

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
WARREN COUNTY WATER)	
DISTRICT FOR AN ADJUSTMENT)	CASE NO. 2024-00201
OF RATES FOR SEWER SERVICE)	

RESPONSE OF

WARREN COUNTY WATER DISTRICT

TO

COMMISSION STAFF’S FIFTH REQUEST FOR INFORMATION

DATED NOVEMBER 26, 2024

Filed: DECEMBER 12, 2024

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
WARREN COUNTY WATER)	
DISTRICT FOR AN ADJUSTMENT)	CASE NO. 2024-00201
OF RATES FOR SEWER SERVICE)	

**RESPONSE OF WARREN COUNTY WATER DISTRICT TO
COMMISSION STAFF’S FIFTH REQUEST FOR INFORMATION**

Warren County Water District (the “District”) submits its Response to
Commission Staff’s Fifth Request for Information.



Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KY 42748-0150
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3017
Fax: (859) 259-3597
gerald.wuetcher@skofirm.com

Counsel for Warren County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on December 12, 2024 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding



Counsel for Warren County Water District

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

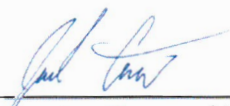
In the Matter of:

ELECTRONIC APPLICATION OF)	
WARREN COUNTY WATER)	
DISTRICT FOR AN ADJUSTMENT)	CASE NO. 2024-00201
OF RATES FOR SEWER SERVICE)	

**CERTIFICATION OF RESPONSE OF
WARREN COUNTY WATER DISTRICT
TO COMMISSION STAFF'S
FIFTH REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of Warren County Water District's Response to Commission Staff's Fifth Request for Information as required by 807 KAR 5:001, Section 4(12)(d)(2)(b). The Response submitted on behalf of Warren County Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: December 12, 2024

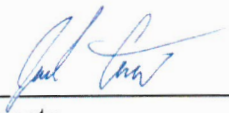


Jacob Cuarta, General Manager
Warren County Water District

SWORN CERTIFICATION AND VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF WARREN)

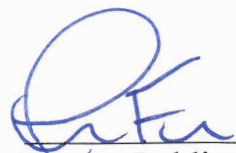
The undersigned, Jacob Cuarta, being duly sworn, deposes and states that he, as General Manager for Warren County Water District, has personal knowledge of the matters set forth in the responses for which he is identified as the witness in Kentucky Public Service Commission Case No. 2024-00201, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



Jacob Cuarta
General Manager
Warren County Water District


Subscribed, sworn to, and acknowledged before me, a Notary Public in and for said county and state, this 12 day of December 2024.





Alyssa Freeman
Notary Public
My Commission Expires: 11/29/2027
Notary ID: KYNP83115

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF WARREN)


Jeff Peeples
Manager of Finance and Administration
Warren County Water District

Notary ID: K4NP83115

WARREN COUNTY WATER DISTRICT

Case No. 2024-00201

Response to Commission Staff's Fifth Request for Information

Question No. 5-1

Responding Witness: Jeff Peeples, Manager of Finance and Administration

Q 5-1. Refer to the Application, Exhibit 7, Statement of Adjusted Operations and Revenue Requirement calculation.

- a. Explain why Miscellaneous Non-Utility Income was included as part of Total Operating and Maintenance Expenses.**
- b. Explain why Unrealized (Gain)/Loss on Investments was included as part of Total Operating and Maintenance Expenses.**
- c. Explain why Rate Case Expense was not included as part of Total Operation and Maintenance Expenses.**

A 5-1.

5-1a. On Warren District's monthly financial statements, Miscellaneous Non-Utility Income is included in Other Expenses. Likewise, Warren District's audit report filed with the Commission includes Miscellaneous Non-Utility Income in Non-Operating Expense, and Warren District's annual report filed with the Commission includes Miscellaneous Non-Utility Income in Other Income & Deductions.

In the Application Exhibit 7, Statement of Adjusted Operations ("SAO"), Warren District's rate consultant included Non-Utility Income

of \$(4) in the Operation and Maintenance Expense test year which is not consistent with Warren District's monthly financial statements. However, the Non-Utility Income amount of \$(4) was adjusted from Operation & Maintenance Expense and added to the Revenue Requirements section in the SAO for same amount.

