

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
WEBSTER COUNTY WATER DISTRICT)	2024-00199

RESPONSE OF WEBSTER COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED APRIL 10, 2025

**Webster County Water District
Case No. 2024-00199
Commission Staff's Second Request for Information**

Witnesses: Trevor Baldwin # 1-2, 4-8
Robert K. Miller # 3

1. Refer to Webster District's response to Commission Staff's First Request for Information (Staff's First Request), Item 3, Rate Model Excel Document, Wages Tab.
 - a. State whether standard full-time regular hours are 1,950 or 2,080, or some other number and provide an explanation.

Response: Standard full-time regular hours is 2080. Overtime is paid on anything over 40 hours per week.

- b. Refer to position 8 with regular hours of 1,346.10. State whether this position is considered full or part-time.

Response: Position 8 is a full-time position. However, it appears that the information previously submitted in the Alternative Rate Filing application was incorrectly based upon 2022 year data.

See file 1b_Earnings_Breakdown_Report_2022_and_2023 for the correct information for the 2023 Test Year.

2. Refer to Webster District's response to Staff's First Request Item 4, Employee Payroll 2023 and 2024.
 - a. Explain why there are employees with hire dates in 2024 in the 2023 Employee Payroll Document.

Response: Employee # 002082021 - Worked for WCWD 2/8/2021 - 3/13/2023 then came back for a second time with a hire date of 11/20/2024.

Employee # 002072019 - Worked for WCWD 2/1/2019 - 7/24/2023 then came back for a second time with a hire date of 5/21/2024.

- b. State the current total planned full-time employee(s) at full staffing. If this number is different from the test period, please identify if any positions are currently

vacant.

Response: The current plan is to have 10 full-time positions (9 hourly and 1 salary) and no part-time positions.

- c. State the current total planned part-time employee(s) at full staffing. If this number is different from the test period, please identify if any positions are currently vacant.

Response: Currently there are 11 total positions but one will be retiring by the end of the year. One of those 11 is the person who is replacing the retiree.

3. Refer to the Application, Schedule of Adjusted Operations and April 8, 2025 supplemental response to Staff's First Request, Item 1c, Cross Reference. In Webster District's Cross Reference document, it indicated a Materials and Supplies expense of \$235,290 while the application reported an expense of \$201,513. Provide an explanation for what is included in the \$201,513 amount and provide calculations that support that amount.

Response: It appears that the \$201,513 amount for Materials and Supplies expense was incorrect. The \$235,290 amount listed in the Cross Reference file was based upon the following accounts:

00620-0003	Sup-treat-oper	\$68,562.31
00620-0005	Sup-t & D-oper	\$32,207.93
00620-0007	Sup-customer Accts	\$20,012.29
00620-0008	Sup-g & A	\$5,149.73
00604-0003	Uniform Expense	\$4,386.53
00604-0008	Employee Retirement Benefits	\$105,217.94
00408-0012	Payroll Taxes Employer	(\$247.05)

4. Provide a copy of Webster District's 2023 audit. If the 2023 audit is not available, state when it will be complete and the reasons for the delay.

Response: See file 4_Audit_Report_2023

5. Refer to Webster District's response to Staff's First Request, Item 1a, General Ledger 2023, Account 00620-0003, Sup-treat-oper. Refer to the chart below and provide the following for each item.

Date	Description	Amount
------	-------------	--------

2/8/2023 CITCO 32597 Grundfos pump @ plant APVCH 030123	4,775.81
4/12/2023 watersolu 32910 analyzer and overflow	3,275.00
4/18/2023 clark ele 32761 2500amp breaker repairs	12,500.00
4/18/2023 clark ele 32762 Plant main breaker clear	3,194.00
5/31/2023 PACE 32893 BACT'S FLOURIDES WT	4,806.10

- a. Provide a copy of the invoice for each item in the chart above.

