

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
SOUTH WOODFORD WATER DISTRICT	)	2022-00035

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RESPONSE OF SOUTH WOODFORD WATER DISTRICT  
TO THE COMMISSION STAFF'S SECOND REQUEST FOR  
INFORMATION DATED MAY 5, 2022

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF )  
SOUTH WOODFORD WATER DISTRICT ) CASE NO.  
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**VERIFICATION OF MATTHEW COYLE**


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COMMONWEALTH OF KENTUCKY )  
COUNTY OF WOODFORD )

Matthew Coyle, Manager of South Woodford Water District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
Matthew Coyle

The foregoing Verification was signed, acknowledged and sworn to before me this 19 day of May, 2022, by Matthew Coyle.

  
Commission expiration: July 1, 2023





**South Woodford Water District**  
**Case No. 2022-00035**  
**Commission Staff's Second Request for Information**

**Witnesses:** Matthew Coyle #1-11, #13-14  
Robert K. Miller #12

1. Provide copies of the 1099's or W2's that South Woodford District issued to the members of its Board of Commissioners in calendar years 2018, 2019, 2020, and 2021.

**Response: See file 1\_W2\_Redacted**

2. Refer to South Woodford District's responses to Commission Staff's First Request for Information (filed April 21, 2022) (Commission Staff's First Request), Item 8.
  - a. Provide a detailed explanation as to why there was not a written management contract between South Woodford District and its former contract manager, George Withers.

**Response: Woodford County Judge Executive has appointed all new Board Members and the Board of Directors has hired a new Manager to perform the duties of the District to the best of their abilities and to stay in compliance with all the governing bodies. The new Board Members and Manager are unable to provide a detailed explanation as to why there was not a written management contract between South Woodford District and its former contract manager, George Withers.**

- b. Provide the date Mr. Withers began providing management services to South Woodford District.

**Response: George Withers was appointed as a board member to the South Woodford Water District by Woodford County Judge Executive Nunnelley and designated as the acting Chairman on December 1, 1987. The four-year term appointment was retroactive to 8/20/85 and set to expire 8/19/89. Mr. Withers was reappointed 8/20/89 through 8/19/93. His reappointment after 8/19/93 has not been located in the fiscal court minutes or SWWD meeting minutes. We are not sure whether Mr. Withers' seat was appointed to someone else and he became the manager or if he was reappointed. This is the latest date that South Woodford District has located proper documentation regarding Mr. Withers. We do not know when he officially became the manager and no longer a board member but we do know that when he was first appointed on the board designated as Chairman he was actively filling the manager role.**

- c. Provide for calendar years 2018, 2019, and 2020, an itemized list of the services that were provided by Mr. Withers, the annual cost for each service, and the annual fee paid for management services.

**Response: The District does not have documentation from Mr. Withers other than handwritten monthly invoices for \$4,500. See files**

**2c\_2018\_Manager\_Invoices**

**2c\_2019\_Manager\_Invoices**

**2c\_2020\_Manager\_Invoices**

- d. Provide the date Matthew Coyle began providing the contract management services for South Woodford District.

**Response: Matthew Coyle was hired as the South Woodford Water District Manager on February 8, 2022 during the regular board meeting.**

- e. Provide the date Mr. Coyle began providing management services to South Woodford District, an itemized list of the services that Mr. Coyle is providing to South Woodford District, the annual cost for each service, and the fee paid for management services.

**Response: Mr. Coyle began providing management services to South Woodford Water District on February 8, 2022. Following is an itemized list of the services provided by Mr. Coyle:**

- **Plans, organizes, directs, coordinates, evaluates the operations, and other projects as directed. Coordinates to ensure that all construction activities address the needs, plans and design standards of various affected departments.**
- **Prepares and administers annual budget. Reviews and approves expenditures and revenues. Develops, facilitates, and evaluates annual capital improvement process. Directs development of capital improvement plans. Recommends capital improvement projects and is responsible for keeping project on time and costs within budgeted amounts.**
- **Analyzes and evaluates operating and maintenance procedures and develops new or improved practices.**
- **Participates in maintenance or operating records, compilation of data and report preparation.**

- Inspects water system facilities, assists in planning special maintenance work as well as minor alterations.
- Responding to customer complaints.
- Represents the utility at various county and state/ federal agency functions regarding utility matters.
- Advises governing body on department activities and on technical matters.
- Prepares and gives reports and presentations.

The annual cost for all of these services is \$50,400. This fee is paid in monthly increments and is not specified for the individual services.

- f. Provide a copy of the draft management contract between South Woodford District and Mr. Coyle. Include the expected date the contract will be signed.

