenance Department” responsibilities in-house will reduce Ohio District’s expenses for Contracted Services. If confirmed, provide the amount Ohio District expects to reduce its expenses. If not confirmed, provide an explanation for

why Ohio District would not see a cost benefit for bringing "Maintenance Department" expenses in-house.

Response: I conducted a comprehensive analysis of the workforce at each water district throughout the state. Out of the 127 water districts, we rank 87th in terms of staff size per 100 miles of water line we manage, yet we are the 6th largest when considering the volume of water produced and the total miles of water line in our system. We maintain a very lean staff given the scale of the system we operate. Our organization has a total of 17 employees responsible for 679 miles of waterline, with 5 employees in the Administration Department, 6 employees in Distribution, and 6 employees at the Treatment Plant, for a ratio of 2.50 employees per 100 miles of water line. I also analyzed Ohio District's ratio with these comparable utilities:

- **Columbia/Adair Utilities Water District**
24 employees / 537 miles of waterline 4.47 employees per 100 miles
- **Edmonson County Water District**
27 employees / 669 miles of waterline 4.04 employees per 100 miles
- **Barkley Lake Water District**
17 employees / 495 miles of waterline 3.43 employees per 100 miles
- **Green River Valley Water District**
32 employees / 733 miles of waterline 4.37 employees per 100 miles
- **Mountain Water District**
51 employees / 741 miles of waterline 6.88 employees per 100 miles
- **Muhlenberg County Water District**
21 employees / 417 miles of waterline 5.04 employees per 100 miles

I anticipate that there will be reductions in cost by bringing these contractual services in-house with our own work force:

- **Grounds maintenance** **Approximately \$30,000 / year**
- **Right-of-way and easement clearing** **Approximately \$10,000 / year**
- **Basic fleet maintenance** **Approximately \$19,800 / year**
- **Lagoon sludge cleanouts** **Approximately \$87,500 / year**
- **Vibration analysis** **Approximately \$3,000 / year**
- **Criticality inspections on pumps and motors** **Approximately \$6,000 / year**
- **Basic electrical jobs** **Approximately \$2,500 / year**
- **Improve reliability issues and decrease downtime** **Unknown at this time**

I anticipate that the total annual savings from these efforts may exceed \$100,000, but this figure does not account for the cost savings that will result from preventing unknown failures through our preventative maintenance and proactive programs. These programs are designed to address issues before they escalate into costly failures.

Throughout the years, we have aimed to maintain a small and efficient workforce. However, after 4 years of overseeing the District, I firmly believe that we need to bring on additional personnel in order to enhance our operational efficiencies, reliability, and the quality of service we provide to our customers. The District currently has maintenance deficiencies and room for improvement in distribution levels of service to our customers. This is not due to the current workforce, but rather a lack of resources that we are now working to address in order to move the District forward.

3. Refer to Ohio District's response to Commission Staff's First Request for Information (Staff's First Request), Item 19, Nonrecurring Charge cost justification sheets. Ohio District provided cost justification sheets for Meter Re-Read, Reconnection, and Connection Charges for After Hours; however, Connection Charges for After Hours are not contained in Ohio District's current tariff. Confirm that these are new charges that Ohio District wishes to add to its tariff. If not confirmed, explain if Ohio District has been charging those after-hours charges.

Response: The fees for connecting service outside of normal business hours are equivalent to the current tariff rate for the "Service Call/Investigation (After Hours)" charge, which is \$52.99 as a reconnection can be defined as a service call.

4. Refer to Ohio District's response to Staff's First Request, Item 18, and Ohio District's response to Staff's Second Request, Item 1.c. In its responses to Staff's First Request, Ohio District indicated that there were 406 instances of its "Lockup Fee" for a total collected amount of \$18,217.43. In its responses to Staff's Second Request, Ohio District indicated there were 406 instances of its "Re-connection Charge" for a total collected amount of \$18,217.43. Ohio District additionally stated in its responses to Staff's Second Request that the "Lockup Fee" was an internal term used by Ohio District and this charge was actually its "Service Call" as listed in its current tariff. Ohio District's current tariff lists the Reconnection Charge as being \$45.43 while the Service Call is \$25.21.
 - a. Explain how Ohio District can collect the same amount of revenue while performing each of these charges 406 times if they are charged in different amounts.

Response: The reconnection charge (lock-up fee) is charged at \$45.43. A service call charge is \$25.21. This is charged the customer when they need a service for example: turn-off summer/winter snow-birds, leak turn-off, check for leak, etc.

- b. Explain how, if Ohio District is charging \$25.21 for its Service Calls and performed this charge 406 instances during the test period, it could collect \$18,217.43 from this charge when it should only have collected \$10,235.26.

Response: We did not charge for service calls 406 times @ \$25.21. See response to 4c below.

- c. Explain how, if Ohio District is charging \$45.43 for its Reconnection Charge and performed this charge 406 instances during the test period, it could collect \$18,217.43 from this charge when it should have collected \$18,444.58.

Response: After researching this number, there were 406 times a reconnection charge (lock-up) was entered into the processing system. However, there were 5 times this charge was voided. The voided total was \$227.15. The voids calculated to the difference between \$18,444.58 and \$18,217.43. There were 401 reconnection charges totaling \$18,217.43 in receipts.

See files 4c_Posted_Transactions
 4c_Voided_Transactions

- 5. Refer to Ohio District's response to Staff's First Request, Item 1A, 2023 General ledger, account number 474.500, Miscellaneous Revenues.

- a. Refer to Account number 474.51, Web Fee. Explain what this fee is for and state whether it is a recurring revenue.

Response: OCWD is charged the Web Fee by the Credit Card Processor Company. The Web Fee is a processing fee for using the web as a convenience during the use of a Credit Card payment. The fee is charged to the customer during the Credit Card Transaction as part of a lump payment of \$2.53 including web fee, cc fee, cc assessment, & other fees. Customers are notified of this fee prior to each payment to inform them and receive approval of the charge. This is a recurring revenue to offset the recurring expense that can periodically change.

- b. Refer to Account number 474.52, CC Fee. Explain what this fee is for and state whether it is a recurring revenue.

Response: OCWD is charged the Credit Card Fee by the Credit Card Processor Company. The Credit Card Fee is a fee charged by the credit card company for the use of their card during a Credit Card payment. The fee is charged to the customer during the Credit Card Transaction as part of a lump payment of \$2.53 including web fee, cc

fee, cc assessment, & other fees. Customers are notified of this fee prior to each payment to inform them and receive approval of the charge. This is a recurring revenue to offset the recurring expense that can periodically change.

- c. Refer to Account number 474.53, Service Charge. Explain what these charges are for and state whether it is a recurring revenue.

Response: The Account Number 474.53-Service Charge contains two types of revenue. 1) Revenue from Special Non-Recurring Charges that were previously billed to the customer account 2) Revenue from Special Non-Recurring Charges that were not previously billed and paid with a Credit Card Payment (Web Payment).

- d. Explain why Web Fees are included in Account 474.53 as well as account 474.51.

Response: The 474.51-Web Fee is for Service Charge receipts collected with CC Card Payments and not charged in the monthly water bill. For Budgeting purposes, this is broken out.