

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 FIRST REQUEST FOR
INFORMATION DATED MAY 30, 2024

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

Witnesses: Eric Hickman #1-2, 4, 5-13, and 16-22
Robert K. Miller #3, 4a-b, and 14-15

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 with all transactions from January 1 to December 31 for each of the years 2022 and 2023 and January 1 to April 30, 2024.

Response: See files
1a_2022_General_Ledger
1a_2023_General_Ledger
1a_April_2024_YTD_General_Ledger

- b. The trial balance in Excel spreadsheet format with all transactions from January 1 to December 31 for each of the years 2022 and 2023 and January 1 to April 30, 2024. Provide a cross reference that matches each test year general ledger account to each revenue and expense line that is reported in the Schedule of Adjusted Operations (SAO) and reconcile each amount that does not match.

Response: See files
1b_2022_Adjusted_Trial_Balance
1b_2023_Adjusted_Trial_Balance
1b_2024_April_2024_YTD_Adjusted_Trial_Balance
1b_Cross_Reference

2. Provide the following information related to billing and general ledger software:
 - a. State whether the billing software and general ledger / financial management software are separate or integrated.

Response: These are separate software systems.

- b. Brand or common name for software.

Response: Billing Software: Alliance Version 2022.5.0

General Ledger Software: Intuit Quickbooks Enterprise Solutions: Professional Services 23.0 Release R12P

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

**Response: Alliance Software is locally installed on server.
Installation date 2001.**

**Quickbooks is locally installed on computer with server backup.
Installation date 1/30/2024**

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

Response: Both systems are serviced by manufacturer and are renewed through subscriptions annually.

3. Refer to the SAO, Revenue Requirements Calculation, SAO Adjustment References. Provide all workpapers used to support each proposed adjustment in Excel Format. Component details of a workpaper should tie to the general ledger accounts that comprise the SAO line item including any adjustment for unreconciled amounts.

Response: See file Rate_Study_Model Tabs Adj and DeprAdj

4. 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 title, hours worked, pay rate, total wages paid, and total FICA cost for each employee for the years ended December 31, 2022, 2023, and through April 30, 2024. Include in the response the date the employee was hired and, if applicable, the employee's termination date. 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 4_Employee_Wages-FICA

- a. Provide calculations by employee that support pro forma wages of \$1,204,778. This may be provided as a separate table or combined with the table above. 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.

Response: See file 4_Employee_Wages_ProForma

- b. Provide a summary of overtime hours worked and cost that were due to vacant positions and thus, will be eliminated when the vacant positions are filled.

Response: There were no overtime hours worked due to vacant positions.

5. Provide a complete description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar year 2023. 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 files 5_Employee_Benefit_Handbook

- a. Provide a copy of one invoice for 2024 for each employee benefit described above.

**Response: See file 5a_Benefits_Invoices
5a_Phone
5a_Longevity**

- b. 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 Rate Study Model Tab Adj Cells B22:F42

Note: The cost of medical insurance benefits has increased since the Rate Study Model was prepared.

See file 2024-2025_KLC_Health-Vision_Insurance_Renewal.

6. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty 2023 and April 2024.

**Response: See files 6_Liability_Insurance_Certificate
6_Workers_Comp_Insurance_Certificate
6_Workers_Comp_Insurance_Invoice**

6_Automobile_Insurance_Certificate
6_Inland_Marine_Insurance_Invoice

7. Provide gallons purchased and total cost for each supplier for 2022, 2023, and April 2024. Reconcile the reported gallons purchased in the test year annual report water statistics and the purchased water expense reported in the test year.

Response: Ohio County District does not purchase water from a supplier for resale; instead, Ohio County District treats and distributes water.

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

Response: See files **8_Minutes_2022**
8_Minutes_2023
8_Minutes_2024

- a. Designate each action that authorizes hiring.

Response: The minutes from the November 28, 2022 meeting authorizes the renewal of the General Manager's Contract.

- b. Designate each action that authorizes adjustments to wage rates and any other compensation actions.

Response: The Board has delegated authority for individual compensation decisions to the General Manager.

The minutes from the November 28, 2022 meeting authorizes the 2023 Budget. Budget included 5.3% COLA increase.

The minutes from the November 27, 2023 meeting authorizes the 2024 Budget. Budget included 5% COLA increase.

9. Provide a document that lists the name of each member of the Board for each of the calendar years 2022, 2023, 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_Commissioner_Compensation-FICA**

There has been no change in the Board of Commissioners during 2022 to 2024. Commissioner pay has remained at \$3,600 annually. Two board members payroll deduct for MASA \$14/month. One board member payroll deducts Dental for \$25.33/month. There are not other benefits paid to or on behalf of the Commissioners.

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

Response: See file 10_Board_Information

11. Provide training records for each commissioner for 2022, 2023, and 2024.

Response: See file 11_Commissioner_Training

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

- a. Number of installations during the test year.

Response: 63.

- 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 were 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: Material costs were capitalized under the appropriate accounts when inventory items were bought for meters, MXUs, setters, meter boxes, lids, extensions, etc.

13. Refer to Ohio District's Tariff, PSC Ky. No. 1, Original Sheet No. 12, Billing, Meter Readings and Related Information.

