

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF	)	
THE WHOLESALE WATER SERVICE RATES	)	CASE NO.
OF PRINCETON WATER AND WASTEWATER	)	2019-00444

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on May 5, 2020 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on May 5, 2020 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on May 5, 2020.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/GgEHj1bi4DE>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 14<sup>th</sup> day of July 2020.



---

Kent A. Chandler  
Acting Executive Director  
Public Service Commission of Kentucky

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF )	CASE NO.
THE WHOLESALE WATER SERVICE RATES OF )	2019-00444
PRINCETON WATER AND WASTEWATER )	

CERTIFICATION

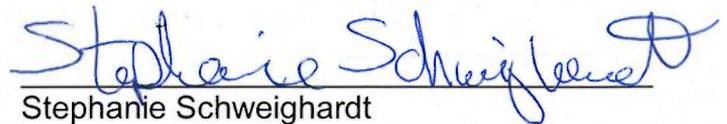
I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on May 5, 2020. The Formal Hearing Log, Exhibit List, and Exhibits are included with the recording on May 5, 2020;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of May 5, 2020; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of May 5, 2020, and the time at which each occurred.

Signed this 9<sup>th</sup> day of July, 2020.



Candace H. Sacre  
Administrative Specialist III



Stephanie Schweighardt  
Notary Public State at Large  
Commission Expires: January 14, 2023  
ID#: 614400



---

<b>Name:</b>	<b>Description:</b>
DISTRICTS EXHIBIT 1	COST OF SERVICE STUDY BY PRINCETON
DISTRICTS EXHIBIT 2	PRINCETON EMPLOYEE BENEFITS FY ENDING JUNE 30, 2019
DISTRICTS EXHIBIT 3	PRINCETON WATER/WASTEWATER EMPLOYEES' HOURLY WAGES/PERCENT OF WAGE INCREASES FY 2014 THROUGH FY 2020
DISTRICTS EXHIBIT 4	CITY OF PRINCETON HISTORICAL PRESENTATION OF WATER RATES 7/1/1995 THROUGH 9/1/2014
DISTRICTS EXHIBIT 5	DECEMBER 11, 2019 CALDWELL DISTRICT NEGOTIATION OFFER - DECEMBER 12, 2019 PRINCETON REFUSAL LETTER
DISTRICTS EXHIBIT 6	U. S. BUREAU OF LABOR STATISTICS MEDICAL CARE BENEFITS PAGES 35-36 MARCH 2019



Date:	Type:	Location:	Department:
5/5/2020	Alternative Rate Adjustment	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Tracy Musgove; James Noel; Ricky Oakley; Alan Vilines  
 Judge: Robert Cicero; Talina Mathews  
 Clerk: Candace Sacre

Event Time	Log Event
------------	-----------

9:19:41 AM	Session Started	
9:19:55 AM	Vice Chairman Cicero Note: Sacre, Candace	Good morning, I apologize for the delay. There's always bugs that have to be worked out in a new system and a new process, so hopefully, everybody is there. Can everybody raise their hand to show that you can hear me?
9:20:09 AM	Vice Chairman Cicero Note: Sacre, Candace	All right, it looks good. Great.
9:20:13 AM	Vice Chairman Cicero Note: Sacre, Candace	We are on the record today in Case No. 2019-00444, Electronic Proposed Adjustment of the Wholesale Water Service Rates of Princeton Water and Wastewater.
9:20:26 AM	Vice Chairman Cicero Note: Sacre, Candace	My name is Robert Cicero. I'm Vice Chairman of the Public Service Commission, and I will be presiding today. Joining me today via videoconferencing is Commissioner Talina Mathews, and, unfortunately, Chairman Schmitt will not be able to attend due to a conflict but will review the hearing materials and recording and participate in the final decision.
9:20:47 AM	Vice Chairman Cicero Note: Sacre, Candace	At this time, I would normally caution attendees to please set your cell phones to silent mode or turn them off, but, due to the current state of emergency in Kentucky, the Commission is hosting this hearing via what I believe is the first ever videoconference.
9:21:03 AM	Vice Chairman Cicero Note: Sacre, Candace	Since this will be a learning experience for everyone, there are a few suggestions I would offer. In addition to the normal courtesies regarding cell phones, these tips may help with clarity and avoid feedback issues for the videoconferencing hearing.
9:21:17 AM	Vice Chairman Cicero Note: Sacre, Candace	Mute your microphone if you are not speaking. Attorneys, when interjecting, please state your name so the video record is clear. If you use a phone for the audio and a computer for the video, turn off the computer audio or there will be feedback. (Click on link for further comments.)
9:22:40 AM	Vice Chairman Cicero Note: Sacre, Candace	The hearing today is for the purpose of taking evidence on Princeton Water and Wastewater's proposed adjustment of its wholesale service water rates.
9:22:48 AM	Vice Chairman Cicero Note: Sacre, Candace	At this time, we'll have the appearance of entry of counsel. Given the unique challenges of conducting a hearing - did we lose it?

9:23:02 AM	Vice Chairman Cicero Note: Sacre, Candace	There we go, okay.
9:23:05 AM	Vice Chairman Cicero Note: Sacre, Candace	We will now have entry of appearance of counsel, and, given the unique challenges of conducting a video hearing, I will also request that each party's counsel please identify their witnesses at this time.
9:23:16 AM	Vice Chairman Cicero Note: Sacre, Candace	So, for Princeton, please identify counsel and your witnesses.
9:23:21 AM	Atty Osterloh Princeton Note: Sacre, Candace	Good morning, Vice Chairman Cicero. My name is Todd Osterloh, representing the Princeton Water and Wastewater Commission in this case. My witnesses are Tracy Musgove in the Princeton office; James Noel, who is the superintendent; Ricky Oakley, and he also has Erick Broomfield there in his office who sponsored Data Responses. Those are our three or four planned witnesses. In addition, we have Princeton's chairman, Bob Hayes, there, in the Princeton office, and I'll let Jim Gardner do some talking.
9:24:05 AM	Atty Gardner Princeton Note: Sacre, Candace	Jim Gardner, with Sturgill Turner Barker & Moloney, also representing Princeton Water and Wastewater.
9:24:16 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, for Caldwell and Lyons?
9:24:19 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	May it please the Commission, my name is Mark David Goss with the law firm of Goss Samford. My senior associate, Allyson Honaker, is also on the video and is going to participate in the hearing. For the Water Districts, we have Alan Vilines, who is our rate expert; Dixie Cayce with Lyon District; and Jimmy Littlefield with Caldwell District.
9:24:47 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, and for Staff?
9:24:51 AM	Staff Atty Koenig PSC Note: Sacre, Candace	Brittany Koenig, for the Commission, and we have no witnesses.
9:24:56 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, thank you. I've been advised that public notice has been given and filed into the record. Is that correct?
9:25:04 AM	Atty Osterloh Princeton Note: Sacre, Candace	That is correct.
9:25:07 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Are there any outstanding motions?
9:25:10 AM	Staff Atty Koenig PSC Note: Sacre, Candace	No, Your Honor.
9:25:12 AM	Vice Chairman Cicero Note: Sacre, Candace	No? Good, okay.
9:25:14 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, for public comment, should anyone from the public like to provide the Commission with public comment, instructions to call in are located on our web site psc.ky.gov. The phone lines will remain open for several minutes at the start of this hearing and close if there are other callers or after everyone has had an opportunity to speak. Should you call in, please state your name and address for the record before making your statement, and please keep your comments to five minutes or less. If there is more than one caller, please be respectful and allow one person to make a statement at a time, and it should be noted that comments may always be submitted on the PSC's website, psc.ky.gov.

9:26:41 AM	Vice Chairman Cicero Note: Sacre, Candace	So do we have any persons from the public that would like to make a comment?
9:26:52 AM	Vice Chairman Cicero Note: Sacre, Candace	Maybe not? Hold on, we want to make sure. Okay, nobody there.
9:27:11 AM	Vice Chairman Cicero Note: Sacre, Candace	As we go through the process, again, learning, we will have breaks just like we do during a normal hearing. It's 9:30 now. Sometime between 10:30 and 11, we'll take a break, take a break sometime around noon to 12:30, and then we'll see how it goes, depending on how long the hearing takes, so we'll continue to take the breaks as if everyone was here.
9:27:38 AM	Vice Chairman Cicero Note: Sacre, Candace	So, before we begin, I note that Princeton provided Staff with the names of two potential witnesses on April 30th and introduced a utility benefit study on Friday, May 1st. Basically, two business days prior to the hearing, and I don't believe this is adequate time for review and preparation by the other parties involved, so, in the future, this will not be permitted without good cause, so it's in the record at this point, but, for future hearings, just for the benefit for the attorneys, there will be some kind of time line limiting when witnesses can be provided for potential cross exam or redirect.
9:28:23 AM	Vice Chairman Cicero Note: Sacre, Candace	I think everyone realizes that this video hearing format is less than ideal. Unfortunately, it is what we have to work with. That being said, as a matter of transparency, all materials should have been provided to the Commission and the participating parties in advance. While there may have been some confusion over submitting materials to be used that were already in the record, Staff requested those documents that were in the record be identified by April 30th. Counsel from all the parties requested an extension for exhibit submission to May1st. While Lyon and Caldwell counties identified their exhibits, they failed to send Princeton a copy. Princeton failed to identify any materials to which you were going to reference during the hearing and submitted new evidence of a utility benefits study less than two business days before the hearing.
9:29:13 AM	Vice Chairman Cicero Note: Sacre, Candace	To be clear, I will not permit introduction of any new evidence into the record that has not been previously submitted for review by the other parties. If there is an objection by any of the other parties to materials being presented by Princeton that were not previously submitted, I will sustain.
9:29:32 AM	Vice Chairman Cicero Note: Sacre, Candace	So, Mr. Osterloh, at this time, you may call your first witness.
9:29:38 AM	Atty Osterloh Princeton Note: Sacre, Candace	Thank you, Vice Chairman, May I offer a couple of comments? I'm sorry?
9:29:42 AM	Vice Chairman Cicero Note: Sacre, Candace	Sure, sure, go ahead.

9:29:49 AM	Atty Osterloh Princeton Note: Sacre, Candace	Okay, I just wanted to mention that Princeton has not offered any new witnesses. We were identifying the individuals that would be present here, at the hearing. The only two people - well, there were four people, I'm sorry, five people that we've identified for the hearing, four of which were all previously named as a part of either providing written testimony or identified in the Responses to Data Requests. The only other person that's participating or here in the hearing is Chairman Bob Hayes, who we don't anticipate calling as a witness. It would just be as if we were there, in Frankfort, on Sower Boulevard, and he was able to sit in on the hearing room to the extent that someone happens to have a question for him, he can answer that, but we don't anticipate him or offering him as a witness.
9:30:50 AM	Atty Osterloh Princeton Note: Sacre, Candace	And then, to the extent that there are some issues with document disclosure prior to the hearing, I apologize. There was miscommunication on whomever's end in terms of getting information. It was my understanding that documents that were already filed in the record did not need to be disclosed to the Commission or Commission Staff. Those are the only documents that we anticipate filing, and we've tried to circulate documents, albeit at the eleventh hour, literally, last night, on the three or four documents that we plan on showing witnesses.
9:31:29 AM	Vice Chairman Cicero Note: Sacre, Candace	And I appreciate those comments, and, to be fair to you, Staff did advise that there was a lot of confusion created just because of emails that were going back and forth between Staff and the attorneys, and, again, it's a new process, and I understand that there will always be hiccups during a process like this, and, you know, this wasn't just to say Princeton made a mistake. It's for the benefit of anyone watching the videoconference to understand that in order to make sure that we have adequate time for the different parties to prepare. If they had been witnesses, we would have liked to have seen something prior to the two days. We'll probably come out with some kind of suggested time frame for those types of submissions in the future, so I am not necessarily just taking shots at Princeton. This is for the benefit of anyone that's watching for all parties to understand that as we go through this process we have to learn, and I understand it's a learning process on the other end as well, so I appreciate your comments.
9:32:37 AM	Atty Osterloh Princeton Note: Sacre, Candace	And, likewise, I appreciate Commission Staff and opposing counsel. (inaudible) it's been a cooperative process, I think, from the last week or so.
9:32:46 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you.
9:32:49 AM	Atty Osterloh Princeton Note: Sacre, Candace	Princeton's first witness will be Tracy Musgove.
9:32:52 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay. Is Tracy there that I can see him, if he can speak up?
9:32:58 AM	Atty Osterloh Princeton Note: Sacre, Candace	She is.
9:33:08 AM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
9:33:23 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Osterloh, you may ask your questions.

9:33:28 AM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you.

9:33:29 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Direct Examination. Ms. Musgove, will you please state your name for the record?

9:33:35 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace And can you spell your last name, since I have a difficult time doing that at times?

9:33:47 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Thank you. For whom do you work?

9:33:52 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace What is your business address?

9:34:02 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace And what is your position there?

9:34:08 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Did you prepare and file written testimony in this matter?

9:34:14 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Did you also sponsor certain written Responses to Requests for Information that had been filed in this case?

9:34:22 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Subject to the corrections and supplements that have already been filed in this case, do you have any changes to that testimony or Responses to Requests for Information?

9:34:34 AM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Then you adopt those answers and testimony here today as your own?

9:34:42 AM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you. Vice Chairman, this witness is available for cross examination.

9:34:46 AM Vice Chairman Cicero  
Note: Sacre, Candace Thank you, Mr. Osterloh.

9:34:47 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Goss, do you have questions?

9:34:52 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yes, I do, Your Honor.

9:34:58 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Cross Examination. Ms. Musgove, my name is Mark David Goss. I am counsel for the Water Districts, Lyon and Caldwell, and I would say good morning to you. Can you hear me okay?

9:35:10 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And let me say to you that in the course of my questions, and it's going to be somewhat extensive, if I ask you something you don't hear or you don't understand, would you please tell me, and I'll either clarify the question or repeat it so you do understand.

9:35:26 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And, if you give me an answer to a question and don't correct me, I'll assume that you understand me and understand the purpose of the question. Is that fair enough?

9:35:40 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, I want to be clear at the outset about some things. Princeton's request in this case, regarding its wholesale customers, Lyon and Caldwell District, asks for a volumetric change from two-twenty-nine to two-seventy-nine per 100 cubic feet, which is a 30 percent rate increase, is that correct?

9:36:18 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I had my numbers transposed. See, I was checking you. That's good. Two-ninety-seven, and that's a 30 percent wholesale increase request, is that correct?

9:36:30 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And you have also, in your filing - when I say you, I mean Princeton. You've asked in your filing to increase the meter charge from \$4 to \$6 per meter to wholesale customers, which is a 50 percent increase, is that correct?

9:36:59 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, but we're just here about the wholesale rates to Water Districts, so the request, to them, is, in fact, from \$4 to \$6, a 50 percent increase, correct?

9:37:16 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And, as I understand it, the test year that Princeton is using in this case is from July 1st, 2018, to June 30th, 2019, which is, for Princeton's purposes, Fiscal Year 2019, is that correct?

9:37:35 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, Princeton bases its request for an increase in wholesale rates of 30 percent not on a cost of service study, which is universally recognized by this and other utility commissions as a preferred method, or rather some sort of unit cost approach, is that correct?

9:37:58 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Why did Princeton not perform a cost of service study, Ms. Musgove?

9:38:16 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And that was for both water and sewer rates, correct?

9:38:23 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, I believe you said in your testimony, and we can refer to it if needed, and what I'm going to try to do is ask you about certain places in your testimony and that sort of thing, and if you can answer, fine. If you don't recall, then I'll have to pull the transcript out, but I believe you said, on page 6 of your testimony, that Princeton believed a cost of service study was too expensive. Do you remember that?

9:38:53 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And did you and the commissioners at Princeton discuss that and determine that that was too expensive?

9:39:29 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Who had looked at it multiple times?

9:39:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Did Mr. Kirtley tell you it was permissible to do a unit cost approach to set wholesale rates as opposed to an accepted cost of service study? Is that what you're saying?

9:40:16 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, what did you - I'm intrigued by this. What did you send to Mr. Kirtley?

9:40:36 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay. Well, that wasn't related to this rate case though, correct?

9:40:41 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right. Did you contact Mr. Kirtley or anyone else at the Public Service Commission prior to initiation of this rate case to determine if the unit cost approach was acceptable and appropriate?

9:41:02 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Did you reach out to any third-party vendor or any expert to request what the cost of a cost of service study would be or what their availability might be to do a cost of service study?

9:41:27 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, but, again, for the purposes of this rate case, Princeton did not contact any particular rate consultant to determine whether or no a cost of service study could be done and how much it would cost Princeton, is that correct?

9:41:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace do you know how to perform

9:41:55 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Do you understand (inaudible) that a cost of service study involves making adjustments to certain expenses, allocating costs based upon reliable data, and generally requires a fair amount of expertise in ratemaking?

9:42:23 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, on the unit cost approach, it appears to me, and you correct me if I'm wrong, that, really, all you did in your unit cost approach was to total all of your water production and distribution expenses according to your 2019 audit, and you divided those expenses by the net water produced and available for sale to arrive at a total cost of production for 100 cubic feet. Is that a fair characterization of what the unit cost approach does?

9:43:13 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right. Now, this approach and your results, I believe, are shown in what you call a Unit Cost Worksheet, is that correct?

9:43:24 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I would like to refer you to what was actually in the record, Ms. Musgove, as PSC 2-21.

9:43:34 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace And, for the record, Mr. Vice Chair, that would be the first exhibit that we would offer, and we prefiled that exhibit with the Commission Staff previously, so I wonder if that could be pulled up.

9:43:54 AM Vice Chairman Cicero  
Note: Sacre, Candace I think it's being pulled up now.

9:43:57 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yeah, and, Commissioner Cicero, for your information, what we're going to do on my end, and I should have said this earlier, Allyson, from our office, I think, has all the documents that we intend to refer to already pulled up to save Kabrenda some time, and so - and that includes our exhibits, so we're going to try to pull those up from here and then share them with everyone, and if that doesn't work somehow, then we'll go to Plan B.

9:44:30 AM Vice Chairman Cicero  
Note: Sacre, Candace Okay, so it's all yours. Go ahead.

9:44:34 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Okay, great. Thank you.

9:44:35 AM Staff Atty Koenig PSC  
Note: Sacre, Candace Excuse me, Mr. Goss.

9:44:37 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yes.

9:44:38 AM Vice Chairman Cicero  
Note: Sacre, Candace Ms. Koenig, go ahead.

9:44:40 AM	Staff Atty Koenig PSC Note: Sacre, Candace	Yes, this is Brittany Koenig. I just want to interject and say the Vice Chair does have hard copies of all of the exhibits that you and Ms. Honaker had submitted previously, so, if you need to refer to something, the Vice Chair has a hard copy to review.
9:44:56 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Okay, great, okay. Thank you, counsel.
9:45:00 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Okay, Allyson, if you would, please, pull up the first exhibit, which is PSC 2-21.
9:45:08 AM	Atty Honaker Caldwell District/Lyon District Note: Sacre, Candace	It's saying my screen sharing is paused. (Click on link for further comments.)
9:45:55 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, there we go. Is it on everybody's screen? All right, good, success.
9:48:16 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Ms. Musgove, are you able to see that document?
9:48:40 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	This is basically Princeton's cost of service study, isn't it? This is how you arrived at your rates
9:48:51 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	I'm sorry. Was that a yes?
9:48:58 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	As I understand what you did from this sheet to arrive at the wholesale rate that you seek to charge in this case, you took the total cost of production and distribution, which is a million-nine-hundred-and-twenty-five-thousand-five-hundred-and-seventy-three dollars, and you divided that by the net water produced for sale less a 15 percent water loss allowance, and so that would be the 60,201,167 gallons, and you would subtract 15 percent water loss from that to arrive at 51,170,992 gallons, is that correct?
9:50:06 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	And so what you did, you took the total cost of production and distribution of a million-nine, in round numbers, and you divided that by the 51 million, in round numbers, to arrive at 0.0376 per cubic feet, and you then translated that to increments of 100 cubic feet to arrive at a total unit cost of \$3.72, is that correct?
9:50:52 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	All right, but the three-seventy-six is the value that Princeton arrived at because the 15 percent water loss, it's your understanding, is supposed to be included in the calculation?
9:51:13 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	And then Princeton used some unknown factor to reduce the request from the \$3.76 to \$2.97, is that correct?
9:52:25 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	All right. Allyson, if you would, please scroll up so we can see the top of the document. (Click on link for further comments.)
9:52:53 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	So, again, for all intents and purposes, this is Princeton's cost of service study?
9:53:00 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	And the result is, again, is a 30 percent rate increase request to your wholesale customers, Lyon and Caldwell districts?

9:53:14 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Mr. Vice Chair, for the record, the Water Districts would move for admission for this document as Districts Exhibit 1.
9:53:24 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, this will be admitted as Exhibit No. 1 for Caldwell/Lyon.
9:53:36 AM	DISTRICTS EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace	COST OF SERVICE STUDY BY PRINCETON ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE
9:54:14 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Now, Ms. Musgove, from a rate design perspective, it's my understanding that Princeton also, besides the rate increase it's asking for, is seeking to abandon the declining block in favor of flat rates, is that correct?
9:54:32 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	As I said before, I think, I think I asked this question, but, if I didn't, let me ask it again, the unit cost methodology employed in this case that Princeton is basing its wholesale rate increase on is the same methodology that Princeton has used for years and was most recently used to set the sewer rate increase and also the retail rate increase or the rate increase for retail customers, is that correct?
9:55:06 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	The problem, I guess, with that, and I'll see if you agree with me or not, is that, from a sewer perspective, Princeton doesn't have any wholesale sewer customers, do they?
9:55:22 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Do you think it's problematic to employ a methodology that sort of attempts to be a one-size-fits-all when part of your utility only has retail customers on the sewer side, but on the water side it has both retail and wholesale customers?
9:56:34 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Okay, I guess I'm not talking about the rate design part of it as much as I am the rate setting part of it. Do you think it's appropriate for a municipal utility such as Princeton to use the same methodology to set sewer rates when there's only one class of sewer customer, essentially, versus setting rates for the water side of things when there are both wholesale and retail customers?
9:57:11 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	All right, and you still believe that's an appropriate way to do it?
9:57:25 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Well, I was going to ask you, having gone through three or four sets of Data Requests and many months of testimony and back and forth, I was going to ask you if you realize now that the methodology that was employed to set wholesale rates in this case was too simplistic?
9:57:50 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Well, okay, that really doesn't answer my question, ma'am. Is that a yes?
9:58:00 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	In retrospect, and, again, 20/20 vision, but, in retrospect, do you think Princeton wishes that it had performed a cost of service study?

9:58:26 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I've gone back, and I've looked at a lot of minutes of meetings that you provided, and I appreciate that, you are very responsive to that sort of thing, but, in looking at those minutes, I don't see anywhere where the commissioners of Princeton questioned the rate-setting methodology or that there was really much discussion at all about the methodology that Princeton employed. Did I miss something, or is that a correct statement?

9:59:11 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace At the time that this exercise was begun and you went through it and you performed your unit cost analysis, was Princeton even aware that the setting of wholesale rates to jurisdictional water districts was, itself, an act that was within the review and purview of the Public Service Commission?

9:59:42 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Did you expect that you would have to come to this Commission and seek approval for the requested wholesale rates?

10:00:12 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, let me ask you a few questions then about some of the things that you did in your methodology, if I may. For instance, with respect to allocation of expense, were your allocations of expenses in this case between the water and sewer divisions based upon known and measurable empirical data by applying use factors, or are they just sort of guesstimates?

10:00:54 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, give me an example of things that were known and measurable, that you are confident were known and measurable.

