

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF)	CASE NO.
MUHLENBERG COUNTY WATER DISTRICT)	2024-00404

RESPONSE OF MUHLENBERG COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION DATED JANUARY 31, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MUHLENBERG)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00404
ADJUSTMENT PURSUANT 807 KAR 5:076)	

VERIFICATION OF LISA DEARMOND

COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF MUHLENBERG)

Lisa DeArmond, Office Manager of Muhlenberg County Water District, states that she has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

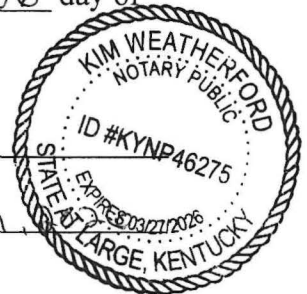


 Lisa DeArmond

The foregoing Verification was signed, acknowledged and sworn to before me this 06 day of March, 2025, by Lisa DeArmond.



Commission expiration: March 27, 2025



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MUHLENBERG)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00404
ADJUSTMENT PURSUANT 807 KAR 5:076)	

VERIFICATION OF ROBERT K. MILLER

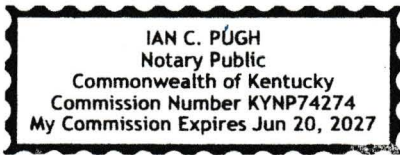
COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF JEFFERSON)


Robert K. Miller, Kentucky Rural Water Association on behalf of Muhlenberg County Water District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



 Robert K. Miller

The foregoing Verification was signed, acknowledged and sworn to before me this 10th day of March, 2025, by Robert K. Miller.





 Commission expiration: 06/20/2027

Muhlenberg County Water District
Case No. 2024-00404
Commission Staff's First Request for Information

Witnesses: Lisa DeArmond # 1a-b, 3-16, 22, 24-28
Robert K. Miller # 1c-d, 2, 17, 21, and 23

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 each of the years ended December 31, 2023, and December 31, 2024.

Response: See files 1a_General_Ledger_2023
1a_General_Ledger_2024

b. The trial balance in Excel spreadsheet format for each of the years ended December 31, 2023, and December 31, 2024.

Response: See files 1b_Trial_Balance_2023
1b_Trial_Balance_2024

c. Refer to 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_Cross_Reference

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_Rate_Study Tab SAO

2. Refer to the Application, Attachment 7, Book Asset Detail. Provide a copy of the Book Asset Detail in Excel spreadsheet format with all formulas, rows, and columns

fully accessible and unprotected.

Response: See file 2_Book_Asset_Detail_2023

3. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2023, 2024, and 2025.

**Response: See file 3_Auto_and_General_Liability_Invoice
3_Auto_and_General_Liability_Certificate**

**3_Property_Invoice
3_Property_Certificate**

**3_Workers_Comp_Invoice
3_Workers_Comp_Certificate**

4. Provide a description of all employee benefits 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.

Response: Muhlenberg County Water District #1 provided complete health benefits with Anthem to employees for the year 2023. All employees had medical and prescription coverage at no cost to the employee.

All employees had HRA cards from Benefit Marketing Solutions (BMS) with \$1,000.00 for vision and dental benefits for the calendar year 2023.

Muhlenberg County Water District #1 provided full vision through Anthem and dental benefits through Paramount Dental with no charge to the employee except for their co-pay's after the HRA \$1000.00 benefit card was used. Three employees paid AFLAC for extra coverage.

Muhlenberg County Water District #1 provided life insurance, short term disability, and dependent life insurance through Anthem at no cost to the employee. Four employees pay monthly for extra insurance through Grange Life Insurance Company.

The employer paid \$13,973.96 for dental benefits for the year 2023. The amount paid to Anthem for the year 2023 for vision, health insurance, short term disability and life insurance was \$393,209.44.

Employees opting for extra benefits paid Aflac \$2,084.46 and Grange Life

Insurance \$2,708.94.

Muhlenberg County Water District #1 paid \$1,147.00 in fees to Benefit Marketing Solutions for managing the HRA account in 2023 and deposited \$80,000 into the account to cover employees dental and vision cost with the HRA cards.

Muhlenberg County Water District #1 paid retirement for all full time employees. The percentage paid for 2023 was 26.79% from January-June and 23.34% from July-December. Employees hired before September 1, 2008 paid 5% out of pocket and employees hired after said date paid 6%. The employer paid \$209,354.24 and the employee paid \$51,015.32 to Kentucky Retirement Systems in 2023.

5. Provide a copy of the most recent invoice for each employee benefit(s) described in the response to Item 4.

Response: See files

- 5_Aflac**
- 5_Medical**
- 5_Benefit_Marketing_Solutions**
- 5_Retirement**
- 5_Dental**
- 5_Life**

6. 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, 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 \$918,437 (prior to tap fee capitalization adjustment). Include the date each 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 hours worked, wages paid, and FICA for all employees. Employee names should be redacted from all documents.

Response: See file 6_Employee_Hours_Wages_and_Benefits

7. Using the same table created in response to Item 6, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and an adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. If medical 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 6_Employee_Hours_Wages_and_Benefits

8. Refer to the Application, Attachment 4, References, Adjustment I. Provide a copy of the invoice or quote for the billing software upgrades for both the installation, and the annual maintenance fees.