- 5-1b. On Warren District's monthly financial statements, Unrealized (Gain)/Loss on Investments is included in Other Expenses. Likewise, Warren District's audit report and annual report filed with the Commission include Unrealized (Gain)/Loss on Investments in Non-Operating Expenses and Other Income & Deductions, respectively.

In the Application Exhibit 7, SAO, Warren District's rate consultant included Unrealized (Gain)/Loss on Investments of \$(39,712) in the Operation and Maintenance Expense test year which is not consistent with Warren District's monthly financial statements.

- 5-1c. In the application Exhibit 7, SAO, Warren District did not include Rate Case Expense as part of Total Operation and Maintenance Expense since no rate case expenses were incurred in the test year. Instead, the estimated legal, engineering, and publication costs of \$43,724 were reported separately in the Revenue Requirements section of the SAO

under Reference K.¹ An analysis of rate case costs incurred through November 27, 2024, was filed with the Commission on November 27, 2024, as Warren District's Third Supplemental Response to Staff's First Request for Information.

¹ Page 2 of Exhibit 7 contains a typographical error on the Rate Case Expense line, where an extra "4" appears before the total Rate Case Expense amount. The correct Rate Case Expense amount is \$43,724, as stated in Reference K.

WARREN COUNTY WATER DISTRICT

Case No. 2024-00201

Response to Commission Staff's Fifth Request for Information

Question No. 5-2

Responding Witness: Jacob Cuarta, General Manager

Q 5-2. Refer to Warren District's response to Commission Staff's Second Request for Information, Item 2, 03_Exhibit_2-2_Known_and_Measureables.xlsx:

- a. SCADA Completion Date Tab. Confirm the completion status of the SCADA upgrade project. If not completed, provide the expected completion date.**
- b. CIS Infinity Upgrade Tab. Confirm the completion status of the Billing software upgrade. If not completed, provide the expected completion date.**

A 5-2.

5-2a. The SCADA upgrade project for the Sewer Division was completed on September 30, 2024 and subsequently placed into service.

5-2b. On February 29, 2024, Warren District signed an agreement with Advanced Utility Systems to upgrade its billing system, CIS Infinity, to Version 5. The implementation is scheduled to begin in February 2025 with completion in February 2026. The projected depreciation expense associated with the CIS Infinity upgrade project should be **removed** from Warren District's Revenue Requirement.

WARREN COUNTY WATER DISTRICT**Case No. 2024-00201****Response to Commission Staff's Fifth Request for Information****Question No. 5-3****Responding Witnesses: Jeff Peeples and Jacob Cuarta**

Q 5-3. Refer to Warren District's response to Staff's First Request for Information, Item 1-1a, Exhibit 1-1a, 2023 General Ledger, Account 620-6002-3, Matl & Supply – T & D (Maint) and refer to the items listed in the chart below.

- a. Provide copies of the invoices for each item.**
- b. Describe each purchase and state whether each item should have been capitalized.**
- c. If Warren District believes its classification as an expense for these items is proper, explain the reasoning.**
- d. If an item below should have been capitalized, provide the appropriate NARUC depreciation life for it.**

Date	Description	Amount
4/18/2023	XYLEM WATER SOLUTIONS USA INC. /IN: 3556C69482	\$ 5,840.25
5/23/2023	BADGER METER INC. /IN: 1575853	5,890.75

5-3a. The requested invoices are attached to this Response as **Attachment 5-3a.**

5-3b. The information requested is contained in the table below:

Date	Invoice	Amount	Description	Classification	Justification
4/18/2023	Xylem Water Solutions USA Inc. #3556C69482	\$5,840.25	Repair Kit	Expense	Repair pump seal failure at Northridge #2 Lift Station.
5/23/2023	Badger Meter Inc. #1575853	\$5,890.75	Electronic Boards	Expense	Electronic assembly board replacements for sewer magnetic meters installed at lift stations.

5-3c. The items were included as expenses because they did not add to the useful life of the facilities they were used to repair. Consequently, neither of these items qualify as capital assets under Generally Accepted Accounting Principles (“GAAP”) and must be “expensed” rather than capitalized.

5-3d. This is not applicable because none of these items should have been capitalized.