10:01:20 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, what else?

10:01:57 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I believe that you said in a Response to Data Requests, and we don't need to pull this up unless you don't recall it, and I'm referring to PSC 1-32, that many of your allocations were "random." Do you remember saying that?

10:02:34 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I believe you've admitted in this case in PSC 1-8 that no timesheets were kept by the maintenance and other folks on Princeton's staff to differentiate fairly precisely between work that was done for the water division and work that was done for the sewer division, is that correct?

10:03:35 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Let me move on. Did you make any adjustments to expense for paying 100 percent of the family plan health insurance for Princeton's employees?

10:03:47 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And, in fact, Princeton included all of those premiums for family health plan insurance in its calculations in this case, is that correct?

10:04:03 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace With respect to depreciation - and I'll get back to some of these things just a little bit later, but, with respect to depreciation, did you make any adjustment to expense for depreciation based upon your recalculation of same consistent with the NARUC depreciation schedules?

10:04:28 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Yes, ma'am, but, when you formulated this case, the methodology you employed merely used depreciation schedules that your auditor provided which were non-utility related, is that correct?

10:04:41 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And so when you found out, I think, that this Commission expects at least midpoint from NARUC depreciation to be used, you went back and you recalculated your depreciation, is that correct?

10:05:01 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Has Princeton ever done a depreciation study of any kind?

10:05:14 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Do I take that as a no?

10:05:19 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I'm sorry. I apologize. I'm getting a little bit of an echo sort of like you're talking in a bucket, and it's probably on my end, but do you have a microphone there, and could you maybe get a little closer to it?

10:05:49 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Did you make any sort of adjustment to expense, or did you in any way factor into your unit cost calculations for the 5.7 million gallons of water which the Princeton sewer division used in the test year?

10:06:09 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace You did not?

10:06:13 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, explain to the Commission why you didn't do that. I mean, that's water that was produced but that your sewer division used, is that correct?

10:06:26 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And was the water division ever compensated, or was there any type of book compensation or book entry or anything where, for lack of a better way of saying it, the water division got credit for the water that the sewer division used?

10:07:17 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, and we can pull this out if we need to, but the Public Service Commission's First Request to Princeton No. 23 shows that in 2019 the sewer division used a total of 5,665,000 gallons of water produced at the water treatment plant. Does that sound correct to you?

10:08:13 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, and I'm being a little bit unfair to you because I'm looking at the document. I'm happy to show it to you, but, just for clarification, there are two columns. Plant Gallons is 35,000, in round numbers; Lift Station Gallons is 5,660,000, in round numbers. Does that sound correct?

10:08:36 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, thank you. The fact that you would have not included water used on the sewer side of things in any of your calculations, that would be unfair to the Water Districts in terms of the rate setting, wouldn't it?

10:09:12 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, back just a second to the 15 percent water loss that was assumed in your calculations in your unit cost worksheet, you employed the 15 percent, but Princeton's actual water loss in 2019 was close to 18 percent and has gotten as high as 28 percent in 2015, is that correct?

10:09:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, strictly on the water side of the ledger, did Princeton attempt to make any suballocations for expenses attributable to the provision of retail service versus wholesale service?

10:10:06 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, you attempted to make some allocation at the water-sewer level, right?

10:10:40 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, but, when I talk about suballocations, I'm not talking water versus sewer; that's at the allocation level. When I refer to suballocation, I'm talking about just strictly the water division. You have to make a further, you're supposed to make a further allocation between expenses attributable to the provision of retail service versus attributable to wholesale service, aren't you?

10:11:25 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, and was that - were those - what I call suballocation, was that sort of the guesstimate, 55 - 45, that we were talking about earlier?

10:12:00 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And you understand, I think, from the course that this case has taken, that the Districts' expert, Mr. Vilines, disagrees with the way you handled that, don't you?

10:12:17 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Let's move to employee pensions. What type of pension liability does Princeton have for its staff, its employees and staff?

10:13:05 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, is there - and that's the CERS, is that correct?

10:13:12 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, and, Ms. Musgove, what is the OPEB that's been talked about in this case?

10:13:28 AM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace I think it's Post-Employment Benefits.

10:13:41 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, and so, with respect to these pensions, are there really sort of two tranches? Is there one tranche of expense, I guess, that the Water District actually has to pay on an annual basis for your staff and employees and another tranche which is just merely a liability, sort of a book liability, that the accounting standards require you to take account of?

10:14:25 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Right, but what I'm asking is, is that money that is actually paid out? Does Princeton write a check to somebody for that?

10:14:58 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, as I understand from reading the audit, and you correct me if I'm wrong, but Princeton's financial statements recognize those expenses, some of which are actual payments, but a lot of it is just a liability that's required to be accounted for, a book, is that correct?

10:15:35 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And so there are - in the test year, for instance, and I don't have the numbers in front of me, but I'm just trying to understand a concept here, in the test year, there is an actual outlay or outflow where Princeton writes the check that you must mentioned, and then there's a book entry for future liability that is part of your books and that your auditor must reconcile and account for, is that right?

10:16:09 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So there would be a present cost, which is the check that you wrote or had to write, and there's a future cost that is not an outflow, but I think, if I understand what you did in your methodology, you included all of it in your unit cost worksheet calculations, is that right?

10:16:45 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, tell an uninformed lay person that doesn't know much about accounting what that means.

10:17:30 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, but you understand, don't you, or have you learned that the Public Service Commission in rate setting really only looks at actual costs, for the most part, that a utility incurs during a test year to set rates?

10:18:16 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace But it's not a - it may affect all those positions, but it doesn't affect your revenue position on a year to year basis, does it, except for what you write the check for?

10:18:43 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I want to move now, Ms. Musgove, to Public Service Commission Request No. 1-2.

10:18:56 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace And, Allyson, I'm going to need for you to pull that up, please.

10:19:20 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Ms. Musgove, while she's pulling that up, I would tell you, this is the 2019 Audit Report that was completed by Alexander Thompson Arnold, PLLC, of Murray, for the District. I presume you're familiar with this audit. I know you don't have it - you don't have it memorized, but you're aware that an audit was made and you've seen it?

10:19:52 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace I want to ask you to turn to page 3 of that audit. Moving slow. Yeah, keep going. Yeah, right there, that page.

10:20:43 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Can you see that, Ms. Musgove?

10:20:57 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I'm sorry. I didn't hear you. Are you able to see that document?

10:21:02 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, thank you. First of all, what is this document? What is this portion of the audit?

10:21:28 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And is this something that the auditor or the audit company requires that you provide and be included in the final audit report?

10:22:01 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay. Would you please look at the, I guess, the long paragraph. I'll be the third paragraph that starts, "Utilities of all sizes. . ." Do you see that?

10:22:15 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Go to the very last sentence of that paragraph, please, and read into the record what that says.

10:22:42 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And, to provide context, just prior to that, there was a discussion about the University of North Carolina Environmental Finance Center and the fact - and which you had done, and the fact that Princeton was going to be seeking a rate increase. Is that a fair statement?

10:23:00 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And you admit, I guess - what I'm going after is, you admit that the increase to your wholesale customers in this letter is a significant increase, don't you?

10:23:21 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right. Now, let me turn - and I'm just going to sort of pick and choose some things here. I'd like to go to the next paragraph that starts, "While rate studies. . ." and go to the very last sentence of that paragraph and read what that sentence says so that I can ask you a question.

10:23:46 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace I'm sorry. Allyson, would you please scroll down?

10:24:03 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace That would be the very last sentence of that page, Ms. Musgove.

10:24:14 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace No, no, ma'am. The last sentence of the - the very last sentence on that page that starts "none."

10:24:34 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I don't know how you and I could be looking at two different documents because - well, it's the paragraph that starts "While rate studies. . ." Do you see that paragraph?

10:24:50 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, it's the last sentence of that paragraph.

10:24:59 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, it's not on my mine. I mean, the sentence says - let me just - let's do this the easy way. The sentence says, "None of the \$763,500 in grant funds had been used at this point in time."

10:25:26 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Oh, okay, all right, that's fine. What does that sentence mean, "None of the seven-sixty-three in grant funds has been used?"

10:25:42 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Please, yes, ma'am.

10:26:31 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Do you still have the \$763,500 in grant funds available to you at this juncture?

10:27:13 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace I mean, the reason that I ask that question, you had said in some of your - either your testimony or in a Data Request Response that grant money was very hard to come by, and this just appeared that you had a good chunk of grant money sitting in the bank.

10:27:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And I believe - is that the project that's been quite a bit over budget?

10:27:58 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Oh, I thought it'd been a couple hundred thousand dollars over budget. Is this another project?

10:28:10 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So the answer is, yes, it is over budget?

10:28:25 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace So, Allyson, scroll on down to page 5.

10:28:46 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace At the top, it says Financial Analysis. Yes, okay, get as much of that page no there as you can and start with the second paragraph that says, "Utilities must be self-sufficient. . ."

10:29:01 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Ms. Musgove, can you see this page where you're sitting?
10:29:08 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	I hate to do this, but this is pretty important to this case. I want to ask you to read a couple of paragraphs. They're sort of long paragraphs, but I need to ask you several questions about them. Would you please start at the entry that says, "Utilities must be self-sufficient. . .?"
10:34:34 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	I mean, I'm reading this and saying to myself, "Princeton Water and Wastewater is in excellent financial condition," and you're to be commended for that. I mean, would you agree that your municipal utility is in fine shape financially?
10:35:02 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Well, okay, I appreciate that you've come a long way, but, I mean, you know - I'm sorry?
10:36:01 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Well, the metrics that you just read from are at a point in time, I get that, but the same point in time that defines the test year in this case, is that correct?
10:36:15 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Let's go over to the next page, and then we'll be done with this particular reading exercise, but it would be page 6. I want you to start where it says "Highlights" there, and I just want you to read the first two paragraphs into the record, and I want to ask you a few questions about that.
10:37:25 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	That's far enough. Thank you, so your expenses were a hundred thousand dollars under budget, and they were \$300,000 better than the year before, is that right?
10:38:35 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	All right, thank you for that explanation. Now, above that, I'm reading the sentence that says, "Water sales outpaced budget but continued declines in wastewater revenue, mainly in the industrial sector, offset the positive variance that water revenues produced."
10:38:54 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Ms. Musgove, I'll be honest with you. I mean, I read that to say that it's possible that Princeton is seeking a water rate increase in this case of this magnitude in order to prop up its declining sewer revenues. Is that what's happening here?
10:39:22 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Well, I'll get to that in a second, but the sewer increase that you passed was not nearly as large as the water increase that you passed, is it?
10:39:46 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	So let's move to Water Districts Request No. 1-20 to Princeton.
10:40:01 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Goss, do you intend on entering any of the prior exhibits in?
10:40:07 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	No, no, Mr. Vice Chairman, not so far. There may be two or three others as we proceed that I will, but I don't think I need to. Thank you.
10:40:19 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, thanks.
10:40:27 AM	Atty Honaker Caldwell District/Lyon District Note: Sacre, Candace	Mark David, do you want me to pull that up? What was it?

10:40:30 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Sorry, yes, I'm sorry. WD 1-20.

10:40:35 AM Atty Honaker Caldwell District/Lyon District  
Note: Sacre, Candace Okay. I don't think I have that one saved, but let me check.

10:40:38 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace All right, okay, all right. Well, that's okay, Allyson.

10:40:42 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, Ms. Musgove, I just will state to you, and we can pull it up if we need to, that that's the chart that contains new water and sewer rates from the respective rate increases that Princeton initiated in June of 2019, and that proposed that the water rate increase, the blended rate increase, is 13.6 percent, and the sewer rate increase is only 8.18 percent; yet, water revenues for 2019 were overbudget, and sewer revenues were a drag on operations. Shouldn't those increases be reversed?

10:41:56 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Thank you, Ms. Musgove. Let's move to PSC 3-2.

10:42:02 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Do you have that one, Allyson?

10:42:49 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yes.

10:42:50 AM Atty Honaker Caldwell District/Lyon District  
Note: Sacre, Candace Is that the right one?

10:42:51 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Ms. Musgove, may I ask you to just - well, first of all, can you see that document?

10:42:59 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Would you just read that to yourself? Take a second, and then I want to ask you a couple of questions about it.

10:43:20 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, so the Staff's question there, in 3-2, asked if Princeton developed a revenue requirement for wholesale customers and a separate one for retail customers, and I think Princeton responded that separate revenue requirements were not performed, is that correct?

10:43:43 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Do you understand, Ms. Musgove, why the Commission Staff asked that question?

10:43:51 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace What is it? What do you understand now?

10:44:18 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, is that something you - I mean, is that something you agree with or disagree with?

10:44:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace How is that? I'm intrigued by that answer. Give us some examples.

10:45:06 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I mean, give me some examples.

10:45:56 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Was that a one-time situation, or is that a recurring situation?

10:46:10 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, I mean, are you implying that the labor and the work that Princetown Municipal must perform, answering questions and dealing with issues that the Water Districts have, cost you more than dealing with your retail customers?

10:46:37 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Okay, Allyson, thank you. I'm finished with that document.

10:46:39 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, Ms. Musgove, with respect to allocation, does Princeton currently have and use a cost allocation manual of any kind?

10:46:54 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Do you know what a cost allocation manual is?

10:47:03 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And I presume, since you don't have one and don't know what it is, to your knowledge, Princeton has never had one or used one?

10:47:20 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Let's turn over now to meter charges.

10:47:30 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Allyson, if you would, please pull up PSC 2-26. I hope I gave you that one.

10:48:20 AM Atty Honaker Caldwell District/Lyon District  
Note: Sacre, Candace You did, but it just takes a second to get it to come up. It keeps saying it's paused.

10:48:26 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Well, okay, maybe I can do it without the document.

10:48:41 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, Ms. Musgove, can you see that document?

10:48:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, just glance at it and become familiar with it again, if you would, and let me know when you're ready.

10:49:03 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace What do you say in that Response is the rationale for even recovering a meter charge?

10:49:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, just the number of meters, I mean, Princeton has 3,371 retail meters, according to PSC 2-12, and only 15 wholesale meters, for a total of 3386. Does that sound correct to you?

10:50:05 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And so, if the 15 wholesale meters are as a of the total meters, the wholesale meters are only one-half of one percent of the total; yet, you're asking this Commission to impose a 50 percent meter charge increase for customers that don't even comprise one percent of the total number of meters. Is that reasonable? Is that justifiable, in your opinion?

10:51:20 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I would agree with you that the increase is somewhat diminimus, but it goes to methodology. I mean, if you're basing the number - if you're basing the increase per meter charge on the number of meters and you're assessing the same increase to someone that has less than one percent of the meters, that just doesn't seem to be a rational way to do it, to me, the amount of money notwithstanding.

10:52:31 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And when Mr. Vilines says in his testimony that that portion of the administrative activities of Princeton that benefit the wholesale customers are already contained in the wholesale volumetric charge, you would disagree with that?

10:53:09 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And that's using the unit cost methodology that you employed as opposed to the cost of service study methodology that is recognized and employed by Mr. Vilines, is that right?

10:53:22 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, so let's leave meter charges and talk about wages and benefits for just a few minutes more. I want to refer you, Ms. Musgove, to Water Districts First Request of Princeton No. 14 and also that was actually an exhibit that I hope to offer in this case.

10:53:58 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Let me - while you're pulling that up, I'll find it.

10:54:04 AM Atty Honaker Caldwell District/Lyon District  
Note: Sacre, Candace Is it Employee Benefits?

10:54:08 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yes, it is.

10:55:08 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Goss, can I interrupt for one second? How many questions will you have on this exhibit?

10:55:19 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace I'll probably have half a dozen.

10:55:25 AM Vice Chairman Cicero  
Note: Sacre, Candace Why don't we take a - it's five till 11, Let's take a break till five after 11, and then we'll continue you with your - because this kind of goes into a whole different, and, for your continuity, it would probably be best if we took the break now. (Click on link for further comments.)

10:56:06 AM Session Paused

11:13:40 AM Session Resumed

11:13:43 AM Vice Chairman Cicero  
Note: Sacre, Candace I think we're back. Sorry for the little delay there. Mr. Goss, you may continue.

11:14:03 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Sorry about that. Thank you, sir.

11:14:07 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Cross Examination (cont'd). Ms. Musgove, can you still hear me okay?

11:14:13 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right. I'm really having a difficult time hearing you. I'm getting a lot of feedback, I don't know if - do you have any other computers on in the room besides the one you're using?

11:14:32 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay. That's actually a little bit better. We'll wade through this. Thank you.

11:14:51 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yeah, I'm still getting a lot of echoing. Mr. Vice Chair, are you getting the same echoing I am? (Click on link for further comments.)

11:15:24 AM Atty Goss Caldwell District/Lyon District - witness Musgrove  
Note: Sacre, Candace Ms. Musgove, I pulled up what is Water Districts 1-14, and it is what appears to me is a spreadsheet showing each Princeton employee's total compensation, containing each constituent expense - gross wages, healthcare, dental, vision, et cetera. Did you actually prepare this spreadsheet at my request?

11:16:01 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And this is the total compensation for Princeton's staff and employees for the test year?

11:16:12 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And I'm going to go through this somewhat hurriedly, but I want to make sure I understand everything. The first column is - well, first of all, before we get to that, I think I counted 22 employees that are listed on here.

11:16:46 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Gross Wages, the first column, Gross Wages, for Princeton were \$759,000 and change, is that right?

11:16:58 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And just so the record is clear, this is broken down into the four, what I'll call, business units of the utility, which is Administration, Water, Wastewater, and Maintenance, is that right?

11:17:15 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Then you have Healthcare in the next column, and your Healthcare is almost \$257,000 for Fiscal Year 2019, is that correct?

11:17:34 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And that is - and that's the number - the 257 is the number that you used in your unit cost calculations?

11:17:55 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Then the total Dental is 7,164, Vision almost 1400, Life Insurance and - I guess STD is Short-Term Disability, 2165, then you have the CERS Benefit of \$158,000 and change. Is that - again, back to writing a check versus liability, is that what Princeton actually wrote a check for, or is part of that liability in the future?

11:18:57 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, so you don't know as you sit there whether or not the hundred-and-fifty-eight-thousand-dollars-and-change number was the number that you used in your unit cost calculations?

11:19:11 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I'd kinda like to know that, if that's possible, so how long will that take you?

11:19:51 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, but, again, to review the number that you inputted in your unit cost exercise or calculation, was this number plus the other number the future number?

11:20:18 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Then you have Social Security and Medicare 57,000. Total Employee Compensation for the test year a million-two-hundred-thirty-eight-thousand-nine-hundred-forty-six. Am I reading that right?

11:20:32 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, I want to ask you a few questions about the Healthcare column, which is the second column over. I think we've established that Princeton pays a hundred percent of the cost of a family plan for each employee, is that right?

11:20:55 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And that is a very generous benefit in today's world, wouldn't you agree?

11:21:16 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Yes, ma'am. Well, I'm not limiting it to local utilities in the Western Kentucky area. I'm talking about, considering all employers, large and small, in the general area where Princeton has customers, that would be considered a very generous benefit, wouldn't it?

11:21:58 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, so is it a generous benefit or not in your opinion? That's all I'm trying to ask.

11:22:08 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, subject to check, I have taken just the Healthcare benefit and divided that by the number of employees that are on this chart, and Princeton paid \$11,680 per year per employee just for healthcare. Would you agree with that?

11:22:42 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, and so when you add the Healthcare, the Dental, Vision, and Life Insurance, that number goes to \$12,168 per year per employee. That seems like a really high benefit structure to me.

11:23:21 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, let me ask you this, has Princeton ever done any sort of a benefit survey, considering its local economy there, in terms of what other nonutility, nonmunicipal utility employers pay?

11:24:01 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, but that was in 2004. My question is, has Princeton done a benefits survey of any kind pertaining to the test year that's in focus in this case?

11:25:36 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, let's talk about that. Well, first of all, that is with relation to like utilities in your area. I've looked at this, and there is no other private entity or private corporation or private employer of any kind on this Supplement to 2-9. Am I correct about that?

11:26:03 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, and wouldn't you agree, Ms. Musgove, that things have dramatically changed in the benefit world from 2004 to 2020 in terms of what employers pay for employee's health benefits and what employers expect employees to contribute for their own benefit?

11:26:28 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, let me ask you this question. You previously were a senior lender at Fifth/Third and Bank of America, weren't you?

11:26:35 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Did you get a hundred percent family coverage paid for you?

11:27:01 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, that's private industry versus nonprivate industry, isn't it?

11:27:11 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Yes, ma'am, but you didn't compare that in this case, did you? You made no comparison in this case other than what other similarly situated municipal utilities pay their employees. Is that a fair statement?

11:27:39 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So the answer is yes or no to my question?

11:27:44 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace No, ma'am, I don't think you did. Let me rephrase it. Did your Supplement include any other employers other than similarly situated municipal utilities from a benefits perspective?

11:28:03 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace When you worked for Kentucky Department of Financial Institutions (KDFI), did you get a hundred percent of your family coverage paid by them?

11:28:18 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace But do you know if KD - if the state or KDFI, would have paid for a full family plan had you not been a single person?

11:28:47 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Are you aware that the Commission has almost universally disregarded comparisons, such as the comparison that you offered in your Supplemental Response to PSC 2-9?

11:29:38 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace But did you make any inquiry about what you should be testing against, or did you just assume something that I'm not aware of?

11:30:33 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	So you're saying that you're willing to pay an employee a hundred percent of a family benefit just because of the industry that you're involved in?
11:30:56 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	What's generally what they do?
11:31:08 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	You're talking about other municipal utilities that are similarly situated to Princeton?
11:31:17 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	I'm a little bit puzzled by why Princeton Water and Wastewater is paying a hundred percent of a family plan for their employees but your sister utility, I presume it's your sister utility, Princeton Electric Plant Board, is only paying 80 percent. Explain that (inaudible).
11:32:34 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	How long has Princeton Water and Wastewater paid the hundred percent of a family plan for its employees?
11:32:58 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Do you think it's fair for wholesale customers, in this case, Lyon and Caldwell, to subsidize the payment of a health insurance benefit that really, frankly, no other private industry or employer anywhere in today's world pays?
11:33:42 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	So you're - I mean, I guess the implication of what you're telling the Commission is that, if Princeton backed off of paying a hundred percent and only decided to pay, you know, 65 percent or 70 or 75, there'd be a run for the door by your employees?
11:34:03 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Is that what you're saying?
11:34:41 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	So just to review the calculations in your unit cost worksheet and revenue requirement that you came to for wholesale rates does not provide any adjustment to expense whatsoever for health insurance?
11:35:05 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	So there is no adjustment to expense?
11:35:17 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Commissioner Cicero, I'd like to move for admission of Water Districts 1-14 as Lyon/Caldwell Exhibit 2, please.
11:35:26 AM	Vice Chairman Cicero Note: Sacre, Candace	Certainly, let this be admitted as Exhibit 2.
11:35:27 AM	DISTRICTS EXHIBIT 2 Note: Sacre, Candace Note: Sacre, Candace	PRINCETON EMPLOYEE BENEFITS FY ENDING JUNE 30, 2019 ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE
11:35:30 AM	Vice Chairman Cicero Note: Sacre, Candace	And, Ms. Musgove, you might want to hang on to this because, when I have a chance to ask questions, I'm going to be utilizing this spreadsheet.
11:35:44 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	May I proceed, Commissioner Cicero?
11:35:45 AM	Vice Chairman Cicero Note: Sacre, Candace	Yes, sir.
11:35:47 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Thank you.

11:35:49 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Okay, Allyson, if you would, please, pull this one off, and let's go to Water Districts 1-30 which is a premarked exhibit.

