

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                      |   |            |
|--------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF ELKHORN    | ) | Case. No.  |
| WATER DISTRICT FOR A RATE ADJUSTMENT | ) | 2024-00331 |
| ADJUSTMENT PURSUANT TO 807 KAR 5:076 | ) |            |

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RESPONSE OF ELKHORN WATER DISTRICT  
TO THE COMMISSION STAFF'S FIRST REQUEST  
FOR INFORMATION DATED NOVEMBER 12, 2024

**Elkhorn Water District**  
**Case No. 2024-00331**  
**Commission Staff's First Request**  
**for Information Dated November 12, 2024**

**Witness:** Nancy Sherrow

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 with all transactions for the years ended December 31, 2023, and September 30, 2024.

**Response:** See files: 1.a\_General\_Ledger\_CY\_2023  
1.a\_General\_Ledger\_9-30\_2024

- b. The trial balance in Excel spreadsheet format with all transactions for the years ended December 31, 2023, and September 30, 2024.

**Response:** See files: 1.b\_CY\_2023\_Trial\_Balance  
1.b\_9-30-2024\_Trial\_Balance

- c. Provide a cross reference that matches each test year general ledger account to each revenue and expense line that is reported in the Schedule of Adjusted Operations and reconcile each amount that does not match.

**Response:** See file: 1.c\_CY\_2023\_Cross\_Reference  
1.c.\_CY\_2023\_Schedule\_of\_Expenses

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**Witness:** Nancy Sherrow

2. Provide the following information related to billing and general ledger software:
- a. State whether the billing software and general ledger/financial management software are separate or integrated.

**Response:** Billing software and general ledger are integrated.

- b. State the brand or common name for software.

**Response:** Billing software: UMSWIN.  
General ledger: QuickBooks

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

**Response:** Software is locally installed on utility owned pc

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

**Response:** UMSWIN was installed 12/12, and QuickBooks was installed 3/17

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

**Response:** UMSWIN is serviced by Ampstun, and we do maintain a service contract with Ampstun.

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**Witness:** Nancy Sherrow

3. Provide the following items with respect to the Management of Elkhorn District.
  - a. Refer to the Peaks Mill Water District (Peaks Mill District) contract that is on file with the Commission, reported as received on June 30, 2017. Confirm that that there have been no subsequent updates to the contract.

**Response:** The June 30, 2017 Peaks Mill Contract was amended in 2023. Refer to file: 3.a\_PPMWD\_and\_EWD\_Contract\_Amenment

- b. Describe how operations and maintenance functions (non-administrative) are performed for Elkhorn District and provide copies of applicable contracts.

**Response:** Operations and maintenance functions are performed by Gatewood Water Service.

- c. State how many full-time equivalent staff support Elkhorn District's operations.

**Response:** There is no full time administrative staff that support Elkhorn Water District. Gatewood Water Service does not have full time staff just for Elkhorn Water District.

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**Witness:** Mark Frost

4. Refer to the Application, Attachment 4, Schedule of Adjusted Operations, Revenue Requirements Calculation, SAO Adjustment References. Provide all workpapers used to support each proposed adjustment in Excel format. Component details of a workpaper should tie to the general ledger accounts that comprise the SAO line item including any adjustment for unreconciled amounts.

**Response:** See file: 4\_EWD\_Rate Model

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**Witness:** Nancy Sherrow

5. 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 title, hours worked, pay rate, total wages paid, and total FICA cost for each employee for the years ended December 31, 2023, and year-to-date September 30, 2024. Include the date the employee was hired and, if applicable, the employee's termination date. The table should include a column for total wages by employee (regular wages and overtime) and a row for total hours worked, wages, and FICA for all employees. Employee names should be redacted from all documents.

**Response:** Elkhorn does not have any employees

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**Witness:** Nancy Sherrow

6. Confirm that Elkhorn District does not offer any employee benefits. If not confirmed, provide a list of the benefits as well as the number of employees receiving each benefit, and the most recent invoice for each benefit.

