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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF SOUTHERN WATER AND SEWER DISTRICT FOR
AN ALTERNATIVE RATE ADJUSTMENT

CASE NO. 2019-131

*** **

SOUTHERN'S FIRST REVISED COMMENTS ON STAFF REPORT

Comes now the Applicant, Southern Water & Sewer District ("Southern"), by and through counsel, and hereby tenders its revised comments on the PSC Commission Staff's Report in the above-styled action.

In Southern's Comments to the Staff Report, filed September 9, 2019, Southern accepted the recommendations in the Staff Report for a flat rate for residential customers, volumetric rates for commercial and wholesale customers, and a meter replacement surcharge applied to all customers.


After further investigation, Southern rejects the flat rate of \$55.17 proposed in the Staff Report and now feels as though the flat rate for residential customers should be reduced by an amount equal to the meter replacement surcharge.

Based on the revenue increase that resulted from the interim flat rates and implementation of commercial volumetric reading, Southern has determined that a reduction in the current flat rate for water service to residential customers from \$58.82 per month to \$53.57 per month will produce sufficient revenue from water sales. This would

reduce the amount residential customers would pay each month by \$5.25 which could then be the meter surcharge for meter replacement thereby producing a dedicated account with which to seek loan funding without an increase of overall customer rates at this time. Attached to this Comment is Southern's Income Statement for 2019, which reflects a \$70,000 per month increase in revenue from water sales, which is sufficient revenue in light of Southern's current expenses. With the flat rate of \$53.57 to residential customers and a \$5.25 per month per customer meter replacement surcharge, Southern will have sufficient revenue to operate its system, seek loan funding and begin the meter replacement program.

WHEREFORE, the District respectfully requests that the Commission set a fair, just and reasonable rate for the customers of Southern. Southern does not believe a hearing is necessary and request that this case be submitted on the record.

Respectfully Submitted,



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CERTIFICATE OF SERVICE AND FILING

Counsel certifies that an original and ten (10) photocopies of the foregoing were served and filed by mail to Gwen R. Pinson, Executive Director, Public Service

Commission, 211 Sower Blvd, Frankfort, KY 40601: Counsel further states that a true and accurate copy of the foregoing were mailed to:

Justin McNeil
Kent Chandler
KY Attorney General
700 Capitol Ave, Suite 20
Frankfort, KY 40601-8204

