

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MORGAN	)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE	)	2024-00010
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO MORGAN COUNTY WATER DISTRICT

Morgan County Water District (Morgan District), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on May 24, 2024. The Commission directs Morgan District to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> 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

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<sup>1</sup> 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.

Morgan District shall make timely amendment to any prior response if Morgan District 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 Morgan District fails or refuses to furnish all or part of the requested information, Morgan District 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, Morgan District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide a copy of all outstanding invoices due to Cave Run Water Commission for 2023 and 2024, including total amount due. If Morgan District has not received an invoice from Cave Run Water Commission for a particular month, state that it was not received. Also, provide any documentation of communication that Morgan District has had with Cave Run Water Commission, its staff or other representatives concerning invoices not being received.

2. Refer to Morgan District's response to Commission Staff's First Request for Information (Staff's First Request), Item 4. In the 2022 general ledger, Account 675.4 - Non-Budget items, there are three trailer purchases totaling \$18,420 that appear to be expenses. Two trailers show up as capitalized but for different amounts on the fixed asset listing. Explain whether these two trailers are expensed items or capitalized. Explain whether these items are included in the Schedule of Adjusted Operations.

3. Refer to Morgan District's response to Staff's First Request, Item 4. For all items listed as "Shannon to reimburse" in the 2022, 2023, and 2024 general ledgers, provide the following items:

- a. Date of transaction.
- b. Amount of transaction.
- c. Describe the item(s) purchased.
- d. Identify the name and address of the retailer from which the item(s) was purchased.
- e. Describe if Morgan District has received reimbursement for each corresponding transaction. Identify each transaction which no reimbursement has been received.
- f. Date and amount of reimbursement for each corresponding transaction.
- g. General account number and date of posting of reimbursement in general ledger.

4. Provide a list of all unpaid supplier invoices and the corresponding amounts as of April 30, 2024. Split the invoices between operating expenses and capital

expenditures and age them from 0 to 30 days from invoice, 31 to 60 days from invoice, and over 60 days.

5. Provide any written policies on the types of expenditures permitted by Morgan District.

6. Refer to the 2022 general ledger. Also refer to the 2022 audited financial statements.

a. Provide a list of audit adjustments for 2022.

b. State whether Morgan District has completed all of its general ledger adjustments for 2022 audit adjustments.

c. State whether Morgan District has adjusted its general ledger for all audit adjustments for all prior years.

7. Refer to the 2022 audited financial statements. Footnote "J" on page 24 states that Morgan District obtained a loan from Gateway Area Development District on May 4, 2021, for working capital and equipment purchases.

a. Provide a copy of the 2021 general ledger for Morgan District in Excel format and designate the general ledger account number and date that the loan receipt was posted.

b. Provide the amount of the loan that was used to purchase equipment and a description and cost of each item purchased.

c. Provide the amount of the loan that was used for working capital.

d. Provide the current status of the loan. Include the current balance, if any payments are past due, and the number of remaining payments with due dates.

8. Refer to the 2022 audited financial statements. Footnote “K” beginning on page 24 notes several vehicle lease obligations that are classified as capital leases. Provide a copy of all loan/lease documents for all vehicles. If Morgan District has a separate contract with Morgan County Fiscal Court for payment of any leased vehicles, provide a copy of that document.

9. Provide the status of completion of the 2023 audited financial statements. Include the estimated date of report issuance, the amount billed to date by the auditor, and the amount paid to date to the auditor.

10. Provide a schedule in the format below in Excel that shows water sources and uses in gallons by month and in total for 2023.

Month	2023 Gallons			
	Purchased	Sold	Other Water Used	Water Loss
Jan				
Feb				
Mar				
Apr				
May				
Jun				
Jul				
Aug				
Sep				
Oct				
Nov				
Dec				
Total	0	0	0	0

11. Provide documentation for all reimbursements from the Federal Emergency Management Agency (FEMA) that Morgan District received for 2019 through year-to-date 2024 and state the general ledger account where each is recorded.

12. Provide the details of conversations Morgan District has had with other utilities regarding consolidation, regionalization, or joint purchasing, include any written documentation.

13. Provide details of discussions about adding master meters to Sandy Hook, Rattlesnake Ridge, Wolfe County, and Magoffin County, include any written documentation.

14. Provide the total amount collected for each nonrecurring charge and the number of occurrences for each nonrecurring charge that was recorded during the calendar years 2021, 2022, and 2023.

15. Provide updated cost justification sheets for all nonrecurring charges listed in the current tariff.

16. Provide a copy of the current and proposed billing analysis in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

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

a. Explain whether conducting a COSS was considered for the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to the utility's system would cause a new COSS to be prepared since the last time one was completed.

c. If there have been no material changes to the utility's system, explain when preparation of a new COSS anticipated.

18. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobile, property, and casualty for 2022, 2023, and 2024.

19. Provide a description of all employee benefits, other than salaries and wages, paid to or on behalf of each employee for the calendar year 2022. Supplemental

coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

20. Provide a copy of the most recent invoice for each employee benefit described above.

21. Provide a document listing the names of each member of the Board for each of the calendar years 2022 and 2023 and state, individually, the total amount of each benefit paid to, or on the behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.), their term (beginning and ending), and current authorized annual compensation.

22. Provide documentation from the Morgan County Fiscal Court that authorizes each Board of Commissioner (Board) member's appointment and compensation.

23. Provide training records for each board member for 2022, 2023, and 2024.

24. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected that lists each position (Position 1, Position 2, etc.), job title, hours worked, pay rates, total wages paid, and total FICA cost for each employee for the years ended December 31, 2022, and December 31, 2023. Redact employee names. Additionally, provide calculations by employee that support pro forma wages of \$338,972. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant. The table should include a column for total wages by employee (regular wages and overtime) and a row for total wages for all employees. Employee names should be redacted from all documents.

25. Using the same table that lists each position and wage information, list each employee benefit (medical, dental, life, and others), the employee's contribution, the employer premium contribution, and the adjustment based on Bureau of Labor Statistics (BLS) contribution rates, if applicable. If health insurance is provided designate the coverage type (i.e., single, family, couple, or parent plus). If benefits other than medical insurance are provided, include a total column for the cost of all benefits excluding the BLS adjustment.



Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED     MAY 10 2024    

cc: Parties of Record



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