11:36:07 AM Atty Honaker Caldwell District/Lyon District  
Note: Sacre, Candace What does it have on it? (Click on link for further comments.)

11:37:04 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Ms. Musgove, can you see this on your screen?

11:37:11 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Before we get to it, let me ask you a few general questions about wages. How does Princeton handle wage increases to its employees? Is it done - first of all, is it done on an annual basis?

11:37:56 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And what is the cost of living adjustment that is - what benchmark is used to determine the raise that employees get?

11:38:32 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And is COLA usually always given?

11:39:02 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So you used the word performance, I would assume that there is some sort of a performance metric or performance structure, performance assessment structure, that Princeton has in place to determine who gets a raise from the superintendent and who doesn't. Am I correct about that?

11:39:30 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Oh, okay, so there's no specific written evaluation structure or even verbal evaluation structure that's used?

11:39:50 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace How does - I'm sorry, ma'am. I didn't mean to interrupt you. I apologize. Go ahead.

11:40:14 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, what do you mean by that?

11:40:34 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Has someone attempted to rectify that situation? because that doesn't really sound like a true good faith, arm's length evaluation structure to me.

11:41:08 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I'm trying to understand how pervasive that is. Is that something that happens quite a bit or just on a very, very limited case-by-case basis? I'm just trying to understand, you know, and obtain some comfort with Princeton's evaluation protocol.

11:41:35 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Who determines that? The board of commissioners?

11:41:44 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, if I understand it, Princeton has an evaluation process, but the superintendent has absolute veto power over any evaluation that he or she might see and can dispense raises as he or she sees fit according to what his or her subjective interpretation of an employee might be?

11:42:34 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace If the superintendent chooses to ignore a particularly favorable evaluation for an employee and that employee doesn't get a raise or gets less than everybody else, does the superintendent call that person in say, "Hey, you didn't get the one-half of one percent because. . ." and then does he or she have a consultation with each employee on that, or no?

11:43:09 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So let me refer you to then to the spreadsheet that's on the screen.

11:43:13 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Allyson, can I ask you, is that just a one-page spreadsheet, or is that a two-page, that exhibit? (Click on link for further comments.)

11:43:30 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, Ms. Musgove, I've looked at this chart quite a bit, and I'm having a hard time with a couple of things. What I've done is - you don't have it in front of you - but I've taken the fiscal year raises that were given starting in '15, the last five years, coming all the way to Fiscal Year '20 and for Fiscal Year - I'm sorry, '16 to '20, that'd be five years, for Fiscal Year '16, the raise was one-point-eight-one percent; for '17, it was three-point-o-one percent; in '18, it jumped up to six-point-five-four percent; in 2019, the test year, it jumped all the way up to seven-point-three-four percent average raise; and then it dropped back down to four-point-four-seven percent.

11:44:42 AM Atty Goss Caldwell District/Lyon District - witness Musgrove  
Note: Sacre, Candace I'm sorry. I made a mistake. Fiscal Year '19 was four-point-four-seven percent; fiscal Year '18 was seven-point-three-four percent, so it appears to me that there's been a substantial increase from 2016 up to the test year for raises to your employees that far exceed COLA, if you assume COLA is in the two, two-and-a-half, two-and-three-quarters, somewhere in that range. Can you explain that for me?

11:45:22 AM Atty Osterhol Princeton  
Note: Sacre, Candace I'm sorry, Mr. Goss. Can I (inaudible)? Are you looking at something that we should be seeing on the screen, or are these your own calculations?

11:45:34 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace These are my own calculations.

11:45:36 AM Atty Osterloh Princeton  
Note: Sacre, Candace Okay, thank you for the clarification.

11:45:39 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Okay, and to be fair to you, Ms. Musgove, and I should have laid a better foundation, what I did was, I took that says "Increase Percent" (Inc%), and I averaged those and included the zeroes by the number of employees. This is not dollars, but this is the percent increase, and, if you assume that my calculations are correct, there's been an upwards trajectory in wage increases all the way up to seven-point-three-four percent a year, on average, for Princeton Water and Wastewater. Can you explain that to me?

11:47:29 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I mean, if you look at it - okay, that's fair enough. If you look at the test year though, Fiscal Year '19, in the Increase Percent column -

11:47:38 AM Staff Atty Koenig PSC  
Note: Sacre, Candace Excuse me, can you hear me? This is Brittany Koenig, Staff. I'm sorry to interrupt, but we are getting feedback, and it's been suggested Ms. Musgove has another computer in the room. If you could check that both the microphone and the speakers are turned off on the second computer, that might help with the problem.

11:48:12 AM Vice Chairman Cicero  
Note: Sacre, Candace Are you there, Ms. Musgove?

11:48:29 AM Staff Atty Koenig PSC  
Note: Sacre, Candace I still think the microphone and the speaker on the computer could be picking up or could be causing some feedback, but if there's somebody there that could check it for you or if at the next break you could check that. I won't hold things up.

11:48:46 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yeah, I appreciate that, Brittany, because I'm having - frankly, I think the echoing is getting worse, and I didn't know if it was my end or her end.

11:48:56 AM Staff Atty Koenig PSC  
Note: Sacre, Candace We can hear it, too.

11:49:24 AM Vice Chairman Cicero  
Note: Sacre, Candace Okay, so, at this point, is Ms. Musgove checking the computer, or where are we?

11:49:32 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Oh, I'm sorry. I thought she was checking the settings of her computer. I apologize.

11:49:41 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So let's go back to Fiscal Year 2019 and look at the Increase Percentage column on this chart. Do you see it?

11:49:56 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And so, you know, you pulled out the one that's 23.83 percent and gave an explanation for a new hire, and I understand that, but, as I look up and down the chart, I see one more new hire for that year, but that person got zero raise, but it appears that the rest of the folks for that year were not new hires, and I'm seeing some 4.9s, 3.89, 4.0, 5.45, 11.23, 7.74, 5.24. I mean, there's some pretty high numbers that are well above, say, a two-and-a-half percent Cost of Living Adjustment, and those are the ones I'm really most concerned about. Can you explain that to me as to why those numbers are so much above what a COLA number would be?

11:52:00 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So you'll give me an explanation why some of these numbers are double or triple what a COLA percentage normally would be?

11:52:40 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, so, to be clear, if I'm understanding what you're telling me, the percent increase in the test year would include not only COLA increases but also several merit increases?

11:53:07 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, do you have any idea what the total percentage increase in wages for the test year from the prior year would be when you take into consideration both COLA and merit raises?

11:53:32 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Mr. Vice Chair, that's a question that I would ask that Princeton respond to in a post-hearing data request.

11:53:39 AM Vice Chairman Cicero  
Note: Sacre, Candace Certainly, and the only thing that we would ask is that you write those questions out, submit it to all of the parties, and we will, at the end of the hearing, provide a date for responses to those requests, and we'll go about it in that manner.

11:53:59 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace That sounds great. Thank you.

11:54:05 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE  
Note: Sacre, Candace PERCENTAGE INCREASE IN PRINCETON EMPLOYEE WAGES FOR TEST YEAR FROM PRIOR YEAR WHEN CONSIDERING BOTH COLA AND MERIT RAISES

11:54:09 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace You would agree with me though, without doing the calculation, that the average increase for the test year would have been well above COLA?

11:54:35 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace I'll tell you, what I'll ask for, and I'll write this out, I'm going to ask for the gross amount of increase as well as expressed in a percentage.

11:54:36 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace GROSS AMOUNT OF INCREASE IN PRINCETON EMPLOYEE WAGES FOR TEST YEAR FROM PRIOR YEAR WHEN CONSIDERING BOTH COLA AND MERIT RAISES  
Note: Sacre, Candace ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE

11:54:54 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Did Princeton board of commissioners approve a COLA increase recently?

11:55:17 AM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So is the number, the numbers, the data that I see in Fiscal Year 2020 estimated?

11:55:40 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Commissioner Cicero, I would move for admission of this as Lyon/Caldwell District 3.

11:55:47 AM Atty Osterloh Princeton  
Note: Sacre, Candace If I can, Vice Chairman, it appears that some of the formatting on this document, I presume, has gone astray. If you look at the bottom right, there's a letter A in one of the columns under Fiscal Year 18. I think it would be better to rely just on the document that was actually filed by Princeton as opposed to entering this as an exhibit, and I apologize (inaudible).

11:56:18 AM Vice Chairman Cicero  
Note: Sacre, Candace So you're saying that you can't see or that there's some formatting issue that prevents you from seeing the entire document?

11:56:28 AM Atty Osterloh Princeton  
Note: Sacre, Candace No. I believe that, when Mr. Goss converted some of these documents, something on his computer (inaudible) skewed some of the numbers. We saw that in another document that we were able to rectify before the hearing, but my guess is that there is at least two numbers on here that would appear differently on what Princeton has actually filed.

11:56:55 AM Atty Osterloh Princeton  
Note: Sacre, Candace Mr. Goss, can you identify again what this document is, where it's found in the record?

11:57:02 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yeah, this is Water Districts to Princeton 1-30.

11:57:09 AM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Allyson, didn't we take care of that this morning? (Click on link for further comments.)

11:57:33 AM	Vice Chairman Cicero Note: Sacre, Candace	So, in this case, let's put the exhibit as Exhibit 3 with the caveat that if there's a modification that needs to be made because this was changed to a PDF file that we go ahead and notify the Commission that that is the instance, and we will then go back and modify the record. Again, we're into unchartered waters here, and I understand the desire of Caldwell/Lyon to submit the exhibit, and I understand Mr. Osterloh's objection, but I think it does have some relevance, and, at this point, we'll admit it as - I think you're going to, Mr. Goss, say this is Exhibit 3?
11:58:24 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, sir.
11:58:26 AM	Vice Chairman Cicero Note: Sacre, Candace	We'll admit it as Exhibit 3, subject to change.
11:58:28 AM	DISTRICTS EXHIBIT 3 Note: Sacre, Candace  Note: Sacre, Candace	ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE PRINCETON WATER/WASTEWATER EMPLOYEES' HOURLY WAGES/PERCENT OF WAGE INCREASES FY 2014 THROUGH FY 2020
11:58:29 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Yeah, I'm sorry. I didn't mean to interrupt you. We'll work with Mr. Osterloh and Ms. Koenig to make sure that we have an accurate document.
11:58:38 AM	Vice Chairman Cicero Note: Sacre, Candace	Yes, I mean, I would agree that that's probably the best approach at this point.
11:58:45 AM	Atty Osterloh Princeton Note: Sacre, Candace	And I would propose, as we're working this out, since the witness was questioned on this document, maybe we leave that in. We just note that whatever was actually filed, the spreadsheet that was filed, in response to Item 30 of the Water Districts' questions is what Princeton has filed in the record. That's all.
11:59:02 AM	Vice Chairman Cicero Note: Sacre, Candace	Is that okay with you, Mr. Goss?
11:59:05 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, sir, thank you.
11:59:06 AM	Vice Chairman Cicero Note: Sacre, Candace	That works for me. Are you done with this exhibit?
11:59:09 AM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, sir, I am.
11:59:11 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, well, I would also suggest that Ms. Musgove hang on to this one as well because I'm going to ask some questions off this one as well.
11:59:25 AM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	So, Ms. Musgove, I mean, as I read Princeton's initiating documents, it appears that one of the principal driving factors in a case is the municipal's concern for its many low-income retail customers, to-wit, the UNC Affordability Study, et cetera. Is Princeton in any way concerned that its low-income retail customers might object to their subsidization of a very generous health benefit structure and what appears to be a fairly generous wage increase structure?
12:00:48 PM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	I'm not following you there.

12:01:16 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, Ms. Musgrove, who built that capacity? Did the Water Districts build that capacity or did Princeton?

12:01:25 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I mean, Lyon and Caldwell didn't build Princeton's system, did it?

12:01:56 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So you're saying that the extra capacity that Princeton, itself, built is as a result of something that Lyon and Caldwell did and not a loss of customers, both industrial and retail, that you have said is the cause for this rate increase?

12:02:38 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I mean, I don't have it in front of me, but the usage of the Water Districts has stayed pretty darn stable for the last five years, hasn't it?

12:02:57 PM Vice Chairman Cicero  
Note: Sacre, Candace Can I ask a quick question, Mr. Goss?

12:02:59 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yes, sir, yes, sir.

12:03:00 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Examination. Ms. Musgove, when you say, "They said the Water Districts were growing," can you clarify for me whether you're referring to Princeton or are you referring to the engineers, or who is - can you clarify who "they" is?

12:03:36 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So it was the Princeton commissioners that made that determination?

12:03:46 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, but it was within the Princeton organization or their contractors or their engineers?

12:03:58 PM Vice Chairman Cicero  
Note: Sacre, Candace Okay, thank you.

12:03:59 PM Vice Chairman Cicero  
Note: Sacre, Candace I'm sorry, Mr. Goss. Go ahead.

12:04:01 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace No, sir. That's fine. Thank you.

12:04:02 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Cross Examination (cont'd). Okay, let's move on, Ms. Musgove, and I'm just about finished here. I've just got a few more questions, but I do want to turn to Water Districts' Request 1-1.

12:04:13 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Which, again, Allyson, for your purposes, is an exhibit in the case. (Click on link for further comments.)

12:05:38 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Ms. Musgove, do you have the ability to see this on your screen, ma'am?

12:06:02 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, so this is a chart or spreadsheet that you provided in response to Water Districts' First Request for Information, First Response, and I don't have it in front of me, but the question asked for you to spread the various wholesale and retail rate increases that Princeton has enacted for the last 20 years, and I think this is in response to that. Do you agree with that?

12:06:44 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So I'm looking at the highlighted boxes of this document that I wish to ask to be made an exhibit here in a few minutes, and I'm looking at sort of the last line of the box of the chart where it talks about the wholesale rate. Do you see that?

12:07:12 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, it looks like, and I'm going to go over this kinda quickly, between 2000 and 2002, Princeton raised its wholesale rates to Lyon/Caldwell by a factor of 40 percent, is that correct?

12:07:39 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Oh, that's '95 to 2000, okay, then between 2000 and 2002, it rose another 25.2 percent?

12:07:51 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And then just two years later, from 2002 to 2004, it jumped up another thirty-three-and-a-half percent, is that right?

12:08:03 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Then, two years later, from 2004 to 2006, it was raised 2.8 percent, is that right?

12:08:12 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And then 2006 to 2011, it was raised another 10 percent, right?

12:08:20 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And then from 2011 to 2014, it was raised another 13 percent, is that right?

12:08:31 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And, now, you're asking, Princeton is asking, between, I guess, 2014 and 2020 another 30 percent rate increase?

12:09:09 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, if you then go to the subsequent sheets, which are the actual tariff sheets that you were also asked to provide and which you did -

12:09:25 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace And so, Allyson, you're going to go to the next page of this exhibit.

12:09:38 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And while she's doing that, Ms. Musgove, these percentage increases that I just mentioned, 40, 25, 33, 2.8, 10, 13, and 30, these are all sort of compounded rate increases, aren't they?

12:10:09 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Okay, but, for instance, the '95 to 2000 increase was 40 percent. The one that was done two years later at 25.2, that's 25.2 in addition to the 40 that Princeton got two years ago, the prior two years?

12:10:38 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Yes, okay, so the first tariff sheet, which is the tariff that Princeton had in place for wholesale customers in 2002, shows a wholesale rate of a dollar-forty-three cents per 100 cubic feet. Am I reading that right? Is that what you see, Ms. Musgove?

12:11:18 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, the chart that you did prepare for that same time period says that the wholesale rate was actually just a dollar-thirty-four, one-point-three-four-one-o, or it should have been, which is quite a bit different from a dollar-forty-three. The dollar-forty-three tariff that was charged is nine cents higher, give or take, than what your chart shows, so what's going on?

12:12:14 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I mean, ten percent of a dollar-forty-three would be 14.3 cents, and the difference between the dollar-forty-three and a dollar-thirty-four is not 14 cents.

12:12:51 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Okay, well, let's go to the next page, the next page, Allyson, which is the tariff sheet in place for 2004.
12:13:06 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	And, while she's pulling it up, it won't take a second, what do you see the wholesale rate, the wholesale tariffed rate, was beginning November 5th, 2004, there, Ms. Musgove?
12:13:28 PM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	When I look at your chart, in response to WD 1-1, and, again, the number's off, you're saying the wholesale rate in your chart's a dollar-seventy-nine, but the tariffed rate is a dollar-seventy-two. What's going on there? Do you know?
12:14:10 PM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Well, who has the right data? I mean, I would assume that the correct data, the data that should be correct, is the tariff that's on file at the Public Service Commission. Do you know?
12:14:31 PM	Atty Goss Caldwell District/Lyon District - witness Musgove Note: Sacre, Candace	Well, let's move to the third page then, which is 2006 -
12:14:35 PM	Atty Osterloh Princeton Note: Sacre, Candace	Mr. Goss, if I can interrupt and ask the Vice Chairman, I think we're getting a little far afield as to what's at issue in this particular case, which are what will the wholesale rates be going forward. I just don't know that this is relevant to what we're dealing with today.
12:14:49 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Mr. Vice Chair, the relevance is methodology. I mean - I'm sorry.
12:14:53 PM	Vice Chairman Cicero Note: Sacre, Candace	So, all right, and I understand the methodology point, and I guess I would suggest that, in order to verify this, we go through a post-hearing data request and have her validate it, and we get back on track and to the - I'm going to sustain the objection, and we'll move forward with a - for you to be able to provide a post-hearing data request for her to find out what her - what the issues are between the data she supplied and what's on the tariff sheets because I think you can probably go through all of the tariff sheets and find that she has some kind of a problem correlating the data she provided to the tariff sheet, and it might be better to give her an opportunity to determine what that is.
12:15:30 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace  Note: Sacre, Candace	ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE  PRINCETON VALIDATION OF DATA SHOWN ON CITY OF PRINCETON HISTORICAL PRESENTATION OF WATER RATES 7/1/1995 THROUGH 9/1/2014 WITH CORRESPONDING TARIFF SHEETS
12:15:40 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Well, I would move, tentatively, for admission, however, of this exhibit because, I mean, the tariff sheets and chart came directly from information which Ms. Musgove provided, and so, regardless of what the post-hearing data request says, I want to have this exhibit in the record.
12:16:01 PM	Vice Chairman Cicero Note: Sacre, Candace	Yeah, and I agree. This can be admitted as Caldwell/Lyon's Exhibit 4.
12:16:04 PM	DISTRICT EXHIBIT 4 Note: Sacre, Candace	ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE

Note: Sacre, Candace CITY OF PRINCETON HISTORICAL PRESENTATION OF WATER RATES 7/1/1995 THROUGH 9/1/2014

12:16:09 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Okay, thank you.

12:16:16 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So, moving on, Ms. Musgove, tell the Commission why Princeton didn't increase the outside-city retail customers' rates in July of 2019 when it raised the inside-city retail customers' rates?

12:17:14 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So Princeton is waiting on this wholesale rate increase, you're going to see what you get, before you address the outside-city customers' rates, is that right?

12:17:33 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So is that a yes; you were waiting until you see the results of this increase?

12:17:42 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I guess I'm trying to understand what in the world a wholesale rate increase that's based upon cost of service or should be has anything at all to do with what the rate to an outside-city customer is that should be based on the same criteria, cost of service. Can you explain that for me?

12:18:31 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace But, if it comes in higher, then you don't have to raise the outside-city customers, and the wholesale are actually - would, in fact, be, potentially, subsidizing the outside-city customers' rates, is that correct?

12:18:56 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace But did you do a specific cost of service, or is there a specific revenue requirement cost to serve an outside-city customer?

12:19:25 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, when does Princeton intend to initiate subsequent phases of the notification of its declining block structure?

12:19:44 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, do you know how many phases you - is there going to be one more phase, two more phases, or do you know?

12:20:20 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, moving on, did you make certain pro forma revisions to salaries in your revised PSC 2-1, your Unit Cost Worksheet?

12:20:36 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, did you make any other pro forma revisions besides salaries since this case was initiated?

12:21:06 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, so I don't want to get into the weeds. I just want to know generally what pro forma revisions you made, so you made pro forma revisions to salaries and to depreciation. Anything else?

12:21:30 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, anything else?

12:21:38 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, thank you. Did you make any revisions to capital costs?

12:22:11 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace All right, so you did make pro forma revisions for capital costs, or you didn't?

12:22:36 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay. Did you take any of the pro forma revisions and any of the adjustment to expenses that we're talking about here and run a new scenario, a new rate scenario?

12:23:12 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I mean, I just want to know if you've done it and if you intend to include it in the record, and it doesn't sound like you do, so, moving on, are you aware that the General Assembly recently acted to freeze the, I guess, it's 2021 CER contribution rates?

12:23:39 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Have you made any last-minute adjustment to expense or anything to account for that?

12:23:56 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And, finally, Ms. Musgove, Princeton has asked for a rate case expense surcharge in this case, is that right?

12:24:05 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Considering the several clearly demonstrated deficiencies in Princeton's revenue requirement methodology, which, frankly, I think could have been prevented by completion of a reliable cost of service study. Do you still think it's fair to saddle Lyon and Caldwell with any rate case expense?

12:24:29 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Why?

12:25:06 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, I mean, this is Princeton's case. This is not Lyon/Caldwell's case, and you based the case on a methodology that I think everybody recognizes and you've admitted is an unreliable one, and you did not perform a cost of service study.

12:25:46 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace So you think that, considering the way this case has gone and the multiple data requests to try to drill down into what Princeton has done to arrive at a rate, Princeton should be entitled to the full extent of recovery for its rate case expense?

12:26:07 PM Atty Osterloh Princeton  
Note: Sacre, Candace Vice Chairman, I would like to object again. I think this is getting far afield, and this is something that Mr. Goss and I can debate in legal briefs, and we can cite the Supreme Court, the United States Supreme Court, on the decisions they've had as well as this Commission. I don't think this is an issue for a fact for a witness to respond to.

12:26:26 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Well, I mean, Mr. Vice Chairman, in response, this is a specific request that was made by Princeton. She is Princeton's witness. I think she is certainly entitled to say whether or not she still believes that, considering the way this case has gone, that Princeton is still maintaining its entitlement to a rate case surcharge, and that's going to be my last question.

12:26:50 PM Vice Chairman Cicero  
Note: Sacre, Candace Yeah, I'm going to overrule the objection and let you ask the question.

12:26:56 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Considering the way that this case has gone and the problems that I think we all agree have come to light with the methodology that Princeton used, is it still Princeton's position that the Commission should award a rate case surcharge for the full amount of Princeton's rate case expenses?

12:27:46 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Thank you, Mr. Vice Chair. That's all the question that Lyon and Caldwell have at this time.

