

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF)
WATER SERVICE CORPORATION) **CASE NO. 2020-00160**
OF KENTUCKY FOR A GENERAL)
ADJUSTMENT IN EXISTING RATES)

DIRECT TESTIMONY OF

SHANNON PAYNE

RE: CITY OF CLINTON WORK WITH WSKY

ON BEHALF OF

THE CITY OF CLINTON

October 1, 2020

1 **Q. State your name, place of employment, contact information and length of**
2 **employment**

3 A. My name is Shannon Payne. I am the City Clerk of the City of Clinton Kentucky. I
4 work at City Hall located at 112 S. Jefferson Street, Clinton Kentucky 42031. The City
5 phone number is (270) 653-6419 and the City email address is clincity@yahoo.com
6 I was Assistant City Clerk from 2013 to 2015 when I became City Clerk.

7
8 **Q. What are your duties as city clerk?**

9 A. I keep minutes of city council meetings, file minutes in the city record book,
10 prepare ordinances with assistance of the city attorney, file them in ordinance books,
11 prepare correspondence for the City, keep mayor and council informed; give notice to the
12 public and press of meetings,

13 I am over bill collection for water/wastewater, natural gas bills and trash collection. I
14 prepare the trash bills quarterly. I accept payments for water/wastewater, gas and trash. I
15 handle all payroll and anything human resources related. I pay the City's monthly bills
16 and present monthly reports of bills to Council for approval. I assist the Mayor in
17 preparing the yearly city budget and revised budgets. I prepare tax bills and collect
18 property and city payroll taxes.

19 I communicate with county and state agencies, businesses and associations and assist the
20 Mayor in whatever he requires.

1 I am the person who works with the public when they contact the City.

2

3 **Q. How are water and wastewater services related?**

4 A. The City of Clinton owns the wastewater system. The system serves only
5 customers located in the City of Clinton. Wastewater bills are based on water usage.
6 When the water bill is calculated, a wastewater bill of 133% of the water bill is also
7 generated.

8 Water Services Corporation of Kentucky, Inc. (WSCKY) owns the water company. Bills
9 are generated by WSCKY and sent to customers under the name Utilities, Inc. Both water
10 and wastewater are on the same bill.

11 Customers can mail their bills directly to Utilities, Inc or can bring them to City Hall
12 where I take their payment and record it.

13

14 **Q. What are your duties related to water/wastewater collections?**

15 A. When I accept customer payments as stated above, I record the payment in a
16 dedicated computer supplied to the City by WSCKY. Each day I deposit funds collected
17 for water and wastewater into an account at First Community Bank in Clinton.

18

19 **Q. Is the City compensated for collecting WSCKY water bills?**

20 A. Yes. \$2 per bill collected. The amount varies monthly.

21

1 **Q. Describe the process of paying a water/wastewater bill at City Hall?**

2 A. Customer may pay by check, cash or money order. It is requested that the
3 customers bring in their bill to generate a receipt. However, if the customer does not have
4 the bill, I will provide one for them and prepare a receipt for them..

5
6 **Q. Are water and sewer bills paid separately at your office?**

7 A. No, they are calculated together and the customer does not get to choose to pay
8 one and not the other.

9
10 **Q. Who prepares and mails customer billing?**

11 A. WSCKY prepares and mails customer bills.

12
13 **Q. Does the City of Clinton have input into the preparation of bills?**

14 A. No, it does not. Billing is prepared by WSCKY

15
16 **Q. What kind of equipment do you use to collect water/wastewater bills?**

17 A. There is a Lenovo laptop with Oracle software that Utilities Inc. provides. It is
18 dedicated to the collection of bills and cannot be used for any other purpose. The internet
19 connection is also supplied by Utilities Inc.

20
21 **Q. Were you trained on the Oracle software?**

1 A. No. I was supplied a booklet showing how to log in and make deposits.

2

3 **Q. How often has the computer been replaced?**

4 A. I used one before that was recently replaced. The previous computer was replaced
5 on June 24, 2020 by the Lenovo I am presently using.

6

7 **Q. Were there issues with the equipment provided by WSKY?**

8 A. The old computer was outdated and could no longer be supported. The internet box
9 provided by Utilities Inc would fail and no other server could be used
10 During outages, I could not accept water/wastewater payments and repairs could take a
11 day or so.