**Southern Water and Sewer District
Income Statement
12 Month Comparison for 2019**

	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19	Total
Sales													
Metered Sales - Residential	\$ 222,811.74	\$ 221,004.87	\$ 220,550.54	\$ 206,014.71	\$ 247,711.17	\$ 316,562.64	\$ 329,921.56	\$ 320,224.30	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$2,084,801.53
Metered Sales - Business	6,081.80	10,443.80	10,291.80	11,869.20	13,248.00	10,755.24	10,578.78	10,469.96	0.00	0.00	0.00	0.00	83,738.58
Metered Sales - Residential Sewer	9,020.76	9,872.86	10,082.30	10,148.94	10,706.52	8,108.82	7,634.62	7,302.68	0.00	0.00	0.00	0.00	72,877.50
Metered Sales - Business Sewer	236.74	564.58	317.06	307.54	344.18	616.46	853.56	758.72	0.00	0.00	0.00	0.00	3,998.84
Sales for Resale	4,729.26	3,774.54	4,045.68	3,105.34	3,108.44	3,364.22	3,364.22	7,082.50	0.00	0.00	0.00	0.00	32,574.20
Penalties	4,197.33	5,453.06	4,543.82	3,713.22	4,479.99	5,289.09	5,214.89	7,025.01	0.00	0.00	0.00	0.00	39,916.41
Meter Service	0.00	0.00	290.00	728.00	370.00	440.00	0.00	0.00	0.00	0.00	0.00	0.00	1,828.00
Tap fees	580.00	530.00	480.00	450.00	400.00	0.00	440.00	0.00	0.00	0.00	0.00	0.00	2,880.00
Other Income	592.00	563.00	0.00	0.00	0.00	276.00	892.00	0.00	0.00	0.00	0.00	0.00	2,323.00
Garbage Sales Revenue	72,110.00	71,461.00	71,366.00	71,871.00	72,274.00	72,195.00	71,923.00	71,441.00	0.00	0.00	0.00	0.00	574,641.00
Total Sales	320,359.63	323,667.71	321,967.20	308,207.95	352,642.30	417,607.47	430,822.63	424,304.17	0.00	0.00	0.00	0.00	2,899,579.06
Gross Profit	320,359.63	323,667.71	321,967.20	308,207.95	352,642.30	417,607.47	430,822.63	424,304.17	0.00	0.00	0.00	0.00	2,899,579.06
Operating Expenses													
Undistributed	0.00	74.19	(74.19)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Solid Waste Payments	65,146.52	69,475.67	67,459.54	76,122.03	67,750.30	72,384.63	69,765.31	69,297.77	0.00	0.00	0.00	0.00	557,401.77
Water Purchases	40,634.86	25,278.40	31,435.70	23,349.30	35,192.42	27,222.34	27,544.30	36,491.74	31,837.52	0.00	0.00	0.00	278,986.58
PCUC Sewer Payments	8,880.97	9,109.72	9,871.21	9,543.26	9,882.42	9,924.31	7,684.72	7,878.87	0.00	0.00	0.00	0.00	72,775.48
Management Fees	0.00	0.00	0.00	0.00	0.00	71,655.75	0.00	42,018.50	0.00	0.00	0.00	0.00	113,674.25
Contract Labor - Water	(420.00)	200.00	200.00	20.00	0.00	0.00	1,104.00	1,413.00	0.00	0.00	0.00	0.00	2,517.00
Operations Labor - Pumping	8,875.24	6,555.34	10,826.52	7,188.04	8,632.99	8,128.54	9,781.54	14,950.66	8,887.56	3,224.20	0.00	0.00	87,050.63
Contract Labor	0.00	0.00	0.00	0.00	0.00	821.00	0.00	0.00	31,054.02	0.00	0.00	0.00	31,875.02
Repairs - Pumping	5,000.00	8,271.82	5,000.00	3,623.01	1,261.40	911.85	773.75	4,860.14	0.00	0.00	0.00	0.00	29,701.97
Telephone & Utilities - Pumping	0.00	390.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	390.96
Lab Services	70.00	1,856.25	5,440.56	703.47	999.75	5,530.75	773.75	2,220.00	2,220.00	0.00	0.00	0.00	19,814.53
Chemicals	13,921.11	10,788.96	13,516.94	10,463.43	7,498.92	25,558.60	15,503.73	19,603.77	0.00	0.00	0.00	0.00	116,855.46
Supplies	0.00	9,015.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,015.46
Natural Gas-WTP	269.67	269.67	838.92	(299.58)	0.00	272.32	50.47	0.00	0.00	0.00	0.00	0.00	1,401.47
Operations Labor - T & D	41,639.56	56,336.74	63,830.53	29,676.70	31,770.42	35,863.59	32,735.62	51,830.54	37,779.81	16,640.09	0.00	0.00	398,103.60
Wages - Sewer	2,353.26	(2,353.26)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	1,451.96	751.14	3,805.97	(573.71)	3,561.07	3,567.58	1,935.71	230.31	0.00	0.00	0.00	14,730.03
Supplies - T & D	8,493.30	4,239.17	35,152.79	3,398.67	32,132.65	6,227.09	7,648.83	17,656.48	8,053.26	0.00	0.00	0.00	123,002.24
Vehicle Repairs - T & D	2,288.90	1,816.03	1,832.00	557.08	110.54	335.87	500.00	1,945.00	0.00	0.00	0.00	0.00	9,385.42
Utilities - T & D	30,696.86	28,577.71	24,810.73	12,723.74	23,624.07	27,841.05	27,692.34	27,135.56	42,565.77	0.00	0.00	0.00	245,667.83
Uniform Rental - T & D	0.00	866.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	866.78
Vehicle Repairs - T & D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	540.07	0.00	0.00	0.00	0.00	540.07
Fuel-Gasoline	6,183.32	4,700.18	5,147.90	4,151.03	4,746.92	3,491.12	4,544.60	4,794.49	4,794.49	0.00	0.00	0.00	42,554.05
Utilities	0.00	27.64	0.00	0.00	665.95	0.00	265.17	301.80	0.00	0.00	0.00	0.00	1,260.56
Safety supplies	215.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	215.00
Billing Postage	0.00	1,653.69	1,987.19	2,018.12	120.00	1,529.20	1,673.56	1,676.17	74.95	0.00	0.00	0.00	10,732.88

No assurance is provided on these financial statements. Management has elected to omit substantially all disclosures required by accounting principles generally accepted in the United States of America and the statement of Cash Flows is also omitted.