Attachment 5-3a
Copies of Requested Invoices

WARREN COUNTY WATER DISTRICT • SEWER DIVISION GENERAL OPERATIONS
03-XYLEM

8879

Date	Invoice Number	Comment	Amount	Discount Amount	Net Amount
4/12/2023	3556C69482	NORTHRIDGE PUMP 2 REPAIR SUPPLIES	5,840.25	0.00	5,840.25

Check: 0000008879	4/25/2023	XYLEM WATER SOLUTIONS USA INC.	Check Total:	5,840.25
-------------------	-----------	--------------------------------	--------------	----------

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800 Fax:(812)402-6128

REMIT TO

**26717 Network Place
Chicago, IL 60673-1267**

INVOICE			YOUR PURCHASE ORDER 8727	
INVOICE NO. 3556C69482	FUS NO. E23195	DATE SHIPPED 4/12/23	DELIVERY NOTE I52913	
INVOICE DATE 4/12/23	TRN C1	WHS 126	PAYMENT TERMS 100% N60 FROM INVOICE	

Sold To:

Customer No. 207211

Global No. 5021082

Ship To:

Warren County Water District

PO BOX 10180

BOWLING GREEN KY 42102-4780

**WARREN COUNTY WATER DISTRICT
523 US HWY 31 W BYPASS**

BOWLING GREEN KY 42101

FREIGHT TERMS		DELIVERY TERMS		ORDER PROCESSED BY	
Jobsite		No S & H Charge		FLYGT-EVANSVILLE, IN BRANC	
SHIP VIA		ORDER TEXT		CUSTOMER TEXT	
Branch Delivery		3153.185-2140253 T#5867		Eli Brown	
LINE	ITEM/DESCRIPTION	QUANTITY SHIPPED UM	UNIT PRICE DISCOUNT/CHARGE	NET PRICE	EXTENDED AMOUNT
	Quote# R2023-EVN-0021 WO-00181236 REPAIR AND SERVICE 3153.185-2140253 T#5867				
001	0000006505100 CABLE UNIT	1 EA			
002	0000006571708 KIT, REPAIR BASIC 3153	1 EA			
003	0000007345900 LEAD-THROUGH UNIT	1 EA			
004	1400000690003A LABOR, SVC FLYGT, NO TAX MODELS: 3000, 7000, 8000	12 Z4-TP EA			
005	1400000690021B ENV FEE 11-50HP ENVIRONMENTAL FEE	1 TP EA			
006	1400000690024A	1			

Cont on 2

IMPORTANT - This invoice is governed by and subject to TERMS AND CONDITIONS OF SALE - XYLEM AMERICAS. Different terms are hereby rejected unless expressly assented to in writing. Terms are accessible at <http://www.xylem.com/en-us/Pages/terms-conditions-of-sale.aspx>. Please contact Xylem at the number listed on this invoice within 72 hours should you have any issues or concerns pertaining to this invoice

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800 Fax:(812)402-6128

REMIT TO

26717 Network Place
Chicago, IL 60673-1267

INVOICE				YOUR PURCHASE ORDER 8727	
INVOICE NO. 3556C69482		FUS NO. E23195		DATE SHIPPED 4/12/23	DELIVERY NOTE I52913
INVOICE DATE 4/12/23	TRN C1	WHS 126	PAYMENT TERMS 100% N60 FROM INVOICE		

Sold To:

Customer No. 207211

Global No. 5021082

Ship To:

Page 2

Warren County Water District

PO BOX 10180

BOWLING GREEN KY 42102-4780

WARREN COUNTY WATER DISTRICT
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

