

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GRAVES COUNTY)	Case. No.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2025-00060
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

RESPONSE OF GRAVES COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S FIRST REQUEST
FOR INFORMATION DATED APRIL 23, 2025

**Graves County Water District
Case No. 2025-00060
Commission Staff's First Request
for Information Dated April 23, 2025**

Witness: Brent Shultz and Mark Frost

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 December 31, 2024.

Response: See files: 1.a_2023_GL_GCWD_redacted
1.a_2024_GL_GCWD_redacted

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

Response: See files: 1.b_2023_TB_GCWD_Water_&_Sewer
1.b_2024_TB_GCWD_Water_&_Sewer
1.b_2023_TB_GCWD_Water_&_Sewer
1.b_2024_TB_GCWD_Water_&_Sewer

- 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_2023-TB_Reconciliation-Water

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Witness: Brent Shultz

2. State whether Graves County District uses an integrated software program for billing and its general ledger. If not, provide the following information related to each of the billing software and the general ledger software:

Response:

- a. Brand or common name for software.

Response:

Billing Software: Microsoft Dynamics Great Plains

General Ledger: Quickbooks Desktop Pro Plus 2024

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

Response:

Microsoft Dynamics GP is hosted remotely by Central Service Association in Tupelo Mississippi. Quickbooks is locally installed.

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

Response:

The original installation date of Quickbooks was 8/21/2008. The latest release was installed 10/10/2024.

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

Response:

Mayfield Electric and Water Systems maintains a service contract with Central Service Association for the billing software, Microsoft Dynamics GP. Quickbooks is an annual subscription service by Intuit

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Witness: Mark Frost

3. Refer to the Schedule of Adjusted Operations (SAO), Revenue Requirements Calculation, SAO Adjustment References. Provide all schedules used to support each proposed adjustment in Excel format. Component details of schedules should tie to the general ledger accounts that comprise the SAO line item, including any adjustments for unreconciled amounts.

Response: See file: 3_GCWD_Rate Model

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Witness: Brent Shultz

4. Provide certificates of insurance and most recent invoices for general liability, automobile, property, and casualty for 2024 and 2025.

Response: See file: 4_GCWD_Cert_of_Ins-Liability
4_GCWD_Evidence_of_Property_Ins
4_KLC_Insurance_Invoices

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Witness: Brent Shultz

5. Provide the following regarding Purchased Water expenses.
- a. Provide the gallons purchased and cost, by month for the entire year, for each supplier for 2023, 2024, and year to date in 2025.

Response: 5.a_2023_PURCHASED_WATER
5.a_2024_PURCHASED_WATER
5.a_2025_PURCHASED_WATER

- b. Reconcile reported gallons purchased in the test year annual report water statistics and the purchased gallons reported in 2023 from part A above.

Response: 5.b_2023_WTR_PURCHASED_RECONCILIATION

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Witness: Brent Shultz

6. Provide the minutes from Graves County District's commissioner 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 files: 6_2023_BOARD_MINUTES
6_2024_BOARD_MINUTES
6_2025_BOARD_MINUTES

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7. Provide a document that lists the name of each commissioner for each of the calendar years 2023, 2024, and 2025 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.

Response: 7_GCWD_Commissioners_2023_Comp_& Terms
7_GCWD_Commissioners_2024_Comp_& Terms
7_GCWD_Commissioners_2025_Comp_& Terms

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Witness: Brent Shultz

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

Response: 8_2023_Commissioner_Apts_Fiscal_Court_Minutes
8_2024_Commissioner_Apts_Fiscal_Court_Minutes
8_2025_Commissioner_Apts_Fiscal_Court_Minutes

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Witness: Brent Shultz

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

Response: 9_Certificates_for_GCWD_Wtr_Commissioner_Training
9_MARK_CARRICO_COMMISSIONER_TRAINING

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Witness: Brent Shultz

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

- a. Number of installations during the test year.

Response: 36 New Tap Installations

- 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: No labor costs were 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 for new tap installations in the amount of \$16,391.79 were capitalized under the item "Meters" in the fixed assets listing.

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Witness: Brent Shultz

11. Refer to Graves County District's Tariff, PSC Ky. No. 1, 1st Revised Sheet No. 9, General Rules and Regulations.

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

Response:

The billing cycle begins (meter read date) on the 10th of each month.

- b. Provide the date Graves County District's billing cycle begins (meter read date).

Response:.

The 10th of the month would be the best effective date of any order the Commission issues concerning rates in this case.