Southern Water and Sewer District
Income Statement
12 Month Comparison for 2019

	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19	Total
Billing Card Expense	307.43	0.00	0.00	17.50	0.00	899.54	0.00	0.00	0.00	0.00	0.00	0.00	1,224.47
Wages - Office	9,165.79	9,741.58	12,509.74	8,601.81	7,730.07	6,995.07	6,556.23	11,047.55	6,795.68	3,458.95	0.00	0.00	82,602.47
Office Postage	321.19	1,654.81	0.00	0.00	2,208.63	375.58	672.30	533.65	0.00	0.00	0.00	0.00	5,766.16
Office Supplies	686.33	1,347.15	704.50	327.80	354.83	137.80	607.93	794.84	97.52	0.00	0.00	0.00	5,058.70
Telephone & Utilities - Office	1,419.72	3,552.99	4,071.45	206.57	4,130.20	2,667.32	1,469.41	7,169.60	0.00	0.00	0.00	0.00	24,687.26
Bank Charges	397.14	1,291.76	444.57	101.68	1,448.22	1,577.12	1,225.05	1,131.65	926.02	0.00	0.00	0.00	8,543.21
Health Insurance	14,559.81	21,135.88	19,367.47	34,548.09	18,975.74	17,334.66	13,500.02	15,070.01	33,330.06	(1,465.56)	0.00	0.00	186,356.18
Dental Insurance	1,138.57	1,138.57	0.00	0.00	0.00	0.00	0.00	315.50	665.84	0.00	0.00	0.00	3,258.48
Workers Comp	895.05	895.05	1,561.41	1,790.10	895.03	0.00	1,672.91	895.03	0.00	0.00	0.00	0.00	8,604.58
Life Ins.	1,301.88	490.78	1,225.46	1,165.23	1,431.44	1,747.48	0.00	535.34	2,240.18	(16.32)	0.00	0.00	10,121.47
Contract Labor - Administration	200.00	0.00	0.00	230.00	1,843.30	0.00	200.00	200.00	3,168.53	0.00	0.00	0.00	5,841.83
Credit Card Payment Fees	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
Health Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	431.00	0.00	0.00	0.00	431.00
Worker's Compensation	0.00	0.00	895.05	(895.05)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00	0.00	21,560.98	0.00	(21,560.98)	0.00	0.00	0.00	0.00	0.00
Legal	0.00	21,026.00	3,835.00	1,000.00	687.50	4,375.00	(2,886.00)	500.00	4,250.00	0.00	0.00	0.00	32,787.50
Accounting	3,127.70	5,006.00	4,106.65	2,578.45	4,988.60	4,625.90	3,920.90	8,108.75	11,908.75	0.00	0.00	0.00	48,371.70
Professional Fees	0.00	1,375.00	849.95	2,700.00	0.00	1,054.31	2,475.00	0.00	0.00	0.00	0.00	0.00	8,454.26
Admin. Fee - Health Insurance Reimb.	0.00	0.00	123.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	123.86
Property Insurance	14,462.88	14,462.88	14,424.36	(14,443.62)	14,443.64	659.00	0.00	6,494.86	0.00	0.00	0.00	0.00	50,504.00
Commissioner's Bond	0.00	890.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	890.75
Commissioner's Fee	2,500.00	2,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	950.00	0.00	0.00	0.00	13,200.00
Misc. Expenses	1,347.44	2,145.31	1,576.22	2,491.08	1,590.06	802.30	1,098.21	2,430.91	13,518.82	0.00	0.00	0.00	27,000.35
Travel Reimbursement	569.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	569.78
Travel Reimbursement	256.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	256.19
Training	0.00	0.00	0.00	0.00	0.00	0.00	380.00	0.00	75.00	0.00	0.00	0.00	455.00
Advertising	0.00	62.40	0.94	1,575.60	625.56	2,607.93	437.51	0.00	0.00	0.00	0.00	0.00	5,309.94
Interest & Penalty Notices	0.00	0.00	0.00	122.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	122.27
Depreciation Expense	70,544.30	70,544.30	63,382.08	70,544.30	70,544.30	63,382.08	70,544.30	70,544.30	63,382.08	63,382.08	0.00	0.00	676,794.12
Depreciation Expense	1,125.52	1,125.52	8,496.82	1,125.52	18,912.59	8,496.82	18,912.59	18,912.59	8,496.82	8,496.82	0.00	0.00	94,101.61
Depreciation Expense	17,787.07	17,787.07	0.00	17,787.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53,361.21
Payroll Taxes	5,813.45	6,547.90	7,287.55	3,350.28	3,739.06	3,760.65	3,641.22	5,764.87	3,954.36	1,764.56	0.00	0.00	45,623.90
PSC Taxes	0.00	0.00	0.00	0.00	0.00	5,684.98	0.00	0.00	4,085.10	0.00	0.00	0.00	9,770.08
Sales Taxes	0.00	424.72	0.00	0.00	618.18	649.39	0.00	0.00	0.00	0.00	0.00	0.00	1,692.29
Employer Pension Expense	1,243.29	1,475.35	2,013.56	949.84	784.22	877.49	771.20	1,163.78	853.68	498.16	0.00	0.00	10,630.57
Employer Pension Expense	52.95	57.23	(110.18)	0.00	57.23	0.00	(57.23)	0.00	0.00	0.00	0.00	0.00	0.00
Transfer of Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29,847.22	75,705.00	0.00	0.00	105,552.22
Health Care Reimbursements	291.61	0.00	1,049.91	(25.97)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,315.55
Undistributed	0.00	0.00	(250.00)	0.00	0.00	0.00	250.00	0.00	629.66	994.20	0.00	0.00	1,623.86
Total Operating Expenses	383,763.66	425,032.08	426,848.85	324,142.82	381,073.44	452,780.48	338,250.82	437,852.52	357,104.01	172,682.18	0.00	0.00	3,699,530.86

