

December 26, 2014

Mr. Brent Kirtley  
Kentucky Public Service Commission  
PO Box 615  
Frankfort, KY 40602

Re: Case No. 2014-00373  
Morgan County Water District  
Response to Commission Staff's First Data Request

Dear Mr. Kirtley:

Please find enclosed the original and eight copies of the Water District's response to the Commission staff's first information request dated December 15, 2014.

The attached responses to the Commission staff's first data request are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

Should you need additional information please don't hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kyle Risner', with a long horizontal flourish extending to the right.

Kyle Risner, General Manager

Attachment

RECEIVED

DEC 29 2014

PUBLIC SERVICE  
COMMISSION

**REQUEST NO. 1:** Provide the minutes of each meeting of Morgan County's Board of Commissioners in which the proposed rate revision was discussed.

**RESPONSE:** Please find attached Exhibit No. 1, Morgan County's Board of Commissioners meeting minutes.

**REQUEST NO. 2:** Provide the resolution of Morgan County's Board of Commissioner's in which the proposed rate revision was approved or, if no resolution was separately prepared, the minutes of the meeting of Morgan County's Board of Commissioner's in which the proposed rates were approved.

**RESPONSE:** Please find attached Exhibit No. 1, Morgan County's Board of Commissioners meeting minutes.

**REQUEST NO. 3:** Refer to the Application, Average Meter Connection Expense Cost Justification form for a 5/8-Inch x 3/4-Inch meter, Materials Expense.

- a. Provide the type of meter proposed. Provide vendor invoices for the meters.
- b. Provide a breakdown of the materials included in the \$386.16 miscellaneous fittings expense, and provide vendor invoices for the individual items.

**RESPONSE:**

- a. The type of meter proposed is a Sensus SR11 radio read meter. Please find attached Exhibit No. 2, vendor invoice for the meters.
- b. Please find attached Exhibit No. 3, breakdown of the materials included in the \$386.16 miscellaneous fittings expense which includes vendor invoices for the individual items. These items are highlighted.

**REQUEST NO. 4:** Refer to the Application, Average Meter Connection Expense Cost Justification forms, Installation Labor Expense. Provide a detailed explanation of how the Hourly Rate expense of \$27.00 per hour was determined. Show all calculations, state all assumptions, and provide all supporting documentation.

**RESPONSE:** The \$27.00 per hour is made up of two employees. An operator which is paid approximately \$17.00 per hour (actual rate is \$17.17 per hour) and a laborer which is paid approximately \$10.00 per hour (actual rate is \$10.39 per hour.)

**REQUEST NO. 5:** Refer to the Application, Average meter Connection Expense Cost Justification forms, Installation Equipment Expense.

- a. Provide a detailed explanation of how the Hourly Rate expense of the \$75.00 per hour was determined. Show all calculations, state all assumptions and provide all supporting documentation.
- b. Provide a detailed list of the type of equipment and description of how the equipment will be used.

**RESPONSE:**

- a. The hourly rate of \$75.00 per hour was an assumption based on local rental rates and private contractor rates.
- b. The equipment used is a backhoe, dump truck and a trailer. The dump truck and trailer are used to transport the backhoe and to haul off any extra material excavated. The dump truck is also used to transport gravel for backfill if necessary. The backhoe is used to excavate and to clean up area after connection.

**REQUEST NO. 6:** Refer to the Application, Average Meter Connection Expense Cost Justification forms, Installation Miscellaneous Expense. Provide a detailed explanation of how the Inspection Hourly Rate expense of \$17.00 per hour was determined. Show all calculations, state all assumptions, and provide all supporting documentation.

**RESPONSE:** The inspection is performed by the Field Supervisor which paid an hourly rate of approximately \$17.00 per hour (actual rate is \$17.17 per hour).