12:27:52 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so now that it's 12:30, I think this is a good stopping point before Ms. Koenig starts to ask her questions. Let's break, let's say, until 1:10, that's 40 minutes, since no one has to - I don't think anybody has to go very far to get lunch, so we'll do it at 12:40, so we'll be back on the record at 1:10.
12:28:42 PM	Session Paused	
1:13:27 PM	Session Resumed	
1:13:31 PM	Session Paused	
1:13:47 PM	Session Resumed	
1:13:55 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, we're back on the record, and we're still going to continue with the cross examination of Ms. Musgove, and rather than Staff starting their questioning, I'm going to go ahead and ask the questions I have which may eliminate some of Staff's questions, and then we'll ask Commission Mathews if she has any questions, and then, Mr. Osterloh, if you want to do a redirect, you can go ahead and do that.
1:14:25 PM	Vice Chairman Cicero - witness Musgove Note: Sacre, Candace	Examination. So, Ms. Musgove, are you ready?
1:14:35 PM	Vice Chairman Cicero - witness Musgove Note: Sacre, Candace	Okay, great, so I want to refer - let me start with some general questions first. You indicated that there really is no allocation method that's based on any standard or any practice that you might have; it's just more guesstimates, I think, was your reference before. Is that true?
1:15:42 PM	Vice Chairman Cicero - witness Musgove Note: Sacre, Candace	So, when you have a sanitation system and you have a water production system and your assets are divided between the two, wouldn't you utilize a plant asset method to allocate costs if you didn't have anything else that was more appropriate?
1:16:45 PM	Vice Chairman Cicero - witness Musgove Note: Sacre, Candace	So, just for my clarification, you talked about operating and maintenance costs, and the labor associated with that isn't coded on a time card from what I understand, is that correct?
1:17:03 PM	Vice Chairman Cicero - witness Musgove Note: Sacre, Candace	So how do you allocate for operation and maintenance between the two plants?
1:17:36 PM	Vice Chairman Cicero - witness Musgove Note: Sacre, Candace	Okay, so you're using a 2012 percentage that was developed probably, again, based on a guesstimate rather than basing it on anything that has to do with the current situation or any type of a methodology that could be pointed to as having some scientific basis at this point? Let's move off of that one.
1:18:08 PM	Vice Chairman Cicero - witness Musgove Note: Sacre, Candace	You appear to have a fairly good cash balance, and I think that the Commission thinks that's wonderful that you're apparently accumulating funds for future investment, but we do wonder, when you start to collect funds, that maybe what would be considered extravagant, and I'm going to get into the spreadsheets that were introduced by Mr. Goss as to where I'm going to come from on my questioning.

1:18:43 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace I'd like to go to first of all, the Caldwell/Lyon County Water District Exhibit No. 2, which shows gross wages, healthcare, dental, vision, life insurance, CERS benefit, and Social Security and Medicare contributions for the total employee contributions, and I'm not going to say that I validated or I know how accurate it is, but, taken at face value, I would like to ask a couple of questions with regard to it.

1:19:18 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Number one, it appears that the healthcare, which is being paid for at 100 percent, is somewhere around \$17,928 per employee, is that correct?

1:19:35 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace And did I understand correctly that you said that, back in 2002 or 2004 or one of those or maybe it was more recent than that, you changed your healthcare coverage so the deductible was increased to a hundred dollars from zero deductible?

1:20:15 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay. What is it now?

1:20:38 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, so I missed the first one. The deductible was what?

1:20:50 PM Vice Chairman Cicero - witness Mosgove  
Note: Sacre, Candace Okay, but it's not a hundred dollars?

1:21:03 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you believe that by increasing the deductibles and the maximum out of pocket that it's still okay to pay a hundred percent of healthcare?

1:21:40 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace But isn't your responsibility as a management group to reduce whatever expenses that you're able to reduce regardless of the category and that if you are able to reduce all of those expenses and present a healthcare program that was market driven rather than saying it needs to be a hundred percent, wouldn't that still be your responsibility?

1:22:43 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace You've indicated that you believe that your employees are underpaid on a market basis for salary, and so that's one of the reasons why you have healthcare at a hundred percent?

1:23:12 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, so you do believe they're compensated at a fair wage?

1:23:21 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, so I didn't ask that question. What I asked you was whether their salary was fair? because then I'd like to see as healthcare whether that is what you would consider reasonable, so is their salary a market driven salary?

1:23:44 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, well, have you done any other survey besides the Utility Benefits Survey that looked at 11 or 12 other water utilities in your area to compare what you pay for salary and what you pay for benefits?

1:24:01 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, so you don't really know whether it's market driven or not, only that you've had two employees leave, and those two employees that left apparently came back because they couldn't find a comparable healthcare plan that was similar to yours, is that correct?

1:24:31 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you're saying that there was your not market comparable wages or just happen to be a different industry where they pay a higher wage, but it's a private sector so, most likely, they don't pay a hundred percent of healthcare?

1:25:09 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Are you familiar with any of the Orders that have come out of the Commission since 2016?

1:25:18 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you're aware that a hundred percent of healthcare is not considered to be reasonable in today's current marketplace or industry, in general?

1:25:37 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Well, yes, it's the position of the Commission. Yes, that's what has been taken. So I looked at this exhibit, and healthcare represents 34 percent of what wages are; your dental, vision, and life insurance - do you pay a hundred percent of those?

1:26:00 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace That represents one-and-a-half percent. Your pension contribution represents 21 percent, and your Social Security and Medicare is seven-and-a-half percent, so 64 percent of the total wages that you pay as salary - an additional 64 percent is paid for all other benefits. Do you think that's reasonable?

1:26:39 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace And that represents 21 percent, so we could call that a third.

1:26:51 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So, basically, your healthcare represents a third - your healthcare represents over half, your pension represents 21 percent, and your other ancillary is about nine percent. What about post-employment benefits? The other post-employment benefits, what are those?

1:27:22 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Do you provide healthcare for retirees?

1:27:37 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So, whatever that is, that's not included as part of total wages either because you're putting that under a retiree entry?

1:28:15 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Let me ask it a different way. Does your CERS contribution include OPEB?

1:28:35 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace All right, so that's an additional amount that could be included on here. Okay, let's go to the Exhibit 3 that Mr. Goss presented. This is the change in percentages year to year for compensation rates.

1:28:59 PM Vice Chairman Cicero  
Note: Sacre, Candace We'll give a second here for it to be brought up. (Click on link for further comments.)

1:29:40 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So, Ms. Musgove, are you part time, or are you full time?

1:29:56 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you work 25 hours a week?

1:30:05 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you work 25 hours a week. Are there other individuals that are considered part-time that - you have a part-time clerical employee in here. Does she or he work 25 hours a week?

1:30:24 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So part-time employees, at this point, are earning full healthcare benefits?

1:30:48 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you negotiated a package that was favorable to bring you to the Water District?

1:31:08 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, but my question was, this was the package you negotiated that was favorable for you?

1:31:18 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace You haven't answered yes or no, and that's what I'm looking for.

1:31:43 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace That's all right. I don't mind you giving your opinion with it as long as you answered yes or no. That's what I was looking for, so the answer is yes because, if I take your salary and I look at it spread across here, your salary has increased 34 percent over this five-year period. Do you think that's if - actually, I got 34 percent. Do you think that's reasonable?

1:32:12 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you're part time, and you've had a salary increase that far exceeds what would be considered reasonable on a package that you negotiated because you wanted to work part time, is that right?

1:33:13 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Are you still working about 25 hours a week?

1:33:24 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Sixty and 75 hours a week?

1:33:33 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Do you get paid on an hourly basis?

1:33:45 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Because my only question is, is it doesn't really matter what type of service you provide, you negotiate an agreement back whenever it was that you came, and that would have all been part of that agreement, and, now, you've increased your wages 34 percent to do exactly what it was that you were hired to do when they hired you back coming from FifthThird Bank. I know it depends on how much time you spend, but the hourly rate has increased 34 percent, which seems a little high.

1:34:44 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace The only other increase that I can see on this page that's really exorbitant is the - apparently, the superintendent is new as of when? Can you tell me?

1:35:38 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So he's been brought up to be similar to what the other superintendent was?

1:35:50 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace I'm gonna ask one other question about your prior employment with Fifth Third Bank. You indicated that they had other percs that you weren't - that you were able to receive from them that you're not able to receive from the Water District, and, therefore, that's one of the reasons why - I guess it either has to do with healthcare or whatever. What would those be?

1:37:07 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So just a couple more questions. Do you think that the water district is subsidizing the sewer district?

1:37:22 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So you think that it's fairly allocated, the cost, between the two?

1:37:55 PM Vice Chairman Cicero  
Note: Sacre, Candace Okay, I'm going to let Ms. Koenig ask some questions now.

1:38:05 PM Staff Atty Koenig PSC  
Note: Sacre, Candace Thank you.

1:38:06 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Cross Examination. Hi, Ms. Musgove. Can you hear me?

1:38:12 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace I'm going to try to skip over areas that have already been covered, so I might jump around a little bit, and, if you need me to slow down or repeat something, please just let me know.

1:38:27 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace If I ask you something that you feel like another member of Princeton Water and Wastewater could answer better, just let me know that as well.

1:38:43 PM Staff Atty Koenig PSC  
Note: Sacre, Candace I can't see you. I don't know if the camera's -

1:38:47 PM Vice Chairman Cicero  
Note: Sacre, Candace The camera's gone somewhere. (Click on link for further comments.)

1:39:06 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace I would like to fill in a few gaps that we had from questions that Staff asked in the Data Requests, and I'd like to start with the rate case surcharge, Also, to try to cut down on time, if you need me to refer or pull up an exhibit, I can, but, if you just recall, I'll go ahead and question to see if I can - if you recall and you can answer generally, then we'll just move on, but if you need a specific citation, then I can point you to that as well, okay?

1:39:48 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace I just need some clarification on your position as financial director, and you answered a little bit of that with the Vice Chair, but you made the statement, "Another administrative position was made available, and the position was filled," and I believe that you are referring to you maybe moving on from financial director and that a new financial director was hired. Could you clairfy that? And just let me know - identify the position that was created and the salary and -

1:41:04 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace So was that position filled? You said they were planning on doing that?

1:41:22 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, so do you know the name of that position or the salary and benefits for that position?

1:41:36 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace And, if you feel more comfortable, I could ask you in a post-hearing data request.

1:41:57 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, so I couldn't really understand the first thing that you said. Did you say clerical, office clerical?

1:42:10 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Front office, thank you, okay, all right. Did you - we asked several times about an earl times about an itemized list of the services you provided Princeton associated with this rate case, specifically in the sense that you're asking for a rate case surcharge and that you've claimed that you have done all these extra services in relation to this case. Do you have a list of the services you've provided?

1:42:56 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Right, and we still don't really understand, if you've kept an itemized list, we don't have time records or other form of documentation to support your hours and services in reference to this case.

1:43:34 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, you think that's in that supplement, the last supplement, that you provided?

1:43:41 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace By day, okay. I can check that, or I can ask in post-hearing, if that's not clear.

1:43:56 PM Staff Atty Koenig PSC  
Note: Sacre, Candace Mr. Osterloh, did you want to say something?

1:43:59 PM Atty Osterloh Princeton  
Note: Sacre, Candace I was just trying to pull it up on my computer. There should be a tab in that document. (Click on link for further comments.)

1:46:52 PM Staff Atty Koenig PSC  
Note: Sacre, Candace Okay, thank you. I'll let you know if we need some additional information on that, but I think that's satisfactory. Thank you.

1:47:04 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, Ms. Musgove, you said that the position that I was referring to earlier, the new administrative position, was not the director of finance, but did Princeton hire a new director of finance?

1:47:30 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, so, when Staff was looking at the condensed pro forma, there's - administrative expenses were increased to \$56,758, and we thought that might be the annual salary of the new director of finance, but - do you know what I'm talking about? Do I need to refer you to the Excel sheet?

1:48:58 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Well, I am referring to the \$56,758 in Column D, Pro Forma Adjustments. It's under Operating Expenses-Administration, Column D. I believe it has like a little breakout box that says, "Elimination of director of finance net of base wage increases and CERS," so is that -

1:50:18 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, so really, I mean, what I'm hearing is that's an estimate and that will have to be worked out when the position is filled, so does that amount include benefits besides the CERS?

1:50:57 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, but she is not the director of finance though?

1:51:29 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, okay, I feel like you touched on the test year and post-test year expense adjustments with Mr. Goss' questioning, but I do want to point out there were a couple of instances where you're asking for adjustments for wage and salary increases scheduled to take effect as much as 24 months after the test year, and so, I mean, I think we've covered that you understand that the Commission has precedent on what is covered during a test year, but would you agree that, if there is a forecasted wage and salary increase, if you're basing that on a historical test year, that a forecasted wage and salary increase 24 months outside of a test year, that that would not be included for ratemaking purposes?

1:52:59 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and I know that you talked a little bit about hindsight is 20/20 on the cost of service study and whether you used too simple of a method to initially plan this rate increase, but you did also mention that - you said something about this could have been settled a long time ago. What attempts were made to negotiate or settle?

1:54:37 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, but it seems like - did you review Mr. Vilines' methodology and his figures, the testimony filed by the Districts, by their expert?

1:54:58 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and you've said that you feel like it's just a disagreement between methods. You don't think it's wrong; you just think that it's a different method, is that correct?

1:55:28 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace So Princeton's proposed rate is \$2.97 per 100 cubic foot, and Mr. Viline's rate is \$2.59 per 100 cubic foot, so that's 38 cents difference, but it means a great deal in the world of wholesale rates, correct, 38 cents?

1:56:22 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, so it's more than just - I mean, do you feel like that you've made some concessions since this process began? Do you feel like you've made some adjustments that were reasonable to your method, or do you see -

1:57:28 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, so - and you mentioned - so you sat down when this first started in October, but that you weren't invited to a meeting to discuss this after the case started, so have the parties discussed settlement since this case was filed?

1:57:51 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and so merger has never been discussed between Caldwell and Princeton, or has that been an issue that's been raised?

1:59:06 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, I'd just like to ask for clarification on some of the support that you filed. What did you mean by that you collaborated with Stephen Lapp and Tom Roberts of the UNC Environmental Center. Do you mean that you collaborated to set the retail and wholesale rates?

2:00:12 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and you've mentioned that you were a commercial lender and that your analytical skills help you to evaluate operations as a water producer. Could you explain a little bit of how that comes into play?

2:01:28 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and so, as a former member of the board of commissioners, can you explain your involvement in the previous rate increases and how much you were involved?

2:02:23 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and you mentioned attending a seminar for Kentucky Rural Water Association and said it allowed you to have the ability to ensure Princeton's water operations were operating within industry standards. Can you elaborate on that?

2:02:50 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Yeah, it's Staff's Third Information Request, and you mention Kentucky Rural Water seminars and attendee of One World Summit and stated that these seminars provided the support for you to make an equitable rate for the retail rates and the wholesale rates. Can you explain how you were able to apply that to this?

2:04:02 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, but then you admit that you landed on a more simplistic method that didn't take several allocations and itemizations into consideration, and that was informed - that decision was informed by your experience at these seminars and your background as a commercial lender, that that informed your decision to go with this methodology?

2:04:43 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and so did you have a position with Princeton at the time of the 2002 increase, rate increase?

2:04:50 PM Staff Atty Koenig PSC - witness Musgove  
Note: Sacre, Candace Okay, and you don't know why they raised their rates by 40 percent at that time?

2:05:24 PM Staff Atty Koenig PSC  
Note: Sacre, Candace I have no further questions. Thank you for your time, Ms. Musgove.

2:05:28 PM Vice Chairman Cicero  
Note: Sacre, Candace Commissioner Mathews, do you have any questions?

2:05:37 PM Commissioner Mathews - witness Musgove  
Note: Sacre, Candace Examination. Just, to the witness, do you believe there's a difference between your rather extensive and impressive banking background and the regulatory accounting and the way utilities are - specifically how the Commission has jurisdiction over the wholesale contracts that go to our jurisdictional utilities?

2:07:07 PM Commissioner Mathews - witness Musgove  
Note: Sacre, Candace So there are some nuances that are, you know -

2:07:15 PM Commissioner Mathews - witness Musgove  
Note: Sacre, Candace And, after you've heard and you went through the questioning by Mr. Goss and the Vice Chairman and Staff Attorney, and you said, "Well, there are some changes that I would make or things that I would do differently," did I hear you say that correctly?

2:07:44 PM Commissioner Mathews - witness Musgove  
Note: Sacre, Candace So would you have a ballpark. I mean, would that make the rates, the wholesale rate, higher or lower?

2:08:55 PM Commissioner Mathews - witness Musgove  
Note: Sacre, Candace And then the changes on the depreciation as well?

2:09:19 PM Commissioner Mathews  
Note: Sacre, Candace Okay. Thank you.

2:09:24 PM Vice Chairman Cicero  
Note: Sacre, Candace That's it for you, Commissioner Mathews?

2:09:27 PM Commissioner Mathews  
Note: Sacre, Candace Yes, sir.

2:09:31 PM Vice Chairman Cicero  
Note: Sacre, Candace Okay, I have just one follow-up question, and then I'll turn it over to Mr. Osterloh for redirect.

2:09:35 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Examination. You did indicate, Ms. Musgove, that you are accumulating time on this case but not being paid, is that correct?

2:09:50 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace How will the - how will that be paid out, or in what form of compensation will that be paid?

2:10:08 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace So no formula has been worked out?

2:10:14 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, you've just been asked to accumulate your hours, and then it'll all be worked out?

2:10:23 PM Vice Chairman Cicero - witness Musgove  
Note: Sacre, Candace Okay, and you're just accumulating your hours?

2:10:35 PM Vice Chairman Cicero  
Note: Sacre, Candace Okay, Mr. Osterloh, redirect?

2:10:38 PM Atty Osterloh Princeton  
Note: Sacre, Candace Yes, thank you, Vice Chair.

2:10:40 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Redirect Examination. Ms. Musgove, I only have a handful of follow-up questions. You answered some questions about the allocation between water and sewer that shows up in the Unit Cost Worksheet where it was 45 percent to water and 55 percent to sewer on joint expenses for maintenance, is that correct?

2:11:09 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace And you, I think, answered to the Vice Chair's question that that actually started and that was something that derived in 2012, is that correct?

2:11:44 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace And so, if we move forward to present day, those projects for the sewer system and those issues aren't present, are they?

2:12:39 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace So it's fair to say that maybe one of the changes that Princeton may have and would be appropriate is to change that 45/55 allocation going forward?

2:12:52 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Okay, switching gears, I'd like to ask you a couple of questions on the service charges that were discussed by Mr. Goss, and he pointed out that Princeton is proposing to increase those customer costs \$2 per meter, so there would be \$6 per month charge per meter, is that correct?

2:13:15 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace And, as I recall, Mr. Goss pointed out that the Water Districts have less than one-half of one percent of the meters in Princeton's system, is that correct?

2:13:29 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Based on your calculation of the customer charge, is it also true that the Water Districts would share in less than one-half of one percent of that customer charge?

2:14:11 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Okay, and, just to be clear, the increase, the \$2 per month times 15 meters times 12 months, is a \$360 increase for both the two Water Districts, correct?

2:14:24 PM Atty Osterloh Princeton - witness Musgove  
Note: Sacre, Candace Out of hundreds of thousands of dollars that they pay annually towards their water service, correct?

2:14:49 PM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you. That's all the questions that I have.

2:14:51 PM Vice Chairman Cicero  
Note: Sacre, Candace Thank you. Mr. Goss, do you have any other questions?

2:14:55 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yes, sir, I do, briefly.

2:14:58 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Recross Examination. Ms. Musgove, in answer to Ms. Koenig's questions a little bit earlier, I thought I understood you to say that Princeton had its initial meeting with both Water Districts concerning the rate increase, and the Water Districts, neither Lyon nor Caldwell, ever had any sort of substantive follow-up questions nor did they request in any way to negotiate the 30 percent rate increase that Princeton was seeking. Is that your testimony?

2:15:58 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, so that's completely different from what you testified to just about 30 minutes ago, isn't it, when you said there was no suggestion of negotiation or discussion about the rate increase?

2:16:22 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Obviously, I'm frankly flabbergasted by your testimony. You said, not 30 minutes ago, that Princeton never received any sort of follow-up questions or request for negotiation from either Caldwell or Lyon, is that not what you said?

2:17:07 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Now, how do you know it was half-hearted? How do you know that? Did you talk to anybody at Caldwell that told you it was a half-hearted request?

2:17:29 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Okay, tell me who Dailey Wilson is.

2:17:37 PM Att Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Whose attorney?

2:17:49 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And who is Todd Wetzel?

2:18:44 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Would it surprise you to learn that I had letters in my possession that I'm happy to put up on screen where Dailey Wilson, in a December 11th letter, said, "Our board," I'm paraphrasing, "has asked me to contact you," this is addressed to Mr. Todd Wetzel, the attorney for Princeton, "to inquire if Princeton Water and Wastewater Commission will negotiate the proposed 30 percent water rate increase." That's December 11th, 2019, six months ago, and that I had a follow-up letter the day after from Mr. Todd Wetzel back to Ms. Dailey Wilson that says, "It is my client's position that the proposed rate increase is based upon a thorough analysis and is fair and reasonable in all respects. As such, my client respectfully declines your client's request to enter into negotiations with respect to the proposed rate increase." Would it surprise you if I had those letters in my possession?

2:18:49 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Were you aware of these letters when you gave your testimony about 30 minutes ago?

2:19:33 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace And, with the one that was not okay with it, you decided to completely disregard a request by that very District to negotiate your rate increase because you thought you had made a thorough analysis, and you stood behind your filing, didn't you?

2:20:24 PM Atty Goss Caldwell District/Lyon District - witness Musgove  
Note: Sacre, Candace Well, now, Ms. Musgove, you're a sophisticated person. You realize that negotiations can result in settlements of matters right up to the day before something is going to happen or right before the day before an order can be entered, don't you? You've seen that before, haven't you?

2:20:41 PM Atty Osterloh Princeton  
Note: Sacre, Candace Mr. Vice Chairman, if I can interrupt, I'm still confused as to how this line of questioning relates to the fair, just, and reasonable rate going forward. It's not talking about the utility's revenues. It's not talking about their expenses. It's just getting far afield of what we're here to discuss today.

2:21:02 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Mr. Vice Chair, the response to that is this witness said 30 minutes ago that one of my clients had no intention of every asking a question or discussing any sort of settlement of this very large rate increase, and that is absolutely incorrect.

2:21:21 PM	Atty Osterloh Princeton Note: Sacre, Candace	Well, in that case, then Mr. Goss has asked a question, and our witness has responded to it.
2:21:27 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Well, I think I should be given some leeway here, Mr. Vice Chairman, because she made a statement 30 minutes ago that is just frankly untrue, and I have the letters, and I am prepared to offer those letters as an exhibit to this hearing. They were not provided to opposing counsel because, frankly, I had no idea that Princeton would try to say that one of my clients failed to want to negotiate this case, so this is surprising information to me, and I think that these letters should be made of record.
2:22:12 PM	Vice Chairman Cicero Note: Sacre, Candace	Actually, I'm surprised myself, after listening to the testimony from Ms. Mugove that basically stated that no attempt was made to be contacted by any of the parties prior to the day before this case was initiated with the Commission, so I'm very shocked that Ms. Musgove would either intentionally misstate it or that she is that confused about what the question was, and, because of that, you can continue with your questioning.
2:22:48 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Okay, thank you, Mr. Vice Chair. I'm about finished, but I would like to offer up the two letters, Allyson, if you could please pull those up, so the witness can see exactly what I'm talking about.
2:23:05 PM	Vice Chairman Cicero Note: Sacre, Candace	You can go ahead and try to put them up. I definitely think you should submit them, if they haven't been submitted in any prior submission to the Commission, because I'm interested in seeing the letters.
2:23:18 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	We have them, and we saved them, and Ms. Honaker is pulling them up right now.
2:23:26 PM	Vice Chairman Cicero Note: Sacre, Candace	Ms. Koenig, do you have those, copies of those letters, or that's not part of any package you've done?
2:23:31 PM	Staff Atty Koenig PSC Note: Sacre, Candace	I've never seen anything like that, sir, and nothing's been filed in the record to that effect.
2:23:37 PM	Vice Chairman Cicero Note: Sacre, Candace	May I ask why there was nothing filed prior regarding those letters, Mr. Goss?
2:23:42 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, sir, because I had absolutely no idea that this would be an issue in the case and had no intention whatsoever of offering them.
2:23:51 PM	Vice Chairman Cicero Note: Sacre, Candace	Well, given that the witness has made the statement that there was no attempt to contact them regarding a negotiation prior to the filing of this case, I don't know. From a legal standpoint, I'm going to ask for some help here from my counsel.