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Witness: Mark Frost

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

Response: It appears that Graves County 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 Graves County District considered filing a COSS with the current rate application and the reasoning for not filing one.

Response: Graves County 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 Graves County District's system would cause a new COSS to be prepared since the last time it completed one.

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

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

Response: Graves County 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 Graves County District's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

Response: Graves District's application in Case No. 2012-00278 was prepared with the assistance of Commission Staff. Commission Staff assisted Graves District in preparing its cost-of-service study (COSS) using rate-making methods and principles historically accepted by the Commission. Graves District's COSS was attached to the Commission Staff Report that was issued in Case No. 2012-00278.

See file: 12.d_Case_No_2012-00278_Commission_Staff_Report

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Witness: Mark Frost

13. 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:
13_Billing_Analysis_Existing_&_Prposed_Rates

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

Response:

Classification Errors

Water Loss Surcharge	(284,700)
Old Hicory Debt Surcharge	(7,225)
Other Water Revenues - Other	(707)
Forfeited Discounts	(622)
Rents From Water Property	(1,400)
Total Misclassification Errors	<u>(294,654)</u>

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14. Refer to the Application, Schedule of Adjusted Operations. Provide an itemization of Misc. Services Revenues of \$104,961 and state whether each component will recur.

Response: See file: 14_2023_Miscellaneous_Service_Revenues

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Witness: Brent Shultz

15. Provide the number of occurrences and dollar amount for late fees that were recorded during each calendar year 2023.

Response:

Late Fees Recorded During Calendar Year 2023

Occurrences: 8,698

Total Collected: \$31,068.53

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16. 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: 16_2023_NON-RECURRING_CHARGES

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Witness: Brent Shultz

17. Provide updated cost justification sheets to support each nonrecurring charge listed in Graves County District's tariff.

Response: See file: 17_Non-Recurring_Cost_Justification_Sheets

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Witness: Brent Shultz

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

Response: See file: 18_Tap-Fees_Cost_Justification_Sheets

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19. Refer to Application, Schedule of Adjusted Operations, Reference B, which references a surcharge established in Case No. 2020-00836. Also refer to Case No. 2018-00429,² September 30, 2019 final Order,³ and May 25, 2021 Post Case Filing⁴ in which Graves County District's requested to remove the monthly surcharge to customers in the Hickory Area.

- a. Confirm Case No. 2020-00836 was misstated in the reference and was actually referring to Case No. 2018-00429

Response: Case No. 2020-00836 was misstated in Reference B, Application, Schedule of Adjusted Operations and was actually referring to Case No. 2018-00429.

- b. State the actual date the Graves County District stopped charging the surcharge to water customers in the Hickory Area.

Response: The actual date Graves County Water District stopped charging the surcharge to water customers in the Hickory Area was 5/21/21.

- c. Provide a breakdown of revenues, by year, from the surcharge to water customers in the Hickory Area, since June 2021, the ending date for the surcharge established in the final order at page 7.

Response: No revenues were collected from the surcharge since June 2021.

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20. Refer to Application, Schedule of Adjusted Operations, Reference G, reference an increase in contractual services billed by Mayfield Electric and Water of 10 percent.

a. Provide an updated contract referencing the 10 percent increase for 2025.

Response: See files:

20.a_2017_Revised_Draft_GCWD_Contract

20.a_2024_Revised_Draft_GCWD_Contract

b. State whether Leak Detection Services currently provided by Mayfield District will continue to be performed at hours similar to those in the test year.

Response: The Leak Detection Services currently provided by Mayfield Electric and Water System for Graves County Water District will continue to be performed at hours similar to those in the test year, possibly more hours but not less.

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21. Refer to Application, Corrected Existing and Proposed Rates (filed March 17, 2025), Corrected Customer Notice (filed March 17, 2025). Graves County District proposed an increase to annual revenue of 44.14 percent, distributed across a five-year phase-in increase. Provide an explanation for why the district believes a five-year phase in is appropriate to distribute the required revenue increase. Include an explanation for both the phase in approach, in general, and the number of phases proposed

Response: The purpose for the phased in approach is to minimize the initial impact on the customer base. The water district is currently failing to adequately fund the depreciation for the water system. This results in the water system having to go into debt or wait for grant funding to address issues such as painting of the storage tanks or replace old equipment in the distribution system. Not maintaining adequate financial resources to address these types of issue is a significant problem given that the water system must maintain compliance with the Division of water and Federal EPA regulations. Without adequate financial resources this may not be possible. Therefore, the water district is proposing to increase the cost for water to generate reserve funds for covering depreciation that can be used to address components within the existing system in a timely manner.