

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
SANDY HOOK WATER DISTRICT)	2024-00196

RESPONSE OF SANDY HOOK WATER DISTRICT
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED NOVEMBER 14, 2024

**Sandy Hook Water District
Case No. 2024-00196
Commission Staff's First Request for Information**

1. Refer to Sandy Hook District's response to Commission Staff's First Request for Information (Staff's First Request), Items 1c, 6, 7, 9, 14, 17, and 18. Sandy Hook District stated that it had requested the information from the appropriate source and would file the information when it received it. Provide the requested information for each of the items listed as referenced above.

Response: Sandy Hook is having difficulty obtaining reconciliation documentation from their auditor of the General Ledger Accounts with the Annual Report that was filed with the Kentucky Public Service Commission. Sandy Hook is continuing to try and acquire that information and will file it as a supplemental filing as soon as it is obtained.

See file: SHWD_1_(6)_KACO_2024
SHWD_1_(6.1)_KACO_2023
SHWD_1_(7)_Water_purchased_2023
SHWD_1_(17)_PSC_Cost_Justification

2. Provide the Statement of Adjusted Operations using a table format in Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected.

Response: See file: SHWD_2_SAO

3. Refer to Sandy Hook District's Application, Attachment 4, Schedule of Adjusted Operations.

a. Provide a breakdown of the revenues that make up Other Water Revenue in the amount of \$28,932.

Response: See response to question #1, item 1c.

b. Provide a breakdown of the expenses that make up Miscellaneous

Expenses in the amount of \$44,230.

Response: See response to question #1, item 1c.

4. Refer to Sandy Hook District's response to Staff's First Request, Item 1a, General Ledger 2023, Account Number 09590-0000, Professional Services.

a. State where this expense is located in the Schedule of Adjusted Operations.

Response: See response to question #1, item 1c.

b. Describe the scope of services provided for each amount paid to Bluegrass Engineering shown in the chart below.

Response: All of those invoices involved engineering work involved in a water plant upgrade project and various line replacement projects.

c. Provide a copy of the invoice for each amount paid to Bluegrass Engineering shown in the chart below.

Response: See file: SHWD_4c_Bluegrass_invoices_2023

d. Refer to the chart below. State whether each amount paid to Bluegrass Engineering should have been capitalized.

Response: Yes, they should be capitalized.

e. Refer to the chart below. For each amount paid to Bluegrass Engineering, if Sandy Hook District believes its classification as an expense is proper, explain the reasoning.

Response: They should be capitalized.

f. Refer to the chart below. For each amount paid to Bluegrass Engineering, if the item should have been capitalized, provide the appropriate NARUC depreciation life for it.

Response: As stated in 4b, these invoices were for a plant upgrade project and line replacements. As seen on the invoices, Bluegrass Engineering labeled all invoices as “Water System Improvement Project” so Sandy Hook is unable to determine which invoices were for plant improvements and which were for line replacements.

Transaction Date	Description	Number	Posted Date	Amount
09590-0000	Professional Services			
01/19/23	606 11550 Bluegrass Engineering, P	CK# 18	01/19/23	\$3,371.74.
02/10/23	606 11608 Bluegrass Engineering, P	CK# 21	02/10/23	\$7,467.71.
03/17/23	606 11679 Bluegrass Engineering, P	CK# 24	03/17/23	\$6,319.72.
04/17/23	606 11750 Bluegrass Engineering, P	CK# 26	04/17/23	\$13,487.35.
05/18/23	606 11806 Bluegrass Engineering, P	CK# 29	05/18/23	\$3,371.83.
06/02/23	606 11839 Bluegrass Engineering, P	CK# 11777	06/02/23	\$14,348.96.
06/27/23	606 11881 Bluegrass Engineering, P	CK# 32	06/27/23	\$8,991.56.
06/30/23	606 11889 Bluegrass Engineering, P	CK# 11784	06/30/23	\$33,050.62.
07/17/23	606 11941 Bluegrass Engineering, P	CK# 34	07/17/23	\$6,743.67.
08/16/23	606 12001 Bluegrass Engineering, P	CK# 38	08/16/23	\$11,239.45.
09/28/23	606 12088 Bluegrass Engineering, P	CK# 41	09/28/23	\$20,231.01.
10/24/23	606 12132 Bluegrass Engineering, P	CK# 43	10/26/23	\$8,991.56.
11/15/23	606 12185 Bluegrass Engineering, P	CK# 45	11/15/23	\$24,726.29.
12/27/23	606 12266 Bluegrass Engineering, P	CK# 47	12/27/23	\$11,239.49.
Total				<u>174,207</u>

5. Refer to Sandy Hook District’s response to Staff’s First Request, Item 1a, General Ledger 2023, Account Numbers 09230-0000 and 09240-0000, Computer Maintenance & Repair and System Maintenance & Repair, respectively.

a. Provide copies of each invoice for each item shown in the chart below.

Response: See file: SHWD_5a_Invoices

b. Refer to the chart below. Describe each purchase and state whether

each item should have been capitalized.

Response: The “Computer Maintenance & Repair” was for Sandy Hook’s annual software subscription fee and Sandy Hook believes it should be expensed. The “System Maintenance & Repair” was for repairs to wells and Sandy Hook believes they should be capitalized.

c. Refer to the chart below. If Sandy Hook District believes its classification as an expense is proper, explain the reasoning.

Response: See response to 5b.

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

Response: 25 – 35 years.

Transaction Date	Description	Number	Posted Date	Amount
09230-0000	Computer Maintenance & Repair			
03/06/23	56 11656 United Systems & Softwar	CK# 38191	03/06/23	\$4,315.00
09240-0000	System Maintenance & Repair			
06/29/23	542 11885 Currens Construction Ser	CK# 38419	06/29/23	\$7,250.00
08/18/23	633 12005 Tri-State Pumps	CK# 38523	08/18/23	\$9,200.00
12/14/23	633 12244 Tri-State Pumps	CK# 38774	12/14/23	\$17,728.72

6. Refer to Sandy Hook District’s response to Staff’s First Request, Item 16, and Sandy Hook District’s Tariff. The schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year provided by Sandy Hook District did not include Meter Re-read Charge and Damage to Meter. Explain why these two charges were omitted and provide the total amount recorded for each, along with each of the cost justification sheets.

Response: See file: SHWD_6_non-recurring_charges

7. Refer to Sandy Hook District’s response to Staff’s First Request, Item 15,

and Item 1a, General Ledger 2023, Account Number 07150-0000, Water Penalty Revenue. Item 15 reported late fees in 2023 of \$94,079 and General Ledger Account Number 07150-0000 reported \$23,162.21 in water penalty revenues. Explain the difference between the late fee amount of \$94,079 and the water penalty revenue amount of \$23,162.21 and provide a description of what constitutes each amount.

Response: See file: SHWD_7_water_penalty

8. Refer to Sandy Hook District's response to Staff's First Request, Item 4, Rate Case Payroll Info. The provided information is unclear about Sandy Hook District's expected payroll expenses after the test year. Provide an Excel document that outlines Sandy Hook's proposed Pro Forma wages at full staffing, including any expected hirings to fill a vacancy. The document should list a job title, if it is part or full time, the pay rate, and expected hours worked for each employee. Employee names should be redacted from all documents.

Response: See file: SHWD_8_Salaries

9. Refer to Staff's First Request, Item 9b. If certificates cannot be located, provide a sworn statement regarding the date and location for William Delong's initial water training required pursuant to KRS 74.020(8)(b).

Response: See file: SHWD_9_Delong