12

13 **Q. To whom did you report equipment issues?**

14 A. Stephen Vaughn with WSKY. I think his office is in Middlesboro.

15

16 **Q. Are the funds collected for the City of Clinton's wastewater account
17 deposited separately from WSKY funds?**

18 A. No. All funds collected are deposited in the same account.

19

20 **Q. How are the funds distributed?**

21 A. WSKY sends the City its portion of collected funds monthly.

1

2

Q. Have there been issues with allocations of funds distribution?

3

A. Yes. The City does not agree on how payments are handled. If a customer makes a partial payment, the water company receives their payment first instead of splitting between water and wastewater.

4

5

6

This issue is still NOT resolved. When a problem arises, in the last two months, the response from the local office is “It isn’t our problem” even though they work for the company and are paid from both water and wastewater. Differences are 9 out of ten times not resolved.

7

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Q. Have there been attempts to work out issues the City has with WSKY and Utilities Inc.?

12

13

A. Yes. The Mayor and City Council met in special session to discuss the issues with water company executives. That meeting was scheduled to accommodate water company executives.

14

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16

Yes. The last meeting was in January 2020. I have attached the minutes from that meeting to this testimony as my Exhibit 1.

17

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Attending for the water company were Justin Kersey, Vice President, Steve Lubertozi, President, Stephen Vaughn, State Operations Manager, Chris Cannon, Operator I

1 City officials attending were Mayor Fred Cox, Council members: Howard Dillard, Chad
2 Frizzell, Tommy Kimbro, Betty Morrow, John Kelly, Laura Poole, City Clerk Shannon
3 Payne, and City Attorney Mary Potter.

4 Members of the public attending were Curtis Weatherford and Justin Jackson both
5 representatives with the Clinton Fire Department, Jerry Garland with ICF Nursing
6 Facility, and Charlotte Smith for the Hickman County Times newspaper.

7
8 **Q. What were some of the issues raised by the Clinton Fire Department (CFD)?**

9 A. Chief Weatherford of CFD came to discuss a letter from the water company
10 about fire hydrants being used for flushing only. The Chief said that the fire department
11 has paid rent on the hydrants since the 80's.

12
13 **Q. What concerns did the City raise at the January meeting?**

14 A. The City needs more complete reports from WSCKY. Requests have been made
15 repeatedly with no response. Audit information that the City must have to complete its
16 yearly audit was withheld this year. In past years, it has been shared with the auditor.
17 Late payment of bills from the bank account which only the water company can write
18 checks on have caused the City to be late on utility bills like the electric bill.

19
20 **Q. Since the January 2020 meeting, have the issues raised been resolved?**

21 A. No. The City continues to wait for responses to lack of reporting, late payments

1 being made on the utility bills monthly, audit information, and fire hydrant issues brought
2 up by the CFD.

3
4 **Q. Did you provide a copy of the Hickman County Times article regarding the**
5 **special meeting?**

6 A. Yes. It is included with this testimony and marked as Exhibit 2.

7
8 **Q. How would you describe the working relationship between the City of**
9 **Clinton and WSKY?**

10 A. Currently there is no relationship between the two. The City reaches out with truly
11 little or no response back on the issues the City raised with WSKY.

12
13 **Q. How often do you speak with WSKY employees and what are the subjects?**

14 A. Sometimes daily, but definitely weekly. The Company calls to see if a payment
15 has been made or I call about an issue.

16
17 **Q. What are the names of the WSKY employees you are in contact with?**

18 A. Ronald Rushing, laborer, Christopher Cannon, Operator I, Stephen Vaughn, State
19 Operations Manager, Toni Federico, AP Supervisor.

20
21 **Q. Do you take customer feedback and complaints about the water company?**

1 A. Yes. The calls I receive pertain to high water bills, water color, low pressure,
2 water quality (particles in the water), and water leaks.

3
4 **Q. What do you do when you receive a complaint?**

5 A. I take the complaint but I also ask the customer to call customer service 1-844-
6 310-5556 and report the complaint themselves. I report the complaint to employees of
7 WSCKY.

8
9 **Q. Can the City of Clinton resolve customer complaints?**

10 A. No. I can only help with wastewater adjustments.

11
12 **Q. Does WSCKY have a Clinton office?**

13 A. Yes. It is located at 100 E. Jackson Street across the street from City Hall.

14
15 **Q. What are the hours that the WSCKY Clinton office is open?**

16 A. The doors are locked and no one can speak to employees there. I have never seen
17 a customer go in that building.

18
19 **Q. What has been the response of Utilities Inc to billing issues?**

20 A. Customers are told to call the City for wastewater adjustment to their bill.
21 If it is a wastewater issue, we can adjust their bill. Otherwise we cannot.

