

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF FLEMING COUNTY)	CASE NO.
WATER ASSOCIATION FOR A RATE ADJUSTMENT)	2024-00275
PURSUANT 807 KAR 5:076)	

RESPONSE OF FLEMING COUNTY WATER ASSOCIATION
TO THE COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION DATED OCTOBER 24, 2024

**Fleming County Water Association
Case No. 2024-00275
Commission Staff's Second Request for Information**

Witness: Kevin Cornette

1. Refer to Fleming Water's response to Commission Staff's First Request for Information (Staff's First Request), Item 1a, 1a_General_Ledger_2023, Accounts 00620-0004 MTN-Master Meters, 00620-0005 Maintenance of Telemetry, and 00620-0075 MTN-Meters- Material.

Transaction Date	Description	Reference Number	Posted Date	Debit Amount
00620-0004 MTN-MASTER METERS				
11/14/2023	337 14560 FPG	CK# 26256	12/5/2023	\$ 9,337.66
00620-0005 MAINTENANCE OF TELEMETRY				
5/9/2023	1326 14119 MICRO-COMM	CK# 25948	6/6/2023	6,075.00
00620-0075 MTN-METERS-MATERIALS				
2/6/2023	258 13923 CORE&MAIN	Draft 2/6/23	3/6/2023	24,541.68
2/13/2023	132 13917 UTILITY SOLUTIONS, LLC	CK# 25814	3/6/2023	10,612.04
3/14/2023	132 13991 UTILITY SOLUTIONS, LLC	CK# 25864	4/6/2023	24,312.63

- a. Provide copies of each invoice listed in the chart below.

Response: See files **1a_FPG**
 1a_Micro_Comm
 1a_Core_and_Main
 1a_Utility_Solutions

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

Response:

FPG: Fleming County Water Association purchased these Master Meters on behalf of Greater Fleming County Regional Water Commission. This invoice was originally paid out of Operating Account GL 339-0002 by mistake. A journal entry was completed on November 14, 2023 to move the expense to GL 620-004. These were not capitalized because they were reimbursed by Fleming County Water Commission on November 30, 2023. Greater Fleming Regional Water Commission is the owner of these Master Meters and takes care of maintenance and replacement costs. We purchased the Master Meters to match our radio read system. It is easier

for us to order and match our system as Fleming County Water Association has a Badger account and Greater Fleming County Regional Water Commission does not. There was \$0 cost to Fleming County Water Association so there was nothing to be capitalized.

Micro Comm: This was to purchase a Micro-Comm telemetry system one-year service contract to provide parts replacement, phone support, and internet troubleshooting.

Core and Main: This payment was for three invoices on one statement in the amounts of \$26.84, \$1,837.62, and \$22,677.22. The invoices of \$26.84 and \$1,837.62 were for parts only. The invoice of \$22,677.22 was for meters.

Utility Solutions: This purchase was for small-dollar-value parts kept in inventory and used for maintenance in the distribution system.

- c. If Fleming Water believes its classification as an expense is proper, explain why.

Response:

FPG: The classification was proper as corrected because there was no net cost to Fleming County Water Association.

Micro Comm: The classification was proper as an expense because the length of the service contract was one year.

Core and Main: The invoice of \$22,677.22 was capitalized as part of the auditor's adjustments as shown on the attached file.

Utility Solutions: The classification was proper as an expense because each of the parts has a unit cost below the capitalization threshold as shown on the attached file.

2. Refer to Fleming Water's response to Staff's First Request, Item 1d, 1d_Rate_Model.xlsx, Adj Tab, Column L and Cell K17. Explain the process Fleming Water used to determine the projections of six overtime hours and 768 regular hours.

Response: The part-time employee listed with 768 hours per year was hired in July 2023 to help with office work during busy times of the month. To project an annual expense, the Manager estimated this person would be needed 8 days a month for 8 hours each day. The 6 hours of overtime listed for four

employees was also a management estimate based on past experience and projected needs with the new employee roster.

3. Refer to Fleming Water's response to Staff's First Request, Item 5, 5_Employee_List_2023. For each employee, provide the number of regular hours worked, overtime hours worked, and overtime hours paid during the test year separately.

Response: See file 3_Test_Year_Employees_Hours_and_Pay

4. Refer to the Application, Attachment 4, Table A, Depreciation Expense Adjustments. Refer to 2024 Additions. Provide a list of all capital assets added during 2024. Include property description, book cost, date in service, service lives, and annual depreciation expense.

Response: See file 4_Depreciation_2024_Additions_and_Disposals

5. Refer to 2024 Disposals, provide the disposal date for all capital assets. Provide proof of customer notice pursuant to 807 KAR 5:076, Section 5(3).