2:24:09 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Well, sir, if he could email - I'm sorry. I'm getting some instructions from Office of General Counsel and our Executive Director, but, if we could take a break and he could email them to all the parties, we could all see them, and, of course, new evidence can be entertained to impeach or to - you know, if there's something to clarify, so if you want to take a break, we can get that, but I think that she has pulled them up, and, of course, we don't have hard copies here, but we have -
2:24:43 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yeah, and I'm happy to do whatever you want to do, Mr. Vice Chairman. They're, literally, two- or three-sentence letters, both of them.
2:24:51 PM	Vice Chairman Cicero Note: Sacre, Candace	We're going to go ahead and take a quick ten-minute break. I'm going to consult with some other parties here that have a greater legal background than mine, but, obviously, from the perspective of it being relevant to this, I think it's very relevant. We're going to take a quick ten-minute recess. We'll be back on at 2:35, so we are in recess. (Click on link for further comments.)
2:25:54 PM	Vice Chairman Cicero Note: Sacre, Candace	So we're in recess until 2:40. Thank you.
2:26:03 PM	Session Paused	
2:39:30 PM	Session Resumed	
2:39:33 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, I think that we're back in session, and we've received the copies of the two letters referenced by Mr. Goss. It very much appears that an attempt was made to contact Princeton Water to negotiate the rate and that Princeton Water declined to negotiate that rate, saying that they believe that the rate that was presented was fair and reasonable.
2:40:01 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Goss, you may continue.
2:40:05 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Those are all the questions I have, Mr. Vice Chair. I would move, Lyon and Caldwell would move, for admission of these two letters as the next exhibit, which would be No. 5, I think.
2:40:18 PM	Vice Chairman Cicero Note: Sacre, Candace	The two of them, together, as No. 5?
2:40:21 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, sir, Collective 5.
2:40:22 PM	DISTRICTS EXHIBIT 5 Note: Sacre, Candace  Note: Sacre, Candace	ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS MUSGOVE DECEMBER 11, 2019 CALDWELL DISTRICT NEGOTIATION OFFER - DECEMBER 12, 2019 PRINCETON REFUSAL LETTER
2:40:23 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay. Ms. Koenig, do you have anything else?
2:40:27 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Yes, sir.
2:40:28 PM	Staff Atty Koenig PSC - witness Musgove Note: Sacre, Candace	Recross Examination. Ms. Musgove, are you there?

2:40:34 PM	Staff Atty Koenig PSC - witness Musgove Note: Sacre, Candace	I just had a couple of questions to clarify employee salaries and benefits. I would like to ask in a post-hearing data request, unless you know off the top of your head, there are a few part-time positions that look like they've been replaced, and maybe two were replaced with one full time, and just we'd like to clarify that in a post-hearing data request and ask for their hiring date, hourly wages, and when the new employee will be eligible for benefits, and I'm referring to the 3-10 Salary and Budget 2021 Excel file, just for reference.
2:41:18 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace	FULL-TIME POSITION REPLACING TWO PART-TIME POSITIONS - FULL-TIME EMPLOYEE HIRING DATE, HOURLY WAGE, ELIGIBILITY DATE FOR BENEFITS
2:41:32 PM	Staff Atty Koenig PSC - witness Musgove Note: Sacre, Candace	STAFF ATTY KOENIG PSC - WITNESS MUSGOVE And then I would also like to ask, do you know if the capitalized labor of \$39,075 included overhead costs? Do you know if that amount included -
2:43:11 PM	Staff Atty Koenig PSC - witness Musgove Note: Sacre, Candace	Okay, do you know if the capitalized labor amount included employee benefits or payroll taxes?
2:43:45 PM	Staff Atty Koenig PSC - witness Musgove Note: Sacre, Candace	Could you, as a post-hearing data request, separately identify the elements of the capitalized labor, the labor costs, employee insurance premiums, retirement, and payroll taxes?
2:44:04 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace	IDENTIFY SEPARATELY ELEMENTS OF THE CAPITALIZED LABOR COST - EMPLOYEE INSURANCE PREMIUMS, RETIREMENT, PAYROLL TAXES
2:44:20 PM	Staff Atty Koenig PSC Note: Sacre, Candace	STAFF ATTY KOENIG PSC - WITNESS MUSGOVE That's all I have. Thank you.
2:44:23 PM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews, do you have any other questions?
2:44:27 PM	Commissioner Mathews Note: Sacre, Candace	I do not.
2:44:29 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, I do not. Mr. Osterloh, one last shot for you?
2:44:34 PM	Atty Osterloh Princeton Note: Sacre, Candace	Nothing further. Thank you.
2:44:36 PM	Vice Chairman Cicero Note: Sacre, Candace	All right, I guess this witness may be excused. Thank you, Ms. Musgove.
2:44:43 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, Mr. Osterloh, you may call your next witness.
2:44:47 PM	Atty Osterloh Princeton Note: Sacre, Candace	Thank you. Princeton's next witness will be James Noel. James, are you there?
2:45:14 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
2:45:25 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Mr. Osterloh, you may ask.
2:45:28 PM	Atty Osterloh Princeton Note: Sacre, Candace	Thank you.

2:45:32 PM Atty Osterloh Princeton - witness Noel  
Note: Sacre, Candace Direct Examination. Mr. Noel, can you state your name for the record, please?

2:45:37 PM Atty Osterloh Princeton - witness Noel  
Note: Sacre, Candace And by whom are you employed?

2:45:44 PM Atty Osterloh Princeton - witness Noel  
Note: Sacre, Candace What is your title there?

2:45:49 PM Atty Osterloh Princeton - witness Noel  
Note: Sacre, Candace Did you - was your name a sponsor for certain of Princeton's Responses to Data Requests in this case?

2:46:02 PM Atty Osterloh Princeton - witness Noel  
Note: Sacre, Candace And, subject to the supplements and corrections that Princeton's put in the record, do you have any changes to the Responses you sponsored?

2:46:16 PM Atty Osterloh Princeton - witness Noel  
Note: Sacre, Candace And do you adopt those Responses here today?

2:46:21 PM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you. Vice Chairman, this witness is available for cross examination.

2:46:25 PM Vice Chairman Cicero  
Note: Sacre, Candace Thank you. Mr. Goss?

2:46:27 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace I have no questions, Commissioner Cicero.

2:46:30 PM Vice Chairman Cicero  
Note: Sacre, Candace Ms. Koenig?

2:46:32 PM Staff Atty Koenig PSC  
Note: Sacre, Candace Yes.

2:46:33 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Cross Examination. Hi, Mr. Noel. I just have a couple of questions for you. Can you hear me?

2:46:39 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Okay, thank you, so if I should direct this to somebody else, please just let me know, but I want to clarify on - it's Excel spreadsheet that was updated, Staff's First Request for Information, Item 12, and it indicates there are three employees identified on the schedule as being no longer employed, a Water Treatment Plant Operator, Maintenance Distribution Employee No. 195, Maintenance Distribution Employee No. 204. It explained, in response to the Third Request for Information, that an employee has resigned, and the decision to replace him was being deferred. Can you identify the employee that resigned?

2:48:14 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace And were you a part of the Utility Benefits Survey that was submitted recently? Were you involved with that?

2:48:32 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Okay, when did you start with Princeton?

2:48:41 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace And what was your position when you started?

2:48:54 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace I'm sorry. I can't understand you. There's some feedback. I couldn't understand what you said.

2:49:07 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Okay, and worked your way up?

2:49:12 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Okay, so how many - can you just kind of take us through your progression. You're superintendent now, is that correct?

2:50:23 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace I'm sorry. It was a shock to you to be put in the position?

2:50:40 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Okay, are those circumstances relevant to this hearing?

2:50:50 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Okay, because I don't think the Commission's been made aware of that, but I guess what I want to get to, you've been there for quite some time. Were you involved in the 2002 rate increase, 40 percent rate increase?

2:51:07 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace So you don't know what that was based on or had no association with, I believe it was, Quest Engineering, their analysis to -

2:51:24 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Okay, and what about relations between Caldwell and Lyon counties and Princeton? There seems to be some type of conflict or difficulty in communications or discussions that caused this to, you know, end up at the Commission, and then also the adjustments weren't made or discussions weren't made to address, you know, reasonable concessions and looking at different calculations. Has there always been a problem between Princeton, Caldwell, and Lyon counties?

2:52:17 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Has there been recently?

2:52:42 PM Staff Atty Koenig PSC - witness Noel  
Note: Sacre, Candace Do you have anything else you feel like would be relevant to this rate case that you want to add?

2:53:28 PM Staff Atty Koenig PSC  
Note: Sacre, Candace Okay. I appreciate your time. Thank you. I have nothing further.

2:53:31 PM Vice Chairman Cicero  
Note: Sacre, Candace Thank you. Commissioner Mathews, do you have anything?

2:53:38 PM Commissioner Mathews  
Note: Sacre, Candace I do not.

2:53:40 PM Vice Chairman Cicero  
Note: Sacre, Candace I only have a couple of questions.

2:53:44 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace Examination. Mr. Noel, what are your responsibilities with the Water District? What does your superintendent position entail?

2:54:16 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace Okay, and did you say that Ms. Musgove reports to you or she doesn't report to you?

2:54:28 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace So you have responsibility for all of the functions of the District?

2:54:37 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace You helped participate in the development of the rates that were presented?

2:54:52 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace I'm sorry. Did you participate in the development of the rates? I didn't quite understand.

2:55:04 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace Okay, but, when there was a discussion on what to include in the rates of the water versus what should be presumed to be part of the sewer side of it, did you participate in that?

2:55:26 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace Costs that should be part of water or costs that should be part of sewer.

2:55:58 PM Vice Chairman Cicero - witness Noel  
Note: Sacre, Candace Was that the extent of it?

2:56:11 PM Vice Chairman Cicero  
Note: Sacre, Candace Yes, okay, thank you. I don't have any other questions.

2:56:14 PM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Osterloh, do you have some redirect?

2:56:18 PM Atty Osterloh Princeton  
Note: Sacre, Candace No redirect.

2:56:20 PM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Goss, you didn't have anything. Ms. Koenig, you didn't have anything. I guess this witness may be excused. Thank you, Mr. Noel.

2:56:28 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Mr. Vice Chair, I'm sorry, this is Mr. Goss. I didn't have any questions initially, but the questions that were asked by the Commission counsel and the Vice Chair caused me to need to ask one or two, if I may.

2:56:41 PM Vice Chairman Cicero  
Note: Sacre, Candace I'm sorry. Go ahead.

2:56:43 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Thank you.

2:56:45 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace Cross Examination. Mr. Noel, the allocations that you just talked about, were those for depreciation only, depreciation of utility plant?

2:57:08 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace All right. Did you and Ms. Musgove consult on the allocation of labor that is for maintenance or administrative, you know, as to what portion should be water and what portion should be sewer and then a suballocation as to what portion should be retail and what portion should be wholesale? Did you engage in any of those conversations with her?

2:57:41 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace Okay. Did you, I mean, you're the superintendent, did you agree with the 45/55, or did you have an opinion one way or the other?

2:58:47 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace Would you expect that a superintendent, going forward, having learned what you've learned in this rate case and the importance of those types of allocations, that your policies with respect to that will change?

2:59:04 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace And were you aware at all of the issue that we just talked about where Caldwell District had reached out to Princeton, you know, fairly early on in this process to discuss a negotiation of the rate increase? Were you aware of that?

2:59:27 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace And how long have you been aware of it?

2:59:34 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace I mean, do you know why the parties never negotiated? I mean, it appears that Princeton, "I don't want to negotiate," and I guess the better question is, do you know why Princeton didn't want to negotiate?

3:00:12 PM Atty Goss Caldwell District/Lyon District - witness Noel  
Note: Sacre, Candace In hindsight, do you wish that - does Princeton wish that it had actually sat down with Caldwell and maybe even Lyon and discussed this issue before tens of thousands of dollars in attorney fees were spent and Commission resources were used?

3:00:36 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Thank you, sir. That's all.

3:00:40 PM Vice Chairman Cicero  
Note: Sacre, Candace Okay. Nobody else has any questions. Mr. Osterloh, one last crack at the apple. Do you have anything else, Mr. -

3:00:50 PM Atty Osterloh Princeton  
Note: Sacre, Candace I'm sorry, Vice Chairman. I couldn't hear what you said.

3:00:53 PM Vice Chairman Cicero  
Note: Sacre, Candace I'm sorry. Do you have any other questions? One last crack here.

3:00:57 PM Atty Osterloh Princeton  
Note: Sacre, Candace No, no questions for Mr. Noel.

3:00:59 PM Vice Chairman Cicero  
Note: Sacre, Candace All right, this witness may be excused.

3:01:03 PM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Osterloh, you may call your next witness.

3:01:06 PM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you. Princeton's next witness will be Ricky Oakley. Is Mr. Oakley there?

3:01:19 PM Vice Chairman Cicero  
Note: Sacre, Candace Witness is sworn.

3:01:36 PM Vice Chairman Cicero  
Note: Sacre, Candace Thank you, sir. Mr. Osterloh, you may ask.

3:01:39 PM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you.

3:01:40 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace Direct Examination. Mr. Oakley, can you state your name for the record, please?

3:01:45 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace And who employs you?

3:01:52 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace What is your role there?

3:01:56 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace And is Hethcoat & Davis the primary engineer for Princetown Water and Wastewater Commission?

3:02:06 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace And have you had experience with the Princeton system?

3:02:12 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace Okay, let me ask you, what is your business address?

3:02:26 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace Thanks. Did you sponsor certain responses to Requests for Information that had been filed in this case?

3:02:43 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace And you may be aware that other engineers in your firm were also identified as sponsoring witnesses, correct?

3:02:51 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace And you are here today to respond to questions on those, correct?

3:02:57 PM Atty Osterloh Princeton - witness Oakley  
Note: Sacre, Candace And you don't have any changes or corrections that you know of to the information that you provided, correct?

3:03:07 PM	Atty Osterloh Princeton - witness Oakley Note: Sacre, Candace	So it's safe for us that Princeton adopt those Responses here today?
3:03:14 PM	Atty Osterloh Princeton Note: Sacre, Candace	Thank you. Vice Chair, I believe that that's all the questions that I have for Mr. Oakley.
3:03:20 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Mr. Goss, you may ask.
3:03:24 PM	Atty Goss Caldwell District/Lyon District - witness Oakley Note: Sacre, Candace	Cross Examination. Now, Mr. Oakely, you live in Tennessee, and you haven't driven up into Kentucky lately, have you?
3:03:30 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Good. Those are all the questions I have, Mr. Vice Chair.
3:03:35 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Ms. Koenig?
3:03:37 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Staff has no questions. Thank you.
3:03:40 PM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
3:03:43 PM	Commissioner Mathews Note: Sacre, Candace	I have no questions.
3:03:45 PM	Vice Chairman Cicero Note: Sacre, Candace	Wow, I have no questions either. It's good you didn't drive all the way to Frankfort.
3:03:53 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Osterloh, if you have nothing else to add to it, I believe this witness may be excused.
3:04:01 PM	Atty Osterloh Princeton Note: Sacre, Candace	That's correct, and I presume - I note Eric Broomfield is also going to be available. I presume, since there were no questions of Mr. Oakley, there won't be any questions of Mr. Broomfield, so we won't need to call that last witness.
3:04:13 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	The Water Districts do not have any, that's correct.
3:04:16 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Staff has no further questions.
3:04:18 PM	Vice Chairman Cicero Note: Sacre, Candace	And I have no questions. Commissioner Mathews?
3:04:21 PM	Commissioner Mathews Note: Sacre, Candace	I have no questions.
3:04:23 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so he is clear as well.
3:04:29 PM	Vice Chairman Cicero Note: Sacre, Candace	Is that your last witness, Mr. Osterloh?
3:04:31 PM	Atty Osterloh Princeton Note: Sacre, Candace	Yes, sir.
3:04:32 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, all right, so, Mr. Goss?
3:04:38 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, Your Honor, we have Alan Vilines to get on the witness stand, the virtual witness stand, first, so I'd call Alan Vilines.
3:05:14 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
3:05:25 PM	Vice Chairman Cicero Note: Sacre, Candace	All right, Mr. Goss, you may ask.

3:05:27 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Thank you, sir.
3:05:28 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	Direct Examination. Mr. Vilines, state your full name for the record, by whom you're employed, and your title.
3:05:39 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	And have you caused to be filed prefiled testimony and responses to Data Requests in the record in this case?
3:05:48 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	Do you have any revisions or amendments to your testimony that you need to make today?
3:07:11 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	With that change to your testimony, do you adopt your prefiled testimony and your Responses to Data Requests as your testimony in this case?
3:07:20 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	If you were asked the same questions, either by testimony or written interrogatory, as you were previously asked, would all your answers be the same?
3:07:33 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Pass the witness, Mr. Vice Chair.
3:07:35 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Osterloh?
3:07:38 PM	Atty Osterloh Princeton Note: Sacre, Candace	Yes, thank you. Mr. Vice Chair, I don't know how to address this. I mean, we're getting in information where he's changing his testimony on the day of the hearing. I don't know how effectively I can cross examine a witness receiving that information at the time of. I guess I'll ask questions and reserve the right to object, if that's appropriate.
3:08:05 PM	Vice Chairman Cicero Note: Sacre, Candace	And it's your concern that he changed the final product of the study that he produced? Is that the concern?
3:08:17 PM	Atty Osterloh Princeton Note: Sacre, Candace	Yeah, so I don't know what exactly are the changes, other than what he just identified, so I just don't know. I don't know what to do.
3:08:25 PM	Vice Chairman Cicero Note: Sacre, Candace	Well, let's proceed and go ahead and reserve your right to object to any information that may or may not be considered accurate at this point, but go ahead and, please, proceed.
3:08:42 PM	Atty Osterloh Princeton Note: Sacre, Candace	Thank you.
3:08:43 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Cross Examination. Good afternoon, Mr. Vilines. Can you hear me okay?
3:08:48 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Okay, great, so let's, I guess, jump right in where you (inaudible) correct testimony. Just let me get the numbers, that's approximately a ten-thousand-dollar decrease in annual revenue requirement, is that accurate?
3:09:05 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	And can you explain what you have changed in your analysis that results in that decrease?

3:10:39 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And, just so I understand, in terms of salary expenses that were being reduced, that comes from the amended pro forma that Princeton submitted a couple of weeks ago, I believe?

3:10:59 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace We will ask for ask for, as a post-hearing data request, that spreadsheet that you would have amended that then now shows the two figures you previously described in terms of the recommended, your recommended, revenue requirement as well as the wholesale rate.

3:11:21 PM Vice Chairman Cicero  
Note: Sacre, Candace And, of course, I'll give the same advice as I gave to Mr. Goss, as long as everything is written out, and we'll go through the dates at the end of the hearing, but just so that all the parties receive a copy of the specific request that you make, I see no issue with it.

3:11:37 PM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you, Vice Chair.

3:11:38 PM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ATTY OSTERLOH PRINCETON - WITNESS VILINES  
Note: Sacre, Candace SPREADSHEET THAT WOULD HAVE BEEN AMENDED SHOWING TWO FIGURES DESCRIBED IN TERMS OF RECOMMENDED REVENUE REQUIREMENT AND WHOLESALE RATE

3:11:40 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Mr. Vilines, in response to data requests, you indicated that you've produced a rate study for more than 20 utilities that resulted in a rate case before this Commission, is that correct?

3:11:54 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And were those all in your current role as a consultant with the Kentucky Rural Water Association?

3:12:07 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Can you describe your process in helping prepare rates studies for those utilities?

3:13:07 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, and you mentioned that these were all ARF cases or alternative rate filing cases, correct?

3:13:15 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Do you know whether or not the Public Service Commission regulations allows a municipal utility to file an alternative rate filing case?

3:13:29 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, and, just going back to kind of your process, you mentioned you gather information. How do you do that? Is that information that is sent to you from the utility, or is it thta you go visit on site to learn some of this?

3:14:18 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, so it's a deliberate process with the utility to where you have to interact with them and their representatives?

3:14:32 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Have you met with any of the representatives of the Princeton Water and Wastewater Commission while you were developing your opinions in this case?

3:14:42 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And, not just meetings, but you haven't had had any discussions with any of them, have you?

3:14:49 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, I'd like to ask you a few questions about some of the calculations that you've provided, starting with the difference between customer costs or customer expenses and administration and general expense.

Note: Sacre, Candace In your calculations, and you know what? Maybe it's best if I go ahead and bring up the spreadsheet that you previously produced so that we can all be on the same page. (Click on link for further discussion.)

3:15:47 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, so, in your calculations - and, actually, I'm looking at the matrix tab of the spreadsheet that you've produced. In your calculations, you've allocated certain administrative expenses between two categories, customer accounts and administration in general, is that correct?

3:16:15 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, and so, with the exception of the salaries for the finance director and the superintendent, you've allocated those administrative expenses based on a factor of 85 percent to customer accounts and 15 percent to administration in general, correct?

3:16:32 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And that's what - I guess, one of your comments is, "Eighty-five percent allocated to customer accounts based on past interview with similar municipal system," is that correct?

3:16:46 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace What system are you referring to there?

3:16:56 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And when was that interview?

3:17:04 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And how did you come up with the ratio of 85 to 15?

3:17:24 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And do you have any reason to believe that same allocation would be appropriate for Princeton?

3:18:26 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And are you familiar with similarities or differences between Dawson Springs' water operations and Princeton's water operations?

3:19:02 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Did you come up with any sort of specific calculation on how you would say that the 85/15 allocation you approximated early on was similar to Ms. Musgove's Data Response? In other words, is there a formal metric that you can pull out of the information provided by Princeton to come up with that 85/15?

3:20:42 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, but you said specific calculations you had showed 83/17 percent, roughly, allocation?

3:21:05 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Are you familiar with the similarities or differences between the data systems that Dawson Springs and Princeton uses for their water operations?

3:21:16 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Are you aware of whether or not Dawson Springs has AMR metering?

3:21:33 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, so, if we had looked at the difference between customer accounts and admin and general expenses that you've assigned and you project out towards the rate that would be charged to a wholesale customer, am I correct that none of the expenses that you've identified for customer accounts would be recovered from the wholesale customers?

3:22:10 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And I think that you provided your explanation for customer costs in a Response. It's PSC - Response to PSC (inaudible). I'm happy to pull it up, but I can probably just talk about it. Your Response indicates that, quote, "Customer costs are primarily incurred in providing service to retail customers and are generally not allocated to wholesale customers. These costs include office staff salaries and miscellaneous office expenses not allocated to administrative, such as talking to walk-in customers, answering customer calls, dispatching employees, following up on customer issues, billing, taking payments, paperwork on collections, et cetera. Also included in this category are maintenance group expenses related to meter reading, connects, disconnects, collections, responding to customer issues in the field, repairing customer service line leaks, and leaks at meters." Does that sound familiar?

3:23:31 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And, among those topics that you mentioned, do wholesale customers and the employees that work for the wholesale customers ever walk into their suppliers' offices to discuss issues that may arise?

3:23:45 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Would it make it more likely if the two offices are only one block away?

3:23:55 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Do you know how far Caldwell County's Water District offices are from Princeton's?

3:24:03 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace What about calling a supplier? Do wholesale customers ever call wholesale suppliers to address issues?

3:24:18 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace But it could first start through office personnel to get to the superintendent, correct?