**REQUEST NO. 7:** Refer to the Application, Average Meter Connection Expense Cost Justification forms, Section H, Administrative Expense. Provide a detailed explanation of how the Office expense of \$11.00 per hour was determined, provide a description of tasks, show all calculations, state all assumptions, and provide all supporting documentation.

**RESPONSE:** The office employee who establishes a new account and billing record is paid approximately \$11.00 per hour (actual rate is \$11.12 per hour).

**REQUEST NO. 8:** Refer to the Application, Average meter Connection Expense Cost Justification form for a 1-inch meter, materials Expense.

- a. Provide the type of meter proposed. Provide vendor invoices for the meters.
- b. Provide a breakdown of the materials included in the \$449.10 miscellaneous fittings expense, and provide vendor invoices for the individual items.

**RESPONSE:**

- a. The type of meter proposed is a Sensus SR11 radio read meter. Please find attached Exhibit No. 4, vendor invoice for the meters.
- b. Please find attached Exhibit No. 5, breakdown of the materials included in the \$449.10 miscellaneous fittings expense which includes vendor invoices for the individual items. These items are highlighted.

## EXHIBIT 1

**Morgan County Water District  
Regular Board Meeting  
Monday, July 7, 2014**

**The regular monthly meeting of the Morgan County Water District was held on Monday, July 7, 2014 beginning at 4:30 p.m. at the office. The following were in attendance: Board Members: Roy Collett, Holli Litteral, Donnie Gunnell and William Holbrook; MCWD Staff: Kyle Risner and Chernell Holbrook; Engineering Staff: Larry Cann and Michael Crawford.**

**Chairman Roy Collett called the meeting to order and welcomed all present. At 4:30 p.m. Mr. Collett called for a motion to approve and accept the minutes of June 9, 2014. After the board reviewed the minutes Donnie Gunnell made a motion to approve the minutes. The motion was seconded by William Holbrook. Motion carried.**

**First item discussed on the agenda was the Phase 14 AML Waterline Extension. Mr. Cann started by informing the board that they were still waiting for the valve vault to be delivered and installed at the tank location. He also mentioned that Mr. Alderman with G & W Construction requested that sections of Spaws Creek Road be directional drilled instead of open cut through blacktop areas. Kyle explained to the board that Mr. Pelfrey and he would like to have the waterline marked by GPS coordinates in areas that were directional drilled. This way MCWD would be able to locate and service the waterline in years to come. Kyle also stated that he would prefer if they installed the new line at a greater depth than MCWD's existing line on Spaws Creek for the simple fact when new customers signed up for service we would not take the chance of hitting the newly installed line. With this discussion pending the final decision of Mr. Mark Meade or Mr. Phillip Bowling the board agreed to make a motion for these sections to be directional drilled. The motion was made by Donnie Gunnell. The motion was seconded by William Holbrook. Motion Carried. Furthermore, Kyle informed the board that the field technicians had begun installing meters for new customers along several roads on the AML project. Mr. Cann told the board that the pump station was scheduled for delivery by the first week in September. Mr. Crawford explained to the board that the project was progressing nicely and the only thing left to complete was a few sections on Spaws Creek and the pump station.**

**Second item on the agenda was Rural Development Loan Payment Update. Kyle presented the board with the MCWD Bank Statement for the RD loan account. He explained to the board that on July 1, 2014 MCWD had \$100,135.53 available in the account. The RD loan payment was \$70,436.53. After the payment was withdrawn from the account on July 1, 2014 it left \$29,699.00 in the account to begin building for our January 1, 2015 payment.**

**Third item on the agenda was MCWD Visa Card Update. Kyle informed the board that Bank of The Mountains required a signed copy of the approved board minutes requesting a credit/debit card. After discussion the board agreed to set the usage limits of the card at \$3,000.00. William Holbrook made a motion to set the limit. The motion was seconded by Donnie Gunnell. Motion Carried.**