FREIGHT TERMS Jobsite		DELIVERY TERMS No S & H Charge		ORDER PROCESSED BY FLYGT-EVANSVILLE, IN BRANC	
SHIP VIA Branch Delivery		ORDER TEXT 3153.185-2140253 T#5867		CUSTOMER TEXT Eli Brown	
LINE	ITEM/DESCRIPTION	QUANTITY SHIPPED UM	UNIT PRICE DISCOUNT/CHARGE	NET PRICE	EXTENDED AMOUNT
006	1400000690024A SHOP SUPPLIES-MEDIUM PUMPS TP EA MISC SUPPLIES FOR REPAIR				
007	0000006419405 STATOR, 21-15-4A 230/460V 1 EA				
	TOT PRICE/GROUP 007 - 007				5,840.25
	SUB-TOTAL OF POSITIONS				5,840.25
	** ADD NO S & H CHARGES **				
	NET AMOUNT BEFORE TAXES USD				5,840.25
DISPATCH INFO: Delivered by Seth Bowman					ORDER TOTAL USD 5,840.25
<div>RECEIVED APR 17 2023</div> <div> Date Rec'd _____ Date Comp. 4-17-23 W.O. 8617 Cost Code 601 Dist 3N Pur. Agt. _____ Dept. Mgr. _____ Gen. Mgr. _____ </div>					

IMPORTANT - This invoice is governed by and subject to TERMS AND CONDITIONS OF SALE - XYLEM AMERICAS. Different terms are hereby rejected unless expressly assented to in writing. Terms are accessible at <http://www.xylem.com/en-us/Pages/terms-conditions-of-sale.aspx>. Please contact Xylem at the number listed on this invoice within 72 hours should you have any issues or concerns pertaining to this invoice

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

DELIVERY NOTE			YOUR PURCHASE ORDER	PRINT DATE
8727			8727	4/07/23
DELIVERY NOTE	FUS NO.	TRN	WAREHOUSE	CUSTOMER NO.
152913	E23195	C1	126	207211
PICKED BY		SHIPPED BY		GLOBAL NO.
				5021082

Customer
Address:

Warren County Water District

PO BOX 10180

BOWLING GREEN KY 42102-4780

Ship To:

WARREN COUNTY WATER DISTRICT
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

Ship To: **WARREN COUNTY WATER DISTRICT**
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

FREIGHT TERMS	DELIVERY TERMS	ORDER PROCESSED BY
DAP(INCO)	No S & H Charge	FLYGT-EVANSVILLE,IN BRANC
Jobsite	ORDER TEXT	CUSTOMER TEXT
Branch Delivery	3153.185-2140253 T#5867	Eli Brown

POS	ITEM/DESCRIPTION	PICK QUANTITY	LOCATION	CHAIN TO POS.	SHIP QTY
	Quote# R2023-EVN-0021 WO-00181236 REPAIR AND SERVICE 3153.185-2140253 T#5867				
001	0000006505100 CABLE UNIT	1 EA	02F01		
003	0000007345900 LEAD-THROUGH UNIT	1 EA	02H03		
002	0000006571708 KIT,REPAIR BASIC 3153	1 EA	NOLOC		
004	1400000690003A LABOR,SVC FLYGT,NO TAX MODELS: 3000,7000,8000	12 EA	NOLOC		
005	1400000690021B ENV FEE 11-50HP ENVIRONMENTAL FEE	1 EA	NOLOC		

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

Ship To: **WARREN COUNTY WATER DISTRICT**
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

YOUR PO NUMBER	FUS NUMBER
8727	E23195

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

Ship To: **WARREN COUNTY WATER DISTRICT**
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

YOUR PO NUMBER	FUS NUMBER
8727	E23195

Cont on 2

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

DELIVERY NOTE			YOUR PURCHASE ORDER 8727		PRINT DATE 4/07/23	
DELIVERY NOTE I52913	FUS NO. E23195	TRN C1	WAREHOUSE 126	CUSTOMER NO. 207211		
PICKED BY		SHIPPED BY		GLOBAL NO. 5021082 2		

Customer
Address:

Warren County Water District
PO BOX 10180
BOWLING GREEN KY 42102-4780

Ship To:

WARREN COUNTY WATER DISTRICT
523 US HWY 31 W BYPASS
BOWLING GREEN KY 42101

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

Ship To: **WARREN COUNTY WATER DISTRICT**
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

FREIGHT TERMS DAP(INCO) Jobsite		DELIVERY TERMS No S & H Charge		ORDER PROCESSED BY FLYGT-EVANSVILLE,IN BRANC	
SHIP VIA Branch Delivery		ORDER TEXT 3153.185-2140253 T#5867		CUSTOMER TEXT Eli Brown	
POS	ITEM/DESCRIPTION	PICK QUANTITY	LOCATION	CHAIN TO POS.	SHIP QTY
006	1400000690024A SHOP SUPPLIES-MEDIUM PUMPS TP MISC SUPPLIES FOR REPAIR	1 EA	NOLOC		
007	0000006419405 STATOR,21-15-4A 230/460V	1 EA	NOLOC		
		Cartons Pallets Tot Carts			
13:29:04	USG53 BROWN, ELI	Total Weight			.000 LBS