3:24:36 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, and do wholesale customers benefit from maintenance employees repairing transmission mains?

3:24:43 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Do wholesale customers get billed?

3:24:48 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Do wholesale customers pay their bills?

3:24:54 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Does a wholesale customer - I'm sorry. Does a wholesale supplier have to read meters in order to know how much to bill out?

3:25:03 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And suppliers need to respond to their wholesale customers' issues in the field, don't they?

3:25:17 PM Atty Osterloh Princeton  
Note: Sacre, Candace I'm hoping to scroll down on this spreadsheet, if I can, and I presume that that's also scrolling down on, at least, the hearing screen.

3:25:27 PM Vice Chairman Cicero  
Note: Sacre, Candace It is. It is.

3:25:31 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And I'd like to ask you about the calculation for the allocation of the maintenance expense that's on the right-hand side of the spreadsheet, but let me start just on a (inaudible) just to make sure we're on the same page.  
Note: Sacre, Candace On most of the maintenance expenses for water, you've used this allocation factor of 65/35 for two categories, one being transmission and distribution, and the other being customer accounts, is that correct?

3:26:04 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Can you explain a little bit in more detail as to how you arrived at those two percentages?

3:28:22 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And can I ask you a question on that while we're on that specific topic?

3:28:32 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace I guess I don't fully understand the correlation between office work and the table there at the bottom that has the 18/82 split, and you may have just explained it, but there was two or three words that cut out, and I couldn't understand it. Can you respond to that?

3:30:12 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay. On the meter reading that you added ten percent on there for the customer accounts, how did you estimate that ten percent of the maintenance expenses would be based on that meter reading?

3:31:00 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Why did you allocate the entire amount to customer accounts?

3:31:11 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And, I guess, based on your previous testimony here today, you've had an opportunity to review Princeton's Responses to the Staff's Third Request for Information, correct?

3:31:24 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And you've actually changed or amended some of your opinions in this case based on the information that was provided in that Response, correct?

3:31:34 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace In response to Item No. 11-B of that, and I'm happy to pull that up as well if you want it, but Princeton indicates that "Maintenance Employee No. 192 is typically the one employee in charge of reading the meters although several employees are trained to do this task. The meter reading is done around the 12th of the month and is accomplished within two days if all goes well within the data system. On the 1st of the month, two employees go out to each of the wholesale master meters and manually read each one of the Caldwell County and Lyon County water meters. This takes about half a day to accomplish," so, just based on my reading of that Response, it indicates that it takes, on average for Princeton, 16 man-hours to read the retail meters, that being one employee over a two-day period, and it takes eight hours to read the wholesale - or eight man-hours to read the wholesale meters each month. With that information, would you change the estimate that you provide for meter reading in that calculation?

3:34:18 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And, going back to meter reading, you mentioned, you know, all goes well, there may be a blip that doesn't catch a meter as someone's reading these, driving around, doing the automated meter reading. That would also apply for wholesale customers in the sense that a wholesale supplier might have to go reread a wholesale meter, a master meter, or, likewise, if the customer in control of those meters wants them reset, the wholesale supplier has to venture out for that same duty. Is that fair?

3:34:58 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace But, in the sense that if the customer wants that meter reset and requires the meter reader to go out, it would still require additional work?

3:35:15 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace It's my understanding that Caldwell County has, on occasion, asked for a (inaudible) to reset, and I presume that means roll back the dial or roll it forward to whatever the appropriate number is because of the fact that there - well, I don't know why, but it's my understanding that there is a slow (inaudible) flow and a fast flow, and Caldwell County was interested in trying to match those up at various periods of time.

3:35:57 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Switching gears slightly to some adjustments that you made to the service lives of the depreciation schedule, you made several, and I'm not sure what the right description is, changes to the proposed service lives of those assets, correct?

3:36:19 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And one change related to the Skyline tank repairs. Are you familiar with that?

3:36:29 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And the Skyline tank repairs are a part of the recent assets that had been added in the depreciation schedule, I believe, under that 2019 RD bond. Are you familiar?

3:36:44 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Specifically, the change that you made there was increasing the service life from 15 years that Princeton proposed to 30 years. Is that accurate?

3:37:04 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Are you familiar with what the Skyline tank repairs encompassed or what it was for?

3:37:19 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, and are you aware that the vast majority of costs related to that project, more than 80 percent of those costs, related to painting the interior and exterior of that tank?

3:37:36 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace If I can - well, I don't have the documents handy, but, if that, in fact, is true, would that change your - knowing that the vast majority of expenses related to tank painting, would that change what you recommend for a service life on that asset class?

3:38:01 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace What would you recommend for a tank painting project, an amortization schedule or a service life for tank painting?

3:38:17 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, are you familiar with the number of years that this Commission frequently uses to amortize tank painting projects?

3:38:29 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Okay, and did - I believe, in your Responses to Data Requests, you mentioned working with Webster County Water District on a rate case or a rate study that they would have done and filed early 2015. Is that accurate?
3:38:51 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Do you recall what the Commission approved with respect to amortization of tank painting costs in that case?
3:39:08 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Moving on to debt service and cash working capital, are you familiar with what debt service coverage is?
3:39:18 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	So you're aware that this is a method of generating revenue requirement that allows recovery of, among other things, working capital in addition to depreciation expense, correct?
3:39:34 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	And the formula the Commission typically uses allows for additional working capital that is equal to the minimum net reserves required by a utility's lenders that are above its annual average debt payments. Are you aware of that?
3:39:55 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	In your calculations, did you include any sort of working capital through debt service coverage factor that is above Princeton's annual debt payments?
3:40:17 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Would it be more appropriate to use the debt service coverage methodology that this Commission's previously approved?
3:40:34 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	And, when you refer to her testimony, can you identify where that was?
3:41:18 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Are you aware that she also included debt service coverage methodology in that pro forma spreadsheet that Princeton has supplied in response to the Second Request from Staff Item No. 1?
3:41:36 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Would you agree with me that it's appropriate to include both of those figures, both the reserves as well as that debt service coverage, in calculating revenue requirement?
3:42:09 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	Okay, switching gears, you're aware that Princeton has requested a rate case expense surcharge in this case, correct?
3:42:25 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	And you have not taken any position on that specific surcharge, have you?
3:42:31 PM	Atty Osterloh Princeton - witness Vilines Note: Sacre, Candace	And you're not opposed to the recovery of reasonable rate case expenses by a utility, are you?
3:43:15 PM	Atty Osterloh Princeton Note: Sacre, Candace	Thanks, sir. That's all the questions I have for you today.
3:43:18 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Ms. Koenig?
3:43:20 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Yes, hi, thank you.

3:43:22 PM Atty Osterloh Princeton  
Note: Sacre, Candace And I need to - I'm sorry, Ms. Koenig. I need to try to take this off. (Click on link for further comments.)

3:43:58 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace Cross Examination. And so, Mr. Vilines, I think, if you start talking, that it will be you. Are you there?

3:44:09 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace Hello, I just have a few questions for you, please, so, okay, just a follow-up where Mr. Osterloh left off, you said you do feel like there should be an adjustment because the rate proposal for Princeton is unreasonable as is, yes, is that what you said? Can you hear me?

3:44:39 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace I was just following up with your last statement to Mr. Osterloh. You said you feel like there should be an adjustment to the rate increase as proposed by Princeton because it's unreasonable as it is?

3:45:00 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace Rate case expense. I'm sorry. Let me clarify then. I have some questions about the rate case expense then specifically as well. Okay, I asked some questions, I know you've been watching throughout, and the responses that Princeton has provided about the position of director of finance have been confusing as far as what would be included for the ratemaking process. Do you agree that just because Princeton's director of finance, Ms. Musgove, was scheduled to retire December 31st, 2019, that her wages and benefits for the period January through mid-June of 2020 should be recovered through the surcharge? and explain your position.

3:46:39 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace Okay, you cut off a little bit in your statement. You said possibly an adding of the expenses, is that what you said?

3:46:49 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace Netting, okay. I couldn't hear.

3:47:02 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace Okay, and and could we ask for in post-hearing data request the folow up with what you're charging Caldwell and Lyon County to testify as an expert?

3:47:25 PM POST-HEARING DATA REQUEST  
Note: Sacre, Candace STAFF ATTY KOENIG PSC - WITNESS VILINES  
Note: Sacre, Candace CALDWELL DISTRICT AND LYON DISTRICT FEE(S) PAID TO WITNESS VILINES FOR EXPERT TESTIMONY

3:47:27 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace And, in comparison to the expenses that Tracy Musgove is claiming as rate case expense for her salary, could you describe the documentary evidence that Princeton should be required to produce to justify including any of Ms. Musgove's 2020 salary and benefits through the rate case surcharge?

3:48:03 PM Staff Atty Koenig PSC - witness Vilines  
Note: Sacre, Candace Can you describe the documentary evidence that Princeton should be required to produce to justify including any of Ms. Musgove's 2020 salary and benefits through the rate case surcharge?

3:48:50 PM	Staff Atty Koenig PSC - witness Vilines Note: Sacre, Candace	Would you agree that allowing Princeton to recover the salary and benefits paid to Ms. Musgove in 2020 through its rate case surcharge mechanism while recovering the new finance director's salary through the wholesale water rate would represent a double recovery of its director of finance's salary? and could you explain that, and we have - the responses are unclear. While Ms. Musgove testified today that they didn't hire a new finance director yet, they have filled a position, so it is unclear, and then she also testified that she had farmed out her responsibilities, so I guess I'm asking for your opinion on whether that would be a double recovery of the director of finance's salary and how you would delineate that so that it's not double recovery.
3:50:12 PM	Vice Chairman Cicero Note: Sacre, Candace	Are you going to leave it like that, or do you want to ask it as a post-hearing, or are you satisfied?
3:50:16 PM	Staff Atty Koenig PSC Note: Sacre, Candace	We've already asked that we follow up with Ms. Musgove to ask about itemization and to clarify her position, and I asked her in questioning what her position is now, but we did ask if we could follow up for clarification of how those duties are allocated.
3:50:38 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so go ahead.
3:50:40 PM	Staff Atty Koenig PSC Note: Sacre, Candace	So we'll follow up with her, but I wanted to ask Mr. Vilines' opinion on how you feel like that should be supported because that's the biggest part of what we would like your opinion on, is the support that Princeton's given to their proposed rate.
3:50:58 PM	Staff Atty Koenig PSC - witness Vilines Note: Sacre, Candace	But do you believe that Princeton's pro forma health insurance premiums should be reduced to reflect national average employee contribution rates? and, if no, explain.
3:51:11 PM	Staff Atty Koenig PSC - witness Vilines Note: Sacre, Candace	You do?
3:51:14 PM	Staff Atty Koenig PSC - witness Vilines Note: Sacre, Candace	Okay, is that an industry standard, or is that pretty standard at this time?
3:51:27 PM	Staff Atty Koenig PSC - witness Vilines Note: Sacre, Candace	And then I just wanted - you did mention that you feel like this could have had a better result if there were better negotiations and communication between the parties. I know that - let's see. Your rate has changed a little bit based on your change in your testimony today, but do you feel like the parties are that far apart on their wholesale rates that they couldn't make some concession toward an agreement?
3:52:33 PM	Staff Atty Koenig PSC - witness Vilines Note: Sacre, Candace	There's cause for - I'm sorry. Could you say that last part again?
3:52:59 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Okay. Thank you very much for your time. I have no further questions.
3:53:04 PM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
3:53:06 PM	Commissioner Mathews Note: Sacre, Candace	I have no questions.
3:53:10 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any questions either. Mr. Goss, do you have redirect?

3:53:15 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	I just have one question. Thank you, Mr. Vice Chair.
3:53:19 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	Redirect Examination. Mr. Vilines, with regard to the adjustment to expense for health insurance that Staff counsel just asked you about, what periodical or what - not periodical, but what chart did you rely on to arrive at the adjustment of expense for health insurance that is contained in your analysis?
3:54:35 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	Okay. Did you provide me with the chart that you relied upon to arrive at your analysis and that you just described?
3:54:51 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Allyson, if you would, pull that up, please, I'd appreciate it.
3:55:03 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	And, while she's pulling that up, again, what is the basis for your reliance upon this chart?
3:55:29 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	So are you able to see the document that's now being shared, Mr. Vilines?
3:55:42 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	Okay, this is a two-page document, just so you'll know and for purposes of identification, it is Table 10, Medical care benefits, et cetera, March 2019, and it's pages 35 and 36. Is this the chart that you relied upon?
3:56:07 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	That's fine, and that's what I'm going to get to. What line or what portion of page 36 did you rely upon for your calculations and why?
3:56:33 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	All right, and those - the 62 percent/38 percent number that is on that line is what you used?
3:56:54 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Mr. Vice Chair, I would move for admission of this two-page table as Lyon/Caldwell Exhibit No. -
3:57:08 PM	Vice Chairman Cicero Note: Sacre, Candace	No. 6, right?
3:57:10 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	No. 6, yes, sir.
3:57:11 PM	Vice Chairman Cicero Note: Sacre, Candace	All right. This will be admitted as Caldwell/Lyon County Exhibit No. 6. Thank you.
3:57:17 PM	DISTRICT EXHIBIT 6 Note: Sacre, Candace  Note: Sacre, Candace	ATTY GOSS CALDWELL DISTRICT/LYON DISTRICT - WITNESS VILINES U. S. BUREAU OF LABOR STATISTICS MEDICAL CARE BENEFITS MARCH 2019
3:57:20 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Those are all the questions I have for this witness.
3:57:23 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Mr. Osterloh, do you have any other further questions?
3:57:27 PM	Atty Osterloh Princeton Note: Sacre, Candace	Yes, Vice Chair, just a handful.

3:57:28 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Recross Examination. Mr. Vilines, I know that you had mentioned in a couple of your responses on the employee benefits and what's appropriate, you qualified your response that essentially it's common for there to be a reduction in PSC cases. What about outside the realm of the Public Service Commission jurisdiction? Are you seeing that elsewhere?

3:57:58 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And then you also a couple of times have mentioned that you would have liked to have seen maybe collaboration between the supplier and the purchaser in terms of trying to work together after rates had been proposed, is that correct?

3:58:17 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And do you realize that you provided your testimony, the Water Districts provided your testimony, last - what was it? Last month or late March for us to review?

3:58:37 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, and I'm just pulling it up on the website. Specifically, it looks like it was filed on March the 20th of 2020. You don't have any reason to disagree with that, do you?

3:58:50 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace And, when that was filed, are you aware that the Water Districts did not provide any supporting documentation like the spreadsheet that has been identified as Attachment 2 to the Water Districts' Response to Commission Staff's Request?

3:59:20 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace Okay, and so Princeton didn't receive that spreadsheet until April the 17th and didn't receive the Water Districts' Responses to Princeton's Data Requests until the 24th, approximately, like, 11 days ago. Were you aware of that?

3:59:44 PM Atty Osterloh Princeton - witness Vilines  
Note: Sacre, Candace So there really wouldn't have been a whole lot of time for the parties to get together in order to collaborate based on what you proposed and what we're still finding out information even here in this hearing today, isn't it true?

4:00:17 PM Atty Osterloh Princeton  
Note: Sacre, Candace Thank you, sir. Those are all the questions I have.

4:00:20 PM Vice Chairman Cicero  
Note: Sacre, Candace Thank you. Does anyone else have any questions?

4:00:22 PM Staff Atty Koenig PSC  
Note: Sacre, Candace No, sir.

4:00:23 PM Atty Goss Caldwell District/Lyon District  
Note: Sacre, Candace Yes, sir, I do.

4:00:25 PM Vice Chairman Cicero  
Note: Sacre, Candace Okay, sorry. Go ahead, Mr. Goss.

4:00:28 PM Atty Goss Caldwell District/Lyon District - witness Vilines  
Note: Sacre, Candace Redirect Examination. Mr. Vilines, were all the filings that Mr. Osterloh just asked you about filed according to the Commission's procedural schedule in this case, to your knowledge?

4:00:45 PM	Atty Goss Caldwell District/Lyon District - witness Vilines Note: Sacre, Candace	And I think you've been listening during the earlier portion of Ms. Musgove's testimony when it was uncovered that she first said no one from the Water Districts had approached Princeton about negotiation or discussing a 30 percent rate increase, but when she was provided with letters indicating something completely different, her story changed. Is that when you were talking about these sorts of discussions should have occurred?
4:01:43 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	That's all I have. Thank you.
4:01:46 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Are there any other questions? This witness may be excused.
4:01:51 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Goss, do you have additional witnesses?
4:01:57 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Mr. Vice Chair, I have Dixie Cayce, who is the superintendent of Lyon Water District, and also Mr. Jimmy Littlefield, who is the CEO of Caldwell Water District. They're both here, they're both on the screen, and they're here to testify. I'm very happy to qualify them, if you want me to. I guess, maybe for expediency purposes, maybe we should find out if anybody wants to question them. If they do, I'm happy to qualify them.
4:02:25 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. That's a good idea.
4:02:27 PM	Atty Osterloh Princeton Note: Sacre, Candace	I have questions for Mr. Littlefield.
4:02:31 PM	Vice Chairman Cicero Note: Sacre, Candace	Only Mr. Littlefield, Mr. Osterloh?
4:02:35 PM	Atty Osterloh Princeton Note: Sacre, Candace	That's correct.
4:02:36 PM	Vice Chairman Cicero Note: Sacre, Candace	How about you, Ms. Koenig?
4:02:37 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Staff has no questions.
4:02:39 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so I think if we bring on Mr. Littlefield - you said Mr. Littlefield, right?
4:02:46 PM	Atty Osterloh Princeton Note: Sacre, Candace	That's correct.
4:02:48 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, so Lyon Water District calls Jimmy Littlefield.
4:02:53 PM	Atty Osterloh Princeton Note: Sacre, Candace	Just for the purpose of the record, I believe that's Caldwell County calling Mr. Littlefield, correct?
4:02:59 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	What did I say? I thought I said the Water Districts. I may have said Lyon, I use them interchangeably. Sorry about that.
4:03:12 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
4:03:26 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Go ahead, Mr. Goss. You may ask.
4:03:28 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Thank you, sir.

4:03:30 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	Direct Examination. Mr. Littlefield, would you please state your full name for the record, by whom you're employed, and what your title is?
4:03:39 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	And have you caused to be filed testimony - I'm sorry. Have you caused to be filed Responses to Data Requests in the record in this case?
4:03:50 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	Do you have any revisions or amendments to any of the Data Request Responses that you wish to make today?
4:03:59 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	Do you adopt the Responses to Data Requests that you previously filed in this case, and, if you were asked the same questions today, would your answers be the same?
4:04:12 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	And I think, for the record, and correct me if I'm wrong, the only Response that you filed or that you were responsible for was a meter testing question that Princeton asked you, is that correct?
4:04:27 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	Now, since you don't have prefiled testimony, let me take just a couple of minutes and qualify you from an experience perspective. How long have you worked for Caldwell Water District?
4:04:49 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	Okay, and what had been your various titles for Caldwell County Water District?
4:05:02 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	All right. Did you come in as superintendent early, or did you come in at some lesser position and work your way up?
4:05:13 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	All right. What did you do, who did you work for prior to that?
4:05:22 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	Okay. What certifications or licenses do you hold with respect to the water business?
4:05:43 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	All right, and what is your educational background, sir?
4:05:53 PM	Atty Goss Caldwell District/Lyon District - witness Littlefield Note: Sacre, Candace	All right, and what was that degree in? Just general studies or something in particular?
4:06:00 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Mr. Vice Chair, I can probably go a lot deeper with his qualifications, but I don't know that that's necessary, so I'll pass the witness at this point.
4:06:09 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you, and I think if there's any need for you to qualify him further, we can ask.
4:06:13 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Osterloh, please go ahead.
4:06:17 PM	Atty Osterloh Princeton Note: Sacre, Candace	Thank you, Vice Chair.
4:06:18 PM	Atty Osterloh Princeton - witness Littlefield Note: Sacre, Candace	Cross Examination. Good afternoon, Mr. Littlefield. Through how many wholesale meters does Caldwell County Water District receive service from Princeton?

4:06:31 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Am I correct that Caldwell County District has ownership and maintenance responsibilities (inaudible) those meters?

4:06:43 PM Atty Osterloh Princeton  
Note: Sacre, Candace Can you hear me okay?

4:06:46 PM Vice Chairman Cicero  
Note: Sacre, Candace Yeah.

4:06:48 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Okay. If, for some reason, you cannot hear me, certainly, let me know, and I'll repeat my question.

4:06:57 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace So how frequently how have your master meters from Princeton had to be estimated?

4:07:34 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Okay, and you said you had to do some repairs, so I guess you bypassed that meter, is that correct?

4:07:41 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Okay, and how do you estimate - do you collaborate with Princeton on how to estimate the amount of consumption during that time period?

4:08:35 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace In terms of the bypass last week, when did you notify Princeton, anyone at Princeton, that you were, in fact, bypassing the meter?

4:08:52 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace And who did you inform?

4:09:09 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Okay, and was that an emergency repair to where you couldn't plan for it?

4:09:31 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace In addition to bypassing the meter, you've also had several meters reset over the course of time, is that correct?

4:11:08 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace And you mentioned - I guess I didn't hear you correctly or I just got confused. I thought you said, early on, that you'd only reset the meter once, but then you followed up that you had to do it two or three times. Is that you only had to reset one meter but over several times?

4:12:00 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Am I correct that that's frequently called a compound meter?

4:12:06 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Okay, and am I correct that those resets occurred in January of 2018, February of 2019, and April of 2019?

4:12:23 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace But does that sound like the correct time period?

4:12:27 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Okay, and just going back on trying to estimate the bills when you have to bypass or do something, do you have, does Caldwell County Water District have, the ability to pull off daily readings from its meters?

4:12:48 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace How long do your recods go back on those daily readings?

4:13:06 PM Atty Osterloh Princeton - witness Littlefield  
Note: Sacre, Candace Would the District be willing to transfer ownership and responsibility in those meters to Princeton?

4:13:14 PM	Atty Osterloh Princeton - witness Littlefield Note: Sacre, Candace	What's the reason for that?
4:14:05 PM	Atty Osterloh Princeton - witness Littlefield Note: Sacre, Candace	And are you aware that most wholesale providers in the industry maintain ownership and control over their meters that they use to sell water to a wholesale customer?
4:14:18 PM	Atty Osterloh Princeton Note: Sacre, Candace	Okay. Thank you, sir. That's all the questions I have.
4:14:21 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Ms. Koenig?
4:14:24 PM	Staff Atty Koenig PSC Note: Sacre, Candace	No further questions.
4:14:25 PM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
4:14:27 PM	Commissioner Mathews Note: Sacre, Candace	No questions.
4:14:29 PM	Vice Chairman Cicero Note: Sacre, Candace	I just have one question.
4:14:31 PM	Vice Chairman Cicero - witness Littlefield Note: Sacre, Candace	Examination. I'm curious if Caldwell ever would be interested in merging or regionalizing with Princeton?
4:15:12 PM	Vice Chairman Cicero - witness Littlefield Note: Sacre, Candace	Okay. You wouldn't rule it out?
4:15:17 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay. Thank you. That's all the questions I have. Mr. Goss, do you have any redirect?
4:15:24 PM	Atty Goss Caldwell County/Lyon County Note: Sacre, Candace	No, sir.
4:15:25 PM	Vice Chairman Cicero Note: Sacre, Candace	Are there any other questions for this witness?
4:15:28 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. You be excused, Mr. Littlefield. I appreciate your time.
4:15:36 PM	Vice Chairman Cicero Note: Sacre, Candace	Are there any other witnesses?
4:15:39 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Not on behalf of the Water Districts, Mr. Vice Chair.
4:15:43 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so we're all set with witnesses. Ms. Koenig?
4:15:48 PM	Staff Atty Koenig PSC Note: Sacre, Candace	I have nothing further. I don't have any witnesses. We do have some post-hearing data requests.
4:15:53 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, yes, we do have to talk about data requests.
4:15:56 PM	Vice Chairman Cicero Note: Sacre, Candace	I think every party, including Staff, indicated that they have data requests, so, at this point, how about those requests be completed by May 8th for each of the parties to submit to the other parties? Is that okay?
4:16:17 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, sir.
4:16:19 PM	Atty Osterloh Princeton Note: Sacre, Candace	I'm sorry. What date did you say? May 8th?
4:16:21 PM	Vice Chairman Cicero Note: Sacre, Candace	May the 8th. (Click on link for further discussion.)

