

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTHERN	)	
KENTUCKY WATER DISTRICT FOR A GENERAL	)	CASE NO.
ADJUSTMENT IN EXISTING RATES	)	2018-00291

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO NORTHERN KENTUCKY WATER DISTRICT

Northern Kentucky Water District (Northern Kentucky District), pursuant to 807 KAR 5:001, shall file with the Commission the original and an electronic version of the following information. The information requested is due either 14 days after the submission of Northern Kentucky District's rate application or 21 days after the date of this request, whichever is later. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Northern Kentucky District shall make timely amendment to any prior response if

it obtains information that indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Northern Kentucky District fails or refuses to furnish all or part of the requested information, Northern Kentucky District shall provide a written explanation of the specific grounds for its failure to respond completely and precisely.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Northern Kentucky District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. a. Provide a complete copy of the workpapers, calculations, and assumptions Northern Kentucky District used to develop its pro forma test-period financial information.

- b. Provide the workpapers, calculations, and assumptions requested in Item 1.a. in Microsoft Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

2. For each employee salary increase granted in the calendar year 2017 or 2018, if any, provide the minutes of each meeting of Northern Kentucky District's Board of Commissioners in which the salary increase was discussed and approved.

3. List each of Northern Kentucky District's non-regulated business activities. For each activity, describe the Northern Kentucky District accounting policies and procedures that ensure that regulated rates do not subsidize the activity.

4. Provide a schedule listing each project included in the test-period Construction Work in Progress. Include a detailed description of each project listed in the schedule.

5. a. Provide a test-period general ledger showing account number, subaccount number, account title, subaccount title, and all entries to each account. For each entry, state the date paid, vendor name, check number used to make payment and the amount. The general ledger shall include all asset, liability, capital, income, and expense accounts that Northern Kentucky District uses. All accounts should show activity for 12 months. Show the balance in each control and all underlying subaccounts per company books.

b. Provide the general ledger requested in Item 5.a. in Microsoft Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

6. a. For each cash account that Northern Kentucky District used during the test year, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount.

b. Provide the cash disbursement ledgers requested in Item 6.a. in Microsoft Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

7. Provide a copy of all audit adjustments made for the test-period financial statements.

8. a. Provide the information requested in Appendix A in Microsoft Excel spreadsheet format with all formulas intact and unprotected and with all columns and

rows accessible for yearly salary and benefit information for each employee of Northern Kentucky District for the years 2013–2017 (in gross dollars—not hourly or monthly rates).

- (1) Employee number.
- (2) Position title.
- (3) Regular salary or pay.
- (4) Overtime Pay.
- (5) Excess vacation payout.
- (6) Standby/On-Call pay.
- (7) Bonus and incentive pay.
- (8) Any other forms of incentives (may include stock options or forms of deferred compensation).
- (9) Other amounts paid and reported on the employees' W-2 (specify).
- (10) Healthcare benefits cost for employees.
  - (a). Amount paid by the employer.
  - (b). Amount paid by the employee.
- (11) Dental benefits cost for employees.
  - (a) Amount paid by the employer.
  - (b) Amount paid by the employee.
- (12) Vision benefits cost for employees.
  - (a) Amount paid by the employer.
  - (b) Amount paid by the employee.
- (13) Life insurance cost for employees.
  - (a) Amount paid by the employer.

- (b) Amount paid by the employee.
- (14) Accidental death and disability benefits.
  - (a) Amount paid by the employer.
  - (b) Amount paid by the employee.
- (15) Defined Contribution–401(k) or similar plan cost for employees. Provide the amount paid by the employer.
- (16) Defined Benefits Retirement cost for employees.
  - (a) Amount paid by the employer.
  - (b) Amount paid by the employee.
- (17) Cost of any other benefit available to an employee (specify).
  - b. Provide all calculations used to develop the percentage of test-period payroll capitalized.

9. For each item of benefits listed in Item 8.a. above where an employee is required to pay part of the cost, provide a detailed explanation as to how the employee contribution rate was determined.

10. Provide a listing of all health care plan categories, dental plan categories, and vision plan categories available to employees (i.e., single, married no dependents, single parent with dependents, family, etc.). Include the associated employee contribution rates and employer contribution rates of the total premium cost for each category and each plan's deductible(s) amounts.

11. Provide a listing of all life insurance plan categories available to employees. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each plan category.

12. a. Identify any employees listed in the response to Item 8.a. who are no longer Northern Kentucky District employees.

b. For each employee identified in the response to Item 12.a.:

(1) If the position has been filled, identify the employee currently in the position, provide the date on which the employee(s) were hired, the actual annualized salary, and the actual benefit information. Identify the salary and employee benefit costs that are included in Northern Kentucky District's pro forma operating expenses.

(2) If the position is still vacant, state the reason(s) why the position is vacant and whether Northern Kentucky District intends to fill it.