1

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Q. Have you had a recent occasion to contact WSKY with a billing issue that did not involve wastewater billing on behalf of a customer? Describe what happened.

5

6

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A. The customer had a bill that had no usage for the month and customer knew that was incorrect. I called customer service 1-844-310-5556 to report the error. I spoke to a total of 4 people within a weeks' time.

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11

I spoke to Stephanie Muniz, who placed a request for meter re-read and suggested I call back for correct usage the next day to check the new account balance. The next day I called and spoke with Tierra Love, who stated that the meter was replaced that morning and said the account had not been updated yet.

12

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I called back two days later and spoke with Reginald Jerome who automatically told me to call City Hall for an adjustment. I stated that I was not calling about a leak and did not need an adjustment. He placed me on hold for 30 minutes, in which I finally hung up and called back.

16

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Upon doing so, I spoke with Jerry Lazarre who stated that the account had not been updated. I explained that I was told to call back for an update and did not understand why several days after the meter was replaced that the account had still not been updated. He said it takes a day to update and I told him to look at the records, that it was now 3 days later and no update.

21

I explained that I was not happy that the customer and I were getting nothing but a run

1 around on the issue. He hung up the phone.

2

3 **Q. Does this conclude your testimony?**

4 A. Yes, it does.

EXHIBIT 1

SPECIAL CALLED MEETING

January 21, 2020

5:00 pm

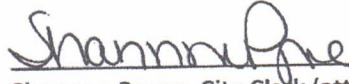
The city council met with the Mayor calling the meeting to order. The clerk called roll with the following members present Howard Dillard, John Kelly, Chad Frizzell, Laura Poole, Tommy Kimbro and Betty Morrow.

The purpose of the meeting was concerns the City has with Utilities, Inc. The following representatives with Utilities Inc were present: Steve Lubertozi, President, Justin Kersey, Vice President, Stephen Vaughn, Area Manager and Chris Cannon, Clinton worker.

- First on the list was lagoon issues and notice of violation letter. It was asked why the letter did not come to the City. Stephen Vaughn stated that it goes to the address on the permit. Attorney Potter stated we would contact the Division of Water and update the address.
- Payments to City collected by Utilities Inc.: Steve Lubertozi was unaware of the lack of reporting to the City, he stated they will start providing more reports.
- Utility Payments: payments as little as the electric bill are not being paid on time, resulting in late fees, that should be reimbursed to the City. Again, Steve Lubertozi was unaware of the situation and said he would speak to his accounts payable clerk about these issues.
- Monthly Reports submitted to state: Stephen Vaughn said this was a mistake by the EPA. Attorney Potter asked that we get this information in writing that it was a mistake.
- Audit information: The City doesn't understand why in all year's past, that when the auditors, Reed and Co. have asked for Financial Statements from Utilities Inc, that we have received them and this year the request has not been fulfilled. Steve Lubertozi stressed that he would like his questions answered by the CPA. He stated that they have went over his head in the past presenting these documents without him knowing.
- Use of Equipment: Questions were asked about use of the jetter. Stephen Vaughn stated that it is the City's jetter and can use it for storm drain cleaning, they must track water loss. Tommy Kimbro requested a list of equipment inventory being utilized by water to operate the sewer system.
- Curtis Weatherford and Justin Jackson both representatives with the Clinton Fire Department. They received a letter about fire hydrants being used for flushing only. They also stated they have paid rent on the hydrants since the 80's. Justin Kersey explained that there were no plans to upsize the water mains unless the City wants to discuss further.

Visitors: Jerry Garland with ICF nursing home stated that ICF was getting ready to build and wanted to know if sprinkler and hydrant system will be able to be provided at the new location.

Betty Morrow made a motion to adjourn with Howard Dillard seconding. Motion carried.


Shannon Payne, City Clerk (attest)


Fred Cox, Mayor

Clinton City officials continue discussions with Utilities, Inc.

By Charlotte Smith

Several matters were discussed last week when Clinton Mayor Fred Cox, all six members of the Clinton City Council and representatives from Utilities, Inc. gathered for a meeting on January 21, 2020. The Tuesday evening special called meeting was scheduled to discuss a November 2019 letter, reporting concerns and audit information between the two entities. The two sides met for approximately one hour, discussing each issue, communicating back and forth.

Mayor Cox and the City Council were seeking answers to their questions and information for their auditors and representatives of the Clinton-Hickman County Fire Department (see separate article on page 5) had questions of their own, while representatives from Utilities, Inc. were defending their side and holding their position on the issues.

