

**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 FIRST REQUEST FOR
INFORMATION DATED SEPTEMBER 23, 2024

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

1. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns unprotected and 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 year ended December 31, 2023, and year-to-date July 31, 2024.

Response: See file: SHWD_1a_General_Ledger_2023_Excel
SHWD_1a_General_Ledger_2024_Excel

b. The trial balance in Excel spreadsheet format with all transactions for the years ended December 31, 2023, and year-to-date July 31, 2024.

Response: See file: SHWD_1b_Trial_Balance_Report_2023
SHWD_1b_Trial_Balance_Report_2024

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: Sandy Hook has requested this information from their auditor and will file this response as soon as available.

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: The billing software and general ledger/financial management software are integrated.

b. Brand or common name for software.

Response: The brand of our software is Alliance from United Systems.

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

Response: The software is utility owned, purchased from United Systems.

d. If locally installed, state the installation date.

Response: The software was installed in 2009.

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

Response: The system is still serviced by United Systems as per our contract, they are our software support. United Systems also performs regular system updates.

3. 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: SHWD_3_Adjustments

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 year ended December 31, 2023, and year-to-date July 31, 2024. 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 hours worked, wages and FICA for all employees. Employee names should be redacted from all documents.

a. Provide calculations by employee that support pro forma wages of \$280,666. 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: SHWD_4_Rate_case_Payroll_info

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: See 4a.

5. Provide a complete description of each employee benefit 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.

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

Response: See file: SHWD_5a_Health_Insurance_Retirement_invoices

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: No adjustments were made based on the Bureau of Labor Statistics.

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

Response: Sandy Hook has requested these from their insurance provider and has not received them at the time of this filing. Sandy Hook will file these as soon as they are received.

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

Response:

8. Provide the minutes from Sandy Hook District's Board of Commission (Board) meetings for the calendar years 2023 and 2024.

Response: See files: SHWD_8_Board_Minutes_2023
SHWD_8_Board_Minutes_2024

a. Designate each action that authorizes hiring.

Response: See response to 8.

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

Response: See response to 8.

9. Provide a document that lists the name of each commissioner for each of the calendar years 2023 and 2024 and state, individually, the total amount of each benefit paid to, or on 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: See files: SHWD_9_Commissioner_list_2024
SHWD_9_Commissioners_2024_appointment_and_certification

Additionally, There are two commissioners we don't have a certificate on file for. Not sure if one was just never brought in to us, because they all completed their initial training.

They do not participate in continued education, and are paid the minimum of \$300.00 a month.

We do not give them any other benefits/compensation other than we paid for their initial training, boarding, and meals for initial training.

The Fiscal Court sends all their older files to the County Clerk's office. The County Clerk's office is busy with early voting, and therefore do not at this time have the time/resources to dig through the files to find the minutes for when the board of commissioners became a paid board. I can tell you it was around 2011.

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

Response: See response 9.

- b. Provide water commissioner training records for each commissioner for 2022, 2023 and 2024 or a statement that the individual has not attended training.

Response: See response 9.

c. Provide the dates the initial KRS 278.020 12-hour water commissioner training was completed for each commissioner. Include a copy of the attendance certificate as well as initial appointment date for each commissioner.

Response: See response 9.

d. Provide documentation indicating if there are any board vacancies and the date that position became available.

Response: There are no board vacancies.

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

a. Number of installations during the test year.

Response: 15

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: No, they were not.

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: No, they were not.

11. Refer to Sandy Hook District's Tariff, PSC Ky. No. 1, Original Sheet No. 14, Rules and Regulations, Section 10, Billing, Collections, Charges.

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

Response: 25th of each 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: Yes, that date would be best stated as the effective date.

12. State the last time Sandy Hook District performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

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

Response: Sandy Hook District did not as there were no material changes in their system that would warrant a new COSS.

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

Response: There have been no material changes to the District's system that would create the need for a new COSS to be prepared.

c. If there have been no material changes to Breathitt District's system, explain when Sandy Hook 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 Sandy Hook District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: No such study exists.

13. 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: SHWD_13a_Billing_Analysis

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

Response: No adjustments were made to the billing analysis.

14. Refer to the Application, SAO, provide an itemization of Other Water Revenues of \$28,932.

Response: Sandy Hook has requested this information from their auditor and will file this response as soon as available.

15. Provide the number of occurrences and dollar amounts for the late fees that were recorded during the calendar years 2023 and 2024.

Response: Year 2023 – 1345, \$94,079.00
Year 2024 – 1306, \$91,178.39

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:

Non recurring charge	Number of occurrences	Dollar amount
Returned check fee	6	168
Late payment charge	1345	94079
Meter Tap Charge	15	12000
Meter turn on charge	104	4680
Meter Relocation charge	0	0
Meter test charge	0	0
Service call charge	0	0
After hours Service call	0	0
Service reconnect charge	91	5005
After hours reconnect	0	0

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

Response: Sandy Hook is preparing those and will file them subsequent to this filing.

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

Response: Sandy Hook is preparing those and will file them subsequent to this filing.

19. Refer to Application, SAO, Adjustment A. Provide a table showing the depreciation adjustment details and calculations.

Response: See response to question #3.

20. Explain why Sandy Hook District did not make adjustments to its Test Year Revenues and Expenses, other than its Depreciation Expense adjustment.

Response: By the time Sandy Hook's auditor completed the audit and filed the Annual Report with the PSC, there was very little time left to file its ARF case. The consultant assisting Sandy Hook with the rate case was working on the rate evaluation when the Public Service Commission (PSC) denied the request to extend the ARF filing deadline. In an effort to comply with the PSC's order to file a rate case immediately, Sandy Hook and its consultant tried to meet all minimum filing requirements. Consequently, the consultant was unable to complete the rate evaluation.