Response: See files

- 5_CITGO_32597_Invoice**
- 5_watersolu_32910_Invoice**
- 5_clark_ele_32761_Invoice**
- 5_clark_ele_32762_Invoice**
- 5_PACE_32893_Invoice**

- b. Describe each purchase and state whether each item should have been capitalized.

Response: CITCO (\$4,775.81) - This purchase was for a new pump at the water treatment plant and was properly expensed because it was under the \$5,000 minimum threshold for capitalization.

watersolu (\$3,275.00)- This purchase was for a new analyzer & overflow cell and was properly expensed because it was under the \$5,000 minimum threshold for capitalization.

clark ele (\$12,500.00) - This purchase was for repairs & testing of a main breaker at the water treatment plant and was properly expensed because it was for repairs.

clark ele (\$3,194.00) - This purchase was for cleaning & inspection of main breaker at the water treatment plant and was properly expensed because it was for cleaning and inspection.

PACE (\$4,806.10) - This purchase was for lab testing of water samples and was properly expensed because it was for lab testing.

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

Response: The prior auditor for Webster District had advised that items should be capitalized if the expenditure was for a minimum of \$5,000 and for new items only and not for repairs.

- d. If an item should have been capitalized, identify that item and provide the appropriate NARUC depreciation life for it.

Response: Not applicable.

6. Refer to Webster District's response to Staff's First Request, Item 1a, General Ledger 2023, Account 00620-0005, Sup-t & D-oper. Refer to the chart below and provide the following for the item.

Date	Description	Amount
6/26/2023	ewm 32971 Choice Clark Rd-directional	7,586.75

- a. Provide a copy of the invoice.

Response: See file 6_ewm_32971_Invoice

- b. Describe the purchase and state whether the item should have been capitalized.

Response: This invoice is for a directional road bore to drill and pull in a line under the road. The line blew out and had to be replaced, so it was paid as an expense.

- c. If Webster District believes the item's classification as an expense is proper, explain the reasoning.

Response: The prior auditor for Webster District had advised that items should be capitalized if the expenditure was for a minimum of \$5,000 and for new items only and not for repairs.

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

Response: Not applicable.

7. Provide proof of customer notice pursuant to 807 KAR 5:076, Section 5(3).

**Response: See file 7_Customer_Notice_Advertisement_Journal_Enterprise
7_Customer_Notice_Advertisement_Seebree_Banner**

8. Refer to Crittenden-Livingston Water District and Webster District's Interconnect Agreement, filed March 10, 2011. Refer also to Crittenden-Livingston Water District and Webster District's current tariffs on file with the Commission.
 - a. Explain why there is a discrepancy between the contracted interconnection rate and the wholesale rates in the respective current tariffs on file with the Commission.

Response: There has been discussion about revising the contract to reflect a normal wholesale rate due to this turning into a more long-term commitment instead of a short-term emergency utilization but we wanted to wait until our rate application is approved/denied by PSC before revising the contract, so that we did not revise the contract, then have to go back and revise it again if wholesale rates changed from current rate.

- b. State whether there have been discussions of the interconnection rate changing since the contract was signed and provide a summary and timeline of those discussions.

Response: The Crittenden-Livingston Water District contract and interconnection was set-up to be used as an "emergency" interconnect and not intended to be used long-term for water supply.

In June of 2022, Governor Beshear declared a State of Emergency for the City of Marion Ky (see attached) due to the city having insufficient water supply. One of the solutions to help relieve the City of Marion was by "shoring up the city's water supply through working with neighboring communities".

Crittenden-Livingston was an option for a water source for the City of Marion, but because of increased demand on their system in recent years they could not meet the need. The other possibility was for Webster County to supply some of Crittenden-Livingston's demand so they could in turn help Marion out. (see attached news articles for verification).

Crittenden-Livingston is currently still working on an expansion project.

See these files for additional information:

**8b_State_of_Emergency_Declaration
8b_WKMS_Nes_Article
8b_Representative_Comer_Visit**