Report Concerns

The first matter discussed involved a lack of notification. Mayor Cox asked why the City was not receiving "notification when there is something wrong." Steve Lubertozi, President of Utilities, Inc. replied that the notifications were sent to the "address by default," meaning the letters were going to the same address as always.

While going back and forth, it was determined that the letter should have been sent by the Division of Water and Mayor Cox said the City would contact them.

Next on the agenda, Mayor Cox asked about payments collected. The City is seeking a record of monthly collection to clarify "what has been received in and what we are getting."

Utilities, Inc. responded that City Clerk Shannon Payne receives a management fee report. While it was agreed City Clerk Payne receives the report, it was noted that some of the information received is not clear.

Another issue discussed was the "Notice of Violation" that the City received. City Attorney Mary Potter informed the representatives from Utilities, Inc. that the City's engineer Rod Martin, was alerted and had agreed to send a response to the Division of Water on behalf of the City. "We don't want to duplicate anything," Potter said. She requested that Utilities, Inc. notify the City on what was being done to remedy the violation.

Mayor Cox also asked about payments not being paid timely resulting in penalties to the City. Lubertozi did agree to look into the matter.

Another part of the violation pertained to reports not being submitted on time. Utilities, Inc. said it was "actually submitted on time" and "there was a glitch in the EPA's system." Potter asked for something in writing to that effect.

City Audit

With regard to the City's audit, the City's auditors are seeking information from Utilities, Inc. Lubertozi, while agreeing to speak with them, said that seven pieces of information requested was submitted two months ago.

Mayor Cox said, "They don't have what they need." There seems to be some miscommunication regarding what Utilities, Inc. is required to supply with regard to their financial records. Lubertozi does not want to provide confidential information.

The reason the City is not understanding why this year is different than years in the past, is because they say they have the same auditors asking for the same information. "We can supply you with the audit information," stated Potter. "It is public record. We are not sure what the issue is this year."

The City is looking for records from Utilities, Inc. that pertain to just the City of Clinton. According to Lubertozi Utilities, Inc. operates in 17 states and

Continued on page 10

Discussion with Utilities Inc., continued from front

several different towns.
"Does each town have their own set?" asked Mayor Cox.
"Not for revenues," stated Lubertozzi.
"The easiest thing to do is have the accountant available, and I will call him to discuss it," stated Lubertozzi.

tozzi.
"It seems like a fair request to me," stated Council Member Chad Frizzell.
"They should know the statutes."

Equipment Use

Mayor Cox then moved onto the issue of the use of equipment, in particular,

a Jeter owned by the City. It seems that the City wanted to use the Jeter in the drains, not the sewer lines.

"You (the City) are perfectly allowed to do that. It is your equipment to use. We apologize if there was any miscommuni-

cation," stated Stephen Vaughn, Area Manager, for Utilities, Inc.

Clerk Payne wanted clarification on the Jeter issue. "If we use it, will we get charged for it?"

Vaughn responded with "No, just need to monitor the water loss."

Council Member Tommy Kimbro asked for a current inventory list of City owned equipment that should be in possession of the water company. Kimbro asked Clerk Payne to send a request to Utilities, Inc. requesting a list of equipment owned by the

City and utilized by Utilities, Inc. in relation to the operation of the sewer system.

Before adjourning at approximately 6:04 p.m., a discussion with fire department officials then followed. (See related article on page 5)

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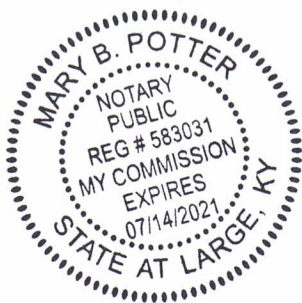
THE CITY OF CLINTON

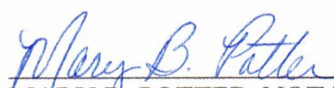
October 1, 2020

Shannon Payne, Clerk of the City of Clinton, being first duly sworn, states the following: The prepared Pre-Filed Direct Testimony, and the Exhibits attached thereto, constitute the direct testimony of Affiant in the above-styled case. Affiant states that she would give the answers set forth in the Pre-Filed Direct Testimony if asked the questions propounded therein. Affiant further states that, to the best of her knowledge, her statements made are true and correct. Further affiant saith not.


SHANNON PAYNE

Subscribed and sworn to before me this 1 day of October, 2020.




MARY B. POTTER, NOTARY PUBLIC
COMMONWEALTH OF KENTUCKY
MY COMM. EXP 07/14/21