

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KNOX COUNTY)	CASE NO.
UTILITY COMMISSION FOR A RATE)	2023-00430
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO KNOX COUNTY WATER COMMISSION

Knox County Water Commission (Knox County Commission), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on June 3, 2024. The Commission directs Knox County Commission to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Knox County Commission shall make timely amendment to any prior response if Knox County Commission obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Knox County Commission fails or refuses to furnish all or part of the requested information, Knox County Commission shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Knox County Commission shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Attachment 4, Schedule of Adjusted Operations (SAO), Amortization Expense. Also refer to Knox County Commission's Annual Report that was filed with the Public Service Commission for the Calendar Year Ended December 31, 2022 (2022 Annual Report), at 20.

a. Explain why the SAO reports \$162,388 for Amortization Expense, while the 2022 Annual Report reports zero for Amortization Expense.

b. Explain why Account 587 Interest Expense – Bonds is reconciled as part of Amortization expense instead of Interest Expense

c. Provide an explanation of what transactions Knox County Commission recorded as Amortization Expense.

d. Provide a breakdown of all components of the amortization expense calculation, including original cost, originating transaction date, projected amortization period, and amortization rate.

2. Refer to Knox County Commission's response to Commission Staff's First Request for Information (Staff's First Request), Item 1d, Exhibit_3_2022_General_Ledger_-_SAO_Cross_Reference.xlsx (Exhibit 3). Also refer to Item 1c, Exhibit_1_Q1c_2022_Trial_Balance_Report.xls (Exhibit 1-2022 Trial Balance).

a. Exhibit 3 contains six adjustments on Rows 31, 48, 58, 77, 80, and 84, for a total of \$1,205.² Explain what necessitated the adjustments

b. Explain why account 118 Cash – Sinking Fund, listed in Exhibit 3, Row 83, is considered part of Amortization Expense.

c. In Exhibit 3 Account 118 Cash – Sinking Fund is reported as \$95,450 at Cell D84, while in the Exhibit 1-2022 Trial Balance it is recorded as \$117,562. Explain and reconcile the difference between the amounts.

² Row 31 \$717 + Row 48 \$5,327 + Row 58 (\$1,549) + Row 77 (\$8,076) + Row 80 \$1,186 + Row 84 \$3,600 = \$1,205.

d. In Exhibit 3 at cell D13, Account 410 Sales – Residential Customers is reported as \$1,439,959, while in the Exhibit 1-2022 Trial Balance it is recorded as \$1,447,834. Explain and reconcile the difference between the amounts.

e. In the Exhibit 3, refer to cell D36, Account 505 Salaries and Wages is reported as \$380,428, while in the Exhibit 1-2022 Trial Balance it is recorded as \$354,644. Explain and reconcile the difference between the amounts.

f. In Exhibit 3, refer to cell D54, Account 580 Insurance – Workers Comp is reported as \$14,742, while in the Exhibit 1-2022 Trial Balance it is recorded as \$12,619. Explain and reconcile the difference between the amounts.

g. In Exhibit 3, refer to cell D61, Account 521 Distribution is reported as \$76,605, while in the Exhibit 1-2022 Trial Balance it is recorded as \$53,534. Explain and reconcile the difference between the amounts.

h. In Exhibit 3, refer to cell D76, Account 599 Miscellaneous is reported as \$106, while in the Exhibit 1-2022 Trial Balance it is recorded as (\$924). Explain and reconcile the difference between the amounts.

i. Refer to Exhibit 3, cell C69, Account 563. The Exhibit 1-2022 Trial Balance does not contain a reference to Account 563. Provide an explanation for how Account 560 is represented in Exhibit 3, and why it is included in Exhibit 3.

j. In Exhibit 3, refer to row 50, Account 527. Chemicals Expense in the Exhibit 1-2022 Trial Balance it is reported as \$68,700; in Exhibit 3 it is reported at \$67,097. Explain and reconcile the difference.

k. Refer to Exhibit 3 generally. Provide the location where Account 589, Interest on Water Deposits, is included.

l. Refer to Exhibit 3, cells D51 and D73, Account 575 Legal & Accounting. Explain why \$16,000 of legal and accounting expenses were included in miscellaneous expense.

m. Explain how the 2022 Annual report can be relied upon to represent the financial status of Knox County Commission. What is Knox County Commission doing on a going forward basis to improve the accuracy of the annual report?

3. Refer to Knox County Commission's response to Staff's First Request, 1a, page 361, Account 00599 Miscellaneous. Explain why Knox County Commission is including sales tax discount as part of Miscellaneous Expense.