(3) State the current status of Northern Kentucky District's efforts to fill the position and the anticipated hire date.

c. State whether the cost of the position is included in the pro forma salaries and wage expense. If the cost is included, state separately the position costs that are included in the test-period operating expenses (e.g., payroll expenses, payroll capitalized, retirement, payroll taxes, insurance benefits) and the accounts to which each amount was charged.

13. a. Provide the employer retirement contribution rate(s) that were effective during calendar years 2015, 2016, and 2017, including the date each rate became effective.

b. State whether the Kentucky Retirement System has notified Northern Kentucky District of the employer retirement contribution rate that will be charged in the fiscal year beginning July 1, 2018.

(1) If Northern Kentucky District has been notified, provide a copy of the notice from the Kentucky Retirement System and the date the rate will become effective.

(2) If Northern Kentucky District has not been notified, provide a copy of the notice from the Kentucky Retirement System when it is received.

14. Concerning employee fringe benefits:

a. Provide a detailed list of all fringe benefits available to Northern Kentucky District's employees and the cost of each benefit in the test period. Indicate any fringe benefits that are limited to management employees.

b. Provide comparative cost information for the 12 months preceding the test period and the test period. Explain any changes in fringe benefits occurring over this 24-month period.

15. Provide the most recent vendor invoice for the following employee insurance coverages:

- a. Health Insurance;
- b. Dental Insurance; and
- c. Life Insurance.

The invoices should list employees individually by name, and state the employee number in the response to Item 8.a.(1). that the employee name corresponds to. If the listing identifies employees by a code number, provide the name for each number.

16. a. Provide a schedule that details all test-period expenditures related to the current proceeding along with a copy of vendor invoices. The schedule should state the nature and amount of each charge. The invoices should contain detailed descriptions

of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

b. Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor, with supporting documentation for each.

c. Provide a monthly update of the schedule requested in Item 13.a. showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in Item 13.a.

17. For each debt of Northern Kentucky District that is currently outstanding or was outstanding during the test period, provide a description of the use of the borrowed funds and a current amortization schedule that includes the entire life of the loan or bond and that details the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.

18. Complete the following table:

<u>Title</u>	<u>Original Surcharge</u>	<u>08/31/2018 Customer Level</u>	<u>2016 Surcharge</u>	<u>2017 Surcharge</u>	<u>Annual Collections</u>
Sub-District A					
Sub-District B					
Sub-District C					
Sub-District D					
Sub-District E					
Sub-District F					
Sub-District G					
Sub-District H					
Sub-District I					
Sub-District K					
Sub-District M					
Sub-District R					
Sub-District RF					
Sub-District RL					
Total					



19. Complete the Statement of Disclosure of Related Party Transactions Form that is attached to this request as Appendix B.

20. Provide an electronic version of the cost-of-service study filed with Northern Kentucky District's application in Microsoft Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

21. Provide Northern Kentucky District's current written policies, programs, and procedures to reduce Northern Kentucky District's consumption of electricity if different than that provided in Northern Kentucky District's Response to Commission Staff's Second Information Request in Case No. 2012-00072.

22. Describe how Northern Kentucky District establishes the level of compensation for its president and senior management. This description should address the role of Northern Kentucky District's Board of Commissioners in the process. Compensation includes salary and all fringe benefits.

23. Provide a listing with descriptions of all activities, initiatives, or programs undertaken or continued by Northern Kentucky District since its last rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.



Gwen R. Pinson  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED SEP 13 2018

cc: Parties of Record

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2018-00291 DATED **SEP 13 2018**



APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2018-00291 DATED **SEP 13 2018**

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

We swear or affirm that the information set forth below represents all transactions occurring within the past five years between Northern Kentucky Water District and related parties. For the purpose of this statement, "related party transactions" include all payments made directly to or on behalf of: 1) current employees other than their regular wages and benefits; 2) current members of Northern Kentucky Water District's Board of Commissioners other than their salaries and benefits; 3) former employees and board members; 4) family members<sup>1</sup> of any current or former employee or commissioner of Northern Kentucky Water District; or 5) a business enterprise in which a current or former employee, current or former commissioner; a family member of a current or former employee or commissioner.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

Check this box if Northern Kentucky Water District has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

\_\_\_\_\_  
Chairman (Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
President (Print Name)

\_\_\_\_\_  
(Signature)

<sup>1</sup> "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of a commissioner or water district employee; or is a dependent for tax purposes of the commissioner, water district employee, or the commissioner's or employee's spouse; or who is a member of the commissioner's or water district employee's household.

COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

Subscribed and sworn to before me by \_\_\_\_\_  
(Name of Chairman of Board of Commissioners)

this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
State-at-Large

COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

Subscribed and sworn to before me by \_\_\_\_\_  
(Name of President)

this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
State-at-Large



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