**Response:** Elkhorn does not have any employees, so it does not provide employee benefits.

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**Witness:** Nancy Sherrow

7. Provide certificates of insurance and the most recent invoices for general liability, workers' compensation, automobile, property, and casualty as well as invoices for 2023, and 2024.

**Response:** See file: 7\_ Insurance\_Documents



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**Witness:** Mark Frost

8. Provide the gallons purchased, by month, with the cost of each purchase split between the purchase amount and the Kentucky River Authority Withdrawal Fee for each supplier for 2023 through year-to-date September 30, 2024.

**Response:** See file: 8\_CY\_2023\_Purchased\_Water\_Analysis  
8\_2023\_Purchased\_Water\_Bills  
8\_2024\_Purchased\_Water\_Bills

- a. Reconcile reported gallons purchased in the test year annual report water statistics to the purchased water gallons and expense reported in the test year.

**Response:** See file:8\_CY\_2023\_Purchased\_Water\_Analysis

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**Witness:** Nancy Sherrow

9. Provide the minutes from Elkhorn District's commissioner meetings for the calendar years 2022, 2023, and year-to-date September 30, 2024.

**Response:** See files: 9\_2022\_Board\_Of\_Commission\_Minutes  
9\_2023\_Board\_Of\_Commission\_Minutes  
9\_2024\_Board\_Of\_Commission\_Minutes

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**Witness:** Nancy Sherrow

10. Confirm that Elkhorn District does not pay wages or benefits to its commissioners. If not confirmed, explain the response and provide the authorizing documents from the Fiscal Court.

**Response:** Refer to the 2023 Annual Report at Contacts (Ref. Page: 6) at 14. Elkhorn Water District Elkhorn Water District pays its Commissioners \$600 a quarter. Elkhorn Water District does not provide employee benefits to its Commissioners. Elkhorn Water District records its Commissioner fees in the Employee Salaries and Wages expense account.

- a. Provide documentation from the Fiscal Court that authorizes each commissioner's appointment.

**Response:** See file: 10\_Commissioner\_Information

- b. Provide training records for each commissioner for 2022, 2023, and 2024 or a statement that the individual has not attended training.

**Response:** See file: 10\_Commissioner\_Information

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**Witness:** Nancy Sherrow

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

a. Number of installations during the test year.

**Response:** As stated in the application, in 2023, Elkhorn District installed 11 5/8X3/4-Inch meters and a single 1-Inch meter.

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:** As stated in the application, Elkhorn District paid a contractor (Gatewood Water Service) for the meter installations, which included labor costs and the cost of materials for the new meters. The total payments to the contractor were recorded in the operating expense account Contractual Services - Other.

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:** Refer to the response 11.b.

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**Witness:** N/A

12. Question 12 was omitted from the Commission Staff's First Request for Information.

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**Witness:** N/A

13. Question 13 was omitted from the Commission Staff's First Request for Information.

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**Witness:** Nancy Sherrow

14. Provide the date that Elkhorn District's billing cycle begins (meter read date). 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:** The meters are read generally around the 18-20 of each month. That would be the best stated effective date for the new rates.

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**Witness:** Nancy Sherrow

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

**Response:** It appears that Elkhorn District has not performed a cost-of-service study to review the appropriateness of its current rate design in the last 25 or more years.

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

**Response:** Elkhorn District did not consider filing a COSS with the current rate application because there have not been any material changes to the system that would cause a new COSS to be prepared.

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

**Response:** Yes, material changes to Elkhorn District system would cause a new COSS to be prepared.

- c. If there have been no material changes to Elkhorn District's system, explain when Elkhorn District anticipates completing a new COSS.

