

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CANNONSBURG)	Case. No.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2024-00155
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

RESPONSE OF CANNONSBURG WATER DISTRICT
TO THE COMMISSION STAFF'S FIRST REQUEST
FOR INFORMATION DATED JUNE 12, 2024

Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024

Witness: Tim Webb

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 for the years ended December 31, 2022, and 2023.

Response: See files: 1.a_General_Ledger_2022
1.a_General_Ledger_2023

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

Response: See files: 1.b_Auditor_Working_Trial_Balance_2023
1.b_Auditor_Working_Trial_Balance_2023

- c. 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 file: 1.c_Cross_Reference
)

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

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: They are two separate software platforms.

b. Brand or common name for software.

Response: Billing Software is MuniLink and Invoice Cloud, Accounting Software is QuickBooks and MuniLink.

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

Response: All software is subscription services and internet based.

d. If locally installed, state the installation date.

Response: N/A

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

Response: The systems are serviced by the manufacturers.

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Mark Frost

3. Provide all workpapers used to support each proposed adjustment in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected. 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: 3_Cannonsburg_Rate_Model

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb and Mark Frost

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, and 2023. Include 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 files: 4_2022_Employee_Payroll_Info
4_2022_Employee_Payroll_Info

- a. Provide calculations by employee that support pro forma wages of \$422,242. 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.a_Net_Pro_Forma_Emp_Sal_&_Wages

- 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: The overtime hours worked in the test-year and included in the Pro Forma Salaries and Wages were not due to vacant employee positions and, therefore, there would be no associated cost adjustments necessary.

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

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 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:

- a. Provide a copy of one invoice for 2023 for each employee benefit described above.

Response: See file: 5.a_Benefits_Invoice

- 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: 5.b_Employee_Benefits

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

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

Response: See file: 6_Insurance_Invoices

Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024

Witness: Tim Webb

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

Response: See files: 7_2022_Gallons_Purchased
7_2023_Gallons_Purchased

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

8. Provide the minutes from Cannonsburg District's commissioner meetings for the calendar years 2022 and 2023.

Response: See files: 8_2022_Board_Meeting_Minutes
8_2023_Board_Meeting_Minutes
8_2024_Board_Meeting_Minutes

- a. Designate each action that authorizes hiring.

Response: See file: 8.a_New_Hires

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

Response: See file: 8.b_Wage_Increases_and_Compensation

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

9. Provide a document that lists the name of each member of the Board of Commissioners (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:

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

Response: See file: 9.a_Commissioner_Terms_Fiscal_Court

- b. Provide training records for each board member for 2022 and 2023.

Response: See file: 9.b_Board_Member_Training

Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024

Witness: Tim Webb

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

a. Number of installations during the test year.

Response: In 2022, Cannonsburg District installed 19 3/4-Inch by 5/8-Inch meters, a single 1-Inch meter, a single 2-Inch meter and a single 3-Inch meter. Cannonsburg District collected total tap-on fees of \$22,175. The 2_Inch and 3_Inch were replacements, so Cannonsburg did not collect a tap-on fee.

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: . The test-year taps were installed by Cannonsburg District employees. The labor incurred to install the new services was not tracked and was recorded as a test-year operating expense. To correct this error, Cannonsburg District has proposed to reduce Pro Forma Employee Salaries and Wages expense by \$6,653 to remove the labor costs associated with the installation of the new services.

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: The test-year taps were installed by Cannonsburg District employees. The cost of the new taps were not tracked and were recorded as a test-year operating expense. and were recorded as labor and materials expenses. To correct this error, Cannonsburg District has proposed to reduce Pro Forma Employee Materials and Supplies expense by \$15,522 to remove the material cots associated with the installation of the new services.

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

11. Refer to Cannonsburg District's Tariff, PSC Ky. No. 1, Original Sheet No. 13, Billing, Meter Readings and Related Information, Frequency of meter reading.

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

Response: Billing Cycle begins on the Meter Read date which is the 1st day of every 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: Billing Cycle/Meter Read date would be the best date to use.

Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024

Witness: Tim Web

12. State the last time Cannonsburg District performed a cost-of-service study
Response: It appears that Cannonsburg 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.

Response: It appears that Cannonsburg 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 Cannonsburg District considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: Cannonsburg 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 Cannonsburg District's system would cause a new COSS to be prepared since the last time it completed one.

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

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

Response: Cannonsburg 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 Cannonsburg District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

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

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Mark Frost

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 file: 13.a_BA_Existing_and_Proposed_Rates

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

Response: There are no proposed adjustments to Cannonsburg District's Billing Analysis.

c. Provide an analysis of the proposed pro forma adjustment to metered revenues.

Response: The billing analysis produces revenues from water sales that are \$11,441 or 0.455 percent below the reported level of \$2,514,760. There are numerous reasons for differences between the billing analysis and the reported revenues, such as reporting and collection timing differences. The District believes that a difference below 1 percent is acceptable.

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

14. Refer to the Application, Schedule of Adjusted Operations, provide an itemization of Other Water Revenues of \$10,321 and Misc. Service Revenues of \$15,795.

Response: See file: 14_Auditor_Working_Trial_Balance_2022.
The reported Other Water Revenue is for Fire Service and the Misc. Service Revenue is the connect and reconnect NRC.

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

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

Response: See file: 15_Late_Fees

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

16. 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: See file: 16_Nonrecurring_Charges

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

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

Response: See file: 17_NonRecurring_Charges_Cost_Justification

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Tim Webb

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

Response: See files: 18_1_inch_Tap_Cost_Justification
18_3_4_inch_Tap_Cost_Justification

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's First Request
for Information Dated June 12, 2024**

Witness: Mark Frost

19. Refer to the Application, Attachment 8, Bond and Loan Amortization Schedules. Provide the principal and interest payments for 2028 for the RD loan listed in the attachment.

Response: See file: 19_RD_Loan_Amortization_Schedule