

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 SECOND REQUEST
FOR INFORMATION DATED JULY 31, 2024

Cannonsburg Water District
Case No. 2024-00155
Commission Staff's Second Request
for Information Dated July 31, 2024

Witness: Tim Webb

1. Refer to Cannonsburg District's response to Commission Staff's First Request for Information (Staff's First Request), Item 4, Employee Payroll. State whether the district is planning to hire replacements for employees who left in 2023, and if Cannonsburg District is not hiring a replacement for one or more of the departed employees, explain the reasoning not to rehire each position. Provide the intended staff count for Cannonsburg District if all positions are filled. .

Response: Cannonsburg Water has hired replacement staff for the employees who left. We are currently fully staffed with a total of 12 employees.

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2. Refer to Cannonsburg District's response to Staff's First Request, Item 5b, Employee Benefits.
 - a. Refer to general ledger account number 659-000, Health Insurance. Describe expenditures to Anthem Blue and provide the most recent invoice.

Response: See file: 2.a_Anthem_Blue_Invoice

- b. Refer to general ledger account, 659-100, Dental Insurance. Confirm the dental plan for Cannonsburg District's employees is still provided by Delta Dental in 2024, an explanation of the dental benefits offered and provide the most recent invoice available. If not confirmed, provide the name of the insurer as well as all the same requested information.

Response: Delta Dental is still the dental plan provider for Cannonsburg Water. See files: 2.b_Delta_Dental_Invoice
2.b_Dental_Benefits_Offered

- c. Refer to general ledger account 659-200, Disability Insurance. Clarify whether the amounts listed in the account are for disability insurance or life insurance. Also, confirm that Cannonsburg District still uses Anthem Life to offer this coverage to its employees and provide a copy of a recent invoice. If not confirmed, provide the name of the insurer as well as all the same requested information.

Response: Anthem Life is still the plan provider for Cannonsburg Water. See file: 2.c_Disability_&Life_Insurance_Invoice

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3. Refer to Cannonsburg District's response to Staff's First Request, Item 9.
 - a. Provide the fiscal court minutes for confirming the appointment date as well as the compensation approved by the Fiscal Court.

Response: The minutes provided have a different date than the letter provided by the Fiscal Court. Cannonsburg Water has updated it's dates accordingly. See file: 3.a_Fiscal_Court_Minutes

- b. For each member of the Board of Commissioners (Board) for Cannonsburg District, for each of the calendar years 2022 and 2023 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.), each term (beginning and ending), and current authorized annual compensation.

Response: See file: 3.b_Commissioners_Benefits_2022 & 2023

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4. Refer to Cannonsburg District's response to Staff's First Request, Item 1a, General Ledger 2022, Account 620, Materials and Supplies.

a. Provide copies of each invoice listed below Item 5(d).

Response: Cannonsburg District is assuming that Commission Staff is referring to Item 4.d. See file: 4.a_Copies_of_Invoices

b. Refer to the chart listed below Item 5(d). Describe each purchase and state whether each item should have been capitalized.

Response: Cannonsburg District is assuming that Commission Staff is referring to Item 4.d. USA Bluebook – Sample testing supplies, flow monitor, maintenance supplies; Ixom – replacement for failed tank mixer; Workmans Water Service – Main line valve insertion to replace broken valve.

c. Refer to the chart listed below Item 5(d). If Cannonsburg District believes its classification as an expense is proper, explain the reasoning.

Response: Cannonsburg District is assuming that Commission Staff is referring to Item 4.d. Cannonsburg Water believes it's classifications are correct due to the nature of the purchases and their use.

d. Refer to the chart listed below Item 5(d). If an item should have been capitalized, provide the appropriate NARUC depreciation life for it.

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
02/03/22	132637	USA Bluebook	7,447.34
10/31/22	132958	Ixom Watercare, Inc.	10,285.90
12/14/22	133012	Workmans Water Service	6,800.00

Response: Cannonsburg District is assuming that Commission Staff is referring to Item 4.d. See above response to 5.c.

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5. Refer to Cannonsburg District's Response to Staff's First Request, Item 1a, General Ledger 2022, Account 635, Contracted Services.
- a. Refer to the 11 instances of payments to Enterprise FM Trust totaling \$62,174.73. Explain the purpose of the expenditures and provide a copy of an invoice and any associated contract documents.

Response: See files: 5._a_Enterprise_Invoice
5.a_Enterprise_Contract

The payments are for vehicle fleet payments, maintenance and repairs.

- b. Refer to the 16 instances of payments to BFMC, INC totaling \$14,268.75. Explain the purpose of the expenditures and provide a copy of an invoice and any associated contract documents.