**Response: The draft management contract and statement of work will be presented to the South Woodford Water District Board during the next regular meeting scheduled June 14, 2022. If approved, it will be effective immediately.**

See files      2f\_Management\_Contract\_Draft  
                          2f\_Statement\_of\_Work\_Draft

- g. Provide documentation to show that the fees being charged to South Woodford by Mr. Coyle are reasonable.

**Response: Mr. Coyle is paid an annual salary of \$50,400. According to the 2021 KRWA Compensation and Benefit Survey Results for water districts with less than 2,500 connections, the average salary for manager/superintendent is \$59,522.13.**

3. Provide a schedule disclosing the number of hours by month that Mr. Coyle has spent managing South Woodford District from the date Mr. Coyle began providing his management services to South Woodford District until March 31, 2022.

**Response: Mr. Coyle does not track his time worked on an hourly basis. He has worked a minimum of 40 hours per week since his start date of February 8, 2022, and is on call for emergencies 24 hours a day 7 days a week.**

4. Provide the names and addresses of Mr. Coyle's employers, other than South Woodford District, and documentation of hours worked for those employers for the calendar years 2019, 2020, and 2021.

**Response: Mr. Coyle has been a self-employed contractor since 2006, including the calendar years of 2019, 2020, and 2021. As a self-employed**

**contractor, Mr. Coyle does not have documentation of hours worked for an employer.**

5. Refer to South Woodford District's responses to Commission Staff's First Request, Item 9.a. South Woodford District states that it is paying \$3,000 per month for a meter reading system.

a. Provide a complete and detailed description of the meter reading system that South Woodford District referenced.

**Response: The \$3,000 per month was incorrectly identified as a meter reading expense. Instead, the \$3,000 per month was an estimated per meter Billing expense. The \$3,000 figure comes from a per meter price of \$1.69 / meter which actually comes to \$2,873.00/ month at 1,700 meters. The \$1.69 price / meter covers the following packaged services:**

**The UPM package *does* include Meter *Billing*, through the Alliance Utility Billing Software. With this software UPM works with a variety of 3<sup>rd</sup> party vendors to set up Meter Reading interfaces so that files can be exported from and imported into the Billing Software to keep track of readings from our meters, which can then be processed and billed. The Alliance Billing Software also includes Counter Receipts and UMS which not only helps us manage our customers and billing accounts/services, but also helps with payment processing and receipt management. The packaged agreement also covers Field Service and helps us manage our work orders out in the field. Currently SWWD does not have a work order system. The Device Management helps us manage our current list of devices (think meters, endpoints, etc.). Both of these are also included in the Alliance Software.**

**With UPM, they also take on Bill and Delinquent printing, processing, and sending out, including postage. UPM also includes Managed IT in our package through TPM, UPM's Networking department. This ranges from IT support, to phone bills, equipment management, security, data backups, email, spam and phishing protection, security, website management and more. It also includes the Customer Web Portal which enables end-users to view and manage many aspects of their Billing Experience.**

**This is a packaged deal that comes with a per meter cost. United Systems was not able to break down their price for each service in the package deal.**

b. Provide the date South Woodford District began using the meter reading system and identify the owner of the system.

**Response: This service is expected to start on June 02, 2022. The owner of the system is United Systems (UPM) in Benton, KY.**

- c. Provide a copy of any written contract or agreement between South Woodford District and the owner of the meter reading system.

**Response: See file 5\_UPM\_Contract**

- d. Provide any form of documentation to support the \$3,000 monthly fee is reasonable.

**Response: \$1.69 / meter for 1,700 meters for \$2,873.00 / month.**

- 6. Refer to South Woodford District's responses to Commission Staff's First Request, Item 9.a. and Item 9.b

- a. The fee South Woodford District paid its meter readers in 2020 was \$1.47 per meter. Provide the date the \$1.47 per meter fee was implemented and an explanation as to how the fee was established.

**Response: South Woodford District previously paid three meter readers by the assigned book routes. One meter reader retired and relinquished his assigned book route and a second meter reader also relinquished his book routes leaving all the book routes to be read by the remaining third meter reader. The remaining meter reader addressed his concerns that the number of meters were rising with every new tap installed in the system but his pay was remaining the same with the book rate at that time. This was promptly brought by the new manager to the new board's attention to be addressed. The board decided to move the pay rate to a per meter cost, effective January 1<sup>st</sup> 2022. The board took the total that the district was paying the meter readers for all the books in 2021 and divided it by the number of active accounts to establish what the current rate was at that time. This is how we came up with the \$1.47/ meter rate. The previous manager established the per book prices, but there is no record how this fee was established. This was changed by the new board to simplify the costs and to be financially fair to the District and the meter reader(s).**

- b. Provide a schedule comparing South Woodford District's per meter fees and the total annual meter reading costs for calendar years 2015–2019.

