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Hon. Kent Chandler
Executive Director of KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Response to Final Order in 2019-41

Ordering Numerical 2. Southern's New Policies and Procedures to address water loss and better business practices, including but not limited to a water loss reduction plan, and improved employee policies and procedures.

WATER LOSS

As the PSC is aware, a recent PSC Order required Southern to move from a volumetric rate to a flat rate for all residential customers. Thus, it has become more difficult to implement a comprehensive water loss prevention plan due to the lack of accurate usage data. Without this accurate usage data, Southern has been doing calculation based consumption analysis.

LEAK DETECTION PLAN

Southern has made it a top priority to install new meters in order to get back on volumetric billing. Once volumetric billing is re-implemented (after new meter install), Southern will use actual consumption data to calculate usage and use this information to monitor tank drop rates in zones (monitored by telemetry) combined with master meter readings to identify problem areas. After problem areas are identified, Southern will use portable ultrasonic flow meters and acoustic leak detection devices to perform leak surveys to find and then correct leaks as they are found.

Additionally, Southern will perform pressure management in zones (additional PRVs) to reduce line pressure and reduce potential water loss.

IMPROVED EMPLOYEE POLICIES & PROCEDURES

Since the opening of this case, Southern has implemented several improved employee policies and procedures.

Southern has implemented new disconnect policies. Southern now removes the water main at the home so that residents cannot re-connect to the water service and steal water.

Southern has implemented several new employee oversight policies, including overtime, fuel and inventory. All overtime, fuel and inventory are being monitored by Southern.

Southern has implemented a cash drawer accountability policy so that any cash must be recorded and monitored.

Southern's Board has implemented a new policy regarding credit card usage. All credit card bills are reviewed each month by the Board of Southern. Each member of the Board reviews the monthly credit card purchases.

Currently, the Board is developing a new employee handbook. The current employee handbook is several years old and is outdated.