Response: BFMC, Inc. is the bill invoice and bill notice provider for bills and notices sent to customers. See file: 5.b_BFMC_Invoice

- c. Provide a copy of each invoice listed in the chart below Item 6(f).

Response: Cannonsburg District is assuming that Commission Staff is referring to Item 5.f. See file: 5.c_Blkc_Invoices

- d. Refer to the chart listed below in Item 6(f). Describe each purchase and state whether the following items should have been capitalized.

Response: Cannonsburg District is assuming that Commission Staff is referring to Item 5.f. The charges by BLK Construction are for various asphalt and concrete repairs that were needed throughout the year due to water line breaks causing dig damage to those surfaces.

- e. Refer to the chart listed below in Item 6(f). If Cannonsburg District believes its classification as an expense is proper, explain the reasoning.

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Response: Cannonsburg District is assuming that Commission Staff is referring to Item 5.f. The charges by BLK Construction are for various asphalt and concrete repairs that were needed throughout the year due to water line breaks causing dig damage to those surfaces.

f. Refer to the chart listed below. If an item should have been capitalized, provide the appropriate NARUC depreciation life for it.

<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
05/05/22	BLK Construction, LLC	Rosewood/Boothquillen	5,054.00
07/22/22	BLK Construction, LLC	Asphalt	9,510.00
10/31/22	BLK Construction, LLC	Asphalt	12,437.80

Response: The charges by BLK Construction are for various asphalt and concrete repairs that were needed throughout the year due to water line breaks causing dig damage to those surfaces.

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6. Refer to Cannonsburg District's response to Staff's First Request, Item 7, 2022 Gallons Purchased and Item 3, Cannonsburg Rate Model, Water Purchase Tab. Explain the difference between the total purchases of 320,018,000 gallons in Item 7 and the total purchases of 329,001,000 gallons in Item 3.

Response: The 2022 water purchases listed in Item 3, Cannonsburg Rate Model was taken from the 2022 Annual Report, Pumping and Water Statistics – part one at 52. Cannonsburg is unable to explain the differences between the two responses.

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Witness: Mark Frost

7. Refer to the Application, Schedule of Adjusted Operations, Miscellaneous Expense. Provide a breakdown of the expenses that make up the Miscellaneous Expense in the amount of \$128,227.

Response: Refer to Cannonsburg District's Response to the Commission Staff's First Request for Information, Item 14, Excel Workbook:
14_Auditor_Working_Trial_Balance_2022: Tab: IS; Columns: J-L; Account 675.

Dues & Subscriptions	\$ 38,192
Cell Phones	9,135
Colombis Gas - Operations	1,074
Gas Office & Shop	4,375
Copier Lease Expense	5,309
Miscellaneous - General	54,541
Backhoe - Fuel	3,547
Postage	908
Water Testing	11,146
Total	<u>\$ 128,227</u>

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8. Refer to Cannonsburg District's response to Staff's First Request, Item 1a, 2022 General Ledger, Accounts 675-500 and 676-600, Miscellaneous Expenses.

Response: Cannonsburg District does not understand the information the Commission Staff's is requesting. See file: 8_2022_Accounts_675-500_&_676-600

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Witness: Tim Webb

9. Confirm that the amounts listed for Elan Credit Card in account 675-500 and Elan in account 676-600 are for the same service. If not confirmed, please explain why not.

a. Describe the services provided including the terms of the service.

Response: This is a business credit card and are the same services.

b. Provide a copy of a recent invoice.

Response: See file: 9.b_Recent_Elan_Credit_Card_Invoice

c. If the service is for credit card fees on collections from customers, state whether Cannonsburg District's customers pay for any portion of the fees.

Response: This is not a service for customer credit card fees.

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Witness: Tim Webb

10. Refer to Cannonsburg District's response to Staff's First Request, Item 1a, 2022 General Ledger, Accounts 675-500 and 676-600, Miscellaneous Expenses. Refer to payment to A to Z Home Improvement in the amount of \$8,500 on March 15, 2022, in account 676-600.

a. Provide an explanation for the expenditure and state whether it should have been capitalized.

Response: This is for various maintenance items and repairs to a pump station. Cannonsburg District would not classify maintenance and repair costs as capital expenditures.

b. Provide a copy of the invoice.

Response: See file: 10.b_A_To_Z_Invoice

c. If Cannonsburg District believes its classification as an expense is proper, explain the reasoning.

Response: Cannonsburg District would not classify maintenance and repair costs as capital expenditures.

d. If the item should have been capitalized, provide the appropriate NARUC depreciation life for it.

Response: See above response to 5.c.