**Response:**

**2015**

**Ricky Poor**

**\$ 11,951**



Lori Poor	\$ 3,360
Derrick Poor	\$ 4,621
George Withers	<u>\$ 10,200</u>
Total 2015	\$ 30,132

<u>2016</u>	
Ricky Poor	\$ 12,263
Derrick Poor	\$ 4,756
George Withers	\$ 10,700
Lori Poor	<u>\$ 3,360</u>
Total 2016	\$ 31,079

<u>2017</u>	
Derrick Poor	\$ 6,081
George Withers	\$ 10,200
Ricky Poor	\$ 12,313
Lori Poor	<u>\$ 2,240</u>
Total 2017	\$ 30,834

<u>2018</u>	
George Withers	\$ 4,200
Derrick Poor	\$ 13,936
Ricky Poor	<u>\$ 12,108</u>
Total 2018	\$ 30,244

<u>2019</u>	
Derrick Poor	\$ 13,508
Ricky Poor	\$ 13,132
George Withers	<u>\$ 3,850</u>
Total 2019	\$ 30,490

- c. Provide documentation to support the 22.45 percent increase in South Woodford District's meter reading fee.

**Response: See response to item 6a above.**

- d. Provide the date the \$1.80 per meter fee was implemented and an explanation as to how the fee was established.

**Response: The Pay increase took effect on January 1, 2022. The Board has estimated the hours necessary to perform the job at 50 hours per month. With 2 people performing the meter reading at \$1.80/ meter, it breaks down to \$30.60/hour/person to manually read each meter. The board feels this is a fair**

wage to encourage our contractors to be professional, on time, and represent the district while reading the meters out in the field interacting with our customers. We rely on our meter readers to be our eyes out in the field to report unusual usage, leaks, excavating activity, theft etc. This hourly rate estimate does not take into consideration the contractors' expenses to perform the job which only decreases the amount the contractor is profiting. With the rising costs of fuel and cost of living, we are very satisfied that the current rate is fair to both parties taking into consideration the time and amount of people it takes to read the meters and a fair cost per hour that has been formulated over to a per meter cost to account for each meter that is added or removed from our system.

<b><u>SWWD Expenses</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Rate/meter	\$1.47	\$1.80
Number of meters	1,700	1,700
# of contractors	3	1
Total annual cost	\$30,232.05	\$36,720 (estimated)
Hours/year	600	600 (estimated)
Hourly cost/person	\$16.79/ hour	\$30.60/hour
<b><u>Meter Reader's Expenses</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Mileage of water lines	110 miles	110 miles
Est. yearly mileage on vehicle	6,600 miles	6,600 miles
Standard mileage rate	\$0.56/mile	\$0.585/mile
Yearly vehicle mileage rate costs	\$3,696	\$3,861
General Liability Insurance	Yes	Yes

- e. Confirm that the table below lists South Woodford District's test year meter readers and the test-year reading fees paid to each.

	Test-Year
	Meter Reading
Meter Readers	Fees
(1) Derrick Poor	\$ 12,938
(2) George Withers	\$ 4,958
(3) Ricky Poor	\$ 12,068

**Response: The information in the table is not correct. Here is the correct information:**

	Test-Year
	Meter Reading
Meter Readers	Fees

(1) Derrick Poor	\$ 13,696
(2) George Withers	\$ 4,200
(3) Ricky Poor	<u>\$ 12,068</u>
Total	\$ 29,964

- f. If South Woodford District’s response to Item 8.e. is no, provide a corrected table.

**Response: The information in the table is not correct. Here is the correct information:**

Meter Readers	Test-Year Meter Reading Fees
(1) Derrick Poor	\$ 13,696
(2) George Withers	\$ 4,200
(3) Ricky Poor	<u>\$ 12,068</u>
Total	\$ 29,964

- g. Provide a list of South Woodford District’s current meter readers and explain if they are affiliated with the current contract manager, Mr. Coyle.

**Response: South Woodford District’s meter reading is contracted out to Derrick Poor. Mr. Poor has 1 full time employee, Weston Barnes. Mr. Coyle is not affiliated with the meter reading contractor or his employee.**

7. Refer to South Woodford District’s responses to Commission Staff’s First Request, Item 5.a.

- a. Provide the estimated impact the proposed comprehensive system rehabilitation project will have on South Woodford District’s: meter reading costs, depreciation expense, and annual debt service.

**Response: The estimated impact that the proposed comprehensive system rehabilitation project will have on South Woodford District’s meter reading costs, depreciation expense, and annual debt service has not yet been computed. The cost of the proposed comprehensive system rehabilitation project is not included in this Alternative Rate Filing application.**

- b. Identify Provide copies of all calculations, assumptions, and work papers used in South Woodford District’s response to Item 9.a.

**Response: There is no additional documentation available beyond that which was provided in South Woodford District's previous response to RFI #1 Item 9a.**

- c. Provide South Woodford District's response to Item 9.a. in an Excel Spreadsheet format with all formulas, columns, and rows unprotected and fully accessible in table format below.