**Fourth item on the agenda was Increase Tap on Fee. Kyle presented the board with two price quote sheets showing the material cost for one meter setting. MCWD is charging \$590.00 for a new meter box setting. According to the price sheet, MCWD is paying \$737.90 for one meter box setting. This shows that MCWD is losing \$147.90 for every meter set. Kyle showed the board what the City of West Liberty rates were for their new settings. After several minutes of discussion, the board agreed to raise their tap on fee rate to \$750.00 with the approval of the Public Service Commission. William Holbrook made the motion for the increase. The motion was seconded by Donnie Gunnell. Motion Carried.**

**Fifth item on the agenda was the update on the water loss. Kyle gave the board the water loss reports for the City of West Liberty and Cave Run Water Commission. Kyle explained that the water loss percentages were down slightly from the previous month. He also stated that the flushing quantities were increased due to the repair of leaks. The City of West Liberty percentage was not down as much due to the fact that the contractor had been flushing the new lines on the AML project. Kyle informed the board that MCWD had found and repaired a leak on Hwy 460 near White Oak. The leak had been ongoing for some time. Kyle and Charlie tested standing water in a nearby field. After not getting a chlorine reading, Kyle decided to check the water for fluoride. The sample came back strong which indicated that it was county water. The leak was on the opposite side of the roadway and was traveling a long distance before ever coming to the top of the ground. Kyle also stated he had found a leak while reading meters. He assured the board that the MCWD employees would keep looking and repairing leaks as they were found.**

**Lastly, invoices were presented for the review and approval of the board. Holli Litteral made a motion to accept the invoices as presented. Motion was seconded by William Holbrook. Motion carried.**

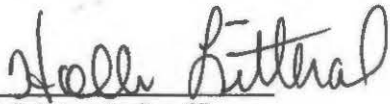
**Handouts which were given to the board for their review included a list of savings accounts, checking accounts, new meter setting list, and June Profit & Loss Reports. Also, for the boards review, was a copy of the billing register's totals page which shows a customer count of 2607.**

**Other discussion before the closing of the monthly meeting was Kyle asking if Mr. Pelfrey and he could attend the yearly three day training classes held in Louisville, KY. Donnie Gunnell made a motion for the two MCWD employees to attend. The motion was seconded by Holli Litteral. Motion carried.**

**The next meeting will be August 11, 2014.**

With there being no further business to come before the board, motion by Holli Litteral and seconded by William Holbrook to adjourn at approximately 6:00 p.m. Motion carried.

IN TESTIMONY WHEREOF WITNESS MY SIGNATURE this 13th day of August, 2014.



Holli Litteral, Sec/Treas.



# EXHIBIT 2

08-21-14 14:13 FROM-

T-410 F032/385 8-9x1

\*\* QUOTATION \*\*

\$1646160

THE C.I. THORNBURG CO., INC.  
LEXINGTON BRANCH  
740 ENTERPRISE DRIVE  
LEXINGTON, KY 40510

Page# 1

Rid To:

Ship To:

Acce #3092  
MORGAN COUNTY WATER DISTRICT  
1009 HWY 172  
WEST LIBERTY, KY 41472  
Phone # : 606-743-1204

MORGAN COUNTY WATER DISTRICT  
1009 HWY 172  
WEST LIBERTY, KY 41472

```

--Bid-Date---Expr-Date--Writer--Terms-----Ship Via-----
06/25/14   08/24/14   VAGJOE  NET 30 DAYS           MOUNT.OUR TRUCK
--Purchase Order #-----CTNS / WT----Picker----Loader-----Delivered By-----
STEVE
    
```

Bid-Qty--		Unit Price	Ext Price
12	3/8"x3/4" SRT1 TRPL 100G PL/STM SWH ELEC L/HOUSING S2DX538G3XXX1XX RDP LL METER	159.00ea	1908.00
12	520R MKG SINGLE PORT METER W/ TRANSCIVER UNIT W/ INTERNAL BATTERY AND HOURLY LEAK DETECTION INTERVALS M520R-C1-TC-X-AL 5396153752001AL	115.00ea	1380.00
BID TOTAL			3288.00
Bid Amount			3288.00

Extras not listed or spelled out are not included in pricing.  
We reserve the right to correct clerical errors.