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

Response: We begin reading on or about the 18th of each month and bill on or around the 25th each month depending on how the date falls. It takes 5-6 days to read our entire system.

- 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 District would prefer the effective date of a new proposed tariff on or about the 20th. This would allow flexibility from issuing bills with new rates, but it would also eliminate reading before the effective date and after the effective date if we were unable to bill the new effective rates in time.

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

Response: The last time Ohio District performed a cost-of-service study to review the appropriateness of its current rates and rate design was in 1998 as part of Case No. 98-015.

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

Response: Ohio District did not consider filing a COSS with the current rate application because there have been no material changes to the District's system that would create the need for a new COSS to be prepared.

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

Response: Material changes to Ohio District's system would cause a new COSS to be prepared.

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

Response: A new COSS would be appropriate if material changes in customer usage patterns were to occur.

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

Response: Ohio District was unable to located a copy of the most recent COSS. The PSC Order for Case No. 98-015 dated August 19, 1998 contains all available information related to the study.

15. Refer to the Application, Current Billing Analysis 2023 Usage and Existing Rates and Proposed Billing Analysis 2023 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 Rate_Study_Model Tab ExBA

- b. Describe adjustments to the billing analysis and their justification. Provide calculations that were used to reach the adjustments.

Response: The only adjustment to the current billing analysis was to reduce the total billed revenue by the amount of billing adjustments that were made to customer accounts during the test year.

- c. Provide an analysis of the proposed pro forma adjustment to metered revenues. Describe and quantify each component that makes up the adjustment.

**Response: See file Rate_Study_Model Tab PrBA
The only adjustment to the proposed billing analysis was to reduce the total billed revenue by the amount of billing adjustments that were made to customer accounts during the test year.**

16. Refer to the Application, SAO. Provide an itemization of Other Water Revenues of \$208,154 and Misc. Service Revenues of \$23,492.

**Response: See files 16_Other_Water_Revenues
16_Miscellaneous_Service_Revenues**

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

**Response: 2022 13,796 occurrences for \$79,641.77 fees.
2023 14,064 occurrences for \$82,883.89 fees.**

18. 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:	2022	Occurrences	Total
	New Meter Tap on Fee	48	\$ 57,600.00
	Lockup Fees	475	\$ 20,625.22

Return Check Fees	29	\$ 725.00
After Hours Fee	6	\$ 264.95
Meter Test Charge	4	\$ 181.72
Service Charges	550	\$ 13,789.70
MXU Replacement	18	\$ 5,576.70

2023	Occurrences	Total
New Meter Tap on Fee	61	\$ 77,848.45
Lockup Fees	406	\$ 18,217.43
Return Check Fees	28	\$ 675.00
After Hours Fee	9	\$ 476.91
Service Charges	473	\$ 12,453.74
MXU Replacement	31	\$ 5,967.35
Meter Test Charge	0	\$ 0.00

General Ledger Accounts	
474.53	Service Charges
432.100	New Meter Tap on Fees
471.000	Miscellaneous Service Revenue
474.500	Miscellaneous Revenues

19. Provide updated cost justification sheets to support each nonrecurring charge listed in Ohio District's tariff.

Response: See files

19_Returned_Check_Charge_Cost Justification
19_Service_Call_Charge_Cost Justification
19_After_Hours_Service_Call_Charge_Cost_Justification
19_Meter_Test_Charge_Cost_Justification
19_Citgo-Meter_Test_Charge
19_North_Customer_Mileage
19_South_Customer_Mileage
19_East_Customer_Mileage
19_West_Customer_Mileage
19_Mileage_Justification_Service_Area
19_OCWD_Average_Hrly_Wages_with_Benefits

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

Response: See file 20_Meter_Connection_Charge_Cost_Justification

21. Refer to Application, Table B Debt Service Schedule, BAN Series 2023.
- a. Provide the calculation of the annual interest payment.

Response: See file 21a_Interest_Calculation

- b. Provide the use of the funding gained through the bond.

**Response: Rebuilding of raw water intake.
See file 21b_Raw_Water_Intake_Improvements**

22. Refer to Application, SAO, Reference I.

- a. Confirm that the old building used for field operations and the new Distribution Building are two separate buildings.

Response: Ohio County District confirms that these are two separate buildings. The temporary Distribution location was 230 East 1st Street Beaver Dam, KY (old building). Our operations started here on December 13, 2021 after the December 10th tornado which completely destroyed our permanent Distribution Maintenance Facility. The new building is 95% complete and our Distribution personnel are working on moving supplies and inventory back to the permanent location at 1397 US Hwy 231 North, Hartford, KY. We will be completely moved into this location by the end of June 2024 (new building).

- b. Provide the cost of the new Distribution Building.

Response: The new building cost will be just north of \$600,000. We are awaiting final invoicing from our garage doors and IT Consultant (telephone, security cameras, fiber network, computer setup) work that that needs to be completed. We can provide a detailed breakout of all costs associated with the building in July once all invoices have been received.

- c. Provide the location of the new Distribution Building in Ohio District's Fixed Asset Listing.

Response: The new Distribution Building was not yet added to the 2023 Fixed Asset Listing. It is listed as an adjustment to Depreciation in the Rate Study Model.

See file Rate_Study_Model Tab DeprAdj Row 71