**Response: See file 7c\_Response\_to\_RFI1\_Item\_9a**

- 8. Refer to South Woodford District's responses to Commission Staff's First Request, Item 5.b. Provide the estimated impact the installation of the zone meters will have on South Woodford District's ability to reduce its annual water loss.

**Response: It is the opinion of the South Woodford Water District and HMB Professional Engineers that by installing zone meters South Woodford Water District will be able to divide its service area into a smaller area to identify high usage areas in the distribution system. This will enable the District to concentrate its leak detection efforts to the problem area instead of systematically eliminating the large areas of the District which takes more time to identify creating more water loss and cost.**

- 9. Refer to South Woodford District's responses to Commission Staff's First Request, Item 5.c. Provide a copy of the Kentucky Infrastructure Authority's approval of South Woodford District's \$2,300,000 loan.

**Response: See files 9\_KIA\_Loan\_Conditional\_Commitment\_Letter  
9\_KIA\_Grant\_Conditional\_Commitment\_Letter**

- 10. Refer to South Woodford District's responses to Commission Staff's First Request, Item 1.a., Excel Workbook: 1a\_General\_Ledger\_Recap\_2020.xls; Tab: O&M Overview.

- a. In the table below is the recap of the expense account Materials and Supplies. Provide the following: a detailed itemized list of each amount included in the accountant's Materials and Supplies recap; and a detailed description of each expenditure listed in the itemized list.

<u>Month</u>	<u>R &amp; M</u>
January	\$ 8,516
February	\$ 11,540
March	\$ 4,860
April	\$ 9,788
May	\$ 4,915
June	\$ 5,475
July	\$ 3,860

August	\$ 4,830
September	\$ 7,866
October	\$ 8,549
November	\$ 8,783
December	\$ 4,790

**Response: See file 10a\_Materials\_and\_Supplies**

- b. In the table below is the recap of the account New Construction. Provide the following: a detailed itemized list of each construction project; the in service date of each project; and confirm that each construction project is included in South Woodford District's depreciation schedule.

Month	New Const
January	\$ 1,030
February	\$ 1,030
March	\$ -
April	\$ 1,800
May	\$ 3,985
June	\$ 3,105
July	\$ 2,070
August	\$ 7,245
September	\$ 1,035
October	\$ 2,070
November	\$ 1,035
December	\$ 6,605

**Response: These are not new construction projects; instead, these are the amounts paid to contractor Wade Poor for new service installations during 2020. These items were expensed during 2020 and were removed from the test year expenses in the rate study.**

11. Refer to South Woodford District's responses to Commission Staff's First Request, Item 2, Excel Workbook: 2\_Trial\_Balance\_2020.xlsx. In the table below are the year-end Adjusting Journal Entries made to expense account Materials and Supplies. Provide the following: a detailed itemized list of each amount included in each Adjusting Journal Entry; and a detailed description of each listed expenditure.

	\$ (6,891)
AJE - 1	\$ (1,326)
AJE - 11	\$ (8,300)
AJE - 23	\$ (7,190)
AJE - 24	\$ 9,925

**Response: See file 11\_Adjusting\_Journal\_Entries\_Report**

12. Refer to South Woodford District's responses to Commission Staff's First Request, Item 4, Excel Workbook: 4\_Rate\_Study\_Updated\_with\_New\_Contractor\_Rates.xlsx; Tab: Debt Service. For each debt issuance listed on this schedule; provide the case number in which the Commission authorized South Woodford District to issue the debt.

<b>Response:</b>	<b><u>Debt Issuance</u></b>	<b><u>Case Number</u></b>
	RD04 Loan Series 1996A	96-253
	RD05 Loan Series 1996B	96-253
	RD06 Loan Series 1999A	99-036
	RD07 Loan Series 1999B	99-036
	KRWFC Series 2007A	2007-00033
	Replenish Depreciation Fund	*

***\*From the 2000 Audit Report Footnote 6: "The bond resolution requires the District to maintain certain reserves as follows: Reserve Fund - This reserve is to receive a monthly transfer of \$890 until a balance of \$106,800 is accumulated ... The balance of this reserve was \$87,736 at December 31, 2020, and \$87,710 at December 31, 2019. The District utilized the funds in 2015 to pay bond principal and interest payments in December. The District has not yet begun to replenish the reserve fund ..."***

13. Refer to South Woodford District's response to Commission Staff's First Request, Item 15. The response was non-responsive. Provide a detailed breakdown of the test year dollar amount of \$10,302 for Other Water Revenues, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

**Response: See file 13\_Other\_Income**

14. Provide the annual dollar amount of Forfeited Discounts/Late Charges for the calendar years 2017, 2018, and 2019.

**Response: See file 14\_Penalties**