# EXHIBIT 3

07-31-14 14:13 FROM-

T-410 P881/825 F-901



## Utility Solutions LLC.

### Quote

Date <u>7/3/14</u>		P.O.#	
Invoice To <u>Morgan Co. Water</u>		Phone#	
Ship To		Fax# <u>606-743-9585</u>	
Quantity	Description	Price	Amount
1	1 18x24 Meter Meter Box	- 19.95 EA	19.95
2	1 Tan Meter Setter-D checks Ball valve with 5-bar assembly	227.31 EA	227.31
4	1 18" Flat Lid TR Male	- 25.50 EA	25.50
5	2 3/4 x 8" Brass nipple	8.72 EA	17.44
6	2 3/4 cts Female adapter	13.90 EA	27.80
7	1 24600 XL LUSH	59.37 EA	59.37
8	1 6" 3/4 Brass Saddle	51.44 EA	51.44
9	1 3/4 cap stop	- 32.29 EA	32.29
10	10 3/4 cts Teeing 250 PSI	0.28 FT	2.80
11			
12	Pre Fab Meter		
13	Setting		
		Tax	
		Total	<u>\$463.90</u>

# EXHIBIT 4

88-12-14 13:55 FAX-

7-416 PAGE/003 F-935

\*\* QUOTATION \*\*

91651159

THE C.I. THORNBURG CO., INC.  
LEXINGTON BRANCH  
740 ENTERPRISE DRIVE  
LEXINGTON, KY 40510

Page# 1

Bid To:

Ship To:

Acct #1092  
MORGAN COUNTY WATER DISTRICT  
1009 HWY 172  
WEST LIBERTY, KY 41472  
Phone # : 606-743-1204

MORGAN COUNTY WATER DISTRICT  
1009 HWY 172  
WEST LIBERTY, KY 41472

Bid Date---Expr-Date---Writer---Terms-----Ship Via-----  
08/08/14 10/07/14 VASJOE NET 30 DAYS MOUNT.OUR TRUCK  
--Purchase Order #-----CTBS / WT---Picker---Loader---Delivered By-----  
METER/MKU QUOTE

Bid-Qty--		Unit Price	Ext Price
1	1" SRII TRPL 100G CI/BTM 5WH OPTO L/HOUSING RDP LL METER	209.50ea	209.50
1	52DR MKU SINGLE PORT TRANSCRIVER W/ INTERNAL BATTERY AND HOURLY LEAK DETECTION INTERVALS MS20R-C1-TC-K-AI: S49615J752001AL	115.00ea	115.00
	BID TOTAL		324.50
	Bid Amount		324.50

Extras not listed or spelled out are not included in pricing.  
We reserve the right to correct clerical errors.

# EXHIBIT 5

08-12-14 12:55 FROM-

T-416 P002/000 F-505

## Utility Solutions LLC.

### Quote

Date <b>8/11/14</b>		1" Meter Setting		P.O.#	
Invoice To		Morgan Co, Warner		Phone#	
Ship To				Fax#	
				6010-743-9585	
Quantity	Description	Price	Amount		
1	1 EA 6" x 1" Saddle for C-400	51.44 EA	51.44		
2	1 EA 1" Corp Stop	47.98 EA			
3	1 FT 1" CTS Tubing	.39 FT	15' = 5.85		
4	3 EA 1" Insert	1.35 EA	3.405		
5	1 EA 18" x 24" Manhole	19.95 EA			
6	1 EA 18" Flint lid with valve	25.50 EA			
7	1 EA 1" PAV	145.21 EA	145.21		
8	1 EA Single Meter Setter (Check Valve 5 Bar)	252.45	252.45		
9					
10					
11					
12					
13					
				Tax	
				Total	
				\$552.43	