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11. Refer to Cannonsburg District's response to Staff's First Request, Item 1a, 2022 General Ledger, Accounts 675-500 and 676-600, Miscellaneous Expenses. Refer to payment to Howerton Engineering & Surveying PLLC in the amount of \$2,000 on April 21, 2022, in account 675-500. Provide an explanation for this expenditure.

Response: This expenditure was for a survey of Cannonsburg Water property to establish the property lines. See file: 11_Howerton_Engineering_Invoice

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Witness: Mark Frost

12. Refer to Application, Item 4, Revenue Requirements Table. Explain why Nonutility Income in the amount \$21,075 was shown as a reduction from the total revenue requirement but was not actually removed when determining the revenue required from rates.

Response: There is an error in the formula used to calculate the revenue required from rates on the SAO - Op Ratio Tab. The formula used did not include the elimination of the Nonutility Income. The corrected Revenue Requirement calculation is contained in the file: 12_Cannonsburg_Corrected_SAO – Op Ratio.

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13. Refer to Cannonsburg District's response to Staff's First Request, Item 1a.
- a. Provide an explanation for the Miscellaneous Service Revenue items totaling \$72,994.84 listed in the 2022 General Ledger Account 471-000.

Response: After reviewing its records, Cannonsburg District is unable to provide an explanation of what is reported in this account. Cannonsburg District will contact its Accountant and will provide an update to this response

- b. Explain whether the Miscellaneous Service Revenue in the amount of \$72,994.84 listed in the 2022 General Ledger Account 471-000 was reported as Other Water Revenue and where it appears in the 2022 Annual Report.

Response: The revenue reported in the General Ledger and Trial Balance Account 471-000 - Miscellaneous Service Revenue is not reported in the annual report as Other Operating Revenue. Other Operating Revenue is comprised of the following Revenue Accounts:

Trial Balance/General Ledger		Amount
Account Titles	2022 Annual Report Titles	
Water penalties	Forfeited Discounts	\$ 45,386
Connect and Reconnect Charges	Miscellaneous Service Revenue	15,795
Fire Sprinkler	Other Water Revenue	10,321
Total		<u>\$ 71,502</u>

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14. Refer to Cannonsburg District's response to Staff's First Request, Item 1a. and Item 15. Reconcile the monthly amounts of Late Penalty revenue in the 2022 General Ledger account 470-000-Water Penalties totaling \$45,386 with the monthly amounts listed in the response to Cannonsburg District's response to Staff's First Request, Item 15.

Response: See file: 14_2022_Account_470-000_Water_Penalties

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15. Refer to Cannonsburg District's response to Staff's First Request, Item 1a and Item 16. Using the format below, provide a schedule listing the number of occurrences and the total amount charged for each nonrecurring charge recorded during the test year of 2022, i.e. Connection/Turn On, Connection/Turn On After Hours, Meter Reread Charge, Re-Connection Charge, Re-Connection Charge After Hours, Service Call/Investigation Charge, Service Call/Investigation Charge After Hours, Returned Check Charge, Meter Test Charge, Field Collection Charge, Meter Relocation Charge, and Damage to Lid or Meter Equipment. If the revenue for any nonrecurring charge in the test year was zero, include that charge and indicate that no revenue was recorded. Include the general ledger account numbers where each nonrecurring charge is recorded.

NRC	Occurrences	Current Charge	Total Collected
Connection/Turn-On			
Connection/Turn-On After Hours			
Meter Reread Charge			
Re-Connection Charge			
Re-Connection Charge After Hours			
Service Call/Investigation Charge			
Service Call/Investigation Charge After Hours			
Damage to Lid or Meter Equipment			
Returned Check Charge			
Meter Relocation Charge			
Meter Test Charge			
Field Collection Charge			

Response: See file: 15_No_of_Occurances,_Charges_and_Totals_Collected

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16. Refer to Cannonsburg District's response to Staff's First Request, Item 17. Cannonsburg District's response to Item 17 was incomplete as it did not include cost justification sheets for all nonrecurring charges listed in the current tariff. Provide an updated cost justification sheet to support the nonrecurring charge listed in Cannonsburg District's tariff as Field Collection Charge.

Response: Cannonsburg Water does not use the Field Collection charge line item due to not doing field collections.

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17. Refer to Cannonsburg District's response to Staff's First Request, Item 1a, 2022 General Ledger, Account Number 471-000 Miscellaneous Service Revenue. Provide details of what charges are listed in the account and state whether any of the amounts are nonrecurring. If the amount is considered nonrecurring, explain why.

Response: Miscellaneous Service Revenue is used for all previously listed nonrecurring charges. It is also for recurring charges of Commercial Sales Tax.