4. Refer to Knox County Commission's response to Staff's First Request, Item 3, Exhibit_4_Q3_Response_Combined.xlsx (Exhibit 4), Cell I30. Also Refer to the Application, SAO, Salaries and Wages – Employees. Reconcile the total wages of \$382,046³ from Exhibit 4 to the \$362,592 reported in the Application's SAO.

5. Refer to Knox County Commission's response to Staff's First Request, Item 3, Exhibit_4_Q3_Response_Combined.xlsx.

a. Explain test year normal hours in excess of 2,080 for Employee 4, Superintendent. Explain how many of the hours worked in excess of 2,080 were to cover the work needed for vacant positions.

b. Provide a list including all the part time employee numbers and job positions during the 2022 test year.

6. Refer to Knox County Commission's response to Staff's First Request, Item 3, Exhibit_4_Q3_Response_Combined.xlsx.

³ \$396,445 less Commissioner Wages of \$14,400 = \$382,046.

a. Explain how Employee 38's job tasks are being performed if the employee has not been replaced.

b. Explain how Employee 42's job tasks are being performed if the employee has not been replaced.

7. Refer to Knox County Commission's response to Staff's First Request, Item 3, Exhibit_4_Q3_Response_Combined.xlsx, row 76. For the two part time employees filling Employee 31's vacant position, provide the employee numbers, current wage rates, and normalized annual hours worked for each.

8. Refer to Knox County Commission's response to Staff's First Request, Item 3, Exhibit_4_Q3_Response_Combined.xlsx, rows E and G. The regular pay and overtime pay provided in the tables were hard entered amounts. Provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected the math used to calculate the regular and overtime pay amounts.

9. Refer to Knox County Commission's response to Staff's First Request for Information, Item 7(a).

a. Confirm whether Sam Watts was reappointed after the expiration of his term on April 30, 2024. If yes, provide the fiscal court minutes for the current appointment.

10. Refer to Knox County's response to Staff's First Request for Information, Item 7(b).

a. Confirm whether Brian Nelson has attended water commissioner training for either 2022, 2023, or 2024. If yes, provide training records. If no, explain why not.

b. Confirm whether Ramiro Solis has attended water commissioner training for either 2022, 2023, or 2024. If yes, provide training records. If no, explain why not.

c. Confirm whether Summer Powers has attended water commissioner training for either 2022, 2023, or 2024. If yes, provide training records. If no, explain why not.

d. Confirm whether Sam Watts has attended water commissioner training for either 2022, 2023, or 2024. If yes, provide training records. If no, explain why not.

11. Refer to Knox County Commission's response to Staff's First Request, Item 10a. Knox County did not provide a copy of the billing analysis for the test period with current rates in Excel format. Provide a copy of the billing analysis for the test period with current rates in Excel format with all cells unlocked and fully accessible.

12. Refer to Knox County Commission's current tariff, 2nd revised sheet number 5 and response to Staff's First Request, Item 12b. Knox County Commission's current tap-on fee for 5/8-inch x 3/4-inch meters is \$800, effective 4/24/2023. Knox County Commission's cost justification sheet for tap-on fees as provided in Staff's First Request is approximately \$1,450.

a. Provide a detailed explanation for why the expenses have nearly doubled for Knox County Commission's tap-on fee since its last increase in April of 2023.

b. Provide cost estimates and support for each of the expenses identified in Knox County Commission's cost justification for its proposed tap-on fee.

13. Refer Knox County Commission's response to Staff's First Request, Item 23. Confirm whether the web address "knoxcountyutility.nexbillpayonline.com", with the Knox County Utility Commission title and "Notices and Alerts" tab is currently active. If yes, please respond to Commission Staff's First Request for Information, Item 23. If no, please state if Knox County Commission is aware of the current status of this website and who owns and operates the website.

14. Refer to Knox County Commission's response to Staff's First Request, Item 10c. The adjustment of \$100,098 to the test year metered water sales represents a difference of approximately 6.1 percent for the adjusted test year revenue. Explain and provide support for such a large adjustment to the adjusted test year revenues from water sales.

15. Refer to Knox County Commission's Application, SAO, Reference adjustment a. Also Refer to SAO Operating Revenues. In the SAO pro forma sales revenue is reported as \$1,641,671 and adjustment to Meter Water Sales is \$100,098; however in the References adjustment a Metered Water Sales is stated as \$1,600,015 and the adjustment to Meter Water Sales is \$59,159. Reconcile and explain the difference between Metered Water Sales and the proposed adjustment.

16. Explain how and when the audit adjustments are performed and recorded to the financial statements.



Linda C. Bridwell, PE
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Public Service Commission
P.O. Box 615
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DATED MAY 20 2024

cc: Parties of Record

Case No. 2023-00430

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