

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EDMONSON)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00219
ADJUSTMENT PURSUANT 807 KAR 5:076)	

RESPONSE OF EDMONSON COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED AUGUST 6, 2024

**Edmonson County Water District
Case No. 2024-00219
Commission Staff's First Request for Information**

Witnesses: Kevin Shaw #1a, 1b, 3-8, 10-20, 23, and 25-30
Robert K. Miller #1c, 1d, 2, 9, 21-22, 24, and 31

1. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected. Employee names should be redacted from all documents.

a. The general ledger in Excel spreadsheet format for the year ended December 31, 2023, and 2024 year to date.

**Response: See files 1a_General_Ledger_2023
 1a_General_Ledger_2024**

b. The trial balance in Excel spreadsheet format for the year ended December 31, 2023, and 2024 year to date.

**Response: See files 1b_Trial_Balance_2023
 1b_Trial_Balance_2024**

c. Refer to the Application, Schedule of Adjusted Operations. Provide a cross reference that matches each 2023 general ledger account to each revenue and expense line in the Schedule of Adjusted Operations and reconcile each amount that does not match.

Response: See file 1c_ATB_to_SAO

d. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, Adjustment References. Provide all workpapers used to generate the proposed adjustments in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: See file 1d_Water_Rate_Model_2024 Tab Adj

2. Refer to the Application, Attachment 7, Depreciation Schedule. Provide a copy of the Depreciation Schedule. In Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: See file 2_Depreciation_Schedule

3. Provide the most recent invoices for general liability, workers' compensation, automobile, and casualty for 2023 and 2024.

**Response: See files 3_Workers_Comp_Insurance_2023
3_Workers_Comp_Insurance_2024
3_GL_Auto_Casualty_Insurance_2023
3_GL_Auto_Casualty_Insurance_2024**

4. Provide a description of all employee benefits, other than salaries and wages, 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. State whether part-time employees are eligible for each benefit.

Response: Edmonson County Water District's water division pays 100% of the health insurance premiums for full time employees who have been working more than 90 days. The current premium amount is \$5.87 vision, \$19.68 dental, and \$711.28 for health. The total insurance premium amount per month per employee is \$736.83. Each employee has the same level of coverage and the cost of their coverage is the same, no tiers. In addition to this benefit, each employee is also allotted \$2,400 in reimbursements for qualified health care expenses.

Edmonson County Water District offers a Retiree Health Plan. An employee will become eligible to receive benefits after termination of employment, not including any termination for cause, (Determined in sole discretion of the Board of Commissioners), upon attainment of at least age 55 and completion of at least 25 years of service. A year of service generally is a year in which an employee works 1560 hours. Benefit payments shall be paid as a premium payment made directly to the participants insurer (but not to include coverage of any dependent(s) of the participant.) The present lifetime maximum benefit is \$32,400.00. The maximum monthly benefit payment shall be no more than \$1,000.00.

A Retirement Plan has been established for the employees of the District in the form of a Simplified Pension Plan, 401-A with Nationwide Insurance Co. This fund is to be established at 8% of employee's salary

per week up to 40 regular work hours. A 401-K Plan is established with Kentucky Deferred Compensation that the employee can contribute into weekly if they choose.

Edmonson County Water District offers life insurance with MetLife. The District pays 100% of the life insurance. The volume of coverage and premium differs depending on the age of the employee.

Part-time employees are not eligible for any benefits.

5. Provide a copy of the most recent invoice for each employee benefit described above.

Response: See files 5_Employee_Health_Insurance
5_Retiree_Health_Insurance
5_Employee_Retirement
5_Employee_Life_Insurance

6. Refer to the Application, Attachment 4, References, Adjustment G.

- a. Provide a copy of the notification that demonstrates Edmonson District's liability and property insurance will be increasing.

Response: See file 6a_P_&_L_Insurance_Renewal

- b. Provide a copy of the test year's Liability and Property Insurance invoices that generate the Test year amount of \$61,726.

Response: See files 6b_Insurance_Invoices
6b_Insurance_Invoice_Payments

7. 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 titles, whether full or part-time, hours worked, pay rates, total wages paid, and total FICA cost for each employee for the years ended December 31, 2023, and 2024 year to date. Additionally, provide calculations, by employee, that support pro forma wages of \$1,711,793. Include the date the employee was hired and, if applicable, the employee's termination date. 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. The table should include a column for total wages by employee (regular wages and overtime)

and a row for total wages for all employees. Employee names should be redacted from all documents.

Response: See file 7_Employee_Wages_and_Benefits

8. 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: See file 7_Employee_Wages_and_Benefits

9. Refer to the Application, Attachment 4, Schedule of Adjusted Operations. Distribute the increase of \$302,694 in pro forma labor costs in the following format.