4:18:03 PM	Vice Chairman Cicero Note: Sacre, Candace	Well, I think that both of you have indicated that you have possible protests or objections, and I understand, and this has been a challenge for the first videoconference. I want to say that. This has been an interesting hearing, without a doubt.
4:18:21 PM	Staff Atty Koenig PSC Note: Sacre, Candace	And could I - excuse me, I'm sorry. Could I clarify, Todd, are you asking for extra time?
4:18:27 PM	Vice Chairman Cicero Note: Sacre, Candace	Well, I'm going to find that out.
4:18:27 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Oh, okay, because our deadline is May 31st to have the order.
4:18:32 PM	Vice Chairman Cicero Note: Sacre, Candace	So you heard that, Mr. Osterloh.
4:18:39 PM	Atty Osterloh Princeton Note: Sacre, Candace	I think if I can obtain the spreadsheet by mid-tomorrow, I can prepare questions by May the 8th to distribute, if there are any. There may not be.
4:18:55 PM	Vice Chairman Cicero Note: Sacre, Candace	I think you only indicated there was two changes. One had to do with the revenue requirement and - I mean, it had to do with the revenue requirement. One was salary, and one was the fact that the pension contribution was reduced because of the fact with the situation with the current budget the state has indicated that they're not going to increase funding as they were before. (Click on link for further comments.)
4:19:34 PM	Vice Chairman Cicero Note: Sacre, Candace	Let's try to go with the 8th and have those responses out to all the parties, and then, that being the 8th, in order to give Staff time to get this report out, we would like to have responses back from the parties by May 15th. That's one week, and I know it's kind of compressed, but that only gives us two weeks to get this done.
4:20:00 PM	Atty Osterloh Princeton Note: Sacre, Candace	I think that's manageable.
4:20:03 PM	Atty Goss Caldwell District/Lyon County Note: Sacre, Candace	Commissioner Cicero, could I ask Mr. Vilines to unmute his mike for a second and get back on the screen?
4:20:10 PM	Vice Chairman Cicero Note: Sacre, Candace	Sure. Mr. Vilines?
4:20:18 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Alan, how long will it take you to revise the spreadsheet consistent with what Todd has asked in the case? (Click on link for further discussion.)
4:21:20 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so we have requests going out by the 8th, if everything works good, and receipt of responses back by May 15th, okay? (Click on link for further discussion.)
4:22:41 PM	Vice Chairman Cicero Note: Sacre, Candace	With that, I'm going to adjourn unless anybody else has anything. Yes, Mr. Osterloh?
4:22:47 PM	Atty Osterloh Princeton Note: Sacre, Candace	Maybe I missed it, but did we have - do we have the opportunity to file legal written briefs following submission of post-hearing data responses? (Click on link for further discussion.)

4:25:18 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have a problem with giving you the extra week, Mr. Osterloh, to file your brief. That would be May 22nd, right?
4:25:26 PM	Atty Osterloh Princeton Note: Sacre, Candace	That's correct.
4:25:28 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, and then that gives Staff time to prepare the report even with Memorial Day in there. We should be okay, right?
4:25:36 PM	Staff Atty Koenig PSC Note: Sacre, Candace	Yes.
4:25:37 PM	Vice Chairman Cicero Note: Sacre, Candace	All right, so everybody is agreeable? We've got three dates, the 8th, the 15th, and the 22nd - 8th for data requests to be issued, 15th for responses to be received, and 22nd for any briefs to be filed. Agreeable?
4:25:52 PM	Atty Goss Caldwell District/Lyon District Note: Sacre, Candace	Yes, sir.
4:25:53 PM	Vice Chairman Cicero Note: Sacre, Candace	All right. Thank you. With that, this session is adjourned. Thank you.
4:26:07 PM	Session Ended	

Water Treatment Plant

	AUDITED ACTUAL 6/30/2014	AUDITED ACTUAL 6/30/2015	AUDITED ACTUAL 6/30/2016	AUDITED ACTUAL 6/30/2017	AUDITED ACTUAL 6/30/2018	AUDITED ACTUAL 6/30/2019	4/30/2019	PROJECTED 6/30/2019
<b>Water Revenues</b>	<b>1,390,745</b>	<b>1,535,120</b>	<b>1,646,495</b>	<b>1,550,882</b>	<b>1,501,499</b>	<b>1,520,209</b>		<b>1,545,000</b>
Salaries & Payroll Taxes	167,762	154,465	162,155	172,345	192,420	191,403	154,482	185,379
Employee Benefits	58,965	45,370	51,603	60,563	65,779	67,562	56,694	68,033
Uniforms & Training	1,178	243	1,751	2,311	2,308	888	692	831
Retirement	28,889	24,445	27,093	30,278	73,272	66,082	30,773	36,927
Utilities	170,803	171,772	165,849	164,469	175,461	179,933	138,189	184,252
Gas & Oil	4,947	1,093	864	2,457	731	786	2,143	2,858
Bldg & Equip Repair & Maint	20,870	21,637	52,652	44,430	66,314	90,935	19,974	23,968
Supplies & Chemicals	135,841	133,681	108,209	128,443	124,185	83,211	80,135	106,846
Insurance	19,042	19,523	33,776	38,811	28,738	41,523	34,603	41,523
Professional Services & Lab Fees	28,074	20,311	17,067	32,767	34,505	35,147	19,633	26,178
Consultant Fee	7,393	-	-	-	-	-	-	-
Rental & Lease Expense	1,800	6,581	-	11,398	-	-	-	-
Sludge Removal	-	62,524	-	55,143	-	56,266	-	30,000
All Other Miscellaneous	3,970	6,480	5,065	8,613	7,921	3,286	3,072	3,686
<b>Total WTP Expenses</b>	<b>649,534</b>	<b>668,125</b>	<b>626,084</b>	<b>752,028</b>	<b>771,634</b>	<b>817,022</b>	<b>540,390</b>	<b>710,481</b>
<b>50% Unallocated Commission Expense</b>	<b>11,021</b>	<b>11,717</b>	<b>18,941</b>	<b>13,878</b>	<b>12,820</b>	<b>12,015</b>		<b>-</b>
<b>50% Superintendent &amp; Finance</b>	<b>77,071</b>	<b>77,951</b>	<b>78,503</b>	<b>87,291</b>	<b>86,101</b>	<b>93,678</b>		<b>55,000</b>
<b>Interest Expense</b>	<b>87,841</b>	<b>83,236</b>	<b>79,213</b>	<b>74,640</b>	<b>73,346</b>	<b>113,419</b>		<b>73,346</b>
<b>Debt Service Principal Requirement</b>	<b>100,630</b>	<b>105,235</b>	<b>108,521</b>	<b>113,667</b>	<b>117,434</b>	<b>78,000</b>		<b>117,434</b>
<b>Repair &amp; Maintenance Reserves</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>		<b>12,100</b>
<b>Depreciation</b>	<b>421,886</b>	<b>422,623</b>	<b>430,277</b>	<b>452,073</b>	<b>456,702</b>	<b>511,668</b>		<b>452,073</b>
<b>Maintenance Allocation</b>	<b>238,501</b>	<b>261,328</b>	<b>262,476</b>	<b>271,599</b>	<b>280,743</b>	<b>263,054</b>		<b>253,489</b>
<b>Chemical &amp; Gas Inventory Adjustment</b>						<b>24,618</b>		
<b>Total Cost of Production</b>	<b>1,598,583</b>	<b>1,642,313</b>	<b>1,616,114</b>	<b>1,777,276</b>	<b>1,810,880</b>	<b>1,925,573</b>		<b>1,673,923</b>
<b>Revenues Less Cost of Production</b>	<b>\$ (207,838)</b>	<b>\$ (107,193)</b>	<b>\$ 30,381</b>	<b>\$ (226,394)</b>	<b>\$ (309,381)</b>	<b>\$ (405,364)</b>		<b>(128,923)</b>
<b>Water Produced (Discharged) (cuft)</b>	<b>73,626,872</b>	<b>75,037,032</b>	<b>69,362,701</b>	<b>65,476,203</b>	<b>67,826,203</b>	<b>67,168,048</b>		<b>67,826,203</b>
<b>Less: Flushing, Fire Protection &amp; Internal Use</b>	<b>3,109,162</b>	<b>3,630,893</b>	<b>3,654,667</b>	<b>5,713,243</b>	<b>9,155,349</b>	<b>6,966,881</b>		<b>9,155,349</b>
<b>NET Water Produced for Sale ( cubic feet)</b>	<b>70,517,710</b>	<b>71,406,139</b>	<b>65,708,034</b>	<b>59,762,960</b>	<b>58,670,854</b>	<b>60,201,167</b>		<b>58,670,854</b>
<b>NET Water Produced for Sale (gallons)</b>	<b>527,472,471</b>	<b>534,117,920</b>	<b>491,496,094</b>	<b>447,026,941</b>	<b>438,857,988</b>	<b>450,304,729</b>		<b>438,857,988</b>
<b>Unit Cost Per 100 Cubic Feet</b>	<b>\$ 2.27</b>	<b>\$ 2.30</b>	<b>\$ 2.46</b>	<b>\$ 2.97</b>	<b>\$ 3.09</b>	<b>\$ 3.20</b>		<b>\$ 2.85</b>
<b>Unit Cost per 1,000 Gallons</b>	<b>\$ 3.03</b>	<b>\$ 3.07</b>	<b>\$ 3.29</b>	<b>\$ 3.98</b>	<b>\$ 4.13</b>	<b>\$ 4.28</b>		<b>\$ 3.81</b>
<b>Cost with 15% Water Loss</b>								
<b>Unit Cost Per 100 Cubic Feet</b>	<b>\$ 2.67</b>	<b>\$ 2.71</b>	<b>\$ 2.89</b>	<b>\$ 3.50</b>	<b>\$ 3.63</b>	<b>\$ 3.76</b>		<b>\$ 3.36</b>
<b>Unit Cost per 1,000 Gallons</b>	<b>\$ 3.57</b>	<b>\$ 3.62</b>	<b>\$ 3.87</b>	<b>\$ 4.68</b>	<b>\$ 4.85</b>	<b>\$ 5.03</b>		<b>\$ 4.49</b>

**Water Treatment Plant**

	<b>AUDITED ACTUAL 6/30/2014</b>	<b>AUDITED ACTUAL 6/30/2015</b>	<b>AUDITED ACTUAL 6/30/2016</b>	<b>AUDITED ACTUAL 6/30/2017</b>	<b>AUDITED ACTUAL 6/30/2018</b>	<b>AUDITED ACTUAL 6/30/2019</b>
Salaries & Payroll Taxes	167,762	154,465	162,155	172,345	192,420	191,403
Employee Benefits	58,965	45,370	51,603	60,563	65,779	67,562
Uniforms & Training	1,178	243	1,751	2,311	2,308	888
Retirement	28,889	24,445	27,093	30,278	73,272	66,082
Utilities	170,803	171,772	165,849	164,469	175,461	179,933
Gas & Oil	4,947	1,093	864	2,457	731	786
Bldg & Equip Repair & Maint	20,870	21,637	52,652	44,430	66,314	90,935
Supplies & Chemicals	135,841	133,681	108,209	128,443	124,185	83,211
Insurance	19,042	19,523	33,776	38,811	28,738	41,523
Professional Services & Lab Fees	28,074	20,311	17,067	32,767	34,505	35,147
Consultant Fee	7,393	-	-	-	-	-
Rental & Lease Expense	1,800	6,581	-	11,398	-	-
Sludge Removal	-	62,524	-	55,143	-	56,266
All Other Miscellaneous	3,970	6,480	5,065	8,613	7,921	3,286
<b>Total WTP Expenses</b>	<b>649,534</b>	<b>668,125</b>	<b>626,084</b>	<b>752,028</b>	<b>771,634</b>	<b>817,022</b>
<b>50% Unallocated Commission Expense</b>	<b>11,021</b>	<b>11,717</b>	<b>18,941</b>	<b>13,878</b>	<b>12,820</b>	<b>12,015</b>
<b>50% Superintendent &amp; Finance</b>	<b>77,071</b>	<b>77,951</b>	<b>78,503</b>	<b>87,291</b>	<b>86,101</b>	<b>93,678</b>
<b>Interest Expense</b>	<b>87,841</b>	<b>83,236</b>	<b>79,213</b>	<b>74,640</b>	<b>73,346</b>	<b>113,419</b>
<b>Debt Service Principal Requirement</b>	<b>100,630</b>	<b>105,235</b>	<b>108,521</b>	<b>113,667</b>	<b>117,434</b>	<b>78,000</b>
<b>Repair &amp; Maintenance Reserves</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>
<b>Depreciation</b>	<b>421,886</b>	<b>422,623</b>	<b>430,277</b>	<b>452,073</b>	<b>456,702</b>	<b>511,668</b>
<b>Maintenance Allocation</b>	<b>238,501</b>	<b>261,328</b>	<b>262,476</b>	<b>271,599</b>	<b>280,743</b>	<b>263,054</b>
<b>Chemical &amp; Gas Inventory Adjustment</b>						<b>24,618</b>
<b>Total Cost of Production</b>	<b>1,598,583</b>	<b>1,642,313</b>	<b>1,616,114</b>	<b>1,777,276</b>	<b>1,810,880</b>	<b>1,925,573</b>
<b>Water Produced (Discharged) (cuft)</b>	<b>73,626,872</b>	<b>75,037,032</b>	<b>69,362,701</b>	<b>65,476,203</b>	<b>67,826,203</b>	<b>67,168,048</b>
<b>Less: Flashing, Fire Protection &amp; Internal Use</b>	<b>3,109,162</b>	<b>3,630,893</b>	<b>3,654,667</b>	<b>5,713,243</b>	<b>9,155,349</b>	<b>6,966,881</b>
<b>NET Water Produced for Sale ( cubic feet)</b>	<b>70,517,710</b>	<b>71,406,139</b>	<b>65,708,034</b>	<b>59,762,960</b>	<b>58,670,854</b>	<b>60,201,167</b>
<b>Cost with 15% Water Loss</b>						
<b>Unit Cost Per 100 Cubic Feet \$</b>	<b>2.67</b>	<b>2.71</b>	<b>2.89</b>	<b>3.50</b>	<b>3.63</b>	<b>3.76</b>
<b>Unit Cost per 1,000 Gallons \$</b>	<b>3.57</b>	<b>3.62</b>	<b>3.87</b>	<b>4.68</b>	<b>4.85</b>	<b>5.03</b>

*standard  
1494/mo*

**Princeton Water & Wastewater Employee Benefits  
Fiscal Year Ending June 30, 2019**

**DISTRICTS EXHIBIT 2**

Employee#	FY2019 Gross Wages	Healthcare PWCC	Dental PWCC	Vision PWCC	Life Ins/STD PWCC	CERS Benefit PWCC	SS& Med PWCC	Total Employee Compensation
<b>ADMINISTRATION</b>								
155 Part-time Clerical	\$ 11,030.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 843.79	\$ 11,873.79
175 Superintendent	\$ 71,177.48	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 15,288.92	\$ 5,160.19	\$ 110,201.39
186 Office Manager	\$ 41,997.60	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 9,021.08	\$ 3,179.92	\$ 72,773.40
193 Director of Finance	\$ 46,500.00	\$ 16,068.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 9,988.20	\$ 3,550.94	\$ 76,753.94
198 Accts Payable	\$ 37,474.40	\$ 2,100.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 8,049.50	\$ 2,833.43	\$ 51,104.13
201 Part-time Clerical	\$ 9,966.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 762.40	\$ 10,728.40
	<b>\$ 218,145.48</b>	<b>\$ 54,024.00</b>	<b>\$ 1,728.00</b>	<b>\$ 336.96</b>	<b>\$ 522.24</b>	<b>\$ 42,347.71</b>	<b>\$ 16,330.67</b>	<b>\$ 333,435.06</b>
<b>WATER</b>								
115 WTP Chief Operator	\$ 46,738.63	\$ 16,530.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 10,039.46	\$ 3,548.77	\$ 77,503.66
181 WTP Asst Chief Operator	\$ 47,650.83	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 10,235.40	\$ 3,612.42	\$ 80,073.45
191 WTP Operator	\$ 41,932.34	\$ 16,068.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 9,007.07	\$ 3,201.31	\$ 70,855.52
200 WTP Operator	\$ 3,896.00	\$ 710.00	\$ 36.00	\$ 7.02	\$ 10.88	\$ 836.86	\$ 298.05	\$ 5,794.81
206 WTP Operator	\$ 31,464.53	\$ 14,220.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 6,758.58	\$ 2,402.61	\$ 55,492.52
	<b>\$ 171,682.33</b>	<b>\$ 65,456.00</b>	<b>\$ 1,764.00</b>	<b>\$ 343.98</b>	<b>\$ 533.12</b>	<b>\$ 36,877.36</b>	<b>\$ 13,063.16</b>	<b>\$ 289,719.95</b>
<b>WASTEWATER</b>								
199 WWTP Asst Chief Operator	\$ 37,491.00	\$ 16,068.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 8,053.07	\$ 2,861.69	\$ 65,120.56
202 WWTP Chief Operator	\$ 44,042.00	\$ 8,520.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 9,460.22	\$ 3,369.21	\$ 66,038.23
205 WWTP Operator	\$ 30,892.00	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 6,635.60	\$ 2,293.47	\$ 58,395.87
	<b>\$ 112,425.00</b>	<b>\$ 42,516.00</b>	<b>\$ 1,296.00</b>	<b>\$ 252.72</b>	<b>\$ 391.68</b>	<b>\$ 24,148.89</b>	<b>\$ 8,524.37</b>	<b>\$ 189,554.66</b>
<b>MAINTENANCE</b>								
173 Dist Chief Operator	\$ 52,430.05	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 11,261.97	\$ 3,885.29	\$ 86,152.11
188 Maint / Distribution	\$ 46,947.26	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 10,084.27	\$ 3,558.45	\$ 79,164.78
189 Maint / Distribution	\$ 45,047.40	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 9,676.18	\$ 3,373.17	\$ 76,671.55
192 Maint / Distribution	\$ 46,279.12	\$ 17,928.00	\$ 432.00	\$ 84.24	\$ 130.56	\$ 9,940.75	\$ 3,507.15	\$ 78,301.82
195 Maint / Distribution	\$ 2,241.68	\$ 1,489.00	\$ 36.00	\$ 7.02	\$ 10.88	\$ 481.51	\$ 169.58	\$ 4,435.67
204 Maint / Distribution	\$ 22,360.00	\$ 10,433.00	\$ 252.00	\$ 49.14	\$ 76.16	\$ 4,802.93	\$ 1,691.32	\$ 39,664.55
207 Maint / Distribution	\$ 28,478.46	\$ 6,853.00	\$ 252.00	\$ 49.14	\$ 76.16	\$ 5,438.31	\$ 2,151.60	\$ 43,298.67
208 Maint / Distribution	\$ 13,784.75	\$ 4,497.00	\$ 108.00	\$ 21.06	\$ 32.64	\$ 2,960.96	\$ 1,046.21	\$ 22,450.62
	<b>\$ 257,568.72</b>	<b>\$ 94,984.00</b>	<b>\$ 2,376.00</b>	<b>\$ 463.32</b>	<b>\$ 718.08</b>	<b>\$ 54,646.89</b>	<b>\$ 19,382.77</b>	<b>\$ 430,139.78</b>
<b>TOTALS</b>	<b>\$ 759,821.53</b>	<b>\$ 256,980.00</b>	<b>\$ 7,164.00</b>	<b>\$ 1,396.98</b>	<b>\$ 2,165.12</b>	<b>\$ 158,020.86</b>	<b>\$ 57,300.97</b>	<b>\$ 1,242,849.46</b>