YOUR PO NUMBER	FUS NUMBER
8727	E23195

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

Ship To: **WARREN COUNTY WATER DISTRICT**
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

YOUR PO NUMBER	FUS NUMBER
8727	E23195

Xylem Water Solutions U.S.A., Inc.

9745 HEDDEN ROAD
EVANSVILLE, IN 47725
Tel.(812)602-6800

Ship To: **WARREN COUNTY WATER DISTRICT**
523 US HWY 31 W BYPASS

BOWLING GREEN KY 42101

YOUR PO NUMBER	FUS NUMBER
8727	E23195

ORIGINAL INVOICE

INVOICE



Badger Meter

Mail all remittances to:

Box 88223

Milwaukee, WI 53288-8223

4545 W Brown Deer Rd. P.O. Box 245036
 Milwaukee, WI 53224-9536 (414) 355-0400
 Credit Inquiries - @badgermeter.com

INVOICE NUMBER	DATE
1575853	04/28/23
D-U-N-S 00-606-9710	
NET 30 DAYS	

FED I.D. #

GST#

SOLD TO CUSTOMER: 16561

WARREN COUNTY WATER DISTRICT

PO BOX 10180

BOWLING GREEN, KY 42102

SHIP TO CUSTOMER: 1

WARREN COUNTY WATER DISTRICT

523 US 31W BYP

BOWLING GREEN, KY 42101

CUSTOMER PO#	SHIPPING TERMS	FREIGHT CARRIER
8934	FREIGHT PREPAID/ADD TO INVOICE	UPS Ground
ORDER DATE	INCO TERMS	TRACKING NUMBER
04/27/23	FCA FACTORY	1Z5953070399201560
PROPOSAL #	FINAL DESTINATION	WAREHOUSE / ORDER#
	UNITED STATES	MM 1163415

LINE	PRODUCT DEFINITION	UNIT PRICE	EXTENDED PRICE USD
1	Badger Meter Item: 66815-002 Description: M2000 PCB ASSY 110/220 VAC Ordered: 6.000 Shipped: 6.000 5161 DUKE JULIAN	979.0000	5874.00
	Sub Total		5874.00
	Freight		16.75
	Total		5890.75
	Case Number: 00637735		

Date Rec'd 6/20 Date 6/20
 W.O. 605 Cost Code 3 Dist. 3
 Pur. Agt. J Dept. Mgr. J Gen. Mgr. J

This invoice is made subject to the terms & conditions found on our web-site: <https://www.badgermeter.com/terms-and-conditions>. Terms and conditions related to service units, training, and professional services can be found here: <https://badgermeter.com/service-units-terms-and-conditions>. Goods covered by this invoice were produced in compliance with the provisions of the Fair Labor Standards Act of 1938 as amended.



Badger Meter, Inc.
8635 WASHINGTON AVENUE
RACINE, WI 534063738
262-639-6770
www.badgermeter.com

Ship To

WARREN COUNTY WATER DISTRICT
523 US 31W BYP
BOWLING GREEN, KY 42101
UNITED STATES

Sold To

WARREN COUNTY WATER DISTRICT
PO BOX 10180
BOWLING GREEN, KY 42102
UNITED STATES

Packing List

Page 1 of 1

Shipped Via: UPS Ground Tracking No: 1Z5953070399201560 BOL Number: Id: 119084

Total Pieces: 1 Total Weight: 5 Date Shipped: 04/28/23 Freight Charge: 16.75

<u>BMI Order Line</u>	<u>Badger P/N</u>	<u>Customer P/N</u>	<u>Customer PO</u>	<u>Attention</u>	<u>Quantity</u> <u>Ordered</u>	<u>Quantity</u> <u>Shipped</u>
1163415	1 66815-002		8934		6	6
Description: M2000 PCB ASSY 110/220 VAC						

AB 5/19/23