Operating Income (Loss) (63,404.03) (101,364.37) (104,881.65) (15,934.87) (28,431.14) (35,173.01) 92,571.81 (13,548.35) (357,104.01) (172,682.18) 0.00 0.00 (799,951.80)

No assurance is provided on these financial statements. Management has elected to omit substantially all disclosures required by accounting principles generally accepted in the United States of America and the statement of Cash Flows is also omitted.

**Southern Water and Sewer District
Income Statement
12 Month Comparison for 2019**

	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19	Total
Other Income (Expenses)													
Interest Income - Now	45.61	35.35	13.77	14.84	6.85	13.56	42.03	35.99	0.00	0.00	0.00	0.00	208.00
Interest Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.46	0.00	0.00	0.00	2.46
Grant Income (Dept of Transportation)	32,703.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32,703.16
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(87,062.95)	0.00	0.00	0.00	0.00	(87,062.95)
Interest Expense - Citizen's	0.00	0.00	0.00	0.00	0.00	0.00	(2,989.87)	0.00	0.00	0.00	0.00	0.00	(2,989.87)
Interest Expense - Peoples Bank	(391.67)	(406.84)	(411.92)	(377.00)	(354.91)	(331.54)	(956.60)	(343.98)	0.00	0.00	0.00	0.00	(3,574.46)
Interest Expense - People's Bank - LOC	0.00	(1,001.23)	0.00	(2,290.24)	(989.17)	0.00	(1,680.64)	(1,349.48)	0.00	0.00	0.00	0.00	(7,310.76)
Amortization of Premium	(205.02)	(205.02)	(205.02)	(205.02)	(205.02)	(205.02)	(205.02)	(205.02)	(205.02)	(205.02)	0.00	0.00	(2,050.20)
KIA Service Fees	0.00	0.00	0.00	0.00	0.00	(1,504.32)	0.00	0.00	0.00	0.00	0.00	0.00	(1,504.32)
Interest Expense - KIA	(3,655.84)	(3,655.84)	(3,655.85)	(3,655.84)	(3,655.84)	(3,655.84)	(3,655.84)	(3,655.84)	(7,332.21)	(7,332.21)	0.00	0.00	(43,911.15)
Interest Expense - Bonds	(12,314.48)	(12,314.48)	(12,314.47)	(12,314.48)	(12,314.48)	(12,314.48)	(12,314.48)	(12,314.48)	(12,091.47)	(12,091.47)	0.00	0.00	(122,698.77)
Total Other Income (Expenses)	<u>16,181.76</u>	<u>(17,548.06)</u>	<u>(16,573.49)</u>	<u>(18,827.74)</u>	<u>(17,512.57)</u>	<u>(17,997.64)</u>	<u>(21,760.42)</u>	<u>(104,895.76)</u>	<u>(19,626.24)</u>	<u>(19,628.70)</u>	<u>0.00</u>	<u>0.00</u>	<u>(238,188.86)</u>
Net Income (Loss) Before Taxes	<u>(47,222.27)</u>	<u>(118,912.43)</u>	<u>(121,455.14)</u>	<u>(34,762.61)</u>	<u>(45,943.71)</u>	<u>(53,170.65)</u>	<u>70,811.39</u>	<u>(118,444.11)</u>	<u>(376,730.25)</u>	<u>(192,310.88)</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,038,140.66)</u>
Net Income (Loss)	<u>\$ (47,222.27)</u>	<u>\$ (118,912.43)</u>	<u>\$ (121,455.14)</u>	<u>\$ (34,762.61)</u>	<u>\$ (45,943.71)</u>	<u>\$ (53,170.65)</u>	<u>\$ 70,811.39</u>	<u>\$ (118,444.11)</u>	<u>\$ (376,730.25)</u>	<u>\$ (192,310.88)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (1,038,140.66)</u>

No assurance is provided on these financial statements. Management has elected to omit substantially all disclosures required by accounting principles generally accepted in the United States of America and the statement of Cash Flows is also omitted.