Description	Amount	Percent
Gross Test Year Wages	\$1,409,099	
Charged to Tap Fees/Capitalized ()		
Reported Test Year Wages	1,409,099	
Wage Rate Inflation		
Merit/ Promotion Increases		
Positions Added Since Beginning of Test Year		
Turnover During Test Year		
Pro Forma Wages	<u>\$1,711,793</u>	

Response:	<u>Amount</u>	<u>Percent</u>
Gross Test Year Wages	1,433,358	
Charged to Tap Fees	<u>-24,259</u>	
Reported Test Year Wages	1,409,099	
Wage Rate Inflation	-	
Merit/Promotion Increases	133,622	9.48%
Positions Added	102,105	7.25%
Additional Hours (Former PT, Now FT)	104,376	7.41%
Turnover	<u>-37,409</u>	<u>-2.65%</u>
Pro Forma Wages	<u>1,711,793</u>	<u>21.48%</u>

10. Provide the following information related to billing software:
- a. Brand or common name for software.

Response: Software Solutions Incorporated (SSI) eGovPro.

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

Response: Locally installed on a utility owned computer.

- c. If locally installed, state the installation date.

Response: May 1, 2008.

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

Response: Software is still serviced by the manufacturer and maintains a service contract.

- 11. Provide minutes from Edmonson District's commissioner meetings, authorizing current salaries and wages for all current employees.

Response: See file 11_Payroll_Authorization_Minutes_06-11-24

- 12. Provide the minutes from Edmonson District's commissioner meetings for the calendar years 2022, 2023 and year-to-date 2024. This is a continuing request through the date of issuance of Commission Staff's Report.

Response: See file 12_Board_Meeting_Minutes_2022

- 13. Provide a document listing the name of each member of the Board of Commissioners (Board) for each of the calendar years 2022, 2023, and 2024 and state, individually, the total amount of each benefit paid to, or on the 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. State whether commissioners are paid as contractors (Form 1099) or employees (Form W-2).

Response: See file 13_Commissioners_Wages_and_Benefits

14. Provide documentation from the Fiscal Court that authorizes each Board member's appointment and compensation.

Response: See files 14_NE_Reed_2020
14_Jimmy_Mills_2021
14_Greg_Nugent_2022
14_Dennison_and_Brooks_2024
14_Beatty_and_Aubrey_2023
14_Barry_Rich_2020

15. Provide training records for each Board member for 2022, 2023, and 2024 year-to-date.

Response: See file 15_Commissioners_Training

16. Refer to the Application, Attachment 4, References, Adjustment E. Provide a copy of the Uniform and Boot policy.

Response: See files 16_Uniform_Policy
16_Safety_Footwear_Reimbursement_Form

17. Provide the method and justification used for any cost allocation between the water and sewer divisions.

Response: Sewer hours worked are coded as such by the department head on the timecards. The bookkeeper enters the hours as regular or overtime depending on the number of hours worked and then codes them as GL#14200 in the water division general ledger.

At the end of each month, a cost justification is calculated for employee benefits and transportation expense based on the rate adjustment case no. 2023-00037 order given to the Edmonson County Water District. Sewer transportation expense is .3% of total water distribution transportation expenses. Employee benefits are .3% for health and 8% for 401A, based on hours worked for sewer. On a monthly basis, a spreadsheet is created reimbursing the water division for sewer payroll expenses.

Each month, the water division is reimbursed for sewer payroll, sewer payroll taxes. sewer benefits and sewer sales taxes paid. Sewer expenses are paid separately from the Sewer Operation & Maintenance

account. Sewer expenses (sewer treatment, electric bills, etc) are charged directly to the sewer division.

**See files 17_Sewer_Equipment_Resolution
 17_2023-00037**

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

a. Number of installations during the test year.

Response: There were 213 new tap installations in 2023.

See file 18_Proceeds_From_Tap_Fees

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: Labor costs were capitalized. Services were recorded on Account 33340 Line 1019 for \$56,275.00. Meter Installations were recorded on Account 33450 Line 1018 for \$241,773.00

See file 18_Capitalized_New_Tap_Installations

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: Material costs were capitalized. Services were recorded on Account 33340 Line 1019 for \$56,275.00. Meter Installations were recorded on Account 33450 Line 1018 for \$241,773.00

See file 18_Capitalized_New_Tap_Installations

19. Provide an overview of any actions taken or planned by Edmonson District to reduce its water loss, including a copy of any water loss reduction plan.