Response: See file 8_Billing_Software

9. Refer to the Application, Attachment 4, References, Adjustment J. Also, refer to Table A, Depreciation Expense Adjustments.
 - a. Provide an explanation for the proposed 15-year service life for the meter change-outs. Include in this explanation, any engineering reports, testing reports, or technical specifications that support the proposed 15-year service life for each radio read meter, model and brand.

Response: See file 9a_Meter_Specifications

The meter has a warranty for 20 years.

- b. For each radio read meter in the asset detail report, provide a breakdown of the brand and model.

Response: Sensus iPERL water management system

10. Provide the following information related to billing software:

- a. Brand or common name for software.

Response: The common name for the billing software is Alliance.

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

Response: The software is locally installed on a utility-owned computer.

c. If locally installed, state the installation date.

Response: The software was installed in October 2007 and updated September 2024.

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

Response: The system is serviced by United Systems. Muhlenberg District has an annual contract to maintain and update the software with United Systems.

11. Provide minutes from Muhlenberg District's Board of Commissioners' (Board) meetings that authorize current salaries and wages for all current employees.

Response: Muhlenberg District's Board of Commissioners did not take any actions on specific salaries and wages. Instead, they approved On Call Pay, Christmas Bonuses, and Employee Raise percentage amounts.

See file 13_Minutes

**October 23, 2023 On Call Pay, Christmas Bonuses, and Employee Raises
October 28, 2024 Christmas Bonuses and Employee Raises**

12. Provide minutes from Muhlenberg District's Board meetings for the calendar years 2023, 2024, and 2025 to date that authorize personnel actions, such as the hiring of replacement employees, creation of new employee positions, or any changes to employee benefits.

Response: Muhlenberg District's Board of Commissioners did not take any actions on specific personnel actions. Instead, they approved a Work Boot Allowance

See file 13_Minutes

November 25, 2024 Work Boot Allowance

13. Provide the minutes from Muhlenberg District's Board meetings for the calendar years 2023, 2024, and 2025 to date. Consider this a continuing request through the date of issuance of Commission Staff's Report.

Response: See file 13_Minutes

14. Provide a document listing the name of each member of the Board for each of the calendar years 2023, 2024, and 2025. 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 14_Commissioners

15. Provide documentation from the Muhlenberg County Fiscal Court that authorizes each commissioner's appointment and compensation. In this request, include the initial date of appointment for each current commissioner.

Response: See file 15_Fiscal_Court_Minutes

16. Provide all training records for each commissioner.

Response: See file 16_Training_Records

17. Refer to Application, Exhibit 4, Table A, Debt Service Schedule. For the outstanding debt issuance, provide the Commission case number in which Muhlenberg District was authorized to issue the debt.

Response: Series 2007D Bonds PSC Case No. 2007-00163

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

a. Number of installations during the test year.

Response: Muhlenberg installed 41 new tap installations during the test year.

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 not capitalized.

- 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 not capitalized.

- 19. Provide a monthly breakdown in both gallons and dollar amount, of water purchased during the 2023 test year by vendor, identifying all vendors from whom Muhlenberg District purchased water.

Response: See file 19_Water_Purchased

- 20. Provide the current rate charged by each vendor from whom Muhlenberg District purchases water.

Response:

Central City Municipal Water & Sewer Systems	\$4.57 per 1,000 gallons
Todd County Water District	\$5.91 per 1,000 gallons

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

Response: Muhlenberg District performed a wholesale cost-of-service study in 2010 for PSC Case No. 2021-00210. Muhlenberg District is unable to identify the last time it performed an overall cost-of-service study. It appears that Muhlenberg District has not performed an overall COSS in the last 20 or more years.

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

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

- b. Explain whether any material changes to Muhlenberg 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 the District's system that would create the need for a new COSS to be prepared.

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

Response: Muhlenberg District was unable to locate a copy of the most recent overall COSS spreadsheet.

**See files 18d_Wholesale_COSS_Study_Report
18d_Wholesale_COSS_Study_Model**

22. Refer to the Application, Schedule of Adjusted Operations. Provide an itemization of the Miscellaneous Service Revenues, stated as \$76,838.

Response: See file 22_Miscellaneous_Service_Revenues

The grouping total for Miscellaneous (Other) Service Revenues is \$145,599.52 which includes penalties. After subtracting penalties, the reported balance is \$76,838.

23. Refer to the Application, Current Billing Analysis 2023 Usage and Existing Rates and 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_Rate_Study Tabs ExBA and PrBA

24. Provide the number of occurrences and dollar amounts for late fees that were recorded during the calendar years 2023 and 2024.

Response: See file 24_Late_Fees

25. 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 file 25_Nonrecurring_Charges

26. Provide updated cost justification sheets to support each nonrecurring charge listed in Muhlenberg District's tariff, even if there were no occurrences during the test year.

Response: Muhlenberg District does not wish to increase the charges for any nonrecurring charges at this time.

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

Response: As stated in the Tariff, Muhlenberg District charges \$570.00 to install a 5/8 X 3/4 inch service and meter. The cost is currently approximately \$532.81 for the service line materials and \$413.54 for the meter and transmitter.

See file 27_Service_Materials_and_Meter_Quotation_Sheet

As stated in the Tariff, Muhlenberg District charges actual costs for larger meters and fire hydrants. Muhlenberg District would like to keep this at actual costs.

28. Refer to Muhlenberg District's Tariff, PSC Ky. No. 2, Original Sheet, Billing, Related Information, Frequency of meter reading.

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

Response: The billing cycle begins with the meter reading which occurs on the first of every 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: The date that the billing cycle begins would be best stated as the effective date of any order the Commission issues concerning rates in this case.