*64%*

*34%*

*15%*

*21%*

*7.5*

# DISTRICTS EXHIBIT 3

CALDWELL/LYON COUNTY WATER DISTRICT EXHIBIT 3

Emp#	Dept	FY2014		FY2015		FY2016		FY2017			FY2018		FY2019			FY2020							
		7/1/2013	7/1/2014	Inc\$\$	Inc%	7/1/2015	Inc\$\$	Inc%	7/1/2016	Inc\$\$	Inc%	7/1/2017	Inc\$\$	Inc%	7/1/2018	Inc\$\$	Inc%	7/1/2019	Inc\$\$	Inc%			
#171	Office	\$ 28.85	\$ 29.28	\$ 0.43	1.50%	\$ 29.86	\$ 0.58	1.98%	\$ 30.85	\$ 0.99	3.32%	Retired											
#166	Office	\$ 17.58	\$ 17.85	\$ 0.27	1.54%	Retired																	
#135	Office	\$ 14.15	\$ 14.36	\$ 0.21	1.50%	Retired																	
#193	Office	\$ 25.20	\$ 25.58	\$ 0.38	1.50%	\$ 27.69	\$ 2.11	8.27%	\$ 30.69	\$ 3.00	10.83%	\$ 31.46	\$ 0.77	2.50%	\$ 33.00	\$ 1.54	4.90%	\$ 33.83	\$ 0.83	2.52%			
#186	Office	\$ 14.50	\$ 14.72	\$ 0.22	1.50%	\$ 16.50	\$ 1.78	12.08%	\$ 18.25	\$ 1.75	10.61%	\$ 18.75	\$ 0.50	2.74%	\$ 19.48	\$ 0.73	3.89%	\$ 20.50	\$ 1.02	5.24%			
#155	Office	\$ 18.14	\$ 18.41	\$ 0.27	1.50%	\$ 18.78	\$ 0.37	2.00%	\$ 13.50	\$ (5.28)	Part-time	\$ 13.75	\$ 0.25	1.85%	\$ 13.75	\$ -	0.00%	\$ 14.00	\$ 0.25	1.82%			
#198	Office					\$ 13.50	\$ 13.50		\$ 16.00	\$ 2.50	18.52%	\$ 17.00	\$ 1.00	6.25%	\$ 17.68	\$ 0.68	4.00%	\$ 18.50	\$ 0.82	4.64%			
#201	Office					\$ 10.00	\$ 10.00		\$ 13.50	\$ 3.50	35.00%	\$ 13.75	\$ 0.25	1.85%	\$ 13.75	\$ -	0.00%	\$ 14.00	\$ 0.25	1.82%			
#188	Maint	\$ 15.89	\$ 16.13	\$ 0.24	1.52%	\$ 16.45	\$ 0.32	1.98%	\$ 17.00	\$ 0.55	3.35%	\$ 18.50	\$ 1.50	8.82%	\$ 18.96	\$ 0.46	2.49%	\$ 19.43	\$ 0.47	2.48%			
#196	Maint	\$ 14.86	\$ 16.13	\$ 1.27	8.52%	\$ 16.45	\$ 0.32	2.00%	Quit														
#189	Maint	\$ 15.63	\$ 15.86	\$ 0.23	1.49%	\$ 16.18	\$ 0.31	1.97%	\$ 17.00	\$ 0.82	5.09%	\$ 17.25	\$ 0.25	1.47%	\$ 18.19	\$ 0.94	5.45%	\$ 19.14	\$ 0.95	5.22%			
#204	Maint											\$ 16.00		New Hire									
#192	Maint	\$ 15.89	\$ 16.13	\$ 0.24	1.52%	\$ 16.45	\$ 0.32	1.98%	\$ 17.00	\$ 0.55	3.35%	\$ 17.75	\$ 0.75	4.41%	\$ 18.45	\$ 0.70	3.94%	\$ 19.43	\$ 0.98	5.31%			
#175	Maint	\$ 20.24	\$ 20.54	\$ 0.30	1.48%	\$ 20.95	\$ 0.41	1.98%	\$ 21.64	\$ 0.69	3.29%	\$ 28.85	\$ 7.21	33.32%	\$ 32.09	\$ 3.24	11.23%	\$ 34.49	\$ 2.40	7.48%			
#173	Maint	\$ 17.43	\$ 17.69	\$ 0.27	1.53%	\$ 18.04	\$ 0.35	1.97%	\$ 18.64	\$ 0.60	3.33%	\$ 20.15	\$ 1.51	8.10%	\$ 20.91	\$ 0.76	3.77%	\$ 21.25	\$ 0.34	1.63%			
#203	Maint								\$ 11.00	\$ 11.00	NEW HIRE	Quit											
#195	WWTP	\$ 15.89	\$ 15.89	\$ -	0.00%	\$ 16.21	\$ 0.32	2.00%	Quit		0.00%	\$ 17.50		\$ 18.45	\$ 0.95	5.43%	Quit						
#205	WWTP											\$ 14.50		\$ 14.86	\$ 0.36	2.48%	\$ 15.11	\$ 0.25	1.68%				
#202	WWTP								\$ 17.34	\$ 17.34	NEW HIRE	\$ 19.50	\$ 2.16	12.46%	\$ 21.01	\$ 1.51	7.74%	\$ 21.01	\$ -	0.00%			
#162	WWTP	\$ 17.68	\$ 17.95	\$ 0.27	1.50%	\$ 18.31	\$ 0.36	2.00%	\$ 18.68	\$ 0.37	2.05%	Quit											
#177	WWTP	\$ 15.89	\$ 15.89	QUIT																			
#199	WWTP					\$ 13.26	\$ 13.26	NEW HIRE	\$ 14.79	\$ 1.53	NEW HIRE	\$ 17.50	\$ 2.71	18.32%	\$ 17.50	\$ -	0.00%	\$ 17.75	\$ 0.25	1.43%			
#165	WWTP	\$ 19.38	\$ 19.67	\$ 0.29	1.50%	\$ 20.06	\$ 0.39	2.00%	\$ 20.46	\$ 0.40	2.00%	\$ 25.00	\$ 4.54	22.16%	Retired								
#191	WTP	\$ 17.22	\$ 17.48	\$ 0.26	1.51%	\$ 17.83	\$ 0.35	1.99%	\$ 17.83	\$ -	0.00%	\$ 18.50	\$ 0.67	3.77%	\$ 18.96	\$ 0.46	2.49%	\$ 19.43	\$ 0.47	2.48%			
#206	WTP/Maint											\$ 12.00		NEW HIRE	\$ 14.86	\$ 2.86	23.83%	\$ 15.75	\$ 0.89	5.99%			
#200	WTP					\$ 17.50	\$ 17.50	NEW HIRE	\$ 20.40	\$ 2.90	NEW HIRE	\$ 19.00	\$ (1.40)	-6.86%	\$ 19.48	\$ 0.48	2.53%	Quit					
#181	WTP	\$ 17.78	\$ 18.05	\$ 0.27	1.50%	\$ 18.41	\$ 0.36	2.00%	\$ 18.78	\$ 0.37	2.00%	\$ 19.10	\$ 0.32	1.71%	\$ 20.10	\$ 1.00	5.24%	\$ 20.60	\$ 0.50	2.49%			
#115	WTP	\$ 19.22	\$ 19.50	\$ 0.28	1.46%	\$ 19.89	\$ 0.39	2.00%	\$ 20.29	\$ 0.40	2.00%	\$ 20.70	\$ 0.41	2.03%	\$ 20.70	\$ -	0.00%	\$ 20.70	\$ -	0.00%			
#197		\$ 10.51	\$ 15.50	\$ 4.99	47.48%	Quit																	

2080  
70,366  
3400  
5170  
for  
for  
signs

City of Princeton Historical Presentation of Water Rates

Effective Dates	CUFT	7/1/1995	11/1/2000	% Inc	10/1/2002	Inc	11/1/2004	% Inc	11/1/2006	% Inc	1/1/2011	% Inc	9/1/2014	% Inc
5/8" Meter Minimum	150	\$ 4.25	\$ 5.95	4000%	\$ 6.95	16.8%	\$ 7.75	11.5%	\$ 7.98	300%	\$ 8.00	0.3%	\$ 8.60	7.5%
1" Meter Minimum	750	\$ 12.65	\$ 17.71	4000%	\$ 21.11	19.2%	\$ 23.35	10.6%	\$ 24.06	300%	\$ 24.88	3.4%	\$ 27.00	8.5%
1 1/2" Meter Minimum	2,000	\$ 27.45	\$ 38.43	4000%	\$ 46.29	20.5%	\$ 51.89	12.1%	\$ 53.42	2.9%	\$ 56.71	6.2%	\$ 61.80	900%
2" Meter Minimum	3,800	\$ 47.25	\$ 66.15	40.0%	\$ 80.13	21.1%	\$ 90.77	13.3%	\$ 93.38	2.9%	\$ 100.67	7.8%	\$ 109.94	9.2%
3" Meter Minimum	7,400	\$ 86.85	\$ 121.59	40.0%	\$ 147.81	21.6%	\$ 168.53	14.0%	\$ 173.30	2.8%	\$ 188.58	8.8%	\$ 206.20	9.3%
4" Meter Minimum	19,450	\$ 195.78	\$ 274.09	40.0%	\$ 337.50	23.1%	\$ 393.84	16.7%	\$ 404.90	2.8%	\$ 443.34	9.5%	\$ 491.86	10.9%
First 150 (Minimum)		\$ 4.2500	\$ 5.9500	4000%	\$ 6.9500	16.8%	\$ 7.7500	11.5%	\$ 7.9800	300%	\$ 8.0000	0.3%	\$ 8.6000	7.5%
Next 950 (Up to 1,100)		\$ 1.4000	\$ 1.9600	4000%	\$ 2.3600	20.4%	\$ 2.6000	10.2%	\$ 2.6800	3.1%	\$ 2.8140	5.0%	\$ 3.0673	900%
Next 8,900 (Up to 10,000)		\$ 1.1000	\$ 1.5400	4000%	\$ 1.8800	22.1%	\$ 2.1600	14.9%	2.2200	2.8%	\$ 2.4420	10.0%	\$ 2.6740	9.5%
Over 10,000 (> 10,000)		\$ 0.8500	\$ 1.1900	4000%	\$ 1.4900	25.2%	\$ 1.7900	20.1%	1.8400	2.8%	\$ 2.0240	10.0%	\$ 2.2871	1300%

Wholesale - No minimum      \$ 0.7650    \$ 1.0110    ~~140.0%~~    \$ 1.410    ~~125.2%~~    \$ 1.1900    ~~133.5%~~    \$ 1.8400    ~~12.8%~~    \$ 2.0240    ~~11000%~~    \$ 2.2811    ~~13.0%~~

40%

25.2%

33.5

2.8

10%

✓

30%

DISTRICTS EXHIBIT 4

The easy way to raise rates is to do across the board percentage increases. The problem with this type of rate increase is that the gaps between tiers continue to rise since a flat percent is less on lower numbers than on higher numbers. For example, the 40% increase that was implemented in 11/1/2000 increased the wholesale rate by \$ 0.306 but the users at the opposite end of the scale, those consuming the minimum, realized an increase of \$ 1.70. After this "across the board increase" smaller users had to pay more than 5.5x out of pocket what the larger users were asked to pay. This inequity has persisted through the years. Again in 2006, there was an "across the board increase", but this time only 3%. However, 3% on the smaller usage tier raised customer bills by \$ 0.23 and raised the larger customer bills by \$ 0.05. From 1995 to 2014, the lowest tier saw increases of \$4.35 as compared to the larger users only increasing \$1.52 over the same timeframe.

FOR Princeton, Kentucky  
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 1

City of Princeton Water & Wastewater Commission  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

RATES AND CHARGES

SALES FOR RESALE

Monthly Rates for water service to wholesale customers, other municipalities, or rural water districts that take delivery at master water meters shall be as follows:

All usage

\$1.43 per 100 cubic feet

DATE OF ISSUE DECEMBER 3, 2002  
Month / Date / Year

DATE EFFECTIVE NOVEMBER 27, 2002

ISSUED BY (Signature) T. J. Roufen  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2002-00017 DATED NOVEMBER 25, 2002

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

NOV " 7 2002

PURSUANT TO 807 KAR 5:011  
SECTION 9(1)

BY (11)11u.  
EXECUTIVE DIRECTOR

CALDWELL/LYON COUNTY WATER DISTRICT EXHIBIT \_\_\_\_

FOR Princeton, Kentucky  
Name of Municipality

P.S.C. KY. NO. \_\_\_\_\_ 1 \_\_\_\_\_

~~Revised~~ SHEET NO. 1

City of Princeton Water & Wastewater Commission  
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. 1a-----

~~Original~~ SHEET NO. 1-----

**RATES AND CHARGES**

Caldwell County Water District

All Usage

\$1.72 per 100 cubic foot

Lyon County Water District

AB Usage

\$1.72 per 100 cubic foot

These rates were approved by the City of Princeton Water and Sewer Commission in Regulation No. 09/26/04, given first reading on September 23, 2004 and given second reading and passed on September 29, 2004 per authority granted by the city council of the City of Princeton by Ordinance No. 2-21-83 (4).

Water Purchase Contracts between the City of Princeton and the Caldwell County Water District entered into on the 16<sup>th</sup> day of October 2002, and between the City of Princeton and the Lyon County Water District entered into on the 23<sup>rd</sup> day of October 2000, are on file at the Kentucky Public Service Commission.

DATE OF ISSUE \_\_\_\_\_ OCTOBER 2004 \_\_\_\_\_  
Month | Date | Year  
DATE EFFECTIVE \_\_\_\_\_ NOVEMBER 5, 2004 \_\_\_\_\_  
Month | Day | Year  
ISSUED BY 4121/1/04 V.  
(.....) m m j  
TITLE \_\_\_\_\_ ,oduz;c \_\_\_\_\_  
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ N/A \_\_\_\_\_ DATED \_\_\_\_\_ N/A \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
11/5/2004  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)  
By \_\_\_\_\_  
Executive Director

CALDWELL/LYON COUNTY WATER DISTRICT EXHIBIT \_\_\_\_

FOR Princeton, Kentucky  
Name of Municipality

P.S.C. KY. NO. 1

~~2 Revised~~ SHEET NO. 1

City of Princeton Water & Wastewater Commission  
(Name of Municipal Utility)

CANCELLING P.S.C. KY. N O. 1

~~1 Revised~~ SHEET N O. 1

**RATES AND CHARGES**

Caldwell County Water District

All Usage

\$1.77 per 100 cubic foot

Lyon County Water District

All Usage

\$1.77 per 100 cubic foot

These rates were approved by the City of Princeton Water and Sewer Commission in Regulation No. 08/24/06, given first reading on August 24, 2006 and given second reading and passed on August 28, 2006 per authority granted by the city council of the City of Princeton by Ordinance No. 2-21-8 (4).

Water Purchase Contracts between the City of Princeton and the Caldwell County Water District entered into on the 16<sup>th</sup> day of October 2002, and between the City of Princeton and the Lyon County Water District entered into on the 23<sup>rd</sup> day of October 2000, are on file at the Kentucky Public Service Commission.

DATE OF ISSUE NOVEMBER 1, 2006  
Month / Date / Year  
DATE EFFECTIVE NOVEMBER 1, 2006  
Month / Date / Year  
ISSUED BY Virginia G. Ruten  
(Signature of Officer)  
TITLE Superintendent  
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ N= /    ^    DATED \_\_\_\_\_ N=/A -

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
10/1/2006  
PURSUANT TO 807 KAR 5:011  
SEC 1-1uN § (1)  
By \_\_\_\_\_  
Executive Director

FOR Princeton, Kentucky  
Name of Municipality

P.S.C. KY. NO., 1

3<sup>rd</sup> Revised SHEET NO., 1

CANCELLING P.S.C. KY. NO., 1

2<sup>nd</sup> Revised SHEET NO., 1

City of Princeton Water & Wastewater Commission  
(Name of Municipal Utility)

RATES AND CHARGES

Caldwell County Water District

All Usage

\$2.024 per 100 cubic feet

Lyon County Water District

All Usage

\$2.024 per 100 cubic feet

These rates were approved by the City of Princeton Water and Sewer Commission in Regulation No. 11/04/10, given first reading on November 4, 2010 and given second reading and passed on November 10, 2010 per authority granted by the City Council of the City of Princeton by Ordinance No. 2-21-83 (4).

Water Purchase Contracts between the City of Princeton and Caldwell County Water District entered into on the 16<sup>th</sup> day of October 2002, and between the City of Princeton and the Lyon County Water District entered into on the 23<sup>rd</sup> day of October 2000, are on file at the Kentucky Public Service Commission.

DATE OF ISSUE 11/15/2011  
Mon/Date/Year

DATE EFFECTIVE 11/1/2011  
Month/Day/Year

ISSUED BY a) [Signature]  
[Signature]

TITLE W, W

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

INCASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>[Signature]</i>
EFFECTIVE <b>1/1/2011</b>
PURSUANT TO 807 KAR 5 011 SECTION 9 (1)

CALDWELL/LYON COUNTY WATER DISTRICT EXHIBIT \_\_\_  
FOR Princeton, Kentucky  
Name of Municipality

P.S.C. KY. NO. \_1

4th Revised SHEET NO. J.

CANCELLING P.S.C. KY. NO. \_1

3rd Revised SHEET NO. \_1

City of Princeton Water & Wastewater Commission  
(Name of Municipal Utility)

---

**RATES AND CHARGES**

---

Caldwell County Water District

Monthly Customer Service Charge  
All Usage

\$2.00 per meter  
\$2.024 per 100 cubic feet

Lyon County Water District

Monthly Customer Service Charge  
All Usage

\$2.00 per meter  
\$2.024 per 100 cubic feet

These rates/fees were approved by the City of Princeton Water and Sewer Commission in Regulation No. 08/02/12, given first reading on August 2, 2012 and given second reading and passed on August 8, 2012 per authority granted by the City Council of the City of Princeton by Ordinance No. 2-21-83 (4).

Water Purchase Contracts between the City of Princeton and Caldwell County Water District entered into on the 16<sup>th</sup> day of October 2002, and between the City of Princeton and the Lyon County Water District entered into on the 23<sup>rd</sup> day of October 2000, are on file at the Kentucky Public Service Commission.

DATE OF ISSUE 08/08/2012  
Month / Date / Year

DATE EFFECTIVE 10/01/2012  
Month / Date / Year

ISSUED BY [Signature]  
(Signature of Officer)

TITLE Sygerjplendpt

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <u>J.N.</u>
EFFECTIVE <b>10/1/2012</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Princeton, Kentucky  
Name of Municipality

P.S.C. KY. NO., \_1

~~5th Revised~~ SHEET NO J

CANCELLING P.S.C. KY. NO J

~~4th Revised~~ SHEET NO, \_1

City of Princeton Water & Sewer Commission  
(Name of Municipal Utility)

**RATES AND CHARGES**

Caldwell County Water District

Monthly Customer Service Charge  
All Usage

\$4.00 per meter  
\$2.024 per 100 cubic feet

Lyon County Water District

Monthly Customer Service Charge  
All Usage

\$4.00 per meter  
\$2.024 per 100 cubic feet

These rates/fees were approved by the City of Princeton Water and Sewer Commission in Regulation No. 06/14/13, given first reading on June 14, 2013 and given second reading and passed on June 21, 2013 per authority granted by the City Council of the City of Princeton by Ordinance No. 2-21-83 (4).

Water Purchase Contracts between the City of Princeton and Caldwell County Water District entered into on the 16<sup>th</sup> day of October 2002, and between the City of Princeton and the Lyon County Water District entered into on the 23<sup>rd</sup> day of October 2000, are on file at the Kentucky Public Service Commission.

DATE OF ISSUE ----- 06/24/13 -----  
Month/ Date/ Year

DATE EFFECTIVE 1/13  
Month/ Date/ Year

ISSUED BY a/ ti,  
(Signature of)

TITLE Supintendent

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>&amp;, J- Kilt</i>
EFFECTIVE <b>10/1/2013</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

# WILSON LAW FIRM, PLLC

Marvin Lee Wilson ■ Dailey E. Wilson ■ Allen O. Wilson ■ Lee F. Wilson

ATTORNEYS AT LAW

December 11, 2019

*Via facsimile 270/365-9117*

Hon. B. Todd Wetzel  
108 East Court Square  
Princeton, Kentucky 42445

**RE: Proposed Water Rate Increase**

Dear Todd:

The Caldwell County Water District Board met last night. They asked me to contact you to inquire if Princeton Water and Waste Water Commission will negotiate the proposed 30% water rate increase.

Because the proposed increase is scheduled to take effect January 1, please communicate back with me as early as possible.

Very truly yours,

**Wilson Law Firm, PLLC**



Dailey E. Wilson  
Attorney at Law

**DISTRICTS EXHIBIT 5**

**B. TODD WETZEL**  
ATTORNEY AT LAW  
108 EAST COURT SQUARE  
PRINCETON, KENTUCKY 42446  
270-385-9119  
FAX 270-385-9117  
EMAIL: btwetzl@att.net

December 12, 2019

VIA FACSIMILE: (270) 388-9992

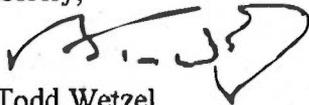
Dailey E. Wilson  
Wilson Law Firm  
635 Trade Avenue  
Eddyville, Kentucky 42038

RE: My Client: Princeton Water and Wastewater Commission  
Your Client: Caldwell County Water District

Dear Dailey:

I am in receipt of your letter dated December 11, 2019 regarding your client's request to negotiate with respect to the wholesale water rate increase proposed by the Princeton Water and Wastewater Commission. It is my client's position that the proposed rate increase is based upon a thorough analysis and is fair and reasonable in all respects. As such, my client respectfully declines your client's request to enter into negotiations with respect to the proposed rate increase. Should you have any questions regarding this matter, please do not hesitate to let me know.

Sincerely,

  
B. Todd Wetzel

cc: Princeton Water and Wastewater Commission

**Table 10. Medical care benefits: Share of premiums paid by employer and employee, civilian workers,<sup>1</sup> March 2019**

(In percent)

Characteristics	Single coverage		Family coverage	
	Employer share	Employee share	Employer share	Employee share
All workers .....	80	20	67	33
<b>Worker characteristics</b>				
Management, professional, and related .....	81	19	68	32
Management, business, and financial .....	79	21	69	31
Professional and related .....	82	18	68	32
Teachers .....	83	17	66	34
Primary, secondary, and special education school teachers .....	83	17	64	36
Registered nurses .....	83	17	72	28
Service .....	80	20	63	37
Protective service .....	86	14	74	26
Sales and office .....	79	21	66	34
Sales and related .....	76	24	63	37
Office and administrative support .....	80	20	67	33
Natural resources, construction, and maintenance .....	79	21	68	32
Construction, extraction, farming, fishing, and forestry .....	79	21	67	33
Installation, maintenance, and repair .....	79	21	68	32
Production, transportation, and material moving .....	79	21	70	30
Production .....	80	20	72	28
Transportation and material moving .....	79	21	69	31
Full time .....	80	20	67	33
Part time .....	79	21	63	37
Union .....	86	14	80	20
Nonunion .....	79	21	64	36
Average wage within the following categories: <sup>2</sup>				
Lowest 25 percent .....	77	23	59	41
Lowest 10 percent .....	76	24	60	40
Second 25 percent .....	79	21	66	34
Third 25 percent .....	80	20	68	32
Highest 25 percent .....	82	18	71	29
Highest 10 percent .....	81	19	72	28
<b>Establishment characteristics</b>				
Goods-producing industries .....	80	20	71	29
Service-providing industries .....	80	20	66	34
Education and health services .....	82	18	66	34
Educational services .....	84	16	67	33
Elementary and secondary schools .....	84	16	65	35
Junior colleges, colleges, and universities .....	84	16	71	29
Health care and social assistance .....	81	19	65	35
Hospitals .....	84	16	75	25
Public administration .....	88	12	77	23

See footnotes at end of table.

**Table 10. Medical care benefits: Share of premiums paid by employer and employee, civilian workers,<sup>1</sup> March 2019—continued**

(In percent)

Characteristics	Single coverage		Family coverage	
	Employer share	Employee share	Employer share	Employee share
1 to 99 workers .....	79	21	62	38
1 to 49 workers .....	79	21	62	38
50 to 99 workers .....	79	21	63	37
100 workers or more .....	81	19	70	30
100 to 499 workers .....	80	20	67	33
500 workers or more .....	82	18	74	26
<b>Geographic areas</b>				
Northeast .....	81	19	74	26
New England .....	78	22	72	28
Middle Atlantic .....	82	18	74	26
South .....	79	21	63	37
South Atlantic .....	79	21	64	36
East South Central .....	79	21	64	36
West South Central .....	80	20	61	39
Midwest .....	79	21	69	31
East North Central .....	79	21	70	30
West North Central .....	81	19	67	33
West .....	81	19	67	33
Mountain .....	79	21	66	34
Pacific .....	82	18	68	32

<sup>1</sup> includes workers in private industry and state and local government. See Technical Note for further explanation.

<sup>2</sup> Surveyed occupations are classified into wage categories based on the average wage for the occupation, which may include workers with earnings both above and below the threshold. The categories were formed using percentile estimates generated using wage data for March 2019.

Note: Because of rounding, sums of individual items may not equal totals. For definitions of major plans, key provisions, and related terms, see the "Glossary of Employee Benefit Terms" at [www.bls.gov/nca/eba/national-compensation-survey-glossary-of-employee-benefit-terms.htm](http://www.bls.gov/nca/eba/national-compensation-survey-glossary-of-employee-benefit-terms.htm).

Source: U.S. Bureau of Labor Statistics, National Compensation Survey.

\*L Allyson Honaker  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*M. Todd Osterloh  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507

\*Dailey E Wilson  
Wilson Law Firm, PLLC  
635 Trade Avenue  
PO Box 460  
Eddyville, KENTUCKY 42038

\*Princeton Water and Wastewater  
101 E. Market Street  
Princeton, KY 42445

\*James Noel  
Superintendent  
Princeton Water and Wastewater  
101 E. Market Street  
Princeton, KY 42445

\*Princeton Water and Wastewater  
Princeton Water and Wastewater  
101 E. Market Street  
Princeton, KY 42445

\*Caldwell County Water District  
118 West Market Street  
Princeton, KY 42445

\*Tracy Musgove  
Director of Finance  
Princeton Water and Wastewater  
101 E. Market Street  
Princeton, KY 42445

\*Lyon County Water District  
5464 U. S. Highway 62 West  
P. O. Box 489  
Kuttawa, KY 42055

\*Mark David Goss  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*Marvin L Wilson  
Wilson Law Firm, PLLC  
635 Trade Avenue  
PO Box 460  
Eddyville, KENTUCKY 42038