Response: See file 19_Water_Loss_Reduction_Plan

20. Refer to Edmonson District's Tariff, PSC Ky. No. 1, Original Sheet No. 11, Billing, Meter Readings and Related Information, Frequency of meter reading.

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

Response: Edmonson District read and bills monthly in two cycles. Our billing cycles begin on the 2nd & 17th 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: Edmonson District does not have a preference for the effective date of any order the Commission issues concerning rates in this case.

- 21. Refer to the Application, Attachment 4, Table B, Debt Service Schedule. For each outstanding debt issuance still active, provide the case number in which Edmonson District was authorized to issue the debt.

Response:	Debt Issuance	PSC Case Number
	RD Series 2001A	2001-00037
	RD Series 2010A	2010-00149
	RD Series 2010B	2010-00400
	KRWFC 2012D	2012-00163
	RD Series 2013A	2014-00175
	RD Series 2013B	2014-00175
	KRWFC 2013B	2014-00175
	RD Series 2019	2019-00355
	KRWFC 2020C	2019-00433

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

Response: Edmonson District was unable to identify the last time a cost-of-service study was performed.

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

Response: Edmonson District did not consider filing a COSS with the current rate application. There have been no material changes to the Association's system that would create the need for a new COSS to be prepared.

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

Response: There have been no material changes to Edmonson District's system since the last time it completed a COSS.

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

Response: Edmonson District was unable to find a copy of the most recent COSS study spreadsheets.

23. Refer to the Application, Attachment 4, Schedule of Adjusted Operations. Provide an itemization of the Miscellaneous Service Revenues, stated as \$15,616.

Response: See file 23_Miscellaneous_Service_Revenues

24. Refer to the Application, Attachment 5, Current Billing Analysis 2023 Usage and Existing Rates. Also Refer to the Application, Attachment 6, Proposed Billing Analysis 2023 Usage and Proposed Rates. Provide the billing analysis in Excel Spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

**Response: See file 1d_Water_Rate_Model_2024 Tab ExBA
1d_Water_Rate_Model_2024 Tab PrBA**

25. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2022 and 2023.

**Response: 2022 20,921 Occurrences \$55,781.55 Amount
2023 20,660 Occurrences \$59,721.77 Amount**

See file 25_Late_Fees

26. Provide a schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year and the total dollar 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: See file 26_Nonrecurring_Charges

27. Provide updated cost justification sheets to support each nonrecurring charge listed in Edmonson District's tariff.

**Response: See file 27_Meter_Test
27_Service_Call_Investigation
27_Meter_Reconnect**

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

Response: See file 28_Average_Meter_Connection_Expense

29. Refer to the Application, Attachment 5, Current Billing Analysis With 2023 Usage and Existing Rates. Provide a detailed breakdown for the Billing Adjustments that reduce Metered Retail Sales by \$56,670.

Response: See file 29_Billing_Adjustments

30. Refer to the Application, Attachment 6, Proposed Billing Analysis With 2023 Usage and Existing Rates. Provide a detailed breakdown for the Billing Adjustments that reduce Metered Retail Sales by \$71,290.

Response: The 2023 leak adjustments of \$56,669.52 were increased by the proposed rate increase of 25.8% to reflect the effect of the proposed rate increase.

31. Refer to the Application, Attachment 6, Proposed Billing Analysis With 2023 Usage and Existing Rates. Explain in detail how the minimum rate for each meter size was determined for the proposed Rate Design changes and

explain the reasoning for changing the rate structure from one rate for all meter sizes to the proposed rate design.

Response: Computations for the new minimum rates are shown in the application Attachment #4, Tables H through K. Tables H and I allocate the customer costs from Table G between the categories of Billing and Collecting and Meters & Services. The number of actual bills for each meter size is listed in Table J and the number of equivalent bills based on meter size is computed using the Service Ratio from AWWA Manual M-1. Table K shows computations for the unit cost of service for both categories of customer cost and the Total Customer Charge. Total Customer Charge is the sum of the Billing and Collecting unit cost plus the product of the Meters & Services unit cost multiplied by the Service Ratio.

The proposed minimum bill for each meter size is the sum of the Total Customer Charge plus the product of the proposed usage rate multiplied by the number of gallons included in the minimum. The gallons included in each minimum bill is an amount of usage that is widely accepted for each respective meter size.

There were two reasons for the change from one rate for all meter sizes to increased minimums for each progressively larger meter size. First, this approach recognizes the higher costs associated with testing, maintaining, and replacing larger meters. Also, higher minimums discourage customers from requesting or continuing to use a meter size that is larger than necessary for that customer's expected or actual demand. This is especially important because over-sized meters contribute significantly to non-revenue water consumption.