**Response:** Elkhorn District anticipates completing a new COSS after material changes to the system.

- d. Provide a copy of the most recent COSS that has been performed for Elkhorn District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

**Response:** Elkhorn District was unable to locate a copy of the most recent COSS.



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**Witness: Mark Frost**

16. Refer to the Application, Current Billing Analysis 2022 Usage and Existing Rates and Proposed Billing Analysis 2022 Usage and Proposed Rates.

a. Provide the billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

**Response:** See file: 14\_BA\_Existing\_and\_Proposed\_Rates

b. Describe adjustments to the billing analysis and their justification.

**Response:** In the schedule below is a list of the billing analysis adjustments.

|                                  |                       |
|----------------------------------|-----------------------|
| Leak Adjustment                  | \$ (2,965.00)         |
| Reading Error                    | (61,352.47)           |
| Leak Adjustment - WAT            | <u>(1,453.63)</u>     |
| Total Leak Adj & Mis Read Meters | <u>\$ (65,771.10)</u> |

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**Witness:** Nancy Sherron

17. Provide the number of occurrences and dollar amount for late fees that were recorded during each calendar years 2022 and 2023.

**Response:** See schedule below:

|                 |                    |                     |
|-----------------|--------------------|---------------------|
| 2022 Late Fees: | Occurrences – 810; | Amount – \$3,154.71 |
| 2023 Late Fees: | Occurrences – 740; | Amount – \$3,488.83 |

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**Witness:** Nancy Sherrow

18. Provide a schedule listing the number of occurrences for each nonrecurring charge that were recorded during the test year and the total 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 schedule below:

|                             | Nonrecurring<br>Charges | Number of<br>Test-Year<br>Occurrences | Revenue     |                                   |
|-----------------------------|-------------------------|---------------------------------------|-------------|-----------------------------------|
| Returned Check Charge       | \$ 10.00                | 11                                    | \$ 110.00   | Trvenues from Metered Water Sales |
| Service Call?Investigation  | \$ 11.00                |                                       | \$ -        |                                   |
| Service Line Investigation  | \$ 11.00                |                                       | \$ -        |                                   |
| Service Reconnection Charge | \$ 14.00                | 24                                    | \$ 336.00   | Trvenues from Metered Water Sales |
| Meter Re-read Charge        | \$ 11.00                |                                       | \$ -        |                                   |
| Meter Test Charge           | \$ 22.00                |                                       | \$ -        |                                   |
| Service Transfer Fee        | \$ 11.00                |                                       | \$ -        |                                   |
| Late Fee                    | 10%                     | 730                                   | \$ 3,488.83 | Trvenues from Metered Water Sales |

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**Witness:** Nancy Sherrow

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

**Response:** In Case No. 2022-00124 Elkhorn Water District provided updated cost justification sheets for its nonrecurring charges. The Commission eliminated the recovery of Elkhorn Water District's labor costs from the nonrecurring charges in Case No. 2022-00124. Elkhorn Water District states that there have been no significant changes in the costs that the Commission allowed Elkhorn Water District to recover in its nonrecurring charges. Therefore, revised cost justification sheets have not been provided. Refer to the attached file 19\_EWD1Case\_No\_2022-00124\_NRC\_Cost\_Justifications to review the cost justification sheets that were filed in Case No. 2022-00124.

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**Witness:** Nancy Sherron

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

**Response:** In Case No. 2022-00124 Elkhorn Water District's meter connection/tap-on charges were updated. There have been no significant changes to the meter installation costs and, therefore, revised cost justification sheets have not been provided. Refer to the attached file 19\_EWD1Case\_No\_2022-00124\_NRC\_Cost\_Justifications to review the cost justification sheets that were filed in Case No. 2022-00124.

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**Witness:** Nancy Sherrow

21. Refer to the Application, Attachment 8b, KIA Loan Amortization Schedule. Provide the finalized amortization schedule that was prepared by Kentucky Infrastructure Authority (KIA).

**Response:** The project financed by the Kentucky Infrastructure Loan has not been completed. Elkhorn Water District is currently making only interest payments on its KIA Loan. Once the project has been completed and the loan closed an official amortization schedule will be provided.