**Response: See files 4_Depreciation_2024_Additions_and_Disposals
5_Customer_Notice**

6. Refer to Fleming Water's Application, Attachment #4, Schedule of Adjusted Operations (SAO), References. Also refer to Fleming Water's Response to Staff's First Request, Item 29, 29_Late_Fees. Reconcile and explain why the adjustment amount to Forfeited Discounts of \$30,181 in the References is different from the \$31,019.01 Late Fees reported by Fleming Water in its response to Item 29.

Response: See file 29_Late_Fees_Corrected

The data previously submitted in response to Staff's First Request Item 29 was incorrect, as it did not include debits for adjustments made to credit late fees back to customers on adjustments. A corrected file is attached which totals \$30,181.16.

7. Refer to Fleming Water's response to Staff's First Request, Item 30, 30_Nonrecurring_Charges, and Item 31, 31_Nonrecurring_Charges_Justifications. Also refer to Fleming Water's Tariff.

- a. Reconcile and explain why Re-connection Charge (After hours) was not included in the listing of the number of occurrences for each nonrecurring charge recorded during the test year.

Response: Our Billing Software does not have a separate code for Re-Connection - After Hours in our Billing System. The code used for Re-Connections - After Hours is actually the Connection/Turn On Charge After Hours. This is why the Re-Connection After Hours was 0 for 2023 occurrences. We charge the same amount for Re-Connection After Hours Charge as listed Connection/Turn-On Charge After Hours.

- b. Provide cost justification sheet to support Re-connection Charge (After hours).

Response: See file 7b_Reconnection_Charge_Cost_Justification

8. Refer to Fleming Water's response to Staff's First Request, Item 10, 10a_Insurance_Renewal_Evaluation.xlsx, Cell C21; Item 1d, 1d_Rate_Model.xlsx, cell G28; and Item 1c, 1c_Cross_Reference.xlsx, Cells H68 thru H70. In item 1d, Fleming Water proposed the \$7,786 increase by subtracting the proposed \$30,819, from Item 10, Hickerson Agency (Flemingsburg) – Kentucky League of Cities insurance proposal from the \$23,033 test year General Liability Insurance, provided in Item 1c. However, the proposed \$30,819 is composed of General Liability, Workers Compensation, and other insurances. Explain why Fleming Water compared the proposed Insurance policy to only the test year General Liability Insurance and did not include the \$3,975 workers compensation insurance or the \$2,189 other insurances for the test year total of \$29,197 in the calculation.

Response: The KLC policy for 2024 Invoice was all inclusive with Workers Compensation. In 2023, they were billed separately under 2 different GL's.

9. Refer to Fleming Water's response to Staff's First Request, Item 11. Fleming Water stated the battery life for the radio read meters was only ten years; however, it did not provide any test results, or reports that support the ten-year life.
 - a. Provide any failure test results that support the ten-year service life.

Response: We do not have a Failure Test Result to provide. When the Battery on the Radio Read Register and hot rod system fail, the meter has to be replaced.

Fleming County Water had been using Mueller-Hersey Meters since 2002. The original Hersey Meter we had in our system was a Hersey 430 Meter and Radio Read Hot Rod System.

In 2015, we started experiencing issues with Mueller Hersey Meters that were installed between 2006 and 2010. The Battery Life in the Hot Rod Radio Read system were not lasting, and we were experiencing issues with the registers that Mueller was producing. We were purchasing new registers to replace those that were giving problems on the 430 meter, but Hersey switched to a 420 Meter and Register and stopped making the 430 Meter and Register. The 430 Meter and new 420 Meter registers would not interchange.

Since the new 420 Registers would not interchange with the existing 430 Hersey meters, we had no choice but to purchase new 420 Meters and Registers to replace old meters that were not working. Problems persisted with the Hersey Meters from 2016 through 2019, even having new meters not registering flow right out of the box, and those were returned to Mueller.

After working with Hersey and no results, We made the decision to research meters and switch to a different meter in 2020. We have switched to a Badger Meter. We have experienced much better service and quality with the Badger meter since 2020.

Our History with Mueller Meters caused us to not capitalize meters more than 10 years. That has been our experience. We did not “test” these meters as they simply failed and stopped working.

- b. Identify the manufacturer of each type of meter in the failure report.

Response: We have had issues with the Mueller Hersey 430 Registers, the 420 Meters and Registers.

We are in a full meter replacement program to replace all Mueller Meters with a Badger meter. We have made the investment in the Radio Read equipment for Badger Meters. We have not had any issues with the Badger Meters since we began installing in 2020. We do not have enough experience to say that the Badger meter will or will not last longer than 10 years at this time.

- c. Identify if any of the meters are still under warranty and if any, explain any warranty benefits.

Response: We have approximately 1,762 Mueller meters in the system that may be under the pro-rated warranty. The Warranty provides a pro-rated warranty replacement, and we do utilize this to obtain replacement Mueller meters for the part of the system that has not been changed to Badger Meters.