

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTHERN WATER AND)	
SEWER DISTRICT FOR AN ALTERNATIVE RATE)	CASE NO.
ADJUSTMENT)	2019-00131

COMMISSION STAFF'S FIRST POST-HEARING REQUEST FOR INFORMATION
TO SOUTHERN WATER AND SEWER DISTRICT

Southern Water and Sewer District (Southern District), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies in paper medium of the following information, with a copy to all parties of record. The information requested herein is due on June 18, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed.

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

Southern District shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Southern District fails or refuses to furnish all or part of the requested information, Southern 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 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, Southern 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 the management agreement between Southern District and Utility Management Group, LLC (UMG).
2. Provide a copy of the Southern District board minutes for February, March, April, and May 2019.
3. Provide a copy of UMG's scheduled May 24, 2019 presentation to Southern District's board regarding UMB's recommendations for internal controls.
4. Describe in detail UMG's proposal for Southern District to implement an internal reorganization. Include UMG's specific recommendations for and timeline of specific revisions to Southern District's internal controls, use of third-party or in-house accounting, and use of third-party or in-house electrician.
5. Provide a copy of UMG's preliminary recommendations the Southern District's board of commissioners when it becomes available.

6. Provide a copy of any written agreement between Southern District and the Floyd County Fiscal Court related to the \$150,000 that was borrowed by Southern District in 2019.

7. Provide copies of invoices and copies of checks, or any form of payment, made to either Damon Talley or Stoll Keenon Ogden by Southern District from January 1, 2016, to date.

8. Provide a copy of a conflict waiver executed by Southern District that pertains to Damon Talley's representation of Southern District in the transfer of sewer and water assets transaction with Prestonsburg City Utilities Commission.

9. State the total amount that Tina Mosley owed Southern District and the reason(s) why the amount was owed.

a. Provide any documentation that shows support for the amounts Tina Mosley owed to Southern District.

b. Provide a copy of any written agreements between Southern District and Tina Mosley regarding the amount owed.

c. Provide a copy of all payments made by Tine Mosley to repay the amount owed.

10. Provide copies of all invoices provided to Southern District from Frasure Electric (or Rick Frasure) for the calendar years 2015, 2016, and 2017.

11. Provide the number of Marathon cards that Southern District has for gas purchases.

a. Provide a list of employees that had a Marathon card assigned to them during the calendar year 2018.

b. Provide a list of employees that currently have a Marathon card assigned to them.

12. Provide a copy of invoices or receipts that document gas purchased in 2018 using the Marathon card(s) referenced in Item 11.

13. Provide a copy of any engagement letter from Tyler Green or retainer agreement between Southern District and Tyler Green.

14. Provide a copy of all invoices from Tyler Green applicable to the calendar year 2018.

15. Provide copies of the Mastercard statements for September 2018, November 2018, and January 2019.

16. Provide legible copies of credit card receipts for purchases made using Southern District's Mastercard in 2018. Include the credit card receipt with the total charged and the vendor receipt showing the breakout of the charges.

17. Provide a schedule of all restaurant meals and groceries paid for or reimbursed by Southern District in 2018. Indicate whether a payment was made with the credit card, by check, or by cash. Identify the employees or commissioners who received the meal benefit and the purpose for the meal expense.

18. Provide copies of the credit card statements furnished to Jeff Reed, CPA, for each month from January 2018 to January 2019.

19. Provide copies of the journal entries to support how charges are transferred from Account # 23116 A/P – Mastercard to specific expense accounts.

20. Provide receipts for all employee or commissioner meals that Southern District purchased directly, whether by credit card, check, or cash, and meals for which

employees or commissioners were reimbursed in 2018. Include the date of the meal, the employees or commissioners who incurred the meal expense, and a description of why Southern paid for or reimbursed the cost of the meal.

21. Provide copies of expense reports related to Southern District's payment for, or reimbursement of, employee or commissioner lodging and meals.

22. Provide an explanation and supporting documentation for the transaction in Account 72105, Bank Charges on June 6, 2018, in the amount of \$2,644.52, with a description of "First Commonwealth."

23. State the reason why Southern District recorded additional accounts payable for sewer repairs in Account 23150 on the general ledger that were beyond the date of completion of the transfer of assets to Prestonsburg City Utilities Commission.

24. Provide a report with all the general journal entries related to Account 93501, Transfer of Funds that appear on Southern District's general ledger for the calendar year ended December 31, 2018.

25. Provide a schedule of the rates charged for all employees' service provided by Michael Spears, CPA, (Mr. Spears) for the calendar years 2016, 2017, 2018, and 2019.

26. Provide a schedule with the amounts billed to Southern District by Mr. Spears for the calendar years 2016, 2017, 2018, and 2019 to date, with the amounts broken out by monthly totals and annual totals.

27. Provide copies of all invoices submitted to Southern District by Mr. Spears for the calendar years 2016, 2017, 2018, and 2019 to date.

28. Provide copies of any records that show a breakdown of hours worked and services performed to support the amounts invoiced to Southern District by Mr. Spears for the calendar years 2016, 2017, 2018, and 2019 to date.

29. State whether the employees of Mr. Spears keep a record of billable hours worked for services rendered, and, if such records are kept, provide the records for billable hours worked for the calendar years 2016, 2017, 2018, and 2019 to date.

30. Provide a copy of the agreement for and any renewals of Southern District's existing line of credit.

31. Provide a list of assets that are on the depreciation schedule filed as Exhibit 5(a) to the application that are no longer in service.


Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
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DATED **MAY 15 2019**

cc: Parties of Record

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