

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

Re: PSC CASE # 2020-121: ELECTRONIC SOUTHERN WATER & SEWER
METER REPLACEMENT SURCHARGE MONITORING

Response to PSC's Fifth Request for Information

1. Refer to the total cost of the AMR project that was filed into Case No. 2019-328 on April 1, 2021, a copy of which is included as Attachment 1 to this Request, and the bid sheet from RG3 Meter Company (RG3) that was filed into Case No. 2019-328 on September 6, 2019, a copy of which is attached to this Request as Attachment 2. Provide an explanation for the difference in the amount bid by RG3 and the actual amount dispersed to RG3.
 - a. ANSWER: Generally, a bid is the best estimate of the total cost of the project and does not always exactly match the total cost of the project. In this case, Southern had to estimate the type, size and amount of meters to be replaced by RG3. Southern had to estimate the size and scope of this project based upon un-reliable information that was kept by Southern in years past. RG3 used the estimated information from Southern to base their bid for this project. Once RG3 started installation, RG3 discovered that several of the estimated types, sizes and amount of meters needed differed from the information provided by Southern. Additionally, Southern's customer base fluctuates constantly due to the pulling of meters, addition of meters, etc. This customer base fluctuations made it difficult for Southern to estimate the size and scope of this project.

2. Refer to Attachment 1.

- a. Explain why \$19,068.82 was dispersed to RG3 in 2021, when Southern District reported the AMR project was completed on October 5, 2020.

ANSWER: Southern did not issue a check to RG3 in the amount of \$19,068.82. Southern received more commercial meters than was needed for the AMR project. Southern contacted RG3 and made arrangements to receive credit with RG3 in exchange for return of the surplus commercial meters. Southern then used this credit to purchase additional residential meters, parts and accessories associated with the AMR project. See attached Invoices.

- b. Provide a justification for including an amount for postage in the total cost of the AMR project.
 - i. Southern included postage in the total cost of the AMR project due to the fact that the PSC requested administrative costs be included in the total cost of the AMR project in Data Request 2020-328 issued on November 7, 2019. Southern thought the PSC wanted this information included in the total cost of the AMR project.
- c. Provide a justification for including an amount for legal services in the total cost of the AMR project.
 - i. Southern included legal services in the total cost of the AMR project due to the fact that the PSC requested this information in the November 7,

2019 Data Request in Case No. 2020-328. Southern was of the opinion that the PSC wanted this information included in the total cost of the AMR project.

- d. State whether an amount for legal services was included in the \$1,297,750 AMR project estimate provided to the Commission in Southern District's application in Case No. 2019-328.
 - i. ANSWER: No, Legal services were not included in the project estimate. Legal services costs are almost entirely dependent upon how many data requests and other requests are made upon Southern by the PSC. It would be next to impossible to estimate the amount of legal services needed due to the fact that Southern has no control over how many requests the PSC serves upon Southern.
- e. If an amount for legal services was not included in the AMR project estimate provided to the Commission in Case No. 2019-328, state why it has been included in the total cost of the project.
 - i. Legal fees were included in the total cost of the project due to the fact that these fees would not have been incurred but for the AMR project and said fees are directly related to this AMR project. Additionally, the PSC requested that we include legal fees in the total cost of the AMR project via their 11/7/2019 Data Request in 2019-328.
3. State the total number of customer meters replaced in the AMR project. State whether this number is higher or lower than the 5,500 meters reflected in Southern District's application in Case No. 2019-328, and state what impact the number of meters replaced had on the actual cost of project.
 - a. ANSWER: The total number of meters replaced was 5,066. 5,066 is less than 5,500.
4. Refer to Attachment 1, items Laptop, Version Hardware, and two items entitled "Adapter," also refer to Attachment 2, Item 4, entitled "Panasonic Toughbook Laptop, Transceiver, Route Software, 3-on-sight Trainings and any other Hardware needed for operating the AMR system."
 - a. Explain why the laptop referenced in Attachment 1 was not included in the \$19,500 total for Item 4 in Attachment 2 if it was hardware needed for operating the AMR system.
 - i. ANSWER: This expense was for backup equipment in case a laptop or other hardware failed. If a laptop failed and needed repairs, Southern needed back up equipment to use while the broken equipment is being repaired.
 - b. If the laptop referenced in Attachment 1 was not needed for operating the AMR system, explain why it has been included in the total cost for the system.
 - i. ANSWER: Said laptop was needed as a backup in case the original breaks or is in need of maintenance or repair.
 - c. Explain why the Version Hardware from Eclipse Data Solutions was not included in the \$19,500 total for Item 4 in Attachment 2 if it was hardware needed for operating the AMR System.

- i. ANSWER: This Version hardware is a portable hot spot. Southern's IT person suggested purchasing a hot spot due to the spotty 3G service in our service area.
- d. If the Version Hardware referenced in Attachment 1 was not needed for operating the AMR system, explain why it has been included in the total cost of the system.
 - i. ANSWER: Although this hot spot is not needed for service areas with decent cellular internet service, Southern's service area does not have good service. This hot spot makes the system run much more efficient.
- e. Explain why the adapters referenced in Attachment 1 were not included in the \$19,500 total for Item 4 in Attachment 2 if they were hardware needed for operating the AMR system.
 - i. ANSWER: These adapters were needed to charge Southern's laptops and antennas. The batteries for Southern's laptops, antennas and meter reading equipment would often go dead prior to Southern completing their daily routes. The remote and mountainous area which Southern services make our routes longer and take more time than a more urban and flat service area. Thus these longer routes require Southern to charge the batteries on their equipment more often.
- f. If the adapters are not hardware needed for operating the AMR system, explain why they have been included in the total cost of the AMR system.
 - i. ANSWER: Refer to 4(e). Although the adapters are not necessarily needed for this project, the adapters make the AMR system run more efficiently because Southern does not have to go back to the office to charge batteries and can charge their batteries in the field.
- g. Explain why the motion filed in this proceeding by Southern District on January 25, 2021, and the application filed by Southern District in Case No. 2021-46, the record of which was consolidated into the record of this proceeding by Order issued on February 16, 2021, each indicate Southern District had proceeds remaining from the Co-Bank Loan approved by the Commission in Case No. 2020-114, when the total cost of the AMR project exceeded the amount of the Co-Bank Loan.
 - i. Prior to Southern receiving funding for this AMR project, Southern took several measures in anticipation of this project. Specifically, Southern made repairs to meter bases in order to protect our future investment in the new meters. Southern has documented approximately \$17,000 in general fund proceeds that have been spent that are directly related to the AMR project. Southern feels as though this \$17,000 could be used by Southern even though the total cost of the AMR project exceeded the amount of the Co-Bank loan.

*All answers were provided by Jeff Reed and/or Randy Conley with the assistance of Southern District's counsel, Steven Bailey.

Respectfully Submitted,

/s/ Steven Bailey _____

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