

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
SOUTH LOGAN WATER ASSOCIATION	)	2024-00203

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RESPONSE OF SOUTH LOGAN WATER ASSOCIATION  
TO THE COMMISSION STAFF'S SECOND REQUEST FOR  
INFORMATION DATED DECEMBER 9, 2024





**South Logan Water Association**  
**Case No. 2024-00203**  
**Commission Staff's Second Request for Information**

**Witnesses:** Johnna Roark    Questions #2-8  
Robert K. Miller    Question #1

1. Refer to response to filing deficiencies, Attachments\_to\_Cover\_Letter.pdf, Attachment 1, 2023 Depreciation Schedule. Also refer to Attachment 2, Revised Statement of Adjusted Operations Utilizing 2023 Test Year. The Statement of Adjusted Operations reports Depreciation Expense as \$182,232; however, the Depreciation Schedule reported Depreciation Expense as \$229,541.32. Reconcile and explain the reasons for different Depreciation Expense amounts.

**Response: The District cannot reconcile the difference between the amount of \$182,232 shown on the Annual Report reported amount of \$182,232 and the amount of \$220,541.31 shown on the Depreciation Schedule.**

**The Statement of Adjusted Operations used Depreciation Expense of \$182,232 from the Annual Report as the base year. The results of the consultants review of depreciation lives revealed that depreciation expense based on the NARUC averages should be \$193,023. Therefore, an adjustment to the annual report amount of \$10,791 was necessary to reflect the correct amount of depreciation expense for the test period.**

2. Refer to South Logan Water's response to Commission Staff's First Request for Information (Staff's First Request), Item 10. South Logan District reported the installation of 26 taps during the test year. Identify the number of each size of tap installed in the test year.

**Response: 5/8x3/4 inch taps:    24**  
**1 inch taps:            1**  
**1 1/2 inch taps:          1**

3. Refer to South Logan Water's Response to Staff's First Request, Item 4, Item\_4\_South\_Logan\_Water\_Employee\_Benefits.pdf.
  - a. State whether the \$250 is paid to employees or if it is available for use by each employee, as needed, similar to a flexible spending account.

**Response: The \$250.00 is to be used towards a single individual insurance policy. None of the current employees are using the whole \$250.00 a month.**

- b. If paid to employees, state whether the \$250 is provided weekly, monthly, or annually.

**Response: This is not paid to employees.**

- c. Provide the actual dollar amount incurred by South Logan District during the test year for Insurance Benefits.

**Response: The actual dollar amount incurred was \$161.88, paid to Humana Health for a dental/vision policy at \$13.49 a month.**

- d. Identify the General Ledger Account where the \$250 is recorded.

**Response: It is listed as Insurance in the General Ledger.**

4. Refer to South Logan Water's Response to Staff's First Request, Item 1c, Item\_1c\_Cross\_Reference.xlsx, Row 16. Also refer to South Logan Water's response to Staff's First Request, Item 4, Item\_4\_South\_Logan\_Water\_Employee\_Benefits.pdf. In response to item 4, South Logan Water did not report providing an IRA benefit to employees when it listed all benefits provided to employees. However, the cross reference reported that Employee Pensions and benefits was composed exclusively of IRA employer contributions. Explain the IRA benefit and the calculations South Logan Water uses to determine contributions to the IRA.

**Response: South Logan matches up to 3% of each employee's contribution to a 401k account at Edward Jones.**

5. Refer to South Logan Water's Response to Staff's First Request, Item 1a\_2023\_General\_Ledger.xlsx, Account "Operating Supplies," Rows 10144 and 10177.

- a. Provide a copy of the invoices for the transactions listed below:

<u>Operating Supplies</u>		
Date	Name	Amount
09/30/2023	Citco Water	\$5,720.03
12/22/2023	United Systems & Software, Inc.	\$4,896.98

**Response: See file 5a\_Invoices**

- b. Refer to the chart listed above item, 5a. Describe each transaction and state whether it should have been capitalized and, if so, provide the appropriate NARUC depreciation life for each.

**Response: ROW 10144 Citco Water purchase of #16 5/8 x3/4 meters on both invoices TYPO on invoice S100223871.002 should have been S100226871.002.**

**ROW 10177 United Systems Purchase of #36 Diehl Meters 3/4 Invoice number 103319.**

**These meters were correctly placed into inventory as they were to be sent back for a refund.**

- c. Refer to the chart listed above, item 5a. If South Logan Water Association believes its classification as an expense is correct, explain the reasoning.

**Response: These meters were correctly placed into inventory as they were to be sent back for a refund.**

- 6. Refer to South Logan Water’s Response to Staff’s First Request, Item 6, Item\_6\_2023\_Water\_Report.xlsx, Row 13. Provide an explanation for the Water Loss Bonus, including how it is determined and how it is calculated.

**Response: Water Loss Bonuses are calculated from December to November- Purchased water totals compared to Sold water totals.**

**See file 6\_Water\_Loss\_Example**

- 7. Refer to South Logan Water’s Response to Staff’s First Request, Item 1a\_2023\_General\_Ledger.xlsx, Account “Repairs & Maintenance,” Rows 13090, 13094, and 13098.

- a. Provide a copy of invoices for the transactions listed below:

<u>Repairs &amp; Maintenance</u>		
Date	Name	Amount
08/29/2023	H&R Agri-Power	\$2,223.33
09/29/2023	Miller Contracting	\$5,000.00
12/11/2023	H&R Agri-Power	\$5,570.18

**Response: See file 7\_Invoices**

- b. Refer to the chart listed above item, 7a. Describe each transaction and state whether it should have been capitalized, if so, provide the appropriate NARUC depreciation life for each.

**Response: 8/29/2023 H&R Agri-Power \$2,223.33 Invoice was for repairs and service performed on South Logan Waters Kubota Backhoe for oil change and problems it was having. As a maintenance repair, it was correctly recorded as an expense.**

**9/29/2023 Miller Contracting \$5,000.00 Invoice was for #3- 200 ft underground bores to replace line under Nashville Rd. This should have been capitalized as part of Transmission & Distribution Mains with a depreciable life of 62.5 years.**

**12/11/2023 H&R Agri-Power \$5,570.18 Invoice was for replacement of the Hydraulic Pump. This should have been capitalized as part of Pumping Equipment with a depreciable life of 20 years.**

- c. Refer to the chart listed above, item 7a. If South Logan Water Association believes its classification as an expense is correct, explain the reasoning.

**Response: 8/29/2023 H&R Agri-Power \$2,223.33 Invoice was for repairs and service performed on South Logan Waters Kubota Backhoe for oil change and problems it was having. As a maintenance repair, it was correctly recorded as an expense.**

8. Refer to South Logan Water's response to Staff's First Request, Item 1b, Item\_\_1b\_2023\_Trial\_Balance.xlsx, lines 90 through 97.

- a. Explain whether the Convenience Fees for Credit Cards are a passthrough bank fee or revenue that is retained by South Logan Water.

**Response: Convenience Fees are a pass-through bank fee.**

- b. Provide a breakdown of what was included in and an explanation of the Application Fee totaling \$3,000.

**Response: There were 94 existing accounts for \$2,350 changed over to new customers and 26 new taps for \$650 at a \$25 flat fee (non-refundable) for processing the applications and input of information into the billing software for a total of \$3,000.**

- c. Provide a detailed breakdown of the Russellville Meter Readings totaling \$3,892.

**Response: We have some customers that we provide water to that have sewer accounts through the City of Russellville. There is a \$2.00 charge for each meter we read and compile a billing register for the City of Russellville. There are between 150-178 accounts each month and not all accounts are always active.**